



ANNUAL REPORT 2013

PHOL DHANYA PUBLIC COMPANY LIMITED

Contents

004	Financial Highlights
005	Awards and Recognition
006	Message from the Chairman
008	Board of Directors
014	Management Team and Company Secretary
019	General Information
021	Nature of Business
024	Revenue Structure
025	Industry Condition and Competition
028	Risk Factors
030	Capital Shareholders
033	Dividend Policy
034	Management Structure
054	Corporate Governance
080	Corporate Social Responsibility
085	Internal Controls and Risk Management
087	Connected Transactions
093	Management Discussion & Analysis
098	Report of Board of Directors's Responsibility to Financial Statement
099	Report of Audit Committee
101	Report of Nominating and Compensating Committee
103	Auditor's Report
105	Financial Statement and Note of Financial Statement



Vision and Mission

Vision and Mission

- Be accepted by customers and the society as possessing leading expertise in the areas of safety and environment
 - Employ those with knowledge and expertise in safety and environment, with an excellent working atmosphere and life quality
 - Ensure sustainable growth to ensure highest returns for all stakeholders in a fair manner
-

Policy

- Encourage sustainable growth in the long term at a rate of no less than 15 percent per year
- Strictly maintain good governance in management practices and strongly uphold morals and ethics
- Directly and indirectly expand safety and environment business through mergers and acquisitions
- Promote promising talent as well as those with high morals within the organization
- Maintain and develop operations at an internationally accepted standard
- Strictly abide by relevant laws and regulations
- Continually maintain, supervise to sustain returns and protect the interests of all shareholders, partners, and relevant stakeholders.





Financial Highlights

		2013	2012	2011
			(Restated)	
Financial Position				
Total Assets	MB	511.45	507.96	483.28
Total Liabilities	“	202.75	215.99	213.21
Total Shareholders' equity of the Company	“	310.52	294.79	272.08
Financial Performance				
Revenue from Sales & Services	MB	773.88	790.03	719.14
Total Revenue	“	776.67	794.13	723.14
Cost of Sales & Services	“	540.08	571.31	508.77
Gross Profit	“	233.80	218.72	210.37
Net Profit For Owner of The Parent	“	50.75	45.43	28.86
Financial Ratio				
Return On Equity	%	16.77%	15.87%	10.40%
Return On Assets	%	13.28%	12.43%	9.42%
Gross Profit Margin	%	30.21%	27.69%	29.25%
Net Profit Margin	%	6.53%	5.72%	3.99%
Liquidity Ratio	X	2.04	1.98	1.77
Debt to Equity Ratio	X	0.65	0.75	0.78
Common Shares				
Par Value Per Share	Baht	1.00	1.00	1.00
Book Value Per Share	“	2.30	2.13	2.02
Dividend Per Share	“	0.43	0.24	0.20
Earning Per Share	“	0.38	0.34	0.21



Awards and Recognition



Board of the Year Awards 2013

PHOL received the MAI Special Encouragement from Board of the Year Awards 2013 by Thai Institute of Directors Association (IOD) in cooperation with The Stock Exchange of Thailand, Board of Trade of Thailand, The Federation of Thai Industries, The Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organizations to celebrate and promote the good quality of the board's duties, Efficiency and effectiveness.

SET AWARDS 2013

PHOL was awarded the "Top Corporate Governance Report" for MAI-listed company for the second consecutive year from SET Awards 2013, held by the Stock Exchange of Thailand and Money and Banking Magazine. This award is presented to the listed company with an outstanding corporate governance Report.





Message from the Chairman



Prof. Dr. Pornchai Chunhajinda
Chairman of the Board

Mr. Prayoon Vivetpuvanonth
Former Chairman of the Board

Mr. Chavalit Wangthamrong
Chairman of Executive Committee

The year 2013 was another successful year for Phol Dhanya Public Company Limited. Although the overall domestic and international economic conditions slowed down, the Company's performance was favorable. Albeit with a lower-than-target revenue growth figure, the Company managed to generate impressive net profit growth of 11.70%, compared to 2012. In addition, it has continually expanded its business coverage into the neighboring markets in an attempt to fully embrace ASEAN Economic Community (AEC). Essentially, in 2013, the Company set up Pholdhanya (Cambodia) Company Limited., a water treatment company registered in Cambodia, following the setting up of an authorized distributor in Myanmar back in 2012.

In compliance with the principle of corporate governance (CG), the Company adheres to the code of conducts that are aligned with the CG principle, conducting its business with fair treatment to all stakeholders in a transparent, verifiable manner. Actually, the year 2013 was the year of pride for PHOL and its Board of Directors, as the Company was ranked in "Excellent" level in Corporate Governance in the Corporate Governance Survey for Listed Companies 2013. It also received SET Awards 2013 for Top Corporate Governance Report for MAI Listed Company for the 2nd consecutive year, the first year being 2012. In addition, the Board of Directors was also recognized for its effective and efficient roles and was, consequently, granted MAI Special Encouragement Award from Board of the Year Awards 2013, a campaign held by Thai Institute of Directors.

On behalf of the Board of Directors of Phol Dhanya PLC., I would like to express our gratitude to shareholders, customers, trading partners, business alliances, and other stakeholders, as well as the Company's committees, executives, and staff, who have continually supported the work of the Company. Please be assured that the Board of Directors, executives, and staff will do utmost to steer and develop the organization to grow sustainably under the principle of Corporate Governance with the optimal benefits of all stakeholders in mind.



Board of Directors



1. Prof. Dr. Pornchai Chunhajinda
Chairman of the Board



2. Mr. Chavalit Wangthamrong
Director/ Chairman of Executive
Committee/ Nominating and
Compensating Committee



3. Mr. Teeradej Jarutangtrong
Director/ Chairman of Risk Management
Committee



4. Assoc. Prof. Dr. Seksak Jumreornwong
Chairman of Audit Committee/
Independent Director



5. Assoc. Prof. Dr. Ekachidd Chungcharoen
Independent Director/ Audit Committee/
Chairman of Nominating and
Compensating Committee



6. Mr. Noppadol Dheerabutrpongkul
Independent Director/ Audit Committee/
Nominating and Compensating Committee



7. Mr. Pramuk Vongtanakiat, M.D.
Independent Director



8. Mr. Boonchai Suwanvutthiwat
Director/Executive Director/
Chief Executive Officer



9. Mr. Thanya Wangthamrong
Director/Executive Director



Board of Directors Details

1. Prof.Dr.Pornchai Chunhajinda⁽¹⁾ Age 50
Chairman of the Board

Number of Shares Held: 1,025,000 Shares (0.76%)

Educational Background

- Ph.D. (Finance) Florida International University
- Master of Science (Finance) Florida International University
- Master of Business Administration, Thammasat University
- Bachelor of Accounting (Second Class Honors), Chulalongkorn University

