

PAE (Thailand) Public Company Limited  
ANNUAL REPORT 2018



# ANNUAL REPORT

## 2018

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### Important Financial Information

Subject	2018	2017	2016
Operating Performance			
Revenue from Sales and Construction	347.49	417.58	528.29
Total Revenue	347.49	417.58	528.29
Gross Profit (Loss)	18.97	12.73	10.80
Net Profit (Loss)	(189.21)	(161.54)	(259.02)
Financial Status			
Total Assets	610.90	696.60	814.36
Total Liabilities	1,298.68	1,195.18	1,153.27
Total Shareholders' Equity	(687.79)	(498.57)	(338.90)
Financial Ratios			
Current Ratio	0.16	0.20	0.21
Debt/Equity Ratio	(1.89)	(2.40)	(3.40)
Gross Profit (Loss) (%)	0.05	0.03	0.02
Net Profit (Loss) (%)	(0.28)	(0.39)	(0.49)
Net Profit/Share (THB)	(0.06)	(0.05)	(0.09)
No. of Paid-up shares (million shares)	2,770.89	2,770.89	2,770.89

### Message from the Chairman

The company has implemented a policy on the business of offshore oil and natural gas services, engineering, construction, maintenance services, repairing various equipment for companies, energy industry groups, including the delivery of experienced staff to work with leading companies both onshore and offshore. Which the company places the utmost importance on work safety both personnel, materials, equipment, tools, machinery and the environment Including the quality of the work delivered to the customer. Which has continued to maintain the customer base in the offshore oil and gas industry service business.

Due to the volatility of crude-oil prices in the world market continued to decline over the past several years, especially at the beginning of the year 2018, the price level dropped to around \$ 60 per barrel. And adjusted upwards to \$ 70 per barrel for a period of time before falling to around \$ 50 per barrel in late 2018 and due to the fluctuation of the oil price. Causing the investment in drilling and exploration to have an impact causing other projects and related workloads of companies in the oil and gas industry to decrease, therefore, the company needs to adjust the new strategy, reduce the cost of bidding for jobs or find partners to receive more jobs than ever before in order to suit the current economic conditions and various circumstances of the company in order to make the company has been running business continuously. And in the year 2019, the company has sought to expand the service business to the training center by PAE Energy Solution Co., Ltd. (a subsidiary of PAE), which operates a training center for individuals within the company, group of companies, and individuals outside the organization. Initially, the training course was related to safety. Safety Officer Course Executive Level, Work Safety Officer Course Supervisor Level, Safety Occupational Health and Working Environment Committee which has been registered and received a training center license from the Safety Division Department of Labor Protection and Welfare Ministry of Labor already.

However, during the period in which the oil, natural gas, petroleum and petrochemical industries were slowing down. The company continues to focus on the quality of work, including before and after operations services. The company believes will impress



customers. In this regard, the company has established a competitive strategy and core business policy that the company will focus on accepting jobs from many leading oil refineries, gas separation plant, petrochemical industry. In the past, the customer is satisfied with the work of the company and has passed the quality certification from many customers which the result in the company being assigned work from other agencies. In the future, if the company has expanded investment in the operation. The company is confident that the company will be recognized by customers for quality and work, as well as the experience and good reputation of the company.

On behalf of the Board of Directors, PAE (Thailand) Public Company Limited would like to thank all shareholders for their trust and support for the company's operations and committed to performing their duties fully. We strongly believe that the Board of Directors, the management team and all staff will strive to perform their duties fully to enable the organization to move towards a stable and sustainable success forever.



(Mr. Chareon Prajumtan)

Chairman of the Board of Directors

PAE (THAILAND) PUBLIC COMPANY LIMITED

## Board of Directors

### นายเจริญ ประจําแทน

- ตำแหน่ง ประธานกรรมการ และกรรมการอิสระ (วันที่ได้รับแต่งตั้ง 19 มีนาคม 2557)
- อายุ 71 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาโท รัฐศาสตรมหาบัณฑิต มหาวิทยาลัยธรรมศาสตร์
  - ปริญญาตรี วิศวกรรมศาสตรบัณฑิต สถาบันเทคโนโลยีพระจอมเกล้าธนบุรี
  - นิติศาสตรบัณฑิต มหาวิทยาลัยสุโขทัยธรรมาธิราช
  - ประกาศนียบัตรหลักสูตร Director Accreditation Program 56/2006 จาก IOD
  - ประกาศนียบัตรหลักสูตร Director Certification Program 88/2007 จาก IOD
  - ประกาศนียบัตรหลักสูตร Audit Committee Program 14/2006 จาก IOD
  - หลักสูตร Improve The Quality of financial reporting QFR/2006
- ประสบการณ์การทำงาน ปัจจุบัน
  - ประธานกรรมการ และกรรมการอิสระ บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - ประธานกรรมการตรวจสอบ และกรรมการสรรหาค่าตอบแทน บริษัททาคุนิ กรุ๊ป จำกัด (มหาชน)
- ประสบการณ์การทำงาน ( 5 ปีย้อนหลัง)
  - ผู้ตรวจราชการกระทรวงพลังงาน
  - รองอธิบดี (นักบริหาร 9) กรมธุรกิจพลังงาน
  - ผู้เชี่ยวชาญเฉพาะด้านนโยบายและแผน (งานโยธาธิการ)
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน / - ไม่มี-
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### ร้อยตรีสารوخ สว่างฤทธิ์

- ตำแหน่ง ประธานกรรมการตรวจสอบ กรรมการบริษัท,กรรมการอิสระ(วันที่ได้รับแต่งตั้ง 24 กุมภาพันธ์ 2549)
- อายุ 77 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาตรี นิติศาสตรบัณฑิต เนติบัณฑิตไทย มหาวิทยาลัยธรรมศาสตร์
  - ประกาศนียบัตรหลักสูตร Director Certification Program 56/2006 จาก IOD
- ประสบการณ์การทำงาน ปัจจุบัน
  - ประธานกรรมการ และกรรมการอิสระ บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - นายทหารประจำศูนย์รักษาความปลอดภัยสำนักงานผู้บัญชาการทหารสูงสุด
  - กรรมการสมาคมศิษย์เก่าอำนวยการศิลป์
  - เลขาธิการสโมสรการไฟฟ้านครหลวง
  - กรรมการองค์การรถไฟฟ้ามหานคร
  - กรรมการบริษัท บจ. กรุงเทพมหานคร
  - รองผู้อำนวยการงานธุรกิจการไฟฟ้านครหลวง
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน / - ไม่มี-
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### นายปัญญาธิ์ ศรีว่องไทย

- ตำแหน่ง กรรมการบริษัท,กรรมการตรวจสอบและกรรมการอิสระ (วันที่ได้รับแต่งตั้ง 21 พฤษภาคม 2557)
- อายุ 56 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาตรี นิติศาสตรบัณฑิต มหาวิทยาลัย รามคำแหง
  - ประกาศนียบัตรหลักสูตร Director Accreditation Program 72/2008 จาก IOD
  - ประกาศนียบัตรหลักสูตร Advanced Audit Committee Program 19/2015 จาก IOD
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท, กรรมการตรวจสอบและกรรมการอิสระ บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - กรรมการตรวจสอบ, กรรมการอิสระ บริษัท อีเอ็มซี จำกัด (มหาชน)
  - กรรมการ มูลนิธิพิพิธภัณฑ วังวรดิศ
  - ที่ปรึกษากฎหมายและทนายความ บริษัท ทริซิกตี้ไฟว์ จำกัด (มหาชน)
  - ที่ปรึกษากฎหมายและทนายความ บริษัท เอ็มวิชั่น จำกัด (มหาชน)
  - ที่ปรึกษากฎหมายและทนายความบริษัท แพลนบี มีเดีย จำกัด (มหาชน)
  - ที่ปรึกษากฎหมายและทนายความ บริษัท ไทยฟิล์ม อินดัสตรี จำกัด (มหาชน)
  - ที่ปรึกษากฎหมายและทนายความ มูลนิธิหม่อมเจ้าหญิงพูนพิศมัยดิศกุล
  - ที่ปรึกษากฎหมายและทนายความ บริษัท คิมเบอร์ลีย์ – คล้าค ประเทศไทย จำกัด
  - ที่ปรึกษากฎหมายและทนายความ บริษัท เปาจินจง จำกัด และบริษัทในเครือ
  - ที่ปรึกษากฎหมายและทนายความ บริษัท โชคพิรวัชร จำกัด เจ้าของโรงแรมมารีไวค รีสอร์ท แอนด์ สปาและ ห้างไวค กระบี่ และบริษัทในเครือ
  - เจ้าของสำนักงานทนายความศรีว่องไทย
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน
  - กรรมการบริษัท,กรรมการตรวจสอบ บริษัท อีเอ็มซี จำกัด (มหาชน)
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -



## Board of Directors

### นางสาวอรชุลี หล่อสมิทธิกุล

- ตำแหน่ง กรรมการบริษัท,กรรมการตรวจสอบและกรรมการอิสระ (วันที่ได้รับแต่งตั้ง 21 พฤษภาคม 2557)
- อายุ 51 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาโท การเงิน มหาวิทยาลัย เซนต์หลุยส์ สหรัฐอเมริกา
  - ปริญญาตรี คณะพาณิชยศาสตร์และการบัญชี จุฬาลงกรณ์ มหาวิทยาลัย
  - ประกาศนียบัตรหลักสูตร Director Certification Program จาก IOD
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท, กรรมการตรวจสอบและกรรมการอิสระ บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - กรรมการบริษัท กรรมการตรวจสอบและกรรมการอิสระ บริษัท แมสเทค ลิงค์ จำกัด
  - ประธานเจ้าหน้าที่การเงิน บริษัท ไฮแอท คลาวด์ คอมพิวติ้ง จำกัด
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - ประธานเจ้าหน้าที่การเงิน บริษัท ไฮแอท คลาวด์ คอมพิวติ้ง จำกัด
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน
  - กรรมการบริษัท , กรรมการตรวจสอบและกรรมการบริษัท แมสเทค ลิงค์ จำกัด
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### ดร. วรศักดิ์ ฉัตรแก้ว

- ตำแหน่ง กรรมการบริษัท (วันที่ได้รับแต่งตั้ง 24 สิงหาคม 2559)
- อายุ 64 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาเอก บริหารธุรกิจบัณฑิต University of Northern Philippines
  - ปริญญาโท วิทยาศาสตร์มหาบัณฑิต สาขา สุขศาสตร์อุตสาหกรรมและความปลอดภัย มหาวิทยาลัยมหิดล
  - Bachelor of Science Industrial Engineering Adamson University
  - ประกาศนียบัตรหลักสูตร Director Certification Program จาก IOD
  - หลักสูตรพิเศษนักปกครองระดับสูง นปส.รุ่น 57 สถาบันดำรงราชานุภาพกระทรวงมหาดไทย
  - ประกาศนียบัตรชั้นสูงการบริหารงานภาครัฐและกฎหมายเอกชน รุ่น 12 จากสถาบันพระปกเกล้า
  - หลักสูตร ป.ธรรมาภิบาลสิ่งแวดล้อมฯ ระดับสูง จากสถาบันพระปกเกล้า
  - หลักสูตร ภาวะผู้นำของนักปกครองท้องถิ่น รุ่น 25 จากสถาบันพัฒนาภาวะผู้นำการปกครองท้องถิ่น
  - Finance for Executives Program จาก มหาวิทยาลัย มหิดล
  - โครงการฝึกอบรมพัฒนาความสัมพันธ์ระดับผู้บริหาร กองทัพอากาศ รุ่นที่ 9 จากกองทัพอากาศ
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท, บริษัทพีเออี (ประเทศไทย)จำกัด (มหาชน)
  - ประธานกรรมการสหกรณ์ออมทรัพย์การประปานครหลวง
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - อดีตรองผู้ว่าการ (วิศวกรรมและการก่อสร้าง) การประปานครหลวง
  - ผู้เชี่ยวชาญการประปานครหลวงระดับ 10
  - ผู้ช่วยผู้ว่าการ (บริการ 2) การประปานครหลวง
  - ผู้ช่วยผู้ว่าการ (บริการ 5) การประปานครหลวง
  - ผู้จัดการสำนักงานประปา สาขาประจวบฯ
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน / - ไม่มี-
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### นายพีรช เลิศกิจรุ่งเรือง

- ตำแหน่ง กรรมการบริษัท (วันที่ได้รับแต่งตั้ง 24 สิงหาคม 2559)
- อายุ 63 ปี
- คุณวุฒิการศึกษา/การอบรม
  - ปริญญาโท ศิลปศาสตรมหาบัณฑิต (รัฐศาสตร์) มหาวิทยาลัยรามคำแหง
  - ปริญญาตรี ศิลปศาสตรมหาบัณฑิต (รัฐศาสตร์) มหาวิทยาลัยรามคำแหง
  - มัธยมศึกษาปีที่ 5 โรงเรียนสวนกุหลาบวิทยาลัย
  - หลักสูตร ป.ป.ร.8 จากสถาบันพระปกเกล้า
  - หลักสูตร ว.ท.บ.54 วิทยาลัยการทัพบก
  - หลักสูตร พ.ต.ส. 3 สำนักงานคณะกรรมการ การเลือกตั้ง
  - หลักสูตร บ.ย.ส.19 วิทยาลัยการยุติธรรม
- ประสบการณ์การทำงานและกรรมการอื่นๆในปัจจุบัน
  - กรรมการบริษัท, บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - กรรมการผู้จัดการ บริษัท เอกภค กรุ๊ป จำกัด
  - กรรมการผู้จัดการ บริษัท กัปตันบุชพัฒนา จำกัด
  - กรรมการผู้จัดการ บริษัท เค.พี.เอ. เรียวเอสเตท จำกัด
  - กรรมการผู้จัดการ บริษัท เอสพีแอนด์พี ภาวี จำกัด
  - กรรมการผู้จัดการ บริษัท ตั้งปณิธาน 2558 จำกัด
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - กรรมการผู้จัดการ บริษัท เรด ดือท
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### นายสมพร มั่งมี

- ตำแหน่ง กรรมการบริษัท,กรรมการบริหาร,กรรมการผู้มีอำนาจลงนามแทนบริษัท (วันที่ได้รับแต่งตั้ง 10 กุมภาพันธ์ 2558)
- อายุ 50 ปี
- คุณวุฒิการศึกษา / การอบรม
  - ปริญญาโท รัฐประศาสนศาสตร์ สถาบันบัณฑิตพัฒนบริหารศาสตร์
  - ปริญญาตรี วิศวกรรมศาสตร์ จุฬาลงกรณ์ มหาวิทยาลัย
  - ประกาศนียบัตรหลักสูตร Director Certification Program รุ่น 226/2016 จาก IOD
  - ประกาศนียบัตรชั้นสูง การบริหารภาครัฐและกฎหมายมหาชน รุ่นที่ 12 สถาบันพระปกเกล้า
  - หลักสูตรนักรับบริหารระดับสูง ธรรมศาสตร์เพื่อสังคม (นมธ3)
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท,กรรมการบริหาร,กรรมการผู้มีอำนาจลงนามแทนบริษัท บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - รองกรรมการผู้จัดการอาวุโส สายงานปฏิบัติการ
  - ที่ปรึกษา บริษัท กลอรีคอนสตรัคชั่น จำกัด
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - กรรมการ บริษัท ไฮควอลิตี้ อินด์สเทรียลโปรดักส์ จำกัด
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน / - ไม่มี-
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -



## Board of Directors

### นายวีรพันธ์ ณ ระนอง

- ตำแหน่ง กรรมการบริษัท,กรรมการบริหาร,กรรมการผู้มีอำนาจลงนามแทนบริษัท (วันที่ได้รับแต่งตั้ง 27 กุมภาพันธ์ 2558)
- อายุ 57 ปี
- คุณสมบัติการศึกษา/การอบรม
  - ปริญญาโท บริหารธุรกิจ มหาวิทยาลัยรามคำแหง
  - ปริญญาตรี สาขาการบัญชีและการเงิน มหาวิทยาลัยหอการค้าไทย
  - ประกาศนียบัตรหลักสูตร Director Certification Program จาก IOD
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท,กรรมการบริหาร,กรรมการผู้มีอำนาจลงนามแทนบริษัท บริษัทพีเออี (ประเทศไทย) จำกัด (มหาชน)
  - กรรมการบริษัท พีเออี เทคโนโลยีคอลเลอร์วิส จำกัด (มหาชน)
  - รองกรรมการผู้จัดการอาวุโส สายงานบัญชีและการเงิน
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - กรรมการ บริษัท โลพี อินคอร์ปอเรชั่น จำกัด (มหาชน)
  - กรรมการ บริษัท โลพี เอสเตท จำกัด
  - ผู้อำนวยการฝ่าย ธนาคารอิสลามแห่งประเทศไทย
  - ผู้อำนวยการฝ่ายบริษัท แพลน เอสเตท จำกัด
- การดำรงตำแหน่งกรรมการอื่นๆในปัจจุบัน / - ไม่มี-
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### นายกัมพล คุปตะวินิจ

- ตำแหน่ง กรรมการบริษัท (วันที่ได้รับแต่งตั้ง 20 มิถุนายน 2560)
- อายุ 68 ปี
- คุณวุฒิการศึกษา/การอบรม
  - : ปริญญาโท บริหารธุรกิจ Asian Institute of Management, Manila, Philippines
  - : ปริญญาตรี วิศวกรรมศาสตร์- California Polytechnic State University San Luis Obispo, California, USA
- ประสบการณ์การทำงานและกรรมการอื่นๆในปัจจุบัน
  - ผู้อำนวยการฝ่ายปฏิบัติการ / Operation Director บริษัท พีเออี (ประเทศไทย) จำกัด (มหาชน)
  - รองผู้อำนวยการ / Vice President Mitsui Engineering Thailand Co., Ltd.
  - รองผู้อำนวยการ ฝ่ายบริการน้ำมันและก๊าซธรรมชาติ บริษัท พีเออี (ประเทศไทย) จำกัด (มหาชน)
  - ผู้อำนวยการ แผนกบริการอุตสาหกรรมและการค้า บริษัท พีเออี (ประเทศไทย) จำกัด (มหาชน)
  - ผู้จัดการ แผนกพัฒนาธุรกิจ บริษัท พีเออี (ประเทศไทย) จำกัด (มหาชน)
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - กรรมการผู้จัดการ บริษัท APEX Health Care
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## Board of Directors

### นายกิตติ อธินันท์

- ตำแหน่ง กรรมการบริษัท (วันที่ได้รับแต่งตั้ง 4 ธันวาคม 2561)
- อายุ 65 ปี
- คุณวุฒิการศึกษา/การอบรม
  - : ปริญญาตรี ปริญญาตรี นิติศาสตรบัณฑิต มหาวิทยาลัยรามคำแหง รุ่น 5 พ.ศ.2522
- ประสบการณ์การทำงานและกรรมการอื่นๆในปัจจุบัน
- ประสบการณ์การทำงาน ปัจจุบัน
  - กรรมการบริษัท, บริษัทพีเออี (ประเทศไทย)จำกัด (มหาชน)
  - เจ้าของสำนักงานกฎหมายกิตติกฎหมาย ที่ปรึกษากฎหมายทนายความ
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - กรรมการอิสระ กรรมการตรวจสอบ บริษัท ไตเมท (สยาม) จำกัด มหาชน
  - รองนายกสมาคมทนายความแห่งประเทศไทย ฝ่ายนโยบายและแผน
  - กรรมการที่ปรึกษากฎหมาย ทนายความ สำนักกฎหมายนรินทร์พงศ์จินากักดี
  - ที่ปรึกษากฎหมาย ทนายความ บริษัท จีพี มอเตอร์ (ประเทศไทย) จำกัด
- ประสบการณ์การทำงาน (5ปีย้อนหลัง)
  - ที่ปรึกษากฎหมาย ทนายความบริษัท สยามวรินทร์นิติการจำกัด
  - นิติกรอาวุโส ฝ่ายกฎหมายธนาคารอาคารสงเคราะห์
  - ทนายความ สำนักงานจักรพรรดิทนายความ
- สัดส่วนในการถือหุ้นในบริษัท / - ไม่มี-
- ความสัมพันธ์ทางครอบครัวระหว่างกรรมการรายอื่น ผู้บริหาร ผู้ถือหุ้นรายใหญ่ หรือ บริษัทย่อย / - ไม่มี -
- ประวัติการทำผิดกฎหมายในระยะ 10 ปีที่ผ่านมา / - ไม่มี -

## General Information

<b><u>Name of Holding Company</u></b>	PAE (Thailand) Public Company Limited
Registration No.	0107538000291 (Bor. Mor. Jor. 0552)
<b><u>Address</u></b>	
Head Office (PAE Thailand)	69 Soi Onnuch 64 (Suksaman), Srinakarin Road, Suanluang, Suanluang, Bangkok 10250
Songkhla Branch Office	164/6 Moo 6 Tambol Huakhao, Ampur Singhanakorn, Songkhla 90280
Rayong Branch Office 1	88/2 Moo 5, Tambol Makamkoo, Amphur Nikompattana, Rayong 21180
Rayong Branch Office 2	300/117 Moo 5, Rayong City Park Village, Tambol Choeng Noen, Amphur Muang, Rayong 21000
PAE Technical Services	69 Soi Onnuch 64 (Suksaman), Srinakarin Road, Suanluang, Suanluang, Bang
Rayong Branch	67/8 Hadsaithong Rd, Map Ta Phut, Muang, Rayong, 21150
<b><u>Contact</u></b>	
Telephone (Head Office)	0-2322-0222 (Auto)
Facsimile (Head Office)	0-2322-2970-1
Email address	<a href="mailto:info@pae.co.th">info@pae.co.th</a>
Company Website	<a href="http://www.pae.co.th">www.pae.co.th</a>
<b><u>Stock Registrar</u></b>	
Name	Thailand Securities Depository Company Limited
Location	62 Ratchadaphisek Road, Klongtoey, Klongtoey, Bangkok 10110
Telephone	02-009-9000
Facsimile	02-009-9991
<b><u>Auditor</u></b>	
Name of Auditor	Ms. Susan Aiemwanicha Authorized Auditor No. 4306 /or Mr. Suchat Panicharoen Authorized Auditor No. 4475 and/or Ms. Yupin Chumjai Authorized Auditor No. 8622 and/or Ms. Chernta Chommern Authorized Auditor No. 7570 and/or Ms. Wandee Aiemwanicha Authorized Auditor No. 8210 /or Mr. Kiattisak Wanichahanon Authorized Auditor No. 9922
Name of Office	S.P. Audit Company Limited
Location	503/31, SKL Tower, Sri Ayuthaya Road, Rajthavee, Bangkok 10400
Telephone	02 642-6172-4
Facsimile	02 642-6253



## **General Information**

PAE (Thailand) Public Company Limited has established a limited company on 11 May 1964 and registered with the Stock Exchange of Thailand on 13 February 1996 with the objective of undertaking business relating to engineering, production and construction of equipment systems in the excavator industry. Drilling and production of oil and natural gas. The company provides engineering and construction services. Each repair equipment To oil and natural gas production companies Including sending experienced people to work with leading onshore and offshore companies both at home and abroad

The company is capable of engineering and installation in both petroleum, petrochemical, electrical and control systems. Including utilities By constantly focusing on developing good operational strategies in the industry. The company places top priority on quality of work and operations. And work safety Both personnel, materials, equipment, tools, machinery, occupational health and the environment, including the quality of work and satisfaction delivered to customers

## **Vision**

WE WILL BE THE MOST RECOGNIZED SERVICE PROVIDER. IN ENGINEERING, PERSONNEL, FACILITIES, EQUIPMENT, TOOLS. ENERGY INDUSTRY OIL AND GAS, PETROCHEMICAL AND RELATED INDUSTRIES

## **Business goals and strategies**

Maintaining a leading position in the Engineering, Procurement and Construction (EPC) business, as well as the delivery of skilled personnel to the oil and gas exploration and production industry both domestically and regionally. The company aims to be the leading provider of engineering, procurement and construction (EPC) services. The delivery of skilled personnel, experience and expertise to the client. And services. In the energy industry, oil, gas and petrochemicals, which are the core businesses of the company.

## Mission

- ❖ It is a leader in providing comprehensive EPC, Engineering, Procurement and Construction services in the energy industry, Oil and gas, petrochemical and alternative energy, both domestic and regional.
- ❖ Providing qualified personnel to work in the oil and gas exploration and production industry both domestically and regionally.
- ❖ Operational cost management And effective customer service. To achieve all business goals.
- ❖ Continuously develop management systems and promote new technologies to increase the company's growth capabilities and personnel development to meet the company's goals.
- ❖ To focus on management of corporate social responsibility and corporate governance for transparent management.
- ❖ Sustainable and continuous growth of the organization. To benefit the shareholders. Business partner Employees in the organization Including society and environment.

## Business overview

The registered capital and paid-up capital as at December 31, 2018 are as follows:

Registered capital	amount	8,051,717,322	baht
Paid-up capital	amount	2,770,889,766.	baht
Common stock	number	2,770,889,766	share
Preferred stock	Number	–	share
Par value	Per share	1	baht

Ordinary shares as at 31 December 2018 amounting to 2,770,889,766 shares



PAE (THAILAND) PUBLIC COMPANY LIMITED

- ❖ Authorized Capital 8,051,717,332.00 Baht
- ❖ Paid-up Capital 2,770,889,766.00 Baht
- ❖ The Company business operation are engineering, construction, and installation of electrical and control systems. The Company has also been providing operation and maintenance services to offshore and onshore oil and gas productions, utilizing strict quality and safety standards of the offshore industry. The Company has been provided skilled technical personnel to work on both onshore and offshore facilities.



PAE Technical Service Public Company Limited

- ❖ Authorized Capital 150 Mb.  
Shareholding proportion (72.12%)
- ❖ Non-Destructive Testing of Steel use in Construction Business including Industrial Steel Pipes and X-ray pipes and gas tanks



PAE Energy Solution Company Limited

- ❖ Registered capital of 5 million baht PAE Thailand Public Company Limited has a 99.99% stake in the business of providing training, seminars, providing knowledge in advising on quality management, environment, safety, occupational health and environment in doing work And other fields of knowledge



Oasis Development Company Limited

- ❖ Authorized Capital 1 Mb.  
Shareholding proportion (54.94%)
- ❖ Rental apartment



PPS Energy & Marine Co., Ltd.

- ❖ Registered capital of 150 million baht, PAE Thailand Public Company Limited has a 67.77% stake in the import business. Distribution of equipment and tools used in the construction of drilling and production of raw water delivery Drinking water and tap water

## Revenue Structure

Revenue Structure of the Company and its subsidiaries are divided into three categories as shown on the revenue value of each department during a three-year period as below table :

Company and subsidiaries	% Shareholder of company	2016 revenue (Thousand Baht)	%	2017 revenue (Thousand Baht)	%	2018 revenue (Thousand Baht)	%
PAE (Thailand) Public Co.,Ltd		236,780	44.82	208,527	49.90	186,114	53.56
Revenue form contract services							
PAE (Thailand) Public Co.,Ltd		104,827	19.84	43,296	10.36	-	-
PAE Technical Services Public Co.,Ltd	72.12	29,384	5.56	39,419	9.43	-	-
Revenue from Non Destructive Testing							
PAE Technical Services Public Co.,Ltd	72.12	146,565	27.74	112,617	26.96	152,909	44.00
Revenue from water supply services							
PPS Energy & Marine Co., Ltd.	67.77	10,747	2.03	7,240	1.73	8,336	2.40
Revenue from sales and other income							
Oasis Development Company Limited*	54.94	-	-	-	-	-	-
PAE Energy Solution Company Limited*	99.99	-	-	-	-	130	0.04
Total		528,294	100	417,852	100	347,489	100

## **Nature of Business**

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

### **1. Oil & Gas, Petrochemical and Hydrocarbon**

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, the Company has been accepted for professional services that meet the client requirements; for example, Company's ability to undertake any assigned project, meeting deadlines within the allocated budget. The skilled engineers and technicians have high experiences in petrochemical complexes, power plants, refineries to meet with the highest international standards.

In addition, PAE Technical Services Public Company Limited, Major shareholders, is one of the leading non-destructive testing (NDT) companies offering a wide range of third party inspection services to construction and maintenance activities.

### **2. Infrastructure**

Infrastructure work Civil engineering for energy and infrastructure systems As well as industrial plants office building Improvement and construction of oil and gas service stations etc.

### Business Operation

<b>Engineering Department</b>	<ul style="list-style-type: none"> <li>Provides engineering design services. Field Survey, Conceptual Design, Front End Engineering Design (FEED) to Detailed Design, Procurement, Selection of materials and equipment for each project, Procurement Assistant, Manpower Supply and Project Management.</li> </ul>
<b>Fabrication Shop</b>	<ul style="list-style-type: none"> <li>Rayong Plant Provide services. Structural work (Fabrication) provides installation services. (Installation) at the client's site. Installation of equipment used in industrial plants, refineries and petrochemicals. Warehouse Mechanical, Electrical, Piping, Instrumentation and other</li> <li>Songkhla Songkhla Factory Providing core services in structural work to offshore customers at Songkhla factory. It is the center of offshore services and support in the Gulf of Thailand, including the delivery of technical personnel. Procurement, procurement and rental of equipment Machine to customers in this business group. The factory consists of Cutting &amp; Punching, Forming, Welding, Blasting and Painting. The company has the best Blasting and Paint Shop in Songkhla area.</li> </ul>
<b>Oil &amp; Gas Services Department</b>	<ul style="list-style-type: none"> <li>The company provides engineering services to technicians, workers, both onshore and offshore. In general, labor recruitment services, including engineers and staff, are responsible for the work on the rig. The main customers are Chevron Thailand Exploration and Production Ltd.</li> <li>The company also provides rental equipment for both onshore and offshore. The dispatch of skilled workers as well as tools to the front of the job quickly and speedily as planned.</li> </ul>
<b>Non-Destructive Testing Services, NDT Department</b>	<ul style="list-style-type: none"> <li>Provided by PAE Technical Services Public Company Limited, a subsidiary of the Company, is the first Non Destructive Testing (NDT) service provider in Thailand. All of our staff are competent and experienced in all types of non-destructive testing, such as radiation testing. Radiographic Testing, Ultrasonic Testing, Liquid Penetrant Testing.</li> </ul>

	<ul style="list-style-type: none"><li>● Comprehensive testing of structural and pipelines both onshore and offshore. It can be used in factories or field work by skilled personnel in the inspection. It is well trained and well trained. Training Manual Manual QCP-13 (Rev-02), US equivalent (ASNT SNT-TC-1A)</li></ul>
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### Engineering unit (Engineering)

Providing engineering design services since Front Page Survey, Conceptual Design, Front End Engineering Design (FEED) Detailed Design, procurement, selection of materials and equipment suitable for each Procurement Assistant project, Manpower Supply covers Project Management.

### **Maintenance Manpower Service for SIAM KRAFT** **Scope of service in Automation, Instrumentation & Power ;**



#### 1. Preventive Maintenance

- Daily inspection MCC, Motor, Valve, Instrument equipment, Air and Lighting system
- Analysis and developing report of damage equipment
- Improvement and Cleaning all equipment
- Emergency supply manpower



#### 2. Corrective Maintenance

- Repair and replacement all equipment
- Installation conduit, pulling cable, Termination and Equipment

#### 3. Manage, Orientation and development Manpower Skill

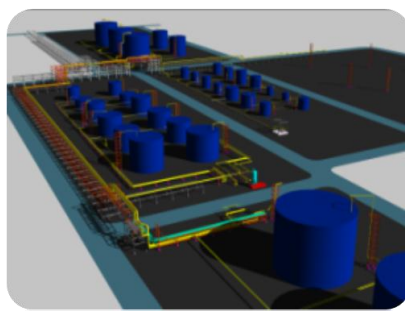
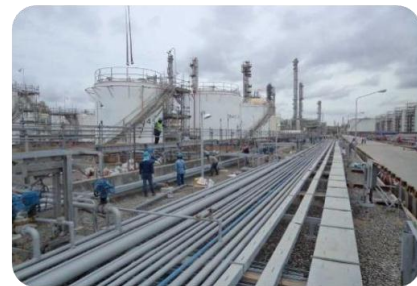
- Manage to Thai labor Law Requirement
- Manage to Technical skill as related SKIC procedure



### **CONSTRUCTION WORK FOR VRU PROJECT, PTTGC**



- Civil and Structure work
- Mechanical installation and piping work
- E&I work





## CONSTRUCTION



### Civil / Structure Work



## CONSTRUCTION



### Piping & Mechanical Work



## CONSTRUCTION



### E & I Work



Project Name: GREEN ABS EXPANSION (ABS VI)  
Location: IRPC, Rayong

## CONSTRUCTION



### Fire Fighting System



Project : LKU-Modification Fire fighting system (Phase 2)  
water line for T-301 & T-302 & Fire Water Pump

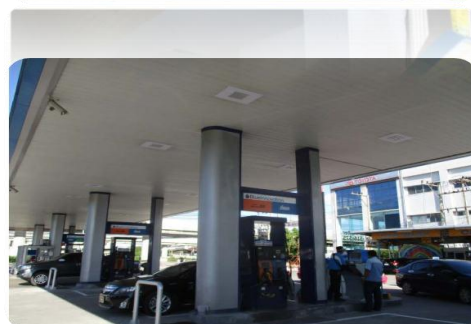
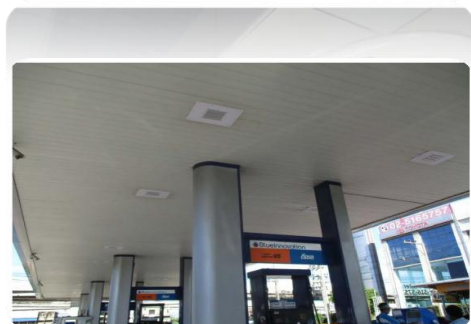


## RENOVATION & MODIFICATION PTT STATION : KALASIN



- Civil and structure work
- Piping work
- Underground piping work

## RENOVATION & MODIFICATION PTT STATION : PATHUM THANI - THIPSIRI



- Civil and structure work
- Piping work
- Underground piping work

Fabrication Shop Rayong assembly plant Provide services Structure assembly work (Fabrication) Provide installation services (Installation) at the customer's site Installation of machinery, equipment used in industrial plants, oil refineries and petrochemicals Product storage facilities, both in mechanical engineering, electrical systems, piping, measuring instruments and others

## **RAYONG FABRICATION YARD**



## **RAYONG FABRICATION YARD**



### **Tools and Equipment**

Argon Welding M/C (20)

Electric Welding M/C (40)

10 Tons Overhead Crane (2)

5 Tons Overhead Crane (2)

Cutting Tools (10)

Fabrication Tools (10)

Rolling Tools Auto

Welding M/C

▪ Pipeline, Piping and Steel Structures Fabrication



**Songkhla Assembly Plant** Providing the main service for structural assembly work for Offshore customers. The factory in Songkhla is the center of offshore facilities and services in the Gulf of Thailand. Including the delivery of technical personnel Procurement, procurement and rental of machine tool equipment for customers in this business group The factory consists of cutting and punching, forming steel (Forming), welding (Welding), surface preparation of steel (Blasting) and painting (painting), which the company has Blasting and Paint Shop which can be considered one of the best. In Songkhla area

## SONGKHLA FABRICATION YARD



- Offshore and Onshore Operation & Maintenance
- Fabrication
- Manpower Supply
- Procurement Service
- Equipment Rental



## **BEWW TWIN PLATFORM TOPSIDES MODIFICATIONS (PHASE II), CHEVRON**



- Offshore engineering : fabrication and erection work

### Oil & Gas Services Department

- The company provides services in the field of engineers, technicians, workers for customers both onshore and offshore. By focusing on and adhering to safety and quality in general. Labor recruitment services, including engineers and staff, regularly and responsible for drilling rig work Which is overseen by the Songkhla branch. The main customers are Chevron Thailand Exploration and Production Company Limited, etc.

- The company also provides equipment rental services for both onshore and offshore operations. The delivery of skilled workers as well as tools to the site is fast, as planned.



## **Overview of operations of subsidiaries by PAE Technical Services Public Company Limited**

The company operates a third party engineering service inspection in the field of non-destructive testing. (Non-Destructive Testing: NDT) and inspection and certification (Inspection and Certification), including inspection and certification of gas tanks, LPG and NGV pipelines for various organizations in order to achieve audit or evaluation objectives. International standard quality And the requirements that customers need Or legal requirements By a team of highly skilled and experienced professionals with high technology and tools In order to meet and create customer satisfaction until it is widely accepted

### **Service type**

#### **1. Test service without damaging (Non-Destructive Testing Services: NDT)**

Non-destructive testing (Non-Destructive Testing: NDT) refers to the process of inspecting techniques using principles of physics, evaluating defects and checking materials or components of machinery. Gas pipeline system, oil, chemical, high pressure tank, boiler (Boiler) and large metal steel structure To find defects within the structure of materials that are not visible to the naked eye Without causing the structure to change from the original Both before construction (New Construction) during use (In Service) and check during the plant shutdown (Turnaround Shutdown) to estimate the lifetime. Which the company has staff who have knowledge, ability, and expertise in auditing And have experience in testing without breaking many types Including all staff of the company are well trained and trained By passing the practice control manual (Practice Control Manual Number) that is equivalent to the United States standard (ASNT SNT-TC-1A). Which enables the company to be widely accepted by both domestic and international customers. Without breaking, can be divided into 2 types as follows

Conventional non-destructive testing (Conventional NDT) is a method used for a long time. At present, the company can provide testing services without destroying all 5 methods as follows.

Type of Test	Description
(Ultrasonic Testing : UT)	<p>Ultrasonic wave testing : defects, defects and workpiece thickness measurements, such as metal structures, pipelines In oil refineries, petrochemical plants, etc.</p> <p><u>Example</u></p> 
(Radiographic Testing : RT)	<p>(Radiographic Testing : RT) Check for defects in the material By using radioactive substances And use the film to record information such as the welding of pipe work, oil transportation</p> <p><u>Example</u></p> 
(Magnetic Particle Testing : MT)	<p>(Magnetic Particle Testing : MT) : Is a test method using magnetic powder And the process of inducing magnetic fields To measure discrete areas on the surface and under the surface of the material</p> <p><u>Example</u></p> 



Type of Test	Description
(Liquid Penetrant Testing : PT)	<p>(Liquid Penetrant Testing : PT) : Use water to penetrate the defects that open to the surface of the workpiece or welding, such as pipe work, metal structures.</p> <p><u>Example</u></p> 
(Visual Inspection Testing : VT)	<p>(Visual Inspection Testing : VT) : Visual inspection: a basic process For structural evaluation Or components</p> <p>Evaluating the results of the examination at the acceptance level or not accepting (Rejection) by eyes</p> <p><u>Example</u></p> 

### The company services including NDT and Inspection & Testing.

- **Ultrasonic Thickness Measurement (UTM)** the techniques used to determine the thickness of the metal. Materials such as Tanks Vessels wall Boilers and Pipe Lines In general, the purpose of using this technique is to check together. Corrosion test Corrosion problems when measuring will be repeated in the same position. Record and make statistics to be able to identify corrosion rates And evaluate the remaining life when used
- **Positive Materials Identification (PMI) testing**  
It is an examination to identify the chemical composition of the material which is necessary for the metal in the industry.
- **Pressure test by compressed water (Hydrostatic Testing).**  
Is a test to find a leak Strength of welding And joints of assembly work By compressing the water into the tank that needs to be fully tested And get the required pressure
- **check for leaks in the coating material (Holiday Detector / Leak Test: H / L).**  
Is an examination for defects in the coating surface Which the coating surface is responsible for preventing corrosion of the main material
- **The hardness (Hardness Testing).**  
Is a test of metal hardness in resistance to permanent processing Which is useful for designing pressure vessels

#### **1.2 Advanced non-destructive testing (Advanced NDT)**

Is a further development from the basic non-destructive testing method By means of checks that use a variety of technologies and tools that are more complex By using personnel And less time for testing Able to provide clear examination results Safety And get quick test results More accurate It is also more comprehensive than conventional non-destructive testing ( Conventional NDT).

