

Annual Report 2008



PAE (Thailand) Public Company Limited

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Important Financial Information

In millions of Baht

	2008	2007	2006
Operating Performance			
Revenue from Sales and Construction Work	462.30	348.40	631.48
Total Revenue	468.67	373.12	638.45
Gross Profit (Loss)	23.26	25.41	32.97
Net Profit (Loss) from Normal Operation	(151.85)	(35.28)	7.74
Financial Status			
Total Assets	668.28	441.70	609.64
Total Liabilities	378.83	126.95	253.35
Total Shareholders' Equity	289.45	314.76	356.29
Financial Ratios			
Liquidity Ratio	0.77	1.59	1.46
Debt/Equity Ratio	1.24	0.38	0.71
Gross Profit (Loss) (%)	5.03	7.29	5.22
Net Profit (Loss) (%)	(31.54)	(9.45)	1.21
Net Profit/Share (Baht)	(0.22)	(0.06)	0.02
No. of Paid-up Shares (million shares)	675.04	574.50	574.50

M

essage from the Chairman



Dear Shareholders:

During 2008, PAE (Thailand) Public Company Limited has invested in many projects, according to its business development plan, so that the company can move forward to broader operations by relying upon many decades of technology, foundation and experience of the company itself, together with its partner's extensive experience and proven performance; Global Process System Inc. (GPS), a global EPC leader in the upstream oil, gas process and production systems. This will ensure that the company's business potential shall be consistent with the growth of the oil, gas and construction business in Thailand and around the world. Especially, by enhancing its performance in certain areas of work with advanced technology, PAE (Thailand) Public Company Limited will be one of the world's leading companies by enabling said performance. Due to investments according to business development plan, the amount of accumulated loss for 2008 causes non-distribution of the dividend payment.

On behalf of the management team and the Board of Directors, I would like to express my gratitude to all customers, sponsors, investors, and shareholders, as well as the employees who have dedicated themselves to this great performance. The company strongly assures that we will continuously endeavor to achieve the business goals with prosperity, by focusing on the stakeholders' benefits and relying upon the fundamentals of good governance.



(Mr. Rajatin Syamananda)

Chairman of the Board of Directors

Board of Director



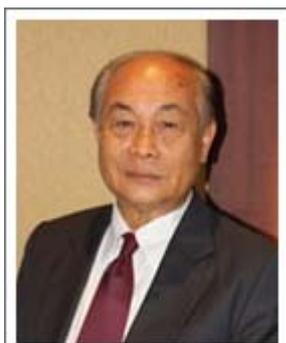
Mr. Rajatin Syamananda
Chairman of the Board



Mr. Sook Sanan Jotikasthira
Executive Director / Managing Director



Mr. Apisit Rujikeatkamjorn
Executive Director



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



Sub. Lt. Saroj Sawangridhi
Chairman of Audit Committee



Mrs. Chintana Kaweewong
Executive Director



Mr. Urairat Boonakas
Executive Director



Mr. Keith Andrew Walker
Executive Director



Mr. Samorn Thasangha
Audit Committee



Miss Thipawan Uthaisang
Audit Committee



Mr. Antony Robert William Wright
Remuneration Committee



Mr. Apiporn Pasawat
Remuneration Committee



Mr. Clinton Wayne Elgar
Director

**General Information****General Information of PAE (Thailand) Public Company Limited****Company Information**

Location of Head Office	:	69 Soi Onnuch 64 (Suksaman), Srinakarin Road, Suanluang, Suanluang, Bangkok 10250
Registration No.	:	Bor. Mor. Jor. 0552
Telephone	:	0-2322-0222 (automatic)
Facsimile	:	0-2322-2970-1
Company Website	:	www.pae.co.th

Stock Registrar

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

Auditor

Name of Auditor	:	Mr.Somchai Kurujitkosol CPA Registration No. 3277 Miss Wanraya Puttasatien CPA Registration No. 4387
Company	:	S.K. Accountant Services Company Limited
Location	:	128/151 Phayatai Plaza Building 14 th Floor Phayatai Road, Thungphayatai, Ratchatavee, Bangkok 10400
Telephone	:	0-22146466-70
Facsimile	:	0-22154772

Information of Company and Subsidiaries

Company	Type of Business	Registered Capital (million Baht)	Par Value (Baht)	Paid-up Capital (million Baht)	Shareholding Proportion (%)
PAE (Thailand) Public Company Limited	Process and Mechanical Engineering, Fabrication, Oil and Gas Services, Electrical & Instrument, Engineering and Civil Construction	981.11	1.00	675.04	-
Pacific Resources International Limited (BVI)	Construction and manpower service to work abroad.	86.68	10.00	86.68	100.00
WNSR Pacific Company Limited*	Engineering Services and Utilities Installation & Material Supply	40.00	10.00	40.00	60.10
PAE Construction Resources Company Limited	Domestic and oversea personnel supply mainly to construction industry	5.00	100.00	5.00	99.99
PAE Technical Services Company Limited	Non-destructive testing of steel used in construction business including steel pipes and structures used in oil refinery industry, high-rise buildings, factories, x-ray pipes and gas tanks.	35.00	10.00	35.00	99.99
Oasis Development Company Limited **	Dormitory for rent.	1.00	100.00	1.00	54.94

Note: * Innovative Technology Limited (Cayman) and Miss Sopha Sa-Nuanhong hold 30% and 9.9% respectively.

** The Company holds shares through WNSR Pacific Company Limited.

As of 31 December 2009 PAE (Thailand) Public Company Limited has its registered capital of 981,106,362 Baht with its paid up capital of 675,037,500 Bah

Nature of the Business

In 2008 the company is engaged in three types of businesses, which were:

1. Engineering and Construction

- 1.1 Civil Engineering – provided services in construction of building, infrastructure and factories.
- 1.2 Mechanical and Electrical Engineering – provided installation of equipment, machinery, oil and gas pipelines, steels structures and vessel fabrication.
- 1.3 Telecommunication Engineering – provided design and installation of telecommunication equipment which has been discontinued since early 2008.

2. Industrial and Manpowers Services: provide experienced personnel for industrial facilities maintenance, onshore and offshore platforms, oil and gas field maintenance, steel fabrication and installation. A wide range of construction equipment is available for rent together with complete repair and maintenance services.

3. Trading: distributed and serviced well known brands of equipment for use in construction and provided procurement of materials and equipment for various business sectors which has been discontinued since early 2008.

Revenue Structure

Revenue Structure of the company and subsidiaries are divided into 3 major types, classified by types of business, over the past 3 years as stated below:

Revenue Structure (Company and Subsidiaries)	Shareholder Structure (%)	2008		2007		2006	
		'000 Baht	%	'000 Baht	%	'000 Baht	%
1. <u>Engineering & Construction</u>							
PAE (Thailand) Public Co., Ltd.		75,112	16.25	123,220	35.37	476,003	75.38
1.1 Civil Engineering		42,381	9.17	53,122	15.25	12,164	1.93
1.2 Mechanical & Electrical Engineering		13,735	2.97	20,428	5.86	108,558	17.19
1.3 Telecommunication Engineering		18,996	4.11	49,670	14.26	355,281	56.26
Pacific Resources International Ltd (BVI)	100.00	-	-	-	-	-	-
WNSR Pacific Co., Ltd	60.10	38,315	8.29	-	-	-	-
JV Sri U-Thong & PAE	70.00	30,866	6.68	-	-	-	-
Total Engineering & Construction		144,293	31.22	123,220	35.37	476,003	75.38
2. <u>Industrial Service</u>							
PAE (Thailand) Public Co., Ltd.		213,545	46.19	154,332	44.30	85,360	13.52
Oasis Development Co., Ltd.	54.94	485	1.10	290	0.08	388	0.06
PAE Technical Service Co., Ltd.	99.99	94,527	20.45	67,871	19.48	68,410	10.83
PAE Construction Resources Co., Ltd.	99.99	6,842	1.48	-	-	-	-
WNSR Pacific Co., Ltd.	60.10	2,542	0.55	-	-	-	-
Total Industrial Services		317,940	68.77	222,493	63.86	154,158	24.41
3. <u>Trading</u>							
PAE (Thailand) Public Co., Ltd.		65	0.01	2,684	0.77	1,317	0.21
Grand Total		462,298	100.00	348,397	100.00	631,478	100.00

Products and Services

(1) Engineering and Construction

PAE (THAILAND) PLC has earned a formidable reputation in Thailand, as well as abroad, because of its length of experience and association with high profile projects. PAE's highly capable and technically expert, professional staff has successfully completed these projects. The Company is well known for the high quality and efficiency of performance, as well as the ability to meet deadlines and work within approved budgets. Projects have involved every category of construction.

Services: Building Construction
 General Construction
 Plant Construction

1.1) Civil Engineering

This division provides services in construction of building, infrastructure and factories.

1.2) Mechanical and Electrical Engineering

This division provides installation of equipment and machinery, oil and gas pipelines, steels structures and vessel fabrication.

Over three decades of professional services speak to our ability to undertake any assigned project, meet deadlines and allocated budgets. Our skilled engineers and technicians are capable to construct plants, petrochemical complexes, power plants, pulp and paper mills, refineries and steel mills and comply with the highest degree of international standards.

Rayong Fabrication

The factory initially was designed to produce 600 tons of steel product per month, or 7,200 tons annually. However, we have upgraded our equipment and facilities throughout the second half of 2008, resulting in an increased of capacity of 1,000 ton/month or 12,000 ton/annum. As of now, PTTEP, Chevron (Thailand), Quad Energy S.A., Siam Moeco, McDermott and Petro Vietnam has pre-qualified our yard, which unlocked upside revenue potential for 2009 and beyond. We are also encouraged by emerging revenue streams from newly signed contracts resulted from yard pre-qualification mentioned above. The main scope of works can be categorized into:

- Steel Structure
- Piping & Special Equipment
- Tanks & Vessels
- Sheet Metal & Duct Work

Field of Activities

- Refiner / Gas Plant
- Chemicals / Fertilizer
- Heavy and Light Industries
- Power Plant / Petrochemical
- Iron and Steel / Metal Smelting
- Water / Natural Resource
- Food Processing / Utilities
- General Construction
- Gas Pipeline / water Pipeline

Scope of Services

- Procurement
- Construction
- Maintenance

Safety and Quality of Work

Safety and Quality are PAE's first strategic objective and our primary consideration in every project we execute. PAE's employees share the belief that all incidents are preventable and are committed to making that belief a reality in our organization.

1.3) Telecommunication Engineering

One of leading system integrator, PAE (Thailand) PLC has the professional teams who have many years of skill and experiences in telecommunication projects, especially in turnkey basis. Our services are to design, submit the best solution of the customer requirements, installation and also maintenance service. We also supply the telecom and IT equipment on budget of valued customer as well as consulting and / or supporting in technical terms and engineering.

Design and Planning

PAE (THAILAND) PLC has an excellent knowledge and experience in transmission and data communication systems. PAE (THAILAND) PLC is able to design the transmission system such as Microwave, Fiber Optic, Satellite and Cellular system (CDMA, GSA), including of high technology DWDM, SDH, PDH; data communication system.

Experience

With many years of experience for implementation both of transmission network and outside plant, PAE (THAILAND) PLC has dedicated for installation, testing and commissioning cover as following:

- SDH Equipment
- Microwave
- Multi-access service
- Network management system
- LAN and WAN
- Optical Fiber Cable
- Telephone System
- Satellite Transmission System
- Microwave System
- Mobile Phone System
- Tower and Accessories

(2) Industrial Services

The full services provided by PAE (THAILAND) PLC are a valuable support to Thai industry because they arise from our experience in operations and maintenance services in Thailand as well as overseas. For over forty years, our clients in this field of operation have come from all sectors including governmental, military and commercial. Maintenance and operations activities are conducted using modern techniques to reduce overall maintenance costs and extend equipment life. PAE (THAILAND) PLC is one of the few companies in Thailand with extensive experience in Industrial Facilities. The petroleum sector has been the area where PAE (THAILAND) PLC has provided experienced personnel to work both onshore and offshore on specialized welding, structural steel fabrication and installation, including specialized container fabrication.

A range of construction equipment is available for rent, including welding machines, air compressors, generators, portable site offices, hydraulic rough-terrain cranes, excavators, and combination front end loaders / backhoes. A team of well trained and experienced personnel with a strong sense of responsibility is available to perform repair and maintenance work on construction equipment.

Scope of Services

- Steel Fabrication and Installation
- Sand blasting, Coating and Painting
- Offshore production Platform Maintenance
- Drilling Rig Personnel

- Chemical Cleaning of Equipment and Piping
- Grounds and Building Maintenance
- Equipment Rental and Maintenance
- Industrial Facilities Maintenance

(3) Trading

The Company is an exclusive distributor of various international brands of construction equipment and machinery to construction contractors, industrial services, automotive industry, telecommunication and other businesses. High quality and the best services are our commitment.

Industry and Competition Situation

Since 2001 until 2008, the construction business has undergone relative growth due to the support it has received from investments in various projects in the governmental sector. Investments in construction by the private sector have also undergone continually high growth as a consequence of various measures, introduced by the government to stimulate the property sector. For instance, the debt restructuring in the property sector; tax measures to support the purchase of property, and tax measures to stimulate sale of old and new residential property.

The company's customers are divided into three parts: private organizations, governmental organizations; and state enterprises. The majority of the work came from the private sector and sub-contracted works from trading partner companies which received the work from the government organizations and the state enterprises. However, in the future, the company will begin to undertake works from the governmental organizations or the state enterprises in relation to civil engineering and infrastructure projects.

Number and Condition of Competition in Industry

The companies which are engaged in the construction business numbers more than 600. Those comprise Thai, foreign companies and joint ventures. The majority compete principally via price. However, raw materials, reputation, expertise, and good mutual relationship are of strategic importance in terms of competition with the industry.

- The Size of the Company When Compared to its Competitors

The company is as a niche player in an expanding market. The company has a competitive advantage when compared to its competitors, due to the vast array of services available from PAE, not currently matched by our competitors. Further, the connection, via share ownership to GPS (Dubai) and the Al Jaber group in Al Jaber, further expands PAE's business reach and professional capabilities.

- Problems in Relation to Raw Materials

The raw materials which the company uses in the construction projects depend on the requirements of the customers. Most of the raw materials are widely available, with many substitute vendors. Hence, the company will not face the shortage of raw materials. As for the supply of raw materials on an exceptional case basis; the raw materials would be initially procured from domestic distributors. The payment for raw materials would be both in cash and on credit, as granted by the distributors or by opening a letter of credit. The company will try to control the cost of raw materials to within the established budget so that the projected profit would not be affected in the event of market fluctuation in the price of these commodities.

- Number of Distributors of Raw Materials

In 2008, the company had not placed a purchase order from any distributor for raw materials more than 30 percent of the total operating expenses of the company.

Marketing Strategies

The company emphasizes quality of service, both before and after sales. Marketing strategies of the company can be summarized as stated below:

1. Reputation of the company

The company has been operating for more than 40 years. The performances of the company were qualified in accordance with customers' requirement, specified timeframe, and budget. From the performances and reputation of the company as mentioned, the company has received acceptance and trust from customers, both in domestic and overseas.

2. Quality of Employees

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

3. Safety during Work

The type of business of the company requires a high level of capability, expertise, and care. Until present; the company has been successful in the issue of work safety, by executing work without accidents in the majority completed projects.

Distribution and Channels of Distribution

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

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

If the Company is awarded a tender to perform procurement services of high value commodities for particular customers, the company will only purchase these expensive materials at the explicit direction of the company. In tenders involving lower value, fast moving and frequently used materials, the Company may already have these commodities on hand.

