



STP&I PUBLIC COMPANY LIMITED

ANNUAL REPORT 2018

Strengthen
foundation
for Business
Sustainability

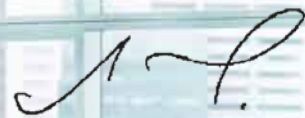




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“...In addition, I also focus on maintaining financial stability and disciplines in assets management of the Company which are crucial for business sustainability and supporting of new business expansion...”



Mr. Masthawin Charnvirakul
Director, Executive Director,
Managing Director

MESSAGE FROM MANAGING DIRECTOR 2018

STP & I Public Company Limited has operated its business for more than 44 years. Throughout the 17 years under my supervision, I and the management team have joined hands through many business cycles and there remains a significant mission to achieve which is to secure more projects for large steel structure fabrication whose demands are rising and we will continue to make it better.

Although in 2018 the Company has worked on 3-4 small scale export projects which was in line with the slowdown of global economy and the Oil & Gas industry since 2016, the Company believes that in 2019 the demands for Oil & Gas construction projects tend to improve. In addition, the Company has continuously participated in many biddings for steel structure, pipe and module fabrication and installation projects and should have more chances of winning, compared to the past few years. The Company also had opportunities to be awarded some steel structure works for domestic projects, including those in industrial works, public infrastructure and transportation systems, which have been promoted according to the policies of the government sector.

In addition, I also focus on maintaining financial stability and disciplines in assets management of the Company which are crucial for business sustainability and supporting of new business expansion. Amidst stagnant economic situation and low Oil & Gas construction demands during the past few years, our financial strength has enabled the management team and I to grasp new business opportunities in order to enhance Company's capability in generating recurring incomes and profits while reducing risk from dependency on main business alone.

It is obvious that in the past few years the Company has diversified into more types of business, namely an investment in a municipal solid waste power plant in Phetchaburi Province, property and logistics business, and fuel distribution business through community automated gas stations. Revenues from such businesses have been partially recognized and are expected to increase substantially in 2019.

It is undeniable that I would not be able to complete those missions on my own, but I have got valuable advices and supports from the Board of Directors, management team, and all employees who have been tirelessly committed to developing both main and new businesses of the Company under the code of ethics and good corporate governance. On behalf of the Board of Directors, I would like to express my gratitude to all shareholders, customers, business partners, advisors and all relevant parties, including domestic and international financial institutes who always support operations of STP & I. I would also like to thanks all management and employees who have performed their duties with best efforts and always work hard for the growth and sustainability of the Company's business for the utmost benefits of all concerned parties.



MISSION

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

VISION

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties

COMPANY INFORMATION

Company name	:	STP&I Public Company Limited
Types of Business	:	Steel Structure Fabrication Piping Fabrication Process Module Other Steel Fabrication
Address	:	32/24, Sino-Thai Tower, 3rd Floor, Sukhumvit 21 Road (Asoke), Klongtoey-Nua, Wattana, Bangkok 10110 Thailand
Company registration number	:	0107538000452 (Bor Mor Jor 568)
Telephone	:	+66 (0) 2260 1181
Facsimile	:	+66 (0) 2260 1182
e-mail	:	contact@stpi.co.th
website	:	www.stpi.co.th
Registered Capital	:	406,297,100 Baht including 1,625,188,400 common shares at 0.25 Baht Par Value (as of Dec. 31, 2018)
Paid-up Capital	:	406,295,369.50 Baht including 1,625,181,478 common shares at 0.25 Baht Par Value (as of Dec. 31, 2018)

FINANCIAL HIGHLIGHT

		For the Year Ended December 31 st		
		2016	2017	2018
Financial Statements				
Total Assets	(Mil.Baht)	12,565	10,102	10,839
Total Liabilities	(Mil.Baht)	1,328	2,007	3,257
Shareholders' Equity	(Mil.Baht)	11,237	8,095	7,583
Equity attributable to owners of the Company	(Mil.Baht)	10,679	7,552	6,908
Operating Results				
Revenues from Fabrication Work, Sales and Services, Rental of Investment Properties	(Mil.Baht)	9,690	1,005	1,188
Cost of Fabrication Work, Sales and Services, Rental of Investment Properties	(Mil.Baht)	8,149	1,410	1,050
Gross Earnings (Loss)	(Mil.Baht)	1,541	(405)	138
Factory overhead expenses not allocated to cost of fabrication work	(Mil.Baht)	-	401	402
Selling and Administrative Expenses	(Mil.Baht)	166	208	407
Other Income	(Mil.Baht)	330	153	150
Loss on foreign exchange	(Mil.Baht)	(63)	(305)	7
Doubtful debt expenses	(Mil.Baht)	-	722	-
Provisions for rights of claim in litigation	(Mil.Baht)	-	473	-
Loss from lawsuit	(Mil.Baht)	-	110	-
Duty penalties expenses	(Mil.Baht)	-	-	60
Earnings (Loss) from Operating Activities	(Mil.Baht)	1,642	(2,471)	(574)
Finance cost	(Mil.Baht)	4	4	35
Income tax expenses	(Mil.Baht)	274	35	38
Profit (Loss) attributable to Non-controlling interests of the subsidiary	(Mil.Baht)	(2)	(14)	(18)
Profit (Loss) attributable to Equity holders of the Company	(Mil.Baht)	1,366	(2,496)	(629)
Financial Ratio				
Gross Profit (Loss)	(%)	15.90	(40.25)	11.64
Net Profit (Loss) Margin	(%)	13.63	(215.47)	(46.81)
Return on Asset	(%)	12.97	(21.81)	(5.49)
Return on Equity	(%)	13.28	(27.38)	(8.71)
Debt/Equity Ratio	(Times)	0.12	0.27	0.47
Share Information				
Earnings (Loss) per Share ¹⁾	(Baht)	0.84	(1.54)	(0.39)
Book Value per Share ²⁾	(Baht)	6.57	4.65	4.25
Dividend per Share	(Baht)	0.39	N/A	N/A

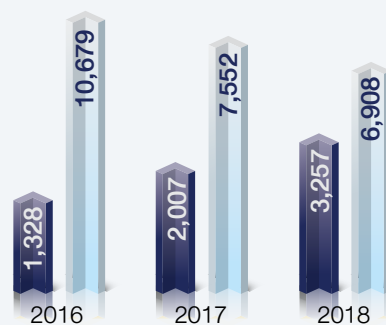
Remark :

- 1) Earnings (loss) per Share = Profit (loss) for the year attributable to equity holders of the Company divided by the weighted average number of ordinary shares in issue during the year, net of the treasury shares held by the Company.
- 2) Book Value per Share = Equity attributable to owners of the Company divided by weighted average of number of ordinary shares as described in 1) above

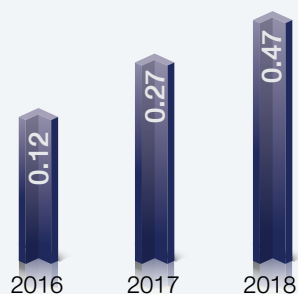
Total Assets (Mil.Baht)



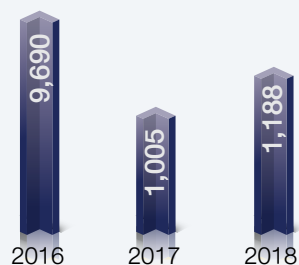
Total Liabilities and Equity attributable to owners of the Company (Mil.Baht)



Debt/Equity Ratio (Times)



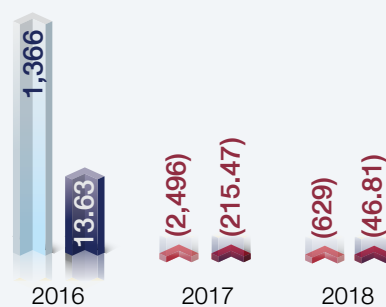
Revenues from Fabrication, Sales and Services, Rental of Investment Properties (Mil.Baht)



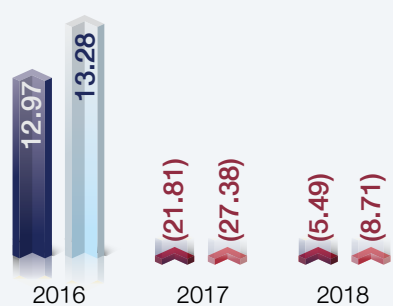
Gross Earnings (loss) & Gross Profit (loss)



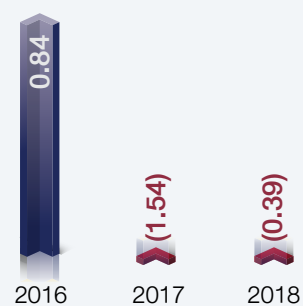
Net Profit (loss) & Net Profit (loss) Rate



ROA & ROE (%)



Net Earnings (loss) per Share (Baht)



BOARD OF DIRECTORS



1. Mr. Chavarat Charnvirakul
Chairman of the Board

2. Dr. Wichajiwalai
Independent Director and
Chairman of the Audit Committee

3. Police General Jate Mongkolhutthi
Independent Director and
Member of Audit Committee

4. Miss Sirangrong Chowiwatana
Independent Director and Member
of Audit Committee

5. Mr. Chamni Janchai
Director

6. Mr. Masthawin Charnvirakul
Director, Executive Director, Managing Director

7. Mr. Suwat Riensiriwan
Director

8. Mr. Choavalit Limpanich
Director, Executive Director, Deputy Managing Director

EXECUTIVE COMMITTEE AND MANagements



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1. Mr. Masthawin Charnvirakul
Director, Executive Director,
Managing Director

2. Mr. Choavalit Limpanich
Director, Executive Director,
Deputy Managing Director

3. LT. JG. Kitti Junsangsri
Executive Director,
Marketing & Estimation
Department Manager

4. Mrs. Atitaya Charnvirakul
Executive Director, Administrative
Department Manager and
Corporate Secretary

5. Ms. Supattra Yangtrong
Executive Director,
Finance & Accounting
Department Manager

6. Mrs. Anilrat Nitisaroj
Executive Director,
Business Development &
Legal Department Manager

7. Mr. Thammanoon Narind
Fabrication Department Manager
(Chonburi and Sriracha)

8. Mr. Damrong Panket
LaemChabang Assembly Yard
Department Manager

9. Mr. Supot Pongtong
Fabrication Department Manager (Rayong)

10. Mr. Tawan Chaisomtip
Project Control & Contract Administrative
Department Manager

PROFILES BOARD

OF DIRECTORS AND EXECUTIVE BOARD



Mr. Chavarat Charnvirakul
Chairman of the Board

Directorship

- Induction on December 15th, 2018
- 1 Directorship period

2018 Meeting Attendance

- 0/0 Board of Director Meetings

Stock Holding

- 56,906,765 shares, 3.50%
(as of Dec. 31st, 2018)

Qualification

- Honorary Doctorate Degree in Management at Ramkhamhaeng University
- Bachelor of Science in Economics, Thammasat University
- Diploma, National Defence College, The Joint State - Private Sector (Course Class 3rd)
- Certificate of Role of the Chairman Program (RCP), Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 17th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND) Class 22nd, Thai Institute of Directors (IOD)

Experience

- Minister of Interior
- Act on behalf of Prime Minister
- Deputy of Prime Minister
- Deputy Minister of Public Health
- Minister of Social Development and Human Security
- Deputy Minister of Finance
- Party Leader of Phoom Jai Thai

- Vice Chairman of the Listed Companies Sub-Committee.
*The Stock Exchange of Thailand
- Chairman of the Board of Advisors
*Iron and Steel Institute of Thailand
- Chairman of the Board
*South East Asia Iron and Steel Institute (SEAISI)
*STP&I Public Company Limited
- Advisory Board
*The Federation of Thai Industries
- Director
*Krung Thai Bank Public Company Limited
*United Motor Works (Siam) Public Company Limited
*Phoenix Pulp & Paper Public Company Limited
*Thai Glass Industries Public Company Limited
*Thai Industrial Gases Public Company Limited
*DHL Express International (Thailand) Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Honorary Consul General of Papua New Guinea to Thailand

Relationship with other Executives

- Father of Mr. Masthawin Charnvirakul (Executive Director)
- Father of Mrs. Anilrat Nitisaraj (Executive Director)

Remark: *Mr. Chavarat Charnvirakul as Chairman of the Board effective from December 15th, 2018.



Dr. Wicha Jiwalai

Independent Director and
Chairman of the Audit
Committee

Directorship

- Induction on April 9th, 1999
- 7 consecutive directorship periods

2018 Meeting Attendance

- 5/7 Board of Director Meetings and 7/7 Audit Committee Meetings

Stock Holding

- None

Qualification

- Ph.D. (Geodetic Science), The Ohio State University, USA.
- Master Degree of Geodetic Science, The Ohio State University, USA.
- Master Degree of Photogrammetric Engineering, ITC, The Netherlands.
- B.Eng (Civil Engineering), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Chairman 2000 (RCP) Class 13th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non-Finance Director (FND) Class 10th, Thai Institute of Directors (IOD)

Experience

- Chairman of Director
*Geo-Information and Space Technology Development Agency (Public Organization)
- Associated Governor of Bangkok Metropolitan
- Associated Professor and Head of Department of Survey Engineering, Faculty of Engineering, Chulalongkorn University

Other position in listed company in SET:

- Chairman of the Audit Committee
*Thai Nondestructive Testing Plc.
- Audit Committee
*Thai Optical Group Plc.

Other position in non-listed companies

- Chairman of the Board
*Salintara Co., Ltd.
- Director
*World Resort Co., Ltd.

Relationship with other Executives

- None



**Police General Jate
Mongkolhutthi**

Independent Director and
Member of Audit Committee

Directorship

- Induction on April 9th, 1999
- 7 consecutive directorship periods

2018 Meeting Attendance

- 7/7 Board of Director Meetings and 7/7 Audit Committee Meetings

Stock Holding

- None

Qualification

- Bachelor of Civil Law, Ramkhamhaeng University
- Master of Law, Chulalongkorn University
- Certificate of Advanced courses Police Administration Class 16th
- Certificate of Advanced Development Management Course Class 7th (NIDA)
- Certificate of The National Defence College (NDC 45)
- Certificate of Program on judicial administration for the director general public prosecutor 6th Training, Office of The Attorney General
- Certificate of Director Accreditation Program (DAP) Class 8th, Thai Institute of Directors (IOD)
- Certificate of Audit Committee Program (ACP) Class 14th, Thai Institute of Directors (IOD)
- Certificate of Finance for Non - Finance Directors (FND) Class 30th, Thai Institute of Directors Association
- Certificate of Director Certificate Program (DCP) Class 117th, Thai Institute of Directors Association

Experience

- Advisor (Sor.Bor.10) in Law and Investigation, Office of Commissioner General, Royal Thai Police
- Director (Independent Director) *Government Housing Bank
- Director (Independent Director) *Liquor Distillery Organization Excise Department
- Director (Independent Director) *The Market Organization under the Ministry of Interior
- Member of University Council *Valaya Alongkorn Rajabhat University
- Director (Independent Director) *Government Housing Bank
- Commission official information *Board Information Act Official 2540
- Consultants *National Credit Bureau Co., Ltd.

Other position in listed company in SET:

- Independent Director and Member of the Audit Committee
- *Sino-Thai Engineering and Construction Plc.
- *Lease It Plc.
- *Southeast Insurance Plc.
- *Southeast Life Insurance Plc.

Other position in non-listed companies

- None

Relationship with other Executives

- None



**Miss Sirangrong
Chowiwatana**

Independent Director and
Member of Audit Committee

Directorship

- Induction on August 10th, 2017
- 1 consecutive directorship periods

2018 Meeting Attendance

- 7/7 Board of Director Meetings and
7/7 Audit Committee Meetings

Stock Holding

- none

Qualification

- Master Degree of MBA (Summa Cum Laude) California State University, USA
- B.A. (Accounting), Second Class Honors, Thammasat University
- Bachelor of Public Health Program (Occupational Health and Safety) Sukhothai Thammathirat Open University
- C.P.A. License No. 6406
- The safety officer in professional level
- TISCO Wealth Enhancement Program Class 1st, TISCO Bank Public Company Limited
- Ultra Wealth 2nd The Faculty of Economic Chulalongkorn University
- Certificate of Director Accreditation Program (DAP) Class 142/2017, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP) Class 252/2018, Thai Institute of Directors (IOD)
- Certificate of Advanced Audit Committee Program (AACP) Class 28/2018, Thai Institute of Directors (IOD)

Experience

- Assistant Manager Investment Banking
*KT ZMICO Securities Company Limited
- Senior Officer Strategic Planning
*Pantavanij Co.,Ltd.
- Senior Inspector
*SGV-NA Thalang Office Co.,Ltd. (Andersen)

Other position in listed company in SET:

- None

Other position in non-listed companies

- Executive Vice President
*Ch. Thawee Construction Co., Ltd.
- Managing Director
*Development Plus Co., Ltd.

Relationship with other Executives

- None



Mr. Chamni Janchai
Director

Directorship

- Induction on April 9th, 1999
- 6 consecutive directorship periods

2018 Meeting Attendance

- 7/7 Board of Director Meetings

Stock Holding

- 21,892,433 shares, 1.35%
(as of Dec. 31st, 2018)

Qualification

- Advance Certificate - Public Economic Management, Prajadhipok's Institute
- Master of Business Administration, Thammasat University
- B.A. (Accounting), Thammasat University
- Certificate of Director Accreditation Program (DAP), Class 30th, Thai Institute of Directors (IOD)
- Certificate of Role of the Chairman Program (RCP), Class 21st, Thai Institute of Directors (IOD)

Experience

- Director and Deputy of Managing Director
*NTS Steel Group Plc.
- Vice President
*Nakorn Thai Strip Mill Plc.
- Qualified Director and Executive Director
*Iron and Steel Institute of Thailand
- Advisor to the Chairman of the Committee of Communications and Telecommunications.
*House of Representatives
- Advisor to the Board of Directors
*Iron and Steel Institute of Thailand
- Chairman

*Burapa Steel Industries Co., Ltd.

*Thai Capital Corporation Plc.

- Advisor to the Board of Directors
*National Housing Authority

- Advisor to the Chairman of the Provincial Electricity Authority

*Provincial Electricity Authority

- Director and Audit Committee

*Thai Theparos Food Products Plc.

- Chairman of the Board

*Max Metal Corporation Plc.

- President

*CJ Morgan Co., Ltd.

- Director

*Betong Green Power Co., Ltd.

*Betong Biofuel Co., Ltd.

*Chumphon Biofuel Co., Ltd.

- Director and Chief Executive

*BMP Energy Pcl.

Other position in listed company in SET:

- Director and Chairman of Audit Committee
*Sino-Thai Engineering & Construction Plc.
- Independent Director and Member of Audit Committee
*RPCG Public Company Limited

Other position in non-listed companies

- President
*CJM Consult Co., Ltd.

Relationship with other Executives

- None



**Mr. Masthawin
Charnvirakul**

Director, Executive Director,
Managing Director

Directorship

- Induction since 1996
- 7 consecutive directorship periods

2018 Meeting Attendance

- 7/7 Board of Director Meetings

Stock Holding

- None

Qualification

- MBA (International Business), University of Southern California, USA
- B.A. (Marketing), Chulalongkorn University
- Certificate of Director Accreditation Program (DAP), Class 1st, Thai Institute of Directors (IOD)
- Capital Market Academy No. 11
- Ultra Wealth 2nd The Faculty of Economic, Chulalongkorn University
- Academy of Business Creativity: ABC) Class 7th, Academy of Business Creativity
- Top Executive Program in Commerce and Trade : TEPCoT Class 11th, Commerce Academy

Experience

- Marketing Manager, SCC-Dow Chemical Joint Venture

Other position in listed company in SET:

- Director
*Sino-Thai Engineering and Construction Plc.
*Thai Solar Energy Public Company Limited

Other position in non-listed companies

- Director/ Managing Director
*STIT Co., Ltd.
- Chairman of the Board
*Fill Up Network Co., Ltd.

Relationship with other Executives

- Son of Mr. Chavarat Charnvirakul (Chairman of the Board)
- Spouse of Mrs. Atitaya Charnvirakul (Executive Director)
- Sibling of Mrs. Anilrat Nitisaroj (Executive Director)



Mr. Suwat Riensiriwan
Director

Directorship

- Induction on April 28th, since 2006
- 4 consecutive directorship periods

2018 Meeting Attendance

- 7/7 Board of Director Meetings

Stock Holding

- None

Qualification

- B.Eng (Mechanical), Chulalongkorn University
- Mini MBA, Thammasat University, Class 17th
- Certificate of Director Accreditation Program (DAP), Class 55th, Thai Institute of Directors (IOD)
- Certificate of Understanding the Fundamental of Finance Statement, Class 3rd, Thai Institute of Directors (IOD)
- Certificate of Director Certification Program (DCP), Class 140th, Thai Institute of Directors (IOD)

Experience

- Associated General Manager
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director and Managing Director
*STIT Co., Ltd.
- Director
*STP&I Services Co., Ltd.
- Deputy Managing Director
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director/ Deputy Managing Director-Commercial
*STIT Co., Ltd.

Relationship with other Executives

- None



Mr. Choavalit Limpanich
Director, Executive Director,
Deputy Managing Director

Directorship

- Induction on April 23th, 2010
- 3 consecutive directorship periods

2018 Meeting Attendance

- 6/7 Board of Director Meetings

Stock Holding

- 64,899,995 shares, 3.99%
(as of Dec 31st, 2018)

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng. (Mechanical), Prince of Songkla University
- Certificate of Director Accreditation Program (DAP), Class 99th, Thai Institute of Directors (IOD)

Experience

- Plant Engineer
*Kao Industrial (Thailand) Co., Ltd.
- Mechanical Engineer
*Sino-Thai Engineering and Construction Public Co., Ltd.
- Technical Manager
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Director of Operations/ Plant Management (Chonburi)
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*Thai Maintenance Contracting Co., Ltd.
*STP&I Services Co., Ltd.
*WPGE Phetchaburi Co., Ltd.
- President
*Fill Up Network Co., Ltd.

Relationship with other Executives

- None



LT. JG. Kitt Jungsangri
Executive Director,
Marketing & Estimation
Department Manager

Stock Holding

- 16,224,995 shares, 1%
(as of Dec 31st , 2018)

Qualification

- MBA, Chulalongkorn University
- Master of Engineering, King Mongkut Institute of Technology
- B.Eng (Mechanical), Chiang Mai University

Experience

- Designing and Planning Engineer
*King Rama 5 Naval Dock Yard,
Naval Dock Yard Bureau, Royal Thai Navy
- Engineer
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
* STP&I Services Co., Ltd.
* WPGE Phetchaburi Co., Ltd.

Relationship with other Executives

- None



Mrs. Atitaya Charnvirakul
Executive Director,
Administrative Department
Manager and Corporate
Secretary

Stock Holding

- None

Qualification

- MBA (International Business),
University of Southern California,
USA
- B.A. (Accounting), Chulalongkorn
University

Experience

- Finance and Accounting Manager/
Auditing and Controlling Cost
Manager
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*STIT Co., Ltd.
*WPGE Phetchaburi Co., Ltd.
*ST Property & Logistics Co., Ltd.
- Executive Vice President
*Fill Up Network Co., Ltd.

Relationship with other Executives

- Spouse of Mr. Masthawin
Charnvirakul (Executive Director)



Ms. Supattra Yangtrong
Executive Director,
Finance & Accounting
Department Manager

Stock Holding

- 2,000 shares, 0.00012%
(as of Dec. 31st , 2018)

Qualification

- Master of Accountancy ,
Chulalongkorn University
- B.A. (Accounting), Thammasat
University
- Tax Auditor
- Strategic CFO in Capital Markets

Experience

- Finance & Accounting Section
Manager
*STP&I Public Company Limited
- Revenue Officer
*The Revenue Department

Other position in listed company in SET:

- None

Other position in non-listed companies

- Director
*WPGE Phetchaburi Co., Ltd.
*Fill Up Network Co., Ltd.

Relationship with other Executives

- None



Mrs. Anilrat Nitisaroj
Executive Director,
Business Development &
Legal Department Manager

Stock Holding

- 67,486,724 shares, 4.15%
(as of Dec. 31st , 2018)

Qualification

- MBA Finance & Strategy Sloan
School of Management
Massachusetts Institute of
Technology USA.
- B.A. (Accounting), Chulalongkorn
University

Experience

- Commercial Manager
*Clough Sino-Thai Co., Ltd.

Other position in listed company in SET:

- Director and Executive Director
*Sino-Thai Engineering and
Construction Public Co., Ltd.

Other position in non-listed companies

- Director
*WPGE Phetchaburi Co., Ltd.
*ST Property & Logistics Co., Ltd.