The company has provided modern equipment to support the work. Advanced non-destructive testing is

- **Phase Array Ultrasonic Testing (PAUT)**

Is the use of high frequency sound waves To check the imperfections of metal Which makes the ability to inspect the work piece accurately And showing the image as a real image

- **Tubular Inspection** Is the internal inspection of various Tube and Pipe

The NDT service process will start accepting the job. The employer will determine the NDT method used in the test. Along with specifying the details of the workpiece to be tested Which after testing the work in various ways as mentioned above In the next step The tester will report the results of the test to the employer. In order to evaluate the integrity of the work according to the rules ( Code) that are applied to that work And report results according to international standards

2. Quality inspection and certification services (Inspection & Certification) Quality inspection and certification services Is a continuous process or build on the test without damaging Which is done by using various types of testing methods including testing without damaging the workpiece inspection And processing the test And issued a report to certify the work condition of the workpiece Which will be concluded whether the workpiece is suitable for use or not Inspection can be done by checking each piece of work. By proceeding during the new production at the manufacturer Or during installation at the facility Including operations after use such as annual quality inspection and certification for gas cylinders Or checking the whole system ( Plant inspection or Plant Inspection Service) etc.

The company is a provider of quality inspection and certification services. As an independent expert ( Third party) According to legal requirements Which is done by different types of testing methods And test the results and report to confirm the conditions The quality inspection and certification service can be divided into 4 types as follows:

#### 2.1 Oil and petroleum tank inspection ( Tank Inspection )

- Legal tank inspection ( Tank External & Internal Inspection by Code & Laws )
- Welding Works
- Provide auditors according to API 653 API 510 API 507 and NDT Level I & II certification (Supply API 653 API 510 API 507 Inspector & NDT Level I & II inspector)

#### 2.2 Plant Monitoring (Plant Inspection Service).

- Pressure vessel inspection and pipeline system While walking machine (On-Stream Inspection / CUI Inspection of Pressure Vessel & Piping).
- Pressure vessel inspection and pipeline system While stopping the machine ( In Service Inspection during Plant Shutdown / Pressure of Vessel & Piping )
- Monitoring boilers (Boiler) / boiler (Hot Oil) under the Ministry of Industry (Boiler and Hot Oil Inspection & Certification as per MOI).
- Determining the audit agenda using the Risk Based Inspection (RBI) method and consulting services.
- Defining Work Shop for Shutdown or Plant Turnaround (TA Scope Development & Scope Challenge).

- Plant inspection and systems for monitoring the erosion conditions of plants ( Plant Inspection & Corrosion Monitoring)
- Analysis of the damage (Failure Analysis, Root Caused Analysis: RCA).
- Service for maintenance of equipment and pipes during machine shutdown ( TA / SD Maintenance Service)
- Welding Works
- Providing auditors according to API 653 API 510 certified API 507 and NDT Level I & II (Supply API 653 API 510 API 507 Inspector & NDT Level I & II Inspector)
- Check cranes and lifting equipment used (Crane and Lifting Equipment Inspection).

### 2.3 Inspection and certification of gas cylinders ( LPG and NGV )

- Tank testing Upon completion of the annual and 5- year term (LPG Storage Tank Inspection)
- The test car gas (Gas Truck Inspection).
- Gas Station Inspection Testing
- The test tanks for LPG (Liquid Hydrocarbon Storage Tank Inspection).
- Tank testing and business license (Storage Tank Inspection & License Service)

### 2.4 Welder Training Center

personnel with expertise and expertise are considered important for business operations. The company therefore provides personnel development services that are certified for different types of tests. Both inside and outside the company By focusing on producing quality personnel that are adequate and comprehensive in the business of providing engineering test services , training courses of welding service training companies and welder welder certification ( Welder / Welding Qualification Test)

2. The company provides personnel training and certification services in welding work according to international standards. By the company's training center Received a license from the Ministry of Labor In the service of welder testing And can also test welders according to international standards ASME, AWS, ISO, and EN Ready to issue certification certificates in both theory and practice Training by the welding engineer team at Through training and research of the German Welding (SLV Mannheim Germany), which the company has a customer service training program are as follows. Italian Thai Company Development Public Company Limited, Sino-Thai Engineering and Construction Public Company Limited, High Steel Products Co., Ltd., Siam Construction Group Limited, Premier Metal (2003) Company Limited, NTP Engineering Company Limited, BP Air and Engineering Company Limited Limited,) YJ Service and Supply Limited Partnership, etc. The main customers of the company are PTT Public Company Limited, Bangchak Petroleum Public Company Limited and many large and small contractors.

**PAE Technical Services Public Company Limited Work under construction and not yet delivered as of 31 December 2018, details are as follows:**

No.	Category	Quantity	value ( Million baht )
1	Non-destructive testing	11	27,358,678
2	Quality inspection and certification work	14	20,100,384
	Total	25	47,459,062

- ∞ The company entered into a contract with Thai Oil Public Company Limited. Safety Relief Valve LPG Sphere Inspection Service Project period of 5 years ( 1 January 2018 - 31 February 2022 )
- ∞ The Company entered into a contract with Italian-Thai Development Public Company Limited. The Construction of Mass Transit System C2 / MRT Red Line Project (Bang Sue-Rangsit) Project Period 159 days ( 22 January 2018 - 29 June 2018 )
- ∞ The company entered into a contract with PTT Public Company Limited, contract for inspection of electrical systems and lightning protection systems. Project duration 1,095 days ( 14 March 2018 - 14 March 2020 )
- ∞ The company entered into a contract with China Petroleum Pipeline Bureau , RA # 6-Ratchaburi Pipeline Project (RRPP), project duration ( 5 March 2018 - 2562 ).
- ∞ The company entered into a contract with WP Energy Public Company Limited, a contract for testing the storage and distribution tanks for 5 years, and testing to renew the business license. Liquefied Petroleum Gas Terminal (Type 2 ), Gas Station, Gas Filling Plant And gas stations, industrial customers Contract period ( 29 March 2018 - September 2018 )
- ∞ The company made a contract with the firm CTCI (THAILAND) COMPANY LIMITED Project WPS & PQR FOR ALLOY P42 & P45 LIWA PIPING FABRICATION WORKS OF FABRICATION WORK FOR A / G PIPING OF LIWA PROJECT project duration (16 to 31 May 2561).
- ∞ The company made a contract with the firm CTCI (THAILAND) COMPANY LIMITED Project CS-NACE HARDNESS TESTING WORKS OF LPIC EPC1 SCU PROJECT OF CCJV / CTCI JOINT VENTURE IN MAPKHA, RAYONG PROVINCE THE KINGDOM OF THAILAND project period (15 January to 30 August 2561. )
- ∞ The company entered into a contract with Bangchak Corporation Public Company Limited ( QC SUPERVISOR) contract for maintenance work during the year 2018, contract period ( 1 May - 30 June 2018 ).
- ∞ The company entered into a contract with Italian-Thai Development Public Company Limited. Contract for inspection of welding quality work ( NDT ) J.2389 Project to improve cross pipe type onshore pipe 36 "& 42" natural gas separation plant in Rayong. Contract period ( 22 May - 28 September 2018





## PAE TECHNICAL SERVICE



### Welding Training Center



## PAE TECHNICAL SERVICE



- Non Destructive Testing (NDT) Services
- Pipeline Inspection, Plant Maintenance
- Tank Assessment and Advanced NDT
- Training and Re-certification of NDT Professionals
- Vendors Inspection



- Welder's Training institute to attain accreditation
- Safety Training

### PPS Energy and Marine Company Limited

Importer, distributor of tools and equipment used in the construction of drilling platforms, production and distribution of raw water / drinking water / tap water, in which the Company holds 67.77% of the registered capital To expand investment in production and sales of tap water and to support the growth of the company in the future



### PPS ENERGY AND MARINE COMPANY LIMITED

We are a leader in the water treatment and production system, is determined to offer you our best service and escort you toward your ultimate goal. With our state-of the-art technology and innovative water treatment and production system that conform to standard of the World Health Organization (WHO), we endeavor ourselves to raise living standard of people society and environment on sustainable level.



**Manage water treatment 10,000 Sq.m./day in  
AMATA NAKORN (CHONBURI)**

### PAE Energy Solution Company Limited

PAE Energy Solution Company Limited (a subsidiary of PAE), which operates a training center for individuals both within the PAE affiliates and outside organizations, both in house and public. Will focus on safety-related issues such as the safety officer course in the workplace, management level (administration, administration), work safety officer Supervisor level (GPO), Safety, Occupational Health and Working Environment Committee (Por.Por.) Which has been registered and licensed as a training center All three courses above From the safety division Department of Labour Protection and Welfare Ministry of Labour completed And began training for customers Both inside and outside the organization during the end of 2018 and there are also other safety-related courses such as legal work safety Work at height, safety in scaffolding (Scaffolding) Safety in using cranes Safety in electrical work Work safety in confined spaces (In the process of requesting registration with the Department of Labor Protection and Welfare)

There are also course requirements. (Requirement) and internal audit of the management system ISO9001: 2015, ISO14001: 2015, OHSAS18001: 2007 And also registered with the Department of Industrial Works Is the operator of the pollution control system Consulting company type completed



The banner features a blue header with four logos: PAE THAILAND, PAE TECHNICAL SERVICE, PPS ENERGY & MARINE, and PES. Below the logos, the text reads: "PAE Energy Solution Company Limited (PAE Energy Solution Company Limited or PES) Operating as a subsidiary of PAE (Thailand) Public Company Limited, EPC and Manpower Supply, Oil & Gas, Petrochemical, Petroleum and Energy industries, Songkhla, Rayong, Kamphaeng Phet. And there are also affiliated companies such as". At the bottom, two diamond-shaped icons precede the names of the affiliated companies: "PAE Technical Service Public Company Limited" and "PPS Energy and Marine Company Limited".






PAE Energy Solution Company Limited engages in the business of organizing training, seminars, providing knowledge and advice. Safety management Environmental Management And management of other fields of knowledge, including business operations, training on safety, occupational health and working environment By establishing a Quality, Health, Safety and Environment Training Center



The company has provided training for knowledge and skills to employees in many courses. By speakers in the QHSE department, such as training, requirements of the management system (ISO requirements), environmental assessment (Environmental Aspect), legal work safety Work at height, safety in scaffolding (Scaffolding) Safety in using cranes Fire drills and evacuation drills, first aid, 5S.



## Security consulting services

## Occupational Health and Environment

PES ACADEMY offers consulting services with a quality team with efficient personnel and over 10 years of experience in the field of work. Safety Occupational Health and Environment We focus on being a support and information protection unit. Counseling in the preparation of safety and occupational health management systems according to the guidelines of ILO-OSHMS 2001 (Consulting Service on ILO-OSHMS 2001)





## Training course

### Safety Courses

- ✓ Administrative Officer, MD. Supervisor
- ✓ Safety Committee
- ✓ Work safety according to Safety Act (6 hours)
- ✓ Crane Operator Course
- ✓ (The crane operator, who controls the use of cranes; the signal provider for the crane operator, Material adhesion)
- ✓ Scaffolding installation and inspection according to BS Standard
- ✓ Basic fire fighting and fire drills and evacuation
- ✓ Safety in working on forklifts
- ✓ Safety in electrical work
- ✓ High working safety (Work at Height)
- ✓ Fire Watch
- ✓ Behavior Base Safety course
- ✓ Safety in working in confined spaces



## Training course

### ISO & ENVIRONMENT

- ✓ Requirements ISO9001: 2015 (ISO9001: 2015 Requirement)
- ✓ ISO14001: 2015 requirements (ISO14001: 2015 Requirement)
- ✓ ISO45001: 2018 requirements (ISO45001: 2018 Requirement)
- ✓ ISO9001: 2015 Internal Quality Audit
- ✓ ISO14001: 2015 Internal Audit
- ✓ ISO45001: 2018 Internal Audit
- ✓ Integrated Internal Audit: ISO9001, ISO14001 and ISO45001
- ✓ Environmental assessment ISO14001: 2015 (ISO14001: 2015 Environmental Aspect)
- ✓ Consultant for ISO Implementation (16 days)

### **Marketing and Competition**

Company Focus Provides engineering services, construction, maintenance services, equipment repairs. To the energy industry companies, including the delivery of staff with experience in the work. To work with leading companies. Onshore & offshore both domestically and internationally. The company is focused on safety at work. The personnel, materials, equipment, machinery and the environment as well as the quality of the work delivered to the customer.

Due to the current economy, there is a lot of competition. The company has changed its marketing strategy. By modifying the auction. The company will participate in the auction in specialized companies. Or Shut Down or Turnaround service because more factories. Opened for a long time. It is necessary to have service or maintenance work offshore service. In one project The company will get more than one job. The company will undertake construction work, installation of machinery and equipment. The company will also work in the field of personnel recruitment. The company will receive a turn-key job.

### **Competitive Strategy**

The Company focuses on and prioritizes the quality of its work, including the provision of both before and after services. The company believes that it will impress customers. The Company has set its competitive strategy and core business policy. The company will focus on getting jobs from many of the leading oil groups. Oil refinery, gas separation plant, petrochemical industry And energy. By providing excellent service and ability. If customers are satisfied with the work of the company and have been certified by many customers. As a result, the company has been entrusted with the work of many other agencies.

### **Characteristics of customers and prospects**

The Company's customers can be divided into 2 groups according to their business characteristics: Hydrocarbon group customers and infrastructure group clients. The characteristics of both groups of customers are both state-owned and private. The target group of the company is oil exploration and drilling, oil refinery, gas separation plant, petrochemical industry. Paper Mill and Power Plant, the proportion of the Company's customers may vary due to economic conditions and circumstances. Therefore, the operation of the company may not depend on particular customers.

### State of the Industry Overview

Continued decline in crude oil prices in the world market has led to new projects. It is likely to slow down or slow down. But big projects. Foreign companies are bidding mainly. The price competition for each project is likely to be higher and more intense every year. Therefore, contractors need to adjust their strategies or find partners to get more jobs.

### Industry and Competition Situation

The company has the ability to compete against the same type of competitors who receive the work from the private sector. The company believes that in the future. If the company has more investment or investment in the operation. The Company believes that the Company has enough capacity to receive the work from government agencies. Or large enterprises increase Now companies of the same type operate more and more. But with the expertise of many companies in the field, including the ability to send employees with the ability to go onshore and offshore maintenance work, the company has three factories support the company is considered. The key strategy in this industry's competition. The company is confident that the company will be recognized by customers for its quality and performance, as well as its experience and reputation.

#### **1. Number of competitors in the same industry.**

For the current EPC contractor industry in the country. There are more intense competition. Because the service provider With the same competition, they have developed their own potential. Including the ability to manage projects. And engineering experience is a key factor. And while the outlook for petroleum and petrochemical projects is unlikely, the economy is not going well. Excessive competition in the industry can cause a hindrance to a company's performance.

#### **2. New competitors in a single day industry.**

For the company's business, there are many new competitors. This is because contractors have the expertise to set up and operate their own businesses, which see their profits. The competition is a lot and is considered a barrier to work. With so many competitors competing for high prices, each project has a relatively low profit margin.



### **3. The bargaining power of the Supplier.**

The company has a relatively low bargaining power with suppliers because of its relatively low raw material resources and the Approve Material List (AML). This means that the company must purchase raw materials from the AML only, so the company can not choose other suppliers, it is another obstacle to work. As a result, operating expenses increased, resulting in lower profit.

### **4. Substitute Products**

In the core business is considered a replacement product is quite a lot. This is a barrier to market penetration, but if a business that partners with other partners is a good opportunity to do business together.

### **5. The power of customer negotiation.**

Customers have the power to negotiate more. Since businesses have a lot of competitors and now offer E-Auction bidding, which is a Real Time Bidding process that allows the company to bid in a timely manner, making that decision immediately available for bidding on the job. there The company will have to reduce the price as much as possible to win the competition, which holds that the customer has the power to negotiate.

## PAE (Thailand) Public Company Limited

### Projects currently underway in each project and the work that the company has signed a contract. Deliveries and not yet delivered

The company has always been trusted by customers. By the beginning of January 2018, the company received the services for the oil and natural industries with Chepron (Thailand) Exploration and Production Company Limited. Agencies Songkhla and Nakhon Si Thammarat The company provides construction services and installation of tools and equipment, procurement of materials, equipment, tools and equipment rental. Including recruiting workers to work Off shore, work value 161,120,012.72 million baht

- In September 2017, the company was signed a contract to provide Manpower Supply services at the E&I event from Siam Kraft Industry Company Limited worth 54.680 million baht and overtime service fee of 12.875 million baht.
- From the beginning of the project until the end of 2018, the company has provided Manpower Supply services for a total value of 31.683 million baht and overtime pay worth 4.435 million baht or as a backlog for the year 2019, another 20.505 million baht and overtime payment of 2.70 million baht respectively.
- From April 2018 - July 2018, the company was signed a contract for additional work services for TOPS engineering, pipe and mechanical projects from PTTGC worth 0.440 million baht.
- Throughout the year 2018, the company has provided Maintenance & Rental Service and NCR oil spill response project worth 1.065 million baht.
- Throughout the year 2018, the company has provided Maintenance & Rental Service for a total value of 0.054 million baht.
- Throughout the year 2018, the company provided Blasting, Manpower, Project a total value of 0.719 million baht.
- Throughout the year 2018, the company provided total training services worth 0.132 million baht.

**PAE (Thailand) Public Company Limited**

**Project completed by the company as at 31 December 2018 is as follows.**

No.	project	Scope of work	Contract value ( million baht)
1.	TOPS HG Polisher ( Audiont work)	Engineering, Pipins, Mechanic	0.200
2.	TOPS HG Polisher ( Audiont work)	Engineering, Pipins, Mechanic	0.240
3.	Tank B100 - PTT	Engineering , Tank Piping, Mechanical	3.50
4.	Maintenance & Rental Service	Service	1.065
5.	Construction and Installation Contract - Chevron Songkhla	Manpower Supply Equipment Rental & Faicilitation	161.120
6.	Manpower Supply And E & I	Manpower supply	31.683
7 .	From SKIC and advance service fees	Manpower supply	4.435
8.	Man Power for P-1452B Machining work	Manpower Service	0.200
9.	Piping Work	Piping Work	0.240

**PAE (Thailand) Public Company Limited**

**Work is under construction as of the year 2018**

No.	project	Scope of work	Contract value ( million baht)
1	Manpower Supply jobs E & I company Siamkraf industry.	Manpower Supply	20.50
2	Manpower Supply	Manpower Supply ( OT)	2.50

**PAE (Thailand) Public Company Limited**

**Completed deliveries of the company in 2015-2017**

No.	Project	Contract Value	period of time	Scope of work
1.	TPK	44.593	January 2014 - June 2016	E&I
2.	IRPC	26.85	May 2016 - December 2016	Instreament Electrical, Piping
3.	PTT	11.33	March 2016 - December 2016	Gas station work, E&I work, Piping
4.	LEC	1.76	May 2016 - December 2016	Supply Meterial Trance rental
5.	PTT	35.0	August 2016 - April 2018	Oil tank work
6.	Hyundai	74.22	January 2014 - October 2015	E&I, Piping
7.	SumSung ITD	123.025	January 2014 - October 2015	Building Structure
8.	PTT Phenol PTTGC PTTME	41.90	January 2015 - December 2015	E & I Work
9.	PTT GC TOPS	19.5	April 2016 - December 2016	Instreament Electrical, Piping
10	PTT GC JIFFy 3	1.70	January 2017 - March 2017	Machanical work
11	PTTPLC	2.90	February 2017 - May 2017	Piping



## Progress of Changing and Development

### The Company has made significant changes and developments in its business and administration over the past 3 years.

#### YEAR 2016

- 8 January 2016, The Board of Directors has acknowledge Mr.Ratchai Pichayapoom resignation from the position of Director, Executive Director and Company Secretary and approved the appointment of Miss Waraphorn Wongsingto as the company secretary in replacement of Mr.Ratchai Pichayapoom, effective from 8 January 2016 onwards.
- January 8, 2016, due to Mr. Rathachai Phichayaphum, resigned from the position of Director and Authorized Director of the Company, the Board of Directors resolved to change the authorized directors of the Company by The name and number of directors authorized to sign on behalf of the company are Mrs. Urairat Boonairat, Mr. Anon Limthathaporn, Mr. Somporn Mangmi, two-thirds of these directors. Sign together with the company's seal Effective from 8 January 2016 onwards
- January 8, 2016 Resolution of the Board of Directors Meeting Resolved to appoint Miss Waraporn Wong Singto to be the Company Secretary in place of Mr. Rathachai Phichayaphum, effective from January 8, 2016 onwards.
- 26 January 2016, According to such complaint filing by the trade creditor, they claim the debt amount at THB 12,396,287.78 Debts are due to construction and operation of Hydro test includes materials, equipment in working in Project Lankrabue Kamphaeng Ph Province Which is outstanding in 2013 to 2014
- 29 February 2016, Mr.Chaiwat Kannasoot has resigned from the position of Audit Committee and Board of Independent Directors effective from 29 February 2016 onwards
- 1 March 2016, The SET is currently considering financial status and operating performance to determine whether it could be subject to possible delisting. Therefore, the SET posts SP (Suspension) sign to prohibit trading of PAE securities since March 1, 2016 until conclusion has been made but not later than 7 business days or by March 9, 2016.
- SET has posted an "SP" sign to suspend trading on their securities effective from the first trading session of March 1, 2016 to enable shareholders and investors to have sufficient time to scrutinize their auditors' reports on their financial statements carefully. SET will lift the "SP" sign on and post an "NP" sign effective from the first trading session of March 2, 2016 until the companies have submitted their amended financial statements or the SEC concludes that the companies are not necessary to amend

their financial statements. However, the SET will post "NP" sign effective from the first trading session of March 2, 2016 and still suspend trading of PAE's securities view of the fact that the SET is currently considering PAE's financial status and operating performance to determine whether it could be subject to possible delisting.

- 9 March 2016, Notification of procedures for PAE to be resolving the financial status (NC-Stage 1) The Stock Exchange of Thailand (SET) established procedures and guidelines in dealing with listed companies whose their financial status and operations called for resolving operation or financial conditions by considering the latest audited company's financial statements that showing shareholder's equity less than zero. In consideration of the audited annual financial statements ending December 31, 2015 of PAE (Thailand) Public Company Limited (PAE), its shareholders' equity is less than zero amounting to (135) Million Baht and subject to resolving financial status and operations. To abide by the SET regulations on Delisting of Securities, the SET will proceed as follows:
- Announce that PAE is subject to possible delisting and requires rehabilitation of its operation and financial condition. NC (Non-Compliance) sign will be posted from March 9, 2016 onwards and SP (Suspension) sign will still be posted against PAE's securities to suspend the company's securities trading.
- Suspend trading of PAE's securities for thirty (30) days from the announcement date specified in (1), or until April 7, 2016 to allow management time to thoroughly decide on a course of action to maximize benefit of the company and its shareholders.
- PAE announces its decision to the SET within April 7, 2016 whether to prepare a rehabilitation plan to propose to its shareholders, attempt the rehabilitation under the Bankruptcy Act, apply for voluntary delisting, or undertake any other course of action together with the schedules for implementing the above decisions.
- Allow trading of PAE's securities from April 8, 2016 to May 9, 2016 in order to provide its shareholders the opportunity to trade the company's securities before re-impose the SP sign for the rehabilitation. However, if the management does not inform the SET of the company's decision by the end of the initial 30-day period, the Exchange will maintain the SP sign on the company's securities until it publicly informs the SET and investors of its decision.
- Suspend trading of PAE's securities since May 10, 2016 until the company's qualification meet bourse's criteria to resume trading.

- Allow the company to undertake rehabilitation for three (3) years starting from March 9, 2016, going through three (3) stages (each of 1 year) and the name of company in each stage will be publicly announced as being in NC-Stage1, NC-Stage2 and NC-Stage3. The company may apply for one-time extension to remain in the same stage for not exceeding (1) one year (Maximum period in rehabilitation may not exceeding 4 years). If within the given period, the company is unable to resolve its delisting grounds, the SET will proceed on considering delisting the company's securities. Therefore, the SET suggests that investors and shareholders should thoroughly study financial statements of PAE along with its further decision on rehabilitation plan.
- 4 April 2016, (the "Company") informing of the sequel result that the company submitted its financial statements for the year ended 31 December 2015, audited by an independent auditor to the Stock Exchange of Thailand ("SET"), showing negative shareholders' equity of Baht 135 million. Pursuant to SET regulations regarding Delisting of Securities, B.E. 2542. Subsequently, set has announced that the company's securities may possibly be delisted on stage 1 (NC-Stage1). In addition, SET had suspended the trading of the Company's securities for 30 days from March 9, 2016 to April 7, 2016 to allow the Company's management to thoroughly decide on a course of action for removal causes of possible delisting, together with the schedule for implementing the above decision for the most benefit of the Company and its shareholders and disclose information to shareholders and investors
- 8 April 2016, According to The Stock Exchange of Thailand (SET)'s announcement, the securities of PAE (THAILAND) PUBLIC COMPANY LIMITED (PAE) was subject to resolve financial status and operations (NC-Stage 1). The SET has posted an "SP" (Suspension) sign to prohibit the trading of PAE's securities since March 1, 2016 and also posted an "NC" (Non-Compliance) sign since March 9, 2016. Also, the SET required PAE to report to the SET by April 7, 2016 about its decisions whether it prefers to propose a resolving plan to the shareholders, or to rehabilitate business under the Bankruptcy Act, or to apply for voluntary delisting, or to take any other options beneficial to the company. The SET will allow the trading of its securities on April 8, 2016 to May 9, 2016 and after that the SET will suspend the trading of its securities again on May 10, 2016 until the problem are solved. (Details of PAE's news dated March 1, 2016 and March 9, 2016). According to PAE's notification, Board of Directors Meeting has the resolution to allow Business Rehabilitation under

the Bankruptcy Act, according to the order of the Central Bankruptcy Court. (Details of PAE's news dated April 4, 2016) The SET will proceed as follows:

- The SET will post the SP (Suspension) sign to prohibit the buying or selling of PAE's securities from May 10, 2016 onwards until the company is able to improve the financial status and operations in accordance with the regulations of the Stock Exchange of Thailand. Has a duty to report progress of the operation to the Stock Exchange of Thailand every quarter by delivering along with submitting financial statements until The car carries a revision of financial position and operations to the requirements of the Exchange. The SET requests shareholders and investors to continue to monitor the progress of the company's operations.
- On April 28, 2016, the Stock Exchange of Thailand reminds the last trading day of the company is May 9, according to the SET's permission for securities of the company. Buy or sell between April 8, 2016 to May 9, 2016 for 30 days. The Stock Exchange of Thailand wishes to notify the last trading day to let investors know again.
- 10 May 2016, The Company would like to inform that Mrs. Urairat Boon-a-kas, the Company's director, Chairman of the Executive Board and Managing Director, has passed away on May 8, 2016
- 16 May 2016, The Company would like to inform you that Miss. Wanna Maluengnon has resigned from the position of Audit Committee and Board of Independent Directors effective from May 12, 2016 onwards.
- 13 July 2016, The Board of Directors has acknowledge Mr.Anond Lekasthapon's resignation from the position of Director, Executive Director effective from July 13, 2016 onwards
- and resolved to appoint Mr.Veraphan Na Ranong as the member of the executive committee to fulfill the position vacated earlier, effective from July 13, 2016 onwards.
- 13 July 2016, due to Mr. Anon Limthasathaporn, resigned from the position of director and authorized director of the company The Board of Directors therefore resolved to change the authorized directors of the Company. The name and number of directors authorized to sign on behalf of the company are Mr. Somporn Mangmi and Mr. Veraphan Na Ranong together with the company's seal. Effective from 13 July 2016 onwards
- 26 August 2016, The Company would like to inform you that the Board of directors' in the meeting of the company No. 10/2016 held on August 24, 2016 has resolved the following

approvals, and acknowledge the resignation of Ms.Panuwat Boonyakiti and Mr.Anond Lekasatapon, Director and appoints Mr.Vorasak Chatkaew and Mr.Peerach Lerskijroongrueng to replace those positions, which will be effective since August 24, 2016

- 23 September 2016, According to PAE (Thailand) PLC. (The Company) has offered warrants to purchase ordinary shares PAE-W1 in the amount of 1,364,539,174 units. The validity age of warrants is not over 2 years which dated on November 2, 2016. However, the company would like to inform that the final exercising date is on November 2, 2016 after that warrants will be ceased its status and cannot be continued to exercise and will be deleted PAE-W1 being the listed security of the Set on November 3, 2016.
- 30 November 2016, According to the PAE (Thailand) Public Company Limited (Thailand) has approved the company selected to carry out the reorganization through bankruptcy court under the Bankruptcy Act to amend the delisting of the listed securities. The company has been filed by one of the trade creditors to carry out the rehabilitation through bankruptcy court. Therefore, the company asks the court to appoint the company to be the planner of rehabilitation plan in this mentioned case. In order that the company will propose the maximum benefit of this pain as reported to the stock exchange of Thailand earlier. The Company would like to report the progress solutions to the delisting of securities from the registration date, July 4, 2016 In addition to the reorganization proceedings. The law provides for the creditors of the company. Black Case No. For. 6/2016 appears that the company's creditors That there are total of 6 creditors that file a complaint and the bankruptcy court has appointed the court hearing petition of the creditors, debtors and the objectors of 6 creditors totally of 7 appointment which are September 15, 2016, September 16, 2016, September 23, 2016, October 7 2016, October 11 2016, October 12 2016, October 25 2016, on 9:00 am. – 4:30 pm of every mentioned date

### Year 2017

- On March 9, 2016, the SET PAE has to improve its financial position and operation (NC Phase 2)
- On June 20, 2017, the company clarified the progress of the solution to the cause of delisting from the securities. That after the Central Bankruptcy Court's inquiry has been completed, it appears that the Court has issued an order to revoke the petition for business rehabilitation of the creditors who filed for business rehabilitation of the Company. Subsequently, the Board of Directors Meeting No. 2/2017, which was held on 19 June 2017, received a formal report on the petition of the court. The meeting therefore approved

the Company to file a petition for business rehabilitation. To the Central Bankruptcy Court under the Bankruptcy Act as a new case by filing the company itself. In this petition, the company, as a debtor, will be the person who claims to be self-employed and will present the information to the court correctly and completely, that the company is in a state that is in the process of having to revise the business under the Bankruptcy Act. As well as being in the process of having to make a rehabilitation plan to resolve the delisting from being a listed company in accordance with the regulations of the Stock Exchange of Thailand. Which will hold the business rehabilitation plan which the court has approved in the future as a plan to resolve the revocation as well, and the company is confident that it will be able to take corrective action within the period prescribed by the regulations of the SET.

- June 20, 2060. Acknowledged the resignation of Miss Kurisra Brittanapong. The effective date is June 19, 2016 onwards and the resolution to appoint Mr. Kampol Gupta Vinit is the director to replace the resigned director. Effective from June 19, 2560 onwards.
- June 20, 2016 Progress, Reasons for Delisting, and Notification of the Court's Order Not to Allow the Company to Hold the Annual General Meeting of Shareholders for the year 2017. PAE (Thailand) Public Company Limited ("The Company") has informed the Stock Exchange of Thailand ("SET"). The Company will proceed with the rehabilitation process through the Central Bankruptcy Court. The Bankruptcy Act To rectify the cause of the delisting, the company has entered into a rehabilitation case where creditors have filed a lawsuit. However, the court has raised the petition for the rehabilitation of the creditors. However, the Company continues to implement the rehabilitation process through the Central Bankruptcy Court. The Board of Directors Meeting No. 2/2060 held on June 19, 2017 resolved to file a petition to the Central Bankruptcy Court for a new case. The Company, as a debtor, will file a petition for business rehabilitation by explaining that on June 21, 2016, the Company filed a petition for business rehabilitation with the Central Bankruptcy Court. Black case number 23/2560 and the court has ordered the petition is considered. The court scheduled the hearing on September 11, 2017.
- On June 29, 2017, the Company further clarified that the Annual General Meeting of Shareholders of the Company stated that in 2016, the Company could not hold the ordinary shareholders' meeting because the Central Bankruptcy Court has ordered not to allow the Company to hold the ordinary shareholders' meeting. Annual General Meeting of Shareholders for the year 2016 due to the company being prosecuted. The company is in a state of forced moratorium. Any act of encumbrance or burdening of property will cause the property of the Company to be reduced if it violates criminal, imprisonment or fine. In accordance with the Bankruptcy Act, Section 90/12 (9), in conjunction with Section 90/82, the Court held

that the holding of the general meeting of shareholders constituted a burden for many companies. All debtors in the process of business rehabilitation under the Bankruptcy Act do not allow the Company to hold the Annual General Meeting of Shareholders for the year 2016. The effect of such court order is effective. The Company filed a petition with the Central Bankruptcy Court for the court to consider the order of the Annual General Meeting of Shareholders for the year 2017. As the meeting of each shareholder had to pay for the meeting. This is a breach of the Bankruptcy Act BE 2483, Section 90/12, including the failure of the court order in this case. The conflict with the court orders that have been issued or has the decision already existing guidelines. The court has received the petition and has ordered the Company not to hold the Annual General Meeting of Shareholders for the year 2016 until the court orders another change. The meeting can be held until the court issues a permit.

- On 18 September 2017, the Board of Directors' Meeting No. 5/2017 passed a resolution to PAE Federal International Public Company Limited (subsidiary) to dissolve the business and to liquidate. Low risk but high business risk. Currently, the subsidiary is in the process of liquidation.

#### Year 2018

- On March 9, 2018, the Stock Exchange of Thailand Notification of operation with PAE in case the company has to improve financial status and operation Which the Stock Exchange of Thailand has set guidelines to proceed with listed companies whose operations or financial conditions may be revoked By allowing the rehabilitation period to be divided into 2 phases: 1) the period for the revocation of the event to be terminated for a period of 3 years, which will be announced every year when the company is still unable to resolve the cause, may be revoked Therefore being considered by the Stock Exchange of Thailand to announce the name of the company in order to improve the financial status and operations Which will be effective from March 9, 2018 onwards. PAE is a company that needs to improve its financial status and operations Phase 3 (NC Phase 3). PAE must proceed to comply with the above criteria.

- On March 23, 2018, the company informed the progress of the solution to the cause of delisting from being a listed company, and the result of the judgment that the court ordered to lift the petition for rehabilitation Due to the fact that the Company filed a petition for business rehabilitation with the Central Bankruptcy Court as a black case No. For. 23/2560 and the Court has accepted the petition. When the court has examined the requestor and the debtor and the objector have completed Subsequently, the Central Bankruptcy Court issued a judgment or order on 8 March 2018 by raising the petition of the petitioner / debtor. (The request for business rehabilitation of the company) However, the order or judgment of the bankruptcy court is still considered as an order or judgment of the Court of First Instance only. Still considered the company's rehabilitation case is still not final. The company



can continue to appeal against the order or judgment of the Central Bankruptcy Court according to the legal procedure. Therefore, the Board of Directors Meeting No. 2/2561 held on Thursday, March 22, 2018 resolved to approve the Company to file an appeal against the Central Bankruptcy Court's order to appeal the case of the Bankruptcy Court to present the dispute to the court's order. Central Bankruptcy Because he saw that there was a reason for the company to dispute

- On June 8, 2018, the Company reported progress to the Stock Exchange of Thailand that the Company filed an appeal against the Central Bankruptcy Court's decision to the Appeal Court within the period as specified by the law and the Appeal Court accepted the petition.

- On September 7, 2018, the progress of solutions to the cause of delisting from being a listed company The company has a resolution of the Board of Directors meeting to approve the company to choose the business rehabilitation through the Central Bankruptcy Court in accordance with the Bankruptcy Act. Of the said revocation, which the Company filed a petition for business rehabilitation with the Central Bankruptcy Court as a black case No. For. 23/2560 And the court has accepted the petition At this time, the court has completed the examination of the petitioner and the debtor and the objector and the Central Bankruptcy Court has issued a verdict or order on 8 March 2018 by raising the petition of the petitioner / debtor. (The request for business rehabilitation of the company) However, the order or judgment of the bankruptcy court is still considered as an order or judgment of the Court of First Instance only. Which still considered the company's rehabilitation case is still not final The company can continue to appeal against the order or judgment of the Central Bankruptcy Court according to the legal procedure. At present, the Company has filed an appeal against the Central Bankruptcy Court's decision to the Appeal Court within the period as specified by law. And the Court of Appeal has already accepted the petition The case is still being considered by the Court of Appeal.

- On December 7, 2018, the company informed the Stock Exchange of Thailand of the appointment of new directors in place of those resigned by the resolution of the Board of Directors of PAE (Thailand) Public Company Limited. December 2018, resolved as follows: 1. Acknowledged the resignation of Mr. Suriya Tantiwivat from the position of Director With effect from December 4, 2018 onwards and the Board of Directors meeting resolved to appoint Mr. Kitti Atinan to be a director of the Company to replace the resigned director. Effective from 4 December 2018 onwards

## Risk Factors

Risk refers to opportunities / events or things that do not meet the objectives / goals of the current plan. By causing impact or damage to the organization in terms of financial impact or image or reputation of the organization

Risk Management is the process performed by the Board, Executives and all employees in the organization to assist in formulating operational strategies. The risk management process is designed to identify potential events and it affects the organization and can manage the risk to a level acceptable to the organization to gain reasonable confidence in achieving the objectives / goals set by the organization.

### Corporate Risk Management Process

The Important steps for enterprise risk Management



The above steps. Compliance with the QHSE (Quality, Health, Safety and Environment) Management System or ISO Management System, especially in Version 2015, upgrading the management system to High Level Standard and take risk-based thinking into the ISO framework to ensure sustainable management and growth. It is written in the context of the organization. Taking into account internal and external factors. To prevent and manage potential risks is included in the QHSE Manual.

### 1. Objectives

- In order for the organization to reduce its potential for future damage to an acceptable level.
- To provide a systematic risk management approach.
- To link risk management with sustainable strategies.
- To have a tracking system. Monitor the performance of risk management and monitor new risks that may occur at any time.
- To add value to the organization.

## 2. Aspect Identification

Identifying sources indicates the source, Affected part, incidence and causes including potential consequences. It is determined by the internal and external factors of the organization, which may be conducted by interviewing the management or management of each agency responsible for the plan or action. And compile the major risk (Aspect) to make a corporate risk profile (Corporate Risk Profile)



## 3. Risk Assessment

Consists of two main processes:

- Risk analysis Which will consider the causes and sources of risk, the consequences that are both positive and negative And the likelihood of potential consequences By identifying factors that affect that effect Which may have many aspects Including considering measures to eliminate the risks and effectiveness currently available
- Risk assessment Is a comparison of the risk levels obtained from the analysis With acceptable risk levels Which if not at the acceptable level Must be eliminated immediately

## Risk Assessment

- The nature and type of impact that can occur and the guidelines for impact assessment.
- Guidelines for identifying opportunities.
- Time frame of opportunity and impact.
- Guidelines for determining the level of risk.
- Acceptable level of risk
- Level of risk to be handled.

Level of opportunity (Likelihood) The risk and level of risk are divided into 4 levels.

Level	LIKELIHOOD	Expectation Occur
1	Rare	Not occur within 10 years
2	A Few	1 time within 6-10 years
3	Moderate	1 time within 3 - 6 years
4	Many	1 time within 1 - 3 years
5	Most	More than 1 time within 1 year

### Impact levels

1. Operational Impact Is an assessment of the impact on the ability to operate to achieve the main goals of the organization Including damage from disruption of operations Or improper management system

Ranking	IMPACT	Quantity
1	Less impact	Amount of impact
2	Moderate impact	Able to control
3	Severe impact	Unable to control but still operate
4	Very severe	Must temporarily cease operations

## 2. Financial Impact

Is an assessment of the impact of operations in the form of monetary losses Or expenses incurred when there is a serious incident Including loss of income Or the increase in costs / expenses

Ranking	IMPACT	Damage value (Baht)
1	Very little / able to Control.	Up to 5,000
2	Less impact	>5,000 - 100,000
3	Moderate impact	>100,000 – 10,000,000
4	Impacted significantly	> 10,000,000

### 3. Personal Impact

Is an assessment of the impact on the quality of life of personnel Including the working atmosphere

Ranking	IMPACT	Incident
1	Very little / able to Control.	First Aid
2	Less impact	Admitted to the hospital and stopped work 1-5 days
3	Moderate impact	Up to serious injury Admitted to the hospital and stopped work > 5 days
4	Impacted significantly	pass away

### 4. Reputation Impact

Is an impact assessment Against loss of reputation Due to operations or non-compliance Or regulations, including non-compliance with ethics and ethics of personnel within the organization Which affects the confidence and satisfaction of the relevant agencies, such as the government, agencies that oversee the public

Ranking	IMPACT	Incident
1	Very little / able to Control.	There are complaints from outside. But limited only within the organization
2	Less impact	There are complaints from outside that are widely perceived. But not yet released online media
3	Moderate impact	There are complaints from outside with online media recognition at the country level.
4	Impacted significantly	There are complaints from outside with international media recognition.