Risk Factors

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

1. Risk of Human Resource

The expertise and readiness of personnel is another important factor for the operation of construction works. This is one factor that creates customer trust. Hence, the company has a risk of quality due to the sheer number of employees. There is a risk the company will be unable to complete the work according to the signed construction contracts, leading to higher costs of operations with potential fines and penalties by the contracting customers. However, the company has continuously trained employees to have knowledge and expertise of good and efficient working skills. In addition, the company provides employees with appropriate remuneration and defined career paths in order to motivate, attract and retain talented employees.

2. Risk of Operating Performance

The majority of company revenue is from project work. These projects are normally of a high value, but this is not frequent work. Hence, the company has a revenue risk from project works such that is unable to anticipate when the company would obtain new projects. Newly awarded projects are dependant on market conditions, capital resources, and readiness of the company. Hence, the company is vulnerable to risk from decreasing cash inflow from projects for a period of time. However, to mitigate this risk, the company has been attempting to diversify and obtain work from different areas: industrial services, construction work, supplier of equipment and raw materials. This will give the company revenue from several different sources, which will mitigate the company from such risk.

3. Risk of Dividend Payment

At the end of 2008, due to the operating performance, the company has made a cumulative loss amounting to 147.17 million Baht. The company is unable to pay the dividend to the shareholders according to the law, and the shareholders will receive a dividend payment in accordance with the specified dividend payment policy.

4. Financial risk management and policies

The Company and its subsidiaries are exposed to risk from changes in market interest rates, currency exchange rates and from non-performance of contractual obligations by counter parties. The Company does not use derivative financial instruments in considering appropriate ways to manage such risk. Nor does it hold or issue derivative instruments for speculative or trading purposes.

5. Interest rate risk

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

6. Risk on dependence of major shareholders

The Company and its subsidiaries may be exposed to such a risk arising out of dependence on the major shareholders, e.g. Global Process Systems Inc. (GPS)., GPS is a source of funds for the Company, providing funds in the form of shareholder loans or cash paid for increased capital via the issuance of new ordinary shares. Inter alia any circumstance, GPS might be unable to provide further funding as required to the Company, or may pay later than stipulated in the agreement due to world economic changes or a major oil price.

S

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curities of the company

Common Shares	Registered Capital	981,106,362	Baht
	Paid-up Capital	675,037,500	Baht
	Number of Shares Issued	675,037,500	Shares
	Par Value	1.00	Baht /Share

Company Obligation to Share Issuance in Future

As of 31 December 2009 PAE (Thailand) Public Company Limited has its registered capital of 981,106,362 Baht with its paid up capital of 657,037,500 Baht.

Shareholders

Name of the major 10 shareholders along with number of shares and shareholding proportion as of 12 November 2008 are stated below:

Name of Shareholders	Numbers of Shares Held	%
1. Global Process System Inc.	201,075,000	29.78
2. Mrs. Chintana Kaweewong	89,977,000	13.33
3. Mr. Chatri Mahutthanadol	57,420,900	8.50
4. MR Consultancy Co., Ltd.	40,527,388	6.00
5. Mr. Navin Skulyouyong	17,000,000	2.52
6. Mr. Poomipat Borirakkucharoen	16,253,200	2.40
7. Mr. Suporn Phoopakdee	15,206,900	2.25
8. Mr. Apitep Thummakasem	10,491,120	1.55
9. Thai NVDR Co., Ltd.	9,085,500	1.35
10. Mr. Ratana Wongnaphajan	6,897,184	1.02
Total	463,934,192	68.70

Source: Thailand Securities Depository Company Limited As of 12 November 2008

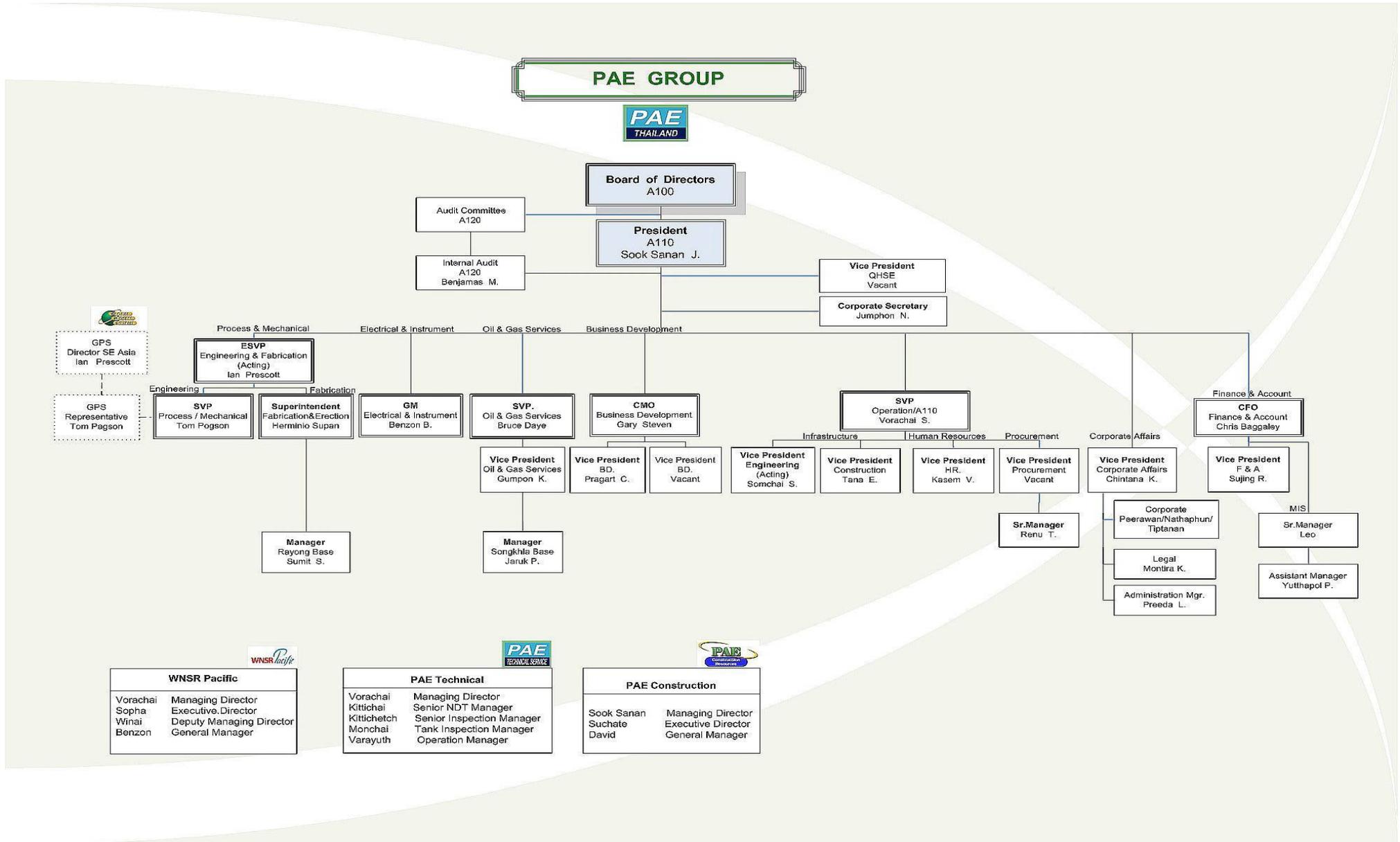
THE COMPANY'S POLICY ON DIVIDEND PAYMENT

The company's Board of Directors had a policy to propose to the company's meeting of the shareholders to pay dividend to the shareholders when the company had not has accumulated loss. The payment of dividend would be divided according to the number of share, each at equal amount. The company's Board of Directors may pay interim dividend to the shareholders from time to time when it is deemed that the company has made reasonable profit to do so and will report this to the next meeting of shareholders; provided that there is no other exigency and the payment of dividend does not material impact on the normal operation of the company.

SUBSIDIARY COMPANY'S POLICY ON DIVIDEND PAYMENT

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

Organization Chart



M

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Management Structure of the company consists of the Board Members, Executive Committee, Remuneration Committee and Audit Committee.

Board of Directors

1. Mr. Rajatin	Syamananda	Chairman of the Board of Directors
2. Mr. Sook Sanan	Jotikasthira	Executive Director / Managing Director
3. Mr. Apisit	Rujikeatkamjorn	Chairman of the Executive Directors
4. Mrs. Urairat	Boonakas	Executive Director
5. Mrs. Chintana	Kaweewong	Executive Director
6. Mr. Keith Andrew	Walker	Executive Director
7. Sub. Lt. Saroj	Sawangridhi	Chairman of the Audit Committee
8. Mr. Antony Robert	William Wright	Remuneration Committee
9. Ms.Thipawan	Uthaisang	Audit Committee
10. Mr. Samorn	Thasangkha	Audit Committee
11. Mr. Thavisakdi	Tanta-nanta	Chairman of the Remuneration Committee / Audit Committee
12. Mr. Clinton Wayne Elgar		Director
13. Mr. Apiporn	Pasawat	Remuneration Committee

Remark: Mr. Jumphon Nunthasiriphon, Corporate Secretary, is a secretary to the Board of Directors

Authorities and Responsibilities of the Board of Directors

In accordance with the regulations of the company, the Board of Directors has the authority and responsibility to manage the company according to the objectives, regulations, and resolutions of shareholders' meetings with honesty, and in the interests of the company. The Board of Directors might assign one or more directors, or other persons to perform activities on their behalf, except for matters regulated by law that must receive resolutions from shareholders' meetings prior to performing the activities such as the sale or transfer of the overall business or a major part of the business to third parties, or an increase or decrease of capital of the company, etc.

Authorised Directors

The number and name of directors who are authorized directors to bind the company via their signatures are two of four authorised directors: Mr. Sooksanan Jotikasthira, Mrs. Urairat Boonakas, Mrs. Chintana Kaweewong, or Mr. Keith Andrew Walker along with Company's seal.

Elements and Appointment of the Board of Directors

The Board of Directors must consist of not less than 5 persons, who are appointed at the shareholders' meeting, and not less than half of the total number of directors must reside in the Kingdom of Thailand.

For the election of directors, one shareholder has the voting right equivalent to one share per one vote. Each shareholder must exercise all votes to elect one person or several persons as director(s). However, a shareholder cannot divide their votes. The nominee who receives the highest number of votes will be elected as the directors of the company. The number of directors elected will be sufficient to meet the company requirements. In case the nominees who are elected have equal votes and exceed number of directors ought to have or ought to be elected at that time, the Chairman will exercise the final deciding vote.

During the annual general shareholders' meeting, one-third of the directors' terms will expire. In case the number of directors could not be divided into exactly three parts, the number of term expirations will be as close to one-third as possible. For the directors whose terms expire during the first and second year after appointment, drawing lots method will be applied to assign whose terms will expire. For later years, the directors who have been in the position for the longest term will be rotated out. The directors whose terms expire may be re-elected via shareholder approval.

Audit Committee (as of December 31, 2008)

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

The Audit Committee has the following scope of duties and responsibilities:

1. To review that the financial reports of the company are accurate and sufficient.
2. To review that the company has an appropriate and effective internal control and internal audit systems.

3. To review that the company performs in accordance with the Securities and Exchange Act, regulations of the Stock Market, and the laws related to the company's businesses.

4. To consider, select, propose the appointment, and propose the remuneration for the auditor of the company.

5. To consider the disclosure of accurate and complete Company information in case there are related transactions, or the "conflict of interest" transactions.

6. To prepare the good corporate governance report of the Audit Committee and disclose it in the annual report. Such report must be signed by the Chairman of the Audit Committee.

7. To perform other activities assigned by the Board of Directors, with the agreement of the Audit Committee.

Qualifications, Selection Procedures, and Criteria for Selecting Independent Directors

1. The shareholders will make the selection, by considering outsiders who have knowledge and the capability useful to the company.

2. Majority votes by the shareholders attending at the meeting will decide the appointments.

Numbers of Board of Directors' Meetings Held and Numbers of Meetings Attended by Each Director

There were altogether 9 Board of Directors' Meetings held in 2008 as per the following details:

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

*Note: * As there were two starting periods of directors, this made the total number of meetings held unequal.*

Number of Audit Committee Meetings Held and Number of Meetings Attended by Each Member

There were altogether 9 Audit Committee meetings held in 2008 as per the following details:

Name of the Audit Committee	No. of Meetings Attended/ Total No. of Meetings during the Year*
1. Sub.Lt. Saroj Sawangridhi	9/9
2. Mr. Samorn Thasangkha	9/9
3. Ms. Thipawan Uthaisang	4/5
4. Mr.Thavisakdi Tanta-nanta	4/5

*Note: * As there were two starting periods of directors, this made the total number of meetings held unequal.*

Management (please see Attachment 1)

1. Mr. Sook Sanan Jotikasthira President
2. Mr. Vorachai Sukarom Senior Vice President
3. Mr. Christopher Bagguley Senior Vice President of Finance & Accounting
(Chief Financial Officer)
4. Mr. Gary Stevens Senior Vice President of Business Development
(Chief Marketing Officer)
5. Mr. Bruce Edward Daye Senior Vice President of Oil and Gas Department
6. Mr. Thomas James Pogson Vice President of Engineering Design
7. Mr. Herminio Cabigao Supan Vice President of Superintendent
8. Mrs. Chintana Kaweewong Vice President of Corporate Affairs
9. Mrs.Sujing Ratanapakorn Vice President of Finance & Accounting
10. Mr. Kasem Viriyaskultorn Vice President of Human Resource Division
11. Mr. Gumpon Kupadakvinij Vice President of Industrial Services Division
12. Mr.Tana lamchinwuth Vice President of Engineering and Construction
13. Mr.Somchai Srivarat-Ashakul Vice President of QSHE
14. Mr. Prakart Chantapet Vice President of Business Development

Scope of duties and responsibilities of Management

1. To perform according to the targets and directions for operating the business of the company to correspond with the policies regulated by the Board of Directors of the company.
2. To set up regulations and criteria concerning the operations of the company.
3. To set up the regulations concerning the scope of work of employees.
4. To determine the Criteria and Selection of the projects which the company will bid and propose to the Executive Board.
5. To consider and agree on appointment, transfer, and withdrawal of management, supervisor, staff employees.
6. To consider and agree on rate adjustment of wages, salary and other remunerations.
7. To process other items as assigned by the Board of Directors of the company.

Selection of Directors and Management

Regarding the procedure for selecting persons being appointed as directors, the shareholders will elect the appropriate persons who have experiences, knowledge, ability that will be useful to the company to be the directors. The resolution of shareholders' meeting will take the majority votes of the shareholders attending the meeting and having voting rights.

Remuneration for Directors and Management

Remuneration in Monetary Value

The company has regulated the remuneration for directors precisely, by requesting for approval at the shareholders' meeting. Further, the remuneration for directors will be in accordance with the principles and policies regulated by the Board of Directors. Hence, this is done in accordance with the Principles of Good Corporate Governance, Clause 10, concerning the establishment of remuneration for management. In 2008, the amount of remuneration of directors and management were stated below:

□ The remuneration for the Board of Directors of the company consisted of director fee for 13 directors. In 2008, total amounts paid were as below:

Name of the Board of Directors	Meeting Allowance and Remuneration (Baht)
1. Mr. Rajatin Syamananda	790,000
2. Mr. Apisit Rujikeatkamjorn	570,000
3. Mr.Sook Sanan Jotikasthira	699,000
4. Mrs. Urairat Boonakas	650,000

Name of the Board of Directors	Meeting Allowance and Remuneration (Baht)
5. Mrs. Chintana Kaweewong	699,000
6. Mr. Keith Andrew Walker	460,000
7. Sub.Lt. Saroj Sawangridhi	662,500
8. Mr. Antony Robert William Wright	620,000
9. Ms. Thipawan Uthaisang	480,000
10. Mr. Samorn Thasangkha	529,000
11. Mr. Thavisakdi Tanta-nanta	799,000
12. Mr. Clinton Wayne Elgar	190,000
13. Mr. Apiporn Pasawat	460,000
Total	7,608,500

□ The remuneration for Management consisted of salary and bonus. Total remuneration for 14 managements in 2008 was 27,455,156.66 Baht.