Relationship with other Executives

- Daughter of Mr. Chavarat Charnvirakul
(Chairman of the Board)
- Sibling of Mr. Masthawin
Charnvirakul (Executive Director)



Mr. Thammanoon Narind
Fabrication Department
Manager (Chonburi and
Sriracha)

Stock Holding

- None

Qualification

- MBA, National Institute of Development Administration (NIDA)
- B.Eng (Industrial), Prince of Songkla University

Experience

- Engineer
*Sino-Thai Pressure Vessel and Iron Works Co., Ltd.
- Administrative Manager/
Engineering Manager/ QA/ QC
Manager
*STP&I Public Company Limited
- Windsurf Production Manager/
Production section Manager 6
*Cobra International Co.,Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mr. Damrong Panket
Laem Chabang Assembly
Yard Department Manager

Stock Holding

- None

Qualification

- MBA, Burapha University
- Master of Engineering, Chiang Mai University

Experience

- Mechanical Engineer
*Chiyoda (Thailand) Co., Ltd.
- Area superintendent
*Clough Sino-Thai Co., Ltd.
- Construction Manager
*Pro-En Technologies, Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mr. Supot Pongtong
Fabrication Department
Manager (Rayong)

Stock Holding

- None

Qualification

- Bachelor of Industrial Engineering,
Prince of Songkla University

Experience

- Construction Section Manager
*STP&I Public Company Limited

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None



Mr. Tawan Chaisomtip
Project Control & Contract
Administrative Department
Manager

Stock Holding

- None

Qualification

- Master of Engineering,
King Mongkut's University of
Technology North Bangkok

Experience

- Project Controls Manager
(Asia Pacific)
*Global Industries Offshore
(Thailand) Ltd.
- Senior Project Controls Engineer
*Clough Thailand Co., Ltd.
- Technical Engineer
*Thai Nippon Steel & Sumikin
Engineering & Construction Corp.,
Ltd.

Other position in listed company in SET:

- None

Other position in non-listed companies

- None

Relationship with other Executives

- None

BUSINESS OVERVIEW

STP&I Public Company Limited was established in 1975, with over 44 years of experience, the Company has provided customers with professional manufacturing of customized quality steel fabrication including Steel Structure, Piping Fabrication, Process Module, and Other Fabrication steels such as Modules, Tank, Pressure Vessel, and Boiler. One of STP&I's strengths is its capability to fabricate large built-up beam steel for huge infrastructure and heavy industry projects such as power plants, refineries, high-rise buildings, roof structures, bridges, elevated highways, and airports.

STP&I operates four production plants include Steel Structure fabrication plants in Chonburi and Rayong, Piping fabrication shop in Sriracha and Assembly yard at Laem Chabang Port. With a total capacity of 115,000 ton /year, STP&I has used its capacity at 7% in year 2018.

STP&I Public Company Limited has six subsidiaries, STIT Co., Ltd ("STIT") STP&I Services Co., Ltd. ("STPS"), ST Property & Logistics Co., Ltd. ("STPL"), Fill Up Network Co., Ltd. ("FILL UP"), STIT 2011 Co., Ltd. ("STIT2011") which is owned by STIT Co., Ltd., and WPGE Phetchaburi Co., Ltd. ("WPP") which is owned by STP&I Services Co.,Ltd. with the following details;

Company Name	Type of Business	Paid-up Capital (Baht)	% of Shares Held by STP&I
STIT Co., Ltd.	• Sales and rental of machinery and equipment for construction and manufacturing industries	135,000,000	100
STP&I Services Co., Ltd.	• Construction Services	410,000,000	100
STIT 2011 Co., Ltd.	• Sales and rental of machinery and equipment for construction industry	66,033,000	100 (By STIT)
WPGE Phetchaburi Co., Ltd.	• operate a municipal solid waste power plant (waste to energy)	700,000,000	60 (By STIT)
ST Property & Logistics Co., Ltd.	• Logistic and Property Development	440,000,000	100
Fill Up Network Co., Ltd.	• Community automated gas station	500,000,000	70

Mission

STP&I strongly engages in mega steel construction for construction business including machinery and equipment for construction business

Vision

To be a leader in steel construction module for export especially in energy sector and to continue sustainability growth which create value added to all parties

Corporate Objective / Goal

To be a leader in hi-technology steel construction for large project around the world with all-time competitiveness and development

1. To satisfy customer on production aspect;
 - (a) Standardized quality of products
 - (b) On time delivery
 - (c) Budget control
 - (d) Without loss time injury
 - (e) Strong and continued relationship with the old customer
2. Sustainable growth by seeking new opportunities that has strong growth and continuously generated income

Strategy

The Company's strategy for sustainable growth are as follows:

1. Concentrated on customer satisfaction, on-time delivery, and on Loss Time Injury
2. Efficient management and people
3. Maintain strong financial position and management
4. Seeking new businesses that continuously generated income growth business in renewable energy industry and property development and logistics. And businesses that provide investment returns suitable for the current competitive environment

Core Business of STP&I can be categorized into 4 key groups:

1. Engineering Service: The Company provides engineering service in detail design of steel-to-steel connection, shop drawing for steel structure, piping, and erection works by various specialized software.
2. Fabrication: The Company provides fabrication service and has the capability to fabricate steel and pipe in workshop which equipped with state of the art machine and equipment, CNC Cutting and Welding machine, Press machine, automatic Blasting machine and other tools necessary to undertake the variety and complexity of fabricated products to ensure the efficiency of fabrication processes and cost effective.
3. Construction: STP&I's construction works include assembly, mechanical equipment installation and erection for various manufacturing plants. The Company performs the works both at the Company's facilities and at the client's project site.
4. Decommissioning & Dismantling: The company provides service of demolishing all kinds of constructions including demolishing constructions in sea, on land, pipelines, petroleum storage, facilities, equipment and other material used for exploring, manufacturing, maintaining, transporting, selling or distributing petroleum.

Company Products can be categorized into 4 groups.

1. Steel Structure

- 1.1 Steel structures for heavy industrial such as gas separation plant, power plant, refinery, petrochemical plant, etc.
- 1.2 Steel Structure for building such as high — rise building, airport terminal.
- 1.3 Steel Structure for infrastructure system such as bridge, elevated road, airport, etc.

2. Piping:

STP&I has expertise in piping fabrication which includes piping pre-fabrication, piping erection, and pipeline constructions. The spoon fabrication is carried out in STP&I's facilities, then the semi - completed products are transported to the project sites for installation. These pipes are essential parts in the production process of industrial plants such as power plants, oil refineries, petrochemical plants, offshore process plants, etc.

3. Module:

STP&I expands its business to Process Module assembly. Module is a large system structure comprises steel structure, piping system, boiler, pressure vessels, machinery, electrical system and controlling system for various industries. Module mostly used in both onshore and offshore construction such as oil and gas platform or large projects that have limitation on working area or labor or time constraint.

4. Other Steelwork:

The Company also fabricates other steelwork such as Pressure Vessel, Tank, Boiler and HRSGs by considering size of the project, schedule, availability of production capacity, machine efficiency, experiences and expertise of the personnel in each type of product.

STP&I places great importance in producing high quality and maintaining high standards of all its products. The Company follows stringent quality-control management practices as per international standards. And also, the Company realized that the commitment to the community on the safety of our products in various projects such as bridges, terminal buildings, and industrial plants. As such, STP&I has obtained accredited certifications from numerous internationally recognized institutions including:

- 1. ISO 9001 : 2015 — The Manufacture of Structural Steel and Piping Work (Excluding Design) since 2009 to present
- 2. JSA Grade "H" (Japan Steel Structure Appraisal Center) for Structural Steel Work for export to Japan. from Japan Steel Structure Appraisal Center Limited.
- 3. ISO3834-2: 2013 — Pipe Welding
- 4. OHSAS 18001 : 2007 Occupational health and safety
- 5. ISO 14001 : 2015 Environmental Management



The Company delivers only high quality products and services, thus, it has fully earned trust from its customers and has established a world-class status in the market. STP&I always give priority to both quality products and operational safety to which the Company will continue to invest in these two critical areas to even better serve both its domestic and overseas customers by increasing safety practices and ensuring all products are of exceptional quality. The Company has targeted to continuously compete with the highest record of accident free operation.

SHAREHOLDERS

1 Company's Equity

(A) Common Shares

Registered capital and paid up capital as of December 31st, 2018, as follow;

Registered capital	406,297,100.00	Baht
Paid up capital	406,295,369.50	Baht
Common stock	1,625,181,478	Shares
Par value per share	0.25	Baht

Paid up capital of	1,625,181,478	Shares consists of;
Treasury Stock	350,000	Shares
Ordinary Stock	1,624,831,473	Shares

(B) Other Securities that the right or condition differ from Common share.

-None-

2 Shareholders

List of top 10 shareholders and percentage of shares holding as of September 5th, 2018 (par value of Baht 0.25 each)

Name / Group	Number of Shares	% of holding
1. Mr. Anutin Charnvirakul	164,590,285	10.13
2. Mr. Pratheep Tungmatithum	112,503,700	6.92
3. Best Quality Skills Company Limited	77,880,000	4.79
4. Mr. Yanyong Nitisoroj	67,486,724	4.15
5. Mr. Choavalit Limpanich	64,899,995	3.99
6. Mr. Jirath Tharaphetsawad	60,528,711	3.72
7. Mr. Chavarat Charnvirakul	56,906,765	3.50
8. Ms. Patchsita Pongpittayasiri	49,246,245	3.03
9. Mr. Suthep Setboonsang	43,246,854	2.66
10. Mr. Phanupong Kunopakarnphan	36,204,400	2.23
11. STP&I Public Company Limited	350,000	0.02
Other Shareholders	891,337,799	54.86
Total	1,625,181,478	100.00

3 Dividend Policy

STP&I prohibits to pay the dividend if the company has deficit in the fiscal year. The dividend will only be paid from the Company's Net Profit and equally paid per share.

Our dividend policy is to distribute not less than 30% of the Company Net Profit after Tax and appropriated-statutory reserve to its shareholders. However, the Company may pay dividend less than the rate stated above upon the consideration of overall operational performance, the financial status and also other factors that can affect the company operations in the future.

Subsidiaries and affiliated companies have the Dividend Policy to pay the company under their performance each year.

STP&I has paid dividends for the performance of year 2015 - 2017 as per below.

	As of 31 st December		
	2015	2016	2017
Dividend per share (Baht)	0.37	0.39	
Total Dividend paid	6.01	6.34	
Dividend per Share	1.60	0.84	non-Issuance of Dividends Payment
Net Profit	1,977	1,260	
Dividend ratio	30.40	50.30	

4 Other types of Company security issuance

(1) Warrant (STPI-W1)

Extraordinary General Meeting no. 1/2007 held on 6 November 2007 passed its resolution approving the issuance of not more than 83,500,000 warrants free of charge to offer to the Company's existing shareholders at a ratio of 3 ordinary shares to 1 warrant. On 3 April 2008, the Company was granted permission to offer such warrants to the shareholders from the Office of the Securities and Exchange Commission.

On 13 May 2008, the Stock Exchange of Thailand accepted 83,333,014 units of the warrants (STPI — W1) as listed securities, effective from 15 May 2008. A summary of the warrant is as below;

	STPI - W1
No. of warrants	83,333,014
Life of warrants (years)	5
Exercisable	Semi-annually
First exercise date	29 May 2009
Final exercise date	6 May 2013
Exercise price per 1 ordinary shares (Baht)	2.48200**
Exercise ratio (warrants to ordinary shares)	1:1.40418**

Remark: ** By resolution of Board of Directors Meeting No.1/2011 on March 7th, 2011, the Board approved dividend payment of 1.32 Baht per share. When combine with interim dividend payouts paid on November 19th, 2010 and December 24th, 2010, the total dividend paid for the year 2010 is 6.13 Baht per share which is more than 40% of net profit (after deduction of corporate income tax) according to the Company's financial statement as at December 31st, 2010. Therefore, the Exercise ratio and the Exercise price of Warrant have been adjusted as follows:

<u>Existing Rate</u>	<u>STPI - W1</u>
The Exercise price per share (Baht)	2.59600
The Exercise ratio	1 : 1.34267
<u>New Rate</u>	<u>STPI-W1</u>
The Exercise price per share (Baht)	2.48200
The Exercise ratio	1 : 1.40418

Presented below is a summary of warrant activity:-

	STPI-W1 (Units)	Share capital to support the warrant Exercise (Share)
No. of warrants issued	83,333,014	96,700,000
No. of warrants B/F at 1 January 2013	1,190,525	2,505,828
Exercised during the second quarter of 2013 (last)	(618,827)	(868,903)
Outstanding as at 31 December 2012	571,698	1,636,925

On 3 May, 2013 STPI-W1 was expired and invalid while the Stock Exchange of Thailand ("SET") delisted such warrants on 4 May, 2013.

2 Treasury Stock

The year 2008, by resolution of Board of Directors Meeting No.6/2008 on December 3rd, 2008 the Board approved a share buyback program for liquidity surplus management purposes. The summary of the program are:

- As at 2008, the Company has purchased back 4.4 million ordinary shares, a total spending of Baht 35.6 million (exclude fee & VAT)
- As at 2012, the Company resold the Treasury Stocks of 4,446,400 shares, totaling Baht 135.28 Million (Excluding Commission and Fee of resale)

The year 2015, the Board of Directors of the Company approved a share buyback program for liquidity surplus management purposes. The summary of the program are:

- a budget of Baht 2,000 million
- a number of shares to buy back is up to 162,518,147 shares (par value of Baht 0.25 each), or 10 percent of total shares issued
- the shares shall be purchased on the Stock Exchange of Thailand between 24 September 2015 and 23 March 2016
- The treasury shares shall be sold on the Stock Exchange of Thailand from 26th September 2016 to 22nd March 2019

On December 2015, the Company has bought back 350,000 ordinary shares (par value of Baht 0.25 each), for a total of Baht 3.1 million (excluding other buyback expense).

31st December 2018, the Company did not sell any the treasury shares.

INVESTMENT STRUCTURE

Company Name	Type of Business	Registered Capital (Baht)	% of Holding
Subsidiaries			
STIT Co., Ltd. 25 Moo 13 T. Bueng Kham Phroi Lamlukka, Pathumthani 12150 Tel: +66 (0) 2150 6833 FAX: +66 (0) 2150 6845 Website: www.stit.co.th	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction and manufacturing industries Engineering services 	135,000,000 (Fully paid-up)	100
STIT 2011 Co., Ltd. 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok 10110 Tel: +66 (0) 2260 1181 FAX: +66 (0) 2260 1182	<ul style="list-style-type: none"> Sales and rental of machinery and equipment for construction industry Contractor for steel and concrete works 	66,033,000 (Fully paid-up)	100
STP&I Services Co., Ltd. 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok 10110 Tel: +66 (0) 2260 1181 FAX: +66 (0) 2260 1182	<ul style="list-style-type: none"> Construction Services 	410,000,000 (Fully paid-up)	100
WPGE Phetchaburi Co., Ltd. 2521/39 Biztown (Lad phrao) Lad Phrao Road, Khlong Jao Khun Sing, Wang Thong Lang, Bangkok 10310 Tel: +66 (0) 25380 7686-7 FAX: +66 (0) 2538 2699	<ul style="list-style-type: none"> Operate waste to energy (Electricity, Oil Fuel, And Fertilizer) Operate and sell Electricity Consultant on operation a municipal solid waste power plant and selling of electricity, including other related businesses 	700,000,000 (Fully paid-up)	60
ST Property & Logistics Co., Ltd. 25 Moo 13 T. Bueng Kham Phroi Lamlukka, Pathumthani 12150 Tel : +66 (0) 2150 6833 FAX: +66 (0) 2150 6845	<ul style="list-style-type: none"> Logistics services and Property Development 	440,000,000 (Fully paid-up)	100
Fill Up Network Co., Ltd. 32/24, Sino-Thai Tower, 3 rd Floor, Sukhumvit 21 Road (Asoke), Kwaeng Klongtoey Nua, Khet Wattana, Bangkok. Tel: +66 (0) 2260 1181 FAX: +66 (0) 2260 1182	<ul style="list-style-type: none"> Selling oil from Automated Petral Station 	500,000,000 (Fully paid-up)	70

REVENUE STRUCTURE

The revenue structure of STP&I and its subsidiaries in 2016 to 2018 are provided in the table below:

(Unit: Million Baht)

Revenue	By	2016		2017		2018	
		Amount	%	Amount	%	Amount	%
1. Structural Steel Fabrication	STP&I	225.92	2.25	580.01	50.07	326.00	24.25
2. Piping Fabrication	STP&I	-	-	-	-	-	-
3. Process Module	STP&I	9,067.86	90.50	-	-	-	-
4. Revenues from Sales and Services ¹⁾	STP&I / STIT/ WPP	395.98	3.95	423.72	36.58	755.72	56.21
5. Revenue from rental of land, office building and warehouse	STPL	-	-	1.60	0.14	106.58	7.93
6. Other Income ²⁾	STP&I / STIT / STIT2011 / STPS / WPP / STPL	330.30	3.30	152.99	13.21	156.15	11.61
		10,020.06	100.00	1,158.32	100.00	1,344.45	100.00

Remarks: 1) Revenues from Sales and Services derived from manufacturing, sales and rental Machinery, Construction Material and Equipment, Oil rig decommissioning service and Waste disposal service fee
2) Others incomes consist of gain on sales of investments, interest income, dividend received from investments in available-for-sale securities, gain on sale of land and equipment, and scrap sales.

INDUSTRY AND COMPETITIVE REVIEW

In the year 2018, the economy and construction of the Oil & Gas in Australia where is company's primary market was still slowed down. Company has been participating in LNG plant projects and Refinery projects in many countries and still waiting for the bidding results which will be announced early 2019. For Japan economics growth, our secondary market in 2018, there was a construction of several projects including the expansion for Olympic Games which will happen in 2020. During 2018, Company had been awarded 3 contracts for projects in Japan which we already completed in 2018.

Furthermore, Company had been awarded a fabrication contract for the Steel Deck and Steel Pier of the bridge for erection in Sri Lanka and a fabrication & construction contract for steel structure of a petrochemical plant in Thailand.

For the year 2019, in additional to Structural Steel, Piping and Module Fabrication work, Company will focus on Alternative Energy Market and other business that has social benefit and generate long term recurring income to company group.

Competitive Review

- **Industrial Competition**

1. **Local Competition:** Competitors are quite limited because of the high cost of raw material imports and the high standards the competitors are required to meet as per the Thai Industrial Standards Institute (TISI). For module fabrication, there are only three companies in Thailand, including STP&I, who have module assembly facility. However, the other two companies focus on the offshore platform fabrication whereas STP&I focus on onshore module fabrication, therefore the STP&I's competitors are the module fabricators in Malaysia, Indonesia, Korea and China.
2. **International Competition:** STP&I's overseas competitors consist mostly of domestic steel fabricators in each project's country and steel fabricators within the Southeast Asia region such as Malaysia, Indonesia and Korea, and China. The Key success factors are quality and on-time delivery.

- **STP&I's Company Status and its Potential**

With an annual steel fabrication capacity of 100,000 — 115,000 tones of per year, STP&I is one of the largest steel fabricators in Thailand. STP&I has adopted Quality Management Program in accordance with the International Organization for Standardization System Level ISO 9001 : 2015, ISO 14001:2015, OHSAS 18001:2007, JSA Grade "H", and ISO 3834-2 to ensure quality control and meet customer's satisfaction. All assigned projects, as a result, are always completed on time and fully met the requirements of STP&I customers. These professional services has strengthened STP&I reputation in both the domestic and international markets.

Additionally, STP&I is the leader in exporting modules and fabricated steel structure & pipe to customers worldwide. The Company received BOI privilege which allows STP&I the benefits of corporate exemption STP&I also gets exemptions on VAT and Import Duty of Imported Material. These privileges have contributed to the competitive advantages for STP&I to effectively compete with other steel fabricators within the region.

RISK FACTORS

Investors should consider the risk factors as well as carefully study other details in this document before investment. Other risks That is not mentioned in this document because it is an insignificant or may be an unexpected risk. These factors may affect the business operations, financial status and operating results of the company.

Key business risk factors are categorized and described as follows:

Operational Risks

1) Risks in fluctuations of Income

STP&I's revenues are from steel structure fabrication, piping fabrication and process module which are mainly made to order works. The nature of custom-made orders, however, have contributed to STP&I's income fluctuations, where in 2010, the company's revenue from construction was 4,436.11 million baht, dropped to 707.90 million baht in 2011 then increased to 2,761.79 million baht, 4,992.49 million baht, 11,130.49 million baht and 12,843.67 million baht in 2012 to 2015, respectively, and decreased to 9,293.78 million baht and 580.01 million baht in 2016 and 2017, respectively.

STP&I's income are solely based on a success in getting new project and the uncertainty and delay of the Client's new investment projects will directly effect to our Company's revenue.

However, STP&I aware such risks and has policies to secure the recurring income.

In 2016, STPS acquired ordinary share of WPGE Phetchaburi Co., Ltd. ("WPP") from the existing shareholders. The investment represents 60% of the registered capital. The main business is to operate a municipal solid waste power plant (waste to energy) with installed capacity of 7.9 megawatt and it already signed Power Purchase Agreement (PPA) for 5.99 megawatt with the Provincial Electricity Authority (PEA). This acquisition would support the Company group in expanding its business to a growing Renewal Energy sector which is in accordance with the Alternative Energy Development Plan 2015. In addition, this acquisition is expected to generate long-term recurring income to the Company.

Moreover, in 2017, STP&I expand to the property development and logistic business by established ST Property & Logistics Company Limited ("STPL") and acquired land and buildings, which have had long term lease agreements and could recognize revenue immediately. The acquisition of the asset is a scope extension in new business, which is, to diversify operation risk for earning certain revenue, create an opportunity of gaining additional profit other from the Company's core business, and also provide a sustainable growth to the Company and shareholders.

However, STP&I also focuses on Process Module Assembly for LNG plant because LNG is an important world's energy and global LNG trend keeps rising. STP&I's strategy is to uphold its reputation in world-class quality and standard work together with on-time delivery to help maintain continuity of revenue. Moreover, STP&I also constantly build a close working partnership with the main contractors and be their preferred sub-contractors by establishing the company's credibility as the leader in steel fabrication so that they will only seek the services from STP&I for all or most of their steel fabrication projects.

2) Risks in fluctuations of raw material costs

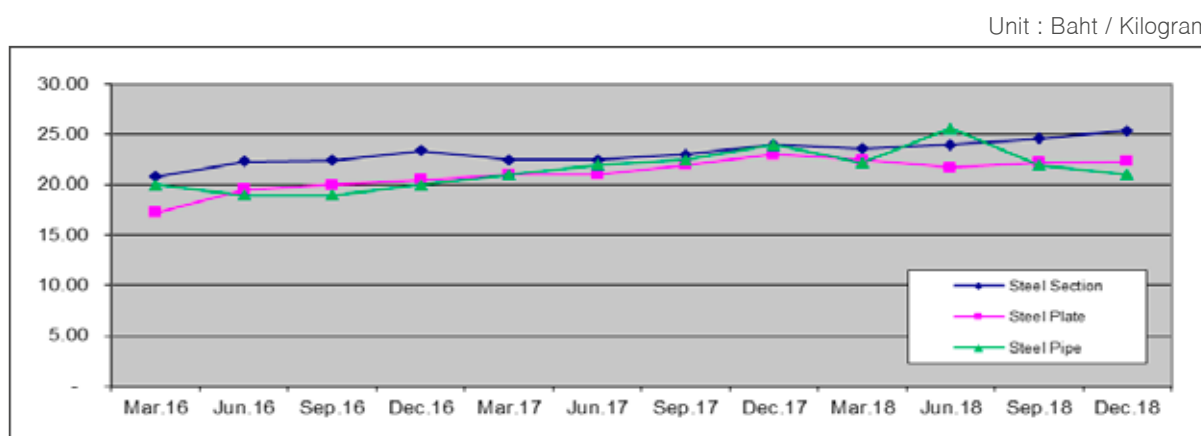
The Raw materials used by Company for steel structure fabrication and process module consist of steel section, steel plate and pipe which are affected by the risks of steel market price fluctuations, the Company forecasted that the price of steel section and steel plate from both domestic and Asian and Europe market , thus the company did the long term agreement with the suppliers to maintain the steel price for the whole project period to eliminate the company's risks in price fluctuation especially for the import steel material which are the main portion of raw material. Company sure that they can manage and control cost of raw material for the project and can make some margin, then they proposed to include the scope of supply material especially the steel plate and section to their clients.

Whereas the price of steel pipe especially for piping process which is special grade and has to import only and its trend is still fluctuate and uncontrollable, the company has thus proposed the customers to supply to the Company their own pipe.

For the on-hand projects during year 2018, it was 16% of the projects that Company provided its own materials, and cost of steel section, steel plate and pipe accounted for totally 17% of cost of sales. The percentage of purchase of steel materials in year 2018 made from domestic compare with import was 42:58.

The materials which were purchased in 2018 were not affected from price fluctuation due to the Company had inquired the price from the suppliers before the project was awarded by customer. For the projects which had been executed during 2018, the most of projects which under procurement scope by company, its project procurement period is not so long or around 6 months so, the Company finalized and did the agreement by fix material price with suppliers. 50% of total steel volume had been negotiated and agreed with the suppliers by fix the unit price of material for the whole project period. For another 50% of total steel volume, company inquired to at least 3 suppliers for the price comparison and in order to get the competitive and the lowest price for project. Furthermore, company had also negotiated with the client for some price adjustment for the additional work if any cost and time effect. Therefore, any price changes in market were not effect to the company's cost of sales.

The chart below shows price changes for steel section, steel plate and steel pipe from domestic for the last 3 years period.