### 5. Impact of ICT (Information Technology Impact).

Is an assessment of the impact of information technology damage Including the development and improvement of work systems and information technology used in various operations within the organization

Ranking	IMPACT	Incident
1	Less impact	IT systems have problems and have little loss or cause operations to be interrupted 1 - 2 hours.
2	Moderate impact	IT systems have problems and have some losses or cause operations. Interrupted more than 2 hours but not more than 24 hours
3	Severe impact	Important IT systems are damaged or causing operations. Interruptions 1 - 5 days
4	Very severe	All important IT systems are damaged or operational. Long interruptions > 5 days

RISK Level MAP Risk Level

Impact	4	4	8	12	16
	3	3	6	9	12
	2	2	4	6	8
	1	1	2	3	4
		1	2	3	4
		Likelihood			

10-16	Extreme levels of risk must be stopped and revised to reduce the risk immediately.
7-9	High level of risk (High) must have a plan to reduce risks.
3-6	Moderate risk level (Medium). Measures must be reviewed. And risk control plans
1-2	Low risk level (Low), but should keep monitoring the situation continuously.

#### 4. Risk management (Risk Treatment).

Establish a risk management plan, propose to the management to approve the allocation of resources that are required to be processed (if any). In selecting the most appropriate risk management approach, take into account the risk that Acceptable at the cost that is compared to the benefits, including legal requirements. Relevant standard requirements Including social responsibility

##### Guidelines for risk management

- **Terminate** To stop or cancel activities that create risks
- **Treat** is to provide measures to reduce the chance of risk or reduce the impact.
- **Take** risk taking or increase risk to find opportunities.
- **Transfer** is a transfer of risk to other agencies or organizations to receive the burden instead.
- **Tolerate** risk tolerance without taking any action

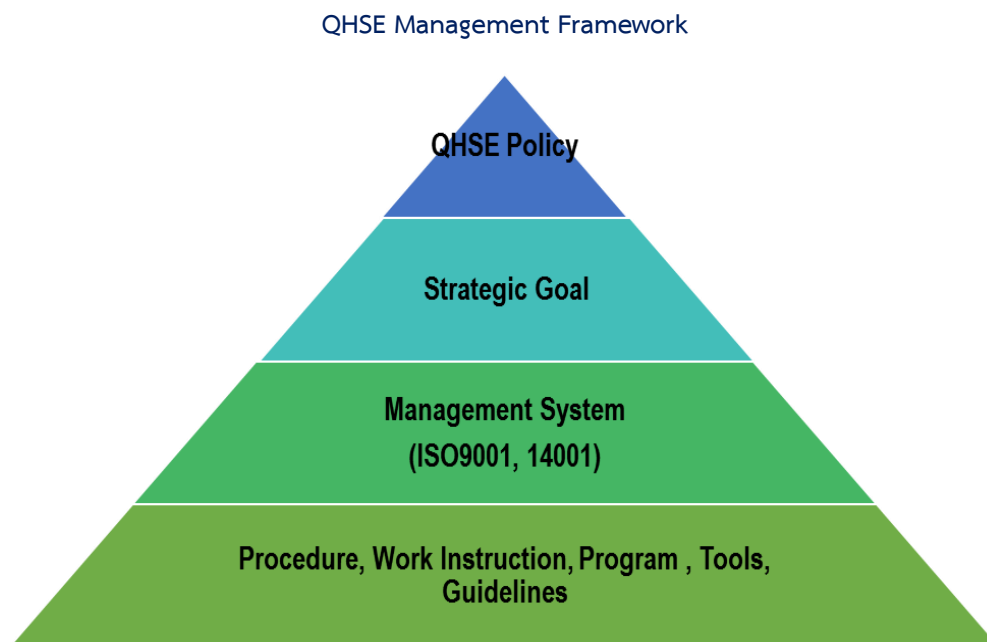
#### 5. Monitoring and Review (Monitoring and Review).

The risk management unit will coordinate with the management responsible for risk, report the status and operations regarding risk management to the management meeting.

The management should analyze / monitor changes in the environment and external factors, including changes in potential risks. Which may result in the need to review risk management and prioritize Including may be used to review the overall risk management framework

### QHSE (Quality, Health, Safety and Environment) Risk Framework

PAE (Thailand) Public Company Limited has set policies for quality, occupational health, safety and environment. To demonstrate the commitment of the organization and a framework for managing the QSHE, executives and employees in the organization implement it as a goal, strategic plan, operational plan. Including metrics based on the plan. Including monitoring and evaluation of performance targets. To assess compliance with policy. Including in the internal audit as the plan.



Strategy implementation focuses on strengthening the QSHE culture and QHSE management system as an important tool for improving effectiveness and operational efficiency. To create innovations as well as to develop the process and performance to meet the target. Reduce risk, loss and negative impact on society and the environment. To reflect its commitment to its mission, QSHE Goals have been targeted through the analysis of internal and external factors that affect the company's operations. Key Performance Indicators (KPIs) are targeted at the enterprise level. Each agency will determine the goals of the agency and transfer them to the department / department level as appropriate. Which will be tracked Evaluate goals by each level.

Departments and transfer to goals at department / department level as appropriate Which will be tracked Evaluate the goals according to each level and present to the management according to the plan.

QHSE management standards (QHSE Management System) is like an important tool in managing the QHSE risks that all units of the company must use as a management framework. By applying it to suit the nature and risk of that agency Is a link to the quality, occupational health, safety and environment policy With policies, standards, management and regulations Procedures of each agency The framework of management standards is developed according to the principles. Plan-Do-Check-Action In order to achieve Continuous Improvement which is based on the ISO Management System Version 2015

#### **For the QHSE policies currently available**

1. Quality, Health, Safety and Environment (Quality, Health, Safety and Environment Policy) - ISO Management System.
2. Security policy And occupational health at work (Health & Safety Policy)
3. Policies do not use drugs and alcohol (Drug & Alcohol Policy).
4. Environmental policy (Environmental Policy)
5. Policy to stop working If it is not safe (Stop Work Authority Policy)
6. Policy management, fatigue (Fatigue Management Policy).

This Company policy requires employees to follow the law, both written and intent. For all laws and regulations regarding the environment, health and safety

### **3.2 Financial risk management policy**

The Company has no policy to engage in financial derivatives transactions for speculation or for trading.

### **3.3 Interest rate risk**

Interest rate risk arises from changes in interest rates in the future. Which will affect the operation and cash flow of the company

### **3.4 Foreign exchange risk**

The company is exposed to foreign exchange risk. Because the company has assets and liabilities in foreign currencies that do not enter into hedging contracts. However, the management of the company Believe that there will be no significant impact on the financial statements of the company

### **3.5 Credit risk**

The Company is exposed to credit risk associated with accounts receivable. However, the management of the company has a policy to give credit to customers with caution. Therefore, the company does not expect to receive significant losses from debt collection from those debtors. In addition, the company has estimated allowance for doubtful accounts. By using the evaluation of the management about the ability to pay the debt in the past of the debtorWhich the management believes is sufficient

### **3.6 Fair value risk**

Because most financial assets and financial liabilities are classified as short-term and long-term loans With interest rates close to the market rate The Company believes that the book value of such financial assets and financial liabilitiesShowing value not significantly different from fair value

### **3.7 Risk to investment of securities holders**

On November 27 , 2015, the company has been sued by a creditor to file a petition with the Central Bankruptcy Court to request the business rehabilitation. And on April 1 , 2016, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation according to the Black Case No. For. 6/2016 and there were 6 creditors filed objections and wish to fight the case. However, during the year 2016, the creditors who submitted objections to the second party, which is the only financial institution creditor with preferential rights, filed a petition to withdraw the objection to the bankruptcy court. And a court order to withdraw the objection and then later on May 19, 2560 court ruling raised the request to the Plan by the red case no. 20/2560.

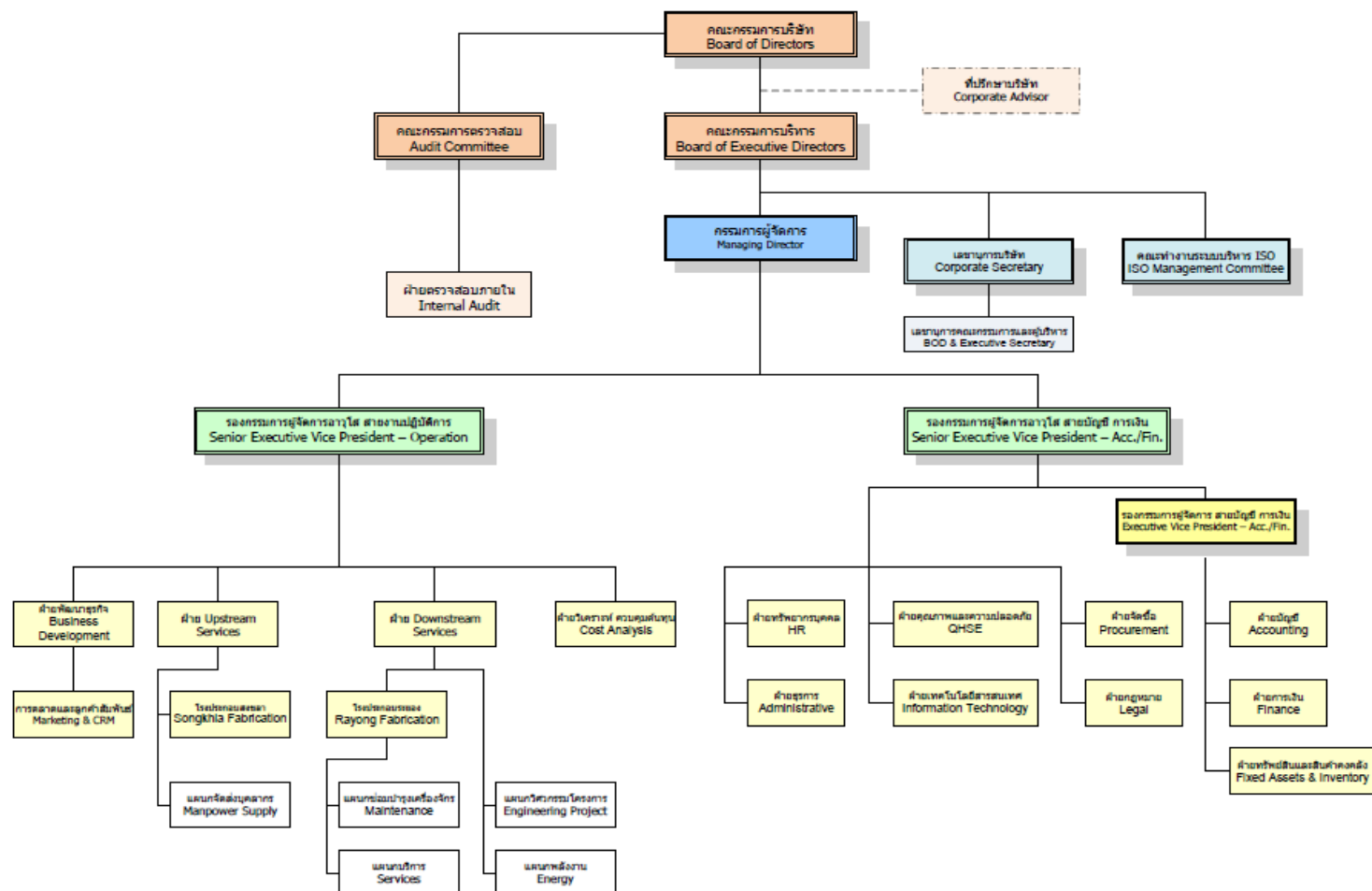


And in accordance with the resolution of the Board of Directors Meeting No. 2/2560 on 19 June 2017, resolved to request the Company to request for the business rehabilitation of the Company to the Central Bankruptcy Court by themselves. And on 21 June 2017, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation according to the Black Case No. For. 23/2560. Subsequently, on 8 March 2018, the Central Bankruptcy Court dismissed the petition to enter the rehabilitation plan. According to the Red Case No. Fri 9/2561

On March 8 , 2018, the Company filed an appeal against the Central Bankruptcy Court's order to the Court of Appeal. While submitting a request for temporary protection during the consideration of the Special Appeal Court And the request for permission to not hold the Annual General Meeting of Shareholders for the year 2018 at the Central Bankruptcy Court Subsequently, on 22 January 2019, the Court of Appeals for the Constitutional Court dismissed the business rehabilitation and set up the debtor (the Company) as the plan preparer according to the Bankruptcy Act BE 2458, Section 90/10 and on 22 February 2019, the Official Receiver Has announced the order for the company to rehabilitate and set up the company (debtor) as the planner in the Government Gazette And notify the order to the registrar, partner, company and all creditors to submit an application for payment to the official receiver However, the consolidated and separate financial statements for the year Ended December 31 , 2018 of the Company has been prepared in accordance with the criteria for continuing operations On the assumption that the company will have sufficient working capital from 1) long-term service revenue from major customers (the contract is 3 years from 1 October 2016). The agreement will end on 30 September 2019. At present, the company is in the process of negotiating to renew the contract with customers. The plan of the Company believes that it will be renewed by customers certainly 2) Income from long-term service to new customers (contract valid for 2 years from the date of October 1, 2560), and 3).Supporting credit lines from trading partners for use in normal business operations. And from the verdict of the Court of Appeal, the case of the prosecutor who ordered the company to enter the rehabilitation process as mentioned in the preceding paragraph As a result, the company is protected under Section 90/12 on " Debt Settlement Principles ( Moratorium or Automatic Stay)" during the rehabilitation process. The plan maker therefore believes that the company will have sufficient working capital to use in operations in the next year. However, the company still has high uncertainty. Since the rehabilitation is just under the beginning and requires a lot of time to process.

## Organizational Structure

PAE (Thailand) Public Company Limited : Organization Structure



**The management of PAE (Thailand) Public Company Limited as at 31 December 2018 has the following names.**

order	list	Position
1	Mr.Somporn Mangmee	Executive Director / Senior Executive Vice President, Operations Division
2	Mr. Veraphan Na Ranong	Executive Director / Senior Executive Vice President, Financial Accounting Division
3	Mr.Somporn Mangmee	(Acting) Managing Director, Business Development Department
4	Mr. Gumpon Kupadavinij	Upstream services manager
5	Mr. Faris Daraman	Cost Control Analysis Manager Cost Analysis
6	Miss Tharinee Pinpone	Human Resources Manager
7	Mr. Kittipong Tandikul	Assistant Managing Director, Quality and Safety Department
8	Mr. Sakda Langbupha	Purchasing Manager
9	Miss Viparat Suwannarat	account manager

**\*\* List 1- 9 is the management of the company by the SEC**

### Management structure

The Board of Directors is aware of the principles of good corporate governance and adheres to the principles of good corporate governance. Including good practices for directors according to the guidelines of the Stock Exchange of Thailand Which has clearly defined duties and responsibilities with continuous supervision and follow-up. In addition, the development and improvement of business operations as well as regular personnel development In order to maximize the benefits to the company that will deliver the highest benefit to the shareholders as well Good corporate governance principles The company is aware of the importance of anti-corruption and corruption. And is committed to anti-corruption and corruption in all forms To ensure that the company Have a policy to determine responsibility, guidelines and requirements for appropriate actions To prevent fraud and corruption The company has therefore written a " Anti-Corruption Policy " in writing. To be a clear guideline for conducting business As well as for personnel at all levels to adhere to the operational norms

Board of Directors According to the regulations of the Board of Directors of the Company not less than 5 directors and at least half of the directors must be resident in the Kingdom and must qualify under the law. The Board of Directors as at 31 December 2018 consists of all directors as follows

No.	Name	Position
1	Mr. CHAREON PRAJUMTAN	Chairman of the Board
2	Sub Lt. SAROJ SWANGRIDHI	Chairman of the Audit Committee, Independent Director and Director
3	Miss ONCHULEE LAWSMITHIKUL	Director, Independent Director and Audit Committee
4	Mr. PUNNATHEE SRIWONGTHAI	Director and Independent Director and Audit
5	Mr. SURIYA TANTIWIWAT	Director *
6	Mr. PEERACH LERSKIJROONGRUENG	Director
7	Mr. VORASAK CHATKAEW	Director
8	Mr. SOMPORN MANGMEE	Director and Executive Director
9	Mr. VERAPHAN NA RANONG	Director and Executive Director
10	Mr. GUMPON KUPADAKVINIJ	Director
11	Mr. KITTI ATINUN	Director **

\* Director resigned effective 4 December 2018

\*\* The newly appointed director has a resolution to appoint a new director to replace the vacant position effective 4 December 2018

In 2018 PAE (Thailand) Public Company Limited has resigned as follows:

No.	Name	Position
1	Mr. SURIYA TANTIWIWAT	Director of the Company * Director resigned, effective date 4 December 2018

In 2018, PAE (Thailand) Public Company Limited has appointed directors to replace the vacant positions as follows:

No.	Name	Position
1	Mr. KITTI ATINUN	Board of Directors ** Resolved to appoint a new director to replace the vacant position effective December 4, 2018

Audit Committee PAE (Thailand) Public Company Limited as at 31 December 2018

No.	Name	Position
1	Sub Lt. SAROJ SWANGRIDHI	Chairman of the Audit Committee
2	Miss ONCHULEE LAWSMITHIKUL	Audit Committee
3	Mr. PUNNATHEE SRIWONGTHAI	Audit Committee

Independent Board of Directors PAE (Thailand) Public Company Limited as at 31 December 2018

order	list	Position
1	Mr. CHAREON PRAJUMTAN	Chairman of the Board and Independent Director
2	Sub Lt. SAROJ SWANGRIDHI	Chairman of the Audit Committee and Independent Director
3	Miss ONCHULEE LAWSMITHIKUL	Audit Committee and Independent Director
4	Mr. PUNNATHEE SRIWONGTHAI	Audit Committee and Independent Director

### Directors and Management Remuneration

The remuneration of the Board of Directors and Audit Committees consist of monthly remuneration, meeting allowance, in year 2018 (including directors resignation during year 2018)

#### Board of Directors meeting in 2018

List of directors and executives	Annual General Meeting *	Board of Directors	Audit Committee	Excutive Committee	Risk Committee
Mr. CHAREON PRAJUMTAN	-	5/5	-	-	-
Sub Lt. SAROJ SWANGRIDHI	-	4/5	4/4	-	-
Miss ONCHULEE LAWSMITHIKUL	-	5/5	4/4	-	-
Mr. PUNNATHEE SRIWONGTHAI	-	5/5	4/4	-	-
Mr. SOMPORN MANGMEE	-	5/5	-	12/12	-
Mr. VERAPHAN NA RANONG	-	5/5	-	12/12	3/3
Mr. SURIYA TANTIWIWAT **	-	-/5	-	-	-
Mr. VORASAK CHATKAEW	-	4/5	-	-	-
Mr. PEERACH LERSKIJROONGRUENG	-	2/5	-	-	-
Mr. GUMPON KUPADAKVINIJ	-	4/5	-	-	-
Mr. KITTI ATINUN***	-	-/-	-	-	-

\* The Company did not hold the Annual General Meeting of Shareholders for 2018,

\*\* Director resigned effective 4 December 2018

\*\*\* The newly appointed director has a resolution to appoint a new director to replace the vacant position effective 4 December 2018



### Sub-committee

In 2018, the management structure of the company consists of 4 committees, namely the Board of Directors. , Audit Committee, Executive Committee, and Risk Management Committee The details are as follows

Company has determined that the board of directors has the authority to approve the policy And approval and amendment of the annual budget plan While the Executive Committee has the authority to approve and amend the business plan

In terms of investment approval And approval of the acquisition and disposition of assets related to the business operation of the company Must be approved by the Executive Board and the Board of Directors However, such approval authority will depend on the size of the above transactions, with the Board of Directors having the authority to approve the above transactions in regard to the overall budget management of the Company without limitation. While the Executive Committee has the authority to approve the purchase of goods and services. In addition, the Company has established various approval authority before entering into any transactions related to financial contracts such as while the Executive Committee has the authority to approve The above transactions in regard to investment budget Approval of purchase requests for products and services without limit And approval of purchase orders in the amount not exceeding 5 million baht and the request for reimbursement of expenses such as certification fees, travel expenses, monthly expenses Including the approval of withdrawal / Clearing the trial payment. The various committees of the company have the tenure and scope of authority of each committee as follows:

1. Board of Directors of PAE (Thailand) Public Company Limited As at 31 December 2018, PAE (Thailand) Public Company Limited has a list of 10 directors as follows:

No.	Name	Position
1	Mr. CHAREON PRAJUMTAN	Chairman of the Board
2	Sub Lt. SAROJ SWANGRIDHI	Chairman of the Audit Committee, Independent Director and Director
3	Miss ONCHULEE LAWSMITHIKUL	Director, Independent Director and Audit Committee
4	Mr. PUNNATHEE SRIWONGTHAI	Director and Independent Director and Audit
5	Mr. PEERACH LERSKIJROONGRUENG	Director
6	Mr. VORASAK CHATKAEW	Director
7	Mr. SOMPORN MANGMEE	Director and Executive Director
8	Mr. VERAPHAN NA RANONG	Director and Executive Director
9	Mr. GUMPON KUPADAKVINIJ	Director
10	Mr. KITTI ATINUN	Director **

Miss Waraphorn Wongsingto Company Secretary

### **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.

The Board of Directors should have to meet at least 1 time in 3 months. The meeting location should be at the head office, nearly province, of other appropriate place which Chairman and representative from the Chairman will be arranged.

#### **Authority And responsibilities of the Board of Directors**

1. Perform duties in accordance with the law, objectives, regulations of the company. Board resolution And resolutions of the shareholders' meeting With responsibility Careful And honesty
2. Considering the details and approving the vision, business strategy. Direction of business Business Policy And the budget of the company. As the Board of Directors And management.
3. Supervise the management and performance of the Executive Committee. Chairman of the board Managing Director, Management or any person assigned to perform such duties. To be in line with the policy set by the Board of Directors.
4. Follow up the Company's performance. Continuously to comply with the Company's operating plan and budget.
5. To oversee and ensure the adequacy of the financial reporting system, including the internal control system. And the internal audit system. And financial
6. Make a statement of financial position. And the statement of comprehensive income at the end of the fiscal year. And signed to certify the financial statements. To be proposed to the shareholders' meeting at the annual general meeting. For approval
7. To approve the selection and appointment of auditors. And the appropriate remuneration. As proposed by the Audit Committee. Prior to the Annual General Meeting of Shareholders For approval

8. To set up a written policy on corporate governance in accordance with good corporate governance. And to implement such policies effectively. To be confident that the company. Responsible for all stakeholders with fairness.
9. To consider and approve the appointment of qualified and non-qualified persons as prescribed in the Public Limited Company Act BE 2535 (as amended), the Securities and Exchange Act BE 2535 (as amended). Further, including relevant regulatory and / or regulatory announcements. Take position In the case where the director vacates office for any reason other than the expiration of his term, he / she shall consider and approve the appointment of directors replacing those retired by rotation. The directors 'remuneration is proposed to the shareholders' meeting for approval.
- 10.Appointment of Subcommittees Including the Audit Committee. Executive Committee Nomination and Remuneration Committee Or any other committees The duties and responsibilities of such committees are to support and support the performance of duties of the Board.
11. To consider and fix the name of the authorized director of the Company.
12. To consider the appointment of an executive as defined by the Securities and Exchange Commission or the Capital Market Supervisory Board. The Company also considers the remuneration of such executives as proposed by the Nomination and Remuneration Committee.
- 13.Ask for professional opinions from external organizations. If necessary, to make the right decision.
- 14.Promoting directors and management of the Company Attended the seminar of the Thai Institute of Directors Association In the course related to the duties and responsibilities of the directors and management.
- 15.To supervise the performance of the Company effectively and to protect any interests related to all stakeholders.

#### **Elements and Appointment of the Board of Directors**

The Board of Directors must not be less than 5 persons which appointed by shareholders' meeting. Half of the number of directors must have residence in the Kingdom of Thailand with appropriate qualification.

The election of the Board of Directors shall be followed as procedure:

1. One shareholder has the voting right equivalent to 1 share per 1 vote
- 2.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

3. 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.

In case that there is any director resign by other reason out of rotation, directors should elect an appropriate person who has more experience, knowledge, and have no legal prohibition to be replaced in the next meeting, except the director will be remaining in position only 2 months. The replacement director will be in term of position only as the remaining of resigned director. The resolution for appointment by the Board of Directors should not be at least of third-fourth of remaining directors at that time.

## 2. The Board of Directors as of 31<sup>st</sup> December 2018

- |                   |             |                                   |
|-------------------|-------------|-----------------------------------|
| 1. Sub.Lt. Saroj  | Sawangridhi | Chairman of the Audit Committees  |
| 2. Miss. Onchulee | Lawsmithkul | Director and Audit Committee      |
| 3. Mr. Pannatee   | Sriwongthai | Director and Audit Committee      |
| Miss Nittakan     | Changket    | Secretary of the Audit Committees |

The term of office is 2 years and the rules of the Audit Committee include the purpose of setting up the Audit Committee, scope of duties and responsibilities, composition and qualifications, term of office. The term of the Audit Committees is 2 years per period.

**The scope of duties and responsibilities of the Audit Committees to the Board of Directors are as the following:**

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that there are suitable and efficient; to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the exchange's regulations, and the laws relating to the Company's business;
4. To consider, select and nominate an independence person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Exchange's regulations, and are reasonable and for the highest benefit of the Company;
6. To prepare and to disclose in the Company's annual report, an audit committee's report which must be signed by the audit committee's chairman and consist of at least the following information:

- a. an opinion on the accuracy, completeness, and creditability of the Company's financial report,
  - b. an opinion on the adequacy of the Company's internal control system,
  - c. an opinion on the compliance with the law on securities and exchange, the exchange's regulations, or the laws relating to the Company's business,
  - d. an opinion on the suitability of the auditor,
  - e. an opinion on the transaction that may lead to conflicts of interests,
  - f. the number of the audit committee meetings, and the attendance of such meetings by each committee member,
  - g. an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter; and
  - h. other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
7. To perform any other act as assigned by the Company's Board of Directors, with the approval of Audit Committees.



### **3.Name of Executive Committee (as of 31 December 2018) :**

1. Mr. Somporn Mangmee Executive Committee/ Directors / is knowledgeable in engineering
- 2 .Mr. Veraphan Na Ranong Executive Committee/ Directors/ is knowledgeable in accounting and finance
- Miss Sarocha Khamparnonda Secretary of Executive Committee

### **Scope of executive authority**

1. Perform the goal. And the direction of the company. To comply with the policy set by the Board of Directors by adopting Good Corporate Governance to develop and deploy the system seriously.
2. Set rules, guidelines and guidelines for the operation of the company.
3. Define employee work regulations.
4. Define criteria. And select the projects that participate in the auction. To propose to the next Executive Board.
5. To approve the nomination, transfer, dismissal of supervisors, supervisors, supervisors. And staff
6. Approve the adjustment of wages, salaries and benefits.
7. Approve And conduct the auction Or do business with the agency. Or individuals
8. Take action on matters. Authorized by the Board of Directors to operate

### **Nomination of Directors and Executives**

For the candidates. The Executive Chairman / Managing Director / Executive Committee will be the primary consideration. To screen qualified individuals with the knowledge, skills and experience that are beneficial to the company's operations and to good understand the company's business. And able to administer achieve objectives and goals set by the Board of Directors and proposed to the Board of Directors for further approval. How to select the person to be appointed director The shareholders will select the appropriate person in the experience, knowledge, ability to benefit the company.To become a director The resolution of the shareholders' meeting requires the majority votes of the shareholders who attend the meeting and have the right to vote.

### **Nomination of Directors and Executives by the Board of Directors**

The Company hasn't the specific committee for Board of Directors and Executive Directors. The selection of persons to be appointed as directors will be based on the nature of business and plans in the future. Therefore, the qualifications of the directors must be clearly defined. The Board of Directors has the opportunity to invite the directors and shareholders to participate in the nomination of qualified directors. To accomplish the intent of the company. And the appointment of directors has the following criteria and methods.

(1) In the election of directors, one shareholder shall have one vote for one vote.

(2) In the election of directors Each shareholder will use all of the votes in (1) to elect one or several persons to be directors. In the case of election of several persons as directors How many votes can not be divided?

(3) The persons receiving the highest number of votes in descending order shall be elected as directors, equal to the number of directors to be elected at that time. In cases where the persons elected in descending order have the same number of votes in excess of the number of directors required or will be elected at that time. The chairman of the meeting shall have the casting vote.

#### 4. Name of Independent of Director (as of 31 December 2018) :

1. Mr. Chareon Prajumtan	Chairman of the Board of Directors Is a director with knowledge of engineering / and has legal knowledge
2. Sub.Lt. Saroj Sawangridhi	Chairman of Audit Committees Is a director with legal knowledge
3. Miss. Onchulee Lawsmithkul	Director and Audit Committee Is a director with knowledge in accounting and finance
4. Mr. Pannatee Sriwongthai	Director and Audit Committee Is a director with knowledge of laws and regulations
Miss Waraphorn Wongsingto	Secretary of Independent of Director knowledgeable in finance and banking

#### Qualification process And the criteria for the selection of independent directors.

Independent Directors The Company determines the composition of the Board of Directors to be composed of at least one-third of the total number of directors of the Company. The meeting authorizes independent directors to participate in the Board of Directors. In 3 of the whole board And at least three independent directors. The criteria for the selection of independent directors shall be in accordance with the criteria for selection of directors. The qualifications of those who will serve as independent directors. Considering the qualifications and prohibitions of directors under the Act. Public Companies and Securities and Exchange Laws, as well as relevant regulatory announcements and / or regulations. Independent directors are qualified. Specialization Work experience And other appropriateness to be proposed to the shareholders' meeting for appointment as a director of the Company. If any one of them is vacated prior to the expiration of the term The Board of Directors may appoint an independent director who has the qualifications specified above to assume the position. An independent director who is appointed as a substitute director shall be in office only for the remaining term of the independent director whom he replaces.

#### The Board of Directors has determined the qualifications of independent directors as follows:

- Holding no more than 1 % of the total voting shares of the Company, parent company, major shareholder or the controlling person of the company, including the shareholding of related persons of the independent director.
- Not being or being a director who is involved in the management of employees, employees, consultants who receive a regular salary. Or the controlling authority of the parent company, the major shareholder Or of the controlling person of the company Unless it has ceased to exist at least

two years prior to the date of filing of the application for issuance and offering of securities, such prohibited characteristics shall not include the case where the independent director was a government official. Or consultant Of the government agency which is the major shareholder Or the controlling authority of the company

- Not a person with a blood relationship. Or by legal registration. In the manner of a parent, spouse, sibling and child, including the spouse of the child Other directors, executives, major shareholders Controlling Authority Or persons to be nominated as directors The executive or the controlling person of the company.
- No or have had any business relationship with the parent company, major shareholder or major shareholder. Or the controlling authority of the applicant. In a way that may hinder the use of independent judgment. Including neither being nor ever being a significant shareholder. Or the controlling authority of the person who has a business relationship with the parent company, the major shareholder Or the controlling authority of the applicant. Unless it has ceased to exist at least two years prior to the date of filing the application for issuance and offering of securities.
- Not being or being the auditor of the company, parent company, major shareholder Or the controlling authority of the company And not a significant shareholder. Controlling Authority Or partner of the audit firm. The auditors of the parent company, the major shareholder Or the controlling person of the company is under Unless it has ceased to exist at least two years prior to the date of filing the application for issuance and offering of securities.
- Is not or has been a professional service provider, including providing legal advice or financial advisory services. The service fee is more than 2 million baht per year from the parent company, the major shareholder. Or the controlling authority of the company And not a significant shareholder. Controlling Authority Or the partner of that professional service provider. Unless it has ceased to exist at least two years prior to the date of filing the application for issuance and offering of securities.
- Not being a director appointed to represent the Company's directors. Major Shareholders Or shareholders who are related to major shareholders of the Company
- Not engage in the same business and is a significant competitor to the Company's business. Is not a partner in a partnership? Or a director who is involved in the management of employees, employees, consultants who receive a regular salary. Or hold more than 1% of the total voting shares of other companies. It operates the same business and is a significant competition for the company.
- There is no other characteristic that makes it impossible to express independent opinions about the Company's operations.
- Not being a director assigned by the Board to make decisions on the Company's business

## **5. Risk Management Committee, PAE (Thailand) Public Company Limited**

As of December 31 , 2018, consisting of 6 members as follows

1. Mr. Verapnan Na Ranong Chairman of the Risk Management Committee / is knowledgeable in accounting and finance
2. Mr. Kampon Kupta Winit Directors / is knowledgeable in engineering
3. Mr Insect Phrom Suwan Directors / is knowledgeable in engineering
4. Mr. Kittipong Tanthikul Directors / is knowledgeable in quality, occupational health, safety and environment
5. Mr. Phadung Nu pim Directors/ is knowledgeable in quality, occupational health, safety and environment
6. Miss Vipaphan Saensuk Directors / is knowledgeable in quality, occupational health, safety and environment

Miss Siriwan Chanduang is the secretary of the Risk Committee / is knowledgeable in quality, occupational health and environment.

### **Scope of Authority and Responsibilities of the Risk Management Committee**

- Set management guidelines and risk management framework.
- Assess various risks, both internal and external.
- Proposed prevention and / or guidance. Reduce the risk level to an acceptable level.
- Monitor, evaluate and improve the implementation plan. To reduce the risk continuously and suit the business conditions.
- Review the adequacy of risk management policies and systems. Including the effectiveness of the system and compliance with the policy

## Remuneration for the directors and managements

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. Therefore, this is done in accordance with the Principles of Good Corporate Governance, Clause 10, concerning the set up of remuneration for management. In 2018, the amount of remuneration of directors and management were as stated below: The remuneration of the Board of Directors and Audit Committees consist of monthly remuneration, meeting allowance, in year 2018 (including directors resignation during year 2018)]

Position	Remuneration ** Year 2018 (Baht / Person / Time)
Chairman of the Board of Directors	15,000
Chairman of the Executive Board	10,000
Chairman of the Audit Committee	10,000
Director	6,000
Executive Director	6,000
Audit Committee	6,000

### Remark

\* Directors who hold more than one position They will receive a monthly salary based on the position they received.

\*\*In case that each committee has more than one meeting in a month, the meeting allowance will be paid to the committee member only once per month.

## Directors and Management Remuneration

The remuneration of the Board of Directors and Audit Committees consist of monthly remuneration, meeting allowance, in year 2018 (including directors resignation during year 2018)

### Directors and Management Remuneration

NAME OF BOARD	Board of Directors meeting	Audit Committee	Excutive Committee	Montly Compensation	TOTAL
Mr. CHAREON PRAJUMTAN	60,000	-	-	600,000	660,000
Sub Lt. SAROJ SWANGRIDHI	18,000	30,000	-	360,000	408,000
Mr. PUNNATHEE SRIWONGTHAI	24,000	18,000	-	240,000	282,000
Miss ONCHULEE LAWSMITHIKUL	24,000	18,000	-	240,000	282,000
Mr. SOMPORN MANGMEE	24,000	-	120,000	240,000	264,000
Mr. VERAPHAN NA RANONG	24,000	-	120,000	240,000	264,000
Mr. SURIYA TANTIWIWAT **	-	-	-	111,333	111,333
Mr. KITTI ATINUN***	-	-	-	8,666.67	8,666.67
Mr. VORASAK CHATKAEW	18,000	-	-	120,000	138,000



Mr. PEERACH LERSKIJROONGRUENG	12,000	-	-	120,000	132,000
Mr. GUMPON KUPADAKVINIJ	18,000	-	-	120,000	138,000
Total remuneration of Directors PAE Thailand Public Company Limited					2,688,800 Baht

- Remark -

\* Directors resigned

\*\* New appointments replace vacant positions

### Remuneration of executives in 2018

( Unit: Thousand Baht)

Compensation	Total subsidiaries		Company	
	2018	2017	2017	2017
Short-term benefits	15,361	18,364	7,987	9,427
Directors' remuneration	3,381	4,710	2,688	2,771
Retired employment benefits	3,961	5,296	921	575
<b>Total</b>	<b>23,153</b>	<b>28,370</b>	<b>11,596</b>	<b>13,944</b>

\*\* Note: Compensation consists of salary. Group life insurance premiums and group accidents Health insurance premiums and social insurance

#### **Other remuneration of directors**

- The Chairman of the Board and the Board of Directors do not receive any other remuneration. In addition to meeting fees and monthly remuneration

## Corporate Governance

Compliance with Good Corporate Governance Principles. The Company has complied with the Code of Business Conduct. The Stock Exchange of Thailand

- **Customer**

The company has focused on the customer segment of the company, whether retail customers. Or a large customer. Can be seen from the operation. The quality of service and meet the needs of customers. The company has the main customers to trust and ready to expand the work together.

- **Creditos and partners**

The Company discloses transparent information to the creditors of the Company and attempts to repay the debt. And comply with the conditions given to the creditors. Although the company is experiencing significant financial problems in the past year. But the company is not calm to take any action that will make it possible to pay debts to creditors. This thread The Company has done everything under the rule and legal requirements clearly. On the part of the partner. The Company has set policy. And the procurement is appropriate. To make the operation properly. Thorough and transparent, can be verified.

- **Partners and business partners**

The Company operates in good faith and honors its partners and business competitors. Including not seeking information of partners and business competitors. To implement the work is not transparent.

- **Employee**

Employees of the Company are at the heart of the Company's effective operation. The Company recognizes and supports its employees to develop their knowledge and skills to be useful for the Company. Activities related to work effectively. Since the company is a provider of engineering and construction services. Petrochemical industry And provides services to the oil and gas industry. All employees must use their skills and expertise. Combined with experience To meet the needs of customers. The company has sent employees to attend

training seminars as well as testing to ensure the quality of work. The company is known in the wider customer group. The company has organized activities to connect the employees, executives and directors to stimulate and love the organization with Big Cleaning & Greening Day at the head office by using 5S principles. Be able to work effectively under the ability and unity. This is part of the success of the company.

- **Basic Rights of Shareholders**

The Company attaches great importance to the basic rights of shareholders, such as trading or transfer of shares. Attendance of shareholders to exercise their right to vote independently. Deciding on major issues such as the appointment of directors Directors' remuneration Appointment of Auditor and Auditor's Remuneration The Company has the right to receive accurate and complete information.

### **Shareholders' Meeting**

The Board of Directors has held the Annual General Meeting of Shareholders within 4 months after the end of the accounting period. An extraordinary meeting of shareholders may be called at any time. However, there will be an important agenda for the shareholders to consider and / or make a decision to make decision. In the past year, the Company has held the shareholders' meeting. \*\* In 2016 and 2017, the Company did not have a meeting of shareholders because the Company was in the NC Stage 1 and NC Phase 2 because the Central Bankruptcy Court has ordered the Company not to do so. Annual General Meeting of Shareholders for the year 2016 The company is in the process of being prosecuted. The Company then received a court order and sent a letter to the Stock Exchange of Thailand and shareholders informing that the Company did not hold a meeting of shareholders in the year. But somehow \*\*

### **Before the Annual General Meeting of Shareholders**

The Company has convened a meeting of the Board of Directors to consider the date and venue, including the agenda of the Annual General Meeting of Shareholders and the Record Date for the right to attend the shareholders' meeting. Prior to the Annual General Meeting of Shareholders The Company sent more than 7 days advance notice to the shareholders and announced the announcement via the newspaper 3 consecutive days prior to the meeting more than 3 days to allow the shareholders to have time to consider the agenda prior to the resolution. On the day of the meeting The invitation letter will contain the agenda. Details on

each agenda. The opinions of the directors clearly. Additional documents such as Proxy Form Annual Report in both Thai and English CD format. If any shareholder wishes to receive the annual report of the company, the copy of the book can be obtained from the secretary and the company's business department as stated in the invitation letter.