Training

- Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 11/2010
- Training programs of Thai Institute of Directors (IOD)
 - Chartered Director Class (CDC) Class 7/2013
 - Role of the Chairman program (RCP) Class 11/2012
 - Role of the Compensation Committee (RCC) Class 12/2011
 - Audit Committee Program (ACP) Class 4/2005
 - Director Certification Program (DCP) Class 36/2003

Work Experiences

13 Jan 2014 - Present : Chairman of the Board, Phol Dhanya Plc.
 2011 – Mar 2014 : Chairman of Nominating and Compensating Committee, Phol Dhanya Plc.
 2011 – Present : Independent Director and Chairman of Audit Committee, Copper Wired Co., Ltd
 2011 – Present : Sub-Committee on Secretariat of Sasin Graduate Institute of Business Administration of Chulalongkorn University
 2010 – 2013 : Associate Dean for Graduate Studies, Thammasat University
 2008 – Present : Chairman of the Board, Ausiris Futures Co., Ltd
 2007– 12 Jan 2014 : Vice Chairman of the Board, Phol Dhanya Plc.
 2000 - 2009 : Independent Director and Audit Committee Siam Commercial New York Life Insurance Plc.

Note

(1.) Appointed as Chairman of the Board, effective 13 Jan 2014.

2. Mr.Chavalit Wangthamrong⁽²⁾ Age 61
Director/ Chairman of Executive Committee/
Nominating and Compensating Committee

Number of Shares Held: Direct 20,408,800 Shares (15.12%)
Indirect 13,000,000 Shares (9.63%)

Educational Background

- Master of Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Bachelor of Engineering, Chulalongkorn University

Training

- Training programs of Thai Institute of Directors (IOD)
 - Director Accreditation Program (DAP) Class 67/2007

Work Experiences

12 Mar 2014-Present : Nominating and Compensating Committee, Phol Dhanya Plc.
 2013- Present : Director, Pholdhanya (Cambodia) Co., Ltd
 2013- Present : Chairman of Executive Committee, Phol Dhanya Plc.
 1977 - 2012 : Chief Executive Officer, Phol Dhanya Plc.
 2009 – Aug 2012 : Chairman of the Board, PD Genesis Engineering Co., Ltd
 2009 – Present : Director, Thai Yonok Logistics Co., Ltd
 2006 – Present : Director, PDF Supply Co., Ltd.
 2006 – Present : Director, Guzz Media Co., Ltd
 2005 – Present : Director, N.H.L. (Thailand) Co., Ltd
 1996 – Present : Director, VSV Asia Co., Ltd
 2004 – Mar 2008 : Director, PDC Supply Co., Ltd.
 2003 – Mar 2008 : Director, PDA Supply Co., Ltd./ PDR Supply Co., Ltd.
 2001 – Mar 2008 : Chairman of the Board, Palladium Intertrade Co., Ltd
 2001 – 2007 : Director, PDS International (Thailand) Co.,Ltd
 1993 – Mar 2008 : Director, PD Progress Co., Ltd
 1992 – Jan 2009 : Director, P.D. Marketing & Manufacturer Co., Ltd
 1988 – Mar 2008 : Director, Personal Safety Co., Ltd

Note

(2.) Appointed as Nominating and Compensating Committee, effective 12 Mar 2014.

3. Mr. Teeradej Jarutangtrong⁽³⁾ Age 61
Director/ Chairman of Risk Management Committee

Number of Shares Held: Direct 3,957,500 Shares (2.93%)
Indirect 22,442,500 Shares (16.62%)

Educational Background

- Bachelor of Engineering, Chulalongkorn University

Training

- Training programs of Thai Institute of Directors (IOD)
 - Director Accreditation Program (DAP) Class 68/2008

Work Experiences

10 Feb 2014 – Present : Chairman of Risk Management Committee
 2013 – Present : Director, Phol palladium Co., Ltd
 2013 : Vice Chairman of Executive Committee, Phol Dhanya Plc.
 2012 – 2013 : Chairman of Sub-Risk Management Committee, Phol Dhanya Plc.
 2007 – 2012 : Managing Director, Phol Dhanya Plc.
 2007 – Present : Director, Aegle Safety Equipment (Shanghai) Co., Ltd
 2006 – Present : Director, Guzz Media Co., Ltd
 2005 – Present : Director, Aegle Alliance Pte., Ltd
 2004 – Mar 2008 : Director, PDC Supply Co., Ltd.
 2004 – 2006 : Chairman of the Board, Aegle Safety Equipment (Shanghai) Co., Ltd
 2003 – Mar 2008 : Director, PDA Supply Co., Ltd./ PDR Supply Co., Ltd
 2001 – Mar 2008 : Director, Palladium Intertrade Co., Ltd
 2001 – 2007 : Managing Director, PDS International (Thailand) Co., Ltd
 1993 – Mar 2008 : Director, PD Progress Co., Ltd
 1988 – Mar 2008 : Director, Personal Safety Co., Ltd

Note

(3.) Appointed to Chairman of Risk Management Committee, effective on 10 Feb 2014.

4. Assoc. Prof. Dr. Seksak Jumreornwong Age 58
Chairman of Audit Committee/ Independent Director

Number of Shares Held: 20,000 Shares (0.01%)

Educational Background

- Ph.D. (Finance), Georgia State University
- Master of Accounting (Banking and Finance), Chulalongkorn University
- Bachelor of Business Administration (Finance), Assumption University of Thailand

Training

- Training programs of Thai Institute of Directors (IOD)
 - Monitoring Fraud Risk Management (MFM) Class 6/2011
 - Monitoring the International Audit Function (MIA) Class 11/2011
 - Monitoring the System of Internal Control and Risk Management (MIR) Class 11/2011
 - Monitoring the Quality of Financial Reporting (MFR) Class 13/2011
 - Director Accreditation Program (DAP) Class 69/2008
 - Audit Committee Program (ACP) รุ่นที่ 23/2008

Work Experiences

2010 – Present : Director of Master's Degree in Finance, Thammasat University
 2007 – Present : Chairman of Audit Committee/ Independent Director, Phol Dhanya Plc.
 2007 – 2009 : Chief of Finance Department, Thammasat University
 2006 – Present : Associate Professor at Thammasat University

5. Assoc.Prof.Dr.Ekachidd Chungcharoen⁽⁴⁾ Age 51

Independent Director/ Audit Committee/
Chairman of Nominating and
Compensating Committee

Number of Shares Held: 20,000 Shares (0.01%)

Educational Background

- Ph.D. (Management Science) Faculty of Engineering, University of Waterloo
- Master of Management Science, Faculty of Engineering, University of Waterloo
- Master of Engineering Program in Electrical Engineering of Youngstown State University, USA
- Bachelor of Engineering Program in Electrical Engineering (Major in Computer), King Mongkut's Institute of Technology Ladkrabang

Training

- Training programs of Thai Institute of Directors (IOD)
 - Director Accreditation Program (DAP) Class 68/2008
 - Audit Committee Program (ACP) รุ่นที่ 23/2008

Work Experiences

Mar 2014 – Present : Chairman of Nominating and Compensating Committee, Phol Dhanya Plc.