Source: Company Purchasing Report for the domestic rate of Steel Section, Plate and Pipe.

Analysis of the above chart indicates that the domestic steel rate per kilogram had reduced in the year 2016-2017, which due to the steel price situation in China and also cost of raw material of steel production. The Price of Steel section continually increased from the end of year 2017 by increased 1.40 Baht/kg or about 6%. While the price of Steel plate decreased from end of year 2017 by decreased 0.70 Baht/kg or about 3% and the price of steel pipe which fluctuated during middle of year 2018, however decreased from end of year 2017 by decreased 3.00 Baht/kg or about 12%. (Remark: Price of steel pipe may be various, depended on its grade which specified by project requirement and its purchased period. The above steel price based on normal grade which from local suppliers).

Although the overview of steel prices during 2017-2018 were not much fluctuated, Company has still closely monitored steel material prices situation in order to determine the best price and suitable time to purchase. In case of Company source owned raw materials, especially steel section and steel plate, Company will request the preliminary Bill of Materials (BOM) from the customer who design and specific the material list for the project and then enquire to and negotiate with suppliers for fixing price as long as the whole project period. For steel pipes, especially the pipe for the Piping Process which are more various sizes, types and required higher grade, Company will propose customer to provide their own steel pipe as free issued material. However the pipe for Steel Structure which small quantity, Company will provide under company's scope of supply, Company will request the preliminary Bill of Materials (BOM) from the customer and then enquire to and negotiate with suppliers for fixing price as long as the whole project period as the same process as Steel Section and Steel Plate.

3) Risks in shortage of skilled labor

In 2018, labor shortage risk was not an issue for the Company because the Company's workload was not high. Company is expecting to be awarded a major project in 2019 therefore Company's demand for engineers and skilled labor may rapidly increase during 2019. However, the risks in shortage of skilled labor is not high and manageable because the labor demand in Thailand for 2019 in general is not extremely high. The risk will be evaluated and the mitigation plan will be designed during the bidding process in order to eliminate or minimize the risk. Company's excellent safety performance will also be one key factor to attract and retain good skilled labor.

With track record of fair treatment to our staff and worker, the Company provide a good structure of pay and professional management therefore, the Company is in a good position of attracting its employees. Then, the Company has maintained the key personnel successfully for the coming projects.

4) Risks in foreign exchange rate fluctuations

Foreign exchange rate fluctuations are closely monitored by the Company. To avoid such risks, the Company through the assistance of local commercial banks has adopted the use of Forward Contracts for overseas sales and matching of revenue and expense in the same currency. However, the Company does not buy forward contract for some foreign currency deposits because it was reserved for oversea expenses or oversea investments in future.

5) Risks in the policy of allowance for doubtful account

The Company has an average period of each project is approximately at 1-3 years therefore, the Company will not reserve the over 12 months of outstanding trade receivables. However, the Company has policy to reserve the allowance for doubtful account by evaluating on financial status, economy situation, and customer relationship of individual clients. Resulting from the policy, the Company is not able to get the payment from client and these doubtful accounts are not reserved which will directly effect to the operation.

As at end of the year 2016-2018, the Company has the over 12 months trade receivables and allowance for doubtful account to be bad debt account as shown in below table. The transaction has been reviewed and evaluated by the Management with an appropriate practice.

Unit : Million baht

As at 31 December	Trade receivables past due over 12 months	Allowance for doubtful debts
2016	18.41	17.45
2017	1,445.08	722.46
2018	1,445.15	722.51

6) Risks from lawsuits

The Company provide construction services and sales mainly under agreement with various customers. When needed and as appropriate for each specific project, the Company also hire subcontractors to perform parts of the work. Although management have reviewed those relevant agreements prudently and have negotiated terms and conditions with best efforts, there could still be risk from different contract interpretation or from customer's exercising of rights reservation to delay payments. If the contract parties could not settle such disputes after several attempts, the Company would then need to seek legal protection under the governing law and as stipulated in the agreement, such as to file petition to the competent arbitration office or court. This process normally lasts some years before disputes could be resolved.

MANAGEMENT STRUCTURE

The corporate management structure consists of 3 groups of directors which are:

1. Board of Directors
2. Audit Committee
3. Executive Board

• Board of Directors

According to the regulations of the company, the number of directors for the Board of Directors of the Company shall not be less than 5 persons and there shall be no less than half of the total number of directors who must have residence in the Kingdom and must have the qualifications as specified by the law. The Board of Directors meeting has at least every 3 months. The Board of Directors has the following duties:

- Board of Directors have a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as the implementation of relevant laws, regulations and regulations such as the Public Limited Companies Act BE 2535 and the Securities and Exchange Act BE 2535 and other related laws By using knowledge, ability and experience to benefit the business of the company
- To endorse the corporate policy and its business plan
- To perform in accordance with the policy effectively and allow the management to present matters that are important to the operations of the company transactions between other connected persons are considered in accordance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand. If necessary, the Board of Directors will require an external consultant to consult and provide professional opinions in making decisions on matters that affect the business operations of the company.
- Approve good corporate governance policies in writing including the policies of the company and arranging self-evaluation of the implementation of the corporate governance policy and reviewing the policy at least once a year
- Approve written business ethics and allow the management to implement at the level of directors, executives and employees, as well as other policies of the company
- To consider and approve the vision, mission, policy and business strategy proposed by the Executive Committee and review and approve every year
- To perform that the management has implemented the business strategy plan to be effective including conveying objectives and goals through strategic plans throughout the company
- To determine remuneration for the Board of Directors and sub-committees appropriately according to the principles of good corporate governance
- To ensure sufficiency, efficiency and effectiveness of Corporate Internal Control System and Internal Audit System and to ensure that the Company has internal auditor to follow up and coordinate with the Audit Committee and arrange self-evaluation the sufficient of internal control system every year

- Independent directors of the Company will use his / her discretion independently in determining the management strategy, appointment of directors and matters affecting the interests of the stakeholders of the company including access to financial information and other business sufficiently for the performance of duties and operating policies
- To perform the self-evaluation on performance of director and performance of the Managing Director to be in accordance with the good corporate governance guidelines, along with monitoring the evaluation results and improving the work efficiency which has an excellent assessment result from the evaluation of the Board of Directors Meeting No. 1/2562

In addition to the above policies, the Board of Directors has taken care of the company to comply with the relevant regulations and laws and to ensure not to cause conflicts of interest. The Board of Director has prepared a report on the responsibilities of the Board of Directors for financial statement and report of the Audit Committee report and the auditor's report Which is disclosed in the annual report of the company

In the Annual General Meeting of shareholders, at least one-third of the directors shall retire from the office. If the number of retired directors is not dividable, the nearest number to one-third shall retire and the retiring directors may be re-elected.

• Audit committee

Audit Committee There are meetings at least 4 times a year. The Audit Committee performs duties within the scope of authority and responsibility as instructed by the Board of Directors. Responsible for the following duties

1. To review the Company's financial reporting process to ensure that its accuracy and adequacy
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and efficient, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit
3. To review the Company's compliance with the law on securities and exchange, the Exchange's regulations, and the laws relating to the Company's business
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the law and the Exchange's regulations, and are reasonable and for the best interest 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
 - an opinion on the accuracy, sufficiency and accountability of the Company's financial report,
 - an opinion on the effectiveness of the Company's internal control system,
 - an opinion on the Internal Audit in conformity with the internal audit guidelines

- 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,
 - an opinion on the suitability of an auditor,
 - an opinion on the transactions that may lead to conflicts of interests,
 - the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - an opinion or overview comment from the audit committee's performance of duties in accordance with the charter by the self-performance appraisal.
 - other transactions which, according to the audit committee's opinion, should be informed to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's board of directors; and
 - an opinion on accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards (TFRS) and Key Audit Matters (KAMs).
7. To perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

• Executive Board

The Management Executives are responsible for ensuring the effectiveness of the company's operation according to the company's policy. The Management Executives are also responsible for considering and screening all business matters for the Board of Directors approval.

• Managing Director

Managing Director is responsible for efficiently and effectively conducting the business under the company's policies. His scope of authority in conducting and approving any issues related to company's general administration, unless it is required by regulations or laws to be approved by the Board of Directors Meeting or shareholders' meeting. The managing director must not engage in any related transactions which may have conflict of interests with the company. The managing director shall be able to appoint other person(s) to act on his behalf to manage and conduct company's business.

• Company Secretary

The Board of Directors has appointed Mrs. Atitaya Charnvirakul, The Secretary of the Board of Directors, as the Company Secretary effective on March 11, 2008, with authority as follows.

1. To prepare and store the following documents :
 - List of company directors
 - Board of Directors meeting notice, Board of Directors meeting minutes, annual report
 - Shareholders' meeting notice and shareholders meeting minutes

2. To file the report of interests as informed by company directors or executives
3. To engage in other duties as required by the Equity Market Committee. The Board of Director appointed Mrs. Atitaya Charnviakul to be a Corporate Secretary on 11th March 2008.

Detail on shares holding of each Director as of December 31, 2018

No.	Directors	Position	Number of Shares December 31, 2017	Number of Shares December 31, 2018	Increase/ (Decrease) in 2018	Proportion of Total Shares
1.	Mr.Chavarat Charnvirakul	Chairman of the Board	54,816,765	56,906,765	2,090,000	3.50%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
2.	Dr. Wicha Jiwalai	Independent Director and Chairman of the Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
3.	Police General Jate Mongkolhutthi	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
4.	Miss Sirangrong Chowiwatana	Independent Director and Member of Audit Committee	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
5.	Mr. Chamni Janchai *acquisition through Mrs. La-Ong Thongsuk and Ms. Panyada Ployprapath's Account as a nominee of the Director	Director	21,892,433	21,892,433	-	1.35%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
6.	Mr. Masthawin Charnvirakul	Director, Executive Director and Managing Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2017	Number of Shares December 31, 2018	Increase/ (Decrease) in 2018	Proportion of Total Shares
7.	Mr. Suwat Riensiriwan	Director	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
8.	Mr. Choavalit Limpanich	Director, Executive Director and Deputy Managing Director	64,899,995	64,899,995	-	3.99%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
9.	LT. JG. Kittijunsang	Executive Director and Marketing & Estimation Department Manager	16,224,995	16,224,995	-	1.00%
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
10.	Mrs. Anilrat Nitisoroj	Executive Director and Business Development & Legal Department Manager	-	-	-	-
	Spouse		67,486,724	67,486,724	-	4.15%
	Minor Children		-	-	-	-
11.	Mrs. Atitaya Charnvirakul	Executive Director, Administrative Department Manager and Corporate Secretary	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
12.	Ms. Supattra Yangtrong	Executive Director and Finance & Accounting Department Manager	-	2,000	-	0.00012
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
13.	Mr. Thammanoon Narind	Fabrication Plants Department Manager (Chonburi and Sriracha)	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

No.	Directors	Position	Number of Shares December 31, 2017	Number of Shares December 31, 2018	Increase/ (Decrease) in 2018	Proportion of Total Shares
14.	Mr. Damrong Panket	Laem Chabang Assembly Yard Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
15.	Mr. Supot Pongtong	Fabrication Plants Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-
16.	Mr. Tawan Chaisomtip	Project Control & Contract Administrative Department Manager	-	-	-	-
	Spouse		-	-	-	-
	Minor Children		-	-	-	-

Board of Directors and Audit Committee – 2017 and 2018 Remuneration

Name	Meeting Compensation (Baht)		Remuneration (Baht)		Total	
	Board of Director		Audit committee		Board of Director	
	2017 (6/6 Meetings)	2018 (7/7 Meetings)	2017 (5/5 Meetings)	2018 (7/7 Meetings)	2017	2018
1. Mr. Anutin Charnvirakul****	240,000	200,000			1,632,500	1,133,000
2. Mr. Chavarat Charnvirakul*****	-	-	-	-	-	63,000
3. Dr.Wicha Jiwalai	150,000	150,000	200,000	280,000	1,632,500	1,360,000
4. Pol. Gen. Jate Mongkolhutthi	180,000	210,000	150,000	210,000	1,632,500	1,360,000
5. Mr.Chamni Janchai***	180,000	210,000	60,000	-	1,632,500	1,360,000
6. Miss Sirangrong Chowiwatana*	90,000	210,000	90,000	210,000	644,000	1,360,000
7. Adm.Amorntep Nabangchang**	60,000	-	-	-	962,000	1,022,000
8 .Mr.Masthawin Charnvirakul	180,000	210,000	-	-	1,632,500	1,360,000
9. Mr.Suwat Riensiriwan	180,000	210,000	-	-	1,632,500	1,360,000
10. Mr.Choavalit Limpanich	180,000	180,000	-	-	1,632,500	1,360,000
Total of Director Payment	1,440,000	1,580,000	500,000	700,000	13,033,500	10,716,000

Remark: *Miss Sirangrong Chowiwatana as the Independent Director and Member of Audit Committee effective from August 10th 2017.

**Adm. Amorntep Nabangchang the resignation of the Independent Director effective date on August 4th, 2017.

*** Mr. Chamni Janchai the resignation of Audit Committee effective date on May 14th, 2017.

**** Mr. Anutin Charnvirakul the resignation of the Chairman of the Board effective date on November 1st, 2018.

***** Mr. Chavarat Charnvirakul as the Chairman of the Board effective date on December 15th, 2018.

Total remuneration in 2016 - 2018 were paid to 9 members of the Executive Board in the form below.

(Unit: Baht)

Remuneration	2016	2017	2018
Salary	17,793,103	17,158,455	17,155,880
Bonus	5,751,850	1,392,325	1,277,975
Total Payment	23,544,953	18,550,780	18,433,855
Provident Fund	848,676	827,187	666,952
No. of Executives(Payroll)	9 Person	9 Person	9 Person

• Employees

The company had/has total no. of employees in 2016 - 2018 as per below:

(Unit: persons)

Responsibilities	Total No. of Employees		
	2016	2017	2018
Operations staff	889	766	1,067
Support staff	70	124	75
Total	959	890	1,142

Total compensation for employees has increased from 1,783 Million Baht in year 2016 and has decreased to 377 Million Baht and 333 Million Baht in year 2017 and 2018. In year 2016, the Company has completed the main project and has decreased staff and workers by compliance severance pay as per applicable labor law. The details are as follows:

(Unit: Baht)

Employee Classification	Employee compensation (Baht)		
	2016	2017	2018
Employee salary	1,458,343,398	315,316,552	287,837,245
Employee bonus	35,898,206	9,130,530	7,372,226
Provident Fund	3,587,311	2,838,798	2,467,312
Other compensation/benefits	285,435,256	49,608,796	35,244,003
Total	1,783,264,171	376,894,676	332,920,786

• Other compensations / Fringe Benefit

- Social Security and Workmen Compensation
- Provident Fund
- Doctor and Nurse Service
- Annual Health Check up
- Group life and health insurance including accident
- Severance pay

• Training and development

The Company provides a development of staff by training both thru the outside training and on the job training. The Company has concerned that the improvement of skill and ability to work efficiency in their works, will enhance the growth of the Company and increase continuously competitiveness to the Company. For Example :

1. Leadership and Project Management
2. English for communication
3. Warehouse Management to Effectively
4. Quality Control Techniques For the most efficient and high quality results.
5. Safety in the work of spinning and lifting equipment.

Employee Training in 2018

Training	No. of Employee	No. of Hours	No. of Hours / No. of Employee
Staff	1,434	1,361	6

For the Executive, The Company has a clear policy to support the knowledge development and skills of the Executives in various fields, such as, training course, seminar, education in Business Management. Thus, the Executive can apply this knowledge to develop the organization and achieve the knowledge has been set.

In 2018, The Company support to Finance & Accounting Department Manager taken courses in Strategic CFO in Capital Markets Class 7th The Stock exchange of Thailand.

GOOD CORPORATE GOVERNANCE

The Board of Directors at STP&I Public Company Limited defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

The Board of Directors also reviewed the Company's Corporate Governance Policy and Risk Management including the evaluation of Board of Directors' performance.

The Company is committed to the principles of good corporate governance and business ethics in compliance with the recommended best practices for listed company and relevant rules, regulations and guidelines of the Stock Exchange of Thailand ("SET"), the Office of the Securities and Exchange Commission ("SEC"). The Board of Directors reviewed annually that the principles of good corporate governance and business ethics are adequate and appropriate as per the Resolution of the Board Meeting no. 1/2019 on 7th March 2019. The Board of Directors Consider and review the implementation of the CG Code as a business context.

There are 5 principles which are 1) Right of Shareholders 2) Equitable Treatment of Shareholders 3) Role of Stakeholders 4) Disclosure and Transparency and 5) Responsibilities of the Board of Directors

1. Rights of Shareholders

The Company defines the Principle of Corporate Good Governance concerning with the right of the shareholders. Basic shareholders rights include the right to 1) buy, sell, or transfer shares 2) share in the profit of the Company 3) obtain relevant and adequate information on the Company 4) participate and vote in shareholder meetings on significant corporate decisions

Shareholders' Meeting

The Board of Directors shall be obliged to supervise the organization of shareholders' meetings to ensure strict compliance with applicable laws, rules and regulations without any prejudice to the shareholders' rights. The Board of Directors shall refrain from any actions, which may limit the rights of all shareholders, including institutional investors, as follows:

- Notice of shareholders' meeting with details on date and time of the meeting, agenda of the meeting, and complete and sufficient information on each agenda for the shareholders to study in advance of the meeting
- Disclosure of and access to accurate, complete, appropriate and sufficient information for the shareholders
- Adequate allocation of time for discussion and express the opinion in the meeting and asking and explaining questions related to the Company's operation for every agenda

- Openness of the rights to vote each proposed director individually
- Rights to attend the shareholders meeting at any agendas that are still under consideration and not vote
- Proposing 2 directors for shareholders to appoint a proxy to attend and vote at the Meeting on their behalf for all 3 proxy forms (A,B,C)
- Disclosure of agenda and related information on shareholders meeting for both on website and on courier to shareholders on the right time and same information
- Encourage all shareholders, including institutional ones to attend the Company's shareholders meeting

Chairman of the Board, Director's and Top Management's Attendance at Shareholders' Meeting

Chairman of the Board, all directors, company secretary and top management of the Company shall attend all shareholders' meetings necessary. This is to allow them to listen to suggestions and answer questions from the shareholders.

Minutes of the Shareholders' Meeting

The minutes of the shareholders' meeting are disclosed to shareholders in accordance with applicable laws, rules and regulations. Data are accurately and completely recorded, including methods of how to vote and count the votes, names of directors attending the meeting, questions and answers, and the resolutions on each agenda of the meeting.

Equitable Rights of Shareholders to Dividend Payment and Repurchasing Stock

The Company has given all shareholders an equitable right to dividends and/or other benefits and the right to repurchase stock. In this regard, the Company has established a clear dividend payment policy.

2. Equitable Treatment of Shareholders

Notice of Shareholders' Meeting

For equitable treatment of all shareholders, in sending the Notice of Shareholders' Meeting, Proxy Form A, B, and C, and instructions on how to appoint authorized representatives for shareholders who cannot attend the meeting in person, the Board of Directors requires that the letter of invitation to meeting must be disseminated both in Thai and English languages at least 30 days prior to the meeting date on the Company's website www.stpi.co.th and that the notice of shareholder's meeting must be sent to the shareholders at least 21 days before the date scheduled for the shareholders' meeting. In case of a foreign shareholder, the notice of shareholders' meeting and supporting documents in the English language must be sent.

Voting Right

For equitable treatment, a shareholder shall have one vote per share.

Agenda Proposition and Nomination of Directors

The Company adheres to the principle of equitable treatment of all shareholders and in order to give all shareholders an opportunity to propose matters to the Board of Directors as meeting agenda or nominate qualified persons as the Company's directors, the Company has established the criteria for agenda proposition and director nomination. Such criteria consist of qualifications of the shareholders to propose the meeting agenda or nominate a director, procedures for proposition of the agenda and director nomination, matters not to be included as an agenda, consideration and selection procedures, and announcement of the consideration results. Details of such criteria are shown on the Company's website www.stpi.co.th.

Internal Information Usage Policy

The Company has developed written measures to prevent its directors, management and employees from using inside information for their personal benefits. This is to prevent potential conflicts of interest and disclosure or misuse of inside information. Matters on the inside information usage are contained in the procedures and code of conduct of the directors, management and employees as well as Work Regulations of the employees.

With regard to regulations on inside information of the Company, the term "inside information" means information on financial matters, investment, marketing, operations, and other information related to the Company in accordance with the Articles of Associations of the Company or laws. Protection of the inside information is to protect shareholders' rights and the Company's assets as well as interests of the Company. If the management and employees violate this regulation on inside information, they shall be subject to penalty as stipulated in the Work Regulations and laws. Procedures regarding inside information are as follows:

- The company shall inform the Board of Directors and management as well as their spouses and minor children on their obligation and the auditor to provide reports on their holding of the Company's securities in accordance with the Securities and Exchange Commission (SEC) Sor Jor.14/1997 regulations: Preparation and disclosure of reports on securities holding of directors, executives and auditor of the company. Which must be strictly observed
- Limit the number of persons who are aware of the financial information to only related management.
- The management or employees who have knowledge of inside information shall not be allowed to disclose such information to the outsiders nor shall they sell securities of the Company within one month prior to dissemination of financial statements to the public and the boards of directors and management are required to notice the company secretary at least 1 day before their trading of the company's securities. The company secretary is to submit a summary report on the holding and trading of the company's securities of the board of directors, management, and the auditor to the board of directors meeting quarterly for acknowledgement.
- The company has a regulation on inflicting punishment against any management and/or employees bringing forth inside information for dissemination for use for their personal interests.
- The Company has adopted information technology system to prevent access to the Company's information and stipulated the rights of access to the Company's information in various levels suitably in accordance with the responsibilities of each management and/or employee. The Company had an

information technology policy. It was created to clearly define rules for safe use of computers and information technology of the Company, such as prevention of problems that may arise as a result of incorrect use of information system network, protection of information, punishment, and application.

Policy on Securities Trading of Directors and Top Management of the Company

The Board of Directors has determined a policy on securities trading of the Company's directors and top management to prevent their use of insider information that is nonpublic and essential to change in the prices of securities (Insider Trading), which is considered an unfair trading.

Policy on Connected Transactions, Related Party Transactions, and Conflict of Interest

The Company realizes the benefits of shareholders and fair treatment of all shareholders. To prevent conflict of interests and to achieve transparent and accountable business operations, the Company has a clear policy on disclosure of connected transactions, related party transactions and conflict of interests in order to enhance the confidence of shareholders, investors and stakeholders. The significant connected transactions, related party transactions and conflict of interests must be reviewed and approved by the Audit Committee and the Board of Directors. The Company will be in strict compliance with criteria, conditions and procedures set forth in the Notification of the Stock Exchange of Thailand regarding Disclosure of Information and Practices of Listed Companies in Connected Transactions B.E. 2546 (A.D. 2003) or amendments thereof.

Report on interest of directors and Management

The Board of Directors and The Board of Executive Directors will act as a director in accordance with the Fiduciary Duties by especially focus on making decision to both direct and indirect of the company's transaction with cautious and honesty in order to prevent any conflict of interest that might happen in the connected transaction between the company and its subsidiaries. The Board of Directors defined the best practices for avoiding any conflict of interest by providing the policy that every Directors, and Top Management from Senior Vice President and/or upper levels including Management whose position were related to accounting and financial in Managers or division level must report any conflict of interest that had been made by themselves, spouses, and minor child to the company for the acknowledgement as accordance with The Securities and Exchange Act B.E. 2535 and other additional regulations.

3. Role of Stakeholders Principle

Human Resources Management Policy

The Company has policy to manage people fairly and completely by;

1. Suitable compensation and benefit
2. Adequate fringe benefit
3. Development on staff skill including training
4. Fairness

5. Respect to individual rights
6. Belief and trustworthiness
7. Provide consultation
8. Encourage to be a good citizen
9. Open box for staff to express their opinion and information

The company has intention to develop people in all aspect in order to increase their effectiveness and efficiency to the Company operation by;

- **Manpower Planning**

The Company has planned man power to fulfill the project volume by providing qualification candidate as plan and timely.

- **Recruitment and Selection**

The Company has a procedure on recruitment process to get a qualification candidates. There are many channels for recruitment including internet, event with labor department, government agencies, university and education institutes. With many channels of promotion, the Company can select the candidates to match with the position properly. And also, the Company has checked the criminal records of the accepted candidates for some position with the Criminal Record Division,

- **Fringe Benefit**

- 1) Fringes benefit as per required by law including social security and workmen compensation
- 2) Additional benefits including provident fund, group life and health insurance, health examine, long service award (5, 10, 20, 25, 30 years), education fund, uniform, and nurse service

- **Training and development**

The company has a policy of learning and employee development. Through training and development of employees at all levels to meet the needs of each job type. This is to enable employee to have knowledge, ability, skills and expertise in their job and able to work efficiently with the organization's business plan at present and ready for future competition in a sustainable manner, for example

1. Safety officer (Supervisor Level)
2. Knowledge in purchasing work
3. Construction & Material Control Operation Procedure
4. Operational techniques in large structural work
5. Strategic planning and management (For Executives)

Training of Year 2018

Training	No. of Employees	No. of Training hours	Training Hour per Employee per Year
Employee	1,434	1,361	6

Performance Evaluation and Pay Structure

The company has a concrete performance evaluation system by setting the criteria for individual and team performance in line with the company's operation plan which related to the appropriate and fair compensation system. By developing and improving to be in line with the conditions of competition and labor market conditions that change in each period by having paid compensation to employees and personnel appropriately and in line with the operating results of the company.