### **At the Annual General Meeting of Shareholders**

To attend the Annual General Meeting of Shareholders A shareholder may appoint a proxy to vote on his / her behalf at the Annual General Meeting of Shareholders. Please fill in the proxy form attached with the Invitation Letter. Include the documents as required. By sending the company. According to the date stated in the invitation letter Or at the registration point in front of the meeting room. To present in the meeting attendance at the shareholders' meeting. The Board of Directors will allow shareholders to ask questions and / or express their views independently and equally for each agenda item before the resolution. For shareholders to receive a clear explanation for consideration in the agenda. After the meeting has been completed, the Chairman and the Board will give clear answers to the shareholders and / or may delegate them to the shareholders. Responsible or involved in that matter. Is the answer In case shareholders need in-depth information. To vote The shareholders shall have one vote per one vote. The majority of the votes casted by the shareholders attending the meeting and casting their votes. If there are equal votes. The chairman of the meeting shall have one more vote to cast. The meeting was held in Thai. However, documents and staff have been prepared to translate English information so that foreign shareholders can understand the meeting easily.

### **After the Annual General Meeting of Shareholders**

The Company has submitted the resolution of the Annual General Meeting of Shareholders to the Stock Exchange of Thailand within the meeting date. The Minutes of the Annual General Meeting of Shareholders to the Stock Exchange of Thailand This has been reviewed by the Board. And signed by the chairman of the meeting. The company secretary within 14 days after the meeting date accurately and completely.

### **Equal treatment for shareholders in attending shareholders' meetings**

To attend the Annual General Meeting of Shareholders Shareholders may attend the meeting or authorize another person to vote in the meeting. Or may authorize the independent director of the company to be authorized to vote in the meeting instead. The information of the

independent directors is attached together with the letter so that the shareholders can know the information of the person they trust to vote. Please fill in the proxy form attached with the Invitation Letter.

### **Use of ballot paper at shareholders' meeting**

The Company uses the barcode system to count the votes in each agenda item of the shareholders' meeting. For accurate and accurate scoring. To facilitate the resolution. And right and instant. Shareholders can vote in favor, disapprove or abstain on any agenda. By separating the vote to be equal to the number of shares held. Using the ballot received. The counting of votes will be counted by the shareholders who voted against. Or abstain Any one on each agenda. This will deduct the disagreement. And abstained from voting. The staff collected the ballot papers from the shareholders and then summarized the results by including the score from the barcode system that accurately and accurately counts.

### **Granting Shareholders Right to Propose Agenda List of Directors And questions to the Annual General Meeting of Shareholders**

Before voting on each agenda. The Chairman will give the participants an opportunity to ask questions regarding issues related to the agenda. The shareholders would like to ask questions, please give the name and surname to the meeting prior to any questions or comments. The chairman of the meeting allowed the shareholders to propose the names of directors to be appointed as directors. Moreover, the shareholders have the opportunity to propose additional agenda as appropriate for other agenda items.

### **Rights of Stakeholders**

The Board of Directors has supervised and set up the management system by respecting the rights. The fairness of the parties involved in the business of all groups including customers, creditors, partners, employees and shareholders. strictly The Company pays attention to its shareholders. I tried to do it. To maintain the rights of shareholders. In addition, there are effective internal control and audit systems. It also discloses various information. The shareholders can take part in decision making by attending shareholders' meeting with the Company or can contact or express opinions to the Company. For more information, please call 02-3220222 or E-mail: [ir@pae.co.th](mailto:ir@pae.co.th) or Investor Relations. [www.pae.co.th](http://www.pae.co.th)

## Employees

As of December 31 , 2018 , PAE (Thailand) Public Company Limited Total number of employees.

Department	Number of employees in the company's main line	
	2018	2017
monthly staff	107	120
Temporary contract employee	103	102
daily Worker	251	273
<b>Total</b>	<b>461</b>	<b>495</b>

\*\* The company has provided other compensation / employee welfare in the form of social security fund, provident fund, annual health check, group health insurance, group life insurance, group accident insurance, hospital medical treatment to staff Both OPD and IPD according to the limit of the positions that are responsible As for other remunerations, the company has provided employees in the form of overtime, living expenses and allowances. Travel and accommodation expenses in the event that employees work outside of the country and abroad. Which the company has allocated according to ability Responsibility of the assigned work and according to the position of responsibility And the company has set up a provident fund under the management of One Asset Management Company Limited (Wan Asset Management) since 2014 , with the provision of provident fund at the rate according to the working age of Employees and the welfare of other employees for the year 2018, with a fee for visiting baskets , fever , grants for parents and pass away employees Total amount is 110,450.00 baht

### As of December 31 , 2018, subsidiary company PAE Technical Services Public Company Limited Total number of employees

Department	Number of employees in the company's main line	
	2018	2017
Regular monthly staff	220	242
Temporary contract employee	12	2
daily Worker	1	-
<b>Total</b>	<b>233</b>	<b>244</b>

\*\* The company has provided other compensation / employee welfare in the form of social security fund, provident fund, annual health check, group health insurance, group life insurance, group accident insurance, hospital medical treatment to staff Both OPD and IPD according to the limit of the positions that are responsible As for other remunerations, the company has provided employees in the form of overtime, living expenses and allowances. Travel and accommodation expenses in the event that employees work outside of the country and abroad. Which the company has allocated according to ability Responsibility of the assigned work and according to the position of responsibility And the company has set up a provident fund under the management of One Asset Management Company Limited (Wan Asset Management) since 2014 , with the provision of provident fund at the rate according to the working age of staff



### Personnel development policy

Personnel development plan in Thailand 4.0 era in order to prepare for human resource management to keep pace with the changes that businesses must compete with knowledge, Creativity, innovation, the company therefore focuses on the society of participation in the organization. And create opportunities for employees Including customers who purchase products and services of the organization can participate, share opinions, share knowledge and creativity throughout which the company has applied technology for management such as leave, booking, meeting room reservation online via intranet and alert via mobile technology. In the future, various communication systems may be expanded because the company has branches in many provinces making everything close to reach in using technology to manage the company has a human resource development plan used as a policy in personnel management and development. That is necessary and linking the company's strategic plan as follows;

#### Manpower plan

Set up to manage and control the manpower of the company to be sufficient for the company's plans in the manpower plan, the appropriate manpower is determined in each period.

#### Employee recruitment plan

The company map is placed as a manpower plan. The company will find several personnel. When is the increase? And assigning each qualification details appropriately.

#### Personal development plan

What are the employees in the company to be developed? Some organizations in the organization may plan the development of the overall picture to the next year, which kind of strategic plan What company must develop with employees? And the company will determine the necessary courses Including setting guidelines for personal development

#### Employee treatment plan

Reflected as a plan for managing compensation and welfare of the company. By asking the staff that the company must develop in terms of compensation and other benefits. In order to be used as a tool to maintain the employees of the company to work with us willingly.

#### Position replacement plan

Succession Plan is the planning of the main job positions with the staff holding that position. If there are vacancies and replacement position any person who can substitute including having to develop those who will come to replace that in various matters that are necessary.

#### Annual Training 2018

There are 29 In-house training, 50 public training, Total 79 courses, 813 trained personnel, 746 operational levels, 64 supervisors and 3 executive levels.

### **Labor disputes**

As of December 31, 2018, PAE (Thailand) Public Company Limited had a legal dispute with the employee who had considered the case from the previous year. There was a total of 1 case since in the previous year the company had dismissed the foreign employees. To hire Thai employees with equal knowledge and ability to work on behalf of the company in all respects, but foreign employees do not agree Therefore resulting in a lawsuit. Have proceeded to fight the case according to the law and the correct reference evidence which has details about the case as follows

#### **1. Central Labor Court (This is a contract under a specific project contract)**

The parties Mr. Chang Hin Seng is the plaintiff suing PAE (Thailand) Public Company Limited as the defendant. Details of claim for termination of employment, compensation for advance notice, annual holiday fee, advance The outstanding wages totaled 1,684,520 baht and PAE (Thailand) Public Company Limited disputed / counterclaimed for damages in the amount of 8,684,520 baht. The court accepted the counterclaim. The progress of the Central Labor Court ruling on January 31, 2012 for the defendant to pay 186,473 baht plus interest from the date of filing, August 6, 2009 until the payment is completed. The defendant has disputed the verdict / appealed to the Supreme Court on May 3, 2012 and the Supreme Court on May 22, 2018. Supreme Court judgment Judge standing by the beginning / therefore filed a petition of the rehabilitation plan from February 12, 2019. The court made an appointment to investigate /on March 26, 2019 at 9:00 am

### Related transactions

Disclosure of related transactions with persons who may have conflicts in the past year.

Related transactions that may occur in the future Directors must comply with various regulations. Set up And the director must not approve any item That he or his person may have conflicts of interest in any other manner with the Company and / or its subsidiaries, including not authorizing other persons to act on behalf of such conflicts And must disclose such transaction to the Board of Directors And / or its subsidiaries to consider which the Company and / or its subsidiaries must comply with the securities and exchange laws, regulations, notifications, orders or requirements of the Stock Exchange of Thailand Regulations regarding the disclosure of connected transactions And the acquisition or disposal of the Company's assets And / or subsidiaries Including compliance with accounting standards Re: Disclosure of information about individuals Or related activities determined by the Federation of Accounting Professions under the royal patronage

In the event that it is a normal transaction, the Company and / or its subsidiaries have determined the criteria. And guidelines for compliance with general trade characteristics With reference to the price and conditions that are reasonable and fair, reasonable, can be checked And propose to the Audit Committee to consider and approve the criteria And guidelines for such practices

In addition, in the event that the Audit Committee has to give opinions on the suitability of such transactions And the Audit Committee does not have expertise in considering the related transactions that occur, the Company will arrange for a person with knowledge Special expertise, such as an auditor or an independent appraiser, is the person who gives opinions on the related transactions. By the opinion of the Audit Committee or persons with special expertise Will be used for the decision of the board of directors or shareholders, as the case may be, to ensure that the transaction will not be a transfer Or transfer benefits between the company Or persons who may have conflicts of the company But it is a transaction that the company has taken into account the highest benefit of all shareholders. Important income and expenses between each other That occurred during the year 2018

### Measures for related transactions

In the event that there is a connected transaction between the company and a person who may have a conflict of interest Have interest Or may have conflicts of interest in the future The Audit Committee will give opinions on the necessity of Entering into the transaction and the appropriateness of the price of that item by considering various conditions in accordance with the normal business operation in the industry and / or comparing with the price of the third party and / or the price or conditions of the transaction Make such transaction at the same level as the third party and / or can show that the said transaction has a specified price or condition Reasonable or fair If the Audit Committee does not have expertise in considering related transactions that may occur The company will arrange for independent experts or auditors of the company. As the commentator on such related transactions To be used for decision making of the board Audit Committee and / or shareholders, as the case may be With guidelines for considering the necessity and reasonableness of entering into the related party transactions as follows:

1. Service items: is a normal business transaction Or regular business support list By determining the price and trade conditions, there must be criteria for determining the price and conditions to be in the same way as every customer, both related and not related to the company ( Arm's length basis).

2. Purchase of products or services: is a normal business transaction Or regular business support list In which the agreed price and trade conditions between the company and that partner Must be in the same way that the partner has Assignment to other persons other than the company, including entering into such transactions Must not cause the company to lose benefits

3. Items relating to loans : are items that may occur from time to time as necessary and appropriate, such as for use as working capital. To expand the business and expand the business of the company By making such transactions, the Board of Directors The Audit Committee and / or the shareholders will evaluate and give opinion on the reasonableness for entering into such transaction.

For approval of the related transactions People who may have conflicts of interest or have interests in The transaction will not have the right to vote in approving such related transactions. The transaction will not be a migration. Or transfer benefits between companies Or shareholders of the company But it is a transaction that the company has taken into account for the maximum benefit of all shareholders. The Company will disclose the related transactions in the notes to the

financial statements that have been audited by the company's auditor in the annual report. And the annual registration statement of the company (Form 56-1 )

After becoming a listed company on the Stock Exchange of Thailand, the company must comply with the rules and regulations of the SEC, the Capital Market Supervisory Board and the Stock Exchange of Thailand. In regards to related transactions Connected transaction And the acquisition or disposal of assets under the relevant regulations of listed companies strictly

#### **Policy on related party transactions**

1. Directors and executives of the company prepare reports of their own interests or related persons and inform Let the company know To be used as information for the implementation of the requirements related to related transactions
2. Avoid making related transactions that may cause conflicts of interest.
3. In case of needing to make related transactions The company will follow the procedures and operations in accordance with the relevant laws. Including the criteria set by the SEC and the SET
4. Determine the price and conditions of the related transactions as if doing transactions with third parties ( Arm's length basis) which must be fair, reasonable and bring maximum benefits to the company and all shareholders. If there is no such price The company will compare prices for products or services with external prices. Under similar or similar conditions
5. Stakeholders of the related transactions will not be able to approve or vote to vote on related matters.
6. In considering the related transaction The Company may appoint an independent appraiser to evaluate and compare prices for important related transactions in order to ensure that such related transactions Reasonable and for the best interest of the company and every shareholder

#### **12.5 Trend of related party transactions with persons who may have conflicts of interest in the future**

In the future, if there is a transaction between them The company will comply with the law on securities and stock exchange, regulations, notifications, orders or requirements of the Capital Market Supervisory Board, the SEC and the Stock Exchange of Thailand. Or transfer benefits between the company or the shareholders of the company But must be a transaction that the company takes into account the best interests of the company and every shareholder

In the case of a normal transaction And is expected to continue in the future The company will proceed In accordance with the rules and guidelines for compliance with general trade

characteristics With reference to prices and conditions Reasonable and fair, reasonable, can be checked And entering into such transactions will be in accordance with the principles of agreements with general commercial terms as approved by the Board of Directors. In this regard, the management will prepare a summary list of such transactions. to report to the Board of Directors every year, and as part of the transaction, the company will adhere to the laws and regulations of the SEC Including SET, and according to accounting standards on the Company or related parties of. Federation of Accounting Professions

### **Name of related parties**

The related parties and related companies with the Company and its subsidiaries meant individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the same control with the Company and its subsidiaries. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or the employees of the Company and its subsidiaries who have the power to plan and control the operations of the Company and its subsidiaries including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly. The Company has significant transactions with related parties and individuals. Such transactions are based on commercial terms and bases agreed upon between the Company and those parties. This is normal business It can be summarized as follows:

<u>Name of related parties</u>	<u>relationship</u>	<u>Relationship</u>
PAE Technical Services Public Company Limited	Subsidiary	Direct shareholding
Pacific Resources International Limited (BVI)	Subsidiary	Direct shareholding
PAE Energy Solution Company Limited	Subsidiary	Direct shareholding
Oasis Development Company Limited	Subsidiary	Direct shareholding
PPS Energy and Marine Company Limited	Subsidiary	Direct shareholding
Capital Engineering Network Public Company Limited	Related company	major shareholders single group

Federal Capital PTE Ltd.	Related companies	Shareholders of PAE Federal International Co., Ltd. ( 45.00 % )
Federal Hardware Engineering Co.Pte.Ltd	Related companies	Affiliated companies with Federal Capital PTE Ltd.
Khun chintana Kawiwong	Related persons	the company Shareholding

#### Business transactions with subsidiaries And related persons

list	31 December2018 (thousand baht)	31 December2017 (thousand baht)	31 December2016 (thousand baht)
Subsidiary			
PAE Technical Services Public Company Limited	1,069	874	733
Pacific Resources International Limited (BVI)	10,798	10,798	10 , 798
Oasis Development Company Limited	90	90	90
PAE Federal International Company Limited	-	98	1,582
PPS Energy and Marine Company Limited	2,883	2,372	731
Total	<b>14,840</b>	<b>14,232</b>	<b>13,934</b>
<u>Less</u> allowance for doubtful accounts	(13,681)	(11,529)	(11,190)
Net	<b>1,159</b>	<b>2,703</b>	<b>2,744</b>

As at December 31, 2018 and 2017, short-term loans to related parties are unsecured loans, no inter-contracts and interest was not inter-charge.

As at December 31, 2018 and 2017, long-term loans to related parties are unsecured loan contract and period of loan contract are 18 month from the date of issue. Interest was charged at the rates of 8.00% per annum equally for both year.

#### Persons who may have conflicts Can summarize the relationship as follows

No.	Name of person involved	relationship
1	PAE Technical Services Public Company Limited	<ul style="list-style-type: none"> <li>- The company is a major shareholder, holding 72 per cent. Of the total capital of 12 shares all PTECH (shareholding as at December 31, 2015).</li> <li>- one common directors, is Mr. Veraphan Na Ranong</li> </ul>
2	PPS Energy and Marine Company Limited ( "PPS")	<ul style="list-style-type: none"> <li>- Subsidiaries Relationship Direct holding</li> <li>- Long-term loan receivables</li> </ul>



### Income and expenses between each other

<u>list</u>						(Unit : Thousand Baht )		
		<u>Consolidated financial statements</u>				<u>Separate financial statements</u>		
		<u>For the year ended 31 December</u>						
	Pricing policy	<u>2018</u>		<u>2017</u>		<u>2018</u>		<u>2017</u>
Revenue from services								
PAE Technical Services Public Company Limited	According to the agreement agreed	-		-		762		1,662
PAE Federal International Company Limited	According to the agreement agreed	-		-		-		793
PPS Energy and Marine Company Limited	According to the agreement agreed	-		-		167		1,277
Total		-		-		929		3,732
Rental income								
PAE Technical Services Public Company Limited	According to the agreement agreed	-		-		2,250		2,270
PAE Federal International Company Limited	According to the agreement agreed	-		-		-		150
PPS Energy and Marine Company Limited	According to the agreement agreed	-		-		324		264
Total		-		-		2,574		2,684
Other income								
PAE Technical Services Public Company Limited	According to the agreement agreed	-		-		-		4
PPS Energy and Marine Company Limited	According to the agreement agreed	-		-		-		6
Total		-		-		-		10
interest								
PPS Energy and Marine Company Limited	8.00 percent per year	-		-		1,280		1,280
Service cost								
PAE Technical Services Public Company Limited	According to the agreement agreed	-		-		100		356
PAE Energy Solution Company Limited	According to the agreement agreed	-		-		83		-
Total		-		-		183		356
Interest								
Khun Jintana Kawiwong	5.00 percent per year	131		131		131		131
Federal Hardware Engineering Co.Pte.Ltd	1.50 - 5.00 percent of principal	-		350		-		-
Total		131		481		131		131

### **Normal business transaction**

Is an item that the company has done to support the business of the company With general trading conditions that do not cause the company And related companies and persons who may have conflicts of interest And the company expects that this type of transaction will continue in the future With important items as follows

- Office space rental list Including the area around the office Which the company has rented office space and the area around the office from the major shareholder of the company With the rental rate according to the rate specified in the contract The said rental is beneficial and convenient for the business of the company.

- various service items Which is likely to occur continuously, such as water, electricity and service fees, which are based on the rates specified in the contract

### **Normal business support list**

As at December 31, 2018 and 2017, the Company entered into a rental space including building fixtures, side space, extension and radiation room contract with PAE Technical Service Public Co., Ltd, contract dated is January 1, 2017 to December 31, 2019, the rental fee is Bath 0.02 million per month. (Renew the contract every 3 years).

As at December 31, 2018 and 2017, the Company entered into a rental office space contract with PAE Technical Service Public Co., Ltd, contract dated is April 1, 2017 to March 31, 2020, the rental fee is Bath 0.16 million per month. (Renew the contract every 3 years).

As at December 31, 2018 and 2017, the Company entered into a rental office space and service fees contract with PPS Energy & Marine Co., Ltd. for a period of 1 year. If there is no cancellation notice, the contract will be in effect every 30 April of every year at the rental and service rate of Baht 27,000.00 per month.

Terms of service. It is in accordance with the general commercial terms that the Company Provides to other customers. The price includes other conditions. Which does not make the company lose benefit.

Name of the person involved	List	Value of related transactions (thousand baht)		Necessity and appropriateness of related transactions	Opinion of the Audit Committee
		31 December 2017	31 December 2018		
PAE Technical Services Public Company Limited	Service income				
	- Service income	339	100	Service income consists of revenue from NDT services and Inspection & Certification. The company has set the price and service conditions in the same way that the price and conditions with other customers, both related and not related to the company.	Such transactions are transactions that occur in the normal course of business of the Company. With conditions and price of service according to the contract that is in the same way as other customers, both related and unrelated to the company, therefore can be considered that the transaction is reasonable at present. The company received payment for the whole amount of service.
	Other income	-	-		
	Trade accounts receivable	17	-		
	Accrued income	17	-		
	<u>Head office rental list</u>			On April 1, 2015, the company entered into a contract to lease a building space with PAE in order for PTECH to be used as an office. Located at 69 Soi On Nut 64, Srinakarin Road, Suan Luang Subdistrict, Suan Luang District, Bangkok With a total usable area of 400 square meters, with a 250 baht per square meter. This rental agreement is for a period of 2 years, starting from 1 April 2015 and ending on 31 March 2017, with monthly rental of 100,000 baht. Such lease agreement The company has renewed the new lease agreement from the original version dated 28 April 2017 for partial rental of the 1st floor, 2 storey building, adjacent living space. Extension and irradiation room, additional rental of office space on the 1st floor, 5-storey building at the total	The Audit Committee considered and opined that the lease of such space is beneficial to the operation of the company. Because the area is convenient for transportation And the rental rate is reasonable when comparing with the area and the market price in the nearby area.

	ental expenses (area rental, Office rental )	2,332	2,250	rental rate of 162,500 baht per month. The rental period is 3 years from 1 April 2017to 31 March 2020.	
	Other expenses (water, electricity and security)	807	762	In addition, on February 24 , 2017, the company entered into a land lease agreement. For use as a welder training center and operating areaWith a total usable area	
	Wages, computer repair fees And the purchase of property	798	-	of 389.62square meters. The new rental agreement is valid for 3 years starting from January 1 , 2017 and ending onDecember 31 , 2019, monthly rental fee of 25,000 baht.	
	Other payables	874	1,069		
	Prepaid expenses (fee Maintenance Agreement Promgram Forma TRDperiod 1 July 59- 30 June 60 as oneyear.	0	0		
	Other accrued expenses (payable in December 60 )	2	-		
	<b>Loan item</b>				
	Early loan	-	-		
	Additional loans	-	-		
	Received repayment during the period	-	-		
	Balance at the end of the period	-	-		
	interest	-	-		

	Accrued interest	-	-		
	Loan item				
	Early loan	-	-		
	Additional loan	-	-		
	Repaid during the period	-	-		
	Balance at the end of the period	-	-		
	Interest	-	-		
	Accrued interest	-	-		
	Loan guarantee	No compensation	No compensation		
2. PPS Energy and Marine Company Limited	Loan item	16,000	16,000	Loan agreement with the interest rate of 8.00-10.00 percent per year, the same for both years, guaranteed by the subsidiary's land	The Board of Directors is of the opinion that such transaction is to help the subsidiary to be able to earn more income and is not considered a connected transaction. Therefore approved the additional loan toPPS as proposed.
	To increase during the year	374	-		
	Balance at the end of the year	16,374	16,000		

## Shareholding Structure

### Securities and Shareholder Information

The registered and paid-up capital as at 31 December 2018 is as follows:

Registered capital	amount	8,051,717,322 baht
Paid-up capital	amount	2,770,889,766. baht
Common stock	number	2,770,889,766 share
Preferred stock	Number	– share
Par value	Per share	1 baht

Ordinary shares as at 31 December 2018 amounting to 2,770,889,766 shares

- The Company does not have any preferred shares or other types of shares in which there are any rights or other conditions that are different from ordinary shares.

#### 1. Shareholders

List of the top 10 major shareholders of the Company The number of shares held. The shareholding as of October 15, 2015 (latest book closing date) is as follows.

**\*\* Due to PAE (Thailand) Public Company Limited, the Company may be delisted and in the process of revising its financial status and operations to comply with SET regulations. To rectify the cause of the delisting The company has entered into a rehabilitation case. The Company has not yet been able to hold the Annual General Meeting of Shareholders because the Central Bankruptcy Court has ordered the Company not to hold the Annual General Meeting of Shareholders for the year 2017 because the Company is still in existence. During the prosecution proceedings. Therefore, the list of shareholders and the proportion of shareholding remain unchanged as of October 15, 2015 (latest book closing date). \*\* The Company does not have a major shareholder group that defines management policies or procedures. The Company's operations are significant.**

No	List of Shareholders	Number of shares held (shares)	Shareholding
1.	Mr. Kohchok Sangthong-Aram	185,800,000	6.71
2.	Mr. Chanachai Leenabanchong	129,498,300	4.67
3.	Thai N.V.D.R. Co.,Ltd.	54,988,800	1.98
4.	Mr. Achada Kesornsuk	39,000,000	1.41
5.	Mr. Chinchai Leenabanchong	28,589,400	1.03
6.	Mr. Jirawut Kuwanan	22,300,000	0.80
7.	Mrs. Anothai Songtai	20,752,700	0.72

8.	Mr. Banjerd Techa-Inthawong	20,000,000	0.72
9.	Mrs. Chintana Kaweewong	19,658,050	0.74
10.	Ms.Kannida Tangkittongcharoen	17,100,000	0.62

\*\* Source: Thailand Securities Depository Co., Ltd. as of October 15, 2015 (latest book closing date)

**Business operation by holding shares in other companies ( Holding Company) Shareholder information of the subsidiaries that the company has operated the main business**

Name of related parties	Relationship	Nature of relationship
PAE Technical Service Public Co., Ltd.	Subsidiary	Direct shareholding
Pacific Resources International Limited (BVI)	Subsidiary	Direct shareholding
PAE Energy Solution Co., Ltd.	Subsidiary	Direct shareholding
Oasis Development Co., Ltd	Subsidiary	Direct shareholding
PPS Energy & Marine Co., Ltd.	Subsidiary	Direct shareholding
PAE Federal International Co., Ltd	Subsidiary	Direct shareholding
Capital Engineering Network PLC	Related company	Major shareholder single group
Federal Capital PTE Ltd.	Related company	Shareholders of PAE Federal International Co., Ltd (45.00%)
Ms Chintana Kaweewong	Related Parties	Shareholder



### **Dividend Policy of the Company**

The Company has a policy to pay a dividend of not less than 40% of net profit each year. After tax and legal reserve Or as appropriate Depending on the necessity, the dividend payment will not have a significant impact on the Company's normal operations.

Under Section 116 of the Public Companies Act, Section 116, the Company is required to set aside statutory reserve of not less than 5% of its annual net profit after deduction of accumulated deficit brought forward (if any) until the reserve reaches 10% Of the registered capital of the Company Legal reserve can not be paid.

### **Dividend Payment Policy of Subsidiaries PAE Technical Services Public Company Limited**

The Board of Directors may consider the annual dividend payment of the Company. It must be approved by the meeting. Shareholder, except for interim dividend payment. The Board of Directors is authorized to pay dividends from time to time when it is deemed that the Company is profitable enough to do so. The meeting should be informed at the next meeting.

The subsidiary has a policy to pay dividends at the rate of not less than 40.0% of net profit after deduction of the reserve. All categories are defined in the Company's Articles of Association and in accordance with the law. If there are no other necessities, the dividend payment will not significantly affect the normal operation of the Company.

### **Dividend Payment Policy of Subsidiaries Of PAE (Thailand) Public Company Limited**

The dividend policy of other subsidiaries will depend on the operating results and capital requirements and financial liquidity of the subsidiary in that year.

### **And for the year ended 31 December 2017 and 2018**

The Company and all subsidiaries have no dividend declaration. Because of the operating loss

**Corporate Social Responsibilities: CSR**

The company has taken into account the growing business. Sustainable and sustainable. Businesses need to cooperate with each other to engage in business with integrity, ethics, social responsibility and environmental responsibility. The Company recognizes that in order to cooperate unitedly, the Company must be responsible for the society of the internal organization to be strong, sustainable and sustainable. And when the organization is strong and sustainable. The Company has another duty to support society and the environment outside the community, under the good governance, environmental safety standards for stable and sustainable growth.

Company policy and operationThe Company has set the corporate values to be the standard and the culture of doing business so that the personnel of the organization adhere to the same principle.

**P : Prosperity**

Focus on the success of the service portfolio that corresponds to the needs of the customer. Emphasize on results based management for our products & services to comply with customer requirements.

**A : Accountability**

Emphasize on working with high accountability and duties awareness

**E : Efficiency**

Emphasize on efficiency of Quality, Health, Safety & Environment, Operating Cost to achieve customer requirement Corporate Social Responsibility Guidelines

## Guidelines for Corporate Social Responsibility

### **1. Operation with fairness.**

The Company has focused on management to be in line with Good Corporate Governance, which promotes good governance. To achieve transparent management. This will benefit the company, its shareholders, its employees, and its stakeholders.

### **2. Anti-Corruption and Corruption**

The company recognizes the importance of combating corruption and corruption. It is committed to the fight against corruption and corruption in all its forms. To ensure that the company has a responsible policy. Practical guidelines and requirements. To prevent corruption and corruption. So the company has prepared. The "Anti-Corruption and Corruption Policy" is in writing. To be clear guidelines for conducting business. It is important for all levels of staff to adhere to the norm. Last year The company has no complaints or clues related to corruption or corruption in any way.

### **3. Respect for human rights**

The company respects human rights, not related to human rights abuses. The company will not support any exclusion or discrimination. For reasons of nationality, race, religion, language, age, sex, marital status, most attitudes, gender, disability, popularity in political parties. Or other personal ideas. It does not impede or racial activity. National traditions, religions and gender

### **4. Fair Labor Practices**

#### **Policy on developing knowledge for personnel.**

The company focuses on continuous staff development. The personnel development has been in line with the policy and the situation. The development of knowledge and skills, including coaching, knowledge sharing, training, and the application of knowledge to the work. In particular, delivering quality work that exceeds expectations. This will strengthen the organization. And to sustain business growth. The company has developed human resource development programs at all levels. The details are as follows.

- **The development of key staff (Key Person Development)** The Company is committed to develop the preparation of personnel development for the key personnel of the unit or Key Person by selecting qualified personnel. Have knowledge in the responsible job.

Have a personality and work behavior with determination. Include a good attitude to work. The Human Resources Department has merged with the agency to develop an Individual Development Plan (IDP) with a learning development model, such as teaching, sharing knowledge. Internal and external training.

- **Training** The company has given importance to training. Develop and develop personnel at all levels, from management level and operational level. This is a guideline for the development of personnel. Elevate Training is provided to all levels of personnel. It is the monitoring and evaluation of the knowledge gained, including the transfer of knowledge to the concerned. In order for the staff to bring what they have learned to maximize their work. Improve the work to be more effective.
- **Knowledge Management** The company has given importance to sharing knowledge in the organization. To employees at all levels, from management level and operational level. Quality, Safety, Occupational Health and Environment, or QHSE, has started the Knowledge Sharing project to increase knowledge. Knowledge of the quality system. And environment Knowledge of health. Laws related Quality and Safety Management Tools And other suitable for the state. Current events or situations Employees can apply for maximum benefit in work. Improve the work to be very effective as well.

#### **5. Consumer Responsibility**

The Company has taken great care of its customers and consumers by emphasizing the quality of products and services within the specified period. To meet the needs and satisfaction of customers under the highest quality management system ISO9001: 2015

#### **6. Environmental protection**

The company recognizes the importance of the world-class standard management system and has been certified in the latest three versions.

- **Quality Management System or ISO 9001: 2015**

The emphasis is on quality standards in the workplace. Corporate risk assessment and management Documentation system and training of service personnel. To provide customers with differentiated services.

- **Environmental Management System or ISO14001:2015**

The emphasis is on environmental management, environmental assessment and management.

- Occupational Health and Safety Management System or OHSAS18001:2007

The emphasis is on occupational health and safety management, risk assessment and management in occupational safety.

- And since the company is certified in the environmental management system. (ISO14001: 2015). The company also received the Green Industry Level 3 standard from the Ministry of Industry.

## **7. Community or social development**

The company provides preventive management. To create awareness and participate in environmental protection and to set a policy to help reduce global warming by the cooperation of employees in energy efficiency. Help turn off the electricity and unnecessary appliances. Including support for recycled paper. And the company has focused on creating consciousness. The Company's employees are encouraged to participate in the Company's corporate social responsibility and to encourage employees to participate. Use the knowledge Capable of contributing to social and environmental benefits.

## **8. Innovation**

The company has no information, innovation and innovation. For this topic

## **Business Operations**

### **1. Management system according to international standards**

In the year 2018, the company considered the management perspective in accordance with international standards. To help the business operations of the company get credibility and believe in business especially in the aspect of quality, health, safety and environment with guidelines for reducing and eliminating various risk factors that affect operations and encouraged the employees of the company to have strong health Is ready both physically and mentally at work (Fit for Duty).The company has been certified with the international standard management system from SGS (Thailand) Co., Ltd. continuously which covers both headquarters Bangkok, Songkhla Branch and Rayong Branch as follows;

1. Quality management system ISO9001: 2015
2. Environmental management system ISO14001: 2015
3. Occupational Health and Safety Management System (OHSAS18001: 2007)

Such management system Is very important to the organization because it is the first requirement that the customer will consider in the bidding process to see that the company is reliable, confident in the management, and will have an internal audit both in terms of documents and operations that must comply with the requirements in all departments and all branches involved in the system at least once a year, which in 2018 has expanded the audit to the SKIC project of SCG both at Ban Pong and Wang Sala.

In addition to the management system, the Company also has a measurement function for both Corporate and Department KPI of all units and projects of the company to monitor operational data each month and summarize the management to acknowledge performance of all departments to consider and adjust the strategy in order to achieve the goals of the organization with QHSE or Quality Occupational Health Safety and Environment Department is the administrator of the system and also acts as a consultant for all departments to be able to determine the KPI that is appropriate for the organization.

### **2. Quality, Health, Safety and Environment**

The QHSE department is also responsible for managing Health & Safety (Occupational Health and Safety) and Environment management in all departments and all branches of the company. To ensure safety in the operation no disease from work and have zero incident goals. In 2018, the company achieved the goal with no accidents occurring at all. In addition, it also controls the

operation of the company. Does not affect the environment and comply with both the safety law Occupational health and working environment and related environmental laws.

For the Quality Division, in addition to the ISO9001: 2015 quality management system, there are also QA / QC departments of each branch / project to supervise operations related to the quality of operations in accordance with the requirements of the ISO9001: 2015 system and as Go systematically and increase operational efficiency.

### **3. In House Training**

The company has provided training to employees in many courses by speakers in the QHSE department, such as Requirements of the management system (ISO requirements), environmental assessment (Environmental Aspect), work at height, safety in scaffolding, Safety in using cranes, Fire drills and evacuation drills, first aid, and 5S.

### **4. Information and documents for bidding for projects**

Preparation of documents and information on Quality plan, HSE plan and other documents related to QHSE as requested by customers to engage in the bidding process

### **5. Administrative Training Center (PES Academy)**

PAE Energy Solution Company Limited (a subsidiary of PAE), which operates a training center for individuals both within the PAE affiliates and outside organizations, both in house and public will focus on safety-related issues such as the safety officer course in the workplace, management level, work safety officer Supervisor level, Safety Occupational Health and Working Environment Committee which has been registered and licensed as a training center. All three courses from the safety department of labor protection and welfare Ministry of Labor completed and began training for customers both inside and outside the organization during the end of 2018 and there are also other safety-related courses such as legal work safety work at height, safety in scaffolding, Safety in using cranes Safety in electrical work safety in confined spaces (In the process of requesting registration with the Department of Labor Protection and Welfare). There are also course requirements. (Requirement) and internal audit of the management system ISO9001: 2015, ISO14001: 2015, OHSAS18001: 2007 and also registered with the Department of Industrial Works is the operator of the pollution control system consulting company type completed. As for the QHSE policy and plan, it has been prepared in the form of Vision & Mission as follows.



### QHSE Vision

“To driving incident free operation, executing with excellence and optimizing through International Standard management system”

### QHSE Mission

Quality: To ensure that all process are carried out in and conform to ISO9001, ISO1400 and OHSAS18001 requirement, customer requirement and related Law.

To maintain continually improvement.

Safety: Nobody gets hurt at our work locations because unsafe behaviors and conditions have been eliminated, and highly processes exist to keep all colleagues injury free.

Environment: Operate without environ-mental impact and complaints.

Health: Promote a healthy Workplace (Fit for Duty) and Mitigate significant health risks.

Reliability: International Standards work business processes, systems and procedures exist to meet our customer’s expectation.

## Quality, Occupational Health, Safety and Environment Policy

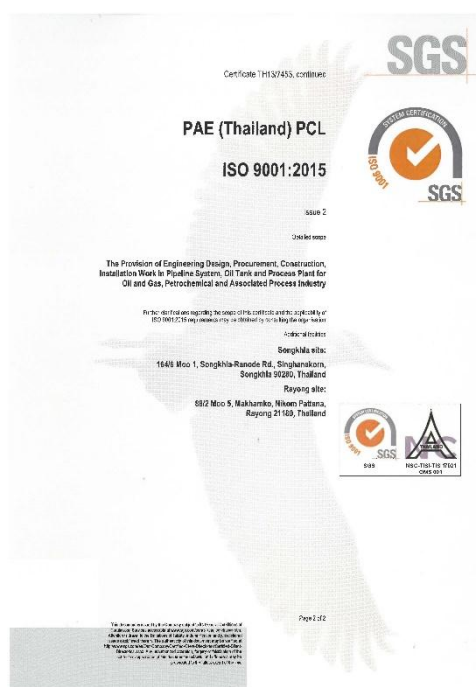
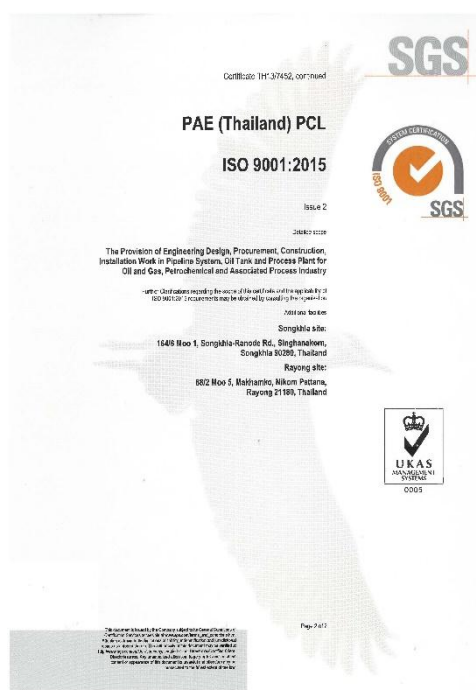
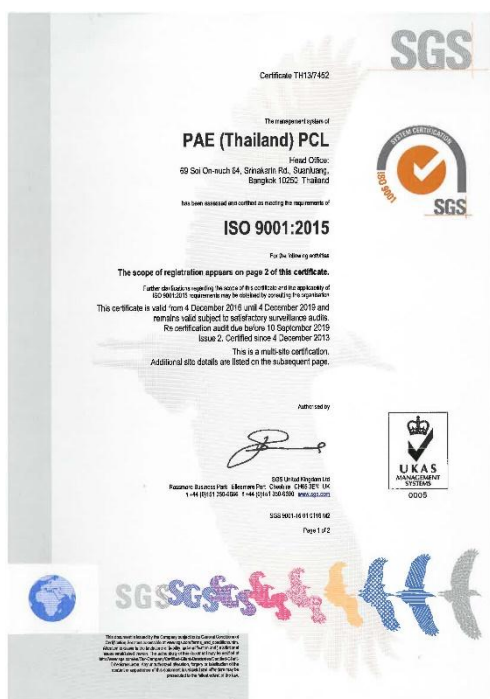
- Committed to complying with the requirements and regulations of
  - ISO 9001: 2015 quality management system
  - Environmental Management System ISO14001: 2015
  - Occupational Health and Safety Management System OHSAS18001: 2007
  - Organizational context
  - Laws and provisions associated
  - Customer requirements and expectations of stakeholdersWith continuous improvement for efficiency and effectiveness
  
- Committed to excellence in business operations and operations in quality, customer service Honesty, health, safety and environment through
  - Safe working behavior and culture and standardized work processes
  - Responsibility in leadership, commitment and being a role model
  - Open communication
  - Education, competency and training
  
- Determining to improve and develop pollution prevention capabilities and reducing the impact on the environment and ecosystems Including cost-effective and sustainable use of resources from the beginning of the work process.
  
- Maintain a good environment by focusing on the separation of waste and unused materials Which is the responsibility of every employee and strictly follow the work regulations.
  