2013 – Present : Audit Committee/Independent Director, BJC Heavy Industries Plc.

2011 – Mar 2014 : Nominating and Compensating Committee, Phol Dhanya Plc.

2011 – 2013 : Audit Committee/Independent Director, BJC Heavy Industries Co., Ltd.

2010 – Present : Director of Advanced Program, Thammasat University

2007 – Present : Audit Committee/Independent Director, Phol Dhanya Plc.

2005 – Present : Associate Professor of Thammasat University

2004 – Present : Director of the Joint Doctoral in Business Administration (JDBA), Thammasat University

2001 – 2007 : Director of Bachelor of Business Administration (BBA) International Program, Thammasat University

Note

(4.) Appointed to Chairman of Nominating and Compensating Committee , effective on 12 Mar 2014.

6. Mr.Noppadol Dheerabutrpongkul Age 46

Independent Director/ Audit Committee/
Nominating and Compensating Committee

Number of Shares Held: 20,000 Shares (0.01%)

Educational Background

- Master of Science (Finance), University of Colorado at Denver
- Bachelor of Accounting, Thammasat University
- Certified Public Accountant (CPA)

Training

- Training programs of Thai Institute of Directors (IOD)
 - Role of the Nominating and Governance Committee (RNG) Class 3/2012
 - Audit Committee Program (ACP) Class 23/2008
 - Director Accreditation Program (DAP) Class 68/2008

Work Experiences

2013 – Present : Audit Committee, Zemash Corporation Co., Ltd.

2013 – Present : Audit Committee/Independent Director, BJC Heavy Industries Plc.

2011 – Present : Nominating and Compensating Committee Phol Dhanya Plc.

2011 – 2013 : Audit Committee/ Independent Director BJC Heavy Industries Co., Ltd

2007 – Present : Audit Committee/ Independent Director Phol Dhanya Plc.

2007 – Present : Executive Director IFAC Co., Ltd

2005 – 2007 : Business Controller, Siam City Cement Plc.

7. Mr.Pramuk Vongtanakiat, M.D.⁽⁵⁾ Age 44
Independent Director

Number of Shares Held: 1,268,800 Shares (0.94%)

Educational Background

- Diploma , Medical Profession, Medical Council of Family Medicine
- Diploma in Obstetrics and Gynecology Specialist , Council Vajira Hospital Medical School, Bangkok
- Medicine Faculty of Medicine Siriraj Hospital, Mahidol University

Training

- Creative Thinking Program” Six Thinking Hats Edward De Bono
- “Pro-Executive Power Program” by John Robert Power
- Program Analysis Professional, Thailand Securities Institute (TSI Institute)
- Training programs of Thai Institute of Directors (IOD)
- Director Certification Program (DCP) Class 186/2014

Work Experiences

13 Jan 2014 – Present : Independent Director, Phol Dhanya Plc.
1993 – Present : 1993-present Director/
Srisampran Medical Clinic
2000 – Present : Management Director,
Great Opportunity Co., Ltd.
2012 – Present : Vice President/
ThaVI Organization (Thailand)
2010 – 2012 : Website Management
Committee-Thaivi.com
1993 – 1999 : Medical Office Specialist Obstetricians.
Bangkok

Note

(5.) Appointed as Board of Director, effective 13 Jan 2014

8. Mr.Boonchai Suwanvutthiwat Age 50
Director/ Executive Director/ Chief Executive Officer

Number of Shares Held: None

Educational Background

- Bachelor of Arts in Political Science (Major in Public Administration), Ramkhamhaeng University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok’s Institute Class 11/2013
- Integrated Management System for Sustainability Program, Thailand Productivity Institute
- The Senior Executive Program (SEP) 2010, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Training programs of Thai Institute of Directors (IOD)
- Director Certification Program (DCP) Class155/2012

Work Experiences

2013 – Present : Director, Pholdhanya (Cambodia) Co., Ltd
2013 – Present : Director/ Chief Executive Officer,
Phol Dhanya Plc.
2010 – Present : Executive Director, Phol Dhanya Plc.
2010 – Dec 2012 : Senior Director – Central Industrial Zone
Department, Phol Dhanya Plc.
2007 – 2010 : Director of Sales Department Group 2,
Phol Dhanya Plc.
1999 – 2006 : Manager – Business Unit,
Phol Dhanya Co., Ltd
1992 – 1998 : Manager – Sales Department,
Phol Dhanya Co., Ltd

9. Mr. Thanya Wangthamrong**Age 33**

Director/ Executive Director

Number of Shares Held: Direct 10,000,000 Shares (7.41%)**Indirect 3,520,000 Shares (2.61%)****Educational Background**

- Master of Business Administration (International), Thammasat University
- Bachelor of Architecture, Chulalongkorn University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Integrated Management System for Sustainability Program (IMS 5), Thailand Productivity Institute
- Pro-Executive and Presentation by John Robert Power
- Training programs of Thai Institute of Directors (IOD)
 - Director Certification Program (DCP) Class180/2013

Work Experiences

- Jan 2014 – Present : Director – Environment Business Division, Phol Dhanya Plc.
- 2013 – Present : Director/Executive Director, Phol Dhanya Plc.
- 2011 – Present : Director, Wilsiri Intertrade Co, Ltd.
- 2010 – Present : Director – Marketing Division, Phol Dhanya Plc.
- 2009 – 2010 : Manager – Marketing, Phol Dhanya Plc.
- 2007 – 2009 : Manager – Marketing Communication Department Phol Dhanya Plc.
- 2006 – Present : Director, Guzz Media Co., Ltd
- 2006 – Present : Director, PDF Supply Co., Ltd
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Management Team and Company Secretary



1. Mr. Boonchai Suwanvutthiwat
Chief Executive Officer



2. Mr. Pornsak Chunjinda
Chief Financial Officer /
Director of Human Resource Division /
Director of Engineering and Administrative Division



3. Miss Prapaipit Viriyabhupha
Chief Operation Officer



4. Mr. Payotorn Mungthong
Director of Sales Division /
Director of Information Technology Division



5. Mr. Chayakit Pongpobpibool
Director of Regional Business Division



6. Mr. Thanya Wangthamrong
Director of Marketing Division/
Director of Environment Business Division



7. Miss Natchomkorn Puapansakul
Director of Internal Audit Division/
Secretary of Audit Committee



8. Miss Saowapa Choorujiporn
Company Secretary/
Secretary of the Board of Director/
Secretary of Risk Management Committee