Training and Development for Board of Directors and management

Board of Directors has a policy to promote and develop knowledge and skills as well as to continuously increase the director's perspective which will help the directors to lead the organization to achieve the objectives of the company that has been placed Including orientation for new directors to have knowledge and understanding of roles and responsibilities, objectives Regulations, policies and business of the company.

- Training of executives for the year 2018

In the year 2018, the company encouraged Finance & Account Department Manager has joined additional training in the Strategic CFO in Capital Markets (Class no 7) of the Stock Exchange of Thailand

Policy on Safety, Health, and Environment

The Company has commitment on Safety, Health, and Environment which is a key success factor to the operation of the Company and to all related parties. All employees are the most important to the Company therefore, the Company ensures that they work under safety condition and good environment. The key policies are as follows:

- 1) The Company has committed to staff and community by promoting and supporting the operation with safety and health, and preventing and protecting the environment
- 2) The Company provides the safety, health, and environment management to comply with the related laws.
- 3) The Company has defined that managers are responsible for implementing, controlling, and following the policy of safety, health, and environment to be executed to all staff. And also, managers has a rights to proceed this policy successfully.
- 4) The Company has to ensure that all staff work under the Company policy on safety, health, and environment and under the Company regulation strictly.
- 5) The Company provides all necessary equipment and tools with a safety condition and personal protection equipment. The Company has promoted and supported staff by educating and convincing them to work with safety and protecting the environment.

The Company has a committee of safety, health, and environment who plan, execute, and develop such policy to the project efficiency.

Anti-Corruption Policy

The Company promotes anti-corruption policy to all management and staff by having an anti-corruption policy in writing, therefore, they understand and apply this policy to their works

In the year of 2015, the Company was assessed on the Anti-Corruption Policy at the level 3 of Established by ThaiPAT Institute. The Board of Directors have also reviewed the policy at least once a year.

The Company has announced a written Gift policy which is a part of Anti-Corruption Policy to employees and the policy was adopted in year of 2015.

Non-infringement of Intellectual Property

The Board of Directors is aware of the importance of non-infringement of intellectual property and conformity with laws governing intellectual property or copyrights; therefore, a policy has been established and clearly disseminated the requirement to the management and employees to carefully consider the products, services, equipment, tools or information technology to be used for business operations of the Company to ensure that the use of such items is not an infringement of third-party intellectual property.

The company set the best practices for non-infringement of intellectual property by monitoring and preventing the downloadable pirated hardware and software.

Human Rights

In the business of that company, it gives priority to human rights of personnel and those involved. Respect the rights of people as required by law, the Company should not act or take any actions in the business which are violation of human rights but treating employees equally and strictly complying with laws

4. Disclosure and Transparency

Disclosure of Data and Information of the Company

The Board of Directors has defined the policy regarding disclosure of information on business and operating results of the Company, both financial and non-financial information, in an accurate, adequate, appropriate, timely and transparent manner, to general public, investors and stakeholders. Regarding such disclosure, the Company complies with provisions of the Public Limited Company Act, the Securities and Stock Exchange Act, relevant regulations and notifications of the Securities and Exchange Commission, the Stock Exchange of Thailand, and other related authorities. The Board of Directors has complied with the rules and regulation on the disclosure policy including annual report, corporate information (56-1), thru the Stock Exchange of Thailand and company website www.stpi.co.th

Investor Relations Office

The Company has set up the Investor Relations Office to communicate with investors, shareholders, analysts, relevant government agencies, and the general public in an appropriate and equal manner. The Investor Relations Office can be reached at

Investor Relations Office

STP&I Public Company Limited
3rd Floor, Sino-Thai Tower,
32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: ir@stpi.co.th
Tel: +662-260-1181

Dividend Payment Policy

The Company has a policy to pay dividends at the rate of at least 30% of the net profit, according to the specific Financial Statements of the Company, less the statutory reserve fund and other reserve fund. However, the payment of dividends shall depend on the Company's cash flow statements, provided that there are no other necessary matters and for as long as the dividend payment shall not affect the essential business operation of the Company. Nevertheless, the Company may declare a dividend payment at a lower rate than the above-specified rate by considering the business operation, financial status as well as other factors which may affect the business management of the Company in the future.

Whistleblowing and Whistleblower Protection Measures

To promote corporate good governance and encourage all employees and stakeholders to report or disclose potential corruption or violation of laws, code of ethics or policies of the Company, to file complaints regarding violation of rights, or to express their opinions regarding business operations, the Company has provided a channel for the employees and stakeholders to report to: _

Corporate Secretary Office

STP&I Public Company Limited
3rd Floor, Sino-Thai Tower,
32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110
E-mail: contact@stpi.co.th
Tel: +662-260-1181

Whistleblowing Procedure

1. The person who informs the whistleblower or the person who cooperates in the investigation can choose not to reveal themselves if it is seen that the disclosure will cause unsafe or damage, But if there is a self-disclosure, the company can report the progress, clarify the facts or alleviate damage easily and faster.
2. The company will consider the information of the whistleblower, the complainant or the person who cooperate in the investigation including confidential information The disclosure is done with caution and as necessary by taking into account the safety and damage of those who report clues to the complainant or those who cooperate in the investigation source of information or related person
3. In the case of whistleblower, the complainant or the person who cooperates in the investigation of the facts, he / she may be unsafe or may cause damage can request the company to set appropriate protection measures. The company may impose a protection clause where the person who makes a complaint or who cooperates in the investigation if it is considered to be a problem that is likely to cause damage or insecurity.
4. Those who have suffered damage will receive relief through the process that is appropriate and fair.

Communicate with the Board of Directors

The company provides additional channel for stakeholders to communicate with the Board of Directors directly to the Board (without the acknowledgement of the company's executives) in order to receive any suggestions or opinions including claimants such as the operation of the Executives, the unfair practices and any other acts that against the code of conduct.

Stakeholders can submit the document that clearly specified name, address, the convenient telephone number and e-mail address (if any) to:

The Audit Committee

STP&I Public Company Limited
3rd Floor, Sino-Thai Tower,
32/24 Sukhumvit 21 (Asoke) Road,
Klongtoey-Nua, Wattana, BKK 10110

The Audit Committee will consider and manage such matters by directly report to the Board of Directors (without the acknowledgement of the company's executives) case by case. The company assures that whistle blowers must not be harmed according to the whistleblowing policy.

Risk Management Policy

The company is committed to achieve the goals, objectives, and business and investment plans. The company realized that the importance of the changing in business environment and the risk of uncertainty that may cause the impact on business. To comply with good corporate governance, the company provides the risk management policy and the risk management practical guideline; which consists of analysis, assessment, management, and monitoring, in order to control risk in appropriate level (risk appetite), prevent loss, and minimize impact on business opportunities.

5. Responsibilities of the Board of Directors

Balance of Power Aggregation or Segregation

The company's Board of Directors considers the size of the appropriate committee which consists of people with knowledge, experience and ability to perform their duty. The company's Board of Directors consists of 8 members which is comply with the rules that should not be less than 5 persons and should not exceed 12 people. The Board also define the independent directors qualification to ensure that it is really independent.

The company's Board of Directors consists of 8 members. Of these 8 members, 3 are managements, 2 non-management director and 3 independent directors. The proportion of independent directors is 1 to 3 of the total member of the Board of Directors. The independent directors have experience in Finance and Accounting, Laws, and Engineering which are all suitable for the Company's business. More details are addressed in the Management Structure Topic.

The Board of Directors has a framework for Executive Committees for approving normal business operations transactions regarding Authorization path. Those transactions must not be a conflict of interest and must not be a transaction that requires opinions from shareholders. In the case of investment, expanding production capacity or items that have a great impact on the company. The Executive Committee must propose to the Board of Directors for approval as required by the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand

In addition, Members of the board have conducted self-assessment the performance of the board as a whole and on an individual basis, at least once a year which was held on The Board of Meeting no. 7/2018. The Company Secretary has filing all documents for records.

Authority of the Board of Directors

1. Appoint, withdraw, delegate power, duties, subcommittees and managing directors to perform regarding the Company's business
2. Consult an expert or company consultant (if any) or hire a consultant or external experts, in case of necessity, at the expense of the company
3. Approve the establishment, merger or dissolution of subsidiaries
4. Offer capital increase or decrease capital or changes in the value of shares, amendments, changes or memorandum of association Regulations and / or objectives of the company to shareholders

5. Authorize the management Executive level of the company or any other person can substitute under the scope of authority of the Board of Directors
6. Have the power to invite the management and employees of related companies to clarify, give opinions, attend meetings or submit documents as deemed relevant.
7. Appoint and remove the company secretary

Authority of the Chairman of the Board

1. Having a duty to fulfill the objectives Company regulations and the resolution of the shareholders' meeting of the company as well as legal action Public Company Limited Act BE 2535 and the law of The Securities and Exchange Act BE 2535 and other relevant laws specifically designated as the duties of the Chairman of the Board
2. Acting as Chairman of the Board of Directors Meeting And supervise the Board of Directors' meeting to be in accordance with the Company's Articles of Association, laws and relevant good corporate governance guidelines Including having sufficient time for the meeting for the management to present the matter and the director in discussing important issues
3. Acting as the chairman of the shareholders' meeting and supervising the shareholders' meeting to be in accordance with relevant laws and good corporate governance guidelines
4. Promote, develop and supervise the performance of duties of the Board of Directors with honesty comply with the Company's code of conduct and good corporate governance principles including strengthening good relations between the directors and the management
5. Ensure that the performance of the Board of Directors is effective and achieve the main objectives and goals of the company

The term of directorship

- a. One-third of the directors must retire by rotation at the Annual General Meeting of Shareholders. If the number of directors is not a multiple of three, the number of directors closest to one-third shall retire. The retiring directors shall be eligible to be re-appointed for another term.
- b. The aforementioned retirement of Directors in year 1 and year 2 is decided by a draw. In the subsequent years, the Director who holds the longest time in office will be retired. Should there be the case when the number of Directors who holds the longest time in office is greater than the number of Directors that have to be retired, the draw will be applied. In the retirement of such case, a Director can be reappoint for the directorship position.

Assumption of Directorship in Other Companies by Directors

The policy in the directorship of directors in other companies are clearly stated in order to ensure that the Directors have adequate contribution to the Company. The number company which the Directors hold their positions are required according to the good corporate governance policy which are;

1. To ensure that directors have sufficient time to perform their duties, the board should consider the extent to which having multiple board memberships lessens the effectiveness of directors. With a good corporate governance, The Company prohibited the Directors to hold the director positions in more than five listed companies
2. And to ensure that the Company's managing director has contributed and dedicated his/her time to the Company, the Company's managing director do not allow to hold a Managing Director in any other listed Companies.

Remuneration of Board of Directors and Management Executives

The directors remuneration are included meeting fee, annual fee, and other benefits in accordance with a resolution of the shareholders meeting. The Company has not yet established a Remuneration Committee, however, the Board of Directors has carefully considered the remuneration of the Directors and Audit Committee by comparing such with other public limited companies of a similar type and size listed on the Stock Exchange of Thailand. The Board recommended that the remuneration of the Directors and the Audit Committee of the Company should be fixed at the proposed amount. The details are shown under Management Structure section.

The Board of Sub-Committee

The Board of Director appointed Sub-Committee of the Audit Committee and Sub-Committee of Management Executives to perform and monitor the company's operations. Their duties and responsibilities have been defined clearly in the Management Structure section.

Board of Directors Meetings

In 2018 the company held 7 Board of Directors meeting which was attended by company executives to discuss the topic regarding the company's Board of Directors. The Company also planned the schedule of Board Meetings for the whole year of 2019 which was agreed in the Board of Meeting. For the best interest of the company, the Board of Directors concentrated on the Quarterly Financial Performance and the Report of Audit Committee coupled with the business risk which could affect the company's performance including the follow up of legal cases and the operation risk. During the voting the resolution in the Board of Director meeting, the Company has set up constituted quorum at 2/3 of the number of the directors.

The secretary of the Board of Directors is responsible for minutes taking, distributing the meeting notifications with other relevant documents to all directors at least 7 days prior the meeting date. Minutes of the Board of Directors of Meetings were certified by the Board and filed properly as reference.

Non-Management Meeting

The Company has set up a meeting of only non-management directors in order to consider, share, and discuss on the recent activities of the Company. And also, the non-management directors shall give advises or comments issues that may effect to the performance or activities of the Company. The rules of this meeting are

- The attendee shall be non-management directors and not holding the Company's share more than 5%
- The general practice of non-management meeting shall be followed the same practice as the Board of director meeting which included inviting to the meeting and quorum. However, in some cases, there may not have the advance agendas, the purpose of the meeting is to share and give opinion on the recent activities of the Company.
- There will have at least 1 meetings per year or at the appropriate time set by the meeting chairman.

The Non-Management meeting was held once on 21st December 2018. The agendas were related to the performance of Management Executive, sharing ideas on company's events and concern issues, the appropriate of dividend proposal based on company's performance, and the concern of the policy of allowance for doubtful account.

The Definition of Independent Director

- Holding shares no more than 1 per cent of paid-up capital of the company, affiliated company, associated company or related company, which shall be inclusive of the shares held by related persons.
- Being a director who does not take part in the management of the company, affiliated company, associated company, related company or majority shareholder of the company. Not being an employee, staff member or advisor who receives a regular salary from the company, affiliated company, associated company, related company or majority shareholder of the company
- Being a director who has no direct or indirect benefit or interest in finance and management of the company, affiliated company, associated company or majority shareholder of the company. Being a director who has no benefit or interest of the said nature during the period of 1 year before his appointment as a member of the Audit Committee except where the Board of Directors has carefully considered that such previous benefit or interest does not affect the performance of duties and the giving of independent opinions.
- Being a director who is not a related person or close relative of any management member or majority shareholder of the company.
- Being a director whom is not appointed as a representative of the company's directors, majority shareholders or shareholders who are related to the company's majority shareholders.
- Being capable of performing duties, giving opinions or reporting the results of performance of work according to the duties delegated by the Board of Directors without the control of the management or the majority shareholders of the company including related persons or close relatives of the said persons.

Selection of Directors, Independent Directors and Management Executives

The company has not formed the Selection Committee to appoint the Directors. The directors have been selected by considering each individual qualification to fit the Board of Directors roles and responsibilities. Member of the Board of Directors will be selected from qualified persons and propose to the annual general meeting of shareholders to consider the appointment by resolution. The rights of shareholders can be defined as following:

- 1.1 One-share one-vote basis will be applied.
- 1.2 Each shareholder has to use up his votes for director appointment.
- 1.3 The nominees whose votes are chronological order ranging from the top to the last shall be elected as a Director.

Policy on the Company's subsidiaries and related company

The Board of Directors defines the important of subsidiaries management in order to commit the highest benefit for all parties; the Company will appoint a representative to be either a director/authorized director or management member which depending on the type of businesses. The Company have only few subsidiaries which are in the related business to the Company therefore, the Company did not set a written rules for subsidiaries of the Company.

Internal Information Disclosure and Usage Policy

The Board of Directors defines the importance of corporate good governance in written in order to gain the company's sustainable growth and management efficiency. The review of sufficient internal control system has been performed annually since 2002 in order to ensure the efficient company's operations, and supervising the executives to obtain the management efficiency. The company disclosed all information required by SET in bilingual (Thai and English) via the company's website.

Additionally, the company specified that all members of the Board of Directors and Management Executives must disclose the numbers of shares they held in accordance with the Securities & Exchange Act B.E. 2535 Section 59. The company also delivers all information obtained from the SET and the SEC to the Board of Directors and Management Executive.

The company has its obvious policy in accordance with the internal information disclosure and usage policy. To prevent the conflict of interests by pirating information that had been disclosed or brought for disclosure or used for own benefit, The company has come up with the rules to prevent the usage of internal data for personal benefits of the Board of Directors executives and employees., thus, to protect the investment of shareholders and assets of the company. In any case, the executives, or any staff / employees who are in breach of these regulations, he/she shall be punished in accordance with the rules and regulations of the company and shall receive the punishment as prescribed by the related law, in all respects.

Audit fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 and our auditors were Mr. Supachai Phanyawattano for the year 2014, Mrs.Chonlaros Suntiasvaraporn for the year 2015 and Miss Watoo Kayankannavee for the year 2016-2018 with the following remunerations:

- Audit fee**

In 2018, the total auditing fee was Baht 2,990,000 of which Baht 1,300,000 pertained to the Company's auditing fee and the remaining Baht 1,690,000 was for its affiliated companies as per the chart below:

(Unit: Baht)

Year	2016	2017	2018
The Company	1,100,000	1,600,000	1,300,000
Affiliated company	735,000	1,370,000	1,690,000
Total	1,835,000	2,970,000	2,990,000

Remarks: In 2017, audit fee of the Company was included review for Price Purchase Allocation of WPP amounted Baht 300,000 and audit fee of subsidiaries were included audit fee of WPP and STP&L. In 2018, including audit fee of FILL UP Baht 240,000

- Non-audit fee**

EY Corporate Services Company Limited also provided specific audit as per the BOI requirements for the company's BOI promoted businesses in 2016 - 2018 as follows:

Year	2016	2017	2018
No. of certificate(s)	2	-	-
Fee amount (Baht)	200,000	-	-

CORPORATE SOCIAL RESPONSIBILITY

The company conducts business with responsibility to community, economic and environment, adhering to principle of corporate good governance. The Company has a Corporate Social Responsibility Policy which call for balancing respectful treatment and development among all stakeholders.

“Stakeholders” mean employees, directors, shareholders, partners, customers, consumers, suppliers, creditors, debtors, community nearby and community in a remote area, natural environment, government, government agencies, the Country, including other related parties, Stakeholders who could be affected from the Company’s operation. And also, it could be affected directly or indirectly to the company, therefore, there will be 2 groups of stakeholders as follows:.

1. Primary Stakeholders — Related parties who involve directly to the Company’s business such as client, partners, supplier, employee and employee’s family, shareholders, investor, debtor and nearby community. .
2. Secondary Stakeholders — Related parties who involve indirectly to the Company’s business such as government, government agency, association, professional, Non-Profit organization, potential client, potential candidate, other communities.

The Company has a policy on Social Responsibility which is in line with the Corporate’s policy and Corporate Good Governance

1. Conduct business with integrity, transparency, fairness, and traceability for the growth of the Company together with the development of well-being of employees, communities, society, environment and all other stakeholders.
2. Promote and educate on humanity and environment to all level of employees in order to define the guide of improvement and sustainability responsibility of society and environment.
3. Promote to set up an activity that related to social responsibility to society and environment by using the Company’s existing resources to success with cost effectiveness and efficiency.
4. Extend their collaboration and promote staff members to fulfill these policies successfully

The Company Social Responsibility

The Company social responsibility is in line with the business operation or activities that create value to the Company and to the society. The value added will be benefit to shareholders and all stakeholders and also increase the Company’s competitiveness in term of productivity. In addition, it also create the good relationship among stakeholders which enable to sustainable growth to the Company. The Company has conducted the Company social responsibility as follows:

1. Our management and engineer realized that we work professionally under the agreed contract for client by producing the process of work and product as per client’s requirement on engineering specification, related standards of both local and exported foreign country. We ensured that consumer use our product safely which is our standard of work. Moreover, the safety record of our working time without loss of injury.

2. The company has complied to the agreement and condition to our client with international standard. The company also has a policy to keep the confidentiality of client's information. The Company will not public and not take advantage on the client information.
3. The Company concentrate on the limitation of resources and duty to protect the environment therefore the Company has evaluate and examine the quality of air, sound, waste water, and dust every year.
4. The Company was awarded ISO 14001: 2015 environmental system standards and was committed to set the environmental policy and maintain within the company to ensure that it does not have an environmental impact on employees and communities. The Company has continuously improve the operations, such as environmental quality measurement according to the law, campaigns for employees to be aware of the use of office materials appropriately, such as the use of copier paper on both sides, turning off lights, air conditioning and the computer screen during the lunch break, changing to the energy saving lamp, manage recycled waste. All these activities will help save the unnecessary expense and saving the natural resources as well.
5. The Company inform all employees to be aware of the proper use of tools, machinery and equipment as per instruction manual, training before use, and continuous maintenance properly.
6. The Company has training to develop our staff competency in order to having a career path and promotion efficiently. And to ensure that all employees are treated fair and proper decision.
7. The Company realized that the well-being of employees physical health by providing an annual health check every year
8. The Company has complied with OHSAS 18001 as an international standard on safety and occupational health. The Company emphasize on management to reduce the risk of causing injury and illness, especially on operational staff and loss of assets. This can prevent problems and harmful things to the health and welfare of employees which is considered as an indirect return to society. Because if employees work safely, there should not to the well-being of oneself and family and not a burden to society.
9. The Company and its subsidiaries organize activities for the community around the project, such as Children's Day activity, education scholarship, elderly support project, free-lunch activity for patients at health promotion hospitals, money support for the disabled, etc.

ANTI-CORRUPTION

STP & I Company Limited (Thailand) conducts its operation with fairness, transparency, abide by the rules and regulations to all stakeholders properly. The Company has established policies against corruption to guide the duties of directors, management, employees and stakeholders which had been informed to them.

1. Anti-Bribery and Anti-Corruption Policy

The company's board of directors, management, employees, subsidiary or other companies which are under our supervision, must strictly adhere to the Anti-Bribery and Anti-Corruption Policy in order to ensure that they will accomplish their duties with integrity and refrain from direct and indirect bribery or corruption of all sorts. The company has emphasized the policy across all areas of the company's operation, as well as to comply with the applicable laws, regulations, notifications, ruling and requirements relevant to business operation. In this regard, the company will not penalize those who refuse to take bribery or corruption although such action would cause the company to lose business opportunity.

2. Definition

The company has declared the definitions that explain the Anti-Bribery and Anti-Corruption Policy as follows;

Dishonesty : To do an act in order to procure, for himself/herself or the other person or the company, any advantage to which he/she is not entitled by law.

Corruption : The exercise of power in office or in the course official duty with a view to acquiring undue benefit for his/her own or for other persons or for the company.

Bribery : The act of giving or receiving property or any other benefits for the purpose of influencing the action of proceeding, not proceeding or postponement of his/her public or legal duties.

Hospitality Expenditures : The expenditures for the reception or hospitalization of any person who deals with the company by occasion, tradition or as a desirable social manner, including the cost of food, accommodation, hospitalization (such as transportation fares, visiting cost, etc.).

Gifts : Money or object which is transferable to money (such as gift card, voucher, cashier's check, etc.) or stuff or privilege (such as discount, premium, etc.) being handed between the company and those dealing with the company by courtesy, tradition or as a desirable social manner, such as gift, hamper, flower basket, calendar, stationery, sampling product, souvenir, etc.

Donation : The giving of money or object or any other benefit to a public or private agency or to a juristic person or an individual to serve the charitable purpose for the support of society, religion and education, such as a donation of money or objects to victims of a natural disaster, donating money to foundations or a donation of lunches to underprivileged students, etc.

Political Contributions : Contributions made in money or other forms of assistance with the aim to support political activities. Financial contribution also covers the giving of loans. Other forms of assistance vary, such as the giving of objects or the provision of a service, an advertisement aiming to promote or support a political party, the purchase of

tickets to specific event held to fund or collect donation for an organization that is close to a political party. Moreover, letting employees leave the job without paying a salary or allowing employees to represent the company in the participation of political campaign are included in the terms of political contributions.

3. Procedures

The Company has determined practices which relate to high risk issues that could lead to misconduct, corruption and bribery with respect to encourage the directors, executives and employees, as well as subsidiary or other companies under our supervision to operate with utmost caution.

3.1 Receiving or Offering Customary Gifts, or other Benefits

To operate the company's business that related to biddings other projects, procurement, communicating business, or any other related company's business transaction in both public and private sectors must do with fair, transparent and verification. The company realized the importance of any act that might result in improper influence including receive or offer customary gifts or other benefits that might cause any bribery and corruption.

3.2 Offering Sponsorships or Charitable Contributions to Public or Private Sectors

Offering sponsorships or charitable contributions to both public and private sectors must strictly do with transparent that did not contrary to the morality, code of conduct, and abide by laws and regulations of the company. The offering sponsorships or charitable contributions as the foresaid can be done after the approval of the original affiliation.

The offering sponsorships or charitable contributions to public or private sectors must not be used as a subterfuge or route for conflict of interest in both individual and company's benefits and must not be used as a subterfuge for bribery and corruption.

The approvals of offering sponsorships or charitable contributions to public or private sectors must strictly adhere to the regulations by writing the report attached with the offering sponsorships or charitable contributions payment for approvals and submit all related papers to the Management for considering process.

3.3 Political Participation

The company is a politically neutral organization and does not support any political parties or politicians including enabling the Board of Directors, Executives and employees not to participate in any act under the name of the company.

The company realizes that it is righteous of its people according to the liberty and rights in participating the political activities; therefore the company encourages its people to exercise their political rights in compliance with laws but prohibit using employees' status or using any company's assets as a subterfuge or route for any form to political participation or political contributions in the name of the company.