No.	Salary	Bonus	Total Remuneration
Management –14 persons	27,455,156.66	-	27,455,156.66

Other Remuneration

-None -

Good Corporate Governance

Refer to the Stock Exchange of Thailand requires the Board of Directors of the company to have good management standards in order to create confidence to shareholders, investors, and all related parties, the Board of Directors of PAE (Thailand) Public Company Limited realizes the importance of such an issue, and has complied with the above-mentioned guidelines as per the details stated below:

1. Policy on Good Corporate Governance

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

2. Rights and Equality of Shareholders

The Board of Directors provides an opportunity for the shareholders to give comments, suggestions, and exercise their votes for resolution liberally. Shareholders can exercise the right to select the board of directors, and receive information transparently. In addition, the company prepares financial reports and an annual report to present at shareholders' meeting and to related authorities. The Audit Committee has duties to monitor and adjust company operations to be in accordance with generally accepted standards. Further, directors can contact any staff member in the Management Business Unit directly.

3. Rights of Different Groups of Stakeholders

The company monitors and establishes management systems by respecting the rights of all groups of stakeholders: shareholders, employees, business partners, customers, and creditors.

4. Shareholders' Meetings

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

5. Leadership and Vision

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

6. Conflict of Interest

The company recognizes the importance of dealing with conflicts of interest carefully, fairly, and transparently, as well as disclosing such information in the annual report.

7. Business Ethics

The Board of Directors also encourages employees to use proper ethics in the business operations, to be good citizens, with a social concious, with company management setting a good example. Moreover, the company's focus is for employees to strictly comply with the applicable rules and regulations.

8. Balance of Power for Non-executive Directors

The company will have the appropriate number and composition of directors, consisting of directors who are representatives of shareholders, directors who come from internal management, and one-third independent directors of total number of Board of Directors.

9. Segregation of Positions

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

10. Remuneration for Directors and Management

The company pays remuneration to directors in the form of monetary value and other remunerations by comparing with the same industry. Such remunerations must receive the agreement from the shareholders, and will be disclosed in the annual report.

11. Board of Directors' Meetings

The Board of Directors sets up the meetings at least four times per year, by setting the meeting agenda in advance for the whole year. The directors will receive complete information seven days prior to the meeting date to enable them to have the requisite information prior to the meeting, and come to the meeting with sound suggestions and comments.

12. Sub-committees

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

13. Control and Internal Audit System

The Company has an internal audit and efficient investigation system for the overall organization, and regularly informs the Board of Directors of risk management issues.

14. Directors' Report

The Board of Directors approves and discloses the financial statements of each fiscal year in the annual report to shareholders' as regulated by law. In addition, they also prepare explanations accompanying the financial statements together with the report of the independent auditor in the annual report.

15. Relationship with the Shareholders

The company assigns the public relations department to communicate and disclose information accurately, completely, in time for the investors, mass media, and related parties to be promptly well informed.

Usage of Internal Information

Policies and Procedures to Oversee the Management for Using Internal Information

The Board of Directors has set up policies concerning good corporate governance, as it is recognized that this is an important and necessary issue for the business operation to grow. Further, the Board of Directors has set up policies and directions for the company for the creation of important control systems and to enable internal audit to oversee management operations in accordance with the best interests of the shareholders and under applicable laws and business ethics.

The Board of Director and Management Profiles

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

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

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

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

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

Name – Surname	Mr. Thavisakdi Tanta-Nanta	Mr. Clinton Wayne Elgar
Position	Chairman of Remuneration Committee / Audit Committee	Director
Nationality	Thai	English
Age	75 years old	50 years old
Address	3531/268 Soi Chalamnimit 5 PattaraVilla 2. Bangkro, Bangkorlem, Bangkok 10120	1 st Floor Spectrum Building, Oud Metha P.O. BOX 30593, Dubai, UAE
Education	LL.B Thammasat University	Corporate Member of the Institution of Chemical Engineers, England Degree in Chemical Engineering, University of Aston, England
Curriculum Traing	DAP – Directors Accreditation Program 24/2004 from IOD	-
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	<p>Present</p> <ul style="list-style-type: none"> - Chairman of Remuneration Committee / Audit Committee, PAE (Thailand) PLC - Committee, Natural Park PLC. <p>Past</p> <ul style="list-style-type: none"> - Vice President, Marketing and Management, Thai Airways International PLC. - GM, Thai Airways International, People's Republic of China - Director, Sales and Marketing, Thai Airway International, Head Office - GM, Thai Airways International, Gulf, Sultanate of Oman, Taiwan and Nepal 	<p>Present</p> <ul style="list-style-type: none"> - Director, PAE (Thailand) PLC. - President, Global Process Systems Inc. <p>Past</p> <ul style="list-style-type: none"> - President, Kvaerner Process Systems, Malaysia - International Project Director, International Process Constructors Ltd (IPC), Canada
Family Relationship among the Management	- None	- None

Name – Surname	Mr. Apiporn Pasawat	Mr. Sumon Surathin
Position	Director	Consultant to the Board of Director
Nationality	Thai	Thai
Age	60 years old	67 years old
Address	99/116 Moo 11 Soi28 Lake Wood Golf Course, Bangna-Trad Rd, K.M. 18 Bangchalong, Bangplee, Samutprakarn 10540	207/6 Udomsuk 34, Sukhumvit 103, Bangna, Bangkok 10260
Education	MBA. (Production), University of Wisconsin, USA. M.S. (Chemical Engineering) University of Wisconsin, USA Chemical Engineering, The Faculty of Science (Second Class Honor), Chulalongkorn University	M. Sc. (Econ.) USA. B.A. (Econ.) Japan
Curriculum Traing	DAP – Directors Accreditation Program 39/2005 from IOD	-
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	<p>Present</p> <ul style="list-style-type: none"> - Director, PAE (Thailand) PLC. - Advisor, The Siam Cement PLC. - Chairman of Executive Committees, Thai Plastic and Chemical PLC. - Chairman of Executive Committees, Thai Industrial Gases PLC. - Remuneration Committees, The Aromatics (Thailand) PLC. - Director, Bangkok Synthetics Co., Ltd. - Director, BST Elastomers Co., Ltd. - Industrial Advisory Board, The Petroleum and Petrochemical Chulalongkorn University <p>Past</p> <ul style="list-style-type: none"> - Director of Petrochemical Group, The Siam Cement PLC - Managinf Director, Thai Polythelene Co., ltd. 	<p>Present</p> <ul style="list-style-type: none"> - Consultant to the Board of Director, PAE (Thailand) PLC. <p>Past</p> <ul style="list-style-type: none"> - Chairman, Krung Thai Asset Management Plc. - Vice Chairman / Acting Chairman / Acting Managing Director / Krung Thai Asset Management Plc. - Director and Audit Committee Chairman, Krung Thai Asset Management Plc.
Family Relationship among the Management	- None	- None

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

Name – Surname	Mr. Gary Edwin Stevens	Mr. Thomas James Pogson
Position	Chief Marketing Officer	Process & Mechanical Senior Vice President
Nationality	American	Canadian
Age	57 years old	58 years old
Address	22/72 3A Baan Suan Thon Condo, Soi Pattana Choom Choon 1, Srinakarin 1, Bangkaew, Bangplee, Samutprakarn 10540, Thailand	The Victory Executive Residence Bangkok
Education	B.S Degree, Youngtown University, Ohio, U.S.A. MBA degree, Youngtown University, Ohio, USA. American University Alumni, Asian Studies, Thai Language, Bangkok, Thailand	Honors graduate Welding Engineering Technology, Alberta, S.A.I.T , Canada
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	<p>Present</p> <ul style="list-style-type: none"> - Chief Marketing Officer,PAE (Thailand) PLC - Independent Consultant seconded to multi national companies in a technical marketing/ business development capacity in Thailand/ Vietnam, Asia Pacific Region <p>Past</p> <ul style="list-style-type: none"> - Oiltools Thailand Country Manager for Thailand/ Burma - Regional Service/ Sales Engineer Halliburton South East Asia - Industrial Service Engineer, Dowell Schlumberger SE Asia/ Middle East 	<p>Present</p> <ul style="list-style-type: none"> - Senior Vice President of Process & Mechanical Senior Vice President, PAE (Thailand) PLC - Country Manager, Global Process Systems (Thailand) <p>Past</p> <ul style="list-style-type: none"> - Process Engineer Global Process Systems (Malaysia) - Project Engineer, Conoco Phillips (Canada) - Project Engineer Devon Dover SAG-D De bottle necking - Project Manager/ Co-coordinator (Contract) for Penn West Petroleum - Supervisor Project Design and Construction, Chief Inspector, Morgan Hydrocarbons Inc. - Senior Facilities Technology, Total Petroleum Canada Ltd.
Family Relationship among the Management	- None	- None

Name – Surname	Mr. Bruce Edward Daye	Mr. Herminio C. Supan
Position	Oil & Gas Services Senior Vice President	Superintendent
Nationality	Canadian	Filipino
Age	46 years old	48 years old
Address	38/55 Asoke Place Building 15 Floor Sukhumvit 21 Rd, North Klongtoey, Wattana, Bangkok	69 Soi On-nuch 64 Srinakarin Rd, Suanluang, Bangkok 10250
Education	Mount Royal College – 2 years Load Beaverbrook, High School Diploma - Honors	B.S. Civil Engineering, Mapua Institute of Technology
No. of Shares Held	-	-
Shareholding Proportion	-	-
Experience	<p>Present</p> <ul style="list-style-type: none"> - Oil & Gas Services Senior Vice President PAE (Thailand) PLC <p>Past</p> <ul style="list-style-type: none"> - Operations Director, Freeinternet Co Ltd - Manager, Network Operations BizTone.com Pte. Ltd. Singapore - Technical Director Computer Network Engineering Co. Ltd. (Thailand) - Customer Support Manager Schlumberger Oilfield Services.Ho Chi Minh,Vietnam - Regional Support Coordinator Schlumberger Oilfield Services. Jakarta, Indonesia - Customer Support Manager Landmark Graphics International.Singapore 	<p>Present</p> <ul style="list-style-type: none"> - Superintendent, PAE (Thailand) PLC. <p>Past</p> <ul style="list-style-type: none"> - Construction Manager, Global Process Systems Batam Indonesia - Construction Manager, Global Process Systems Dubai, Arab Emirate - Construction-Fabrication Manager, Kvaerner Process Systems, Selangor Fabrication, Malaysia - Project Engineering/Securing, Tepat Teknik SDN BHD, Malaysia - Operation Manager, Konkrete Systems Specialist, Malaysia - Quality Controller, UMW Engineering SDN BHD, Malaysia
Family Relationship among the Management	- None	- None

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

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

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

Related Transaction

Related Transaction incurred during the Year are as follows:-

Person likely to be conflict: Shinawatra Home Company Limited

Nature of relation: Common director in Subsidiary

Nature of transaction: Housing Construction

Value: Account receivable 40.34 MB

Necessity and Reasonableness of the Transaction: Normal transaction

Person likely to be conflict: W.N.S.R. Engineering Company Limited

Nature of relation: Common director in Subsidiary

Nature of transaction: Installation Electrical & Instrument Work

Value: Account receivable 9.00 MB

Necessity and Reasonableness of the Transaction: Normal transaction

Person likely to be conflict: Innovative Technology (iNe) Ltd (Cayman)

Nature of relation: Common major shareholder

Nature of transaction: Manpower Supply

Value: Account receivable 1.76 MB

Nature of transaction: Manpower Supply

Value: Account payable 0.50 MB

Necessity and Reasonableness of the Transaction: Normal transaction

Person likely to be conflict: Talaythong Hardware Limited Partnership

Nature of relation: Common director in Subsidiary

Nature of transaction: Material Procurement

Value: Account receivable 0.05 MB

Necessity and Reasonableness of the Transaction: Normal transaction

Person likely to be conflict: Global Process System Inc

Nature of relation: Major shareholder

Nature of transaction: Area rental and supplying of piping work

Value: Account receivable 1.27 MB

Nature of transaction: Manpower Supply

Value: Account payable 0.21 MB

Necessity and Reasonableness of the Transaction: Normal transaction

Person likely to be conflict: WNSR Pacific Company Limited

Nature of relation: Subsidiary and common major shareholder

Nature of transaction: Short-term loan

Value: 45.21 MB

Necessity and Reasonableness of the Transaction: Short-term loan to be granted prior to having common major shareholder

Person likely to be conflict: Global Process System Inc

Nature of relation: Major shareholder

Nature of transaction: Loan

Value: 82.30 MB

Necessity and Reasonableness of the Transaction: The Company borrowed the money from Global Process System Inc, major shareholder at the interest rate of 8% p.a. provided that the Audit Committee deemed it was fair and appropriated transaction.

Person likely to be conflict: Mrs. Chintana Kaweewong

Nature of relation: Director

Nature of transaction: Short-term loan

Value: 0.50 MB

Necessity and Reasonableness of the Transaction: Advance payment for the Company

Person likely to be conflict: Mr. Vorachai Sukarom

Nature of relation: Senior Deputy Managing Director

Nature of transaction: Short-term loan

Value: 1.39 MB

Necessity and Reasonableness of the Transaction: Advance payment for Subsidiary

Person likely to be conflict: Miss Sopha Sa-Nguanhong

Nature of relation: Common director in Subsidiary

Nature of transaction: Short-term loan

Value: 2.10 MB

Necessity and Reasonableness of the Transaction: Short-term loan as per Asset Acquisition Agreement between the Company and W.N.S.R. Engineering Company Limited

Importance and reasons of the parties' transactions

Related parties' transactions, through out 2008, are important and value accretive to the stake holders. Our Audit Committee has investigated the entire list of related transaction on the basis of necessities, sensibilities and level of prices charged among one another. Aside, the Audit Committee disclosed types and monetary values of individual related parties' transaction or transaction with possibilities conflict of interests – abiding to the law of Securities Exchange Commission and the Stock Exchange of Thailand.

Procedures of related parties' transaction approvals

In the incident where there is a related parties' transaction or where there is a possibility of conflict of interests, the Audit Committee will provide opinions on importance of the engagement and sensibility on pricing front in order to align with industry standard. In case where the Audit Committee does not have a specific expertise on the transaction, PAE and related parties will propose independent advisors to provide assessment reports to the Audit Committee in order to assist with decision making. On top, committee members related to the related parties can not vote and we will always clarify should any related parties' transaction occurs.

Policy and outlook on related parties' transactions

For any potential related parties' transaction, the Audit Committee will have to follow ruled out procedures and the committee must not approve any transaction that could potentially lead to one's conflict of interests including an issue of proxy. In this regards, PAE will reveal any potential related parties' transaction to the board members to ensure those transactions comply with laws issued under Securities Exchange Commission, Stock Exchange of Thailand and Thai GAAP.

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

In case where the Audit Committee is required to provide opinions on related parties' transaction, but committee does not have the expertise – PAE will hire an external expert to review on the issue such as asset valuations. Expert report will be used in conjunction upon decision making of audit committee. This ultimately ensures that there will be no transfer pricing among related parties.