Management Team and Company Secretary Details

1. Mr.Boonchai Suwanvutthiwat

Age 50

Chief Executive Officer

Number of Shares Held:

None

Educational Background

- Bachelor of Arts in Political Science
(Major in Public Administration), Ramkhamhaeng University

Training

- Workshop Corporate Risk Management on Top
(In-house Training, Oct 2013)
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute Class 11/2013
- Integrated Management System for Sustainability Program, Thailand Productivity Institute
- The Senior Executive Program (SEP) 2010, Sasin Graduate Institute of Business Administration of Chulalongkorn University
- Training programs of Thai Institute of Directors (IOD)
 - Director Certification Program (DCP) Class155/2012

Work Experiences

2013 - Present	: Director, Pholdhanya (Cambodia) Co., Ltd
2013 - Present	: Director/ Chief Executive Officer, Phol Dhanya Plc.
2010 - Present	: Executive Director, Phol Dhanya Plc.
2010 - Dec 2012	: Senior Director - Central Industrial Zone Department, Phol Dhanya Plc.
2007 - 2010	: Director of Sales Department Group 2, Phol Dhanya Plc.
1999 - 2006	: Manager - Business Unit, Phol Dhanya Co., Ltd
1992 - 1998	: Manager - Sales Department, Phol Dhanya Co., Ltd

2. Mr.Pornsak Chunnajinda

Age 46

Chief Financial Officer/ Director of Human Resource Division/
Director of Engineering and Administrative Division

Number of Shares Held:

Direct 90,000 Shares (0.07%)

Indirect 580,000 Shares (0.43%)

Educational Background

- Bachelor of Science (Accounting), Kasetsart University
- Certified Public Accountant (CPA)

Training

- Special Considerations in Auditing Financial Instruments, Federation of Accounting Profession (Dec 2013)
- Workshop Corporate Risk Management on Top
(In-house Training, Oct 2013)
- Integrated Management System for Sustainability Program (IMS 5), Thailand Productivity Institute (Jul 2013)
- Insights ASEAN economic and accounting standards, Investment Analysts Association (Mar 2013)

Work Experiences

Jan 2014 - Present	: Director of Engineering and Administrative Division, Phol Dhanya Plc.
Jan 2014 - Present	: Director of Human Resource Division, Phol Dhanya Plc.
2010 - Present	: Executive Director/Chief Financial Officer, Phol Dhanya Plc.
2007 - 2010	: Director of Accounting and Finance Division, Phol Dhanya Plc.
2009 - 2013	: Director, PD Genesis Engineering Co., Ltd
2007 - Present	: Director, Nonsi Accounting Co., Ltd
2004 - Present	: Director, Rak Charoen Co., Ltd
1996 - 2006	: Managing Director, Nonsi Accounting Co., Ltd

3. Miss Prapaipit Viriyabhupha

Age 44

Chief Operation Officer

Number of Shares Held: 500,000 Shares (0.37%)**Educational Background**

- Master of Business Administration (Marketing), Ramkhamhaeng University
- Bachelor of Public Administration, Prince of Songkla University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- QMS Document Preparation and Paperless Controlling, Thailand Productivity Institute (Aug 2013)

Work Experiences

2013 - Present : Director, Phol Palladium Co., Ltd
 2010 - Present : Chief Operation Officer, Phol Dhanya Plc.
 2007 - 2010 : Director of Operation Department, Phol Dhanya Plc.
 1995 - 2007 : Manager of Procurement Department, Phol Dhanya Plc.
 1992 - 1994 : Supervisor - Procurement Department, Phol Dhanya Plc.

4. Mr. Payotorn Mungthong

Age 43

Director of Sales Division/
 Director of Information Technology Division

Number of Shares Held:

None

Educational Background

- Master of Business Administration, Mahanakorn University of Technology
- Bachelor of Science (Computer Science), Ramkhamhaeng University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- M&CD Asia Distributor Conference Participants Instruction by Scott Safety, A Tyco International Company (Oct 2013)

Work Experiences

Jan 2014 - Present : Director of Information Technology Division, Phol Dhanya Plc.
 2013 - Present : Director, Phol Palladium Co., Ltd
 2013 - Present : Director of Sales Division, Phol Dhanya Plc.
 2010 - Dec 2012 : Director of Government & Retail Department, Phol Dhanya Plc.
 2007 - 2010 : Director of Marketing Department, Phol Dhanya Co., Ltd
 2001 - 2009 : Manager of Marketing Department, Phol Dhanya Co., Ltd

5. Mr.Chayakit Pongpobpibool

Age 39

Director of Regional Business Division

Number of Shares Held:

None

Educational Background

- Bachelor of Business Administration (Marketing), University of the Thai Chamber of Commerce

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Integrated Management System for Sustainability Program (IMS 5), Thailand Productivity Institute (Jul 2013)

Work Experiences

2013 - Present	: Director of Regional Business Division, Phol Dhanya Plc.
2010 - 2012	: Director of Regional Industrial Zone Sales Department, Phol Dhanya Plc.
2007 - 2010	: Director of Sales Department Group 1, Phol Dhanya Plc.
2005 - 2007	: Sales Manager, PDR Supply Co., Ltd
2004 - 2005	: COO Northern Part – Chaiyo AA Co., Ltd.
1997 - 2004	: Sales Executive Thai Container Chonburi (1995) Co., Ltd.

6. Mr.Thanya Wangthamrong

Age 33

Director of Marketing Division/
Director of Environment Business Division**Number of Shares Held: Direct 10,000,000 Shares (7.41%)
Indirect 3,520,000 Shares (2.61%)****Educational Background**

- Master of Business Administration (International), Thammasat University
- Bachelor of Architecture, Chulalongkorn University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Integrated Management System for Sustainability Program (IMS 5), Thailand Productivity Institute
- Pro-Executive and Presentation by John Robert Power
- Training programs of Thai Institute of Directors (IOD)
- Director Certification Program (DCP) Class180/2013

Work Experiences

Jan 2014 - Present	: Director - Environment Business Division, Phol Dhanya Plc.
2013 - Present	: Director/Executive Director, Phol Dhanya Plc.
2011 - Present	: Director, Wilsiri Intertrade Co, Ltd.
2010 - Present	: Director - Marketing Division, Phol Dhanya Plc.
2009 - 2010	: Manager - Marketing, Phol Dhanya Plc.
2007 - 2009	: Manager - Marketing Communication Department Phol Dhanya Plc.
2006 - Present	: Director, Guzz Media Co., Ltd
2006 - Present	: Director, PDF Supply Co., Ltd

7. Miss Natchomkorn Puapansakul

Age 51

Director of Internal Audit Division/
Secretary of Audit Committee

Number of Shares Held:

None

Educational Background

- Master of Business Administration (Management), Kasetsart University
- Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Training

- The Updated COSO's 2013 Integrated Internal Control: What the Board and Managements should do by SET (Dec 2013)
- Anti-Corruption Seminar 3/2013 by IOD (Nov 2013)
- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Communication and Policies to Anti-Corruption for listed company by SEC
- Going from 'Good' to 'Great' in IT Governance and Outsourcing by SET (Sep 2013)
- Internal Audit Management by TRIS CORPORATION LIMITED (Aug 2013)
- CG Forum 2/2013: Board Monitoring to build the spirit of good CG

Work Experiences

2007 - Present : Director of Internal Audit Division/
Secretary of Audit Committee,
Phol Dhanya Plc.