To express and giving political opinion in the company's office or job site area is penalty to the company's association.

3.4 Whistle blowing for Business countering Bribery

The company supports its personnel to report any misconduct or non-compliance or any form of action that might result bribery by sending their enquiries to managers or other channel that open for this matter. The company has whistle blowing and whistleblower protection policy as stated in the good governance chapter. The additional complaints channel for whistle blowing as follows;

Corporate Secretary

STP&I Public Company Limited

3rd Floor, Sino-Thai Tower,

32/24 Sukhumvit 21 (Asoke) Road,

Klongtoey-Nua, Wattana, BKK 10110

E-mail: contact@stpi.co.th

Tel: +662-260-1181

Complaint-Making and Whistle-Blowing Process

1. If one comes across a violation of the laws, regulations, corporate governance principles, code of conduct, Company's policies or regulations, as well as suspected corrupt practices by Company's directors, executives, or employees, one can file a complaint through designated channels. An employee coming across such acts should ask or consult his or her superior first. If unsure or uneasy to do so, he or she can use designated channels.
2. Upon receiving a complaint, the recipient shall consider information or evidence for validity. The complainant is encouraged to disclose his or her identity. If the recipient found that the information is invalid, the recipient shall notify it to the complainant in case he or she reveals his or her identity. However, if the information is valid, the recipient shall inform the Corporate Secretary for complaint registration.
3. Afterward, the recipient of a complaint shall consider suitable further action or forward the matter to relevant party (investigator) with due regard for freedom to duly act on the issue in question so as to find facts and track progress. This is to ensure that the Company's actions fit the complaints. Below are the guidelines.
 - 3.1 Violations of personnel aspects of Company's policies and procedures should be forwarded to the Human Resources & General Affairs Section Manager
 - 3.2 Violations of laws, regulations, Company's policy and principles of corporate governance, code of conduct, or regulations should be forwarded to the Company Secretary
 - 3.3 Dubious acts for unlawful gains for oneself or other parties, including embezzlement, corrupt practices, and fraud should be forwarded to the Audit Committee
 - 3.4 If the matter under (1), (2), or (3) is complicated or involves several units, it should be forwarded to the Managing Director to consider appropriate actions
4. Subsequently, the investigator shall inform the Corporate Secretary for complaint registration, information recording, and follow on progress of such complaint.

5. Investigator, under (1), (2), (3), and (4), shall verify and assess the fact and validity of the complaint. In case that an allegation (or a complaint) is proved valid, the guilty party is subject to the Company's disciplinary measures or punishment by law if the violation is unlawful, or both.
6. When the investigation of a complaint has been concluded, the investigator, under (1), (2), (3), and (4), shall report the resolution to the recipient of a complaint; the recipient then shall inform the complainant on such matter, in case he or she reveals his or her identity.

The process from receiving a complaint until the announcement of complaint resolution to the complainant shall appropriately perform under a reasonable period of time.

3.5 Evaluation for risk from countering bribery

The Internal Audit of the company has responsible for doing the evaluation of risk from countering bribery by evaluate, analyze, follow, and control risk that might result bribery to be acceptable and report the evaluation result to the Audit Committee including follow up the procedures to prevent risk from countering bribery with the Principles for Countering Bribery.

3.6 Countering Bribery Awareness

The company creates countering bribery awareness by communicating to the Board of Directors, Executives and employees in order to create the cognitive of countering bribery in the company. The company enables its people who might relate to the stakeholders to understand and aware of countering bribery by providing course trainings, seminars, and through other related media of the company and disseminate to the company's stakeholders as well.

3.7 Punishment

The punishment is compliance with the company's regulations and/or related laws.

RELATED PARTIES TRANSACTION

Related company means the company that STP&I is the major shareholder or are controlled by STP&I and/or the company that has common shareholder(s)/director(s) with STP&I.

1) Subsidiary Companies

Company Name	Type of Business	Relationship	Paid-Up Capital (Baht)	% of Shares	Investment (Cost Price) (Baht)
STIT Company Limited	Sales and rental of machinery and equipment for construction and manufacturing industries, Engineering services	1) 100% owned subsidiary of STP&I 2) Common Directors	135,000,000	100	135,000,000
STIT 2011 Co., Ltd.	Sales and rental of machinery and equipment for construction industry, Contractor for steel and concrete works	1) 100% owned subsidiary of STIT	66,033,000	100	23,060,000
STP&I Services Co., Ltd.	Construction services	1) 100% owned subsidiary of STP&I 2) Common Director	410,000,000	100	21,761,200
WPGE Phetchaburi Co., Ltd.*	Generate and sell electricity from municipal solid waste	1) 60% owned subsidiary of STPS 2) Common Director	700,000,000	60	840,000,000
ST Property & Logistics Co.,Ltd.**	Property Development and Logistics service	1) 100% owned subsidiary of STP&I	440,000,000	100	440,000,000
Fill Up Network Co., Ltd.***	Community automated gas station	1) 70% owned 2) Common Director	500,000,000	70	350,000,000

*On November 5, 2016, STPS acquired 42,000,000 ordinary shares of WPGE Phetchaburi Co., Ltd. from the existing shareholders, for a total of Baht 840 million. As a result, the Company has 60% interest in the equity interest of such company.

**On October 16, 2017, STP&I invested in ST Property & Logistics Co., Ltd. (STPL), a newly established company for a total Baht 1 million. In 2018, STPL increased registered and paid-up share capital from Baht 1 million to Baht 440 million. STP&I had 100% holding in such company.

*** On November 8, 2018, STP&I invested in Fill Up Network Co., Ltd., a newly established company for a total Baht 500 million. STP&I had 70% holding in such company.

2) Related Companies

Company Name	Type of business	Relationship	Paid-Up Capital (Baht)	% of Holding STP&I Shares
Sino-Thai Engineering and Construction Public Company Limited	Construction	Common Directors	1,525,106,540	-
HTR Corporation Limited	Office building for rent	Common Director	500,000,000	-
Wisdom Services Co., Ltd.	Rental of machinery and construction equipment	Subsidiary of Sino-Thai Engineering and Construction Public Company Limited	2,211,000,000	-
WP Green Energy Co., Ltd.	Business relate to generate and sell electricity	Common Director of WPP	2,211,000,000	-
Central Oil Group Co., Ltd.	Sale of automated gas station	Common Directors	1,000,000	

3) Related Party Transactions as of December 31st, 2018

(Unit: Million Baht)

Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Related Companies				
Sino-Thai Engineering and Construction Public Company Limited	Sales and Services Other income	82.9 1.1	None	-
HTR Corporation Limited	None	-	Rental and Service expenses	6.3
Wisdom Services Co., Ltd.	Sales	208.4	None	-
WP Green Energy Co., Ltd.	None	-	Rental and Service expenses	5.1
Central Oil group Co., Ltd.	None	-	Service expenses	0.1

Name	Transaction			
	Revenue Type	Amount	Expense Type	Amount
Total		292.4		11.5
Subsidiaries				
STIT Company Limited	Revenue from fabrication work	0.1	Cost of fabrication work	0.5
	Sales and Service	1.1		
	Interest income	2.3		
	Other income	1.1		
STIT 2011 Co., Ltd.	None	-	None	-
STP&I Services Co., Ltd.	Sales and Service	0.7	Fabrication Cost	12.7
WPGE Phetchaburi Co., Ltd.	Revenue from fabrication work	12.3	None	-
	Sales and Service	0.4		
	Interest income	21.7		
	Other income	11.1		
ST Property & Logistics Co., Ltd.	Interest income	7.0	None	-
Fill Up Network Co., Ltd.	Sales and Service	0.3	None	-
Total		58.1		13.2

Necessity of the related transactions

Transactions between the company and its subsidiaries, affiliates and/or related companies have been done by taking consideration to the best interest of the Company. The transactions were normal course of business and undertaken on competitive basis. The pricing was comparable to market prices and same conditions with other third parties.

Approval procedure related Transactions

For transactions between the company and its subsidiaries, affiliates, related companies or any persons who might have conflict of interest, the Company complied with rules and regulations of the Stock Exchange of Thailand (SET) not to allow such shareholders or management or director to take part in the approval process.

Connected Transactions Policy

For future related transactions that will be incurred in accordance with the normal business of the Company and have general terms and conditions, the Company has established the policy to ensure that pricing must be in line with market rate and with the same conditions to other third parties. The transactions will be fairly practiced and for the mutual benefit of the company and its subsidiaries, affiliates and/or related companies.

For other related transactions without specific terms of trade, the company shall appoint the Audit Committee to give opinion on necessity and reasonableness of such transaction and shall comply with the laws concerning securities and stock exchange and the regulations, announcement, orders or requirements of the Stock Exchange of Thailand as well as the requirements concerning the disclosure of the related and the acquisition and disposal of the material assets of the Company. In case that the transactions are not in the expertise of the Audit Committee, the Company may appoint experts to give opinion to the Board of Directors or shareholders as the case may be. Any person who might have conflict of interest shall not be allowed to take part in the approval process. In addition, the Company has disclosed the related transactions in the note of our audited financial statements.

Report on Interest of Directors, Executives and Related Persons

To comply with the announcement Tor.Jor.2/2552 (2009) of Capital Market Supervisory Board and Section 89/14 of the Securities and Exchange Act B.E. 2535 (1992) as amended by the Securities and Exchange Act (No.4) B.E. 2551 (2008), the Board of Directors mandate directors and executives to disclose his interest or his related person's interest that may have conflict with the Company or its subsidiary for the purpose of Conflict of Interest monitoring to the Company. The Board of Directors also assigned the Company Secretary to keep the original reports and copy to the Chairman of the Board and the Chairman of Audit Committee.

MANAGEMENT DISCUSSION AND ANALYSIS

The Auditor's Opinion

The Auditor issued unqualified opinion that the financial statements of the Company and its subsidiaries for the year ended 31 December 2018 presented fairly, in all material respects, the financial position, operating performance and cash flow in accordance with Thai Financial Reporting Standards.

Management Discussion and Analysis

1. Operating performance

The Fabrication work segment

In 2018, the Company reported revenue from fabrication work at Baht 326 million which decreased Baht 254 million or 44% from the year 2017, mainly due to the slowdown in the Oil & Gas industry since 2016 until 2018 caused the big project bidding have to be postponed. There are only small projects for other industries in progress. Moreover, the Company has a fixed production cost which did not decrease in line with lower revenue, resulting gross loss Baht 17 million in 2018. In addition, the Company needed to bear the plant overhead that was not allocated to project cost for Baht 401 million which reflected the overhead of various plant during the non-production period.

The sale and service of construction machinery segment

In 2017, the Company reported revenue from sales and services at Baht 424 million then increased to be Baht 756 million in 2018. This mainly because a subsidiary has been a distributor of John Deere (Construction machinery) and KATO (Mobile crane) increasing from other current products which received orders and mostly delivered in late 2018. Resulting in 61% increased from sales of construction machinery and machinery-related services. However,

due to the launch of the product introduction, the gross margin is lower compared to 2017.

In addition, the Company began to operate the decommissioning of oil rigs business in year 2017 which is a pilot project of Thailand and already completed in 2018. There are many oil rigs which will expire in the future. The Company will participate in bidding for the project according to the schedule of the project owner.

The income from sales and services in 2017 and 2018 can be classified as follows.

Unit: Million Baht	2017	2018	Increase (Decrease)
sales of construction machinery and machinery-related services	390.22	630.40	240.18
Decommissioning of oil rigs services	11.38	118.10	106.72
Other sale and services	22.12	7.22	(14.90)
Total Income from sales and services	423.72	755.72	332.00

The rental of land, office building and warehouse segment

During the end of 2017, the Company set up a subsidiary company to operate property development and logistics services, by acquired land and warehouses with long-term leases and could recognize income immediately 2 locations located in Lam Luk Ka District, Pathum Thani Province and Bang Pa-in District, Phra Nakhon Si Ayutthaya Province. In October 2018, the subsidiary acquired 1 additional land and warehouse at Bang Bo District, Samut Prakarn Province which has full tenants as well. Therefore in the year 2018, the Company had income from rental of three properties is Baht 106 million which will be recognized throughout the lease contract period and the gross margin is quite high, the main costs are depreciation of assets.

The sale of electricity and the operation in community automated gas station segments

The sale of electricity segment is in the process of constructing the power plant that uses municipal solid waste as fuel in Phetchaburi province which is currently in the process of testing various systems in order to ensure that it is able to produce electricity efficiently and safely throughout the contract period. Meanwhile, the operation in community automated gas station segment is in the process of purchasing automated gas station, select the appropriate installation points and set up all management systems. Both segments would be started to recognized income during the year 2019

Other incomes & expenses

In 2018, others income were presented at Baht 156 million which slightly increase compared to 2017. Although interest and dividend income from short-term investments decreased due to paying for various fixed expenses, but there are revenue from selling scrap and gain on exchange rate to compensate, resulting in a total of other revenue higher than 2017.

During 2017, the Company has estimated and set aside partial provision for the trade receivables amounting to Baht 722 million and full provision for the unbilled receivables amounting to Baht 473 million, totaling Baht 1,195 million from a project in the past that has still been in the arbitration process. At the date of approval of the financial statements the outcome is still unknown, however, the Company's management considers that such provision is appropriate and therefore no more provision set aside in 2018. Administrative expenses increased by Baht 200 million from the year 2017, mainly due to high legal and technical expert cost relevant to the preparation and attending during the 3rd quarter of 2018. In addition, the Company incurred more cost from analyzing new business opportunities; aiming to create new revenue sources and to diversify risk of dependency on main business which may be too vulnerable to world economy uncertainty, and also from marketing cost of launching new construction machinery products of which a subsidiary has secured dealership agreements during 2018.

In the 2nd quarter of 2017, the Supreme Court ruled on previous case that was in court system since 2005 in which the Company needed to pay damages plus interest under the Contract and legal fee to a foreign counterparty totaling Baht 290 million. The Company has already set aside the provision of Baht 180 million for such contingent liabilities; therefore, it incurred additional cost of Baht 110 million.

In contrary to the loss on exchange of Baht 305 million recorded in 2017, the Company reported gain on exchange of Baht 7 million for 2018 due to mark-to-market concept of the financial reporting standards.

From the above explanation, the Company was able to report a lower net loss attributable to equity holders of Baht 629 million for the year 2018 which improved compared to net loss of Baht 2,496 million in 2017.

2. Financial position

• Assets

At the end of 2018, the Company reported total assets at Baht 10,839 million which increased 7% compared to Baht 10,102 million of 2017. This was mainly resulted from increasing of non-current assets because investing in land, warehouse, petty patent and intellectual property.

- Cash and cash equivalent

At the end of 2018, the Company reported cash and current investment at Baht 2,033 million which decreased Baht 1,021 million from 2017, mainly due to the operating loss for the year together with the payment for construction of the power plant (the portion that does not use loans from bank) in the amount of Baht 291 million. Some cash was used for short-term loan guarantee; therefore, it was presented as restricted bank deposits in non-current assets which increased Baht 78 million in 2018. Acquisition of intangible assets - Petty patent and intellectual property amounting to Baht 187 million and used in other operating activities of the Company.

- Trade Accounts Receivable and Unbilled Receivable

According to the Company's business practice, a credit terms ranging from 30 — 60 days has been provided to both domestic and overseas customers. Regarding the policy for provision of doubtful accounts, the management will determine on a case by case basis, taken into consideration track record and financial status of each customer as well as the relevant economic situation. The Company recorded the revenue by percentage of completion whilst the undue revenues were booked as unbilled receivables.

At the end of 2018, the Company set aside partial provision for the trade receivables amounting to Baht 722.29 million for the case of arbitration as mentioned above and the outcome is not yet known as at the date of approval of financial statements.

- Inventory

At the end of 2018, the Company reported inventory at Baht 333 million which increased Baht 197 million from 2017 due to the subsidiary was appointed as a distributor of new brands machinery, therefore, stock is needed to available for sale.

- Investment Property

During end of 2017, STP&L acquired asset in Property Development and Logistics business which was Warehouse and leasehold right with existing lease, and acquired one addition warehouse in the 4th quarter of 2018.

- Plant, property and equipment

As at 31 December 2018, Property, plant and equipment increased Baht 428 million, mainly from Waste to Energy power plant under construction of WPGC Phetchaburi Company Limited ("WPP"), a subsidiary company of STP&I Services Company Limited ("STPS"), had active progress and was expected to be ready for commercial operation (COD) within year 2019.

- Right to produce and sale electricity

In November 2016, STPS acquired 42,000,000 ordinary shares with a par value of Baht 10 per share of WPP (a company that is principally engaged in the production and distribution of electricity generated from waste and municipal solid waste management) from the existing shareholders, for a total of Baht 840 million. The investment represented 60 percent of the registered capital and the investment cost has already included the value of right to produce and sale electricity amounted Baht 934 million (the value attributed to the Company's portion was Baht 560 million). At present, the assessment process is completed without any adjustment.

- Intangible assets — Petty patent and intellectual property

In November 2018, Fill Up Network Company Limited (a subsidiary), has entered into an agreement to acquire petty patent and related intellectual property from a company amounting to Baht 187 million for grant the rights and use to operate in community automated gas station. The remaining period for the rights in petty patent is 9 years.

- **Liabilities**

- At the end of 2018, the Company reported total liabilities at Baht 3,257 million which increased Baht 2,007 million from 2017 because of long-term loan from a local bank to invest in investment property and investing in Power Plant as mentioned above.
- Trade and other payables increased Baht 337 million due to a subsidiary could negotiate with the machine supplier to extend the payment period.
- Rental revenue received in advance Baht 62 million was according to the condition of lease contract.

- **Shareholders' Equity**

At the end of 2018, shareholders' equity was presented at Baht 6,908 million, decreased by 9% from 2017 due to net loss for the period. There are Non-controlling interests totaling Baht 675 million consisted of WPP amounted Baht 528 million which held 40% by WP Green Energy Company Limited ("WPGE") and FILL UP amounted Baht 147 million which held 30% by Central Oil Group Company Limited.

- **Company cash flow**

In 2018, net cash flow used in operation activities was reported at Baht 216 million because the Company reported loss before tax at Baht 610 million. However, net loss was mainly from Depreciation and amortization. For cash flow used in investing activities and cash from financing activities amounted Baht 1,198 million and Baht 999 million were mainly from investment in Property development and logistics assets of Baht 516 million by STP&L, and invested in land improvement, power plant and equipment amounted Baht 672 million. This was funded by bank loan amounted to Baht 857 million, redemption of held-to-maturity debt securities Baht 270 million, dividend and interest income Baht 35 million. Moreover, FILL UP acquired intangible assets - Petty patent and intellectual property Baht 187 million by received cash from non-controlling interests of the subsidiary Baht 150 million.

3. Financial Ratio

- Current Ratio**

In 2018, current ratio decreased from 2.35 times in 2017 to be 1.62 times, and quick ratio decreased from 2.64 times in 2017 to be 1.66 times, respectively. These downturns were mainly due to cash paid to acquire investment property, petty patent and intellectual property and the Company has to pledge some foreign currency deposit to secure short-term loan for this investment which was cause of an increase in current liabilities.

- Profitability Ratio**

In 2018, the Company reported Gross profit from operating at 11.64% which improved from gross loss 40.25% in 2017. However, the revenue and gross profit are not sufficient for fixed factory overhead expenses and other administrative expenses, resulting in a net loss from operation of 48.38%

4. Audit fee

EY Office Limited has been appointed as the Company's auditing firm since 2001 until now.

Audit fee

The company paid the audit fees to the auditing office of the auditor, person or business related to the auditor and the auditing office of the auditor for year 2016 - 2018 as follow;

(Unit: Baht)

Year	2016	2017	2017
The Company	1,100,000	1,600,000	1,300,000
Subsidiaries	735,000	1,370,000	1,690,000
Total	1,835,000	2,970,000	2,990,000

Remarks: In 2017, audit fee of the Company was included review for Price Purchase Allocation of WPP amounted Baht 300,000 and audit fee of subsidiaries were included audit fee of WPP and STP&L. In 2018, including audit fee of FILL UP Baht 240,000

Non-audit fee

EY Office Limited also provided specific audit as per the BOI requirements for the company's BOI promoted businesses in 2016 - 2018 as follows:

Year	2016	2017	2018
No. of certificate(s)	2	-	-
Fee amount (Baht)	200,000	-	-

REPORT

OF THE AUDIT COMMITTEE FOR THE YEAR 2018

The Audit Committee is composed of 3 independent directors:

- | | |
|--------------------------------|---------------------------------|
| 1) Dr. Wicha Jiwalai | Chairman of the Audit Committee |
| 2) Pol. Gen.Jate Mongkolhutthi | Audit Committee |
| 3) Ms. Sirangrong Chowiwatana | Audit Committee |

The Audit Committee has performed their duties and responsibilities as assigned by the Board of Directors in accordance with the Audit Committee Charter in reviewing the Company's financial statements, related transactions, risk management, internal audit system and law compliance. The Audit Committee emphasized that the Company operates in compliance with good corporate governance principal according to the Notification of the Stock Exchange of Thailand on Qualifications and Rules and Responsibilities of the Audit Committee and Best Practice Guidelines for the Audit Committee issued by the Listed Companies Division of the Stock Exchange of Thailand. In 2018, The Audit Committee held 7 meetings discussed with management, internal auditors and meeting with the independent auditor without the management to discuss independently in the essence of the preparation of the financial statements and annual audit plans, of which main activities can be summarized, as follows:

1. Review of the Quarterly Financial Statements and the Annual Financial Statement

The Audit Committee reviewed the Quarterly and Annual Financial Statements and received clarification from the management and the Independent Auditor relating to the accuracy and the completeness of the financial statements, and the adequacy of information disclosure. Therefore, the Audit Committee agreed that the aforesaid financial statements are correct in material respects in accordance with the generally accepted accounting principles; and the information disclosure in those financial statements is punctual, correct and complete.

2. Review of the Internal Control System

The Audit Committee together with the Internal Auditor reviewed the Company internal control on a regular basis and examined all internal audit reports according to the approved work plans, covering the significant working systems of the Company, including the securities of information system. The Audit Committee agreed that the Company and its subsidiaries have adequate, suitable and updated internal controls. The Audit Committee also urged the management to constantly improve the internal control system and reviewed the Company's risk management and found it to be efficient and effective.

3. Monitoring of the Internal Audit

The Audit Committee considered the work plans, scope of work, independence, manpower, and budgets of the Internal Audit Department to be appropriate and in conformity with the internal audit guidelines of the Stock Exchange of Thailand (SET). The Audit Committee agreed that the Company's internal audit was carried out continuously effectively and on a timely and basis. The Audit Committee realized the significance of the internal audit and therefore given its regular support to the internal audit both in terms of personnel development and guidelines of audit to be in accordance with the prescribed standard.

4. Compliance with the Law and the Government Regulations

The Audit Committee reviewed the compliance with Rules and Regulations of the Securities and Exchange Commission, regulations of the Stock Exchange of Thailand, the law relating to the Company's business operations; and deemed that there is no significant issue relating to non-compliance with the law, regulations, and other related laws.

5. Review and monitor risk management of the Company's business operations

The Audit Committee reviewed and monitored risk management of the Company's business operations and its subsidiaries. That process included risk identification, risk assessment in term of probability of occurrence and effect to the business operations. Audit Committee agreed that the Company and its subsidiaries have proper strategic plan and procedure to manage the business risk to be minimal.

6. Review and Comments on Related Transactions or those with Potential Conflict of Interest

The Audit Committee agreed with the Independent Auditor that, according to the Regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, no significant related transactions and/or those with potential conflict of interest was found.

7. Self-Performance Appraisal

To comply with the best practices guidelines for the Audit Committee, the Audit Committee conduct the self-performance appraisal annually. In 2018, the self-performance appraisal result of the Audit Committee can be summarized that the Audit Committee has performed its duties fully according to its Charter and complied with the best practice guidelines for the Audit Committee, which will result in effective implementation of the rules of good corporate governance and report the result to the Board of Directors to acknowledgement.

8. Selection, Nomination, and Remuneration of the Independent Auditor

The selection, nomination and remuneration of the Independent Auditor of 2018 shall be proposed for the Board of Directors to request for approval in the Annual General Meeting (AGM) 2018, whereas, the Audit Committee considered work performance, independence, and appropriateness of the remuneration, which shall not be contrary to the Notification of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand governing the circulation of auditors. Therefore, it is deemed expedient to appoint the certified public accountants of EY Office Limited as the Company's Independent Auditor of 2018, with a total remuneration of Baht 1,300,000.

In 2018, the Audit Committee held meetings with the Independent Auditor of EY Office Limited to review and make an inquiry relating to the appropriateness of the set-aside provisions and allowances and the company's accounting policy. The Audit Committee inquired and received the clarification from the Independent Auditor, which can be summarized that the Company has its accounting policy and the set-aside provisions and allowances duly in accordance with Thai Financial Reporting Standards. Moreover, the Independent Auditor also asked the company to evaluate the impact of the new financial reporting standards which will be effective in 2019.

9. Reporting of the Resolution of the Board of Directors

The Audit Committee reported all minutes of its meetings and the internal audit appraisal to the Board of Directors in accordance with the guidelines of best practices of the Audit Committee.