- All employees know about their responsibilities, rules and regulations regarding occupational health, safety and the working environment and allow them to stop working if they are not safe.

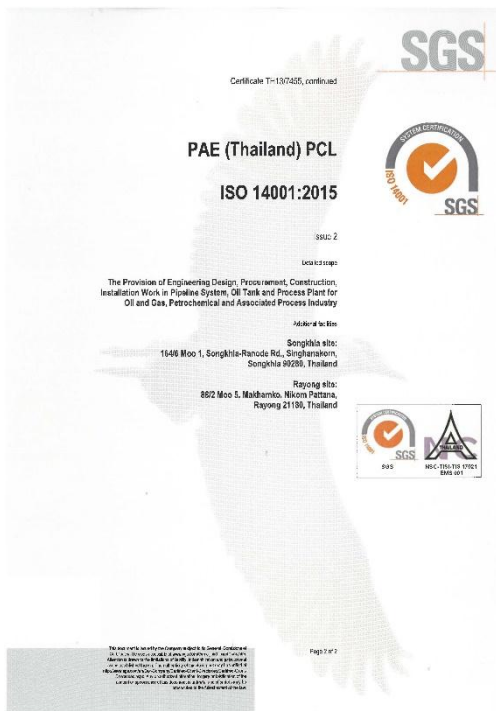
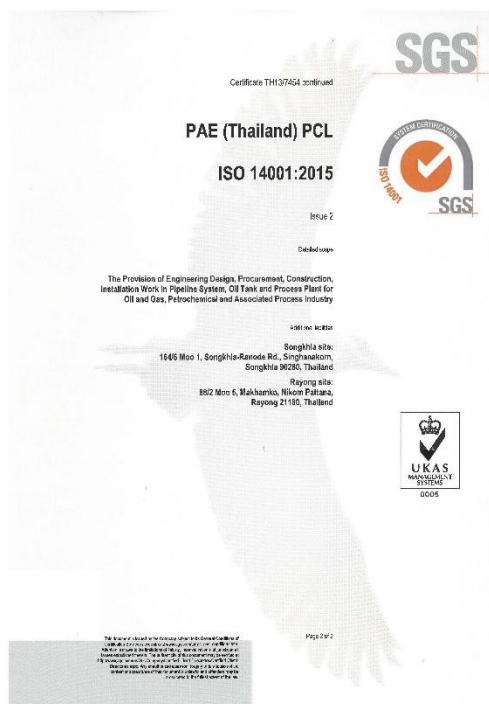
## "Quality and service are one. The environment is excellent

### Safety is great. Zero Accident "

To achieve the above policy management will communicate to all employees to understand and can be taken seriously as well as communicate with the stakeholders of the company.

### ISO 9001:2015 Certificate











2. PAE (Thailand) Public Company Limited gives importance to employees at all levels. The company has organized training to increase knowledge, skills and work potential. Including academic and new technology for employees. And this time the company has organized safety activities to work on the high ground in order to comply with the NPT Consultant and Service operational requirements.



## Working at Height







PAE, SKIC-Banpong organized a high-level workplace safety training. To comply with the operational requirements by the NPT Consultant and Service Company.

Training content consists of Safety, Occupational Health and Working Environment Laws Cause of the accident Protection equipment And safety management guidelines, etc. This training course has employees in both Wang Sala and Ban Pong. Participated in 44 participants. The participants received knowledge and were able to perform work on high places accurately and safely.







# Safety Officer for Supervisor Level



PAE Company, Head Office, attended the training Work safety officer Supervisor level organized by PAE Energy Solutions Company Limited or PES. This training was attended by 10 participants from the head office, Rayong office. In order to understand the safety of work, Roles of supervisors. And perform safety work as required by law correctly. Participants received both knowledge and laughter, Making the training smooth and well.



The company has provided training for knowledge and skills to employees in many courses. By speakers in the QHSE department, such as training, requirements of the management system (ISO Requirement), environmental assessment (Environmental Aspect), legal work safety Work at height, safety in scaffolding (Scaffolding) Safety in using cranes Fire drills and evacuation drills, first aid, 5S.





# E-Newsletter



## employees who have a fire accident

February 1, 2018, past  
Project staff SKIC-Banpong, assistant  
technician, has experienced a fire  
Causing the whole house to be  
damaged The staff lived with only 2  
grandmother, Photharam District,  
Ratchaburi Province.



PAE (Thailand) Public  
Company Limited has therefore  
helped to remedy employees for a  
certain amount of money. Along with  
the donation of the head office staff  
Songkhla Office, SKIC-Wang Sala  
and SKIC-Ban Pong



## Internal control and risk management

PAE (Thailand) Public Company Limited recognizes the importance of adequate internal control system. There is a comprehensive internal financial control system. Compliance with applicable laws, regulations and regulations.

In year 2018, the Audit Committee held 4 meetings with the Company's management. The Board evaluated the internal control of the Company by inquiring from the Management in five aspects: control environment, risk assessment, activity control. Information and Communication and Result Tracking (Monitoring). The Company's financial information is disclosed in the Company's financial statements and complies with the Securities and Exchange Act and other relevant laws.

## AUDIT COMMITTEE REPORT

The Audit Committee of PAE (Thailand) Public Company Limited consists of four independent directors as follows: Sub.Lt.Saroj Sawangridhi as the chairman,, Ms.Onchulee Lawsmithikul and Mr. Pannathee Sriwongthai as committee member. All of Audit Committee members with full qualifications conformed to the requirement of Securities and Exchange Commission and the Stock Exchange of Thailand.

The Audit Committee has carried out their duties according to the scope and responsibilities authorized by the Board of Directors and according to the rules and regulations of the Audit Committee which complies with the regulation of the Stock Exchange of Thailand. For the year 2017 the meetings were held 6 times in total of which all members of the Audit Committee presented of management, external auditor and internal auditor, as summarized below:

Reviewed the Company's six month period, annual and consolidated financial statements of 2017 which were reviewed and audited by the auditors before presenting them to the Company's board of directors for approval. In meeting with the external auditor and the management were discussed to ensure the financial report are correct, complete and information was sufficiently and disclosed in accordance with accounting standards as well as acknowledging the notes and recommendation of auditor.

1. Reviewed the internal control system to evaluate the appropriateness and effectiveness of The Company's internal control practices. In addition, the Audit Committee considered the internal audit results according to the annual plan prepared pursuant to the rules of risk standard, informed management for responses if issues found and listen to explanations of the external auditor about the internal control system.
2. Oversight of internal auditing to evaluate the performance of the internal audit department which cover missions , scope of operation, duties, responsibilities and independency, approved the annual audit plan and considered quarterly the internal audit result, which the internal auditor provided directly to the Audit Committee.

3. Reviewed compliance with the securities and exchange laws of Thailand and other laws related to the business as well as the compliance with the Company's regulations and other obligations with external parties.
4. Reviewed and advises regarding the inter-related item transactions and other transactions which may have conflict of interest including the disclosure of such transactions according to the regulation of the Stock Exchange of Thailand and the Securities and Exchange Commission. The Audit Committee agrees disclosure of important information as well as in the financial statements and notes as correct and sufficient.
5. The Audit Committee considered, nominated and proposed the remunerations for the auditors based on their knowledge, skill ,independence, performance and appropriateness of audit fee in order to propose it to the Company's board of directors.

In summary the year 2017, the Audit Committee has performed the duties and responsibilities as authorized utilizing their knowledge with independence and has opinion that the Company's reports of financial information and business operations as correct and has appropriate in accordance with the accounting standard, has an internal control system in place with internal audits that are sufficient and in compliance with law, regulations, obligations and the reporting of inter-related items correctly and a proper.

On behalf of Audit Committee



(Sub.Lt.Saroj Sawangridhi)

Chairman of Audit Committee

PAE (Thailand) Public Cpmpany Limited

MARCH, 22 2019

## Analysis and description of the management.

Important financial ratios

The side profile	Consolidated financial statements			The consolidated financial statements		
	31December2018	31December2017	31December2016	31December2018	31December2017	31December2016
Liquidity ratio (times)	0.16	0.20	0.21	0.12	0.15	0.16
Accounts receivable turnover ratio ( times)	4.72	4.30	4.69	4.78	4.45	4.30
Average collection period (days)	77.29	78.00	85.00	76.36	89.00	82.00
Trade accounts payable turnover ( times)	1.18	1.60	1.36	0.73	1.15	1.60
Average repayment period (days)	308.92	268.96	227.74	500.90	386.14	318.37
Profitability ratio						
Gross profit margin (%)	0.05	0.03	0.02	0.08	3.61%	4.33%
Net profit margin (%)	-0.54	-0.39	-0.49	-0.84	-44.24%	-70.46%
Return on equity ratio (%)	-0.28	-0.32	-0.76	-0.24	-76.43%	-128.74%
Performance ratio						
Return on assets (%)	-0.31	-0.23	-0.32	-0.34	-21.37%	-40.38%
Asset turnover (%)	0.57	0.60	0.65	0.40	0.48	0.57



### Management Discussion and Analysis : MD&A

Forecasting Thailand's Economic growth in 2019 expected that the 3.5-4.5% from domestic growth amidst the risk of trade wars that may affect world economic slowdown and political boundaries. The Bank of Thailand (BOT) estimates that the Thai economy in the future is likely to continue to grow steadily. It is expected that the economy in the year 2019 will grow at 4.2%, equal to the estimated economic growth this year comes from the main driving force from private spending, both consumption and investment, product exports Which is in line with the growth of world trade volume and the economy of the partner countries.

Office of the National Economic and Social Development Council expects that the Thai economy in 2019 will grow by 3.5% - 4.5% supportive factors from household spending are likely to expand well and support continued economic growth, improving the overall investment. The government investment is likely to accelerate, and private investment continues to expand well, improving in the tourism sector, economic growth and global trade volume that can support the expansion of continuous export and changes in the direction of trade, production and international investment. The export value is expected to grow by 4.6%, private consumption and total investment growth of 4.2% and 5.1%, respectively. Range 0.7–1.7% and current account surplus 5.8% of GDP, but risk factors that need to be followed is a continuous increase in US interest rates which is considered to pull money back into the country which may result in volatility in the global financial market, but Thailand still has good management inflation remained low still have a high level of reserves together with the capital flowing in therefore making Thailand less affected than other countries including the results of the upcoming policy rate increase.

Direction and trend of oil prices in the world market in the year 2019. At present, the world economy is growing at 3.7%, resulting in the demand for crude oil to increase by 1.1 - 1.3 million barrels per day. However, the trade war between the United States and partner countries around the world may result in pressure on the growth of the global economy and the demand for oil. While the supply of crude oil in the world market tends to be tight due to geopolitical and economic problems of the producer countries. These factors make the Dubai oil price forecast in 2019 to be in the range of 70 - 80 USD per barrel. In addition, there are long-term factors that may affect the oil situation that needs to be monitored, such as the green energy policy and digital technology that plays an important role in the energy industry. Throughout the supply chain, which may affect consumer behavior changes causing energy demand to change form.

The petrochemical industry in 2019 is expected to expand in line with the global economy and domestic consumption that continues to grow together with continued government investment in infrastructure such as rail transportation and the recovery of the export sector. As a result, the demand for petrochemical products in the country is likely to expand by approximately 3.0 - 4.5 %. It is expected that the export volume of Thai petrochemicals will expand by 3.0 - 4.0% and the export value will expand approximately 10.0 - 15.0% in 2019.

### **1) Operations overview**

In the year 2018, the company continued to focus on offshore oil and gas service industry which makes the company continues to maintain a steady growth in the offshore oil and gas service industry business. In addition, the company has expanded its human resource management services for electrical equipment maintenance in other industrial sectors.

The overall operating performance for the year 2018, the company had total revenue of 347.49 million baht, a decrease of 16.84% from 2017, with total revenue of 417.85 million baht, with a net loss for the year 2018 equal to 189.21 million baht or loss decreased by 17.13% from 2017 which had a net loss of 161.54 million baht due to the company has adjusted the financial cost estimate from a local financial institution loan.

### **Describe the status and significant changes**

The company's performance in 2018 is likely to improve as compared to the same period last year with gross profit of approximately 18.97 million baht or 5.46% of total revenue, which improved from 2017 with gross profit of 3.05% of total revenue for profitability. The company has a return on assets utilization of 30.97% and overspend 22.97% in 2018 and 2017, respectively, with a return on equity of 27.51% and overspend 32.40% in 2018 and year 2017, respectively, due to the company's operating results that still have net losses as the reasons mentioned above.

On November 27, 2015, the company has been sued by a creditor to file a petition with the Central Bankruptcy Court to request the business rehabilitation and on 1 April 2016, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation according to the Black Case No. For 6/6, there were 6 creditors filed objections and wish to fight the case. However, during the year 2016, the creditors who submitted objections to the second party, which is the only financial institution creditor with preferential rights, filed a petition to withdraw the objection to the

bankruptcy court and the court has an order allowing to withdraw objections. Subsequently, on 19 May 2017, the Central Bankruptcy Court dismissed the petition. According to the Red Case No. For 20/2017 on 19 June 2017, the Board of Directors Meeting No. 2/2017 passed a resolution to request the company to request the rehabilitation of the company by themselves. On 21 June 2017, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation. According to the Black Case No. For 23/2017 and on 8 March 2017, the Central Bankruptcy Court sentenced the petition. According to the red number case No. For 6/2017, the company has filed an appeal against the Central Bankruptcy Court's order to the Court of Appeal. Central Bankruptcy Department.

Subsequently, on 22 January 2019, the Court of Appeals for Special Cases has sentenced the business rehabilitation and establishment of the company (debtor) as the plan preparer according to the Bankruptcy Act BE 1915, Section 90/10 and on February 22, 2019. The official receiver announced the said order in the Government Gazette. And inform all creditors to submit an application for payment of debt to the official receiver.

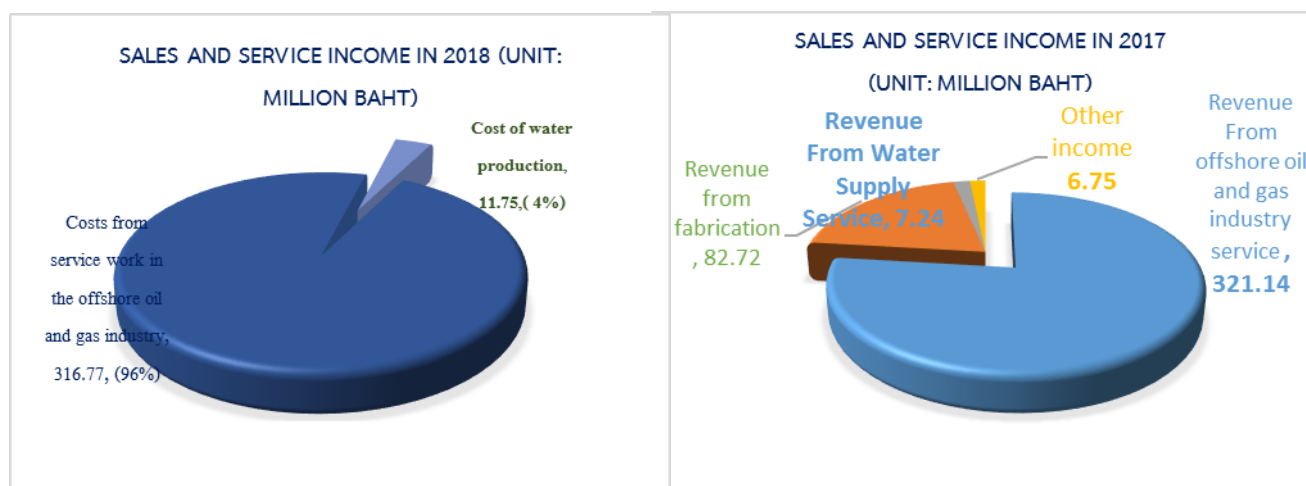
#### Summary of operations and income classified by segment

- **Revenue from sales and services**

In 2018, the Company had revenue from sales and services totaling Baht 347.49 million, which came from 3 main businesses, namely (1) Revenue from services in the oil and natural gas industry in the amount of 339.15 million baht (2) Revenue from Tap water production 8.34 million baht, which decreased by 70.36 million baht or decreased by 16.84% from 2017, which had revenue from sales and services totaled 417.85 million baht.

Table showing income by business type

Income	Y 2018		Y 2017	
	Million baht	%	Million baht	%
Revenue from offshore oil and gas industry services	339.15	97.60	321.14	76.86
Revenue from construction, assembly and installation	-	-	82.72	19.80
Revenue from water production	8.34	2.40	7.24	1.73
Other income	-	-	6.75	1.61
<b>Total income</b>	<b>347.49</b>	<b>100.00</b>	<b>417.85</b>	<b>100.00</b>



Total sales and service revenue decreased slightly. As the company has maintained the policy to delay the project work, including the construction, assembly and installation of large scale to manage the liquidity and cash flows that are limited. In addition, services in the offshore oil and natural gas industry relating to the production of parts are reduced. Due to fluctuations in oil prices and unclear issues regarding the renewal of drilling concessions in 2018, the company has maintained its oil and natural gas business base. And the main assembly business the company has focused on expanding the service business by sending more skilled employees and equipment to rent on the drilling platform in the southern Gulf of Thailand. In addition, the company has also expanded the management of personnel for electrical equipment maintenance in other industries which is a long-term binding contract.

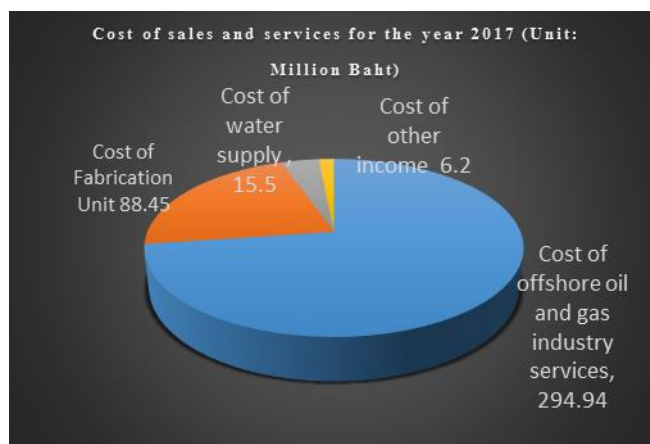
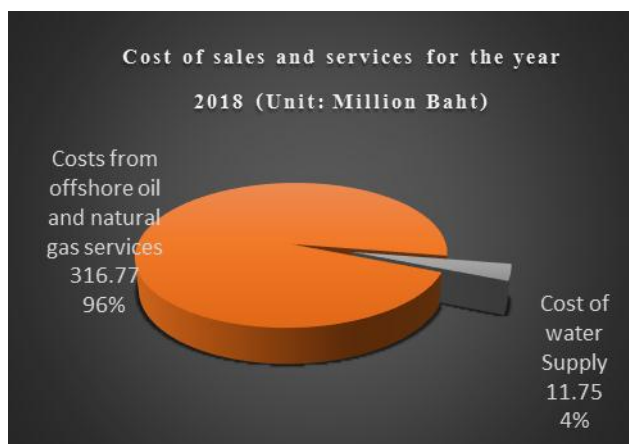
The oil and natural gas industry situation in 2018 are still in a volatile situation due to the rapid decline in global crude oil prices. And the unclear issue of the renewal of the drilling concession, causing oil and gas exploration and drilling operators which is the major customer of the company, slowing down the investment, resulting in the expansion of the company's revenue in a limited circle and still not able to generate enough income to compensate for the revenue from the missing construction business. The company is confident that the oil and natural gas industry conditions as well as the petrochemical industry will increase in the near term because it is an important consumer product with other factors which needs to be monitored is the change of technology in the digital age Political policy Economy in the Eastern and Western Hemisphere Including the direction of the automotive industry in the future will focus on producing cars that use more electricity and renewable energy.

- **Cost of sales and services**

Year 2018, cost of sales and services in the amount of 328.52 million baht or 94.54% of the revenue from sales and services, decreased from the year 2017 in the amount of 405.12 million baht or 18.91% due to the lower work volume due to the slowdown in the construction and assembly business. However, due to strict cost control measures, the proportion of cost of sales and services compared to revenue is likely to improve slightly.

- **Selling / administrative expenses and doubtful accounts**

Year 2018, the company has selling and administrative expenses of 88.25 million baht, a slight decrease compared to 2017, which is 96.78 million baht or 25.40% of revenue from sales and services for the year 2018 has been adjusted Financial costs of 123.37 million baht.



## 2) Financial status overview

As of December 31, 2018, the company had total assets of 610.90 million baht, a decrease of 12.30% compared to the previous year. Most of the assets consist of current assets of 184.47 million baht, land, building and equipment in the amount of 313.46 million baht, the company has total liabilities of 1,298.68 million baht, current liabilities accounted for 87.49% of total liabilities. The shareholders' equity of the company as of December 31, 2018 was decrease 687.79 million baht. The shareholders' equity of the Company decreased due to losses from past operations.

- **Cash and cash equivalents**

As of December 31, 2018, the Company had cash and cash equivalents of 47.28 million baht, close to the previous year, which was net cash received from operating activities. 2.18 Million baht spent on investment activities 0.06 million baht and cash flow used in financing activities 2.46 million baht.

- **Inventories and depreciation**

In 2018, the company had inventories of 10.54 million baht, an increase compared to 2017, which amounted to 9.81 million baht due to the cancellation of the construction business, together with the value of each project has a lower project value and a short-term project. Resulting in the management of quality of inventories to be able to control more efficiently.

- **Trade accounts receivable and other receivables**

The Company has net accounts receivable as of December 31, 2018, amounting to 69.22 million baht. Most of the trade accounts receivable have the maturity period of payment. As for trade accounts receivable that are overdue for more than 12 months, the company has set up an allowance for doubtful accounts for almost a hundred percent, which is considered as a suitable enough criterion. And other receivables amounting to 1.83 million baht.

- **Liabilities**

As of December 31, 2018, the Company had total liabilities of 1,298.68 million baht consisting of trade and other payables of 273.96 million baht and defaulted debts from a local financial institution of approximately 608.08 million baht. Since January 2016 because it is under the business protection law in accordance with Section 90/12, which states that Each debt (Automatic Stay) ".

- **Liquidity ratio**

Year 2018, the company has a working capital ratio of 0.16 times, slightly lower than the year 2017 due to current liabilities, which are defaulted debts, amounting to 608.08 million baht due to the fact that the company stopped paying principal and interest to such creditors since January 2016, while current assets of trade accounts receivable decreased.

- **Profitability ratio**

In the year 2018, the company has increased profitability from 2017, with gross profit of approximately 18.97 million baht or 5.46 percent of total revenue, which improved from 2017 with gross profit of 3.05 per cent. Of total revenue for the profitability. The company has a 30.97% return on assets using negative assets. The return on equity ratio is negative 27.51% due to the company's operating results that still have a net loss.

- **Adequacy of liquidity and ability to pay debts**

The company still has sufficient cash flow and from long-term service income from one major customer which has been renewed on October 1, 2016. The contract is 3 years from the date of the contract and the term service contract. Long maintenance of electrical equipment and instrumentation in the manufacturing industry Start the contract on October 1, 2017. The contract is 2 years from the date of the contract. And supporting credit lines from trading partners to use in normal business operations of the Group In this regard, the company mainly uses credit management with partners by negotiating credit terms with suppliers in accordance with the billing period of the company's trade accounts receivable. The company is also confident that it will be able to obtain sufficient working capital from future operations for business operations.

- **Obligation**

As of December 31, 2018, the Company has letters of guarantee issued by a local financial institution. In order to be bound by the company's contract of sales of 309.35 million baht, a decrease of 2.74 million baht from the previous year, as well as the liabilities that may arise from the lawsuit which is currently in the court's consideration process has not been completed. And is under the law protecting the business under Section 90/12 with "Automatic Stay".

### **3) Major factors and influences that may affect future operations or financial status**

On November 27, 2015, the company has been sued by a creditor to file a petition with the Central Bankruptcy Court to request the business rehabilitation. And on 1 April 2016, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation according to the Black Case No. For 6/6, there were 6 creditors filed objections and wish to fight the case. However, during the year 2016, the creditors who submitted objections to the second party, which is the only financial institution creditor with preferential rights, filed a petition to withdraw the objection to the bankruptcy court. And the court has an order allowing to withdraw objections Subsequently, on 19 May 2017, the Central Bankruptcy Court dismissed the petition. According to the Red Case No. For 20/2017 on 19 June 2017, the Board of Directors Meeting No. 2/2017 passed a resolution to request the Company to request the rehabilitation of



the Company by themselves. And on 21 June 2017, the Central Bankruptcy Court issued an order accepting the petition for business rehabilitation According to the Black Case No. Fri 23/2560 and on 8 March 2017, the Central Bankruptcy Court sentenced the petition According to the red number case No.F. 6/2560, the company has filed an appeal against the Central Bankruptcy Court's order to the Court of Appeal. Central Bankruptcy Court.

Subsequently, on 22 January 2019, the Court of Appeals for Special Cases Has sentenced the business rehabilitation and establishment of the company (debtor) as the plan preparer according to the Bankruptcy Act BE 2458, Section 90/10 and on February 22, 2019. The official receiver announced the said order in the Government Gazette. And notify all creditors to submit an application for payment of debt to the official receiver

However, the company still has sufficient cash flow to operate from long-term service revenue from one major customer. Which has been renewed on October 1, 2016, the contract is 3 years from the date of the contract And the company has expanded the service to manage personnel for electrical equipment maintenance in other industrial sectors. Which is a long-term contract increase In addition, the credit line has been supported by trading partners for use in normal business operations of the Group. From the economic conditions that are starting to recover In addition, the government sector will continue to invest in the second half of the year 62, especially in relation to the EEC, both the infrastructure and investment of the business sector. By the part of the infrastructure Will occur under the EEC Act, such as high-speed trains connecting 3 airports, airports and U-Tapao Aircraft Repair Center Laemchabang Port Which is beneficial to the overall economy of the country And will result in the growth of the business of the company as well.

In addition, the company has reduced business units that do not generate profits and improve the organization structure to be in line with the current financial position. As for the long-term strategy, the company will expand its business from upstream to downstream. Together with partners, create opportunities and increase revenue for the company, including affiliated companies that offer comprehensive services. Focus on continuous maintenance and inspection services.

**Audit Fee****Audit Fee 2018 SP AUDIT CO., LTD**

(Baht)

Company Name and its subsidiaries	TOTAL
Company Name and its subsidiaries	1,470,000
PAE (Thailand) Public Company Limited	480,000
PAE Technical Service Public Company Limited	170,000
PPS Energy & Marine Co., Ltd.	20,000
PAE Federal International Company Limited	40,000
Oasis Development Company Limited	40,000
PAE Energy Solution Company Limited	20,000
Pacific Resources International Limited (BVI)	2,240,000

**1. Audit Fee 2018 SP AUDIT CO., LTD**

- Total 2,240,000 Baht -

**2. (Non-Audit fee)**

- 25,753 -

## **INDEPENDENT AUDITOR'S REPORT**

To the Shareholders of PAE (Thailand) Public Company Limited and its subsidiaries

### **Opinion**

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

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

### **Basis for Opinion**

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

### **Material Uncertainty Related to Going Concern**

As discussed in Note 2 to the financial statements, the Group have experienced the continuous operating losses, and the consolidated and separate financial statements for the year ended December 31, 2018, present an operating losses in amount of Baht 189.21 million and in amount of Baht 157.20 million respectively. As at December 31, 2018, the Group has current liabilities exceed than current assets according to the consolidated and separate financial statements in amount of Baht 951.74 million and in amount of Baht 869.88 million respectively, the Group has negative shareholders according to the consolidated and separate financial statements in amount of Baht 687.79 million and in amount of Baht 648.00 million respectively. Subsequently, on 22 January 2019, the Court of Appeal for Specialized Cases reverse the judgement to have the rehabilitation

and assign the debtor (the Company) as the planer according to the Bankruptcy Act BE 2458, Section 90/10, on February 22, 2019, the official receiver ordered the rehabilitate and set up the plan preparer in the Government Gazette and notify the order to the registrar, Company partnership and all creditors to submit an application for receive payment to the official receiver. As stated in Note 2, these conditions, along with other matters as set forth in Note 2, indicate the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### **Key Audit Matters**

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

#### ***The recoverable amount of the assets***

According to the notes to the financial statements no 20

According to the consolidated financial statements, the Group recognized allowance for doubtful accounts of receivables under financial lease contract amounting to Baht 4.12 million. I therefore determined that the test of the recoverable amount of the receivable under financial lease contract is important in my audit. Due to the recoverable amount from assets which is partly determined from the present value of the net cash inflow projections of revenue from selling of tap water to the concession provider throughout the remaining 13 years of the concession agreement under the conditions of a joint venture between the subsidiary company and a joint venture partner as described in Note No.36.9. However, if there are any changes relating to the joint venture agreement, economic conditions or natural environment may affect the financial projections which the specialist have created significantly. Therefore, I focus on testing the reasonableness of the assumptions that used by the specialist.

#### ***How my audit addressed the key audit matters***

I assessed the reasonableness of the assumptions and methods that used by the specialist to calculate the net present value of the cash inflows from the selling of tap water throughout the concession period as follows:

- 1) Test the evidence that the specialist will use to determine sale volume of water supply and testing the suitability of the growth rate of the price of tap water.
- 2) Test the reliability of the data that the specialist use to determine the cost of production of tap water and investment in the project throughout the term of the concession contract.
- 3) Assess the appropriateness of the discount rate that the specialist use to discounted the net cash inflow together with testing the reliability of the data supported.

As a result of testing, I found that the assumptions used by the specialist in the preparation of the net present value of the cash inflow projections is reasonable.

### **Other Information**

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charge with governance to correct the materially misstatement.

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

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

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

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

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

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

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

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

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

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

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

SP Audit Company Limited



(Miss Yuphin Chumjai)

Certified Public Accountant (Thailand) No.8622

Bangkok

February 25, 2019



## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
		Reclassified	Reclassified			
<b>Assets</b>						
<b>Current assets</b>						
Cash and cash equivalents	33.1	47,276,345	47,620,354	39,522,254	40,662,915	28,179,096
Trade and other receivables	7	69,220,929	77,951,747	118,428,638	28,706,040	49,170,883
Unbilled receivables	8	46,781,938	65,932,812	50,557,477	33,122,908	45,318,880
Retention receivables under contracts	9	3,193,437	1,265,036	8,393,678	1,357,180	464,007
Current portion of receivables under financial lease contract	20	1,159,308	1,027,853	904,507	-	-
Short-term loans and accrued interest income to other parties	10	-	-	-	-	-
Short-term loans to related parties	6.1	-	-	-	-	-
Inventories	11	10,541,378	9,815,187	10,618,013	7,528,787	7,528,414
Other current assets		6,297,706	7,183,441	9,859,913	3,606,217	3,977,128
<b>Total current assets</b>		<b>184,471,041</b>	<b>210,796,430</b>	<b>238,284,480</b>	<b>114,984,047</b>	<b>134,638,408</b>
<b>Non-current assets</b>						
Restricted bank deposits	12	8,598,510	12,873,224	15,593,953	5,836,654	10,373,224
Investments in subsidiaries	13	-	-	-	79,328,543	79,328,543
Long-term loans to related parties	6.1	-	-	-	-	-
Investment property	15	38,586,948	38,586,946	38,586,947	35,562,948	35,562,946
Property, plant and equipment	16	313,455,063	341,140,236	383,180,172	207,869,866	220,583,976
Water rights		4,159,562	4,159,562	4,223,800	-	-
Intangible assets	17	2,904,677	4,096,856	6,178,042	1,473,040	2,420,778
Goodwill	18	-	-	-	-	-
Deferred tax assets	19	3,129,745	4,567,927	5,975,318	-	-
Receivables under financial lease contracts	20	26,384,962	31,665,389	32,693,242	-	-
Withholding tax		26,854,659	47,209,199	87,601,102	15,919,264	39,803,362
Other non-current assets		2,350,225	1,507,227	2,048,225	1,907,690	1,055,690
<b>Total non-current assets</b>		<b>426,424,351</b>	<b>485,806,566</b>	<b>576,080,801</b>	<b>347,898,005</b>	<b>389,128,519</b>
<b>Total assets</b>		<b>610,895,392</b>	<b>696,602,996</b>	<b>814,365,281</b>	<b>462,882,052</b>	<b>523,766,927</b>

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

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			Reclassified	Reclassified		
<b>Liabilities and shareholders' equity</b>						
<b>Current liabilities</b>						
Defaulted debts	21	608,079,497	490,996,191	472,426,911	566,597,667	451,436,043
Trade and other payables	22	273,963,631	282,128,628	314,912,126	231,412,192	239,892,726
Advance receive from construction contracts		62,522,494	62,725,680	79,086,410	62,522,494	62,725,680
Retention payables	23	27,262,119	27,695,325	27,503,614	27,262,120	27,695,325
Unbilled cost		-	5,266,283	9,820,849	-	5,266,283
Estimated loss from construction contract		-	18,929	5,691,210	-	18,929
Current portion of long-term liabilities						
Loan from financial institutions	25	6,012,000	2,464,000	7,583,599	-	-
Liabilities under finance lease contracts	26	1,210,330	1,794,780	3,680,619	191,283	333,456
Short-term loan from third parties	24	73,434,303	69,434,303	76,784,303	27,588,886	27,588,886
Short-term loan from related parties	6.1	11,475,000	11,475,000	4,115,000	2,625,000	2,625,000
Estimated delay penalty		56,828,624	61,360,358	81,200,250	56,828,624	61,360,358
Other current liabilities		15,421,470	17,108,148	27,489,442	9,832,048	12,248,552
<b>Total current liabilities</b>		<b>1,136,209,468</b>	<b>1,032,467,625</b>	<b>1,110,294,333</b>	<b>984,860,314</b>	<b>891,191,238</b>
<b>Non-current liabilities</b>						
Long-term loans from financial institutions	25	23,228,054	28,492,054	18,511,846	-	-
Liabilities under financial lease contracts	26	838,328	943,846	2,877,138	-	191,283
Deferred income tax liability	19	1,423,807	1,313,245	1,126,981	-	-
Employee benefits obligation	27	30,679,354	25,655,921	20,458,471	19,718,550	16,879,999
Estimated loss from litigation	37.1	106,305,244	106,305,244	-	106,305,244	106,305,244
<b>Total non-current liabilities</b>		<b>162,474,787</b>	<b>162,710,310</b>	<b>42,974,436</b>	<b>126,023,794</b>	<b>123,376,526</b>
<b>Total liabilities</b>		<b>1,298,684,255</b>	<b>1,195,177,935</b>	<b>1,153,268,769</b>	<b>1,110,884,108</b>	<b>1,014,567,764</b>

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

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements			Separate financial statements	
		December 31, 2018	December 31, 2017	January 1, 2017	December 31, 2018	December 31, 2017
			Reclassified	Reclassified		
<b>Shareholders' equity</b>						
Share capital						
Authorized share capital						
8,051,717,332 Ordinary shares @ Baht 1.00 each		8,051,717,332	8,051,717,332	8,051,717,332	8,051,717,332	8,051,717,332
Issued and Paid-up share capital						
2,770,889,766 Ordinary shares @ Baht 1.00 each		2,770,889,766	2,770,889,766	2,770,889,766	2,770,889,766	2,770,889,766
Premiums on ordinary shares		128,893,569	128,893,569	128,893,569	128,893,569	128,893,569
Discounts on ordinary shares		(940,360,932)	(940,360,932)	(940,360,932)	(940,360,932)	(940,360,932)
Deficits		(2,715,677,601)	(2,537,265,627)	(2,392,322,650)	(2,607,424,459)	(2,450,223,240)
Other components of equity		67,244,887	67,244,887	67,244,887	-	-
<b>Total shareholders' equity</b>		<b>(689,010,311)</b>	<b>(510,598,337)</b>	<b>(365,655,360)</b>	<b>(648,002,056)</b>	<b>(490,800,837)</b>
Non-controlling interests	14	1,221,448	12,023,398	26,751,872	-	-
<b>Total shareholders' equity</b>		<b>(687,788,863)</b>	<b>(498,574,939)</b>	<b>(338,903,488)</b>	<b>(648,002,056)</b>	<b>(490,800,837)</b>
<b>Total liabilities and shareholders' equity</b>		<b>610,895,392</b>	<b>696,602,996</b>	<b>814,365,281</b>	<b>462,882,052</b>	<b>523,766,927</b>

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

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

(Unit : Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Revenue from services		339,152,905	321,143,838	186,114,035	209,668,029
Revenue from construction project contract services		-	82,714,699	-	43,296,168
Revenue from water supply services		8,336,094	7,239,631	-	-
Revenue from goods sold		-	6,753,759	-	-
<b>Total revenue from sales and services</b>		<b>347,488,999</b>	<b>417,851,927</b>	<b>186,114,035</b>	<b>252,964,197</b>
Cost of services		(316,766,442)	(294,942,831)	(171,718,463)	(181,719,017)
Cost of construction projects contract services		-	(88,448,762)	-	(62,099,981)
Cost of water supply services		(11,754,695)	(15,501,877)	-	-
Cost of goods sold		-	(6,204,536)	-	-
Losses for construction contracts		-	(18,929)	-	(18,929)
<b>Total cost of sales and services</b>		<b>(328,521,137)</b>	<b>(405,116,935)</b>	<b>(171,718,463)</b>	<b>(243,837,927)</b>
Gross profit		18,967,862	12,734,992	14,395,572	9,126,270
Other income		3,111,262	4,742,597	5,684,004	7,760,496
Profit from reverse liabilities		1,203,185	7,672,835	1,203,185	5,565,305
Selling expenses		(1,636,012)	(3,536,175)	(1,320,210)	(3,133,671)
Administrative expenses		(86,614,830)	(93,241,508)	(58,648,743)	(58,974,762)
Doubtful debt (reversal)		(1,217,656)	814,195	(642,426)	(4,500,437)
Profit (loss) from impairment of property, plant and equipment		(1,376,000)	(7,013,937)	-	76,099
Loss from write-off of property, plant and equipment		-	(8,422,661)	-	-
Loss for liquidate in subsidiary	13	-	-	-	(2,366,321)
Provision for loss on litigation claim	37.1	-	(41,101,469)	-	(41,101,469)
Financial cost		(123,371,543)	(33,218,676)	(117,872,601)	(24,367,713)
<b>Loss before tax (expense) revenues</b>		<b>(190,933,732)</b>	<b>(160,569,807)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>
Income tax (expense) revenue	30	(107,992)	(1,469,712)	-	-
<b>Loss for the year</b>		<b>(191,041,724)</b>	<b>(162,039,519)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>

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

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2018

(Unit : Baht)

	Notes	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
<b>Loss for the year</b>		<b>(191,041,724)</b>	<b>(162,039,519)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified subsequently to profit or loss :</b>					
Actuarial gain arising from defined benefit plan of employees	27	1,827,800	619,714	-	-
Income tax effect	30	-	(123,943)	-	-
<b>Total items that will not be reclassified subsequently to profit (loss) - net income tax</b>		<b>1,827,800</b>	<b>495,771</b>	<b>-</b>	<b>-</b>
<b>Total other comprehensive income (loss) for the year - net income tax</b>		<b>1,827,800</b>	<b>495,771</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive loss for the year</b>		<b>(189,213,924)</b>	<b>(161,543,748)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>
<b>Loss attributable to for the year</b>					
Shareholders of parent company		(179,730,183)	(145,300,508)	(157,201,219)	(111,916,203)
Non-controlling interests		(11,311,541)	(16,739,011)	-	-
		<b>(191,041,724)</b>	<b>(162,039,519)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>
<b>Total comprehensive loss attributable to for the year</b>					
Shareholders of parent company		(178,411,974)	(144,942,977)	(157,201,219)	(111,916,203)
Non-controlling interests		(10,801,950)	(16,600,771)	-	-
		<b>(189,213,924)</b>	<b>(161,543,748)</b>	<b>(157,201,219)</b>	<b>(111,916,203)</b>
<b>Basis loss per share (Baht).</b>					
Attributable to shareholders of the parent company	28	(0.065)	(0.052)	(0.057)	(0.040)

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

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2018

(Unit : Baht)