2004 - 2007 : Manager - Internal Audit Department,
Phol Dhanya Co., Ltd

2000 - 2003 : Manager - Accounting Department,
Phol Dhanya Co., Ltd

1997 - 2000 : Manager - Finance Department,
Phol Dhanya Co., Ltd

1995 - 1996 : Manager - Accounting Department,
Phol Dhanya Co., Ltd

1991 - 1994 : Supervisor - Accounting Unit,
Phol Dhanya Co., Ltd

8. Miss Saowapa Choorujiporn

Age 52

Company Secretary/ Secretary of the Board of Director/
Secretary of Risk Management Committee

Number of Shares Held:

None

Educational Background

- Bachelor of Business Administration (Accounting), Ramkhamhaeng University

Training

- Workshop Corporate Risk Management on Top (In-house Training, Oct 2013)
- Company Secretary Program FPCS Class 19/2008, Thai Listed Companies Association
- Training programs of Thai Institute of Directors (IOD)
 - Company Reporting Program (CRP) Class 2/2011
 - Board Reporting Program (BRP) Class 5/2011
 - Effective Minute Taking (EMT) Class 19/2011

Work Experiences

10 Feb 2014 - Present : Secretary of Risk Management
Committee, Phol Dhanya Plc.

2008 - Present : Company Secretary/
Secretary of the Board of Director,
Phol Dhanya Plc.

2009 - 2013 : Secretary of Sub-Risk Management
Committee, Phol Dhanya Plc.

2008 - 2013 : Secretary of Executive Director,
Phol Dhanya Plc.

2003 - 2008 : Operation Administration/
Contract Administration Manager,
Picnic Corporation Plc.

2001 - 2003 : Assistant to Procurement Manager/
Executive General Manager Secretary,
BGES Engineering System Plc.

1998 - 2000 : Admin Supervisor,
Pioneer Air Cargo Co., Ltd.



General Information

Company Name	: PHOL DHANYA PUBLIC COMPANY LIMITED
SET Symbol	: PHOL
Registered Capital	: THB135,000,000.00 (135,000,000 common shares) with a par value of THB1.00
Paid-up Capital	: THB135,000,000.00 (135,000,000 common shares) with a par value of THB1.00
Business Type	: A distribution of Occupational Safety, Health and environment products and Distribution, Production, and Service of Water Treatment Systems
Head office	: 1/11 Moo 3, Lumlukka Rd., Ladsawai, Lumlukka, Pathumthani 12150 Thailand. Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3
Branch	: 1) 155/213 Moo 2, Thabma sub-district, Muang district, Rayong Province Tel 66(0)-3803-4011-3, Fax 66(0)-3803-4017 2) 47/55-57 Chotana Road., Chang puak sub-district, Muang district, Chiang Mai Province Tel 66(0)-5322-6811, 66(0)-5322-6717, Fax 66(0)-5322-6761, 66(0)-5322-6898 3) 99/9 Moo 4 Vichit sub-district, Muang district, Phuket Province Tel 66(0)-7621-5100, Fax 66(0)-7621-4714
Registration No.	: 0107551000088
Website	: www.pdgth.com
Company's Secretary	: Miss. Saowapa Choorujiporn Tel 66(0)-2791-0151, E-mail: cs@pdgth.com
Investor Relation	: Miss. Siriporn Ondee Tel 66(0)-2791-0206, E-mail: ir@pdgth.com
Subsidiaries	: 1) PD Genesis Engineering Co., Ltd. 1/11 Moo 3, Lumlukka Rd., Ladsawai, Lumlukka, Pathumthani 12150 Thailand. Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Shareholding : 76.67% 2) Phol Palladium Co., Ltd. 1/11 Moo 3, Lumlukka Rd., Ladsawai, Lumlukka, Pathumthani 12150 Thailand. Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Shareholding :99.99%

: **3) Pholdhanya (Cambodia) Co., Ltd.**

No. 952D, Street 128, Khan Toul Kork, Phnom Penh, Cambodia
Shareholding 70%

Other references

Registrar

: **Thailand Securities Depository Co.**

62 The Stock Exchange of Thailand Building, Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel 66(0)-2229-2800, Fax 66(0)-26545642, Website: www.tsd.co.th

Auditor

: **ANS Audit Co., Ltd**

100/31-32, 16th Floor, 100/2 Vongvanij Building B, Rama 9 Road., Huaykwang, Bangkok, 10320 Thailand
Tel 66(0)-2645-0101, Fax 66(0)-2645-0110, Website : www.ans.co.th

Legal Advisor

: **Dherakupt Law Office Ltd.**

546 Uninvest Complex 15th Floor, Rachadapisek Rd., Chandrakasem, Jatuchak, Bangkok 10900 Tel 66(0)-2511-1512, 66(0)-2513-1976, Fax 66(0)-2938-1247, 66(0)-2938-1957

For more information , Pleases see From 56-1 on The Securities and Exchange Commission's website(www.sec.or.th) or the company's website(www.pdgth.com)



Nature of Business

Phol Dhanya Public Company Limited, hereafter “the Company” or “PHOL”, and its subsidiaries are distributors of Occupational Safety, Health, and Environment products. The Company is one of the leading comprehensive distributors of more than 3,000 safety products under well-recognized brands. The Company is appointed as a distributor of more than 30 brands and is a sole distributor for such brands as King’s, Microgard, and Ansell. Moreover, it has also successfully developed its house-brands, including Synos and ENV-SAFE. To support its future growth, it has expanded into environment business by selling water treatment equipments for home-use and industrial-use, by designing, manufacturing, and installing water treatment systems, as well as by selling treated water in the form of concession contract.

These 3 groups of products consist of the following:

1. Occupational Safety, Health and Environment Products. The Company’s product distribution is divided into two groups as follows:

1.1 Personal Protective Equipment (PPE). This product is for the person or workers used to wear on any part(s) of their body during work operation in order to prevent from any dangers that may arise from the working environments such as dangers from heat, intense light, sound, toxic, and chemical substance. These personal protective equipment can be used to protect workers from head to toes such as helmet, safety eye glasses, ear plugs, face shield, safety gloves, shoes, firefighting clothing and other protective equipment.