10. Review and update the Charter of the Audit Committee

The Audit Committee meeting approved the revision of the Audit Committee Charter and the Internal Audit Department Charter, and proposed to the Board of Directors for approval on 14 December 2018. There is an amendment to the content to be appropriate and covers the current duties of the Audit Committee.

In summary, the Audit Committee performed its duties fully in accordance with its Charters approved by the Board of Directors. The Audit Committee gave opinion that the Company has implemented its good corporate governance practice, prepared its financial statements in accordance with Thai Financial Reporting Standards, disclosed the correct, complete, and adequate information in the financial report, provided its appropriate internal control, adhered to the business ethics, and complied with the rules, regulations, and related laws, thus, in conformity with the Notification of the Office of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET).



Dr. Wicha Jiwalai

Chairman of the Audit Committee

REPORT OF THE RESPONSIBILITY

OF THE BOARD OF DIRECTORS ON FINANCIAL REPORTS

The Company's Board of Directors is responsible for the separate financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries as well as financial information presented in the annual reports. The financial statements for the year ended 31 December 2018 have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547. In preparing the financial statements, appropriate accounting policies have been adopted and regularly adhered to, using careful discretion and reasonable estimates. As well, key information has been adequately disclosed in the notes to the financial statements. The purpose is to ensure that the disclosed information rightly reflect the Company's financial status, performance and cash flows in a transparent manner, which are beneficial to the investing public. Importantly, the certified auditor from EY Office Limited has audited the financial statements and issued an unqualified opinion on them.

The Board of Directors has also put in place and maintained risk management systems, internal control systems, internal audit systems and appropriate and efficient corporate governance to ensure that accounting records are accurate, reliable, timely and adequate to protect the company's assets as well as to prevent fraud and significant irregular operations. In this connection, the Board of Directors has appointed the Audit Committee with all of its members being independent directors. The Committee is responsible for reviewing accounting policies and ensuring the quality of financial reports. It is also responsible for reviewing internal control systems, the internal audit systems, and the risk management systems. As well, it is responsible for ensuring that the disclosure of information about related party transactions is complete, adequate and appropriate. The opinion of the Audit Committee is given in its report which is already included in this Annual Report. Members of the board have assessed the performance of the board as a whole and on an individual basis at least once a year. The Corporate Secretary has to keep all records of the performance evaluation for reference and for the benchmark in the next year.

The Board of Directors is of the opinion in the Board of Directors Meeting No. 1/2019 dated 7th March 2019, that the overall internal control systems are adequate and appropriate and gives rise to the reasonable confidence that the separate financial statements of the Company as well as the consolidated financial statements of the Company and its subsidiaries for the year ended 31st December 2018 are reliable and in compliance with Thai Financial Reporting Standards as well as the related laws and regulations.

Board of Directors

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of STP&I Public Company Limited

Opinion

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of STP&I Public Company Limited and its subsidiaries and of STP&I Public Company Limited as at 31 December 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

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

Key Audit Matters

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

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

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

Revenue and costs from fabrication work

The Company has disclosed its policy on recognition of revenue and costs from fabrication work in Note 4.1 to the financial statements. I focused my audit on revenue recognition and estimation of budget costs and possible losses from fabrication work, because the processes of measurement, determination of the appropriate timing of revenue and cost recognition, and the possible losses, are areas requiring management to exercise significant judgment in assessing the percentage of completion (with reference to estimates made by project engineers), estimating service costs throughout the project, assessing the probability of loss and measuring possible loss. Therefore, there are risks with respect to the amount and timing of the recognition of revenue and costs and the estimation of possible losses from fabrication work.

I assessed and gained an understanding of the methods and procedures used by the Company to evaluate the percentage of completion, estimate total costs throughout the project and estimate possible losses. I tested the Company's key internal controls relevant to revenue recognition from fabrication work, estimation of budget costs and recognition of construction materials, labor and subcontract work and overhead costs. I also reviewed the rationale for the conclusion reached through a comparison of the percentage of completion, with reference to the estimates made by the project engineer, to the ratio of up-to-date actual costs and budgets throughout the project. I examined actual costs by checking related documents, on a sampling basis. Moreover, I evaluated the estimation of possible losses by the management through an analysis of the ratio of actual costs to budgeted costs by significant cost components. I also performed an analytical review on increases and decreases in the revenues and gross margins from provision of services by project.

Allowance for doubtful accounts and unbilled receivables

As disclosed in Note 9 to the financial statements, the Company had a dispute with the project client in a foreign country. The dispute is still in the arbitration process and management therefore needs to exercise significant judgement in assessing the dispute, in order to estimate the allowance for doubtful accounts and unbilled receivables of the project. However, the actual outcome of the dispute may differ from this assessment. There is thus a risk related to the recognition of allowance for doubtful accounts and unbilled receivables.

I inquired with the Company's management and legal department regarding the procedures followed to monitor the filing and progress of the dispute and the methods applied by the management in estimating the allowance for doubtful accounts and unbilled receivables. I also assessed the judgement exercised by the management in estimating the allowances by reviewing relevant conditions of agreements, together with the arguments submitted by the Company and counterparties to an arbitral tribunal for the purpose of providing background into the disputes. I also sent confirmation letters to the legal advisers whose services were used by the Company, requesting written reports on case details and status, and legal opinions on the possible effects of the litigation on the Company. I assessed the competence, experience, independence and objectivity of the legal advisers in accordance with relevant auditing standards. In addition, I reviewed the disclosure of information relating to commercial disputes in the notes to the financial statements.

Other Information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, 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 am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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.

I am responsible for the audit resulting in this independent auditor's report.

Watee K.

Wattoo Kayankannavee

Certified Public Accountant (Thailand) No. 5423

EY Office Limited

Bangkok: 25 February 2019

STATEMENT OF FINANCIAL POSITION

STP&I Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Assets					
Current assets					
Cash and cash equivalents	7	370,733,393	786,029,588	214,473,555	686,198,168
Current investments	8	1,661,974,237	2,267,893,826	1,205,144,918	1,992,222,818
Trade and other receivables	9	1,010,381,677	821,151,501	796,600,781	775,237,880
Unbilled receivables	10	74,510,644	15,875,667	74,510,644	18,577,825
Short-term loans to subsidiaries	6	-	-	763,000,000	540,000,000
Current portion of long-term loan to subsidiary	6	-	-	45,000,000	85,000,000
Work in progress		15,660,140	1,050,830	15,660,140	1,882,579
Inventories	11	332,569,728	135,553,774	22,376,554	21,283,678
Advances payment to suppliers and contractors		28,268,106	2,459,391	730,260	2,037,230
Other current assets	12	152,265,816	52,961,802	45,484,129	12,549,960
Total current assets		3,646,363,741	4,082,976,379	3,182,980,981	4,134,990,138
Non-current assets					
Restricted bank deposits	13	1,045,576,077	971,636,445	1,040,980,100	968,576,445
Investments in subsidiaries	14	-	-	946,761,170	157,761,170
Other long-term investments	15	285,371,682	357,315,282	285,291,320	357,234,920
Long-term loan to subsidiary - net of current portion	6	-	-	40,000,000	-
Advances payment to contractor under construction agreement		76,985,232	36,000,000	-	-
Investment properties	16	1,775,902,827	1,288,943,839	29,498,000	29,498,000
Property, plant and equipment	17	2,719,122,470	2,291,241,545	1,044,399,887	1,239,940,313
Goodwill		22,033,990	22,033,990	-	-
Rights to produce and sell electricity from municipal waste		933,828,539	933,828,539	-	-
Intangible assets - Petty patent and intellectual property	18	185,495,843	-	-	-
Other intangible assets		5,527,164	4,788,698	4,888,162	3,552,670
Deferred tax assets	27	46,113,474	75,467,879	46,113,474	75,281,335
Other non-current assets		97,138,427	37,727,311	15,176,059	10,017,472
Total non-current assets		7,193,095,725	6,018,983,528	3,453,108,172	2,841,862,325
Total assets		10,839,459,466	10,101,959,907	6,636,089,153	6,976,852,463

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

STP&I Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
		As at	As at	As at	As at
		Note	31 December 2018	31 December 2017	31 December 2018
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	19	912,000,000	850,000,000	382,000,000	-
Trade and other payables	20	1,145,141,454	807,800,150	606,644,546	708,860,783
Unbilled payables		7,107,052	18,096,034	7,107,052	18,096,034
Advances received from hirers		14,898,398	10,038,437	3,923,671	6,714,362
Construction revenue received in advance	10	-	4,388,319	-	4,388,319
Rental revenue received in advance		62,549,780	-	-	-
Current portion of long-term loans from financial institutions	21	54,000,000	-	-	-
Current portion of liabilities under finance lease agreements		2,044,011	5,271,306	353,566	-
Short-term provisions		3,719,795	2,993,487	-	-
Other current liabilities		44,751,635	38,553,970	15,833,374	12,712,976
Total current liabilities		2,246,212,125	1,737,141,703	1,015,862,209	750,772,474
Non-current liabilities					
Long-term loans from financial institutions - net of current portion	21	740,800,000	-	-	-
Liabilities under finance lease agreements - net of current portion		3,290,727	2,274,621	1,417,433	-
Provision for long-term employee benefits	22	33,237,353	45,199,251	30,188,821	39,633,909
Deferred tax liabilities	27	195,504,415	194,450,246	-	-
Deposit from long-term lease agreements		34,706,460	27,260,100	-	-
Other non-current liabilities		2,867,446	740,440	2,582,700	-
Total non-current liabilities		1,010,406,401	269,924,658	34,188,954	39,633,909
Total liabilities		3,256,618,526	2,007,066,361	1,050,051,163	790,406,383

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

STATEMENT OF FINANCIAL POSITION (CONTINUED)

STP&I Public Company Limited and its subsidiaries

As at 31 December 2018

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		As at 31 December 2018	As at 31 December 2017	As at 31 December 2018	As at 31 December 2017
Shareholders' equity					
Share capital					
Registered					
1,625,188,400 ordinary shares of Baht 0.25 each		406,297,100	406,297,100	406,297,100	406,297,100
Issued and fully paid up					
1,625,181,478 ordinary shares of Baht 0.25 each		406,295,370	406,295,370	406,295,370	406,295,370
Premium on ordinary shares		1,356,908,662	1,356,908,662	1,356,908,662	1,356,908,662
Premium on treasury shares		99,327,356	99,327,356	99,327,356	99,327,356
Retained earnings					
Appropriated - statutory reserve	23	40,629,710	40,629,710	40,629,710	40,629,710
Appropriated - treasury shares reserve	24	3,105,164	3,105,164	3,105,164	3,105,164
Unappropriated		4,982,279,406	5,605,701,363	3,660,453,483	4,240,526,772
Treasury shares	24	(3,105,164)	(3,105,164)	(3,105,164)	(3,105,164)
Other components of shareholders' equity		22,423,409	42,758,210	22,423,409	42,758,210
Equity attributable to owners of the Company		6,907,863,913	7,551,620,671	5,586,037,990	6,186,446,080
Non-controlling interests of the subsidiaries		674,977,027	543,272,875	-	-
Total shareholders' equity		7,582,840,940	8,094,893,546	5,586,037,990	6,186,446,080
Total liabilities and shareholders' equity		10,839,459,466	10,101,959,907	6,636,089,153	6,976,852,463

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

STATEMENT OF COMPREHENSIVE INCOME

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

(Unit: Baht)				
	Consolidated financial statements		Separate financial statements	
Note	2018	2017	2018	2017
Profit or loss:				
Revenues				
Revenues from fabrication work	325,996,638	580,011,401	338,419,311	586,975,559
Sales and services income	755,721,558	423,715,166	122,159,170	33,789,457
Revenue from rental of land, office building and warehouse	106,575,533	1,601,869	-	-
Other income				
Interest income	47,291,504	65,050,231	77,320,955	68,729,790
Gain on exchange	6,898,129	-	14,078,642	-
Dividend income	24,818,252	27,001,109	24,818,252	148,361,009
Others	77,146,885	60,936,169	87,468,486	57,338,140
Total revenues	1,344,448,499	1,158,315,945	664,264,816	895,193,955
Expenses				
Cost of fabrication work	342,802,712	1,074,520,109	357,212,650	1,093,301,528
Factory overhead expenses not allocated to cost of fabrication work	401,619,525	401,274,315	401,619,525	401,274,315
Cost of sales and services	664,377,262	334,243,635	89,653,890	11,898,773
Cost of rental of land, office building and warehouse	42,756,264	1,182,980	-	-
Selling and distribution expenses	15,575,942	16,095,392	-	-
Administrative expenses	391,720,586	191,576,703	301,979,400	116,010,102
Loss on exchange	-	305,183,898	-	297,328,602
Doubtful debt expenses	9	-	-	722,289,516
Provisions for rights of claim in litigation	10	-	-	472,638,272
Loss from lawsuit		-	-	110,363,361
Duty penalties expenses	26	60,438,104	60,438,104	-
Total expenses	1,919,290,395	3,629,623,303	1,210,903,569	3,225,104,469
Loss before finance cost and income tax expenses	(574,841,896)	(2,471,307,358)	(546,638,753)	(2,329,910,514)
Finance cost	(34,829,879)	(3,950,168)	(4,353,887)	(2,141,819)
Loss before income tax expenses	(609,671,775)	(2,475,257,526)	(550,992,640)	(2,332,052,333)
Income tax expenses	27	(38,003,236)	(33,217,378)	(29,540,219)
Loss for the year	(647,675,011)	(2,510,387,708)	(584,210,018)	(2,361,592,552)
Other comprehensive income:				
<i>Other comprehensive income to be reclassified to profit or loss in subsequent periods:</i>				
Investments in available-for-sale securities				
Adjustment - reclassification as gain due to sale				
- net of income tax	(267,035)	(3,349,495)	(267,035)	(3,349,495)
Gain (loss) on change in value of available-for-sale investments - net of income tax	(20,067,766)	5,454,734	(20,067,766)	5,454,734
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax	(20,334,801)	2,105,239	(20,334,801)	2,105,239
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</i>				
Actuarial gain - net of income tax	5,957,206	-	4,136,729	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax	5,957,206	-	4,136,729	-
Other comprehensive income for the year	(14,377,595)	2,105,239	(16,198,072)	2,105,239
Total comprehensive income for the year	(662,052,606)	(2,508,282,469)	(600,408,090)	(2,359,487,313)

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

STATEMENT OF COMPREHENSIVE INCOME (CONTINUED)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

		(Unit: Baht)			
	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Profit (loss) attributable to:					
Equity holders of the Company		(629,379,163)	(2,495,795,205)	(584,210,018)	(2,361,592,552)
Non-controlling interests of the subsidiaries		(18,295,848)	(14,592,503)		
		(647,675,011)	(2,510,387,708)		
Total comprehensive income attributable to:					
Equity holders of the Company		(643,756,758)	(2,493,689,966)	(600,408,090)	(2,359,487,313)
Non-controlling interests of the subsidiaries		(18,295,848)	(14,592,503)		
		(662,052,606)	(2,508,282,469)		
Earnings per share	28				
Basic loss per share					
Loss attributable to equity holders of the Company		(0.39)	(1.54)	(0.36)	(1.45)

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

STP&I Public Company Limited and its subsidiaries
For the year ended 31 December 2018

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

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (CONTINUED)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

Separate financial statements												(Unit: Baht)
		Issued and fully paid-up share capital	Premium on ordinary shares	Premium on treasury shares	Statutory reserve	Appropriated	Retained earnings		Treasury shares	Other components of equity		
	Note									Other comprehensive income		
								Surplus on changes in value of available-for-sale investments			Total	
Balance as at 1 January 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	7,235,803,465	(3,105,164)	40,652,971		9,179,617,534	
Profit (loss) for the year		-	-	-	-	-	(2,361,592,552)	-	-		(2,361,592,552)	
Other comprehensive income for the year		-	-	-	-	-	-	-	2,105,239		2,105,239	
Total comprehensive income for the year		-	-	-	-	-	(2,361,592,552)	-	2,105,239		(2,359,487,313)	
Dividend paid	31	-	-	-	-	-	(633,684,141)	-	-		(633,684,141)	
Balance as at 31 December 2017		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	4,240,526,772	(3,105,164)	42,758,210		6,186,446,080	
Balance as at 1 January 2018		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	4,240,526,772	(3,105,164)	42,758,210		6,186,446,080	
Profit (loss) for the year		-	-	-	-	-	(584,210,018)	-	-		(584,210,018)	
Other comprehensive income for the year		-	-	-	-	-	4,136,729	-	(20,334,801)		(16,198,072)	
Total comprehensive income for the year		-	-	-	-	-	(580,073,289)	-	(20,334,801)		(600,408,090)	
Balance as at 31 December 2018		406,295,370	1,356,908,662	99,327,356	40,629,710	3,105,164	3,660,453,483	(3,105,164)	22,423,409		5,586,037,990	

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

CASH FLOW STATEMENT

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) operating activities				
Loss before tax	(609,671,775)	(2,475,257,526)	(550,992,640)	(2,332,052,333)
Adjustments to reconcile loss before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	306,010,577	286,113,603	209,591,918	231,439,455
Allowance for doubtful accounts (reversal)	(171,503)	722,544,638	-	722,289,516
Provisions for rights of claim in litigation	-	472,638,272	-	472,638,272
Reduction of inventory cost to net realisable value	140,739	10,344,196	1,837,478	6,437,134
Gain on sales of equipment	(365,890)	(6,220,260)	(629,042)	(811,801)
Loss (gain) on sales of investments in trading securities	1,226,841	(30,858,553)	3,256,265	(25,629,664)
Unrealised loss on valuation of current investments	10,245,463	13,323,348	11,432,780	9,039,773
Gain on sales of investments in available-for-sale securities	(68,031)	(5,420,361)	(68,031)	(5,420,361)
Dividend received from investments in available-for-sale securities	(15,841,105)	(17,333,935)	(15,841,105)	(17,333,935)
Dividend received from subsidiary	-	-	-	(121,359,900)
Reversal of provision for severance pay	-	(578,513)	-	-
Loss from lawsuit	-	110,363,361	-	110,363,361
Duty penalties expenses	60,438,104	-	60,438,104	-
Short-term provisions	726,308	356,538	-	-
Provision for long-term employee benefits	3,220,106	4,738,232	2,641,153	3,838,395
Loss from redemption of held-to-maturity debt securities	4,214,323	-	4,214,323	-
Realised loss (gain) on foreign exchange from redemption of held-to-maturity debt securities	(2,405,530)	32,432,620	(2,405,530)	32,432,620
Unrealised loss (gain) on foreign exchange	(6,690,760)	167,064,547	(5,460,425)	162,841,613
Interest income	(18,618,110)	(32,210,630)	(49,249,164)	(36,764,524)
Interest expenses	32,393,489	1,582,187	3,689,200	12,296
Loss from operating activities before changes in operating assets and liabilities	(235,216,754)	(746,378,236)	(327,544,716)	(788,040,083)
Operating assets (increase) decrease				
Current investment - trading securities	369,771,212	1,522,145,259	508,503,361	1,469,900,660
Trade and other receivables and unbilled receivables	(238,910,369)	142,726,945	(69,922,933)	138,777,574
Work in progress	(14,609,310)	272,279,398	(13,777,561)	271,447,649
Inventories	(197,156,693)	5,386,025	(2,930,354)	5,357,493
Other current assets	(100,553,374)	446,332	(7,067,846)	19,825,994
Other non-current assets	(50,060,046)	7,261,578	(144,499)	39,384
Operating liabilities increase (decrease)				
Trade and other payables	321,481,368	(450,106)	(104,473,073)	13,009,356
Unbilled payables	(10,988,982)	(8,458,550)	(10,988,982)	(8,458,550)
Advance received from hirers	4,859,961	7,323,386	(2,790,691)	6,714,362
Construction revenue received in advance	(4,388,319)	4,388,319	(4,388,319)	4,388,319
Provision for severance pay	-	(5,489,640)	-	-
Provision for long-term employee benefits	(7,735,496)	(3,238,895)	(6,915,329)	(2,538,228)
Cash paid of loss from lawsuit	-	(290,363,361)	-	(290,363,361)
Cash paid of duty penalties expenses	(84,997,457)	-	(84,997,457)	-
Other current liabilities	5,325,118	(3,403,139)	3,120,397	(8,073,774)
Rental revenue received in advance	62,549,780	-	-	-
Deposit from long-term lease agreements	7,446,360	27,260,100	-	-
Other non-current liabilities	2,140,717	(70,442)	2,582,700	-
Cash flows from (used in) operating activities	(171,042,284)	931,364,973	(121,735,302)	831,986,795
Interest paid	(31,702,971)	-	(3,659,323)	-
Cash received from withholding tax refundable	5,229,516	-	-	-
Cash paid for income tax	(18,580,849)	(60,932,741)	(5,014,087)	(53,049,259)
Net cash flows from (used in) operating activities	(216,096,588)	870,432,232	(130,408,712)	778,937,536

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

CASH FLOW STATEMENT (CONTINUED)

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from (used in) investing activities				
Increase in restricted bank deposits	(78,414,157)	(946,638,327)	(76,878,180)	(943,638,327)
Cash paid for short-term loan to subsidiaries	-	-	(673,000,000)	(540,000,000)
Cash received from repayment of short-term loan to subsidiary	-	-	450,000,000	-
Acquisition of investments in available-for-sale securities	(16,374,429)	(190,758,146)	(16,374,429)	(190,758,146)
Cash received from sales of investments				
in available-for-sale securities	16,785,302	69,798,742	16,785,302	69,798,742
Acquisition of held-to-maturity debt securities	(393,643,067)	(1,221,328,054)	(354,826,700)	(1,221,328,054)
Cash received from redemption of held-to-maturity debt securities	663,134,707	1,741,951,211	663,134,707	1,741,951,211
Cash received from repayment of long-term loan to subsidiary	-	-	-	40,000,000
Increase in investment in subsidiary	-	-	(789,000,000)	(999,970)
Proceeds from sales of equipment	1,299,079	6,495,934	1,557,166	990,071
Acquisition of investment property	(515,805,253)	(1,290,126,820)	-	-
Acquisition of property, plant and equipment	(671,629,988)	(441,472,295)	(6,469,934)	(16,717,243)
Advance payment to contractors for power plant construction	(47,232,360)	(36,000,000)	-	-
Acquisition of intangible assets - Petty patent and intellectual property	(187,500,000)	-	-	-
Acquisition of other intangible assets	(3,960,085)	(3,400,583)	(3,911,986)	(2,345,984)
Dividend received from investments in available-for-sale securities	15,841,105	17,333,935	15,841,105	17,333,935
Dividend received from subsidiary	-	-	-	121,359,900
Interest income	19,526,481	36,709,966	51,961,003	39,853,450
Net cash flows used in investing activities	(1,197,972,665)	(2,257,434,437)	(721,181,946)	(884,500,415)
Cash flows from (used in) financing activities				
Increase in short-term loans from financial institution	62,000,000	850,000,000	382,000,000	-
Cash received from long-term loans from financial institution	820,000,000	-	-	-
Repayment of long-term loans from financial institution	(25,200,000)	-	-	-
Cash paid for liabilities under finance lease agreements	(8,012,586)	(14,121,149)	(2,119,599)	(450,150)
Dividend paid	(14,356)	(633,178,865)	(14,356)	(633,178,865)
Increase in non-controlling interests of the subsidiary	150,000,000	-	-	-
Net cash flows from (used in) financing activities	998,773,058	202,699,986	379,866,045	(633,629,015)
Net decrease in cash and cash equivalents	(415,296,195)	(1,184,302,219)	(471,724,613)	(739,191,894)
Cash and cash equivalents at beginning of year	786,029,588	1,970,331,807	686,198,168	1,425,390,062
Cash and cash equivalents at end of year	370,733,393	786,029,588	214,473,555	686,198,168
Supplemental cash flows information				
Non-cash related transactions				
Receivable from sales of assets	-	4,190,423	-	-
Increase (decrease) in accounts payable - purchase of property, plant and equipment	3,565,253	46,420,320	2,072,467	(3,947,636)
Transfer advance payment to contractors for power plant construction to property, plant and equipment	6,247,128	-	-	-
Assets acquired under finance lease agreements	5,413,992	3,169,781	3,860,721	-
Decrease in deferred gain from sale-leaseback of equipment	13,711	123,545	-	-
Increase in accounts payable - purchase of investment properties	13,910,000	-	-	-

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

STP&I Public Company Limited and its subsidiaries

For the year ended 31 December 2018

1. General information

STP&I Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in steel fabrication work, and the manufacture of boilers and pressure vessels. The registered office of the Company is at 32/24, 3rd Floor Sino-Thai Tower, Sukhumvit 21 Road, Kwaeng Klongtoey Nua, Khet Wattana, Bangkok.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 11 October 2016, issued under the Accounting Act B.E. 2543.

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

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of STP&I Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”).