Explanation and Analysis on Financial Status and Operating Performance

Operating Performance

ASSETS

As of 31 December 2008, the company had total assets of 668.28 million Baht: an increase from 2007 of 226.58 million Baht; 279.78 million Baht of which is current (liquid) assets and 388.50 million Baht of non-current assets. 85.42 million Baht of the increase in current assets was attributed to trade account and negotiable receivables which arose out of the increase in trading and services. Meanwhile the non-current assets increased by 141.16 million Baht due to the acquisition of W.N.S.R. Engineering Co., Ltd., thus creating goodwill of 42.92 million Baht; and an increase in land, building, and equipment (including non-operating land) totaling 76.10 million Baht.

LIABILITIES

As of 31 December 2008, the company had total liabilities of 378.83 million Baht: an increase from 2007 of approximately 251.88 million Baht. Most of the increase in liabilities is current liabilities as a result of loans from financial institutions and related persons totaling 23.65 million Baht and 88.25 million Baht, respectively. The acquisition of W.N.S.R. Engineering Co., Ltd. caused the company to be obligated to its sellers under such the Asset Purchase Agreement in the amount of 21.73 million Baht. Non-current liabilities also increased due to an estimate for accrued expenses related to construction work in the amount of 14.23 million Baht and advance receivables under the contract of 39.18 million Baht which arose from the project expansion. There was a net loss of 145.93 million Baht and accumulated profit (loss) in its subsidiaries of 15.96 million Baht.

CAPITAL STRUCTURE AND SHAREHOLDERS' EQUITIES

As of 31 December 2008, the company had total shareholders' equity of 295.37 million Baht. While in 2007, the shareholders' equity were 314.75 million Baht; a resulting decrease in shareholders' equity of 19.38 million Baht. The decrease is attributed to the 2008 net loss, offset by the increase in capital due to GPS contributing 110.59 million Baht to shareholders' equity.

LIQUIDITY

The company's liquidity decreased from 1.59 times in 2007 to 0.77 times in 2008; partially attributed to the short-term loan from financial institutions and related parties; while an average of debt collection period as well as an average of sale of goods period slightly changed, however, the repayment period declined from 108 days to 44 days only.

CASH FLOW

The company had an operating cash loss from its normal business operations of 85.40 million Baht, while earning a net loss of 145.93 million Baht, including non-cash expenses; e.g. depreciation of 13.88 million Baht, doubtful debt of 53.44 million Baht, and a penalty from the estimated delay in work completion of 5.24 Baht. Meanwhile there was a reversal of a provision for loss in inventory value of 8.75 million Baht, and the loss of minority shareholders' interest in equity of 5.92 million Baht resulting in the cash loss from operating activities of 85.40 million Baht.

OPERATING RESULTS

The operating result of 2008 was a net loss of 151.85 million Baht compared to the operating results in 2007 which had the net loss of 35.28 Baht. Sales and service revenue increased from 348.40 million Baht in 2007 to 462.30 million Baht in 2008, although the gross margin percentage declined from 7.29% in 2007 to 5.03% in 2008 gross margin was 23.26 million Baht. Meanwhile selling and administrative expenses increased from 75.09 million Baht in 2007 to 113.72 million Baht in 2008. The company established reserved a doubtful debt of 52.56 million Baht in 2008.

AUDIT FEE

(Unit: Baht)

	Audit Fee (quarterly review) 3 Quarters	Audit Fee (Annual)
PAE (Thailand) Public Company Limited	570,000	565,000
PAE Technical Service Company Limited	120,000	80,000
Oasis Development Company Limited	30,000	36,000
PAE Construction Resources Company Limited	30,000	30,000
Pacific Resources International Limited (BVI)	30,000	30,000
WNSR Pacific Company Limited	60,000	60,000

Note: The above-mentioned fees did not include other expenditures, such as transportation cost, photocopy cost, report preparation cost, etc., which totaled 55,128 Baht.

R

eport of the Audit Committee

In the year 2008, the Committee held 9 meetings having attendants who are the top executives and head of internal audit sections. Moreover, the external auditors also were invited to attend the meeting in order to discuss about audit procedure, audit operation including internal control structure. The Committee had operated activities which can be concluded as following:

1. Reviewed the quarter and year end financial statements of 2008. These financial statements are fairly and adequate disclosure complies with the general accepted accounting principles. In addition, the Committee also audited the related transactions between the company and subsidiaries to assure that all activities are corresponding to The Stock Exchange of Thailand regulations.

2. Reviewed the transactions to assure that all activities comply with the Securities and Stock Market Law, and to support the Company's good corporate governance practices and development.

3. Monitored the company's internal audit activities in order to achieve the effectiveness and efficiency in order to comply with the international standard.

4. Assessed the company internal control system and views that the system is sufficient and appropriate for proceeding the business effectively. The Committee also supports the internal control system development in order to gain more efficiency and effective system.

5. Considered the related transactions or the transactions that may have conflict of interest which should have suitable disclosure. The committee also gives any comment of these transactions that they are ordinary and usual transactions including considering of all stakeholders' benefits by reviewing the value and condition of the related transactions in order to assure that all activities comply with The Stock Exchange of Thailand regulations.

6. Considered the proposals of 4 external auditors by reviewing them from their reliability and fees. Moreover, the Committee also negotiated the fee of external auditor, concluded the opinion of screening the external auditor including its remuneration to the Board of Director in order to receive an approval from the shareholders' meeting to appoint Mr. Vichien Khingmontri, Mr. Prasit Yuengsrikul and Miss Nangnoi Charoenthaveesub, Certified Public Accountant Registration number 3977, 4174 and 3044 respectively from PricewaterhouseCoopers Company Limited to be the auditor for the year 2009.

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

R

eport of the Independent Auditor

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

I have audited the accompanying consolidated and the separate balance sheets as of December 31, 2008 the related consolidated and the separate statements of income, the consolidated and the separate statements of changes in shareholders' equity and the consolidated and the separate cash flow statements for the year then ended of PAE (THAILAND) PUBLIC COMPANY LIMITED and its subsidiaries, and also the financial statement of PAE (THAILAND) PUBLIC COMPANY LIMITED. These financial statements are the responsibility of the company's management as to their correctness and completeness of the presentation. My responsibility is express an opinion on these financial statement base on my audit. Regarding the consolidated financial statements of the Company, the Company has combined the financial statements of one joint venture which is a subsidiary company. The financial statements of that joint venture reflect the consolidated assets balance as of December 31, 2008 in amount of Baht 36.71 million, equivalent to 5.49% of the consolidated assets and revenues for the year ended on December 31, 2008 in amount of Baht 30.87 million, equivalent to 6.68% of the consolidated revenues. The financial statements the joint venture have been audit by another auditor whose report has been furnished to me, and the presentation of my audit report insofar as it relates to the amounts of respective transactions of the joint venture which were combined in the consolidated financial statements is relies on the audit report of that auditor. The financial statements for the year ended on December 31, 2007 of PAE (THAILAND) PUBLIC COMPANY LIMITED and its subsidiaries, and the separate financial statement of PAE (THAILAND) PUBLIC COMPANY LIMITED audited by another auditor in same firm, who gave an unqualified opinion as reported on February 27, 2008.

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

From my audit and the reports of the other auditors, in my opinion, the accompanying consolidated and the separate financial statements referred to above present fairly, in all material respects, the consolidated and the separate financial positions as of December 31, 2008, the results consolidated and the separate operations and the consolidated and the separate cash flow for the year then ended of PAE (THAILAND) PUBLIC COMPANY LIMITED and its subsidiary companies and the separate financial statements of PAE (THAILAND) PUBLIC COMPANY LIMITED, in accordance with generally accepted accounting principles.

S.K. ACCOUNTANT SERVICES COMPANY LIMITED

(Wanraya Puttasatien)

Authorized Auditor CPA No. 4387

Bangkok,

February 25, 2009

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inancial Statement

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As of December 31, 2007 and 2006

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENT		FINANCIAL STATEMENT	
	2007	2006	2007	2006
	BAHT	BAHT	BAHT	BAHT
				(Restated)
ASSETS				
CURRENT ASSETS				
Cash on Hand and Equivalent Items	56,841,600.29	125,812,571.56	54,172,633.08	122,312,873.44
Accounts Receivable - Net (Note 8)	75,602,939.76	196,157,754.49	53,534,352.84	174,194,713.59
Accounts Receivable - Related Companies - Net (Note 7.2, 9)	44,327,882.37	5,035,821.21	44,327,882.37	5,035,821.21
Short-Term Loan and Advances to Related Companies - Net (Note 7.2)	-	-	81,870.37	93,125.41
Inventories - Net (Note 10)	9,197,750.22	19,614,411.21	6,334,288.04	17,245,160.55
Other Current Assets				
Advances Payment for Contracts	3,703,077.44	5,195,380.16	3,703,077.44	5,195,380.16
Others	4,687,202.45	7,592,214.59	3,190,950.32	7,078,231.07
TOTAL CURRENT ASSETS	194,360,452.53	359,408,153.22	165,345,054.46	331,155,305.43
NON-CURRENT ASSETS				
Investments in Subsidiary Companies (Note 11)	-	-	24,856,538.82	24,856,538.82
Long-Term Investments	1,000,000.00	1,000,000.00	-	-
Property, Plant and Equipment - Net (Note 12)	177,714,186.06	212,058,794.29	159,150,210.68	195,225,297.86
Non-Performing Land - Net (Note 13)	35,694,281.02	1,732,612.50	35,694,281.02	1,732,612.50
Other Non-Current Assets				
Pledged Bank Deposits (Note 14)	1,383,795.95	2,890,104.42	-	2,128,098.60
Withholding Income Tax	24,327,424.59	18,676,657.40	24,327,424.59	18,676,657.40
Others	7,222,866.05	13,873,937.93	7,097,149.25	9,284,915.44
TOTAL NON - CURRENT ASSETS	247,342,553.67	250,232,106.54	251,125,604.36	251,904,120.62
TOTAL ASSETS	441,703,006.20	609,640,259.76	416,470,658.82	583,059,426.05

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As of December 31, 2007 and 2006

		CONSOLIDATED		SEPARATE	
		FINANCIAL STATEMENT		FINANCIAL STATEMENT	
	-	2007	2006	2007	2006
		BAHT	BAHT	BAHT	BAHT
					(Restated)
LIABILITIES AND SHAREHOLDERS' EQUITY					
CURRENT LIABILITIES					
Bank Overdrafts and Short - Term Loans from	(Note 14,15)	16,119,692.81	31,186,750.72	16,119,692.81	31,186,750.72
Financial Institutions					
Accounts Payable		53,806,965.29	140,064,050.38	51,506,749.91	138,427,115.16
Accounts Payable - Related Companies	(Note 7.2)	-	-	340,703.50	203,497.40
Current Portion of Liabilities under					
Hire Purchase Agreement	(Note 17)	2,458,513.90	2,132,434.91	1,176,747.56	1,088,084.31
Loan from Outsider	(Note 16)	2,000,000.00	2,000,000.00	-	-
Loan from Related Company	(Note 7.2)	8,636,125.00	8,636,125.00	-	-
Other Current Liabilities					
Advance Receipt on Contracts		1,545,158.49	36,837.50	1,310,511.22	36,837.50
Estimated Accrued Construction Cost		3,360,138.14	16,684,615.89	3,360,138.14	16,684,615.89
Estimated Penalty for Works Delayed		1,787,779.50	14,960,000.00	1,787,779.50	14,960,000.00
Accrued Interest Expenses		1,720,374.41	5,144,505.00	1,720,374.41	1,608,021.97
Vat Suspense		6,219,929.31	5,286,438.45	5,182,252.13	4,402,080.84
Accrued Expenses		14,095,542.08	11,562,502.16	10,810,399.46	5,318,899.82
Others		10,589,978.53	9,304,969.79	8,958,975.31	6,816,441.58
TOTAL CURRENT LIABILITIES		122,340,197.46	246,999,229.80	102,274,323.95	220,732,345.19
NON - CURRENT LIABILITIES					
Liabilities under Hire Purchase Agreements - Net	(Note 17)	4,607,299.15	6,354,809.55	2,184,246.94	3,777,714.78
TOTAL NON-CURRENT LIABILITIES		4,607,299.15	6,354,809.55	2,184,246.94	3,777,714.78
TOTAL LIABILITIES		126,947,496.61	253,354,039.35	104,458,570.89	224,510,059.97

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS

As of December 31, 2007 and 2006

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENT		FINANCIAL STATEMENT	
	2007	2006	2007	2006
	BAHT	BAHT	BAHT	BAHT
				(Restated)
SHAREHOLDERS' EQUITY				
Share Capital				
Authorized Share Capital				
574,500,000 Ordinary Shares of @ Baht 1.00 (Note18)	574,500,000.00	574,500,000.00	574,500,000.00	574,500,000.00
Issued and Paid- up Share Capital				
574,500,000 Ordinary Shares of @ Baht 1.00	574,500,000.00	574,500,000.00	574,500,000.00	574,500,000.00
Discount on Share Capital	(226,600,000.00)	(226,600,000.00)	(226,600,000.00)	(226,600,000.00)
Surplus on Land Revaluation	-	6,251,708.18	-	6,251,708.18
Difference on Conversion of Financial Statements				
of Foreign Units	63,689,140.93	63,689,140.93	-	-
Retain Earning (Deficit)	(96,833,631.34)	(61,554,628.70)	(35,887,912.07)	4,397,657.90
TOTAL SHAREHOLDERS' EQUITY	314,755,509.59	356,286,220.41	312,012,087.93	358,549,366.08
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	441,703,006.20	609,640,259.76	416,470,658.82	583,059,426.05

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF INCOME

For the year ended on December 31, 2008 and 2007

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Revenue from Sales and Services	462,298,500.94	348,397,084.03	302,177,171.66	280,259,781.39
Cost of Sales and Services	(439,041,813.34)	(322,994,490.47)	(308,761,921.86)	(269,472,357.43)
Gross (Loss) profit	23,256,687.60	25,402,593.56	(6,584,750.20)	10,787,423.96
Reversal of Loss on Impairment in Investment	-	-	15,960,000.00	-
Other Income	6,368,190.16	24,735,753.79	16,916,467.85	25,108,603.07
Selling and Administrative Expenses	(113,899,236.97)	(75,087,496.29)	(82,437,092.71)	(68,975,007.61)
Doubtful Debt	(52,555,970.18)	(2,967,056.64)	(45,052,293.90)	(2,528,608.11)
Director's Remunerations	(8,986,691.41)	(3,028,866.21)	(7,781,691.41)	(3,004,866.21)
Interest Expenses	(3,223,638.41)	(1,825,601.77)	(2,302,978.36)	(1,673,115.07)
Profit (Loss) before Corporate Income Tax	(149,040,659.21)	(32,770,673.56)	(111,282,338.73)	(40,285,569.97)
Corporate Income Tax (Note 22)	(2,813,131.28)	(2,508,329.08)	-	-
Profit (Loss) for the Period	(151,853,790.49)	(35,279,002.64)	(111,282,338.73)	(40,285,569.97)
Attributable To :				
Equity Holders of the Company	(145,933,252.06)	-	-	-
Minority Shareholders' Interest	(5,920,538.43)	-	-	-
	(151,853,790.49)	-	-	-
Earning (Loss) Per Share for the Equity Holder of the Company				
BASIC EARNING (LOSS) PER SHARE (Note 23)	(0.22)	(0.06)	(0.17)	(0.07)