Consolidated financial statements									
Shareholders' equity of Parent Company									
	Notes	Other components of equity							
		Other							
		Comprehensive income							
		Issued and fully paid-up share capital	Premiums on ordinary shares	Discounts on ordinary shares	Deficits	Differences exchange rate on conversion of financial statement	Total other components of equity	Total Shareholders' equity of parent company	Total Non-controlling interests
<b>Balance as at January 1, 2017</b>		2,770,889,766	128,893,569	(940,360,932)	(2,392,322,650)	67,244,887	67,244,887	(365,655,360)	26,751,872
<b>Transaction with shareholder on directly recorded to equity</b>									
Non-controlling interests increase from liquidate	13	-				-	-	-	1,872,297
Total transaction with shareholder on directly recorded to equity		-	-	-	-	-	-	-	1,872,297
<b>Comprehensive loss for the year</b>									
Loss for the year		-	-	-	(145,300,508)	-	-	(145,300,508)	(16,739,011)
Other comprehensive income for the year		-	-	-	357,531	-	-	357,531	138,240
<b>Total comprehensive loss for the year</b>		-	-	-	(144,942,977)	-	-	(144,942,977)	(16,600,771)
<b>Balance as at December 31, 2017</b>		2,770,889,766	128,893,569	(940,360,932)	(2,537,265,627)	67,244,887	67,244,887	(510,598,337)	12,023,398
<b>Comprehensive loss for the year</b>									
Loss for the year		-	-	-	(179,730,183)	-	-	(179,730,183)	(11,311,541)
Other comprehensive income for the year		-	-	-	1,318,209	-	-	1,318,209	509,591
<b>Total comprehensive loss for the year</b>		-	-	-	(178,411,974)	-	-	(178,411,974)	(10,801,950)
<b>Balance as at December 31, 2018</b>		2,770,889,766	128,893,569	(940,360,932)	(2,715,677,601)	67,244,887	67,244,887	(689,010,311)	1,221,448

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

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## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31, 2018

( Unit : Baht )

Notes	Separate financial statements				Total
	Issued and paid-up share capital	Premiums on ordinary shares	Discounts on ordinary shares	Deficits	
<b>Balance as at January 1, 2017</b>	<b>2,770,889,766</b>	<b>128,893,569</b>	<b>(940,360,932)</b>	<b>(2,338,307,037)</b>	<b>(378,884,634)</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	-	-	(111,916,203)	(111,916,203)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(111,916,203)</b>	<b>(111,916,203)</b>
<b>Balance as at December 31, 2017</b>	<b>2,770,889,766</b>	<b>128,893,569</b>	<b>(940,360,932)</b>	<b>(2,450,223,240)</b>	<b>(490,800,837)</b>
<b>Total comprehensive loss for the year</b>					
Loss for the year	-	-	-	(157,201,219)	(157,201,219)
Other comprehensive income for the year	-	-	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(157,201,219)</b>	<b>(157,201,219)</b>
<b>Balance as at December 31, 2018</b>	<b>2,770,889,766</b>	<b>128,893,569</b>	<b>(940,360,932)</b>	<b>(2,607,424,459)</b>	<b>(648,002,056)</b>

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

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**PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES**  
**STATEMENTS OF CASH FLOWS**  
**For the year ended December 31, 2018**

(Unit : Baht)

Notes	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<b>Cash flows from operating activities</b>				
Loss before income tax expenses	(190,933,732)	(160,569,807)	(157,201,219)	(111,916,203)
Adjustment to profit (loss) before income tax for cash received (paid)				
from operations				
Depreciation	32,266,195	41,014,069	15,333,198	18,976,046
Amortization	1,248,160	2,004,866	1,003,719	1,722,988
Doubtful debt (reversal)	1,149,006	(814,195)	268,266	4,500,437
Loss on decline in value of inventories (reversal)	2,825,293	(3,658,335)	2,955,102	(3,575,894)
Loss from unused tax withholding	1,248,909	4,109,679	6,376	-
Loss from sale and write-off of property, plant and equipment	(404,203)	6,336,728	(376,819)	(878,200)
(Gain) loss from impairment of property, plant and equipment	1,376,000	7,013,938	-	(76,099)
Loss from impairment of deferred tax assets	1,440,752	-	-	-
(Gain) loss from impairment of other assets	(31,981)	130,489	(55,981)	130,489
Amortization water rights	-	64,238	-	-
(Gain) from the reversal of liability	(1,203,185)	(7,672,835)	(1,203,185)	(5,565,306)
Estimated loss from litigation	-	41,011,729	-	41,011,729
Service cost and interest expense	8,431,154	6,095,946	4,254,037	4,062,025
Interest income	(292,092)	(342,596)	(1,481,703)	(1,501,292)
Interest expense	123,371,543	33,218,676	117,872,601	24,367,713
Loss from operating activities before				
Changes in operating assets and liabilities	(19,508,181)	(32,057,410)	(18,625,608)	(28,741,567)
(Increase) decrease in operating assets				
Trade and other receivables	10,111,113	20,877,273	20,425,856	18,489,651
Unbilled receivables	19,692,822	1,963,740	12,195,972	2,931,190
Retention receivables	(907,818)	10,159,530	127,410	10,427,876
Receivables under financial lease contract	1,027,853	904,507	-	-
Inventories	(3,551,484)	4,461,161	(2,955,474)	4,596,559
Other current assets	885,735	2,487,029	370,911	58,000
Other non-current assets	(867,000)	541,000	(852,000)	2,186,984
Increase (decrease) in operating liabilities				
Defaulted debts	25,760	-	-	-
Trade and other payables	(11,635,280)	(396,124)	(11,163,756)	(2,952,735)
Retention payables	(433,206)	311,952	(433,206)	311,952
Unbilled costs	(5,266,283)	(4,554,566)	(5,266,283)	(3,821,053)
Provision for fines and delays	(3,531,734)	3,069,734	(3,531,734)	3,069,734
Provision for loss on construction contracts	(18,929)	(5,672,281)	(18,929)	(5,672,281)
Other current liabilities	(1,686,680)	(10,381,291)	(2,416,505)	(10,391,793)
Employee benefits obligation	(1,579,920)	(278,782)	(1,415,485)	(278,782)
Cash received (paid) from operating activities	(17,243,232)	(8,564,528)	(13,558,831)	(9,786,265)

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

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## STATEMENTS OF CASH FLOWS

For the year ended December 31, 2018

( Unit : Baht )

Notes	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities (continue)				
Cash received from interest income	321,379	386,446	231,840	273,050
Cash paid for income tax	(11,684,110)	(13,980,284)	(6,912,020)	(9,007,244)
Cash received from withholding tax	30,789,742	50,262,508	30,789,742	48,388,440
<b>Net cash provided from (used in) operating activities</b>	<b>2,183,779</b>	<b>28,104,142</b>	<b>10,550,731</b>	<b>29,867,981</b>
Cash flows from investing activities				
(Increase) decrease in restricted bank deposits	4,274,714	2,720,728	4,536,570	3,285,525
Cash paid for acquired of property, plant and equipment	(4,745,260)	(14,468,104)	(2,619,271)	(12,739,441)
Cash received from sale of property, plant and equipment	406,458	1,999,401	377,000	1,018,732
Cash paid for acquired of intangible assets	-	(143,909)	-	-
<b>Net cash used in investing activities</b>	<b>(64,088)</b>	<b>(9,891,884)</b>	<b>2,294,299</b>	<b>(8,435,184)</b>
Cash flows from financing activities				
Repayment for defaulted debts	-	(4,000,000)	-	(4,000,000)
Increase (decrease) in short-term loan from another person	4,000,000	1,500,000	-	-
Increase (decrease) in short-term loan from related parties	-	420,000	-	-
Paid for long-term loan from financial institutions	(1,716,000)	(3,889,391)	-	-
Paid for liabilities under financial lease contracts	(1,903,986)	(3,629,691)	(333,456)	(472,376)
Paid for interest expense	(2,843,714)	(2,387,374)	(27,755)	(60,727)
Loss from liquidation of non-controlling interests	-	1,872,298	-	-
<b>Net cash provided from (used in) financing activities</b>	<b>(2,463,700)</b>	<b>(10,114,158)</b>	<b>(361,211)</b>	<b>(4,533,103)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(344,009)</b>	<b>8,098,100</b>	<b>12,483,819</b>	<b>16,899,694</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>47,620,354</b>	<b>39,522,254</b>	<b>28,179,096</b>	<b>11,279,402</b>
<b>Cash and cash equivalents at the ending of the year</b>	<b>47,276,345</b>	<b>47,620,354</b>	<b>40,662,915</b>	<b>28,179,096</b>

Supplemental disclosure of cashflows information as stated in note 33.2

Note to the financial statements are an integral part of these financial statements.

## PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### NOTES TO FINANCIAL STATEMENTS

#### FOR THE YEAR ENDED DECEMBER 31, 2018

##### 1. General information

The Company was registered as a company limited in accordance with the Civil and Commercial Code, and converted to a public company limited in accordance with the public limited companies Act B.E 2535 on 29 May 1995, registration number 0107538000291, with its registered head office is located at 69 Soi On-nuch 64, Srinakarin Road, Suanluang, Bangkok Thailand.

The Company is engaged in provision of serviced under civil construction, engineering and industrial services.

##### 2. Going concern

The Group have experienced the continuous operating losses, and the consolidated and separate financial statements for the year ended December 31, 2018 and 2017, present an operating losses in amount of Baht 189.21 million and Baht 161.54 million respectively (the Separate in amount of Baht 157.20 million and Baht 111.92 million respectively). As at December 31, 2018 and 2017, the Group has current liabilities exceed than current assets according to the financial statements in amount of Baht 951.74 million and Baht 821.67 million respectively (the Separate in amount of Baht 869.88 million and Baht 756.55 million respectively), and the same date, the Group has negative shareholders according to the consolidated in amount of Baht 687.79 million and Baht 498.57 million respectively (the Separate in amount of Baht 648.00 million and Baht 490.80 million respectively). Presently, the Company has SP sign (Trading Suspension) by SET due to the company's operating performance and financial condition may be in line of delisting the listed Company by SET.

##### **Filing a petition for rehabilitation**

1<sup>st</sup> time : On November 27, 2015, the Company was filed the petition by one of the creditor to the Central Bankruptcy Court to rehabilitation the business. Subsequently, on April 1, 2016, the court has ordered to accept the petition for business rehabilitation according to Black Case No. พ.6/2559 and 6 creditors have to filed the objection and wish to litigation the case. And during the year 2016, the second objection creditor which is financial institutions that only one have preferred mortgages of the Company has filed a petition to withdraw the objection to the Central Bankruptcy Court and the court has ordered to withdraw the objection. Later on May 19, 2017, the central bankruptcy court has judged to raise the petition for the rehabilitation plan according to the red case no. พ. 20/2560.

2<sup>nd</sup> time : According to the resolution of the board of directors meeting no. 2/2017 on June 19, 2017, has resolution to the Company to filed the rehabilitation plan to the central bankruptcy court by itself and on June 21, 2017, the central bankruptcy court to receive a petition for rehabilitation in the black case no. พ. 23/2560. Later, on March 8, 2018, the central bankruptcy court has judged to raise the petition for the rehabilitation plan according to the red case no. พ. 9/2561.

On March 8, 2018, the Company appealed against the central bankruptcy court's to the court of appeal for Specialized Cases, Bankruptcy Cases Division along with filed a petition to temporary protection during the trial and a petition to not arrange the annual general meeting of shareholders for the year 2018 at the central bankruptcy court. Subsequently, on 22 January 2019, the Court of Appeal for Specialized Cases reverse the judgement to have the rehabilitation and assign the debtor (the Company) as the planer according to the Bankruptcy Act BE 2458, Section 90/10, on February 22, 2019, the official receiver ordered the rehabilitate and set up the plan preparer in the Government Gazette and notify the order to the registrar, Company partnership and all creditors to submit an application for receive payment to the official receiver.

However, the consolidated and separate financial statements for the years ended December 31, 2018 are prepared in according to the continuous operating on the assumption that the company will have sufficient working capital from. 1) Long-term service income from major customers (3 years contract from October 1, 2016). The contract will expire on 30 September 2019. At present, the Company is in the process of negotiating to extend the contract with the customer and the management definitely believes that the Company will receive a contract extension from the customer 2) Long-term service income from new customers (2 years contract from October 1, 2017) and 3) Support for credit line from business partners for normal business operation and from the verdict of the Court of Appeal for Specialized Cases ordered the company to enter the rehabilitation process as mentioned in the preceding paragraph. As a result, the Company is protected under Section 90/12 on " Moratorium or Automatic Stay" during the rehabilitation process. The management believes that the Company will have sufficient working capital to operate in the next year. However, the Company still has high uncertainty, due to the rehabilitation is just under the beginning and requires duration of time for many processes.

### 3. Basis of financial statements preparation

3.1 The financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the financial statements has been prepared for the convenience of readers not conversant with the Thai language.

3.2 The consolidated and the separate financial statements were prepared in accordance with the generally accepted accounting principle under the Accounting Act B.E. 2543, which include the already announced

accounting standards, financial reporting standards and their interpretation including accounting guidance issued by the Federation of Accounting Professionals established under the Accounting Professions Act B.E. 2547 which reach the conclusion to be promulgated.

The presentation in the financial statements are presented in accordance with the determination stated in the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act, B.E. 2543.

The financial statements were prepared and presented currency in Thai Baht which the Group functional currency, rounded to the nearest thousand baht unless otherwise stated and using historical cost basis except those disclosed otherwise in the accounting policies.

### 3.3 The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2018.

	<u>Effective date</u>
TAS No. 1 Presentation of Financial Statements (revised 2017)	January 1, 2018
TAS No. 2 Inventories (revised 2017)	January 1, 2018
TAS No. 7 Statement of Cash Flows (revised 2017)	January 1, 2018
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2017)	January 1, 2018
TAS No. 10 Events after the Reporting Period (revised 2017)	January 1, 2018
TAS No. 11 Construction Contracts (revised 2017)	January 1, 2018
TAS No. 12 Income Taxes (revised 2017)	January 1, 2018
TAS No. 16 Property, Plant and Equipment (revised 2017)	January 1, 2018
TAS No. 17 Leases (revised 2017)	January 1, 2018
TAS No. 18 Revenue (revised 2017)	January 1, 2018
TAS No. 19 Employee Benefits (revised 2017)	January 1, 2018
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2017)	January 1, 2018
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2017)	January 1, 2018
TAS No. 23 Borrowing Costs (revised 2017)	January 1, 2018
TAS No. 24 Related Party Disclosures (revised 2017)	January 1, 2018
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2017)	January 1, 2018
TAS No. 27 Separate Financial Statements (revised 2017)	January 1, 2018
TAS No. 28 Investments in Associates and Joint Ventures (revised 2017)	January 1, 2018
TAS No. 29 Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TAS No. 33 Earnings per Share (revised 2017)	January 1, 2018
TAS No. 34 Interim Financial Reporting (revised 2017)	January 1, 2018
TAS No. 36 Impairment of Assets (revised 2017)	January 1, 2018
TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2017)	January 1, 2018
TAS No. 38 Intangible Assets (revised 2017)	January 1, 2018
TAS No. 40 Investment Property (revised 2017)	January 1, 2018

	<u>Effective date</u>
TAS No. 41 Agriculture (revised 2017)	January 1, 2018
TFRS No. 2 Share-based Payment (revised 2017)	January 1, 2018
TFRS No. 3 Business Combinations (revised 2017)	January 1, 2018
TFRS No. 4 Insurance Contracts (revised 2017)	January 1, 2018
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2017)	January 1, 2018
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2017)	January 1, 2018
TFRS No. 8 Operating Segments (revised 2017)	January 1, 2018
TFRS No. 10 Consolidated Financial Statements (revised 2017)	January 1, 2018
TFRS No. 11 Joint Arrangements (revised 2017)	January 1, 2018
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2017)	January 1, 2018
TFRS No. 13 Fair Value Measurement (revised 2017)	January 1, 2018
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2017)	January 1, 2018
TSIC No. 15 Operating Leases - Incentives (revised 2017)	January 1, 2018
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)	January 1, 2018
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)	January 1, 2018
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2017)	January 1, 2018
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)	January 1, 2018
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2017)	January 1, 2018
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)	January 1, 2018
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2017)	January 1, 2018
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2017)	January 1, 2018
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2018
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2017)	January 1, 2018
TSIC No. 15 Operating Leases - Incentives (revised 2017)	January 1, 2018
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2017)	January 1, 2018
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2017)	January 1, 2018
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2017)	January 1, 2018
TSIC No. 31 Revenue - Barter Transactions Involving Advertising Services (revised 2017)	January 1, 2018
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2017)	January 1, 2018
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2017)	January 1, 2018
TFRIC No. 12 Service Concession Arrangements (revised 2017)	January 1, 2018
TFRIC No. 13 Customer Loyalty Programmers (revised 2017)	January 1, 2018
TFRIC No. 14 TAS 19 ( revised 2017) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their (revised 2017)	January 1, 2018
TFRIC No. 15 Agreements for the Construction of Real Estate (revised 2017)	January 1, 2018
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2017)	January 1, 2018
TFRIC No. 18 Transfers of Assets from Customers (revised 2017)	January 1, 2018
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2017)	January 1, 2018
TFRIC No. 21 Levies (revised 2017)	January 1, 2018
Guide on Accounting for Insurance Business in Determining Financial Instruments as Financial Instruments Presented with Fair Value through Profit or Loss	January 1, 2018

The Group has adopted such financial reporting standards to the financial statements on the current period.

The management assessed that they don't have any significant impact on the financial statements for the current period.

The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2019.

	<u>Effective date</u>
TAS No. 1 Presentation of Financial Statements (revised 2018)	January 1, 2019
TAS No. 2 Inventories (revised 2018)	January 1, 2019
TAS No. 7 Statement of Cash Flows (revised 2018)	January 1, 2019
TAS No. 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2018)	January 1, 2019
TAS No. 10 Events after the Reporting Period (revised 2018)	January 1, 2019
TAS No. 12 Income Taxes (revised 2018)	January 1, 2019
TAS No. 16 Property, Plant and Equipment (revised 2018)	January 1, 2019
TAS No. 17 Leases (revised 2018)	January 1, 2019
TAS No. 19 Employee Benefits (revised 2018)	January 1, 2019
TAS No. 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2018)	January 1, 2019
TAS No. 21 The Effects of Changes in Foreign Exchange Rates (revised 2018)	January 1, 2019
TAS No. 23 Borrowing Costs (revised 2018)	January 1, 2019
TAS No. 24 Related Party Disclosures (revised 2018)	January 1, 2019
TAS No. 26 Accounting and Reporting by Retirement Benefit Plans (revised 2018)	January 1, 2019
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TAS No. 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2018)	January 1, 2019
TAS No. 38 Intangible Assets (revised 2018)	January 1, 2019
TAS No. 40 Investment Property (revised 2018)	January 1, 2019
TAS No. 41 Agriculture (revised 2018)	January 1, 2019
TFRS No. 1 First-time Adoption of International Financial Reporting Standards	January 1, 2019
TFRS No. 2 Share-based Payment (revised 2018)	January 1, 2019
TFRS No. 3 Business Combinations (revised 2018)	January 1, 2019
TFRS No. 4 Insurance Contracts (revised 2018)	January 1, 2019
TFRS No. 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2018)	January 1, 2019
TFRS No. 6 Exploration for and Evaluation of Mineral Resources (revised 2018)	January 1, 2019
TFRS No. 8 Operating Segments (revised 2018)	January 1, 2019
TFRS No. 10 Consolidated Financial Statements (revised 2018)	January 1, 2019



	<u>Effective date</u>
TFRS No. 11 Joint Arrangements (revised 2018)	January 1, 2019
TFRS No. 12 Disclosure of Interests in Other Entities (revised 2018)	January 1, 2019
TFRS No. 13 Fair Value Measurement (revised 2018)	January 1, 2019
TFRS No. 15 Revenue from Contracts with Customers	January 1, 2019
TSIC No. 10 Government Assistance – No Specific Relation to Operating Activities (revised 2018)	January 1, 2019
TSIC No. 15 Operating Leases - Incentives (revised 2018)	January 1, 2019
TSIC No. 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2018)	January 1, 2019
TSIC No. 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2018)	January 1, 2019
TSIC No. 29 Service Concession Arrangements : Disclosures (revised 2018)	January 1, 2019
TSIC No. 32 Intangible Assets - Web Site Costs (revised 2018)	January 1, 2019
TFRIC No. 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2017)	January 1, 2019
TFRIC No. 4 Determining whether an Arrangement contains a Lease (revised 2018)	January 1, 2019
TFRIC No. 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2018)	January 1, 2019
TFRIC No. 7 Applying the Restatement Approach under TAS 29 (revised 2017) Financial Reporting in Hyperinflationary Economies (revised 2017)	January 1, 2019
TFRIC No. 10 Interim Financial Reporting and Impairment (revised 2018)	January 1, 2019
TFRIC No. 12 Service Concession Arrangements (revised 2018)	January 1, 2019
TFRIC No. 14 TAS 19 ( revised 2017) - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their disclosures (revised 2018)	January 1, 2019
TFRIC No. 17 Distributions of Non-cash Assets to Owners (revised 2018)	January 1, 2019
TFRIC No. 20 Stripping Costs in the Production Phase of a Surface Mine (revised 2018)	January 1, 2019
TFRIC No. 21 Levies (revised 2018)	January 1, 2019

The Federation of Accounting Profession (FAP) has notified to apply the following financial reporting standards to the financial statements having an accounting period beginning on or after January 1, 2020.

	<u>Effective date</u>
TFRS No. 9 Financial Instruments	January 1, 2020
TFRS No. 7 Financial Instruments: Disclosures	January 1, 2020
TAS No. 32 Financial Instruments: Presentation	January 1, 2020
TFRIC No. 16 Hedges of a Net Investment in a Foreign Operation	January 1, 2020
TFRIC No. 19 Extinguishing Financial Liabilities with Equity Instruments	January 1, 2020

The Group do not use financial reporting standards applicable to financial statements in future periods prior to adoption. And management has assessed that there is no impact on the consolidated financial statements in the period of initial adopted.

3.4 In preparation of financial statements in conformity with generally accepted accounting principles the management has to make estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are

resulted from experience and other factors that the management has reasonably assurance under such circumstance. Actual results may differ from these estimates.

The estimates and underlying assumptions so used in preparation of the financial statements are reviewed on regular basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected. The areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the Group financial statements include :-

Allowance for doubtful debt, trade and other receivable, unbilled receivable, retention receivable under contracts and other assets

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

Impairment of investments in subsidiaries

The Company treats investments in subsidiaries as impaired if the business operations of such companies are severely impacted by the economic crisis and the investments will take time to recover their value. The management determines devaluation of such investments based on management's judgement. The use of different estimates and assumptions could affect the amounts of allowances for impairment of investments in subsidiaries adjustments to the allowances may therefore be required in the future.

Depreciation of plant and equipment

The management is required to make estimates of the useful lives and residual values of the plant and equipment, the management will review the estimate useful lives and residual values when there are any changes from the estimates made during the prior periods, derecognition of the dilapidated asset or cease of usage from disposal or disused.

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

#### Amortization of intangible asset

The management is assessing the useful life of intangible assets, the useful life that the management determined must be related to the future use format of the asset. In determining whether an intangible asset has an indication that it will be impaired or not, the management is required to use discretion to assess the recoverable amount of assets.

#### Deferred tax assets and allowance for impairment

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

#### Provision for fines and delays

In recording provision for fines and delays care warrantee, the management estimates the expenses expected to be incurred as a result of provision for fines and delays based on past experiences of each actual expenses claimed.

#### Estimate on employee benefit obligations

The present value of the estimate on employee retirement benefit is calculated using various assumptions, including discount rate, which is used to determine the expenses related to the employee retirement benefits. Any change in these assumptions would affect the estimate of employee retirement benefits. The Group determine the appropriate discount rate annually and applied to measure the present value of estimated future cash flows for the settlement of the employee benefit obligations, using the said determined appropriate discount rate. The discount rate is the yield of government bonds that have maturity date approximating the terms of the Group obligations.

#### Lease agreement

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

### Litigation

The Group normally have contingent liabilities as a result of disputes and litigation. Management use judgment to assess the results of the disputes and litigation and recognize reasonable provision for losses in the accounts at the reporting date. However, actual results could differ from the estimates.

### Fair Value

In determining the fair value of financial instruments which are recognised in the statement of financial position that are not actively traded and for which quoted prices are not readily available in active market, the management has to exercise judgment, using a variety of valuation techniques and models. The input to these models is taken from observable markets, and includes consideration of credit risk, liquidity, correlation and long-term volatility of financial instruments. Changes in assumptions about these factors may affect the fair value recognised in the statement of financial position and disclosures of fair value hierarchy.

Other estimates are disclosed under related caption in these notes to financial statements.

## 4. Basis of the consolidated financial statements preparation

- 4.1 The consolidated financial statements consist of the financial statements of the Company and subsidiaries (together called “The Group”).
- 4.2 A subsidiary companies are enterprise under the control of the Group. This control occurs when the Group have a controlling power directly or indirectly in giving direction of financial policy and operation of that company in order to derive benefits from that subsidiary companies. Also the financial statements of the subsidiary companies will be combined into the consolidated financial statements of the Group commencing from the date of control until the cessation date of such control.
- 4.3 The consolidated financial statements are prepared by using the same accounting policies for similar accounting items or events.
- 4.4 The accounting period of the subsidiary companies ends on the same date as that of PAE (THAILAND) PUBLIC COMPANY LIMITED.
- 4.5 The consolidated financial statements has been prepared by including the financial statements of PAE (THAILAND) PUBLIC COMPANY LIMITED and its subsidiaries after eliminate the significant related party balances and transactions. The Company holds directly and indirectly shares at the percentage of :-

<u>Company name</u>	<u>Nature of business</u>	<u>Incorporated in</u>	<u>Percentage of shareholding</u>	
			<u>2018</u>	<u>2017</u>
<u>Subsidiaries</u>				
PAE Energy Solution Company Limited	Recruitment*	Thai	99.99	99.99
PAE Technical Service Public Company Limited	Construction and hire of work	Thai	72.12	72.12
Pacific Resources International Limited (BVI)	Construction and supply*	The British Virgin Islands	100.00	100.00
Oasis Development Company Limited	Rental apartment	Thai	54.94	54.94
PPS Energy & Marine Co., Ltd.	Water Production	Thai	67.77	67.77

\*Currently, the business is stopped.

The non-controlling interest is measured at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

4.6 The separate financial statements present investments in subsidiaries, joint ventures and associates under the cost method less allowance for impairment.

## 5. Accounting policies

Significant accounting policies used in the preparation of the financial statements can be summarized as follows :-

5.1 Cash and cash equivalents items include cash, bank deposits in the forms of savings and current accounts, and fixed accounts with term not exceeding three months and not subject to withdrawal restrictions.

5.2 Trade and other receivable are stated at their invoice value less allowance for doubtful accounts. The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

5.3 Work in progress comprises the costs of materials, labor, contractor charges, services and overheads, values at the lower of cost and net realizable value.

5.4 Inventories as consumables and spare parts are stated at cost price by first-in first-out method or net realizable value whichever is lower.

5.5 Investments in subsidiaries: in the separate financial statements are recorded by the cost method less accumulated allowance for impairment and recorded the recognition of the change of the investments value in the statement of comprehensive income when the investments has been disposed or impaired.

5.6 Investment property of the Group are land and building without specific purpose of use in the future and exploiting for rental income or appreciation of the asset. The Group measures the investment property by the cost value, deducted the accumulated depreciation and impairment loss (if any) and calculated depreciation on a straight-line method over their approximate useful-life of 20 years, except for land which is considered to have an indefinite life.

#### 5.7 Property, plant and equipment

Lands are stated at cost price after deduction of accumulated allowance for impairment loss (if any), building and equipment are stated at cost price after that plant and equipment are stated at cost deduction of accumulated depreciation and impairment loss (if any) and calculated depreciation on a straight-line method over their approximate useful-life as follows:

Building	20 years
Building improvements	8 – 20 years
Machinery and equipment	8 – 20 years
Furniture and office equipment	5 years
Vehicles	5 – 8 years

Depreciation of assets occurred during the usage period of producing the other fixed assets is calculated and capitalized as a part of the cost of that other assets and it would be ceased when that other fixed assets is ready for its intended use.

The Group did not carry depreciation for land, land improvements and assets under construction.

Replacement cost will be capitalized as a part of carrying amount of assets when it is probable that the Company will obtain the future economic benefits from that transaction and able to measure the cost of that transaction reliably. Replacement cost will be depreciated by the basis of estimated useful-life. Repair and maintenance expenses are recognized as expenses during the period that they are incurred.

The gain or loss arising on the disposal of an item of property, plant and equipment is determined as the difference between the net proceeds and the carrying amount and recognized as income or expense in profit or loss of that period.

5.8 Intangible assets as software royalty are stated at cost less accumulated amortization expenses and the accumulated impairment loss and calculated on a straight-line method over their approximate useful-life 5-10 years.

## 5.9 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Company's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

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.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

5.10 Impairment of assets, the Group assesses at each statement of financial position date whether there is an indication that an asset may be impaired (Excepted goodwill). If any such indication exists, the Group make an estimate of the asset's recoverable amount. When the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in statements of comprehensive income.

The recoverable amount of assets is the greater of fair value less costs to sell the asset or value in use.under the agreement whichever is the higher.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

5.11 Trade and other payables are stated at cost.

5.12 Interest bearing liabilities are shown at cost and state the expense related to the incurrence of debt as the expense for the year.



### 5.13 Employee benefits

#### Short-term employee benefit

The Group recognize salaries, wages, bonuses, contributions to social security fund and provident fund as expense when incurred.

#### Post-employment benefits

The Group has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The defined benefit plan is defined as the post-employment benefit plan.

The obligation under the defined benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method on a regular basis. The projected unit credit method is the allocation of benefits for the current period and previous period that must be paid to employee who provide services to the Group to various periods according to the calculation formula of the benefits of the project and will allocate benefits by straight-line method throughout the service life of the employee until retirement.

Current service cost, past service costs and gains and losses on settlement including gains and losses from reducing project size and project benefit payment when reducing project size will be recognized in the income statement in the period which the transaction occurs

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

The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the interest rate on government bond.

5.14 Estimation of liabilities: The Group will record liability estimates whenever there is certainty that liability or obligation will occur at present legally or by estimation from the result connected with the past event. Such obligation is expected to cause damage to loss of useful or economic resources in order to make payment toward obligation and the amount to be paid is respectfully estimated. If payment made toward liability estimated is recovered fully or partly with certainty, the Group will recorded the recovered payment as asset separately but the amount so recorded must be more than the amount of related liability estimate and the related expense with the liability estimate will be shown in the statement of comprehensive income in the net amount after recovered expense already recognized.

## 5.15 Financial lease

### Leases in the financial statements of lessors

Under a finance lease substantially all the risks and rewards incidental to legal ownership are transferred by the lessor. The Group shall recognise assets held under a finance lease as “receivable under financial lease” in their statements of financial positions and present them as a receivable at an amount equal to the net investment in the lease. The sales revenue recognised at the commencement of the lease term is the fair value of the asset, or, if lower, the present value of the minimum lease payments accruing to the lessor, computed at a market rate of interest. The cost of sale recognised at the commencement of the lease term is the cost, or carrying amount if different, of the leased property less the present value of the unguaranteed residual value. The difference between the sales revenue and the cost of sale is the selling profit, which is recognised in accordance with the Group’s policy for outright sales.

### Leases in the financial statements of lessees

Leases which transferring a significant portion of the risks and rewards of ownership to the lessee are classified as financial leases. Financial leases are recorded as capital expenditures at the lower of the fair value of the leased assets as at the inception of the lease or the present value of the minimum lease payments. Financial lease obligation less financial expenses will record as corresponding long-term liabilities. Interest charges will record directly to statements of comprehensive income on over the term of the lease.

Leased assets are depreciated on over the useful lives of the leased assets.

5.16 Premiums on ordinary shares when the Company share subscription monies are in excess of the par value of the shares issued, the Company has to set aside this excess amount to a reserve account (“premiums on ordinary shares”). Premiums on ordinary share are not available for dividend distribution.

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

## 5.18 Non-controlling interests

Non-controlling interests mean book value of the subsidiaries’ net asset according to the holding ratio of non-controlling interests or interests that are not owned by the shareholders of the parent company. Non-controlling interests will declare any item in shareholders’ equity in the statement of consolidated financial

position and the net gains (losses) item of non-controlling interests separateing in consolidated income statement. The comprehensive income will be divided to non-controlling interests even if it make negative balance in non-controlling interests.

#### 5.19 Incomes recognition

5.19.1 The Group recognizes revenue from construction contracts by the percentage of completion method. The stage of completion is measured by referencing to the completion of a physical proportion of the contract work performed as assessed by the project engineers.

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

5.19.2 Revenue from sales is recognized when the significant risks and rewards of ownership have been transferred to the buyer.

5.19.3 Revenue from service are recognized when the service has been provided to customer.

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

5.19.5 Dividend income is recognised when the right to receive the dividends is established.

5.19.6 Other incomes are recognized by accrual basis.

#### 5.20 Expenses recognition

5.20.1 The Group recognizes costs from construction contracts by the percentage of completion method. The stage of completion is measured by referencing to the completion of a physical proportion of the contract work performed as assessed by the project engineers. The estimated total cost is determined by the Group's project engineers or its responsible person, which is subject to change. The related actual costs are taken up as incurred on an accrual basis. Expected loss on each project is provided and charged as expense in the period when the estimated total costs of the project exceed its total contracted income.

The actual cost of services incurred but not yet recognised as cost of services in profit or loss has been regarded as "Construction in progress" under current assets in the statement of financial position, while contracts of which calculated costs of construction exceed incurred costs of construction are shown as "Unbilled cost " under current liabilities in the statement of financial position.

5.20.2 Payments made under operating leases are recognized in the statement of comprehensive income on a straight line method over the term of the lease. Contingent rentals are charged to the statement of comprehensive income for the accounting period in which they are incurred.

5.20.3 Financial cost consists of interest expense or other expenses in similar nature charged and includes interest default to the statement of comprehensive income in the year such expenses are incurred except in case that they are partly recorded as cost of assets due to the effect of long period of time used to acquire construction or produce such assets prior to direct utilization or for sale. Interest which is part of installment amount under finance lease contract is charged to the statement of comprehensive income by effective rate method.

5.20.4 Other expense is recognized on accrual basis.

5.21 Income tax comprises current tax and deferred tax. Income tax is recognized in profit or loss except to the extent that related to items recognized in other comprehensive income or recognized directly in equity which will recognize in other comprehensive income or recognized directly in equity as same as that items.

#### Current tax

The Group recognise the current tax at the amount expected to be paid to the taxation authorities, are calculated based on taxable profits in accordance with Revenue Code.

#### Deferred tax

The Group recognise the deferred tax on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

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

5.22 The related parties and related companies with the Company and its subsidiaries meant individuals or enterprises which have the controlling power over the Company and its subsidiaries or are controlled by the Company and its subsidiaries either directly or indirectly, or under the same control with the Company and its subsidiaries. Furthermore, the related parties or related companies also meant the associated companies and the parties whose holding the shares with voting rights, either directly or indirectly, and have significant influence to the Company, important managers, directors or the employees of the Company and its subsidiaries who have the power to plan and control the operations of the Company and its subsidiaries including the family members close to the said persons which could persuade or power to persuade to act in compliance with the said persons and business that the said persons have control power or significant influence, either directly or indirectly.

5.23 Basic loss per share is calculated by dividing loss for the year of the Parent Company (excludes other comprehensive income) by the weighted averaged number of already issued and fully paid shares during the accounting year.

5.24 The sectoral business operation is disclosed under the separate business sectors of the Group. The business segment is the business sector that source products or provide services which have different risks and return from the risks and return of the products or services provide by other business sectors.

5.25 Financial assets and liabilities carried on the statement of financial position include Bank deposit, trade receivables and payables, other receivables and payables, loan receivables and payables, receivable and payable under financial lease contracts. The important accounting policies and measurement of these items are disclosed in the respective accounting policies for related items.

#### 5.26 Fair value measurement

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

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

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

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

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

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

#### 6. Business transactions with related parties and person

The Company has significant transactions with related parties and individuals. Such transactions are based on commercial terms and bases agreed upon between the Company and those parties. This is normal business It can be summarized as follows:

6.1 Inter-assets and liabilities

(Unit: Thousand Baht)

	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Other receivable				
PAE Technical Service Public Co., Ltd.	-	-	1,069	874
Pacific Resources International Limited (BVI)	-	-	10,798	10,798
Oasis Development Co., Ltd.	-	-	90	90
PAE Federal International Co., Ltd	-	-	-	98
PPS Energy & Marine Co., Ltd	-	-	2,883	2,372
Total	-	-	14,840	14,232
<u>Less</u> Allowance for doubtful debt	-	-	(13,681)	(11,529)
Net	-	-	1,159	2,703
Accrued interest income				
PPS Energy & Marine Co., Ltd.	-	-	4,169	2,889
<u>Less</u> Allowance for doubtful debt	-	-	(4,169)	(2,889)
Net	-	-	-	-
Short-term loan				
PAE Energy Solution Co., Ltd				
Beginning balance	-	-	32,769	32,769
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	32,769	32,769
Allowance for doubtful				
Beginning balance	-	-	(32,769)	(32,769)
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	(32,769)	(32,769)
Net	-	-	-	-
Pacific Resources International Limited (BVI)				
Beginning balance	-	-	34,169	34,169
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	34,169	34,169

(Unit: Thousand Baht)

	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Allowance for doubtful debt				
Beginning balance	-	-	(34,169)	(34,169)
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	(34,169)	(34,169)
Net	-	-	-	-
Oasis Development Co., Ltd.				
Beginning balance	-	-	15,056	15,056
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	15,056	15,056
Allowance for doubtful debt				
Beginning balance	-	-	(15,056)	(15,056)
Increase in the year	-	-	-	-
Decreased during the year	-	-	-	-
Ending balance	-	-	(15,056)	(15,056)
Net	-	-	-	-
Total	-	-	-	-
Long-term loans				
PPS Energy & Marine Co., Ltd.				
Beginning balance	-	-	16,000	16,000
Increase in the year	-	-	374	-
Decreased during the year	-	-	-	-
Ending balance	-	-	16,374	16,000
Allowance for doubtful debt				
Beginning balance	-	-	(16,000)	(16,000)
Increase in the year	-	-	(374)	-
Decreased during the year	-	-	-	-
Ending balance	-	-	(16,374)	(16,000)
Net	-	-	-	-
Total	-	-	-	-



(Unit: Thousand Baht)

	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Inter-acquired asset				
PAE Federal International Co., Ltd	-	-	-	3,170
PPS Energy & Marine Co., Ltd	-	-	-	650
Total	-	-	-	3,820

As at December 31, 2018 and 2017, short-term loans to related parties are unsecured loans, no inter-contracts and interest was not inter-charge.

As at December 31, 2018 and 2017, long-term loans to related parties are unsecured loan contract and period of loan contract are 18 month from the date of issue. Interest was charged at the rates of 8.00% per annum equally for both year.

(Unit: Thousand Baht)

	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payable				
PAE Technical Service Public Co., Ltd	-	-	-	6
PAE Energy Solution Co.,Ltd..	-	-	135	135
Oasis Development Co., Ltd.	-	-	374	374
Total	-	-	509	515
Other payable				
Capital Engineering Network PLC	848	848	-	-
Federal Capital PTE Ltd.	-	93	-	-
Total	848	941	-	-
Advance received				
Khun Thanasedth Burinchotisin	100	520	-	-
Khun Somporn Mangmee	-	200	-	-
Total	100	720	-	-
Accrued expenses				
PAE Technical Service Public Co., Ltd	-	-	-	17

	(Unit: Thousand Baht)			
	<u>Consolidated financial statement</u>		<u>Separate financial statement</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accrued interest expenses				
Khun Chintana Kawee Wong	889	757	889	757
Short-term loans				
Khun Chintana Kawee Wong				
Beginning balance	2,625	2,625	2,625	2,625
Increase in the year	-	-	-	-
Paid during the year	-	-	-	-
Ending balance	2,625	2,625	2,625	2,625
Federal Capital Pte Ltd.				
Beginning balance	-	1,490	-	-
Increase in the year	-	210	-	-
Debt forgiveness	-	(1,700)	-	-
Ending balance	-	-	-	-
Federal Hardware Engineering Co.Pte.Ltd				
Beginning balance	-	-	-	-
Increase in the year	-	13,676	-	-
Paid during the year	-	(13,466)	-	-
Debt forgiveness	-	(210)	-	-
Ending balance	-	-	-	-
Capital Engineering Network PLC				
Beginning balance	8,850	8,850	-	-
Increase in the year	-	-	-	-
Paid during the year	-	-	-	-
Ending balance	8,850	8,850	-	-
Total short-term loans	11,475	11,475	2,625	2,625

For the consolidated and separate financial statements as at December 31, 2018 and 2017, short-term loans from related person in amount of Baht 2.63 million for both year, are loan unsecured promissory notes and period of promissory note are 3 month from the date of issue. Interest was charged at the rates of 5.00% per annum equally for both year.