1.2 Safety and Environment Products. These products is used to enhance safety in the working place such as toxic gas and flammable gas detector, emergency eye & body washer, chemical containment, moving & transfer equipment, ventilator, safety lock, and safety sign.

2. Control Environment Products. Control Environment Products are used to control the environment for the cleanliness and safety in the workplace, such as Hospital, Cleanroom for Pharmaceutical industry, Cleanroom for medical devices manufacturing industry, Cleanroom for electronic component manufacturing industry, Cleanroom for automobile components manufacturing industry, and etc. Products in this category includes cleaning equipment, antistatic device, control environment gloves, clean room stationary, clean room clothing and clean room suit, which originally the company has put these products under the safety, occupation health and environmental products but in order to expand the market, the company has separated these products to be under the control environment products.

3. Water Treatment Products. The Company has categorized the operations into the following 4 main sectors:

3.1 The distribution of machinery and equipment related to water treatment system used in industrial and household level such as sediment filtration device and chemical, water pumps, water storage tank, water treatment system kits (Module), finished water filter for household consumption, and etc.

3.2 The treated water distribution service for the customer used the same form as concession (Build-Own-Operate). The processes include from design to manufacture and the installation of the system, also installing the system for the customer in the ready-to-use manner, and harvest the revenue from the sale of the treated water to the customer according to the specified time in the contract, the company is the owner of the system.

3.3 Design, production and installation of water treatment systems. For the design, production and installation of water treatment systems, with focus on water management systems in order to meet the needs of water usage by treating water to meet proper quality standard or treating wastewater for reuse purpose, including the engineering design, structural design, installation and monitoring, laboratory, maintenance and after-sales services. Types of services cover Turnkey Services and Original Equipment Manufacturer (OEM) of module water treatment systems.

3.4 The maintenance services of the system and equipment associated with water treatment system.

The company's Business Objective

The business of distributing Occupational Safety, Health, and Environment products is the Company's original and main business that has been prioritized for 30 years. PHOL is one of the leading comprehensive distributors of high-quality safety products. The Company still maintains its target sales growth of no less than 15% per year. In 2014, the Company has a plan to add new products into 2 existing categories: Occupational Safety, Health, and Environment products and Control Environment products. It also has a plan to include new product categories to attract customer groups that currently account for only small portions in PHOL's revenues. Such new customers include hospitals, telecommunication businesses, and end-consumers.

For Water Treatment products, the Company plans to increase both their revenues and their revenue contribution since water treatment products still offer high growth potentials. Essentially, the Company has an arrangement to invest in the project to produce community water supply in the form of concession contract, as well as to increase water treatment products for end-consumers and ready-to-use water treatment systems for industrial clients.

Apart from aforementioned plans to increase product types and expand customer bases, the Company also has a scheme to expand its distribution channels by establishing new branches in rural areas and by improving its on-line selling system to better serve the need of its clients.

For its long-term growth, the Company intends not only to grow in the domestic market but also to spread its wings in an international arena, covering ASEAN especially, by collaborating with strong local business alliances. Currently, it is constantly studying information for new investment and seeking for proper partners in parallel with conducting its main business.

Important changes and Developments

Phol Dhanya Public Company Limited or "the Company" was registered and established on January 4, 1961 with the initial objective to distribute grain and agricultural products. The Company had halted its operation for a certain period till 1979 when Mr. Chavalit Wangthamrong managed the Company's operation and changed its business mission to the distribution of occupational health, safety, and environment products.

In 2008, The Company had improved its corporate structure to serve the future expansion. The Company had become a public company limited and registered with an increase of capital from Baht 95 million to Baht 135 million to serve the Initial Public Offer (IPO), and changed the par value from Baht 5 to Baht 1. The Company received an approval to be a listed company on the MAI with the trading symbol of "PHOL" and started its trading in the MAI on December 9, 2010.

In 2009, The company expanded its business into environment, the water treatment system, with the business partner and established PD Genesis Engineering Co., Ltd.(Subsidiary). However the operation of the subsidiary has failed to meet the target. As November 7, 2013, the subsidiary was registered to be dissolved and is currently under the process of liquidation.

In 2012, The company established its branch in Muang district, Phuket Province. Currently, the company has 3 branches at Rayong in Eastern part, at Chiang Mai in Northern part and at Phuket in Southern part. In addition, the company expanded its business into ASEAN by establishing Aekar Co., Ltd. as its authorized distributor in Myanmar

In 2013, the company established two subsidiaries, in January, established Phol Palladium Co., Ltd. to distribute occupational health and safety products to government agencies, with the value of investments was accounted 99.99%

of its registered capital of 1 million baht. In September, established Pholdhanya (Cambodia) Co., Ltd. to distribute the Water treatment products, with the value of investments was accounted 70 percent of its registered capital of Riel 1,200,000,000 (approximately USD 300,000 or Baht 9.5 million baht)

Shareholding Structure of Phol Dhanya Public Company Limited as of 31 December, 2013





Revenue Structure

Type of Revenue	2013		2012		2011	
	Amount	%	Amount	%	Amount	%
1. Revenue from the distribution of products for Occupational Safety, Health and Environment Products	617,293,843	79.48	597,171,901	75.20	544,274,222	75.39
1.1 The Personal Protective Equipments	470,047,029	60.52	458,120,683	57.69	402,984,118	55.82
1.2 The Safety and Environment Equipments	147,246,814	18.96	139,051,218	17.51	141,290,104	19.57
2. Revenue from the distribution of products for Control Environment Products	123,459,427	15.90	152,942,703	19.26	134,276,986	18.60
3. Revenue from the distribution of products for Water Treatment Products	33,124,734	4.26	39,913,578	5.03	40,593,779	5.62
3.1 Revenue from the distribution of finished equipment of the water treatment system, machinery and equipment concerning water treatment system	28,335,588	3.65	36,112,906	4.55	16,552,824	2.29
3.2 Revenue from the distribution of treated water from the water treatment system	4,573,953	0.59	2,969,480	0.37	1,057,556	0.15
3.3 Revenue from the design, production, and installment of water treatment system	-	0.00	616,000	0.08	21,928,598	3.04
3.4 Revenue from providing services of system operating and machinery and equipment maintenance	215,193	0.03	215,193	0.03	1,054,800	0.15
4. Other Revenue	2,794,622	0.36	4,097,181	0.52	2,797,569	0.39
Total	776,672,626	100.00	794,125,363	100.00	721,942,556	100.00



Industry Condition and Competition

Occupational Safety, Health and Environment Products and Control Environment Products Industry Condition

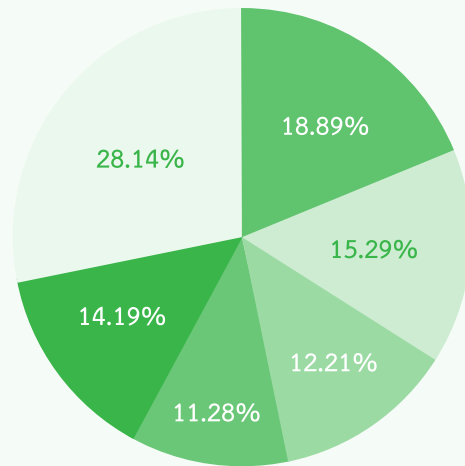
In 2013, the overall global economy was facing continual slowdown. Economic growth in many countries decelerated compared to 2012. Thailand was one of those countries, with its GDP growth at only 2.9%. The unimpressive growth figure, which is lower than that in the previous year, was as a result of sluggish private spending. Moreover, the overall manufacturing index contracted by 3.2% due to a slowdown in domestic consumption and the deceleration of export growth consistent with inert global economic condition.