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2008 and 2007

CONSOLIDATED FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital	Discount on Ordinary Shares	Surplus on Land Revaluation	Difference on Conversion of Financial Statements of Foreign Units	Retain Earning (Deficit)	Equity Holders of the Company	Minority Shareholders' Interest	Total
	Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
Balance as of December 31, 2006	574,500,000.00	(226,600,000.00)	6,251,708.18	63,689,140.93	(61,554,628.70)	356,286,220.41	-	356,286,220.41
Decreased in Surplus on Land Revaluation	-	-	(6,251,708.18)	-	-	(6,251,708.18)	-	(6,251,708.18)
Unrecognized Transactions in the Income Statement	574,500,000.00	(226,600,000.00)	-	63,689,140.93	(61,554,628.70)	350,034,512.23	-	350,034,512.23
Profit (Loss) for the Period	-	-	-	-	(35,279,002.64)	(35,279,002.64)	-	(35,279,002.64)
Balance as of December 31, 2007	574,500,000.00	(226,600,000.00)	-	63,689,140.93	(96,833,631.34)	314,755,509.59	-	314,755,509.59
Reversal of Loss on Impairment in investment	-	-	-	-	15,960,000.00	15,960,000.00	-	15,960,000.00
Increased Share Capital	100,537,500.00	-	-	-	-	100,537,500.00	-	100,537,500.00
Premium on Ordinary Shares	-	10,053,750.00	-	-	-	10,053,750.00	-	10,053,750.00
Profit (Loss) for the Period	-	-	-	-	(145,933,252.06)	(145,933,252.06)	(5,920,538.43)	(151,853,790.49)
Balance as of December 31, 2008	675,037,500.00	(216,546,250.00)	-	63,689,140.93	(226,806,883.40)	295,373,507.53	(5,920,538.43)	289,452,969.10

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended on December 31, 2008 and 2007

SEPARATE FINANCIAL STATEMENTS

	Issued and Paid-up Share Capital	Discount Ordinary Shares	Surplus on Land Revaluation	Retain Earning (Deficit)	Total
	Baht	Baht	Baht	Baht	Baht
Balance as of December 31, 2006	574,500,000.00	(226,600,000.00)	6,251,708.18	4,397,657.90	358,549,366.08
Decreased in Surplus on Land Revaluation	-	-	(6,251,708.18)	-	(6,251,708.18)
Unrecognized Transactions in the Income Statement	574,500,000.00	(226,600,000.00)	-	4,397,657.90	352,297,657.90
Profit (Loss) for the Period	-	-	-	(40,285,569.97)	(40,285,569.97)
Balance as of December 31, 2007	574,500,000.00	(226,600,000.00)	-	(35,887,912.07)	312,012,087.93
Increased Share Capital	100,537,500.00	-	-	-	100,537,500.00
Premium on Ordinary Shares	-	10,053,750.00	-	-	10,053,750.00
Profit (Loss) for the Period	-	-	-	(111,282,338.73)	(111,282,338.73)
Balance as of December 31, 2008	675,037,500.00	(216,546,250.00)	-	(147,170,250.80)	311,320,999.20

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOW

For the year ended on December 31, 2008 and 2007

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
CASH FLOW FROM OPERATING ACTIVITIES				
Profit (Loss) for the Period	(145,933,252.06)	(35,279,002.64)	(111,282,338.73)	(40,285,569.97)
Adjustment to Profit (Loss) for the Period for Cash Received (Paid) from Operation				
Depreciation	13,881,566.05	11,144,846.14	8,526,342.67	6,550,683.52
Amortization for Intangible Assets	580,701.75	-	540,401.73	-
Doubtful Debt - Accounts Receivable (Reversal)	(881,453.46)	185,944.06	(845,294.39)	(244,504.47)
Doubtful Debt - Accounts Receivable - Related Companies(Reversal)	40,344,631.44	-	40,344,631.44	-
Doubtful Debt - Withholding Income Tax	13,092,792.20	2,486,524.76	5,552,956.85	2,486,524.76
Loss on Declining in Value of Inventories (Reversal)	(8,753,899.32)	1,561,871.86	(8,753,899.32)	1,561,871.86
Loss on Estimated Penalty for Works Delayed	5,244,837.31	1,787,779.50	4,842,591.31	1,787,779.50
Reversed Loss on Estimated Penalty for Works Delayed	-	(5,960,000.00)	-	(5,960,000.00)
Reversal of Loss on Impairment in Subsidiary Company	-	-	(15,960,000.00)	-
Loss on Impairment for Non Performing - Land	-	13,391,500.00	-	13,391,500.00
Reversed Loss on Impairment Non - Performing Land	-	(10,194,820.00)	-	(10,194,820.00)
Gain from Sales of Fixed Assets	(252,377.71)	(2,177,246.81)	(183,957.17)	(1,908,863.51)
Unrealized (Gain) on Exchange Rate	-	3,887.05	-	3,887.05
Gain from Sales of Investment in Subsidiary Company	(1,810,005.35)	-	(1,810,005.35)	-
Transaction of Loss from Disposal of Fixed Asset	-	4.00	-	4.00
Dividend Income from Other Company	(90,000.00)	(80,000.00)	-	-
Interest Income	(944,718.03)	(584,332.70)	2,267,685.51)	(524,230.74)
Amortized Interest Expenses of Hire Purchase Agreement	458,133.66	377,515.86	210,765.85	225,029.16
Interest Expenses	2,765,504.75	1,448,085.91	2,092,212.51	1,448,085.91
Corporate Income Tax	2,813,131.28	2,508,329.08	-	-
Loss from Minority Shareholders' Interest	(5,920,538.43)	-	-	-
Profit (Loss) from Operating Activities before Changes in Operating Assets and Liabilities	(85,404,945.92)	(19,379,113.93)	(78,993,278.11)	(31,662,622.93)
(Increase)Decrease in Accounts Receivable	(61,986,924.10)	120,364,826.03	(8,844,863.70)	120,900,820.58
(Increase)Decrease in Accounts Receivable - Related Companies	(11,664,352.94)	(39,292,061.16)	(21,293,787.27)	(39,292,061.16)
(Increase)Decrease in Inventories	10,211,133.89	11,669,223.42	12,209,413.55	12,163,434.94
(Increase)Decrease in Other Current Assets	(27,947,405.90)	4,228,176.65	(24,070,935.43)	5,397,333.05
(Increase)Decrease in Other Non - Current Assets	(11,561,702.00)	8,761,094.18	(2,666,298.60)	4,297,788.49
Increase(Decrease) in Accounts Payable	(47,731,183.55)	(86,256,927.50)	(30,302,065.45)	(86,920,207.66)
Increase(Decrease) in Accounts Payable - Related Companies	12,477,374.00	-	748,656.51	137,206.10
Increase(Decrease) in Estimated Accrued Construction Cost	14,229,912.23	(16,138,912.04)	14,229,912.23	(16,138,912.04)
Increase(Decrease) in Accrued Expenses	4,590,353.48	2,533,039.92	(5,808,682.68)	5,491,499.64
Increase(Decrease) in Advance Receipt on Contracts	39,177,528.46	1,508,320.99	13,728,191.91	1,273,673.72
Increase(Decrease) in Other Current Liabilities	7,779,742.21	(6,781,500.40)	14,539,615.98	(6,077,294.98)

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENTS OF CASH FLOW

For the year ended on December 31, 2008 and 2007

	CONSOLIDATED		SEPARATE	
	FINANCIAL STATEMENTS		FINANCIAL STATEMENTS	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
CASH FLOW FROM OPERATING ACTIVITIES				
Cash Received in Interest Income	800,332.96	579,116.41	753,762.46	519,014.45
Cash Payment from Interest Expenses	(1,903,608.04)	(4,872,216.50)	(1,437,455.67)	(1,335,733.47)
Cash Payment from Corporate Income Tax	(10,565,286.04)	(10,418,643.33)	(7,897,350.88)	(7,910,314.25)
NET CASH PROVIDED(USED) FROM OPERATING ACTIVITIES	(169,499,031.26)	(33,495,577.26)	(125,105,165.15)	(39,156,375.52)
CASH FLOW FROM INVESTING ACTIVITIES				
Cash Receipt in Short - Term Loans - Related Companies	-	-	10,256,990.70	-
Cash Payment in Short - Term Loans - Related Companies	-	-	(69,721,544.34)	-
(Increase)Decrease in Advance to Related Companies	-	-	(12,665,399.91)	11,255.04
Cash Receipt from Dividend Income - Other Companies	90,000.00	80,000.00	-	-
Cash Receipt from Sales of Investment in Subsidiary Company	13,810,005.35	-	13,810,005.35	-
(Increase)Decrease in Pledged Bank Deposit	(5,892,797.88)	1,506,308.47	(5,001,015.92)	2,128,098.60
Cash Receipt from Sales of Fixed Assets	177,928.04	2,219,965.37	54,971.96	1,908,878.51
Cash Receipt from Sales of Fixed Assets				
Cash Payment from Purchaes of Fixed Assets (Note 12)	(46,323,153.18)	(18,700,003.80)	(42,678,763.18)	(13,706,625.04)
Cash Payment in Intangible Asset	(10,237,934.39)	(2,337,000.00)	(9,837,634.39)	(2,337,000.00)
Cash Payment in Other Account Payable under Contract of Asset Acquisition(Note 11)	(14,312,639.33)	-	-	-
NET CASH PROVIDED(USED)FROM INVESTING ACTIVITIES	(62,688,591.39)	(17,230,729.96)	(115,782,389.73)	(11,995,392.89)
CASH FLOW FROM FINANCING ACTIVITIES				
Increase(Decrease) in Bank Overdraft	13,627,198.29	16,119,692.81	13,619,127.93	16,119,692.81
Cash Payment in Short - Term Related Person	(400,000.00)	-	-	-
Cash Receipt from Short - Term Loans - Related Companies	82,298,165.00	-	82,298,165.00	-
Cash Receipt from Short - Term Loans Related Person	1,885,767.00	-	500,000.00	-
Cash Receipt in Long - Term Loan from Financial Institution	10,201,530.04	91,341,239.26	10,017,030.00	91,341,239.26
Cash Payment in Long - Term Loan from Financial Institution	(3,295,937.16)	(122,527,989.98)	(2,708,769.31)	(122,527,989.98)
Cash Payment for Liabilities under Hire Purchase Agreement	(4,583,088.61)	(3,177,606.14)	(2,514,454.42)	(1,921,414.04)
Canh Receipt from Increase Share Capital	110,591,250.00	-	110,591,250.00	-
NET CASH PROVIDED(USED)FROM FINANCING ACTIVITIES	210,324,884.56	(18,244,664.05)	211,802,349.20	(16,988,471.95)
Cash and Cash Equivalent Items Increase(Decrease) - Net	(21,862,738.09)	(68,970,971.27)	(29,085,205.68)	(68,140,240.36)
Cash and Cash Equivalent Items at the Beginning of the Period (Note 7)	56,841,600.29	125,812,571.56	54,172,633.08	122,312,873.44
Cash and Cash Equivalent Items at the Ending of the Period (Note 7)	34,978,862.20	56,841,600.29	25,087,427.40	54,172,633.08

Notes to Financial Statement

PAE (THAILAND) PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO FINANCIAL STATEMENTS

December 31, 2008 and 2007

1. General Information

The Company was registered as a public company in accordance with the code of civil and commercial law on May 29, 1995, registration number 0107538000291 (Bor Mor Jor 552) with its registered head office located at 69 Soi On-nuch 64, Srinakarin Road, Sunlauang, Bangkok.

The Company operates principal activities are construction, industrial service, the sale and installation of process equipment, and manpower supply services to local customers and foreign countries.

2. Basis of Financial Statements Preparation

- 2.1 The Company had prepared the financial statements in accordance with Thai Accounting Standards including related interpretations and guidelines promulgated by the Federation of Accounting Professions and with generally accepted accounting principles in Thailand and in accordance with the determination of the office of the Securities and Exchange Commission on the subject of preparation and presentation of the financial reports.
- 2.2 The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies.
- 2.3 In order to prepare the financial statements to comply with generally accepted accounting standards, the Company's management had to make some estimates and suppositions which may have an effect on the amount shown for revenues, expenses, assets and liabilities and also on the disclosures concerning assets and contingent liabilities, therefore the actual result may differ from the estimated amount.
- 2.4 For the convenience of the user, and English translation of the consolidated and the separate financial statements has been prepared from the statutory financial statements that are issued in the Thai language.

3. Adoption of New Accounting Standards

3.1 Thai Accounting Standards (revised version) which are effective for the current year. The Company assesses these following accounting standards which were related to our business operation.

TAS 25 (revised in 2007)	Cash Flow Statements
TAS 29 (revised in 2007)	Leases
TAS 31 (revised in 2007)	Inventories
TAS 33 (revised in 2007)	Borrowing Costs
TAS 35 (revised in 2007)	Presentation of Financial Statements
TAS 39 (revised in 2007)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 41 (revised in 2007)	Interim Financial Statements
TAS 43 (revised in 2007)	Business Combinations
TAS 49 (revised in 2007)	Construction Contracts
TAS 51	Intangible Assets

The adoption of these new and revised TAS does not have any material impact on the financial statement of the Company.

3.2 Thai Accounting Standards (revised version) which are not effective for the current year

TAS 36 (revised in 2007)	Impairment Assets
TAS 54 (revised in 2007)	Non-current Assets Held for Sale and Discontinued Operations

These accounting standards will become effective for the financial statements for fiscal years beginning on or after 1 January 2009. The management has assessed the effect of these revised accounting standards and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

4. Summary of Significant Accounting Policy

4.1 Revenues and expenses recognition.

- Revenues from construction are recognized on the basis of percentage of completion. Recognized revenues, which are not yet due per the contracts, have been presented under the caption of "Unbilled account receivable commercial" in the balance sheets.
- Income from sales is recognized when goods are delivered to customers.
- Revenue from service is recognized when the service has been provided to customer.
- Other Revenues and other expenses are recognized on an accrual basis.
- Costs of construction are recognized in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on construction projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognized as current assets of current liabilities in the balance sheets.

4.2 Cash and cash equivalent

Cash and cash equivalent items are included cash at banks in saving accounts, current accounts and fixed accounts not over than 3 months and free from any guarantees.

4.3 Trade account receivable and other accounts receivable and allowance for doubtful accounts

Trade account receivable and other receivable are stated at the net reliable value. For allowance for doubtful debt, estimated from those account receivable which are likely to be uncollectible.

4.4 Inventories

Inventories are valued at the lower of cost (first-in, first-out method) or net realizable value.

4.5 Investments in subsidiary company

Investments in subsidiary companies were recorded at cost method.

4.6 Long-term investment

Investment in unmarketed capital instrument which the Company holds as long term investment is recorded by cost method. The Company will record loss from impairment (if any) in statement of income.

4.7 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair of the equity of the identifiable assets and liabilities at the date of acquisition. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

4.8 Property, plant and equipment and depreciation

All items of properties and equipment are initially recorded at cost. The Company and subsidiaries however subsequently arranges for an independent appraiser to revalue certain assets, to their fair value. Revaluations are made to ensure that their carrying amount does not differ materially from their fair value at the balance sheet date, in accordance with the relevant accounting standard.

The differences arising from revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation, the increase is credited directly to equity under the heading of "Revaluation surplus". However, a revaluation increase is recognized as income to the extent that it reverses a revaluation decrease of the same asset previously recognized as an expense.
- When an asset's carrying amount is reduced as a result of the revaluation, the decrease is recognized as an expense. However, a revaluation decrease is charged directly against the related "Revaluation surplus" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

Property, plant and equipment are recorded at cost on the transaction date after deduction of depreciation expenses which are calculated on a straight-line method over their approximate useful-life as follows:

Building	20 Years
Land Improvements, Building Improvements and Equipments	8 - 20 Years
Machines and Equipments	8 - 20 Years
Office Equipments	5 Years
Vehicles	5 - 8 Years

4.9 Cost of borrowings

Interest expense is the cost from borrowing for acquiring the assets for several projects. The Company recorded interest expenses into the portion of construction assets and it will stop to record when the construction is finished.

4.10 Impairment

The carrying amounts of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. Impairment with cost, if as assets exceeds its recoverable amount; the Company will recognize an impairment loss in the statement of income.