For the consolidated financial statements as at December 31, 2016, short-term loan from related parties of a foreign subsidiary in amount of Baht 1.49 million, are unsecured loan contract, and due at call. Interest was not inter-charge. Subsequently, on October 31, 2017, the subsidiary registered the dissolution, as a result, the counter party transferred all outstanding debts burden to the subsidiary company.

For the consolidated financial statements as at December 31, 2018 and 2017, short-term loan from related parties in amount of Baht 8.85 million for both year, was loan for working capital of a subsidiary with the loan contract, carried the interest rate of 4.43% per annum and 4.76% per annum (MLR-1.75% per annum) respectively.

## 6.2 Inter-revenues and expenses

(Unit: Thousand Baht)

		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>For the year as at December 31,</u>			
	<u>Pricing Policy</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Revenues from services					
PAE Technical Service Public Co., Ltd	Mutual agreed contract price	-	-	762	1,662
PAE Federal International Co., Ltd	Mutual agreed contract price	-	-	-	793
PPS Energy & Marine Co., Ltd	Mutual agreed contract price	-	-	167	1,277
Total		-	-	929	3,732
Rental income					
PAE Technical Service Public Co., Ltd	Mutual agreed contract price	-	-	2,250	2,270
PAE Federal International Co., Ltd	Mutual agreed contract price	-	-	-	150
PAE Energy & Marine Co.,Ltd..	Mutual agreed contract price	-	-	324	264
Total		-	-	2,574	2,684
Other income					
PAE Technical Service Public Co., Ltd	Mutual agreed contract price	-	-	-	4
PPS Energy & Marine Co., Ltd.	Mutual agreed contract price	-	-	-	6
Total		-	-	-	10
Interest income					
PPS Energy & Marine Co., Ltd.	8% per annum	-	-	1,280	1,280

(Unit: Thousand Baht)

		<u>Consolidated</u>		<u>Separate</u>	
		<u>financial statements</u>		<u>financial statements</u>	
		<u>For the year as at December 31,</u>			
	<u>Pricing Policy</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of services					
PAE Technical Service Public Co., Ltd	Mutual agreed contract price	-	-	100	356
PAE Energy Solution Co., Ltd.	Mutual agreed contract price	-	-	83	-
Total		-	-	183	356
Interest expense					
Khun Chintana Kaweewong	5% per annum	131	131	131	131
Federal Hardware Engineering Co.Pte.Ltd	1.50-5.00% per principle	-	350	-	-
Total		131	481	131	131

Key management remuneration

(Unit: Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>For the year ended December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term benefits	15,361	18,364	7,987	9,427
Director' remuneration	3,831	4,710	2,688	2,771
Post-employment benefits	3,961	5,296	921	1,746
Total	23,153	28,370	11,596	13,944

6.3 Rental contracts with related companies

As at December 31, 2018 and 2017, the Company entered into a rental space including building fixtures, side space, extension and radiation room contract with PAE Technical Service Public Co., Ltd, contract dated is January 1, 2017 to December 31, 2019, the rental fee is Bath 0.02 million per month. (Renew the contract every 3 years).

As at December 31, 2018 and 2017, the Company entered into a rental office space contract with PAE Technical Service Public Co., Ltd, contract dated is April 1, 2017 to March 31, 2020, the rental fee is Bath 0.16 million per month. (Renew the contract every 3 years).

As at December 31, 2018 and 2017, the Company entered into a rental office space and service fees contract with PPS Energy & Marine Co., Ltd. for a period of 1 year. If there is no cancellation notice, the contract will be in effect every 30 April of every year at the rental and service rate of Baht 27,000.00 per month.

#### 6.4 Relationship of related companies

<u>Name of related parties</u>	<u>Relationship</u>	<u>Nature of relationship</u>
PAE Technical Service Public Co., Ltd.	Subsidiary	Direct shareholding
Pacific Resources International Limited (BVI)	Subsidiary	Direct shareholding
PAE Energy Solution Co., Ltd.	Subsidiary	Direct shareholding
Oasis Development Co., Ltd	Subsidiary	Direct shareholding
PPS Energy & Marine Co., Ltd.	Subsidiary	Direct shareholding
PAE Federal International Co., Ltd	Subsidiary	Direct shareholding
Capital Engineering Network PLC	Related company	Major shareholder single group
Federal Capital PTE Ltd.	Related company	Shareholders of PAE Federal International Co., Ltd (45.00%)

<u>Name of related parties</u>	<u>Relationship</u>	<u>Nature of relationship</u>
Federal Hardware Engineering Co.Pte.Ltd	Related company	Affiliated Companies with Federal Capital PTE Ltd.
Khun Chintana Kaweewong	Related person	The Company's shareholding

#### 7. Trade and other receivables

Consisted of :

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables non- related entities	154,996	162,001	94,689	113,147
<u>Less</u> Allowance for doubtful debt	(87,603)	(89,519)	(68,402)	(71,052)
Total trade receivables	67,393	72,482	26,287	42,095
Other receivables				
- Related entities	-	-	14,840	14,232
- Non- related entities	2,359	2,789	2,293	2,721

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accrued interest income				
- Related entities	-	-	4,169	2,889
- Non- related entities	42	72	34	64
Prepaid expense	11,911	13,951	11,478	13,056
Advance payment	5,188	5,666	5,064	5,479
Deposits	17,877	18,035	17,730	17,885
Total	37,377	40,513	55,608	56,326
<u>Less</u> Allowance for doubtful debt	(35,549)	(35,043)	(53,189)	(49,250)
Total other receivables	1,828	5,470	2,419	7,076
Total trade and other receivables	69,221	77,952	28,706	49,171

As at December 31, 2018 and 2017, the aging of trade are as follows:-

(Unit: Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade receivables				
Not yet due	40,827	51,311	16,671	30,668
Over due				
- Less than 3 months	16,292	8,036	275	1,766
- From 3 to 6 months	882	2,561	77	-
- From 6 to 12 months	462	282	193	-
- More than 12 months	96,533	99,811	77,473	80,713
Total	154,996	162,001	94,689	113,147
<u>Less</u> Allowance for doubtful debt	(87,603)	(89,519)	(68,402)	(71,052)
Total trade receivables	67,393	72,482	26,287	42,095

For the year ended December 31, 2018 and 2017 there was movement in the allowance for doubtful debts of trade and other receivable as follows :-

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	124,562	127,193	120,302	116,217
Increased(reversal) during the year	1,499	(1,514)	3,961	5,202
Repayment during the year	(2,909)	(1,117)	(2,672)	(1,117)
As at December 31,	<u>123,152</u>	<u>124,562</u>	<u>121,591</u>	<u>120,302</u>

#### 8. Unbilled receivables

Consist of:

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accrued revenue under service contracts	282,261	296,786	268,444	275,471
Completion value waiting for collection	-	5,169	-	5,169
Total	<u>282,260</u>	<u>301,955</u>	<u>268,444</u>	<u>280,640</u>
<u>Less</u> Allowance for doubtful debt	<u>(235,480)</u>	<u>(236,022)</u>	<u>(235,321)</u>	<u>(235,321)</u>
Net	<u>46,781</u>	<u>65,933</u>	<u>33,123</u>	<u>45,319</u>



As at December 31, 2018 and 2017, the completion value waiting for collection as follow :

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Value of contract	-	55,247	-	55,247
Revenue recognised on percentage of completion basis	-	55,100	-	55,100
<u>Less</u> Value of progress billings (Installment)	-	(49,931)	-	(49,931)
Completion value waiting for collection (Assets)	-	5,169	-	5,169

The additional data of construction in progress are as follow :-

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cost of construction and gain are recognized (less loss are recognized) until present	-	55,100	-	55,100
<u>Less</u> Value of progress billings (Instalment)	-	(49,931)	-	(49,931)
Gross amounts due from customers	-	5,169	-	5,169

For the year ended December 31, 2018 and 2017, there was movement in the allowance for doubtful debts of unbilled receivables as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	236,022	235,321	235,321	235,321
Increased(reversal) during the year	(542)	701	-	-
As at December 31,	235,480	236,022	235,321	235,321

9. Retention receivables under contract

Consist of:

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
On due according to contracts	3,074	851	1,357	464
Outstanding over credit term over 12 months	52,198	53,513	52,079	53,099
Total	55,272	54,364	53,436	53,563
<u>Less</u> Allowance for doubtful debts	(52,079)	(53,099)	(52,079)	(53,099)
Net	3,193	1,265	1,357	464

For the year ended December 31, 2018 and 2017, there was movement in the allowance for doubtful debts of retention receivable as follows :-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	53,099	56,130	53,099	56,130
Reversal during the year	(1,020)	(3,031)	(1,020)	(3,031)
As at December 31,	52,079	53,099	52,079	53,099

Allowance for doubtful receivables from retention receivable of the consolidated and separate financial statement as at December 31, 2018 and 2017, as follows:-

(Unit : Thousand Baht)

	<u>Consolidated and separate financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
A. The Capital Condominium Project	3,045	3,045
B. Element Srinakarin Project	10,876	10,876
C. Grace Land Khaolak Pang-Nga Project	26,403	26,403
D. Ramada Plaza Hotel Sukumvit Soi 15 Project	7,062	7,062
E. Modus Beach front Condominuim & AI Project	3,485	4,505
F. Other Project	1,208	1,208
Total	52,079	53,099

10. Short-term loans and accrued interest income to other parties

Consist of

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-term loans	55,571	55,571	55,571	55,571
Other receivables	18,574	18,574	18,574	18,574
Accrued interest income	16,666	16,666	16,666	16,666
Total	90,811	90,811	90,811	90,811
<u>Less</u> Allowance for doubtful debt	(90,811)	(90,811)	(90,811)	(90,811)
Net	-	-	-	-

For the year ended December 31, 2018 and 2017, the Company has movement of allowance for short-term loans and accrued interest income to other parties.

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	90,811	90,811	90,811	90,811
Increased(reversal) during the year	-	-	-	-
As at December 31,	90,811	90,811	90,811	90,811

11. Inventories

Consist of:

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	15,453	11,901	12,379	9,423
<u>Less</u> Allowance for decline in value of goods	(4,912)	(2,086)	(4,850)	(1,895)
Net	10,541	9,815	7,529	7,528

For the year ended December 31, 2018 and 2017, the Group has movement of allowance for decline in value of goods (Allowance for deteriorate and slow-moving) as follow:-

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
As at January 1,	2,086	5,744	1,895	5,471
Increased(reversal) during the year	2,826	(3,658)	2,955	(3,576)
As at December 31,	<u>4,912</u>	<u>2,086</u>	<u>4,850</u>	<u>1,895</u>

## 12. Restricted bank deposits

For the consolidated and separate financial statements as at December 31, 2018 and 2017, the Group has pledged the 12 months bank deposit-fixed account, carried at interest rate 0.65% – 1.25% per annum and 0.75% – 1.50% per annum respectively (Separate : 1.05% per annum and 1.30% per annum respectively), as collateral against letters of guarantee. as mentioned in Note no.36.1. However, the Company and its subsidiaries are allowed to withdraw the amount of interest.

## 13. Investments in subsidiaries

As at December 31, 2018 and 2017, investments in subsidiaries are as follows :-

Name	<u>Separate financial statements</u>									
	<u>Paid-up share capital</u>		<u>Investment ratio</u>		<u>Cost value</u>		<u>accumulated loss on</u>		<u>Carrying amount</u>	
							<u>impairment</u>			
	<u>(Million Baht)</u>		<u>(%)</u>		<u>(Thousand Baht)</u>		<u>(Thousand Baht)</u>		<u>(Thousand Baht)</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
PAE Energy Solution Co., Ltd.	5.00	5.00	99.99	99.99	4,999	4,999	(4,999)	(4,999)	-	-
Pacific Resources International Limited (BVI)	86.68	86.68	100.00	100.00	86,681	86,681	(86,681)	(86,681)	-	-
PAE Technical Service Public Co., Ltd.	110.00	110.00	72.12	72.12	79,329	79,329	-	-	79,329	79,329
Oasis Development Co., Ltd.	1.00	1.00	54.94	54.94	549	549	(549)	(549)	-	-
PPS Energy & Marine Co., Ltd.	150.00	150.00	67.77	67.77	82,137	82,137	(82,137)	(82,137)	-	-
Total					253,695	253,695	(174,366)	(174,366)	79,329	79,329

For the year ended December 31, 2018 and 2017, subsidiaries have no dividend payment. Since the operating loss.

The Board of Directors Meeting No. 5/2560, dated September 18, 2017, passed resolution to PAE Federal International Co., Ltd. (subsidiary) to liquidation and settlement. This is because of the company has a low return on investment but has high operating risk and continuously loss. Currently, the subsidiary is in the process of liquidation.

For the year ended December 31, 2018 and 2017, the movement of accumulated loss on impairment of investments was as follows:

	(Unit : Thousand Baht)	
	<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>
As at January 1,	174,366	176,566
Reversal during the year	-	(2,200)
As at December 31,	<u>174,366</u>	<u>174,366</u>

#### 14. Non-controlling interests

The financial information concerning to each subsidiary of the Company which has non-controlling interests before eliminated the inter-transaction was as follows:-

	(Unit:Thousand Baht)			
	As at December 31, 2018			
	PPS Energy & Marine Co., Ltd.	PAE Technical Service Public Co., Ltd.	Other Subsidiaries	Total
Percentage of non-controlling interests	32.23	27.88		
Current assets	5,048	71,239		
Non-current assets	93,910	61,702		
Current liabilities	(117,831)	(17,996)		
Non-current liabilities	(24,118)	(12,333)		
Net assets	(42,991)	102,612		
Carrying amount of non-controlling interests	<u>(16,974)</u>	<u>28,612</u>	(10,416)	1,221
Revenue	8,336	153,092		
Loss for the year	(18,074)	(19,637)		
Other comprehensive profit for the year	-	1,828		
Total comprehensive loss for the year	<u>(18,074)</u>	<u>(17,809)</u>		
Loss for the year attributable to non-controlling interests	(5,825)	(5,475)	(11)	(11,311)
Other comprehensive loss for the period attributable to non-controlling interests	-	509	-	509

(Unit : Thousand Baht)

	<u>As at December 31, 2017</u>			
	PPS Energy & Marine Co., Ltd.	PAE Technical Service Public Co., Ltd.	Other Subsidiaries	Total
Percentage of non-controlling interests	32.23	27.88		
Current assets	5,459	78,510		
Non-current assets	112,197	68,225		
Current liabilities	(107,884)	(16,363)		
Non-current liabilities	(34,689)	(9,951)		
Net assets	(24,917)	120,421		
Carrying amount of non-controlling interests	(11,149)	33,578	(10,406)	12,023
Revenues	7,240	153,029		
Loss for the year	(36,628)	(15,101)		
Other comprehensive loss for the year	-	496		
Total comprehensive loss for the year	(36,628)	(14,605)		
Loss for the year attributable to non-controlling interests	(11,805)	(4,211)	(723)	(16,739)
Total comprehensive loss for the year attributable to non- controlling interests	-	138	-	138

For the year ended December 31, 2018 and 2017, the Company have movement of non-controlling interests was as follows:-

	<u>(Unit:Thousand Baht)</u>	
	<u>Consolidated financial statements</u>	
	<u>2018</u>	<u>2017</u>
As at January 1,	12,023	26,752
Share of loss for the year	(11,311)	(16,739)
Other comprehensive profit (loss)	509	138
Liquidation of subsidiaries	-	1,872
As at December 31,	1,221	12,023

15. Investment property

Consisted of: -

(Unit : Thousand Baht)

<u>Consolidated financial statements</u>			
	Land	Building	Total
<b>Cost :</b>			
As at January 1, 2017	38,587	13,474	52,061
As at December 31, 2017	38,587	13,474	52,061
Transfer in	-	409	409
As at December 31, 2018	38,587	13,883	52,470
<b>Accumulated depreciation :</b>			
As at January 1, 2017	-	(13,474)	(13,474)
As at December 31, 2017	-	(13,474)	(13,474)
Transfer in	-	(409)	(409)
As at December 31, 2018	-	(13,883)	(13,883)
<b>Net book value :</b>			
As at December 31, 2017	38,587	-	38,587
As at December 31, 2018	38,587	-	38,587

(Unit : Thousand Baht)

<u>Separate financial statements</u>			
	Land	Building	Total
<b>Cost :</b>			
As at January 1, 2017	35,563	-	35,563
As at December 31, 2017	35,563	-	35,563
Transfer in	-	409	409
As at December 31, 2018	35,563	409	35,972
<b>Accumulated depreciation :</b>			
As at January 1, 2017	-	-	-
As at December 31, 2017	-	-	-
Transfer in	-	(409)	(409)
As at December 31, 2018	-	(409)	(409)
<b>Net book value :</b>			
As at December 31, 2017	35,563	-	35,563
As at December 31, 2018	35,563	-	35,563



For the consolidated financial statements as at December 31, 2018 and 2017, the Group has mortgaged land with construction, carrying amount of Baht 38.13 million equally for both years (Separate : Baht 35.11 million for the year), as collateral against the credit facility from the financial institutions as in Note 21 and 36.1.

For the consolidated and separate financial statements as at December 31, 2018 and 2017, Investment property as land and buildings are for the benefit of rental income and land held for currently undetermined future use.

For the consolidated and separate financial statements the fair value Level 3 of investment property in amounting Baht 75.07 million have calculated by “Market Approach” by comparable properties that are similar and traded that similar or different from the property appraised by sufficient number. The valuation must consider in various factors that affect the value of the property as assessed in comparison with market information to compare such as location, city plan, land plot, size of living space, building quality etc. and then analyse the property valuation by using various techniques such as Sale Adjustment – Grid Method, Weighted Quality Score (WQS) and so on.

There are no other changes in valuation techniques during the year.

## 16. Property, plant and equipment

Consist of: -

(Unit : Thousand Baht)

Consolidated financial statements							
	Land and improvement	Building and improvement	Machinery and equipment	Vehicles	Furniture and equipment	Construction progress	Total
Cost :							
As at January 1, 2017	274,510	273,151	224,570	36,092	61,134	299	869,756
Acquisition	76	500	10,638	-	2,942	311	14,467
Transfer in /Transfer out	-	311	-	-	-	-	311
Disposal/Written-off	-	-	(39,091)	(3,135)	(9,417)	(311)	(51,954)
As at December 31, 2017	274,586	273,962	196,117	32,957	54,659	299	832,580
Acquisition	-	-	3,561	1,214	1,184	-	5,959
Transfer in /Transfer out	-	(409)	(49)	-	49	-	(409)
Disposal/Written-off	-	-	(973)	(915)	(868)	-	(2,756)
As at 31 December 2018	274,586	273,553	198,656	33,256	55,024	299	835,374
Accumulated depreciation:-							
As at January 1, 2017	(36,780)	(132,384)	(141,471)	(27,399)	(48,259)	-	(386,293)
Depreciation for the year	(28)	(9,835)	(23,210)	(3,810)	(5,222)	-	(42,105)
Disposal/Written-off	-	-	31,783	3,135	9,336	-	44,254
As at December 31, 2017	(36,808)	(142,219)	(132,898)	(28,074)	(44,145)	-	(384,144)
Depreciation for the year	(30)	(7,722)	(17,852)	(2,650)	(3,962)	-	(32,266)
Disposal/Written-off	-	-	972	915	867	-	2,754
Transfer in /Transfer out	-	409	49	-	(49)	-	409
As at December 31, 2018	(36,838)	(149,582)	(149,729)	(29,809)	(47,289)	-	(413,247)
Allowance for impairment:-							
As at January 1, 2017	(50,344)	(47,500)	(2,403)	-	(36)	-	(100,283)
Loss from impairment	(459)	(6,554)	-	-	-	-	(7,013)
As at December 31, 2017	(50,803)	(54,054)	(2,403)	-	(36)	-	(107,296)
Loss from impairment	(1,376)	-	-	-	-	-	(1,376)
As of December 31, 2018	(52,179)	(54,054)	(2,403)	-	(36)	-	(108,672)
Net book value :							
As at December 31, 2017	186,975	77,687	60,816	4,883	10,478	299	341,140
As at December 31, 2018	185,569	69,917	46,524	3,447	7,699	299	313,455

Depreciation is included in the statement of comprehensive income for the year

End of December 31, 2017	42,105
End of December 31, 2018	32,266

(Unit : Thousand Baht)

## Separate financial statements

	Land and improvement	Building and improvement	Machinery and equipment	Vehicles	Furniture and equipment	Construction progress	Total
<b>Cost :</b>							
As at January 1, 2017	208,220	219,549	79,092	10,413	51,486	-	568,760
Acquisition	-	-	9,497	650	2,592	-	12,739
Transfer in /Transfer out	-	-	-	-	-	-	-
Disposal/Written-off	-	-	(6,149)	-	(9,236)	-	(15,385)
As at December 31, 2017	208,220	219,549	82,440	11,063	44,842	-	566,114
Acquisition	-	-	1,807	-	813	-	2,620
Transfer in /Transfer out	-	(409)	(49)	-	49	-	(409)
Disposal/Written-off	-	-	(957)	(411)	(868)	-	(2,236)
As at 31 December 2018	208,220	219,140	83,241	10,652	44,836	-	566,089
<b>Accumulated depreciation:-</b>							
As at January 1, 2017	(36,669)	(119,577)	(54,370)	(8,924)	(42,272)	-	(261,812)
Depreciation for the year	-	(7,973)	(6,446)	(498)	(4,059)	-	(18,976)
Disposal/Written-off	-	-	6,149	-	9,186	-	15,335
As at December 31, 2017	(36,669)	(127,550)	(54,667)	(9,422)	(37,145)	-	(265,453)
Depreciation for the year	-	(5,333)	(6,463)	(522)	(2,985)	-	(15,333)
Disposal/Written-off	-	-	957	411	867	-	2,235
Transfer in /Transfer out	-	409	49	-	(49)	-	409
As at December 31, 2018	(36,669)	(132,474)	(60,124)	(9,563)	(39,312)	-	(278,142)
<b>Allowance for impairment:-</b>							
As at January 1, 2017	(46,242)	(33,911)	-	-	-	-	(80,153)
Loss from impairment	-	-	-	-	-	-	-
Reversal	76	-	-	-	-	-	76
As at December 31, 2017	(46,166)	(33,911)	-	-	-	-	(80,077)
Loss from impairment	-	-	-	-	-	-	-
Reversal	-	-	-	-	-	-	-
As at December 31, 2018	(46,166)	(33,911)	-	-	-	-	(80,077)
<b>Net book value :</b>							
As at December 31, 2017	125,385	58,088	27,773	1,641	7,697	-	220,584
As at December 31, 2018	125,385	52,755	23,117	1,089	5,524	-	207,870

Depreciation is included in the statement of comprehensive income for the year

End of December 31, 2017	18,976
End of December 31, 2018	15,333

According to consolidated financial statements as at December 31, 2018 and 2017, the Company recognized a loss on impairment of building and water supply plant unused in operation total Baht 1.38 million and Baht 7.09 million respectively. The recoverable amount of assets calculated from fair value less by costs to sell that contain with the fair value of the land is determined based on the Market-Comparison Approach method and the fair value of the building and water supply plant calculated based on The Replacement-Cost Approach method which prepared by independent appraisers.

According to the consolidated financial statements as at December 31, 2018 and 2017, the Group have mortgaged land with construction in carrying amount of Baht 209.95 million and Baht 233.42 million respectively. (Separate : as at December 31, 2018 and 2017, amount Baht 139.73 million and Baht 143.06 million respectively), as collateral against the credit facility from the financial institutions as in Note no.21 25 and 36.1 and short-term loans from third parties as in note no.24.

According to the consolidated financial statements as at December 31, 2018 and 2017, the Group have the part of assets acquired under finance lease agreements the carrying amount of Baht 4.88 million and Baht 9.04 million respectively. (Separate : as at December 31, 2018 and 2017, amount Baht 0.36 million and Baht 1.19 million respectively).

According to the consolidated financial statements as at December 31, 2018 and 2017, the Group have the assets which had fully depreciated but they still used. The cost in amount of Baht 261.45 million and Baht 204.05 million respectively. (Separate : as at December 31, 2018 and 2017, amount Baht 212.18 million and Baht 169.20 million respectively).

According to the consolidated financial statements as of December 31, 2018 and 2017, the Group have unused assets these are land with construction and water supply plant in carrying amount of Baht 104.89 million and Baht 118.36 million respectively. (Separate : as at December 31, 2018 and 2017, amount Baht 38.33 million and Baht 40.84 million respectively).

According to the consolidated financial statements as at December 31, 2018 and 2017, the Group have buildings and water supply plant located on land owned by third-party in carrying amount of Baht 3.39 million and Baht 7.02 million, respectively. (Cost price Baht 53.37 million equally for both years).

17. Intangible assets

All amounts are software as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidate</u>	<u>Separate</u>
	<u>financial statement</u>	<u>financial statement</u>
<b>Cost :</b>		
As at January 1, 2017	19,602	16,868
Acquisition	144	-
Transfer to expenses	(520)	(520)
As at December 31, 2017	19,226	16,348
Acquisition	-	-
Transfer to expenses	-	-
As at December 31, 2018	19,226	16,348
<b>Accumulated amortization :</b>		
As at January 1, 2017	(13,424)	(12,504)
Amortization	(2,005)	(1,723)
Transfer to expense	430	430
As at December 31, 2017	(14,999)	(13,797)
Amortization	(1,248)	(1,004)
Transfer to expense	-	-
As at December 31, 2018	(16,247)	(14,801)
<b>Allowance for impairment :</b>		
As at January 1, 2017	-	-
Impairment losses	(130)	(130)
As at December 31, 2017	(130)	(130)
Reversal impairment loss	56	56
As at December 31, 2018	(74)	(74)
<b>Net book value :</b>		
As at December 31, 2017	4,097	2,421
As at December 31, 2018	2,905	1,473
<b>Amortization is included in the statement of comprehensive income for the year</b>		
End of December 31, 2017	2,005	1,723
End of December 31, 2018	1,248	1,004

18. Goodwill

Consist of:

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31</u>	
	<u>2018</u>	<u>2017</u>
Goodwill	34,804	34,804
<u>Less</u> Allowance for impairment	(34,804)	(34,804)
Net	-	-

All amount of goodwill is from the purchase price of the common shares (consideration transferred) of PPS Energy and Marine Co., Ltd (Subsidiary company) is higher than the fair value of net assets of the subsidiary at the acquisition date and after the acquisition the management of the Company has found that the subsidiary has not complied performance with the business plan because of the impact of not being able to increase capital in 2015. The management is therefore evaluating the recoverable amount of cash generating unit (CGU) of a subsidiary (assets used in tap water production) and individual assets (non-operating assets). After testing, the Company's management has determined that the recoverable amount is lower than the carrying amount of the subsidiary's investment. As a result, the management is realizing whole amount of loss of impairment of goodwill.

19. Deferred tax assets and liabilities

Deferred tax assets and liabilities as at December 31, 2018 and 2017 were as follows :-

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Deferred tax assets	3,130	4,569
Deferred tax liabilities	(1,424)	(1,314)

Movements of deferred tax assets and liabilities for the years ended December 31, 2018 and 2017 were as follows:-

(Unit : Thousand Baht)

	Consolidated financial statements			
	As at January 1, 2018	Recognized in the profit (loss) for the year	Loss of impairment for the year	As at December 31, 2018
Deferred tax assets				
Trade receivables	289	-	-	289
Property, plant and equipment	9,074	(1,027)	-	8,047
Receivables under financial lease contract	(6,538)	1,029	-	(5,509)
Employee benefits obligation	1,744	-	(1,441)	303
Total	4,569	2	(1,441)	3,130
Deferred tax liabilities				
Water rights	(832)	-	-	(832)
Asset under financial lease contract	(947)	(18)	-	(965)
Liabilities under financial lease contract	465	(92)	-	373
Total	(1,314)	(110)	-	(1,424)
Net	3,255	(108)	(1,441)	1,706

(Unit : Thousand Baht)

	Consolidated financial statements			
	As at January 1, 2017	Recognized in the profit (loss) for the year	Recognized in the other comprehensive income	As at December 31, 2017
Deferred tax assets				
Trade receivables	1,182	(893)	-	289
Property, plant and equipment	10,052	(978)	-	9,074
Receivables under financial lease contract	(6,720)	182	-	(6,538)
Employee benefits obligation	1,461	407	(124)	1,744
Total	5,975	(1,282)	(124)	4,569
Deferred tax liabilities				
Water rights	(845)	13	-	(832)
Receivables under financial lease contract	(1,377)	430	-	(947)
Liabilities under financial lease contract	1,095	(630)	-	465
Total	(1,127)	(187)	-	(1,314)
Net	4,848	(1,469)	(124)	3,255

20. Receivable under financial lease contract

Consist of:

	(Unit : Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Receivable under financial lease contract		
- Within 1 year	3,147	3,085
- More than 1 year	45,086	48,233
Total receivable under financial lease contract	48,233	51,318
<u>Less</u> Deferred interest income	(16,568)	(18,625)
The present value of receivable under financial lease contract	31,665	32,693
<u>Less</u> Current portion	(1,159)	(1,028)
Receivable under financial lease contract over 1 year	30,506	31,665
<u>Less</u> Allowance for doubtful debts	(4,121)	-
Net	26,385	31,665

As at December 31, 2018 and 2017, the debtor under financial leases are the debtor caused from “Construction design and tap water supply process system” contract dated June 29, 2012 with an unrelated party (the employer), in accordance with the terms of the contract, specify to the subsidiary must invest in the building and tap water supply plant included to proceed to the machine is in working condition under the requirements of the employer. After the subsidiary delivers the assets to the employer within 180 days from the date of the contract, the subsidiary will be granted the concession for the tap water supply for the employer in a period of 20 years commencing from the date of the contract and at the end of the contract the ownership of assets under this contract will be transfer to the employer immediately.

As at December 31, 2018 and 2017, assets used in the production of tap water and concession contract are the part of the assets under the joint venture agreement between the subsidiary company and the joint venture as mentioned in Note 36.9.

As at December 31, 2018, the management of the Group of company arranged for an assessment of the net realizable value of the tap water production concession agreement. The results of the assessment showed that the expected return value of the concession contract which contain with contract sales price and the equity after the joint venture that the subsidiary company expects to receive throughout the remaining concession period is lower than the book value of the finance lease receivable in amount of 4.12 million Baht, therefore the



management considered to recognize an allowance for doubtful accounts of the finance lease receivables which is recognized in the consolidated statement of income for the year 2018 in full amount. The equity after the joint venture of the subsidiary company is determined from the fair value of the concession contract under the conditions of the joint venture between the subsidiary company and the joint venture partner as discussed in Note Article 36.9 which is calculated according to the Income Approach by an independent financial advisor.

## 21. Defaulted debts

Consist of:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Minimum lease payments under financial lease contracts	16,808	16,808	-	-
<u>Less</u> Deferred input tax	(906)	(906)	-	-
Liabilities under financial lease contracts	15,902	15,902	-	-
Bank overdraft	30,000	30,000	30,000	30,000
Short-term loans (promissory note)	20,141	20,141	20,141	20,141
Long-term loans	343,912	343,886	333,207	333,207
Accrued interest expense	198,124	81,067	183,250	68,088
Total	608,079	490,996	566,598	451,436

### The Company of defaulted debts

As at December 31, 2018 and 2017, the Company has overdraft of Baht 30.00 million for both year short-term loan of Baht 20.14 million and long-term loan of Baht 333.21 million for both years. The whole amount is a loan from a financial institution.

Long-term loan for construction and acquisition of equipment for the Fabrication shop in Songkhla. Borrowings are due for repayment in installments starting from November 30, 2008 until November 18, 2023 (Total 120 periods), bearing interest at the rate as referred to Standard Profit Rate Long-term (SPRL) plus 0% to 0.5% per annum.

Accrued interest expenses is calculated at the highest interest rate in the case of default of the bank lender (15-24% per annum).

Presently the Company stopped to pay the principal and accrued interest to creditors since January 2016 due to pending for orders to the Company to enter into the rehabilitation plan from the central bankruptcy court as described in the Notes no.2.

#### A subsidiary of defaulted debts

##### Liabilities financial lease contract

As at December 31, 2018 and 2017, has outstanding in amount of Baht 26.59 million, consisted of : the principal in amount Baht 15.90 million,(net VAT in amount Baht 0.91 million) and accrued interest expenses in amount Baht 10.69 million for both years. the whole amount of defaulted debts derived from default of hire-purchase installment in the sell of tap water production machine and leaseback by 2 hire-purchase agreements with a financial institution, which were cancelled and called for return the assets together with the loss of benefits on February 27, 2013. Thence, the subsidiary has classified the whole amount of outstanding liabilities as defaulted debts and recognized the defaulted interest, carried at the rate of 15.00% per annum.

The subsidiary company has stop to pay principal and accrued interest to the creditors since 2015 due to the cancellation of the tap water purchase contract by the contract parties. (See Note 36.10). As a result to the subsidiary company has serious liquidity problems.

On July 14, 2017, subsidiary, a former director of a subsidiary and one company (A counterparty to subsidiary) was sued by a financial institution to the Civil Court in Black Case No. ๙๑.4709/2560, in the case of breach of a hire purchase contract, a guarantee of recovery of property. It requires the subsidiary to deliver 2 machines in working condition to the creditors. If unable to deliver, the subsidiary and the defendant must jointly compensate Baht 51.77 million, including principal included VAT of Baht 16.81 million, accrued interest expenses of Baht 0.70 million (calculated for filing), late payment of Baht 9.99 million, and delinquent amount of Baht 24.27 million. On May 30, 2018, the court issued a judgment under the red case No. 2560/2561 for the subsidiary to repay the debt to the creditors totaling Baht 17.10 million, included hire purchase (in the case of can't to return the machinery) is Baht 5.40 million, lack of benefit cost Baht 7.80 million with interest at 7.50% per annum calculate from July 14, 2017 (filing date) until the debt is fully repaid and monthly payment for lack of benefit is Baht 0.325 million per month not exceeding 12 months totaling Baht 3.90 million. Currently, the subsidiary company request to extend the appeal (Note 37.2). However, the management has not yet recognized the gain on reversal of liabilities of Baht 9.49 million (the difference between the carrying amount of the debt and the debt of the court of first instance's judgment) which highly unstable.

## Long-term loan

As at December 31, 2018 and 2017, Long-term loan classified to defaulted debts are as follow: -

<u>Credit Line</u>		<u>Outstanding balance</u>		<u>Accrued interest expenses</u>		<u>Repayment of principal and interest</u>
<u>(Million Baht)</u>		<u>(Million Baht)</u>		<u>(Million Baht)</u>		
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
4.00	4.00	3.50	3.50	3.20	1.31	- Term of repayment for principal and interest every month period 1 <sup>st</sup> – 9 <sup>th</sup> will settle the interest only on a monthly basis, period 10 <sup>th</sup> – 45 <sup>th</sup> will settle by Baht 20,000.00 installment, , period 46 <sup>th</sup> – 81 <sup>th</sup> will settle by Baht 34,400.00 installment and period 82 <sup>th</sup> onwards will settle Baht 43,000.00 installment, To complete within 130 months from the date of first drawdown (by 2023).  - Interest paid monthly from first withdrawal date.  - Interest rate is MLR per annum, the creditors start to calculated the default interest from August 30, 2016 (default interest rate of 18% per annum).
10.00	10.00	2.44	2.44	0.01	0.01	- Term of repayment for principal and interest every month period 1 <sup>st</sup> – 9 <sup>th</sup> will settle the interest only on a monthly basis, period 10 <sup>th</sup> – 45 <sup>th</sup> will settle by Baht 50,000.00 installment, period 46 <sup>th</sup> – 81 <sup>th</sup> will settle by Baht 85,700.00 installment and period 82 <sup>th</sup> onwards will settle Baht 107,000.00 installment, To complete within 130 months from the date of first drawdown (by 2023).  - Interest paid monthly from first withdrawal date.  - Interest rate is MLR per annum, the creditors start to calculated the default interest from September 30, 2016 (default interest rate of 18% per annum).
6.00	6.00	4.74	4.74	0.96	0.96	- Term of repayment for principal and interest every month period 1 <sup>st</sup> – 12 <sup>th</sup> will settle the interest only on a monthly basis, and period 13 <sup>th</sup> onwards will settle Baht 50,000.00 installment, complete within 132 months from the date of first drawdown (by 2023).  - Interest paid monthly from first withdrawal date.  - Interest rate is MLR per annum, the creditors start to calculated the default interest from September 30, 2016 (default interest rate of 18% per annum).
-	-	0.03	-	-	-	- Bank charge fee.
20.00	20.00	10.71	10.68	4.17	2.28	

On May 22, 2017, the subsidiary and one of former director was sued by a financial institution to the civil court in black case no. พ.ด.2848/2560 on offense about breach of loan agreement, guarantee and mortgage agreement by request to the subsidiary company and former directors to pay principal and accrued interest of Baht 12.97 million (debt load as at May 22, 2017), consisting the principal of Baht 10.68 million and accrued interest expense of Baht 2.29 million and on December 7, 2017, the creditor filed a claim with Thai Credit Guarantee Corporation (TCG) for Baht 8.75 million. The management of the subsidiary has classified defaulted debts as consistd the principal amounting Baht 6.31 million and accrued interest expenses amounting Baht 2.44 million totaling amount Baht 8.75 million (credit line Baht 10.00 million) as long-term loan from financial institutions. On July 16, 2018, the subsidiary and creditors entered into a compromise agreement. The subsidiary agrees to pay the debt by plaint of the creditors in the amount of Baht 14.46 million and interest 18.00% per annum of the principal amount of Baht 10.68 million until the repayment is completed. Payment by monthly installments not less than Baht 0.17 million. The first payment will be commenced on August 2018 and must be repaid within one year from the date of the agreement.

The defaulted debt for the entire amount of the guarantee by land together construction, ownership of the Company and subsidiary and well water supply plant are owned by the subsidiary as described in Note no.15 and 16.

## 22. Trade and other payables

Consist of:

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables				
- Related parties	-	-	509	515
- Third – parties	214,288	219,766	205,137	212,815
Post-date cheque	989	862	989	862
Total trade payables	215,277	220,628	206,815	214,192
Other payables				
Other payables				
- Related parties	848	941	-	-
- Third – parties	18,325	20,344	7,531	9,849
Assets payable	3,113	3,760	-	-

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accrued expenses				
- Related parties	-	-	-	17
- Third – parties	9,776	12,175	3,908	5,360
Accrued interests expenses				
- Related parties	889	757	889	757
- Third – parties	15,635	12,297	12,269	9,718
Advance received				
- Related parties	100	720	-	-
- Third – parties	-	507	-	-
The guarantee of entering into				
a joint venture agreement	10,000	10,000	-	-
Total other payables	58,686	61,501	24,598	25,701
Total trade and other payables	273,963	282,129	231,412	239,893

The Group had trade and other payable and accrued interest expenses of Baht 29.60 million for both year, (Separate : Baht 28.61 million for both year), the liabilities was lawsuit by the creditors as discussed in Note no.37.

The guarantee of entering into a joint venture agreement of Baht 10.00 million is the guarantee between PPS Energy and Marine Co., Ltd (a subsidiary) and the counterparties as described in note to financial statement No.36.9.

## 23. Retention payables

As at December 31 2018 and 2017, the Company had retention payables of Baht 1.32 million and Baht 1.73 million respectively, the liabilities was lawsuit by the creditors as discussed in Note no.37.

24. Short-term loan from third - parties

Consist of:

(Unit : Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Short-Term loan from other entities	62,994	62,994	27,589	27,589
Short-Term loan from other persons	10,440	6,440	-	-
Total	<u>73,434</u>	<u>69,434</u>	<u>27,589</u>	<u>27,589</u>

According to the consolidated and separate financial statements as at December 31, 2018 and 2017, short-term loan from other entity is in amount of Baht 27.59 million for both year, was loan for working capital of the Company with the loan contract, carried the interest rate of 9.25% per annum and without collateral. The loan is a loan that has been pledged by the creditors as discussed in Note no. 37.1.