Industrial Index

Manufacturing (% compared to the same period last year)	Weight	Relative Weight 2555	2013					
			2012	2013	Q1	Q2	Q3	Q4
Food and beverages	15.5	14.1	6.8	-6.7	-0.6	-3.9	-11.2	-12.0
Petroleum	10.4	8.6	8.5	-2.0	-9.3	-11.9	8.4	6.0
Textiles	7.3	2.1	-13.6	3.4	7.9	5.6	-1.3	1.8
Garment	7.1	4.2	-10.7	-4.6	-14.4	-7.3	3.2	0.9
HDD	7.2	24.3	-16.2	-7.5	-7.3	-17.8	-1.0	-2.6
IC & Semiconductor	6.8	4.4	-21.2	-0.3	-0.6	-2.0	-2.1	3.5
Automobile	5.4	15.8	73.1	1.4	47.4	11.9	-11.0	-26.1
Construction materials	4.8	4.7	8.6	2.2	2.7	3.9	1.8	0.3
Chemical	4.4	4.2	6.7	-0.9	-0.3	-0.4	-2.0	-0.8
Latex and plastic	4.0	3.0	2.6	2.5	2.4	2.4	1.2	4.0
Electrical appliance	3.7	4.9	11.7	-2.0	12.2	-3.7	-7.5	-8.4

Source: Bank of Thailand and The office of Industrial Economics.

PHOL's main customers in the business of distributing Occupational Safety, Health and Environment Products and Control Environmental Products are directly linked to the health of Thailand's industry condition, as our products are used by workers in industrial enterprises. Our main customers are those in such industries as Automobiles, Electronics, Food and Beverage, Petrochemical and Chemical, and Construction industries.



Proportion of revenues by industry segments.



The highest revenue contribution in 2013 came from Automobile industry which, at the beginning of the year, was still filling orders previously surged by the government’s Tax-Refund-for-1st-Car campaign. The second biggest revenue contributor was Petrochemical and Chemical products industry, whose production resumed its growth in the 2nd half of the year. However, revenue from Electronic industry dropped, compared to the level in 2012, due to a decline in the production of electrical appliances and hard-disks, which was consistent with slowdown in domestic and global demands, and swiftly-changing technologies. Moreover, the Company was also affected by unqualified control environment products delivered by its suppliers, resulting in it losing an opportunity to sell such products to governmental entities. Nevertheless, this issue has been completely resolved.

Competition

The competition in Occupational Safety, Health and Environment Products and Control Environment Products has currently been heightened compared to previous years, as Thailand is still a significant production base covering all industries. With a lot of industrial plants that tend to continually increase in numbers and more strict Safety and Occupational Health laws and regulations, Thailand has seen higher demand for Occupational Safety, Health and Environment Products. This induces more players into the market. However, most of the domestic competitors are small distributors who are unable to offer a complete range of such products. Therefore, PHOL still has advantages over its competitors in that it can provide a broad range of products in a large volume. Price competition usually occurs in the market in which customers do not emphasize quality. In response, PHOL will find new manufacturers or distributors that can offer more competitive prices. However, in the quality-focused market, the Company still maintains its competitiveness, as its sell high-quality, widely-accepted products. Furthermore, since it is designated to be a sole distributor and/or a general distributor for international brands, the possibility of new competitors is significantly reduced. This results in few PHOL’s competitors.

In addition, the Company has acquired lots of hands-on experience through its long history in this business. With its performance that has been accepted by both trading partners and clients, its improved process to procure new products, its

development of its house-branded products, and its devotion in educating its staff to be knowledgeable in safety products and to be able to give proper recommendations to a broad range of clients, PHOL is highly confident in its wide competitive edge. Furthermore, the Company's focus on ensuring customer satisfaction for its more-than-4,000 existing customers and on expanding its distribution channel to support new customers also add more to its competitive advantages over its counterparts.

Water Treatment Products

Industry Condition

Water is an important foundation in human's life. It is a fundamental factor of all economic activities, including agricultural, industrial, and private consumption activities. Demand for water continually grows with the rising population and the expansion of industry and private consumption. Water shortage, unfortunately, remains a major problem in some areas, especially in rural areas often overlooked by the government services. Water usage for economic and industrial purposes accentuates the need to reconsider water expense and after-use sewerage. With this situation in mind, PHOL places high importance on the growth of its water treatment business.

PHOL's target customers, consequently, include industrial enterprises who wish to control their water-usage expenses, municipalities or communities whose water supply is inadequate, and retail consumers in rural areas who need more clean water supply. In 2013, income from water treatment products came from project contractors who purchased water system components and parts from the Company to build water management systems.

Competition

At present, water treatment business consists of a variety of enterprises, ranging from large, medium, to small companies. PHOL focuses on water treatment for consumption in residential areas, using raw water from nearby sources, and water recycling for industrial plants and hotels/accommodations. It focuses on serving medium to small customers; therefore, its competitors are medium to small enterprises. Nevertheless, water management market is a sizable market as the demand for water management service to mitigate water scarcity is still ample, especially in the rural areas. In addition, the Company has capacity to make investment. Thus, it is confident in its competitiveness. For waste water recycling business, the Company has many customers in the supply chain of Occupational Safety, Health and Environment Products, so it can better exploit the channel to present its water treatment products and services.

Industry Condition and Competition in a Subsidiary Company

The Company set up a subsidiary named "Pholdhanya (Cambodia) Company Limited" to conduct water treatment business in Cambodia. Cambodia has population of approximately 15 Million people. With its improved economic condition, it is now one of the ASEAN countries to captivate investors' interests. In 2012, Cambodia's GDP growth was as high as 7.3%, and has shown an upward trend due to the government policy favoring foreign investment and its domestic development.

Water remains a quintessential driver in the development of both industrial and consumption sectors, especially in the urban areas. The market for water in Phnom Penh is segregated into 2 segments: drinking water manufacturers and distributors of water filter for home-use and office-use. Both groups have few market players. Most of the products are imported from China and South Korea. Therefore, the demand for clean water is still higher than its domestic supply. Main customers are household customers, which are growing with the population, and industrial plants, which are also growing with the economy. PHOL, therefore, sees a valuable opportunity in water treatment business in Cambodia.