Calculation of Recoverable Amount

- The recoverable amount is the greater of the asset's net selling price and value of usage. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of Impairment

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

4.11 Intangible Assets

Software programs are recorded at cost less accumulated amortization expenses and calculated on a straight-line method over their approximate useful-life 10 years.

4.12 Items Denominated in Foreign Currencies

Items denominated in foreign currencies are recorded in Baht at the prevailing exchange rate when the transactions occur, and their balances of assets and liabilities at the ended of period are converted into Baht at the prevailing exchange rate on that date. Profit or loss arising from such conversion is shown as revenues or expenses in the income statements for that period.

4.13 Financial instruments

Financial instruments, financial assets were shown in balance sheets composed of cash and cash at banks, investments, accounts receivable. Financial liabilities were shown in balance sheets composed of accounts payable and borrowings. The accounting policy of each item would be disclosed in separated items.

4.14 Estimated Liabilities

The Company and subsidiary company will record the estimated liabilities when it is possible to occur obligation. At present, laws or the past events will impact the outflow of resources for obligation and the amount of payment will creditable estimated. Expenses which received back will record to assets in separated items when it assures to receive and also estimated the liabilities.

4.15 Value conversion of the financial statements of subsidiaries

The subsidiaries financial statements which is foreign currency are converted into Thai Baht by using exchange rates as of the date in the balance sheet for the transaction of revenue and expense, discrepancy from conversion of transactions in such financial statement will be reflected under shareholders equity.

4.16 Employees Benefit

The Company recognized salary, wage, bonus, and social security fund as expense on date when the transactions occurred.

4.17 Earnings Per Share

Primary earnings per share are calculated by dividing net profit with weighted average the number of issued and paid-up shares.

Diluted earning per share is computed by divided net profit for the year by aggregate amount of weighted average number of common stock issued during the year and the weighted average number of common stock which the Company may have to issue for conversion of the whole of warrants to common stocks.

5. Basis of the Consolidated Financial Statements Preparation

- 5.1 In preparation of the consolidated financial statements, the Company will only take its subsidiary companies which are under the main control PAE (THAILAND) PUBLIC COMPANY LIMITED. As of December 31, 2008 and 2007, the Company currently holds shares in subsidiary companies as follows:

	Country of incorporation	Percentage Held by Company		Nature of business
		2008	2007	
		%	%	
Direct subsidiary companies				
WNSR Pacific Company Limited	Thailand	60.10	99.99	Construction and hire of work
PAE Construction Resources Company Limited	Thailand	99.99	99.99	Recruiting
PAE Technical Service Company Limited	Thailand	99.99	99.99	Construction and hire of work
Pacific Resources International Limited (BVI)	The British Virgin islands	100	100	Construction and supply manpower
Indirect subsidiary company ("Subsidiary companies of its subsidiary company")				
Oasis Development Company Limited	Thailand	54.94	54.94	Rental apartment

5.2 Consolidated financial statements combine accounting transactions of joint ventures where the Company is a party to the joint venture in such entity. The Company signed in the contract of joint venture as follows:

Joint Venture	Type of business	Type of joint venture	Percentage of Holding	Country
The Joint Venture of Sri U-Thong and PAE	Construction	Mutually controlled entity	70 %	Thailand

In the preparation of the consolidated financial statements prepared according to the proportion in both joint ventures which combined in the consolidated financial statements as follows:

Proportionate Balance Sheets As of December 31, 2008

	Baht
Total Assets	36,713,029.98
Total Liabilities	36,292,457.50
Joint Venture	420,572.48

Proportionate Statements of Income For the year ended on
December 31, 2008

	Baht
Revenue from Construction	30,866,152.10
Cost of Construction	(30,236,548.14)
Other Income	1,526.43
Expenses	(30,189.99)
Corporate Income Tax	(180,367.92)
Profit For the Period	420,572.48

5.3 In the preparation of the consolidated financial statements, the accounting period of subsidiary companies are ended at the same period of PAE (THAILAND) PUBLIC COMPANY LIMITED. The percentage of shareholding at 99.99% of the subsidiary companies, the Company is treated as holding of 100 percent of consolidated financial statements.

5.4 Accounting policy for subsidiary companies will utilize the same policy as the PAE (THAILAND) PUBLIC COMPANY LIMITED.

6. Inter - Company and Related Party Transactions

During the periods, the Company and its subsidiaries had significant business transactions with their related companies. Such transactions, which have been concluded on commercial terms and bases agreed upon between the Company, subsidiary companies and related companies and are in ordinary course of business are summarized below:

6.1 Intercompany and Related Party - Revenues and Expenses

	Pricing Policy	Consolidated Financial Statements For the year ended on December 31,		Separate Financial Statements For the year ended on December 31,	
		2008 Baht	2007 Baht	2008 Baht	2007 Baht
Inter - Transaction with Subsidiary Companies					
(Eliminated from Consolidate Financial Statements)					
Revenue from Sales and Services	Agreed Price and				
	Contract Price	-	-	158,623.87	23,300.00
Cost of Sales and Service	Agreed Price and				
	Contract Price	-	-	3,072,392.00	601,790.00
Other Revenue	Agreed Price and				
	Contract Price	-	-	9,518,052.04	6,413,873.60
Interest Income	Interest rate				
	8-10% per annum	-	-	1,294,845.73	-
Selling and Administrative Expenses	Agreed Price	-	-	141,205.60	1,620.00
Inter - Transaction with The Joint Venture					
Revenue from Sales and Services	Agreed Price and				
	Contract Price	5,698,708.36	-	18,995,694.55	-
Interest Income	Interest rate				
	8-10% per annum	33,326.03	-	111,086.77	-
Inter - Transaction with Related Companies					
Revenue from Sales and Services	Agreed Price and				
	Contract Price	7,484,681.09	56,612,484.72	5,219,421.22	56,612,484.72
Cost of Sales and Service	Agreed Price	18,111,410.29	-	-	-
Other Revenue	Agreed Price and				
	Contract Price	368,750.00	-	368,750.00	-

Interest Expense	Interest rate	992,995.19	-	992,995.19	-
	8% per annum				
		Consolidated		Separate	
		Financial Statements		Financial Statements	
		For the year		For the year	
		ended on December 31,		ended on December 31,	
		2008	2007	2008	2007
	Pricing Policy	Baht	Baht	Baht	Baht
Inter - Transaction with Related Persons					
Interest Expense	Interest rate				
	8% per annum	352,842.46	-	327.87	-

6.2 Intercompany - Assets and Liabilities

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of December 31,		As of December 31,	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Accounts Receivable				
The Joint Venture				
The Joint Venture of Sri U-Thong and PAE	4,832,007.73	-	16,106,692.44	-
The Related Companies				
Shinawatra Home Co., Ltd.	40,344,631.44	40,772,205.72	40,344,631.44	40,772,205.72
W.N.S.R. Engineering Co., Ltd.	9,004,009.42	-	9,004,009.42	-
Global Process Systems Inc.	-	3,555,676.65	-	3,555,676.65
Innovative Technologies (iNe) Ltd (Cayman)	1,759,770.90	-	166,336.34	-
Talaythong Hardware Partnership	51,815.82	-	-	-
Total	55,992,235.31	44,327,882.37	65,621,669.64	44,327,882.37
(Less) Allowance for Doubtful Accounts	(40,344,631.44)	-	(40,344,631.44)	-
Net	15,647,603.87	44,327,882.37	25,277,038.20	44,327,882.37
Other Accounts Receivable				
The Subsidiary Companies				
WNSR Pacific Co., Ltd.	-	-	23,313,288.04	20,341,153.85
Pacific Resources International Limited (BVI)	-	-	10,798,314.67	10,798,314.67
The Related Company				
Global Process Systems Inc.	1,272,755.81	-	1,272,755.81	-
Total	1,272,755.81	-	35,384,358.52	31,139,468.52
(Less) Allowance for Doubtful Accounts	-	-	(31,139,468.52)	(31,139,468.52)
Net	1,272,755.81	-	4,244,890.00	-

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of December 31,		As of December 31,	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Short - term Loan to and Advances to				
Short - term Loan				
The Subsidiary Companies				
PAE Technical Service Co., Ltd.	-	-	1,500,000.00	-
PAE Construction Resources Co., Ltd.	-	-	16,360,000.00	-
WNSR Pacific Co., Ltd.	-	-	45,214,553.64	-
Pacific Resources International Limited (BVI)	-	-	34,048,655.93	34,048,655.93
Oasis Development Co., Ltd.	-	-	14,770,133.31	14,770,133.31
The Joint Venture				
The Joint Venture of Sri U-Thong and PAE	105,000.00	-	350,000.00	-
Total	105,000.00	-	112,243,342.88	48,818,789.24
(Less) Allowance for Doubtful Accounts	-	-	(48,818,789.24)	(48,818,789.24)
Net	105,000.00	-	63,424,553.64	-
Advances to				
The Subsidiary Companies				
PAE Technical Service Co., Ltd.	-	-	6,143,479.34	81,870.37
PAE Construction Resources Co., Ltd.	-	-	5,494,224.00	-
WNSR Pacific Co., Ltd.	-	-	12,390.00	-
The Joint Venture				
The Joint Venture of Sri U-Thong and PAE	329,153.08	-	1,097,176.94	-
Total	329,153.08	-	12,747,270.28	81,870.37
Grand Total	434,153.08	-	76,171,823.92	81,870.37
Accrued Interest income				
The Subsidiary Companies				
PAE Technical Service Co., Ltd.	-	-	655.74	-
PAE Construction Resources Co., Ltd.	-	-	603,633.88	-
W.N.S.R. Pacific Co., Ltd.	-	-	690,556.11	-
The Joint Venture				
The Joint Venture of Sri U-Thong and PAE	33,326.03	-	111,086.77	-
Total	33,326.03	-	1,405,932.50	-

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of December 31,		As of December 31,	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Accounts Payable				
The Subsidiary Companies				
PAE Technical Service Co., Ltd.	-	-	166,854.41	326,403.50
PAE Construction Resources Co., Ltd.	-	-	197,542.80	-
Oasis Development Co., Ltd.	-	-	14,300.00	14,300.00
The Related Companies				
Global Process Systems Inc.	210,443.92	-	210,443.92	-
Innovative Technologies (iNe) Ltd (Cayman)	500,218.89	-	500,218.89	-
Talaythong Hardware Partnership	11,766,711.18	-	-	-
Total	12,477,374.00	-	1,089,360.02	340,703.50
Shot - Term Loan				
The Related Companies				
Global Process Systems Inc.	82,298,165.00	-	82,298,165.00	-
Warba National Contracting Co., W.L.L.	8,636,125.00	8,636,125.00	-	-
The Related Persons				
Mr. Vorachai Sukarom	1,385,767.00	-	-	-
Ms. Sopha Sanguanghong	2,102,141.79	-	-	-
Mr. Winai Sanguanghong	1,856,500.33	-	-	-
Mr. Sakol Siriwan	107,028.00	-	-	-
Mrs. Chintana Kaweewong	500,000.00	-	500,000.00	-
Total	96,885,727.12	8,636,125.00	82,798,165.00	-
Other Account Payable under Contract of Asset Acquisition				
The Related Companies				
W.N.S.R. Engineering Co., Ltd.	11,211,263.28	-	-	-
W.N.S.R. Limited Partnership	10,515,158.79	-	-	-
Total	21,726,422.07	-	-	-
Other Account Payable				
The Related Companies				
W.N.S.R. Engineering Co., Ltd.	646,256.20	-	-	-

For the year ended on December 31, 2008 there were movement transactions of the short - term loans to subsidiary companies and related company as follows:

	Separate Financial Statements			Balance As of December 31, 2008 Baht
	Balance	In the period		
	As of	Increase	(Decrease)	
	December 31, 2007	Baht	Baht	
Short - term loans				
The Subsidiary Company				
PAE Technical Service Co., Ltd.	-	1,500,000.00	-	1,500,000.00
PAE Construction Resources Co., Ltd.	-	16,360,000.00	-	16,360,000.00
WNSR Pacific Co., Ltd.	-	45,214,553.64	-	45,214,553.64
Pacific Resources International Limited (BVI)	34,048,655.93	-	-	34,048,655.93
Oasis Development Co., Ltd.	14,770,133.31	-	-	14,770,133.31
The Joint Venture of Sri U-Thong and PAE	-	5,606,990.70	(5,256,990.70)	350,000.00
Total	48,818,789.24	68,681,544.34	(5,256,990.70)	112,243,342.88
<u>Less</u> Allowance for Doubtful Accounts	(48,818,789.24)	-	-	(48,818,789.24)
Net	-	68,681,544.34	(5,256,990.70)	63,424,553.64
The Related Company				
WNSR Engineering Co., Ltd.	-	5,000,000.00	(5,000,000.00)	-
Total	-	73,681,544.34	(10,256,990.70)	63,424,553.64

As of December 31, 2008, Short-term loan to subsidiary companies was in the form of promissory notes in type of call with annual interest rate of 8.00 – 10.00%.

As of December 31, 2008, the Company settled a short term loan due from W.N.S.R. Engineering Co., Ltd. for the purpose in the business operation. Moreover, this loan is regarded as part of agreement the Company will enter for joint investment. There is a loan contract performance for the amount of Baht 5.00 million and interest is carried in the rate of 15% per annum and in the period the Company paid all amount. The borrower company pledges land which is ownership of borrower company directors and a post dated cheques as collateral.

For the year ended on December 31, 2007, there was not movement of the short - term loans to from subsidiary Companies.

For the year ended on December 31, 2008, there were movement transactions of the short-term loans from subsidiary companies and related person as follows:

	Consolidated Financial Statements			
	Balance	In the period		Balance
	As of	Increase	(Decrease)	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Shot - Term Loan				
The Related Companies				
	-	82,298,165.00	-	82,298,165.00
Global Process Systems Inc.				
	8,636,125.00	-	-	8,636,125.00
Warba National Contracting Co., W.L.L.				
The Related Persons				
Mr. Vorachai Sukarom	-	4,045,767.00	(2,660,000.00)	1,385,767.00
Mr. Sook Sanan Jotikasthira	-	1,270,000.00	(1,270,000.00)	-
Ms. Sopha Sanguanghong	-	2,102,141.79	-	2,102,141.79
Mr. Winai Sanguanghong	-	1,856,500.33	-	1,856,500.33
Mr. Sakol Siriwan	-	107,028.00	-	107,028.00
Mrs. Chintana Kaweewong	-	800,000.00	(300,000.00)	500,000.00
Total	8,636,125.00	92,941,373.30	(4,230,000.00)	96,885,727.12

	Separate Financial Statements			
	Balance	In the period		Balance
	As of	Increase	(Decrease)	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Shot - Term Loan				
The Related Company	-	82,759,936.18	-	82,759,936.18
Global Process Systems Inc.				
The Related Persons				
Mrs. Chintana Kaweewong	-	500,000.00	-	500,000.00
Total	-	83,259,936.18	-	83,259,936.18

For the year ended on December 31, 2008, there was not movement of the short - term loans from related Companies.

For the year ended on December 31, 2008 there were movement of the short - term loan form Global Process Systems Inc. It is loan so as to be working capital in the task of telecommunication and construction while there is contract performance in amount of Baht 230.00 million and there is interest in the rate of 8%.

As of December 31, 2008 and 2007 Short - Term loan from Warba National Contracting Co., W.L.L. the meeting of Board of director, its was resolved that from the third quarter of 2004 no interest.

As of December 31, 2008, short - term loan from related persons in amount of Baht 4.07 million is increased from the contract of assets acquisition. It will have to be repayable within one year commenced from August 31, 2008.