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u> Percent	<u>2017</u> Percent
<u>Held by the Company</u>				
STIT Company Limited	Manufacture, sale and rental of construction equipment	Thailand	100	100
STP&I Services Company Limited	Construction services	Thailand	100	100
ST Property and Logistics Company Limited	Property development and logistics services	Thailand	100	100
Fill Up Network Company Limited	Community automated gas station	Thailand	70	-

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			<u>2018</u>	<u>2017</u>
			Percent	Percent
<u>Held by subsidiary companies</u>				
STIT 2011 Company Limited	Sale and rental of construction equipment	Thailand	100	100
WPGE Phetchaburi Company Limited	Production and distribution of electricity generated from waste and municipal solid waste management	Thailand	60	60

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

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

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

The Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018), which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards.

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

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue – Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognized at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

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

(c) Financial reporting standards related to financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued a set of TFRSs related to financial instruments, which consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Accounting standard:

TAS 32 Financial Instruments: Presentation

Financial Reporting Standard Interpretations:

TFRIC 16 Hedges of a Net Investment in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

4. Significant accounting policies

4.1 Revenues and expenses recognition

a) Revenues

Revenues from fabrication work

Revenues from fabrication work are recognised on a percentage of completion basis, with reference to the assessment of the Company's project engineers. Recognised revenues, that are not yet due per the contracts have been presented under the caption of "Unbilled receivables" in the statements of financial position.

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Rendering of services

Service revenue is recognised when services have been rendered taking into account the stage of completion.

Rental income

Income from rental of land, office building and warehouse is recognised on an accrual basis, calculate under the straight-line method over the lease term. Income from rental of equipment is recognised on an accrual basis.

Interest income

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

Dividends

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

b) Expenses*Costs of fabrication work*

Costs of fabrication work are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the recorded costs on the percentage of work completed based on the estimated cost and the actual costs are presented as current assets or current liabilities in the statements of financial position.

Other expenses

Other expenses are recognised on an accrual basis.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Finished goods are valued at the lower of cost (under the specific method) and net realisable value. Cost includes all acquiring costs.

Spare parts and factory supplies are valued at the lower of cost (under the first-in first-out method) and net realisable value and are charged to production costs whenever consumed.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income, and will be recorded in profit or loss when the securities are sold.
- c) Investments in debt securities, both due within one year and expected to be held to maturity, are recorded at amortised cost.
- d) Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for impairment loss (if any).
- e) Investments in subsidiary companies are accounted for in the separate financial statements using the cost method.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

The weighted average method is used for computation of the cost of investments.

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending on the type of investment that is reclassified.

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

4.6 Investment properties

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and allowance for loss on impairment (if any).

Depreciation of investment properties for office building and warehouse is calculated by reference to their costs on the straight-line basis over estimated useful lives of 5 - 20 years. Depreciation of the investment properties is included in determining income. No depreciation is provided on land.

On disposal of investment properties, the difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period when the asset is derecognised.

4.7 Property, plant and equipment / Depreciation

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

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

Land improvements	-	10, 20 years
Buildings and construction	-	5, 10, 20 years
Machinery, tools and construction equipment	-	3 - 15 years
Office equipment, furniture and fixtures	-	3, 5 years
Motor vehicles	-	5 years

Depreciation of construction on lease land is calculated by reference to its cost on a straight-line basis over the lease period which is shorter than the asset's useful live.

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation and construction.

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

4.8 Rights to produce and sell electricity from municipal waste and amortisation

Rights to produce and sell electricity from municipal waste acquired in a business combination were measured initially at their acquisition-date estimated fair values. Subsequent to initial recognition, rights to produce and sell electricity from municipal waste has been stated at cost less accumulated amortisation and allowance for loss on impairment (if any).

Amortisation of rights to produce and sell electricity from municipal waste is calculated by reference to cost on a straight-line basis over estimated economic useful life (estimated around 25 years), recognition of amortisation begins from the date on which the subsidiary first produces and sells electricity. The Group review assets for impairment whenever events or changes in circumstances indicate that an asset may be impaired, and review the amortisation period and the amortisation method used for rights to produce and sell electricity from municipal waste at least every year end. Amortisation is recognised as an expense in profit or loss.

4.9 Intangible assets

Petty patent, and intellectual property and other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

	<u>Useful lives</u>
Petty patent and intellectual property	9 years
Computer software	5 years

4.10 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units (or group of cash-generating units) that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.11 Related party transactions

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

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

4.12 Long-term leases

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

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

4.13 Foreign currencies

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

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

Gains and losses on exchange are included in determining income.

4.14 Impairment of assets

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

An impairment loss is recognised in profit or loss.

4.15 Employee benefits

Short-term employee benefits

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

Post-employment benefits and other long-term employee benefits

Defined contribution plans

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

Defined benefit plans and other long-term employee benefits

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan. In addition, the Company and its subsidiary provides other long-term employee benefit plan, namely long service awards.

The obligation under the defined benefit plan and other long-term employee benefit plans is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

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

4.16 Provisions

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

4.17 Income tax

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

Current tax

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

Deferred tax

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

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

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

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

4.18 Treasury shares

Treasury shares are stated at cost and presented as a deduction from shareholders' equity. Gains on disposal of treasury shares are determined by reference to the carrying amount and are presented as premium on treasury shares. Losses on disposal of treasury shares are determined by reference to the carrying amount and are presented net of premium on treasury shares and retained earnings, consecutively.

4.19 Derivatives**Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealised gains and losses from the translation are included in determining income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

4.20 Fair value measurement

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

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

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

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

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

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

5. Significant accounting judgments and estimates

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

Percentage of completion

The Company recognizes revenue from fabrication work by reference to the stage of completion of the construction contract, when the outcome of a construction can be estimated reliably. Management are required to make judgement based on the current events and arrangements and their experience of the business, in order to estimate the percentage of completion, based on information received from the project engineers.

Estimated construction project costs

The Company estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, and the design costs, labor costs, subcontracting costs and other related costs to be incurred to completion of service, as well as the direction of movement of these costs. Estimates are reviewed regularly or whenever actual costs differ significantly from the figures used in the original estimates.

Provision for losses on construction projects

Management applied judgement in estimating the losses they expect to be realised on each construction project, based on actual costs incurred to date, the progress of construction, the status of the project, any fluctuations in costs of construction materials and labour, the current situation and relevant information regarding warranties and claims on the contracted construction works.

Fair value of financial instruments

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

Allowance for doubtful accounts and unbilled receivables

In determining an allowance for doubtful accounts for account receivables and unbilled receivables, the management needs to make judgements and estimates based upon current circumstances, relevant dispute and relevant information regarding the financial position of each project customer, among other things.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realizable value, the management makes judgement and estimates net realizable value of inventory based on the amount the inventories are expected to realise. These estimates take into consideration fluctuations of price directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property plant and equipment/Depreciation

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

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

Investment properties

The disclosure of fair value of investment property require management to make estimates the fair value by an independent appraiser. The independent appraiser valued the investment property of land, office building and warehouse for rent using the income approach, because there is no market price that could be used to apply a comparative approach. The key assumptions used in estimating the fair value are described in Note 16.

Deferred tax assets

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

6. Related party transactions

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

(Unit: Million Baht)

	Consolidated		Separate financial		
	financial statements		statements		Transfer Pricing policy
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Revenues from fabrication work	-	-	12	7	Contract price
Revenue from sales and services	-	-	3	3	Market price or contract price
Cost of fabrication work	-	-	13	46	Market price or contract price
Interest income	-	-	31	5	2.7% - 4.5% per annum
Dividend income	-	-	-	121	As declared
Other income	-	-	12	10	Contract price
<u>Transactions with related companies</u>					
Revenue from sales and services	291	31	-	16	Agreed price
Other income	1	-	1	-	Contract price
Rental and service expenses	12	11	6	6	Contract price

The balances of the accounts as at 31 December 2018 and 2017, between the Company and those related companies are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Trade and other receivables - related parties (Note 9)</u>				
<u>Subsidiaries</u>				
STIT Company Limited	-	-	1,585	5,976
STIT 2011 Company Limited	-	-	13	13
STP&I Services Company Limited	-	-	681	270
ST Property and Logistics Company Limited	-	-	87	3,652
WPGE Phetchaburi Company Limited	-	-	4,981	2,388
Fill Up Network Company Limited	-	-	340	-

		(Unit: Thousand Baht)			
		Consolidated		Separate	
		financial statements		financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Related companies					
Sino-Thai Engineering and Construction		10,407	8,504	-	194
Public Company Limited					
Wisdom Services Company Limited		125,351	-	-	-
Total trade and other receivables - related parties		<u>135,758</u>	<u>8,504</u>	<u>7,687</u>	<u>12,493</u>
<u>Unbilled receivables - related party</u>					
Subsidiary					
WPGE Phetchaburi Company Limited		<u>-</u>	<u>-</u>	<u>-</u>	<u>2,702</u>
<u>Trade and other payables - related parties (Note 20)</u>					
Subsidiaries					
STIT Company Limited		-	-	249	-
STP&I Services Company Limited		-	-	3,845	6,938
Related company					
Central Oil Group Company Limited		100	-	-	-
Total trade and other payables - related parties		<u>100</u>	<u>-</u>	<u>4,094</u>	<u>6,938</u>
<u>Advances received from hirers - related party</u>					
Subsidiary					
WPGE Phetchaburi Company Limited		<u>-</u>	<u>-</u>	<u>-</u>	<u>3,614</u>

Loans to subsidiaries

As at 31 December 2018 and 2017, the balance of loans between the Company and its subsidiaries and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements		
	Balance as at		Balance as at
	31 December 2017	Increase during the year	31 December 2018
Short-term loans to subsidiaries			
ST Property and Logistics Company Limited	450,000	-	(450,000)
WPGE Phetchaburi Company Limited	90,000	673,000	-
Total short-term loans to subsidiaries	540,000	673,000	(450,000)
Long-term loan to subsidiary			
STIT Company Limited	85,000	-	-
Less: Current portion	(85,000)		
Long-term loan to subsidiary, net of current portion	-		40,000

Directors and management's benefits

During the years ended 31 December 2018 and 2017, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
Short-term employee benefits	32,655	34,638	31,511	33,605
Post-employment benefits	860	1,035	858	1,023
Other long-term benefits	4	4	4	4
Total	33,519	35,677	32,373	34,632

7. Cash and cash equivalents

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Cash	616	64	59	48
Bank deposits	370,117	785,966	214,415	686,150
Total	<u>370,733</u>	<u>786,030</u>	<u>214,474</u>	<u>686,198</u>

As at 31 December 2018, bank deposits carried interests between 0.05 and 1.40 percent per annum (2017: between 0.05 and 1.00 percent per annum).

8. Current investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Fixed deposit	12,966	51,563	12,966	51,563
Investments in trading securities - Fair value	1,342,181	1,683,422	924,562	1,407,751
Investments in held-to-maturity debt securities - due within one year	89,210	310,117	50,000	310,117
Investments in available-for-sale securities, Cost	224,337	224,680	224,337	224,680
Differences exchange rate	(4,719)	(3,362)	(4,719)	(3,362)
Surplus (deficit) on changes in value of investments	(2,001)	1,474	(2,001)	1,474
Investments in available-for-sale securities, Fair value	<u>217,617</u>	<u>222,792</u>	<u>217,617</u>	<u>222,792</u>
Total	<u>1,661,974</u>	<u>2,267,894</u>	<u>1,205,145</u>	<u>1,992,223</u>

During the year 2018, the Company sold available-for-sale securities with book values totaling Baht 17 million (2017: Baht 68 million) and recognised gain on the sales amounting to Baht 0.1 million (2017: Baht 4 million) (after tax) in profit or loss. This amount included gain transferred from gain on valuation of available-for-sale securities in other comprehensive income, amounting to Baht 0.3 million (2017: Baht 3 million) (after tax).

During the year 2018, the Company received dividend from investments in available-for-sale securities of Baht 1 million (2017: Baht 2 million).

9. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2018	2017	2018	2017
<u>Trade receivables - related parties</u>				
Aged on the basis of due dates				
Not yet due	116,880	3,141	3,143	5,576
Past due				
Up to 3 months	17,012	3,842	-	197
3 - 6 months	1,257	917	-	-
6 - 12 months	529	-	-	-
Total trade receivables - related parties	135,678	7,900	3,143	5,773
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	60,023	56,264	28,825	32,456
Past due				
Up to 3 months	47,095	23,138	15,353	63
3 - 6 months	6,699	507	7	-
6 - 12 months	875	210	36	31
Over 12 months	1,445,153	1,445,081	1,444,941	1,444,909
Total	1,559,845	1,525,200	1,489,162	1,477,459
Less: Allowance for doubtful debts	(722,506)	(722,461)	(722,289)	(722,289)
Total trade receivables - unrelated parties, net	837,339	802,739	766,873	755,170
Total trade accounts receivable - net	973,017	810,639	770,016	760,943
<u>Other receivables</u>				
Other receivables and advance to related parties	-	-	3,264	4,182
Other receivables and advance to unrelated parties	14,354	868	954	531
Retention receivables from construction				
Contracts - related party	80	593	-	-
Retention receivables from construction				
Contracts - unrelated parties	3,370	217	3,370	-
Accrued interest income - related parties	-	-	-	1,410
Accrued interest income - unrelated parties	6,361	5,749	6,361	5,749
Accrued income - related party	-	11	1,280	1,128
Accrued income - unrelated parties	13,200	3,292	11,356	1,295
Total	37,365	10,730	26,585	14,295
Less: Allowance for doubtful debts	-	(217)	-	-
Total other receivables - net	37,365	10,513	26,585	14,295
Total trade and other receivables – net	1,010,382	821,152	796,601	775,238

At present, a project of the Company in a foreign country has a related outstanding balances of trade receivables and unbilled receivables totaling Baht 1,917 million (2017: Baht 1,917 million). The Company had continually pursued collection of these outstanding amounts but has not yet to receive payment from the client and is not able to determine with certainty when payment will be made. As a result, the Company has petitioned for arbitration to protect its rights under the project agreement and in the second quarter of the year 2017 an arbitral tribunal has been formed and the arbitration process for this case is expected to take longer than one year and the outcome of the dispute cannot be predicted. Moreover, the balances of trade receivables are overdue more than 12 months. Therefore, on a conservative basis, the Company has estimated and set aside partial provision for the trade receivables amounting to Baht 722 million and full provision for the unbilled receivables amounting to Baht 473 million, totaling for provisions of Baht 1,195 million. These figures are based on the estimates and the opinion of the Company's management. However, in the third quarter of the year 2017, the client also called for the Company to pay a certain amount to protect the rights of the client. The final hearings occurred in the current year and the client called for additional payment from the Company. However, the arbitral tribunal is in the process of considering for merit award to identify the extent of the legal liabilities between the parties. The tribunal may order the Company to make payment of guarantee obligations arising in the normal course of business. The outcome is still unknown and must await the examination of evidence.

10. Unbilled receivables/Construction revenue received in advance

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Project value as per contract	36,479,939	36,993,813	36,479,939	37,005,861
Accumulated amount recognised as revenue on percentage of completion basis	36,300,804	36,819,421	36,300,804	36,822,123
Less: Value of total billed	(35,753,655)	(36,335,295)	(35,753,655)	(36,335,295)
Total	547,149	484,126	547,149	486,828
Add: Construction revenue received in advance	-	4,388	-	4,388
Unbilled receivables	547,149	488,514	547,149	491,216
Less: Allowance for doubtful debts (Referred to Note 9)	(472,638)	(472,638)	(472,638)	(472,638)
Unbilled receivables - net	74,511	15,876	74,511	18,578

11. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Finished goods	209,659	65,205	(295)	(1,469)	209,364	63,736
Spare parts and factory supplies	107,866	89,714	(30,112)	(28,798)	77,754	60,916
Goods in transit	45,452	10,902	-	-	45,452	10,902
Total	<u>362,977</u>	<u>165,821</u>	<u>(30,407)</u>	<u>(30,267)</u>	<u>332,570</u>	<u>135,554</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Spare parts and factory supplies	47,328	44,397	(24,951)	(23,113)	22,377	21,284
Total	<u>47,328</u>	<u>44,397</u>	<u>(24,951)</u>	<u>(23,113)</u>	<u>22,377</u>	<u>21,284</u>

During the current year, the Company and its subsidiary reduced cost of inventories by Baht 0.1 million (2017: Baht 10 million) (The Company only: Baht 1.8 million, 2017: Baht 6 million), to reflect the net realisable value. This was included in cost of sales.

12. Other current assets

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Refundable value added tax	140,049	42,305	40,701	8,508
Prepaid expenses	9,251	7,721	3,718	3,878
Others	2,966	2,936	1,065	164
Total other current assets	<u>152,266</u>	<u>52,962</u>	<u>45,484</u>	<u>12,550</u>

13. Restricted bank deposits

These balances represent bank deposits of the Company and its subsidiary which pledged to secure credit facilities.

14. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	Million Baht	Million Baht	(%)	(%)	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
STIT Company Limited	135	135	100	100	135,000	135,000	-	-
STP&I Services								
Company Limited	410	410	100	100	21,761	21,761	-	121,360
ST Property and Logistics								
Company Limited	440	1	100	100	440,000	1,000	-	-
Fill Up Network								
Company Limited	500	-	70	-	350,000	-	-	-
Total					946,761	157,761	-	121,360

ST Property and Logistics Company Limited

On 7 May 2018, the Extraordinary General Meeting of shareholders No. 1/2018 of ST Property and Logistics Company Limited (a subsidiary) passed the resolution to increase registered share capital from Baht 1 million (100,000 ordinary shares with a par value of Baht 10 each) to Baht 440 million (44,000,000 ordinary shares with a par value of Baht 10 each) by issuing 43,900,000 new ordinary shares with a par value of Baht 10 each by total offering to the Company. The Company already paid for the total investment and the subsidiary already registered the increase in its share capital with the Ministry of Commerce in May 2018.

Fill Up Network Company Limited

On 8 November 2018, a meeting of the Board of Directors of the Company resolved to approve the establishment of a subsidiary named Fill Up Network Company Limited with the objective of investing in community automated gas station. This company has registered share capital of Baht 500 million (5,000,000 ordinary shares with a par value of Baht 100 each), in which the Company is to hold a 70% interest. This company registered its incorporation with initial registered share capital amounting to Baht 1 million with the Ministry of Commerce on 9 November 2018 and registered the Baht 499 million increase in its share capital with the Ministry of Commerce on 27 November 2018.

15. Other long-term investments

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
<u>Investments in available-for-sale securities</u>				
Cost	155,341	155,341	155,261	155,261
Add: Surplus on changes in value of investments	30,030	51,974	30,030	51,974
Fair value	185,371	207,315	185,291	207,235
<u>Investments in held-to-maturity debt securities</u>				
Debentures	100,000	150,000	100,000	150,000
<u>Other Investments - other company</u>				
Ordinary shares	2,340	2,340	2,340	2,340
Less: Provision for impairment of investments	(2,340)	(2,340)	(2,340)	(2,340)
Total	-	-	-	-
Other long-term investments, net	285,371	357,315	285,291	357,235

No available-for-sales securities were sold during the year 2018 and 2017.

During the year 2018, the Company received dividend from investments in available-for-sale securities of Baht 15 million (2017: Baht 15 million).

16. Investment properties

The net book value of investment properties as at 31 December 2018 and 2017 is presented below.

	(Unit: Thousand Baht)	
	Consolidated	Separate
	financial statements	financial statements
	Land, office building and warehouse for rent	Land for rent
31 December 2018		
Cost	1,819,842	29,498
<u>Less</u> Accumulated depreciation	(43,939)	-
Net book value	1,775,903	29,498
31 December 2017		
Cost	1,290,127	29,498
<u>Less</u> Accumulated depreciation	(1,183)	-
Net book value	1,288,944	29,498

A reconciliation of the net book value of investment properties for the years 2018 and 2017 is presented below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Net book value at beginning of year	1,288,944	-	29,498	29,498
Acquisition of land, office building and warehouse for rent	529,715	1,290,127	-	-
Depreciation charged	(42,756)	(1,183)	-	-
Net book value at end of year	<u>1,775,903</u>	<u>1,288,944</u>	<u>29,498</u>	<u>29,498</u>

The Company and its subsidiary has mortgaged its land, office building and warehouse for rent with a total net book value as at 31 December 2018 of Baht 1,250 million (2017: nil) (The Company only: Baht 29 million, 2017: nil) as collateral for credit facilities of its subsidiary granted by banks.

The fair value of the investment properties as at 31 December 2018 and 2017 stated below:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Land for rent	-	-	57,592	43,190
Land, office building and warehouse for rent	2,152,000	1,560,000	-	-

The fair value of investment properties has been determined based on valuation performed by an accredited independent valuer. The fair value of the land for rent has been determined based on market prices, while that of land, office building and warehouse for rent has been determined using the income approach. Key assumptions used in the valuation of land, office building and warehouse for rent include yield rate, long-term vacancy rate and long-term growth in real rental rates.

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Land and land improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2017	676,798	1,812,856	1,696,276	209,191	120,539	179,078	4,694,738
Additions	11,164	341	37,964	1,017	707	439,869	491,062
Disposals	-	(36)	(28,821)	(2,578)	(63)	-	(31,498)
Transfers in (out)	276	152	(3)	8	-	(433)	-
31 December 2017	688,238	1,813,313	1,705,416	207,638	121,183	618,514	5,154,302
Additions	2,276	8,375	28,526	5,033	8,955	633,691	686,856
Disposals	-	(139)	(3,150)	(1,542)	(923)	-	(5,754)
Transfers in (out)	-	-	-	1	-	(1)	-
31 December 2018	690,514	1,821,549	1,730,792	211,130	129,215	1,252,204	5,835,404
Accumulated depreciation:							
1 January 2017	53,312	957,660	1,141,392	179,658	100,496	-	2,432,518
Depreciation for the year	12,455	92,877	150,576	15,640	8,387	-	279,935
Depreciation on disposals	-	(36)	(24,394)	(2,540)	(63)	-	(27,033)
31 December 2017	65,767	1,050,501	1,267,574	192,758	108,820	-	2,685,420
Depreciation for the year	16,351	90,779	135,288	9,555	6,069	-	258,042
Depreciation on disposals	-	(139)	(2,420)	(1,459)	(803)	-	(4,821)
31 December 2018	82,118	1,141,141	1,400,442	200,854	114,086	-	2,938,641
Allowance for impairment loss:							
31 December 2017	-	170,737	6,904	-	-	-	177,641
31 December 2018	-	170,737	6,904	-	-	-	177,641
Net book value:							
31 December 2017	622,471	592,075	430,938	14,880	12,363	618,514	2,291,241
31 December 2018	608,396	509,671	323,446	10,276	15,129	1,252,204	2,719,122

Depreciation for the year

2017 (Baht 256 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)

279,935

2018 (Baht 237 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)

258,042

(Unit: Thousand Baht)

Separate financial statements							
	Land and improvements	Buildings and construction	Machinery, tools and construction equipment	Office equipment, furniture and fixtures	Motor vehicles	Assets under installation and under construction	Total
Cost:							
1 January 2017	611,390	1,568,671	1,366,620	200,332	102,534	962	3,850,509
Additions	11,159	252	936	311	111	-	12,769
Disposals	-	-	(18,464)	(1,898)	-	-	(20,362)
Transfers in (out)	-	76	50	56	-	(182)	-
31 December 2017	622,549	1,568,999	1,349,142	198,801	102,645	780	3,842,916
Additions	724	2,433	3,206	1,343	3,861	836	12,403
Disposals	-	(120)	(2,181)	(1,440)	-	-	(3,741)
31 December 2018	623,273	1,571,312	1,350,167	198,704	106,506	1,616	3,851,578
Accumulated depreciation:							
1 January 2017	49,148	921,956	988,983	173,111	85,399	-	2,218,597
Depreciation for the year	11,744	80,843	112,735	14,557	7,043	-	226,922
Depreciation on disposals	-	-	(18,441)	(1,743)	-	-	(20,184)
31 December 2017	60,892	1,002,799	1,083,277	185,925	92,442	-	2,425,335
Depreciation for the year	15,640	78,698	99,756	8,368	4,552	-	207,014
Depreciation on disposals	-	(120)	(1,518)	(1,174)	-	-	(2,812)
31 December 2018	76,532	1,081,377	1,181,515	193,119	96,994	-	2,629,537
Allowance for impairment loss:							
31 December 2017	-	170,737	6,904	-	-	-	177,641
31 December 2018	-	170,737	6,904	-	-	-	177,641
Net book value:							
31 December 2017	561,657	395,463	258,961	12,876	10,203	780	1,239,940
31 December 2018	546,741	319,198	161,748	5,585	9,512	1,616	1,044,400
Depreciation for the year							
2017 (Baht 221 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							226,922
2018 (Baht 203 million included in cost of sales and services, factory overhead not allocated to cost of fabrication work and cost of fabrication work and the balance in selling and distribution and administrative expenses)							207,014

As at 31 December 2018, the Company and its subsidiaries had machinery, motor vehicles and equipment with net book values of Baht 14 million (2017: Baht 20 million) which were acquired under finance lease agreements.

As at 31 December 2018, certain items of plant, machinery and equipment were fully depreciated but are still in use. The gross carrying amount before deducting accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 1,553 million (2017: Baht 1,309 million) (The Company only: Baht 1,454 million, 2017: Baht 1,226 million).

The Company and its subsidiaries have pledged land with structures thereon with total net book values amounting to approximately Baht 319 million (2017: Baht 505 million) (The Company only: Baht 74 million, 2017: Baht 282 million) as collateral against credit facilities received from commercial banks.