According to the consolidated financial statements as December 31, 2018 and 2017, short-term loan from other entity in amount of Baht 35.40 million for both year, was liabilities of a subsidiary with WNSR Pacific Company Limited without contract and interest.

According to the consolidated financial statements as at December 31, 2018 and 2017, the whole amount of short-term loan from other persons was loan for working capital of a subsidiary with the loan contract and promissory note, carried the interest rate of 8.00-10.00% per annum for both year. A part loan in amount of Baht 10.00 million and Baht 6.00 million respectively. (credit line in amount Baht 10.00 million) is secured by the land (well) which belongs to a subsidiary, the carrying amount of Baht 30.63 million.

25. Long-term loan from financial institutions

Consist of:

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	
	<u>financial statements</u>	
	<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>
Long-term loan from financial institutions	20,490	22,206
Long-term loan from TCG	8,750	8,750
Total long-term loan	29,240	30,956
<u>Less</u> Current portion	(6,012)	(2,464)
Net	23,228	28,492

The movement in the long-term loans from financial institutions for the year ended December 31, 2018 and 2017, are as follow:-

	(Unit : Thousand Baht)	
	<u>Consolidated</u>	
	<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>
As at January 1,	30,956	26,095
<u>Plus</u> Transferred from debt default	-	8,750
<u>Less</u> Repayment	(1,716)	(3,889)
As at December 31,	29,240	30,956

As at December 31, 2018 and 2017, long-term loans from financial institutions are as follow:-

<u>Credit Line</u>		<u>Outstanding</u>		<u>Interest rate</u>	<u>Repayment of principal and interest rate</u>	
		<u>balance</u>				
<u>(Million Baht)</u>		<u>(Million Baht)</u>		<u>(% p.a.)</u>		
<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
40.00	40.00	20.49	22.21	MLR+0.50	MLR+0.50	- Term of repayment for principal and interest every month period 1 <sup>st</sup> – 6 <sup>th</sup> will settle the interest only on a monthly basis, period 7 <sup>th</sup> – 36 <sup>th</sup> will settle by Baht 410,000.00 installment, and period 37 <sup>th</sup> onwards will settle Baht 590,000.00 installment, for the period of 7 years. To complete within 84 months from the date of first drawdown (by 2020) (Currently, repayment instalments in amount of Baht 616,000.00).
						- Interest paid monthly from first withdrawal date.
10.00	10.00	8.75	8.75	7.50	7.50	- Repayment all principle and interest under the agreement within January 7, 2018. Currently, the subsidiary is in the process of negotiating for extension of repayment period with the creditor.
50.00	50.00	29.24	30.96			

The credit line of long-term loan of the subsidiaries have pledged land together construction and the water supply plants as mentioned in the notes to financial statements No.20 and the former subsidiary's directors offered their guarantee.

## 26. Liabilities under financial lease contracts

Consist of :

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Liabilities under financial lease contracts				
- Within 1 year	1,246	1,953	198	386
- Over 1 year but not over 5 years	869	1,005	-	213
Total liabilities financial lease contracts	2,115	2,958	198	599
<u>Less</u> Future interest expenses	(66)	(219)	(7)	(75)
Total present value of liabilities under financial lease contracts	2,049	2,739	191	524
<u>Less</u> Current portion	(1,210)	(1,795)	(191)	(333)
Net	839	944	-	191



As at December 31, 2018 and 2017, the Group has entered into 7 and 13 financial lease and hire-purchase contracts to purchase vehicles respectively (Separate : 1 contracts and 2 contracts respectively), with 2 and 3 of the financial institutions respectively (Separate : 1 financial institution for both year), the monthly repayable is Baht 0.10 million and Baht 0.18 million respectively (Separate : the monthly repayable is Baht 0.02 million and Baht 0.05 million respectively) and the contract duration contract of 4 years and 3-5 years respectively (Separate : contract 4 years and 3-4 years respectively), which were guaranteed by the Subsidiary's directors. When all the contractual payment have been paid the hire-purchase contracts, the ownership of the said vehicles would automatically belong to the Group but financial leases contract the vehicle's ownership still be the lessor until the Group decides to purchase it.

The Group are obliged to pay a minimum rent under finance leases are as follows:-

(Unit : Thousand Baht)

Consolidated financial statement

As at December 31, 2018

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	1,246	869	2,115
Deferred interest expense	(36)	(30)	(66)
Present value of future minimum lease payments	1,210	839	2,049

(Unit : Thousand Baht)

Consolidated financial statement

As at December 31, 2017

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	1,953	1,005	2,958
Deferred interest expense	(158)	(61)	(219)
Present value of future minimum lease payments	1,795	944	2,739

(Unit : Thousand Baht)

Separate financial statement

As at December 31, 2018

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	198	-	198
Deferred interest expense	(7)	-	(7)
Present value of future minimum lease payments	191	-	191

(Unit : Thousand Baht)

Separate financial statementAs at December 31, 2017

	<u>Within 1 year</u>	<u>1 - 5 years</u>	<u>Total</u>
Future minimum lease payments	386	213	599
Deferred interest expense	(53)	(22)	(75)
Present value of future minimum lease payments	333	191	524

27. Employee benefits obligation

For the year ended December 31, 2018 and 2017, employee benefits obligation has the movement as follows:

(Unit : Thousand Baht)

	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Employee benefit obligation as at January 1,	25,656	20,458	16,880	13,097
Current service cost and interest expenses	6,603	6,096	4,254	4,062
Past service cost from plan change	1,828	-	-	-
Actuarial gain (losses) arising from defined benefit plan	(1,828)	(619)	-	-
Gain (losses) on the settlement of a defined benefit plan	(1,580)	(279)	(1,415)	(279)
Employee benefit obligations as at December 31,	30,679	25,656	19,719	16,880

(Revenue) expenses are recognized in the statement of comprehensive income for the year ended December 31, 2018 and 2017, as follows :-

(Unit:Thousand Baht)

	<u>Consolidated financial</u>		<u>Separate financial</u>	
	<u>statements</u>		<u>statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current service cost and past service cost	7,722	5,448	3,768	3,638
Interest expense	709	647	476	424
Actuarial gain (losses) arising from defined benefit plan	(1,828)	(619)	-	-
Gain (losses) on the settlement of a defined benefit plan	(1,580)	(279)	(1,415)	(279)
Total	5,023	5,197	2,829	3,783

However, if Company has to comply with the requirements under the draft Labor Protection Act No. 7, the management forecast that the law will affect the financial statements of the Group of company in the accounting period for the year 2019. The Group will be recognition of additional liabilities from the original amount of 3.54 million Baht.

Principal actuarial assumptions as at December 31, 2018 and 2017:-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Discount rate	2.66%-3.40%	2.71%-3.40%	3.40%	3.40%
Average salary increase rate	2.70%-10.00%	2.70%-10.00%	2.70%-10.00%	2.70%-10.00%
Employee turnover rate	5.00%-40.00%	5.00%-40.00%	7.00%-40.00%	7.00%-40.00%
Retirement age	60 years	60 years	60 years	60 years

Changes in the actuarial assumption will affect to the employee benefit obligation for the year ended December 31, 2018 and 2017 as follows :

(Unit : Thousand Baht)

	<u>Consolidated and Separate financial statements</u>			
	<u>2018</u>		<u>2017</u>	
	<u>Increase</u>	<u>Decrease</u>	<u>Increase</u>	<u>Decrease</u>
Mortality (1 year movement)	(210)	189	(187)	168
Discount rate (1.0% movement)	(1,975)	2,235	(1,864)	2,123
Future salary increases rate (1.0% movement )	2,289	(2,664)	2,157	(2,510)
Employee turnover (10.00% movement)	(1,407)	1,804	(610)	969

## 28. Basic loss per share

For the year ended December 31, 2018 and 2017, the basic loss per share were calculated from the loss for the year attributable to ordinary shareholders of the Company (excludes other comprehensive income) and the weighted average number of ordinary share outstanding during the year as follows :-

<u>Consolidated financial statements</u>		
<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>
Loss attributable to ordinary shareholders of the Company (Thousand Baht)	(179,730)	(145,301)
Weighted average number of ordinary shares for the period (Thousand share)	2,770,890	2,770,890
Basic loss per share (Baht)	(0.065)	(0.052)
 <u>Separate financial statements</u>		
<u>For the year ended December 31,</u>		
	<u>2018</u>	<u>2017</u>
Loss attributable to ordinary shareholders of the Company (Thousand Baht)	(157,201)	(111,916)
Weighted average number of ordinary shares for the period (Thousand share)	2,770,890	2,770,890
Basic loss per share (Baht)	(0.057)	(0.040)

## 29. Capital management

The primary objectives of the Group's and its subsidiaries in capital management are to maintain their abilities to continue as a going concern and to maintain an appropriate capital structure.

As at December 31, 2018 and 2017, the consolidated financial statements have shown the debt to equity ratio in (1.89) : 1 and (2.40) : 1 respectively, and the separate financial statements have shown the debt to equity ratio in (1.71) : 1 and (2.07) : 1 respectively.

30. Income tax (expense) revenue

Income tax which is recognized in profit or loss consist of:

	(Unit:Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Current income tax		
Current income tax (expense) revenue	-	-
Deferred income tax		
Deferred income tax expense (note no. 19)	(108)	(1,469)
Income tax expense recognized in profit or loss for the year	<u>(108)</u>	<u>(1,469)</u>

Income tax which is recognized in the other comprehensive income, consist of :-

	(Unit:Thousand Baht)	
	<u>Consolidated financial statements</u>	
	<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>
Actuarial gain(loss) arising from defined benefit plan of employees	-	124

The Group is not liable to corporate income tax for the year ended December 31, 2018 and 2017, because due to tax loss in the current year.

As at December 31, 2018 and 2017 the Group had the deductible temporary differences and unused tax losses for which no deferred tax assets are recognized in the statement of financial position due to the Group managements considered that it is not probable the Group future taxable profit will be available against which the deferred tax assets can be utilized. Consisted of :-

(Unit : Thousand Baht)				
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Deferred tax assets</u>				
Allowance for account doubtful and allowance for impairment				
- Allowance for doubtful debt	8,509	8,693	8,509	8,693
- Allowance for impairment of property, plant and equipment	21,135	20,379	16,015	16,015
- Allowance for impairment of investments in subsidiaries	34,873	-	34,873	34,873
- Allowance for retention receivables	7,502	8,203	7,502	8,203
Liability under financial leases contracts receivable	38	110	38	110
Employee benefits obligation	3,955	3,376	3,944	3,376
Estimated loss from construction contract	-	4	-	4
Estimated loss from litigation	44,849	8,202	44,849	8,202
Unbilled costs	-	1,053	-	1,053
Total	120,861	50,020	115,730	80,529
<u>Deferred tax liabilities</u>				
Assets under financial lease contract	72	213	72	213
<u>Unused tax losses</u>				
Tax losses carry forward	173,261	155,373	144,266	132,400

As at December 31, 2018 and 2017, the whole amount of deferred tax assets for tax losses, which was classified by expiring year of tax benefits as follows :-

(Unit:Thousand Baht)				
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Expiring year of tax benefits				
2018	47,873	47,873	41,932	41,932
2019	53,674	53,674	48,172	48,172
2020	33,333	34,014	29,169	29,169
2021	19,266	19,812	13,127	13,127
2022	19,115	-	11,866	-
Total	173,261	155,373	144,266	132,400

Deferred tax assets for deductible temporary differences do not expire under current tax legislation.

31. Expenses by nature

Consist of :

(Unit:Thousand Baht)

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>For the year ended December 31,</u>		<u>For the year ended December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Changes in inventories and work in progress	(3,551)	4,461	(2,955)	4,597
Raw materials and consumables used	73,488	125,453	22,843	76,073
Loss from decline in value of inventories (reversal)	2,825	(3,658)	2,955	(3,576)
Loss on construction contract	278	19	278	19
Loss on impairment of assets (reversal)	(1,376)	7,014	-	(76)
Loss on write-off of property, plant and equipment	-	8,423	-	-
Employee expense	247,036	261,328	158,344	173,123
Management's remuneration	15,362	18,364	7,987	9,427
Depreciation and amortization	35,766	43,019	16,357	20,699
Provision for loss on litigation claim	183,231	41,101	183,231	41,101
Doubtful accounts	1,217	(814)	642	4,500
Loss from liquidation of subsidiaries	-	-	-	2,366
Loss from impairment of deferred tax assets	1,441	-	-	-
Withholding tax is amortized	1,416	4,110	513	-
Consultant fee	8,759	7,885	8,350	7,340
Other Expenses	36,704	40,913	17,015	18,244
Total	<u>602,596</u>	<u>557,618</u>	<u>415,560</u>	<u>353,838</u>

### 32. Operating segment

Information on business sector operations is as follows :-

(Unit : Thousand Baht)

<u>Consolidated financial statements</u>							
<u>For the year ended December 31, 2018</u>							
	<u>Civil</u>	<u>Oil and gas</u>	<u>Water</u>	<u>Other</u>	<u>Total</u>	<u>Eliminated</u>	<u>Total</u>
	<u>construction</u>	<u>service</u>	<u>production</u>	<u>segment</u>	<u>segment</u>	<u>items</u>	
Revenue from sales and services							
Outside customers	-	338,488	8,336	666	347,490	-	347,490
Iner-segment	-	100	-	84	184	(184)	-
Total	-	338,588	8,336	750	347,674	(184)	347,490
Cost of sales and services	-	(317,728)	(11,755)	(772)	(329,469)	1,651	(327,818)
Gross profit (loss)	-	20,860	(3,419)	(22)	17,419	1,550	18,969
Other incomes					9,472	(5,158)	4,314
Selling expenses							(1,636)
Administrative expenses					(93,731)	5,898	(87,833)
Loss on impairment of property, plant and equipment	-	-	(1,376)	-	(1,376)	-	(1,376)
Provision for loss on litigation claim	(183,231)	-	-	-	(183,231)	-	(183,231)
Finance costs					(125,026)	1,654	(123,372)
Loss before income tax expenses							(374,165)
Income tax expenses							(108)
Non-controlling interests							11,312
Loss attributable to the Parent Company							(362,961)
<b>Segment assets :</b>							
Fixed asset	45,354	100,509	60,826	-	206,689	-	206,689
Receivables under financial lease contract	-	-	27,544	-	27,544	-	27,544
Water rights	-	-	-	-	4,159	-	4,159
Unallocated assets						-	372,503
<b>Total assets</b>							610,895

For the year ended December 31, 2018, the Group have revenues from operation from major customer, as 49.23

% of the revenues from operation.



(Unit : Thousand Baht)

Consolidated financial statementsFor the year ended December 31, 2017

	<u>Civil</u> <u>construction</u>	<u>Oil and gas</u> <u>service</u>	<u>Water</u> <u>production</u>	<u>Other</u> <u>segment</u>	<u>Total</u> <u>segment</u>	<u>Eliminated</u> <u>items</u>	<u>Total</u>
Revenue from sales and services							
Outside customers	82,715	321,144	7,239	6,754	417,852	-	417,852
Iner-segment	-	2,135	-	3,170	5,305	(5,305)	-
Total	82,715	323,279	7,239	9,924	423,157	(5,305)	417,852
Cost of sales and services	(88,449)	(299,043)	(14,449)	(9,279)	(411,220)	6,103	(405,117)
Gross profit (loss)	(5,734)	24,236	(7,210)	645	11,937	798	12,735
Other incomes	-	-	-	-	19,437	(7,022)	12,415
Selling expenses							(3,536)
Administrative expenses					(98,281)	5,854	(92,427)
Loss on impairment of property, plant and equipment	-	76	(7,090)	-	(7,014)	-	(7,014)
Loss on write-off of propoty, plant and equipment	-	-	(9,564)	-	(9,564)	1,141	(8,423)
Provision for loss on litigation claim	(41,101)	-	-	-	(41,101)	-	(41,101)
Finance costs							(33,219)
Loss before income tax revernue							(160,570)
Income tax revenue							(1,470)
Non-controlling interests							16,739
Loss attributable to the Parent Company							(145,301)
<b>Segment assets :</b>							
Fixed asset	50,020	101,795	67,170	6,562	225,547	-	225,547
Receivables under financial lease contract	-	-	32,693	-	32,693	-	32,693
Water rights	-	-	4,160	-	4,160	-	4,160
Unallocated assets							434,203
<b>Total assets</b>							696,603

For the year ended December 31, 2017, the Group have revenues from operation from major customer, as 45.73 % of the revenues from operation.

### 33. Additional cash flow information

#### 33.1 Cash and cash equivalents items as following details :-

Consist of :

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	342	300	156	189
Cheque on hand	2,169	241	-	-
Deposits at banks	44,765	47,079	40,506	27,990
Total	<u>47,276</u>	<u>47,620</u>	<u>40,662</u>	<u>28,179</u>

As at December 31, 2018 and 2017 deposits saving accounts and fixed account of the Group bearing interest at the rates of 0.37% to 0.90% per annum (2017 : 0.37% to 0.40% per annum) Separate : 0.37% to 0.40% per annum, (2017 : 0.37% to 0.40% per annum).

#### 33.2 Non- cash transactions

Consisted of :-

	(Unit : Thousand Baht)			
	<u>Consolidated</u>		<u>Separate</u>	
	<u>financial statements</u>		<u>financial statements</u>	
	<u>For the year end December 31,</u>			
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Acquisition fixed asset under financial lease contract	1,214	-	-	-
Transfer deferred value added tax to offsetting liabilities under financial lease contract	-	189	-	77
Transfer accrued interest expenses to defaulted debts	-	4,401	-	4,401
Transfer defaulted debts to long-term loan from financial institution	-	8,750	-	-
Transfer other payables to estimated loss from litigation	-	25,970	-	25,970
Offsetting cash from sale vehicle with other payable (Advance received from director)	-	234	-	-
Transfer advance receive from construction contracts to estimated loss from litigation	-	16,361	-	16,361
Transfer retention payable to estimate loss from litigation	-	53	-	53
Transfer estimated delay penalty to estimate loss from litigation	-	22,910	-	22,910
Actuarial gains (loss) arising from defined benefit plan of employees	1,828	357	-	-

### 34. Financial instruments

#### Policy of financial risk management

The Group has no policy to hold or issue financial instruments for speculation or trading.

#### Interest rate risk

Interest rate risk arises from the fluctuation of market interest rates in the future which will affect the financial performance and cash flows of the Group, which the Group has financial assets and financial liabilities which it exposes to the risk from interest rate as follows:

(Unit: Thousand Baht)

	Consolidated financial statements						
	As at December 31, 2018						
	Fixed interest rates					Total	Interest rate Real (Percentage per year)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b><u>Financial assets</u></b>							
Cash and cash equivalents	-	-	-	44,719	2,557	47,276	0.37-0.80
Trade receivables	-	-	-	-	67,393	67,393	-
Unbilled receivables	-	-	-	-	46,782	46,782	-
Retentions receivable under contracts	-	-	-	-	3,193	3,193	-
Receivable under financial lease contracts	1,159	8,128	22,378	-	-	31,665	5.32%
Restricted bank deposits	-	-	-	8,599	-	8,599	0.65-1.25
Total	1,159	8,128	22,378	53,318	119,925	204,908	
<b><u>Financial liabilities</u></b>							
Defaulted debts	-	-	-	409,955	198,125	608,080	7.50-24.00
Trade and other payables	-	-	-	-	263,949	263,949	-
Retention payable	-	-	-	-	27,262	27,262	-
Short-term loans from third parties	38,029	-	-	-	35,405	73,434	8.00-10.00
Short-term loans from related parties	11,475	-	-	-	-	11,475	4.30-8.00
Long-term loans from financial institutions	-	-	-	29,240	-	29,240	MLR+0.50,7.50
Liabilities under financial lease contracts	1,210	838	-	-	-	2,048	2.80-8.36
Total	50,714	838	-	439,195	524,741	1,015,488	

(Unit: Thousand Baht)

## Consolidated financial statements

As at December 31, 2017

	Fixed interest rates					Total	Interest rate Real (Percentage per year)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	46,827	793	47,620	0.37-0.40
Trade receivables	-	-	-	-	72,482	72,482	-
Unbilled receivables	-	-	-	-	65,933	65,933	-
Retentions receivable under contracts	-	-	-	-	1,265	1,265	-
Receivable under financial lease contracts	1,028	5,521	26,144	-	-	32,693	5.32
Restricted bank deposits	2,000	-	-	10,873	-	12,873	0.75-1.50
<b>Total</b>	<b>3,028</b>	<b>5,521</b>	<b>26,144</b>	<b>57,700</b>	<b>140,473</b>	<b>232,866</b>	
<b>Financial liabilities</b>							
Defaulted debts	-	-	-	409,929	81,067	490,996	15.00-18.00
Trade and other payables	-	-	-	-	272,129	272,129	-
Retention payable	-	-	-	-	27,695	27,695	-
Short-term loans from third parties	34,029	-	-	-	35,405	69,434	8.00-10.00
Short-term loans from related parties	11,475	-	-	-	-	11,475	4.76-8.00
Long-term loans from financial institutions	-	-	-	30,956	-	30,956	MLR+0.50,7.50
Liabilities under financial lease contracts	1,795	944	-	-	-	2,739	2.80-8.36
<b>Total</b>	<b>47,299</b>	<b>944</b>	<b>-</b>	<b>440,885</b>	<b>416,296</b>	<b>905,424</b>	

(Unit: Thousand Baht)

## Separate financial statements

As at December 31, 2018

	Fixed interest rates					Total	Interest rate Real (Percentage per year)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	40,490	172	40,662	0.37-0.40
Trade receivables	-	-	-	-	26,287	26,287	-
Unbilled receivables	-	-	-	-	33,123	33,123	-
Retentions receivable under contract	-	-	-	-	1,357	1,357	-
Restricted bank deposits	-	-	-	5,836	-	5,836	1.050
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>46,326</b>	<b>60,939</b>	<b>107,265</b>	

(Unit: Thousand Baht)

Separate financial statements							
As at December 31, 2018							
Fixed interest rates							Interest rate
Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		Real (Percentage per year)
Defaulted debts	-	-	-	383,348	183,250	566,598	15-24
Trade and other payables	-	-	-	-	231,413	231,413	-
Retention payable	-	-	-	-	27,262	27,262	-
Short-term loans from third parties	27,589	-	-	-	-	27,589	8
Short-term loans from related parties	2,625	-	-	-	-	2,625	9.25
Liabilities under financial lease contracts	191	-	-	-	-	191	8.36
Total	30,405	-	-	383,348	441,925	855,678	

(Unit: Thousand Baht)

Separate financial statements							
As at December 31, 2017							
Fixed interest rates							Interest rate
Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non- interest bearing	Total		Real (Percentage per year)
Cash and cash equivalents	-	-	-	27,959	220	28,179	0.370-0.400
Trade receivables	-	-	-	-	42,095	42,095	-
Unbilled receivables	-	-	-	-	45,319	45,319	-
Retentions receivable under contracts	-	-	-	-	464	464	-
Restricted bank deposits	-	-	-	10,373	-	10,373	1.30
Total	-	-	-	38,332	88,098	126,430	

**Financial liabilities**

Defaulted debts	-	-	-	383,348	68,088	451,436	18.00
Trade and other payables	-	-	-	-	239,893	239,893	-
Retention payable under contract	-	-	-	-	27,695	27,695	-
Short-term loans from third parties	27,589	-	-	-	-	27,589	9.25
Short-term loans from related parties	2,625	-	-	-	-	2,625	8.00
Liabilities under financial lease contracts	333	191	-	-	-	524	6.60-8.36
Total	30,547	191	-	383,348	335,676	749,762	

### Foreign currency risk

The Group exposes to foreign currency risk relates to its assets and liabilities in foreign currencies which are not hedged by derivative financial instruments, however the management of the Group believed that does not effect significantly to the financial statement.

As at December 31, 2018 and 2017, the Group had assets and liabilities in foreign currencies that were not hedged by derivative financial instruments were as follows :-

	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(unit : '000)		(unit : '000)	
Unhedged liabilities				
USD	14	14	14	14

### Credit risk.

The Group has the credit risk related to trade receivable. However, the Group has a conservative credit policy thus the Group expects no significant damage from collecting debt of such accounts receivable. The Group also estimates the allowance for doubtful debt based on the management assessment regarding the account receivables' debt service ability in the past which the management believes it is sufficient.

### Fair value

Due to the financial assets and liabilities are mainly short-term type and some loans has interest rates similarly to market rates, the Group believes that the carrying amount of such financial assets and financial liabilities reflect values which do not materially differ from their fair values.

### 35. Fair value measurement

Information on assets and liabilities of the Group measured the fair value in the statement of financial position as at December 31, 2018 and 2017, are as follows:

(Unit: Million Baht)

	<u>Fair Value</u>		<u>Fair value</u>	<u>The inputs used in the fair value</u>
<u>Asset/Liability</u>	<u>2018</u>	<u>2017</u>	<u>hierarchy</u>	<u>measurement</u>
Investment property	75.07	75.07	Level 3	Compare the market price with similar assets and adjust with the techniques of the analysts.

### 36. Commitments and contingent liabilities

Apart from liabilities reflected in the consolidated and separate statements, The Group still have other obligations and contingent liabilities as follows :-

36.1 As at December 31, 2018 and 2017, the Group have obligations to banks as follows :-

	(Unit : Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Letters of guarantee	309.35	312.09	301.67	306.29

36.2 As at December 31, 2018 and 2017 the subsidiary's overdraft facilities which have not yet been drawn down amount Baht 7.00 million for both year.

36.3 As at December 31, 2018 and 2017, the Group have obligations on unrendered service agreement as follows :-

	(Unit : Million Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Commitments regarding to the agreement for contruction in progress	52.50	36.34	6.70	3.41

36.4 As at December 31, 2018 and 2017, the Group have lease which are classified by due of payment as follows :-

	(Unit: Thousand Baht)			
	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>As at December 31,</u>		<u>As at December 31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Within 1 year	5,048	5,436	4,098	4,765
Over 1 year but not over 5 years	734	3,431	-	2,905
Total	<u>5,783</u>	<u>8,867</u>	<u>4,098</u>	<u>7,670</u>

36.5 As at December 31, 2018, the Company entered into a legal service contract with other company, contract dated is November 19, 2018, value of Baht 9.00 million, the remaining obligation to pay Baht 8.00 million.

- 36.6As at December 31, 2018 and 2017, the Company entered into a consulting service agreement with other company, contract dated is December 1, 2017, value Baht 5.00 million, the remaining obligation to pay Baht 3.50 million (2017: Remaining Baht 4.70 million).
- 36.7As at December 31, 2018 and 2017, the Company entered into a car rental with equipment contract with other company. The contract are 3 years, starting from January 12, 2017, ending on January 11, 2020. The rental fee is Baht 0.075 million per month.
- 36.8As at December 31, 2018 and 2017, the Company entered into 5 office equipment rental contract with other company. The contract are 4 years, start from September 16, 2015, ending on September 15, 2019. For rental year for 1st year to 3rd year is Baht 0.028 million per month and for the 4th year, the rental fee is Baht 0.014 million per month
- 36.9As at December 31, 2018 and 2017, a subsidiary entered into a memorandum of understanding (MOU) to joint venture for the BOT project and raw water sales project (BBO Project) for concessionaires and raw water sales project (BBO Project) for concessionaires with a company (joint venture), dated November 15, 2017). The condition of joint venture agreement determined that 1) The joint venture must lease the building and machinery used for tap water supply with transfer of rights and obligations under the concession agreement is described in Note to financial statement No. 20, with the rental fee payable to the subsidiary throughout the life of the project at Baht 25.00 million 2) The joint venture will have to purchase land which is a well of a subsidiary company at Baht 32.00 million (carrying amount of Baht 32.54 million) and 3) The subsidiary must be invest in such project at the rate of 10% (project value is about Baht 129.00 million). As at the date of the agreement, the joint venture has agreed to pay the guarantee fee to the subsidiary amounting to Baht 10.00 million and the subsidiary agrees to repay the debt to the creditors under the compromise agreement in Black Case No. ว ฎ 3520/2558 dated on May 16, 2016. Currently, in between implementation by the condition of agreement.
- 36.10 As at December 31, 2018 and 2017, the subsidiary company had obligation under Production and well water Supply Services contract with other company (Employer) Agreement dated June 4, 2009 by the subsidiary company and the employer agree to jointly provide tap water supply services for sale to the Provincial Waterworks Authority (PWA). through the second company under "The Chonburi Water Supply contract" for a total of 20 years. The contract stipulates minimum quantity of tap water production for the first year of not less than 24,000 cubic meter per day and in the next year, the water supply must be not less than 90 % of the tap water production in the first year. The selling price is based on the service fee specified in the contract. Currently, the subsidiary company has ceased its service in accordance with the contract since 2014 as the second company was canceled by "The Chonburi Water Supply contract".



### 37. Lawsuit

As at December 31, 2018 and 2017 the Group are involved in a number of litigations which the results have not yet been finalised as follows:

#### 37.1 Litigations of the Company

##### 1) Labour and infringe cases

<u>Case number</u>	<u>Prosecuted case</u>	<u>As defendant No.</u>	<u>In charge of or mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
(Black)4910/2552 (Red)213/2555	Civil	1	Compensation termination	1.68	On May 22, 2018 the Supreme Court affirmed the judgement of The Court of first Instance that the Company would pay claim damages of Baht 0.19 million. No Process now.
(Black)264/2557	Civil	1	Goods	1.92	On July 21, 2016, the Supreme Court affirmed the decision of the Court of First Instance to let the Company to pay damages in the amount of Baht 1.82 million included interest at the rate of 7.5 percent of the principal from May 20, 2013, the case has been suspended due to the rehabilitation. (Recognized debt Baht 1.82 million).
(Black)350/2557 (Red)พ.1414/2557	Civil	1	Goods	0.29	On May 6, 2015, the Court of Appeal affirmed the judgment of the Court of first Instance that the Company would pay claim damages of Bath 0.29 million included interest the rate of 7.5 percent at on August 3, 2016 the Supreme Court suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan . No progress now. (Recognized debt Bath 0.26 million).
(Black)2293/2557 (Red)พ.1.601/2558	Civil	1	Rental fee	0.91	On February 11, 2015, the Court of first instance judgment to the Company to pay damages claim of Bath 0.22 million on August 16, 2016 the Court of Appeal suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan . No progress now. (Recognized debt Bath 0.25 million).
(Black)พ.1243/2557 (Red)427/2558	Civil	1	Rental fee	10.43	On March 18, 2015, the Court of first instance judgment to the Company to pay damages claim of Baht 10.42 million with interest rate of 7.5 percent of principal amount of Baht 9.47 million since the date of litigation (July 23, 2014) and on January 15, 2019 the Court of Appeals ordered not to suspend the case. (Recognized debt Baht 8.03 million).

<u>Case number</u>	<u>Prosecuted case</u>	<u>As defendant No.</u>	<u>In charge of or mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
(Black)1418/2557	Civil	1	Goods	1.09	On November 6, 2014, the Company entered into the compromise agreement to repay the debt of Baht 1.09 million, separated to 18 installments of Baht 0.06 million per installment. Currently, the Company will be pay last installment on August 2018.
(Black)1404/2557	Civil	1	Breach the contract	9.52	On March 11, 2015, the Company entered into a compromise agreement with the creditor to repay the debt amounting to Baht 7.69 million, separated into 36 installments of Baht 0.15 million per installment. Currently, on process to payment. (As at December 31, 2018, the remaining balance is Baht 4.94 million).
Disputes black case No.W.57/2558, Arbitration was black case 1709/2557	Civil	1	Breach the contract	186.89	Arbitration appointment to submit documents and record deponent on February 15, 2019 and appointment of witnesses for 14 times during Mar 5, 2019 to July 7, 2019. (Recognized debt Baht 35.20 million).
(Black)W.729/2558	Civil	1	Goods	0.85	On September 23, 2015, the Company entered into a compromise agreement with the creditor to repay the debt amounting to Baht 0.61 million, separated into 18 installments of Baht 0.03 million per installment. Currently, on process to payment. (As at December 31, 2018, the remaining balance is Baht 0.24 million).
(Black)W.849/2558	Civil	1	Breach loan agreement and promissory notes	31.86	On September 21, 2015, the court suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan. Currently, no progress. (Recognized debt Baht 38.57 million).
(Black)W.848/2558	Civil	1	Breach the contract	73.43	On September 21, 2015, the court suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan. Currently, no progress.
(Black)W.111/2558	Civil	1	Breach the contract	0.74	On October 5, 2015, the Company entered into a compromise agreement with the creditor to repay the debt amounting to Baht 0.55 million, separated into 18 installments of Baht 0.03 million per installment. Currently, on process to payment. (As at December 31, 2018, the remaining balance is Baht 0.21 million).

<u>Case number</u>	<u>Prosecuted case</u>	<u>As defendant No.</u>	<u>In charge of or mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
(Black)691/2558	Civil	1	Rental fee	0.26	On January 18, 2016, The court suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan. Currently, no progress. (Recognized debt Baht 0.23 million).
(Black)2002/2559	Civil	1	Breach the contract	4.87	On September 17, 2018, the court made an appointment to make an appointment for examination of witnesses on March 14-15, 2019 (Recognized debt Baht 4.42 million).
(Black)๓๘. 38-43, 65-77/2559	Civil	1	Compensation termination	0.31	On April 28, 2016, the court suspend to trial and temporary dispose of the case due to during enter into the rehabilitation plan. Currently no progress.
(Black)1140/2559	Civil	1	Compensation termination	1.32	On August 16, 18, the court sentenced to the Company to pay damages to the plaintiff in the amount of Baht 0.019 million with interest at the rate of 15% from the filing date (May 18, 2016). However, the Company has already paid such amount to the plaintiff completely. Currently, the plaintiff appealed the sentenced. And the case is under consideration of the Court of Appeal for Specialized Cases.
(Black)2461/2560	Civil	2	Compensation termination	0.37	At present, the Company accept employees back to work, the case therefore ended without payment.
(Black)383/2561	Civil	1	Compensation termination	0.11	At present, the Company has paid assistance payment to employees. The case has ended.
(Black)พ.547/2561	Civil	1	Reclaim retention	0.54	On July 20, 2018, the Company entered into a compromise agreement with the creditor to repay the debt amounting Baht 0.54 million by separate to 12 installment of Baht 0.05 million per installment. (As at December 31, 2018, the remaining balance is Baht 0.32 million).
Disputes black case No.พ. 82/2558, Arbitration	Civil	1	Reclaim advance payment	49.41	Arbitration has appointment to investigate documents on March 12, 2019, appointment to send index documents on March 29, 2019 and appointment of 9 witnesses during May 21, 2019 until July 31, 2019. (Recognized debt Baht 37.09 million).

<u>Case number</u>	<u>Prosecuted case</u>	<u>As defendant No.</u>	<u>In charge of or mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
(Black)W.1849/2558 (Red)W.700/2559	Civil	1	Rental fee	1.71	On October 30, 2019, the Court of First Instance sentenced to the Company to pay damages in the amount of Baht 1.59 million includes interest at the rate of 7.5% per year from the filing date (September 20, 2015). The case is in the process of appealing and requesting a stay of execution. (Recognized debt Baht 1.80 million).
(Black)J.8491/2561	Civil	1	Compensation termination	0.98	The court appointment to judge the case on February 12, 2019.
(Black)2504/2561	Civil	1	Breach the contract	0.26	On January 31, 2019, the Company submitted a request to the court to suspend the case because of the Company has during the rehabilitation process. The court made an appointment to on March 6, 2019.

At present, the management of the company is in the process of filing a petition to request that the court to refrain from considering all cases as mentioned above with the reason that the company is in the process of the rehabilitation plan according to the judgment of the Court of Appeal for Specialized Cases as discussed in Note No.2.

## 2) Counter claim for breach of Service Contract

Black Case No. 858/2556

The Company is a plaintiff filed a lawsuit against other company (defendant) for breach of contract (delay) with a capital claim of Baht 59.21 million. The defendant filed a lawsuit and counterclaimed to the Company by claiming damages from the Company in the amount of Baht 538.82 million, scheduled for witness examination on January 25, 2019 which on that date the Company has filed a petition to the court to request the suspension of the case because the Company is in the process of requesting for business rehabilitation.

Black Case No. 3598/2557

Red Case No. 1239/2559

The Company is a plaintiff suing other company (the employer) on the breach of contract with the claim amount of Baht 56.26 million. The sued company filed a lawsuit against the Company by a claim amount included interest total of Baht 415.83 million. Subsequently, on August 17, 2017, the Civil Court issued a judgment to pay damages claim to the employer (the defendant) totaling Baht 209.52 million. On October 17, 2018, the Court of Appeal sentenced to the Company to pay damages to the employer totaling Baht 178.12 million with interest rate of 15% after the counterclaim date (October 30, 2016) until complete repayment but if the employer receives the payment in accordance with the bank guarantee according to the black case No. 1291/2558, the amount of Baht 43.75 million the Company can be deducted from the amount that must be paid to the employer and on January 21, 2019, the Company filed a petition to dispute the verdict of the Court of First Instance and the Court of Appeal together with requesting a stay of execution. At present, the case is under consideration of the Supreme Court. Currently, the Company recognized estimate loss from litigation amounted to Baht 106.31 million. Because the case has not ended, the management therefore cannot estimate the amount of obligation debt that may occur.

## 37.2 Litigations of subsidiary

<u>Case number</u>	<u>Prosecuted case</u>	<u>As defendant No.</u>	<u>In charge of or mistake</u>	<u>Damage called by plaintiff</u> (Million Baht)	<u>Adjudication</u>
(Black)1086/2557	Civil	1	Damages	10.33	On December 26, 2017, the court issued a judgment dismissing the plaintiff. The plaintiff does not file an appeal to the court, the case has ended.
(Black)พญ. 3520/2558	Civil	1	Breach of contract	14.38	On May 16, 2016, the subsidiary company entered into a compromise agreement with the creditor to repay the debt amounting Baht 10.39 million by paid full amount before May 16, 2018. Currently remaining amount is Baht 0.39 million (see Note no.31.9).
(Black) พญ. 2848/2560 (Red)3781/2561	Civil	1	Breach of loan contract	20.40	On December 7, 2017, the creditor filed a claim under the guarantee agreement with the Thai Credit Guarantee Corporation (TCG) for Baht 8.75 million. Subsequently, on July 16, 2018, the subsidiary company entered into a compromise agreement with the creditor to repay the debt to the creditors amounting to Baht 14.46 million (see Note no.21). Later on February 14, 2019, The Legal Execution Department issued an announcement to confiscate the assets that the subsidiary company had brought to guarantee the debt which consists of land and buildings located in Mae Rim District, Chiang Mai Province which has the book value as of December 31, 2018 in the amount of Baht 6.56 million because of unable to comply with the compromise agreement.  (Recognized debt Baht 14.46 million).
(Black)พญ. 4709/2560 (Red)2560/2561	Civil	1	Breach of hire purchase contract	51.77	On May 30, 2018, the court of first instance issued judgement to the subsidiary company to pay damages to the creditor totaling Baht 17.10 million (See Note no.21). On October 1, 2018, the subsidiary company filed an appeal and a petition to waive the court fees and expenses related to the prosecution instead the plaintiff in the appeal, approximately amount are Baht 0.24 million and on February 8, 2019 the Court of Appeals ordered to waive the half amount of fees that will be pay instead the plaintiff and the subsidiary company must be pay the remaining fee within February 23, 2019. If not pay within the specified date will assume that the subsidiary company is not attracted to the appeal.  (Recognized debt Baht 26.59 million).

### 38. Reclassification

Certain transactions in the consolidate statements of financial position as at January 1, 2017 and December 31, 2017, which have already been included in these financial statements, have been reclassified to correspond with the presentation of the financial statements for the year ended December 31, 2018, with no effect to the reported income for the year or shareholders' equity. Which detail is described as follows.

(Unit: Thousand Baht)

	Statement of financial position			Statement of financial position		
	As at December 31, 2017			As at January 1, 2017		
	Before classified	classified	After classified	Before classified	classified	After classified
Deferred tax assets	11,107	(6,539)	4,568	12,695	(6,720)	5,975
Deferred tax liabilities	7,852	(6,539)	1,313	7,847	(6,720)	1,127

### 39. Approval of the financial statements

The financial statements have been approved for issue by the Board of Directors' the Company on February 25, 2019.



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