6.3 Relationship among the Companies

Consisted of:

<u>Company 's Name</u>	<u>Relationship</u>
WNSR Pacific Company Limited (Formerly Pacific Resources International CO., LTD.)	Subsidiary by Direct Shareholding
PAE Construction Resources Company Limited	Subsidiary by Direct Shareholding
Pacific Resources International Limited (BVI)	Subsidiary by Direct Shareholding
PAE Technical Service Company Limited	Subsidiary by Direct Shareholding
Oasis Development Company Limited	Subsidiary by Indirect Shareholding
Warba National Contracting Co., W.L.L.	Subsidiary company's Shareholder
Shinawatra Home Co., Ltd	Company's Shareholder
Global Process Systems Inc.	Company's Shareholder
Innovative Technologies (iNe) Ltd. (Cayman)	Related company's Shareholder
The Joint Venture of Sri U-Thong and PAE	The Joint Venture
W.N.S.R. Engineering Co., Ltd.	Common Director in Subsidiary
Talaythong Headware Partnership	Common Director in Subsidiary
W.N.S.R. Limited Partnership	Common Director in Subsidiary
Ms. Sopha Sanguanghong	Common Director in Subsidiary
Mr. Winai Sanguanghong	Common Director in Subsidiary
Mr. Sakol Siriwan	Common Director in Subsidiary
Mrs. Chintana Kawee Wong	Common Director in Subsidiary
Mr. Sook Sanan Jotikasthira	Common Director in Subsidiary
Mr. Vorachai Sukarom	Common Director in Subsidiary

7. Cash and Cash Equivalent Items

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Cash	1,009,558.39	861,721.82	402,358.05	722,759.66
Cash Deposit - Current Account	(18,877.82)	(2,624,071.88)	(78,219.76)	(2,764,046.62)
Cash Deposit - Savings Account	33,988,181.63	48,603,950.35	24,763,289.11	46,213,920.04
Cash Deposit - Fix Account 3 Months	-	10,000,000.00	-	10,000,000.00
Total	34,978,862.20	56,841,600.29	25,087,427.40	54,172,633.08

8. Accounts and Note Receivable - Net

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Unbilled Accounts Receivable	73,416,219.75	25,003,198.89	44,176,440.54	19,352,741.28
Billed Accounts and Note Receivable				
are analyzed as follows :				
On Due - Over Due 3 Months	90,498,428.60	29,473,078.90	16,246,810.22	18,395,446.06
Over Due 3 - 6 Months	4,618,335.37	10,283,137.24	2,790,560.17	6,689,282.54
Over Due 6 - 12 Months	138,978.02	11,205,596.34	10,700.00	9,096,883.14
Over Due more than 12 Months	11,122,802.11	29,954,021.69	9,920,295.99	28,772,179.06
Total	179,794,763.85	105,919,033.06	73,144,806.92	82,306,532.08
<u>Less</u> Allowance for Doubtful Accounts	(11,359,647.93)	(30,316,093.30)	(9,920,295.99)	(28,772,179.24)
Net	168,435,115.92	75,602,939.76	63,224,510.93	53,534,352.84

9. Accounts Receivable - Related Companies - Net

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Unbill Accounts Receivable	5,224,927.99	20,848,352.82	10,179,412.45	20,848,352.82
Billed Accounts Receivable are analyzed as follows :				
On Due - Over Due 3 Months	18,082,292.30	23,479,529.55	22,757,232.17	23,479,529.55
Over Due 3 - 6 Months	-	-	-	-
Over Due 6 - 12 Months	13,528,071.21	-	13,528,081.21	-
Over Due more than 12 Months	19,156,943.81	-	19,156,943.81	-
Total	55,992,235.31	-	65,621,669.64	44,327,882.37
<u>Less</u> Allowance for Doubtful Accounts	(40,344,631.44)	-	(40,344,631.44)	-
Net	15,647,603.87	44,327,882.37	25,277,038.20	44,327,882.37

For the year ended on December 31, 2008, the Company considers allowance for doubtful debt in related trading account receivable in amount of Baht 40.34 million, since related trading account receivable lacks of liquidity and is under the filing to extend credit line with the finance institutes. Presently, it is under the collection process; the Company's management is pursuing to ask for payment and believe that it will not cause any damage to the Company.

10. Inventories - Net

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31,	December 31,	December 31,	December 31,
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Finished Goods	19,496,314.54	20,093,014.14	7,735,042.68	17,130,021.94
Goods in Transit	-	2,814,434.29	-	2,814,434.29
<u>Less</u> Allowance for Decline in Value of Inventories	(4,955,798.89)	(13,709,698.21)	(4,856,268.87)	(13,610,168.19)
Net	14,540,515.65	9,197,750.22	2,878,773.81	6,334,288.04

11. Investments in Subsidiary Companies and Other Companies

As of December 31, 2008 and 2007, the Company currently holds shares in related companies as follows:

	Consolidated Financial Statements				
	Issued and	Share Holding	Investment		
	Paid up Share Capital	Equity Interest	Cost Method		
	Million Baht	Percent	As of December 31, 2008 Baht	As of December 31, 2007 Baht	
<u>Investment in Other Company</u>					
NESIX (Thailand) Company Limited	20.00	5.00	1,000,000.00	1,000,000.00	
Total			<u>1,000,000.00</u>	<u>1,000,000.00</u>	
Separate Financial Statements					
	Issued and	Share Holding	Investment		
	Paid up	Equity Interest	Cost Method		
	Share Capital	December 31	As of	As of	
	Million Baht	2008	2007	December 31, 2008	December 31, 2007
<u>Investment in Subsidiary Companies</u>					
PAE Construction Company Limited	5.00	99.99	99.99	4,999,400.00	4,999,400.00
WNSR Pacific Company Limited (Formerly Pacific Resources International CO., LTD.)	40.00	60.10	99.99	24,039,960.00	39,999,930.00
Pacific Resources International Limited (BVI)	86.68	100.00	100.00	86,680,600.00	86,680,600.00
PAE Technical Service Company Limited	35.00	99.99	99.99	35,000,000.00	35,000,000.00
Total				<u>150,719,960.00</u>	<u>166,679,930.00</u>
<u>Less</u> Allowance for Impairment					
Investment in Subsidiary Companies				<u>(125,863,421.18)</u>	<u>(141,823,391.18)</u>
Total				<u>24,856,538.82</u>	<u>24,856,538.82</u>

The fourth quarter of 2008, the Company has sold share 39.89% of WNSR Pacific Co., Ltd. to person and related company in amount of Baht 17.77 million. The Company reversed the loss from impairment in investment in amount of Baht 15.96 million which the Company has gain from sold in amount of Baht 1.81 million. However, the Company has the share holding in such subsidiary 60.10% of issued and paid up share capital.

The third quarter of 2008 WNSR Pacific Co., Ltd. which is a subsidiary company has acquired assets and liabilities of W.N.S.R. Engineering Co., Ltd. and W.N.S.R. Partnership (purchased) which operate the engagements in the business of electricity system installation, measurement of instruments and material supply in the group of chemical petroleum, refinery, electricity generator and companies in various industrial estates, in accordance with the contract of asset acquisition dated August 26, 2008. In accordance with the contract, the fair value of assets and liabilities as of July 31, 2008 (Cut-Off Date) is applied as the basis in the consideration of primary purchasing cost while the fair value of assets that are inventory and land, building and equipment complies with appraised prices by one independent appraiser. In addition, a cash payment in amount of Baht 36.39 million is also required as amount mutually agreed between the Company and the purchased Companies. However, such amount does not exceed the acquired companies, value which was appraised by an independent appraiser by appraisal method of the entity value according to present value method of future discounted cash flows. However, the Company has taken control of the assets and liabilities on August 31, 2008 (the contracted Closing Date). As a result, the value of such above acquisition will be adjusted by the value of assets and liabilities that increased or reduced from July 31, 2008 (Cut-Off Date) to August 31, 2008 (Closing Date) by assessing the actual fair value of assets and liabilities detailed as follows:

	Fair Value As of August 31, 2008 (Baht)
Cash and Cash Equivalent	351,438.18
Accounts Receivable	26,532,195.55
Inventories	6,800,000.00
Other Current Assets	16,307,868.37
Property, Plant and Equipment	13,180,589.00
Non - Performing Land	21,204,000.00
Bank Overdrafts	(10,025,194.63)
Accounts Payable and Note Payable	(34,851,640.03)
Other Current Liabilities	(23,196,322.03)
Loan from Directors	(4,065,970.12)
Long - Term Loan	(14,808,212.71)
Net Value Assets less Net Liabilities	<u>(2,571,248.42)</u>
Goodwill	<u>42,921,748.00</u>
Total Purchase Net Assets*	40,350,499.58
<u>Less</u> Other Accounts Payable under Contract of Asset Acquisition	(21,726,422.07)
Short - term Loan from the Company	<u>(3,960,000.00)</u>
Cash Payment for Purchase of Net Assets	14,664,077.51
<u>Less</u> Cash and Bank of the Purchased	<u>(351,438.18)</u>
Cash Payment for Purchase of Net Assets	<u>14,312,639.33</u>

* In accordance with the contract of assets acquisition, there is the term of repayment as follows:

- 25% payable in cash on the date the purchasing and selling contract is signed.
- Another 75% outstanding in cash payable over the period of 15 months, commencing on October 1, 2008.

Also if, within 15 months from the date the assets and liabilities are acquired, the value of assets and liabilities that the Company acquired vary from the value determined of the closing date, the subsidiary will apply the value of assets and liabilities that changed against the value that will have to be paid for the acquisition in the final installment.

However, the transfer of ownership in assets and obligation commitment in liabilities from the one purchased to the subsidiary, is currently proceeding.

12. Property, Plant and Equipment - Net

	Consolidated Financial Statements			
	Balance	Increase/	Sale /	Balance
	As of	Transfer in	Transfer out	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Revaluation				
Land	161,176,108.50	-	-	161,176,108.50
<u>Less</u> Allowance for devaluation-in Land	(37,843,608.50)	-	-	(37,843,608.50)
Total Revaluation	123,332,500.00	-	-	123,332,500.00
Cost				
Building and building improvement	120,238,505.80	1,678,589.00	-	121,917,094.80
Machinery and equipment	169,314,652.61	16,848,751.57	(1,589,713.51)	184,573,690.67
Vehicles	27,762,585.77	9,235,775.70	-	36,998,361.47
Furniture and Fixtures	23,498,683.72	7,390,176.33	(1,901,443.14)	28,987,416.91
Construction in Progress	6,907,382.93	33,553,794.12	-	40,461,177.06
Total Cost	347,721,810.83	68,707,086.72	(3,491,156.65)	412,937,740.90
Accumulated Depreciation				
Building and building improvement	(79,532,442.92)	(4,426,087.23)	0.11	(83,958,530.04)
Machinery and equipment	(152,417,937.55)	(4,849,381.81)	1,520,194.75	(155,747,118.73)
Vehicles	(17,791,154.24)	(2,772,013.61)	13,515.86	(20,549,651.99)
Furniture and Fixtures	(19,560,056.73)	(1,834,083.40)	1,914,860.70	(19,479,287.25)
Total Accumulated Depreciation	(269,301,600.44)	(13,881,566.05)	3,448,571.42	(279,734,588.01)
Allowance for Impairment	(24,038,524.33)	-	117,027.84	(23,921,496.49)
Net	177,714,186.06			232,614,156.40
Depreciation in the Statements of Income				
For the year ended on December 31,				
2008				13,881,566.05
2007				11,144,846.14

	Separate Financial Statements			
	Balance	Increase/	Sale /	Balance
	As of	Transfer in	Transfer out	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Revaluation				
Land	158,152,108.50	-	-	158,152,108.50
<u>Less</u> Allowance for Devaluation-in Land	(37,843,608.50)	-	-	(37,843,608.50)
Total Revaluation	120,308,500.00	-	-	120,308,500.00
Cost				
Building and building improvement	106,764,453.27	-	-	106,764,453.27
Machinery and equipment	147,834,169.48	9,515,902.56	(1,496,497.06)	155,853,574.98
Vehicles	17,977,349.02	3,100,186.92	-	21,077,535.94
Furniture and Fixtures	20,516,747.67	4,317,547.25	(1,537,588.48)	23,296,706.44
Construction in Progress	5,512,706.57	33,545,313.37	-	39,058,019.94
Total Cost	298,605,426.01	50,478,950.10	(3,034,085.54)	346,050,290.57
Accumulated Depreciation				
Building and building improvement	(70,662,024.75)	(3,660,959.32)	0.11	(74,322,983.96)
Machinery and equipment	(138,577,776.33)	(2,912,187.04)	1,515,138.30	(139,974,825.07)
Vehicles	(13,856,415.86)	(727,820.08)	13,515.86	(14,570,720.08)
Furniture and Fixtures	(18,055,912.93)	(1,225,376.23)	1,634,416.48	(17,646,872.68)
Total Accumulated Depreciation	(241,152,129.87)	(8,526,342.67)	3,163,070.75	(246,515,401.79)
Allowance for Impairment	(18,611,585.46)	-	-	(18,611,585.46)
Net	159,150,210.68			201,231,803.32
Depreciation in the Statements of Income				
For the year ended on December 31,				
2008				8,526,342.67
2007				6,550,683.52

For the year ended on December 31, 2008 and 2007, the Company has purchased assets under hire purchase agreement in amount of Baht 7.80 million.

For the year ended on December 31, 2008, the company included the cost of borrowing to the cost of construction in the amount of Baht 0.33 million. The cost of borrowing occurred from loan for building construction purpose with interest rate of 9.50 %

For the consolidated and separate financial statements as of December 31, 2008 and 2007, the Company have mortgaged the land and building in amount of Baht 201.53 million equal two years of the Company as collateral against the credit facility from commercial bank as Note 15.

For the consolidated financial statements as of December 31, 2008 and 2007, some vehicle with a cost of Baht 1.29 million and net book value of Baht 8 is purchased from the previous parent company from year 2004. Presently, the Company has not yet received the ownership transfer from the previous parent company.

For the separate financial statements as of December 31, 2008 and 2007, some of equipment with historical cost of Baht 196.00 million and Baht 225.42 million and gross book value of Baht 327,306.00 and Baht 327,462.23, respectively, which are fully depreciated, still operate.

For the consolidated financial statements as of December 31, 2008 and 2007, some of equipment of the Company and subsidiary companies with a historical cost of Baht 213.65 million and Baht 237.51 million and gross book value of Baht 328,248.65 and Bath 328,175.50, respectively which are fully depreciated, still operate.

13. Non - Performing Land - Net

	Consolidated Financial Statements			
	Balance	Increase	Sale /	Balance
	As of	under Hire Purchase	Transfer out	As of
	December 31, 2007	Agreement		December 31, 2008
	Baht	Baht	Baht	Baht
Cost				
Land	49,070,219.70	21,204,000.00	-	70,274,219.70
Total	49,070,219.70	21,204,000.00	-	70,274,219.70
<u>Less</u> Allowance for Impairment - in Land	(13,375,938.68)	-	-	(13,375,938.68)
Net	35,694,281.02			56,898,281.02
	Separate Financial Statements			
	Balance	Increase/	Sale /	Balance
	As of	Transfer in	Transfer out	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Cost				
Land	49,070,219.70	-	-	49,070,219.70
Total	49,070,219.70	-	-	49,070,219.70
<u>Less</u> Allowance for Impairment - in Land	(13,375,938.68)	-	-	(13,375,938.68)
Net	35,694,281.02			35,694,281.02

As of December 31, 2008 and 2007, the Company has pledged land of the Company with a value of Baht 35.11 million as collateral against credit facility received from one merchant bank according to the note No. 15.

As of December 31, 2008 and December 31, 2007, a subsidiary Company has taken land of the subsidiary company with a value of Baht 21.20 million as collateral against a credit facility received from one merchant bank according to the note No. 15.