18. Intangible assets - Petty patent and intellectual property

The net book value of petty patent and intellectual property as at 31 December 2018 is presented below.

	(Unit: Thousand Baht) Consolidated financial statements
As at 31 December 2018	
Cost	187,500
<u>Less</u> Accumulated amortisation	(2,004)
Net book value	185,496

A reconciliation of the net book value of petty patent and intellectual property for the year 2018 is presented below.

	(Unit: Thousand Baht) Consolidated financial statements
Net book value at beginning of year	-
Acquisition	187,500
Amortisation	(2,004)
Net book value at end of year	185,496

In November 2018, Fill Up Network Company Limited (a subsidiary), has entered into an agreement to acquire petty patent, which has been issued by government agency and related intellectual property from a company amounting to Baht 187.5 million for grant the rights and use to operate in community automated gas station. The remaining period for the rights in petty patent is 9 years.

19. Short-term loans from financial institutions

		(Unit: Thousand Baht)			
	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Promissory note	2.60	912,000	850,000	382,000	-
Total		912,000	850,000	382,000	-

The loans are secured by the Company's fixed deposits as discussed in Note 13 to the financial statements.

Moreover, the Company and its subsidiaries' bank overdraft and credit facilities from financial institutions are secured by the Company and its subsidiaries' fixed deposits as discussed in Note 13 to the financial statements and the mortgage some of the Company and its subsidiary's land with structures thereon as discussed in Note 17 to the financial statements, and are guaranteed by the Company and its subsidiary.

As at 31 December 2018, the bank overdraft of the Company and its subsidiary which has not yet drawn down amounted to Baht 75 million (2017: Baht 75 million).

20. Trade and other payables

		(Unit: Thousand Baht)			
		Consolidated financial statements		Separate financial statements	
		<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Trade payables - related parties		-	-	4,094	6,938
Trade payables - unrelated parties		973,845	569,785	526,931	528,830
Other payables - related parties		100	-	-	-
Other payables - unrelated parties		75,750	156,192	2,661	100,674
Retention payable from construction contract - unrelated parties		64,945	60,432	53,573	56,255
Accrued expenses		30,501	21,391	19,386	16,164
Total trade and other payables		1,145,141	807,800	606,645	708,861

21. Long-term loans from financial institutions

	(Unit: Thousand Baht)
	Consolidated financial statements
Balance as at 1 January 2018	-
Borrowing during the year	820,000
Repayment during the year	(25,200)
Balance as at 31 December 2018	794,800
Less: Current portion	(54,000)
Long-term loans from financial institutions - net of current portion	740,800

These represent long-term loans of a subsidiary from financial institutions, on which interest is charged at fixed rates for the first to fourth years and at THBFIX plus a margin or a fixed rate from the fifth to eleventh years. The loan principal and interest are to be paid on a quarterly basis, with full settlement due within March 2029. The loans are secured by the land, office building and warehouse for rent of the subsidiary, as discussed in Note 16 to the financial statements.

The loan agreements contain several covenants which, among other things, require the subsidiary to maintain a debt-to-equity ratio and a debt service coverage ratio at the rates prescribed in the agreements.

22. Provision for long-term employee benefits

Provision for long-term employee benefits comprised severance payment obligations and other long-term employee benefits, long service awards, as detailed below.

	(Unit: Thousand Baht)	
	Consolidated financial statements	Separate financial statements
	<u>2018</u>	<u>2017</u>
Severance payment obligations	30,692	41,423
Long service awards	2,545	3,776
Total	33,237	45,199

22.1 Provision for long-term employee benefits, which represents compensations payable to employee after they retire, was as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of the year	41,423	39,799	36,430	35,063
Included in profit or loss:				
Current service cost	2,778	2,798	2,375	2,142
Interest cost	1,159	1,438	1,012	1,287
Included in other comprehensive income:				
Actuarial loss (gain) arising from				
Demographic assumption changes	(6,772)	-	(5,006)	-
Financial assumption changes	(933)	-	(734)	-
Experience adjustments	259	-	569	-
Benefits paid during the year	(7,222)	(2,612)	(6,468)	(2,062)
Provision for long-term employee benefits				
at end of the year	<u>30,692</u>	<u>41,423</u>	<u>28,178</u>	<u>36,430</u>

22.2 Provision for other long-term employee benefit which is long service awards, was as follows:

			(Unit: Thousand Baht)	
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Provision for long-term employee benefits				
at beginning of the year	3,776	3,901	3,204	3,271
Current service cost	279	394	211	318
Interest cost	77	108	60	91
Actuarial gain	(1,074)	-	(1,017)	-
Benefits paid during the year	(513)	(627)	(447)	(476)
Provision for long-term employee benefits				
at end of the year	<u>2,545</u>	<u>3,776</u>	<u>2,011</u>	<u>3,204</u>

The Company and its subsidiaries expect to pay Baht 7 million of long-term employee benefits during the next year (Separate financial statements: Baht 7 million) (2017: Baht 6 million, separate financial statements: Baht 5 million).

As at 31 December 2018, the weighted average duration of the liabilities for long-term employee benefits is 6 - 12 years (Separate financial statements: 6 - 9 years) (2017: 9 - 21 years, separate financial statements: 11 - 15 years).

Significant actuarial assumptions are summarised below:

	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	2.3 - 2.8	2.7 - 3.5	2.3 - 2.5	3.1 - 3.5
Salary increase rate	2.4 - 6.0	3.8 - 5.9	2.4 - 3.0	3.8 - 4.7
Employee turnover rate				
(depending on age of employees)	0 - 39.0	0 - 34.0	0 - 31.0	0 - 12.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2018 and 2017 are summarised below:

(Unit: Thousand Baht)

As at 31 December 2018

	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(953)	1,006	(864)	913
Salary increase rate	926	(882)	844	(804)
Employee turnover rate	(993)	1,145	(935)	982

(Unit: Thousand Baht)

As at 31 December 2017

	Consolidated financial statements		Separate financial statements	
	Increase 0.5 %	Decrease 0.5 %	Increase 0.5 %	Decrease 0.5 %
Discount rate	(1,598)	1,706	(1,403)	1,495
Salary increase rate	1,747	(1,639)	1,538	(1,441)
Employee turnover rate	(1,950)	1,981	(1,710)	1,796

On 13 December 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation at a rate of not less than that of the last 400 days. This change is considered a post-employment benefits plan amendment and the Company and its subsidiaries have additional liabilities for long-term employee benefits of Baht 9 million (The Company only: Baht 8 million). The Company and its subsidiaries will reflect the effect of the change by recognising past services costs as expenses in the profit and loss of the period in which the law is effective.

23. Statutory reserve

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

24. Treasury shares/ Appropriated retained earnings for treasury shares reserve

On 9 September 2015, the Board of Directors of the Company approved a program to repurchase shares for surplus liquidity management purposes. The shares are to be repurchased on the Stock Exchange of Thailand from 24 September 2015 to 23 March 2016. They can be resold more than 6 months after completing the repurchase but within 3 years. Treasury shares cannot be counted in determining a quorum and they have no voting or dividend rights.

Until the end of a repurchase period, treasury shares have been purchased back by the Company was 350,000 ordinary shares (par value of Baht 0.25 each), or 0.02 percent of total number of shares in issue, a total of Baht 3.1 million (exclude cost of repurchase treasury shares). The Company has already appropriated the required amount of retained earnings to a reserve for the treasury shares amounting to Baht 3.1 million.

As at 31 December 2018, the Company did not sell any the treasury shares.

According to letter No. Gor Lor Tor. Chor Sor. (Vor) 2/2548 of the Office of the Securities and Exchange Commission, dated 14 February 2005, concerning the acquisition of treasury shares, a public limited company may buy back treasury shares in an amount not exceeding the amount of its retained earnings and is to appropriate an equal amount of retained earnings to a reserve for treasury shares, which must be maintained until the Company either sells the treasury shares or reduces its paid up share capital by an amount equal to the value of the treasury shares which it could not sell.

25. Expenses by nature

Significant expenses classified by nature are as follow:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Salaries and wages and other employee benefits	341,481	363,745	258,649	286,104
Depreciation and amortisation	306,011	286,114	209,592	231,439
Construction materials and subcontractors	218,325	438,755	203,083	426,461
Rental expenses from operating lease agreements	163,719	152,199	157,135	144,732
Utilities expenses	20,595	28,691	17,926	26,675
Repair and maintenance expenses	27,804	19,922	24,088	16,855
Professional service fees	216,497	100,985	187,423	91,174
Changes in work in progress	(25,598)	263,821	(24,767)	262,989
Purchases of finished goods, spare parts and factory supplies	521,080	237,255	1,529	3,019
Changes in finished goods, spare parts and factory supplies	(162,606)	(1,864)	(2,931)	5,357

26. Duty penalties expenses

In June 2018, the Company received notice of assessment for collection of import duty and value added tax from the Customs Department because the Office of the Board of Investment has issued an order revoking some of its tax privileges and benefits of the Company. Therefore, the Company is required to pay import duty for construction materials at the rate applicable on the import date, other related taxes and penalties.

During the second quarter of the current year, the Company has recorded duty penalties expenses, in accordance with the amount under the notice of assessment. Moreover, the full amount was paid to enable the Company to remain eligible to lodge an appeal later, and to suspend the accumulation of penalties while the appeal is being considered. The Company has then filed appeals with the Office of the Board of Investment, the Customs Department and the Revenue Department to request cancellation of the revocation order and cancellation of the tax assessment. The appeals are currently being considered and their outcomes are unknown. However, the Company's management believes that losses incurred will not exceed the abovementioned amount of provision which is already paid.

27. Income tax

Income tax expenses for the years ended 31 December 2018 and 2017 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Current income tax:				
Current income tax charge	4,000	4,345	-	-
Deferred tax:				
Relating to origination and reversal of temporary differences	34,003	30,785	33,217	29,540
Income tax expenses reported in the statement of comprehensive income	<u>38,003</u>	<u>35,130</u>	<u>33,217</u>	<u>29,540</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2018 and 2017 are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax relating to actuarial gain	1,489	-	1,034	-
Deferred tax relating to gain (loss) on change in value of available-for-sale investments	(5,084)	526	(5,084)	526
Total	<u>(3,595)</u>	<u>526</u>	<u>(4,050)</u>	<u>526</u>

The reconciliation between accounting loss and income tax is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Accounting loss before tax	(609,672)	(2,475,258)	(550,993)	(2,332,052)
Applicable tax rate	20%	20%	20%	20%
Accounting loss before tax multiplied by income tax rate	(121,934)	(495,052)	(110,199)	(466,410)
Tax loss for the year which unrecognised to deferred tax assets	111,874	286,568	99,987	279,083
Prior year tax benefits for which deferred tax assets have been recognised	35,528	-	35,528	-
Effects of:				
Non-deductible expenses	10,376	243,089	8,559	239,342
Additional expense deductions allowed	(1,409)	(634)	(949)	(526)
Exempted revenue	(2,955)	(5,119)	(2,955)	(27,543)
Others	6,523	6,278	3,246	5,594
Total	12,535	530,182	7,901	495,950
Income tax expenses reported in the statement of comprehensive income	38,003	35,130	33,217	29,540

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

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax assets				
Allowance for doubtful accounts	22	72	-	-
Allowance for impairment loss of assets	-	35,528	-	35,528
Accumulated depreciation - plant, machine and equipment	32,739	30,710	34,153	32,262
Trade and other payables				
(Difference from lease calculation method)	2,357	4,385	3,006	4,385
Provision for long-term employee benefits	6,648	9,040	6,038	7,927
Other provisions	772	602	-	-
Others	5,458	5,091	5,458	5,091
Total	47,996	85,428	48,655	85,193

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial statements		Separate financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Deferred tax liabilities				
Unrealised gain on changes in values of investments	3,167	10,000	2,541	9,912
Rights to produce and sell electricity from municipal waste	186,767	186,767	-	-
Others	7,453	7,643	-	-
Total	197,387	204,410	2,541	9,912

As at 31 December 2018, the Company and its subsidiaries have unused tax losses amounting to Baht 2,069 million (2017: Baht 1,509 million), on which deferred tax assets have not been recognised as the Company and its subsidiaries believes future taxable profits may not be sufficient to allow utilisation of the unused tax losses. The unused tax losses will expire by 2019 - 2023 (2017: by 2019 - 2022).

28. Earnings per share

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

The following table sets forth the computation of basic earnings (loss) per share.

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Loss for the year (Thousand Baht)	(629,379)	(2,495,795)	(584,210)	(2,361,593)
Weighted average number of ordinary shares* (Thousand shares)	1,624,831	1,624,831	1,624,831	1,624,831
Loss per share (Baht/share)	(0.39)	(1.54)	(0.36)	(1.45)

* Net of the 350,000 treasury shares held by the Company

29. Segment information

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

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

- (a) The fabrication work for construction and industrial purpose
- (b) The sale of construction machines, and service of machinery and maintenance
- (c) The sale of electricity (As at 31 December 2018, a power plant of subsidiary is under construction and has not yet sold electricity under the power purchase agreement.)
- (d) The rental of land, office building and warehouse
- (e) The operation in community automated gas station (As at 31 December 2018, a subsidiary is in process of acquiring automated gas station and has not yet operated in community automated gas station.)

No operating segments have been aggregated to from the above reportable operating segment.

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

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

The following table presents revenue and profit (loss) information regarding the Company's and its subsidiaries's operating segments for the years ended 31 December 2018 and 2017.

(Unit: Million Baht)									
	Fabrication work (a)		Sales and services (b)		Rental of land, office building and warehouse (d)		Elimination of inter-segment transactions		Consolidated financial statements
	2018	2017	2018	2017	2018	2017	2018	2017	2018 2017
Revenue from external customers									
Revenue from domestic	-	-	705	403	107	2	-	-	812 405
Revenue from export	326	580	50	20	-	-	-	-	376 600
Total	326	580	755	423	107	2	-	-	1,188 1,005
Inter-segment revenues	12	7	17	49	-	-	(29)	(56)	- -
Total revenues	338	587	772	472	107	2	(29)	(56)	1,188 1,005
Segment operating profit (loss)	(17)	(495)	91	89	64	1			138 (405)
Unallocated net income									
excluding income tax									(747) (2,070)
Loss before income tax expenses									(609) (2,475)
Income tax									(38) (35)
Equity attributable to non-controlling interests of the subsidiaries									18 14
Loss for the year - attributable to equity holders of the Company									(629) (2,496)

Geographic information

Revenue from external customers of the Company and its subsidiaries is based on locations of the customers as the following:

(Unit: Million Baht)		
For the years ended 31 December		
	2018	2017
Thailand	812	405
Japan	148	-
Italy	143	580
Sri Lanka	35	-
Others	50	20
Total	1,188	1,005

Major customers

For the years 2018, the Company and its subsidiaries have revenue from two major customers in amount of Baht 210 million and Baht 143 million, arising from the sales of construction machines, and service of machinery and maintenance and fabrication work for construction and industrial purpose segments, respectively.

For the year 2017, the Company and its subsidiaries have revenue from one major customer in amount of Baht 580 million arising from fabrication work for construction and industrial purpose segments.

30. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and its subsidiaries contribute to the fund monthly at the rate of 3 or 5 percent of employees's basic salary and their employees contribute to the fund monthly at the rate of 3, 5, 10 and 15 of basic salary. The fund, which is managed by Bangkok Capital Asset Management Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2018 amounting to approximately Baht 3 million (The Company only: Baht 3 million) (2017: Baht 4 million, The Company only: Baht 3 million) were recognised as expenses.

31. Dividend

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2016, on the operating results of the year 2016	Annual General Meeting of the shareholder on 25 April 2017		
- Cash dividend		634	0.39
Total dividends for 2017		634	0.39*

* The calculation was based on the number of shares after deducted treasury shares held by the Company.

32. Contracts in progress

As at 31 December 2018, the Company's aggregate amount of construction cost incurred and recognised profits or losses to date for contracts in progress was approximately Baht 36,309 million (2017: Baht 36,806 million) and gross amounts due from customers for contracts progress were approximately Baht 563 million (2017: Baht 493 million).

33. Commitments and contingent liabilities

33.1 Capital commitments

As at 31 December 2018, the Company and its subsidiaries had capital commitments of approximately Baht 320 million, JPY 328 million and USD 1 million (2017: Baht 496 million, JPY 784 million and USD 3 million), relating to power plant construction, land improvement, construction and improvement of factory buildings and acquisition of machinery.

33.2 Machine and spare parts purchase contracts

As at 31 December 2018, a subsidiary had contract commitments in relation to the acquisition of machine and spare parts for sale amounting to Baht 36 million, JPY 293 million and USD 1 million (2017: nil).

33.3 Operating lease commitments

The Company and its subsidiary has entered into several lease agreements in respect of the lease of land and office building space. The terms of the agreements are generally between 1 and 30 years. Operating lease agreements are non-cancellable.

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

	(Unit: Million Baht)	
	As at 31 December	
	<u>2018</u>	<u>2017</u>
Payable:		
Within 1 year	143	126
1 - 5 years	72	168
Over 5 years	19	20

33.4 Other commitments

As at 31 December 2018, the Company had outstanding letter of credit with overseas supplier amounting to approximately JPY 612 million, Euro 1 million and USD 1 million (2017: JPY 784 million and USD 3 million).

33.5 Bank guarantees

As at 31 December 2018, there were outstanding bank guarantees of approximately Baht 51 million and USD 38 million (2017: Baht 59 million and USD 38 million) issued by banks on behalf of the Company and its subsidiaries in respect of certain performance bonds as required in the normal course of business. These included letters of guarantee amounting to Baht 9 million and USD 38 million (2017: Baht 16 million and USD 38 million) to guarantee contractual performance and Baht 42 million (2017: Baht 43 million) to guarantee electricity use and others.

34. Fair value hierarchy

As at 31 December 2018 and 2017, the Company and its subsidiaries had the assets and liabilities that were measured at fair value or disclosed fair value using different levels of inputs as follows:

(Unit: Million Baht)				
As at 31 December 2018				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	150	-	-	150
Debt instruments	-	1,192	-	1,192
Available-for-sale investments				
Equity instruments	185	-	-	185
Debt instruments	-	218	-	218
Assets for which fair value are disclosed				
Investment properties	-	-	2,152	2,152

(Unit: Million Baht)				
As at 31 December 2017				
Consolidated financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	275	-	-	275
Debt instruments	-	1,409	-	1,409
Available-for-sale investments				
Equity instruments	207	-	-	207
Debt instruments	-	223	-	223
Assets for which fair value are disclosed				
Investment properties	-	-	1,560	1,560

(Unit: Million Baht)

As at 31 December 2018				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	150	-	-	150
Debt instruments	-	775	-	775
Available-for-sale investments				
Equity instruments	185	-	-	185
Debt instruments	-	218	-	218
Assets for which fair value are disclosed				
Investment property	-	-	58	58

(Unit: Million Baht)

As at 31 December 2017				
Separate financial statements				
	Level 1	Level 2	Level 3	Total
Assets measured at fair value				
Held for trade investments				
Equity instruments	275	-	-	275
Debt instruments	-	1,133	-	1,133
Available-for-sale investments				
Equity instruments	207	-	-	207
Debt instruments	-	223	-	223
Assets for which fair value are disclosed				
Investment property	-	-	43	43

35. Financial instruments

35.1 Financial risk management

The Company and its subsidiaries' financial instruments, as defined under Thai Accounting Standard No. 107 "Financial instruments: Disclosure and Presentations", principally comprise the following:

<u>Financial assets</u>	<u>Financial liabilities</u>
- Cash and cash equivalents	- Loans from financial institutions
- Current investments	- Trade and other payables
- Trade and other receivables	- Unbilled payables
- Unbilled receivables	- Liabilities under finance lease agreements
- Loans to subsidiaries	
- Restricted bank deposits	
- Other long-term investments	

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

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

Interest rate risk

The Company's and its subsidiaries' exposure to interest rate risk relates primarily to deposits at financial institutions, investments, loans, liabilities under finance lease agreements and interest bearing loans. Most of their financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate.

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

(Unit: Million Baht)

As at 31 December

Consolidated financial statements

	Fixed interest rates				Floating interest		Non-interest					
	within 1 year		1 - 4 year		rate		bearing		Total		Interest rate	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(% per annum)											
Financial assets												
Cash and cash equivalent	39	2	-	-	274	749	58	35	371	786	0.05 - 1.40	0.05 - 1.00
Current investments	646	617	-	-	-	-	1,016	1,651	1,662	2,268	1.34 - 10.95	1.20 - 9.02
Trade and other receivables	-	-	-	-	-	-	1,010	821	1,010	821	-	-
Unbilled receivables	-	-	-	-	-	-	75	16	75	16	-	-
Restricted bank deposits	1,041	969	-	-	5	3	-	-	1,046	972	0.38 - 1.90	0.38 - 1.15
Other long-term investments	-	-	100	150	-	-	185	207	285	357	7.00	4.30 - 7.00
Financial liabilities												
Short-term loans from												
financial institutions	912	850	-	-	-	-	-	-	912	850	2.60	2.65
Trade and other payables	-	-	-	-	-	-	1,145	808	1,145	808	-	-
Unbilled payables	-	-	-	-	-	-	7	18	7	18	-	-
Long-term loans from												
financial institutions	54	-	154	-	587	-	-	-	795	-	Note 21	-
Liabilities under finance lease												
agreements	2	5	3	2	-	-	-	-	5	7	4.00 - 8.73	4.00 - 8.73

(Unit: Million Baht)

As at 31 December

Separate financial statements

	Fixed interest rates				Floating interest		Non-interest					
	within 1 year		1 - 4 year		rate		bearing		Total		Interest rate	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
	(% per annum)											
Financial assets												
Cash and cash equivalent	39	2	-	-	141	670	34	14	214	686	0.05 - 1.40	0.05 - 1.00
Current investments	607	617	-	-	-	-	598	1,375	1,205	1,992	1.34 - 10.95	1.20 - 9.02
Trade and other receivables	-	-	-	-	-	-	797	775	797	775	-	-
Unbilled receivables	-	-	-	-	-	-	75	18	75	18	-	-
Short-term loan to subsidiaries	763	540	-	-	-	-	-	-	763	540	4.50	4.50
Restricted bank deposits	1,041	969	-	-	-	-	-	-	1,041	969	0.90 - 1.90	0.90 - 1.15
Long-term loan to subsidiary	45	85	40	-	-	-	-	-	85	85	4.50	2.70
Other long-term investments	-	-	100	150	-	-	185	207	285	357	7.00	4.30 - 7.00
Financial liabilities												
Short-term loans from												
financial institutions	382	-	-	-	-	-	-	-	382	-	2.60	-
Trade and other payables	-	-	-	-	-	-	607	709	607	709	-	-
Unbilled payables	-	-	-	-	-	-	7	18	7	18	-	-
Liabilities under finance lease												
agreements	-	-	2	-	-	-	-	-	2	-	5.25	-

Foreign currency risk

The Company's and its subsidiaries' exposure to foreign currency risk arises mainly from trading transactions that are denominated in foreign currencies. The Company and its subsidiaries use forward contract to manage such foreign currency risk.

As at 31 December 2018 and 2017, the balances of financial assets and liabilities denominated in foreign currencies are summarised below.

Foreign currency	Consolidated		Separate		Average exchange rate	
	financial statements		financial statements		as at 31 December	
	as at 31 December		as at 31 December		as at 31 December	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	(Million)	(Million)	(Million)	(Million)	(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	83.2	96.2	82.9	96.1	32.4498	32.6809
Japanese yen	1.3	0.1	-	-	0.2931	0.2898
Financial liabilities						
Euro	2.9	0.7	-	-	37.1252	39.0273
US dollar	4.7	0.3	0.1	0.3	32.4498	32.6809
Japanese yen	576.5	15.0	-	-	0.2931	0.2898

Foreign exchange contracts outstanding are summarised below.

As at 31 December 2018				
Foreign currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Japanese yen	1,002.7	-	28/02/19 - 02/07/19	0.29 - 0.30
US dollar	1.1	-	21/03/19 - 14/06/19	32.12 - 32.70
Euro	0.7	-	02/01/19 - 04/04/19	37.87 - 38.00
As at 31 December 2017				
Foreign currency	Consolidated financial statements	Separate financial statements	Contractual maturity date	Contractual exchange rate
	(Million)	(Million)		(Baht per 1 foreign currency unit)
<u>Bought amount</u>				
Japanese yen	50.0	-	15/05/18	0.31
US dollar	1.7	-	22/03/18 - 05/04/18	34.48 - 34.98
<u>Sold amount</u>				
US dollar	4.7	4.7	04/09/18 - 04/10/18	33.04 - 33.20

35.2 Fair values of financial instruments

The majority of the Company's and its subsidiaries' financial instruments are short-term in nature and deposits at financial institutions and loans bear interest at rates that closed to the market interest rate, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

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

36. Capital management

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximise shareholder value. As at 31 December 2018, the Group's debt-to-equity ratio was 0.4:1 (2017: 0.2:1) and the Company's was 0.2:1 (2017: 0.1:1).

37. Approval of the financial statements

These financial statements were authorised for issue by the Company's authorised directors on 25 February 2019.

OTHER REFERENCEST

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