14. Intangible Assets - Net

	Consolidated Financial Statements			
	Balance	Increase/	Sale /	Balance
	As of	Transfer in	Transfer out	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Cost				
Software Programs	2,337,000.00	10,237,934.39	-	12,574,934.39
Total Cost	<u>2,337,000.00</u>	<u>10,237,934.39</u>	<u>-</u>	<u>12,574,934.39</u>
Accumulated Amortization				
Accumulated Amortization	-	(580,701.75)	-	(580,701.75)
Total Accumulated Amortization	<u>-</u>	<u>(580,701.75)</u>	<u>-</u>	<u>(580,701.75)</u>
Net	<u>2,337,000.00</u>			<u>11,994,232.64</u>
Amortized Expense was Shown in Income Statements				
the Year ended on December 31,				
2008				580,701.75
2007				-

	Separate Financial Statements			
	Balance	Increase/	Sale /	Balance
	As of	Transfer in	Transfer out	As of
	December 31, 2007			December 31, 2008
	Baht	Baht	Baht	Baht
Cost				
Software Programs	2,337,000.00	9,837,634.39	-	12,174,634.39
Total Cost	<u>2,337,000.00</u>	<u>9,837,634.39</u>	<u>-</u>	<u>12,174,634.39</u>
Accumulated Amortization				
Accumulated Amortization	-	(540,401.73)	-	(540,401.73)
Total Accumulated Amortization	<u>-</u>	<u>(540,401.73)</u>	<u>-</u>	<u>(540,401.73)</u>
Net	<u>2,337,000.00</u>			<u>11,634,232.66</u>
Amortized Expense was Shown in Income Statements				
the Year ended on December 31,				
2008				540,401.73
2007				-

15. Credit and Guarantees

As of December 31, 2008 and 2007, the Company and the subsidiary companies have credit in the form of bank overdrafts, letters of guarantee, promissory notes, forward contracts and letters of credit from commercial banks that are collateralized by land and building, fixed deposits and directors' pledges.

16. Short - Term Loans from Outsider

For the consolidated financial statement as of December 31, 2008 and 2007, one particular short - term loan from an outsider for use in the Company's operations' contracted and 3.00% per month interest charged, has previously matured in 2001. However, the Company had defaulted and was prosecuted to settle the debt. On June 6, 2006, the court had ordered the Company to settle the debt in the full amount together with the interest at the rate 7.50% per annum commencing from March 9, 2006 onwards. On December 14, 2007, the case has been finalized and terminated. Both parties agreed that the plaintiff be paid the principle of Baht 2.00 million and would not receive any interest, in present the principle Balance of Baht 1.60 million, with repayment within April 30, 2008.

17. Long - Term Loans - Net

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of December 31, 2008 Baht	As of December 31, 2007 Baht	As of December 31, 2008 Baht	As of December 31, 2007 Baht
Long - Term Loan	14,884,991.66	-	7,308,260.69	-
<u>(Less)</u> Current Portion	<u>(7,624,101.25)</u>	-	<u>(5,162,578.05)</u>	-
Net	<u>7,260,890.41</u>	-	<u>2,145,682.64</u>	-

The change in long - term loan for the nine months period ended on December 31, 2008, as follows:

	Consolidated	Separate
	Financial Statements	Financial Statements
Beginning Balance	-	-
Increased under Contract of Asset Acquisition	7,979,398.78	-
Increased Long - Term Loan	10,201,530.04	10,017,030.00
Payment from Long - Term Loan	<u>(3,295,937.16)</u>	<u>(2,708,769.31)</u>
Ending Balance	<u>14,884,991.66</u>	<u>7,308,260.69</u>

As of December 31, 2008, Long - term loans are loans from one merchant bank so as to construct and upgrade a factory building. The whole loan is contracted with the credit line of Baht 20.00 million, an interest rate of 9.50%, with the contract life of 3.5 years. The terms of repayment includes a grace period for the first 6 months. Moreover, the Company pledged a bank deposit as collateral.

As of December 31, 2008, the subsidiary company constitutes long term loan which is loan due to three merchant banks as follows:

The first merchant bank subsidiaries company have loan balance in amount of Baht 5.46 million is loan by issuing as loan contract monthly payable for the principle and interest by Baht 170,000.00 per month and interest is carried in the rate of MRR% per annum. The subsidiary company pledges land plus property that will additionally exist in the future while there is directors of the subsidiary company as collateral and there is also WNSR Pacific Co., Ltd. Jointly guaranteed.

The second merchant bank subsidiaries company have loan balance in amount of Baht 1.50 million is loan by issuing as loan contract monthly payable for principle and interest by Baht 38,000.00 per month and interest is carried by the rate of MLR + 10.25% per annum.

The third merchant bank subsidiaries company have loan balance in amount of Baht 0.61 million is loan by issuing as loan contract monthly payable for principle and interest by Baht 35,000.- per month and interest is carried in the rate of 17% per annum.

18. Liabilities under Hire Purchase Agreement - Net

Consisted of:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	Baht	Baht	Baht	Baht
Liabilities Under Hire Purchase Agreement	14,437,065.52	8,154,654.84	9,811,622.00	3,939,336.42
<u>(Less)</u> Deferred Interest Expense	(1,303,676.62)	(1,088,841.79)	(735,341.98)	(578,341.92)
Current Portion	(5,457,129.20)	(2,458,513.90)	(3,425,950.44)	(1,176,747.56)
Net	<u>7,676,259.70</u>	<u>4,607,299.15</u>	<u>5,650,329.58</u>	<u>2,184,246.94</u>

19. Share Capital / Premium (Discount) on Share Capital

For the year ended on December 31, 2008 and 2007, transactions of authorized share capital and issued and paid-up share capital were as follows:

	Par Per Share Baht	For the year ended on		For the year ended on	
		December 31, 2008		December 31, 2007	
		Share	Baht	Share	Baht
Authorized Share Capital					
Beginning Ordinary Shares	1.00	574,500,000.00	574,500,000.00	574,500,000.00	574,500,000.00
<u>Add Increase Ordinary Shares</u>	1.00	<u>406,606,362.00</u>	<u>406,606,362.00</u>	-	-
Ending Ordinary Shares	1.00	<u>981,106,362.00</u>	<u>981,106,362.00</u>	<u>574,500,000.00</u>	<u>574,500,000.00</u>
Issued and Paid - up Share Capital					
Beginning Ordinary Shares	1.00	574,500,000.00	574,500,000.00	574,500,000.00	574,500,000.00
<u>Add Increase Ordinary Shares</u>	1.00	<u>100,537,500.00</u>	<u>100,537,500.00</u>	-	-
Ending Ordinary Shares	1.00	<u>675,037,500.00</u>	<u>675,037,500.00</u>	<u>574,500,000.00</u>	<u>574,500,000.00</u>

For the year ended on December 31, 2008 and 2007, premium (discount) on share capitals were as follows:

	Par Per Share Baht	As of December 31, 2008 Baht	As of December 31, 2007 Baht
Beginning Discount on Share Capital		(226,600,000.00)	(226,600,000.00)
<u>Add</u> Premium on Share Capital	0.10	10,053,750.00	-
Ending Discount on Share Capital		<u>(216,546,250.00)</u>	<u>(226,600,000.00)</u>

In accordance with the Extraordinary Shareholders' Meeting No. 1/2008 held on January 25, 2008, it is unanimously resolved, following;

- To increase registered capital from Baht 574,500,000 to Baht 981,106,362 together with the newly issued ordinary shares 406,606,362 shares at par value 1 Baht.
- To allocate the increase in capital shares of 100,537,500 shares; par value 1 baht per share and offer for sale to Global Process System Inc. at a price of 1.10 baht per shares.
- To allocate the increase in capital shares of 254,363,862 shares at par value 1 baht per share in order to reserve for the warrants and then use the warrants to buy the ordinary shares for sales to Global Process System Inc. for 254,363,862 units.
- To allocate the increase in capital shares of 51,705,000 shares; 1 baht per share, then sell to the directors and employees.

20. Warrants

Further to the above the Company is issued and offered warrants to Global Process System Inc. with no surcharge. The exercise period is on the last business day of each month through the maturity date. Global Process System Inc. has right to purchase new ordinary shares of the Company at the exercise ratio of 1 warrant for 1 newly issued ordinary share at an exercise price of Baht 1.32 per share. The period determined to file the purpose to exercise the rights to purchase ordinary shares of the Company expires one year from issuing the warrants.

As of December 31, 2008, there are 254,363,862 remaining warrants and 254,363,862 remaining common shares reserved to exercise of warrants.

21. Expenses by Nature

Consisted of:

	Consolidated Financial Statements		Separate Financial Statements	
	For the year ended on December 31,		For the year ended on December 31,	
	2008	2007	2008	2007
	Baht	Baht	Baht	Baht
Raw Materials and Consumables Used	252,490,218.75	194,847,052.07	177,026,787.59	181,609,655.33
(Gain) Loss on Value of Inventories	(8,753,899.32)	1,561,871.86	(8,753,899.32)	1,561,871.86
Depreciation of Fixed Assets	13,881,566.05	11,144,846.14	8,526,342.67	6,550,683.52
Amortized Expense Intangible Assets	580,701.75	-	540,401.73	-
Employee Benefit Expenses	242,217,598.37	149,759,990.39	167,855,178.59	116,817,760.58
Operating Lease Expenses	11,223,487.33	5,185,495.66	1,393,710.97	4,285,048.29
Utility Expenses	4,752,748.29	5,482,342.03	2,486,215.55	3,957,988.46
Traveling Expenses	14,179,867.61	8,436,444.45	5,423,864.63	5,287,067.65
Directors' Remunerations	9,167,691.41	3,028,866.21	7,781,691.41	3,004,866.21
Management Fee	8,615,875.85	5,512,616.84	12,893,733.65	6,834,603.33
Doubtful Debt	52,555,970.18	2,967,056.64	45,052,293.90	2,528,608.11
Penalty for Works Delayed	5,244,837.31	1,992,279.50	4,842,591.30	1,787,779.50
Other Expenses	8,327,048.32	14,159,047.82	18,964,087.21	9,754,906.52
	<u>614,483,711.90</u>	<u>404,077,909.61</u>	<u>444,032,999.88</u>	<u>343,980,839.36</u>

22. Corporate Income Tax

The Company and subsidiaries is calculated corporate income tax at 25% and 30% of net accounting profit of the Public Company and the subsidiary, respectively, after making adjustments for transactions in accordance with the Revenue Code.

23. Basic Earnings (Loss) Per Share and Diluted Earning (Loss) Per Share

For the year ended on December 31, 2008, the Company calculated the basic earnings per share and diluted earning per Share by dividing the profit (loss) of the period by weighted average number of ordinary share as follows:

	For the year ended on December 31, 2008		
	Profit (Loss)	Weighted Average	Earnings (Loss)
	For the year (Baht)	Number of (Share)	Per Share For (Baht)
Basic Earnings (Loss) Per Share			
Profit (Loss) For the Period			
Consolidated Financial Statements	(145,933,252.06)	658,830,635.25	(0.22)
Separate Financial Statements	(111,282,338.73)	658,830,635.25	(0.17)

For the year ended on December 31, 2008, there is no computation of diluted earning per share since the fair value of ordinary shares are below the right exercised price.

24. Presentation of Data Classified by Sectors

Information on sectors business operation is as follows:

Consolidated Financial Statements					
For the year ended on December 31, 2008					
	Construction	Communication	Industrial service and manpower recruitment	Sales	Total
	Baht	Baht	Baht	Baht	Baht
Revenues from sales and services	125,297,243.63	18,995,694.55	317,940,562.76	65,000.00	462,298,500.94
Cost of sales and services	(155,624,891.42)	(19,530,047.06)	(263,881,082.49)	(5,792.37)	(439,041,813.34)
Gross profit (loss)	<u>(30,327,647.79)</u>	<u>(534,352.51)</u>	<u>54,059,480.27</u>	<u>59,207.63</u>	<u>23,256,687.60</u>
Other income					6,368,190.16
Selling and administrative expenses					(175,441,898.56)
Interest expense					(3,223,638.41)
Corporate income tax					(2,813,131.28)
Minority Shareholders' Interest					5,920,538.43
Profit (loss) for the period of the Company					<u>(145,933,252.06)</u>
Fixed Assets	42,139,428.98	457,784.65	189,919,143.79	97,798.98	232,614,156.40
Common Assets					435,666,408.48
Total Assets					<u>668,280,564.88</u>

Consolidated Financial Statements					
For the nine months period ended on December 31, 2007					
	Construction	Communication	Industrial service and manpower recruitment	Sales	Total
Revenues from sales and services	73,549,932.38	49,669,752.41	222,493,045.31	2,684,353.93	348,397,084.03
Cost of sales and services	(95,080,729.86)	(49,483,814.53)	(177,150,341.09)	(1,279,604.99)	(322,994,490.47)
Gross profit (loss)	<u>(21,530,797.48)</u>	<u>185,937.88</u>	<u>45,342,704.22</u>	<u>1,404,748.94</u>	<u>25,402,593.56</u>
Other income					24,735,753.79
Selling and administrative expenses					(81,083,419.14)
Interest expense					(1,825,601.77)
Corporate income tax					(2,508,329.08)
Profit (loss) for the period of the Company					<u>35,279,002.64</u>
Fixed Assets	36,612,246.96	556,443.42	140,502,767.63	42,728.05	177,714,186.06
Common Assets					263,988,820.14
Total Assets					<u>441,703,006.20</u>

25. Financial Instruments

25.1 Financial risk management and policies

The Company and subsidiary are exposed to risk from changes in market interest rates, currency exchange rates and from nonperformance of contractual obligations by counter parties. The Company used derivative financial instruments in considers appropriate to manage such risk. It however does not hold or issue derivative instruments for speculative or trading purpose.

25.2 Interest rate risk

The interest rate risk is generally the risk that future movements in market interest rates will affect the results of the Company and its subsidiary's operations and their cash flows. The Company and subsidiaries' exposure to interest rate risk relates primarily to its deposits with financial institutions, bank overdrafts from financial institutions. Since the majority of these financial assets and liabilities are short-term, the Company and subsidiary do not use derivative financial instruments to hedge such risk.

25.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable. However, due to a prudent credit policy and diversified customer base, the companies do not anticipate material losses from their debt collection, other than those against which a provision has already been set aside.

With respect to off-balance sheet derivative financial instruments, it is the Company's policy to enter into financial instruments with creditworthy counterparties. Therefore, the Company does not expect any material losses to arise form the counterparties' failure to perform their obligations under the financial instruments.

25.4 Risk from Exchange Rate

The Company and its subsidiaries had foreign-currency assets and liabilities that were unheeded against foreign exchange risk.

25.5 Fair value

Since the majority of financial assets are short-term and the loans carry interest at rates close to market rates, the management believes that the fair values of financial assets and liabilities do not materially differ from their carrying values.

26. Obligations and Contingent Liabilities

The Company and its consolidated financial statements and separate financial statements have commitments and contingent liabilities as of December 31, 2008 and 2007, as follow:

	Consolidated		Separate	
	Financial Statements		Financial Statements	
	As of	As of	As of	As of
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
	Million Baht	Million Baht	Million Baht	Million Baht
Guarantee for performance with agreement	248.62	61.78	245.48	60.40

27. Civil Case

For the separate financial statement as of December 31, 2008 and 2007, the Company was prosecuted by the given engagement which can be materially summarized as follow:

Case No.	Was prosecuted in case of	The Company Is defendant No.	In charge of or mistake No.	Plaintiff called for damage No.	Adjudication
Black 5439/2550	Civil	1	Infringe	Baht 1.15 million	Being hearing in the appeal court

28. Approval of the Financial Statements.

The financial statements have been approved to issue by the Company's board of directors on February 25, 2009.