Risk Factors

1. Risk from fluctuation in foreign currency exchange rates

The company's products were imported directly from an overseas supplier. In 2011-2013, the company imported products accounted for 62%, 66%, and 67% of the total sales order, respectively. The purchase orders and payments are mainly made in US dollar and Singapore dollar, while all products were sold locally. Therefore, the company may be subject to the risk of fluctuations in foreign exchange rate, which could affect cost of goods sold and gross profit of the company. The company had considered the effects of the exchange rate and had set up accounts to buy and sell forward contracts with financial institutions to protect itself against such risk. The accounts covered all foreign trade payables for the period. As of 31st December 2012, the forward accounts stood at Baht 220 million and USD 1.15 million. The company bought forward contracts and monitored the exchange rates regularly to limit its exposure to exchange rate risk. The results of this risk management were apparent in the 2011-2013 financials, where the profit(loss) from exchange rate was Baht (1.20) million, Baht 1.47 million, and Baht (2.09) million, respectively. In addition, when changes in the exchange rate caused an increase in cost of goods sold significantly, the company made adjustments to its prices to reflect the market conditions and notified its customers in advance so that the exchange rate volatility did not affect the costs significantly.

2. Risk from loss in becoming a distributor of the important brands

The company is a distributor of the occupational safety, health, and environment products with suppliers who are manufacturers or distributors with their brand over a 30-year period. The top 3 brands made up 45% of the total sales revenue in 2013. Therefore, if the company is losing the rights to sell these brands, it may cause significant impacts on the total sales of the company. Nonetheless, the company had always maintained a robust sales growth.

In addition, the company had developed and improved its distribution channels to cover its target market, including the image of professional distributor of the occupational safety, health, and environment products in order to enable the brand owners to have confidence in the company, and the company continues to maintain its status as a distributor of products. Furthermore, the Company also has a policy to reduce the risks and the damage arising from the loss in becoming a distributor by developing its own brand as well as importing new brands constantly to cover all types of customers.

3. Risk from account receivables

The products distribution of the Company in 2011 and 2013 reported the credit sales at 93%-95% of the total sales and services. The distribution was in the form of providing credit for payment. Thus, a customer's bad debt or doubtful account with a significant amount may lead to an effect on the Company's liquidity and operating results. Thus, the Company's policy focuses controlling of quality of account receivables. As for new customers (except for major customers as generally accepted and well-known juristic entity) shall order products in cash for a certain period prior to a consideration of granting credit terms.

In addition, the Company also has a strict credit policy by consistently revising credit terms of the customers. Thus, in 2011 – 2013, the Company's doubtful accounts were at only 0.67%, 0.10% and 0.17% of the total credit sales, respectively. As for the allowance for doubtful accounts policy of the Company is performed through the recording of the allowance for

doubtful accounts which is estimated from the amount of debts which may occur from the missing target of the debt collection based on the past debt collection data and the current situation of the outstanding accounts as of the date in the balance sheet. This will be considered with the account receivables with the debt period of over 180 days and have no movement. The allowance for doubtful accounts may be accounted for 100% of the total outstanding for each account

4. Risk from procurement system and inventory management

The Company's products consist of more than 3,000 items with the inventory turnover rate at around 80%. Some of the items are popular among the customers and sometimes there is a shortage of those items or the remaining of some items in the storage due to the change of the demand of the market. The impact from the price competition has an impact on the inventory turnover rate and leads to the remaining of the products in the stock. However, the Company has established the plan for sales promotion and expansion of distribution channels in terms of the Company's branches and international markets. In addition, the Company has a policy to develop service efficiency with the supply chain system management and the utilization of products management system in the form program development of the Company's existing programs such as the Warehouse Management System (WMS), the ERP, and the development of the MRP system efficiently manage the warehouse which will serve the demand of the customers and strengthen their confidence toward the Company's services. The Company believes that the improved and continuous developed programs will serve the competitive environment, increase the efficiency of the warehouse management, and increase the inventory turnover of the products and the cost management with the utmost efficiency.

5. Risk from investment and providing financial support to the subsidiary

At present, the Company's investment in common shares of its subsidiary (PD Genesis Environment Co., Ltd.) is at 76.67%, accounting for Baht 11.50 million. In addition, the Company provided financial support to the subsidiary with the issuance of B/E worth Baht 5 million at the interest rate with MLR +3 per year, of which the Company is the only shareholder who provides the financial support. If the subsidiary's operating results are not as planned, the subsidiary may not be able to repay the interest and loan as stipulated and within the repayment period. The aforementioned support may affect the investment and loans in the part of the principle of the Company of no more than Baht 16.50 million. In addition, the Company may not receive the payment of the interest from the providing financial support. Nonetheless, the loan is an agreement of the joint investment to set up the subsidiary in order to create liquidity to the business operation.

As of December 31, 2012, according to the Company's financial statements, the Company has fully set up the reserve for the depreciation of the investment and the loan for the subsidiary. In addition, as of November 7, 2013 the subsidiary deregistered and is in the process of liquidation.



Capital Shareholders

The Company's issued and paid-up capital of Baht 135,000,000 divided into 135,000,000 common shares with a par value of Baht 1 per share

Major shareholders of the company as of February 28, 2014 are as follows:

No.	Shareholders Name	No. of Shares	%	Remark
1.	Group of Wangthamrong Family	62,753,100	46.48%	
	- Mr. Chavalit Wangthamrong	20,408,800		
	- Miss. Thanthida Wangthamrong	15,239,600		
	- Mrs. Naowarat Wangthamrong	13,000,000		The persons under Section 258 of Mr. Chavalit Wangthamrong
	- Mr. Thanya Wangthamrong	10,000,000		
	- Miss. Thanatsiri Siriworasi	3,520,000		The persons under Section 258 of Mr. Thanya Wangthamrong
	- Mrs. Wannee Wangthamrong	584,700		
2.	Group of Jarutangtrong Family	26,521,000	19.65%	
	- Mrs. Ananya Jarutangtrong	15,692,500		The persons under Section 258 of Mr. Teeradej Jarutangtrong
	- Mr. Apichart Jarutangtrong	6,750,000		The persons under Section 258 of Mr. Teeradej Jarutangtrong
	- Mr. Teeradej Jarutangtrong	3,957,500		
	- Mrs. Thanida Jarutangtrong	51,000		
	- Mr. Prasert Jarutangtrong	50,000		
	- Mr. Natthapong Jarutangtrong	20,000		
3.	Thai NVDR Co., Ltd.	4,119,800	3.05%	
4.	Group of Chunhajinda Family	2,182,800	1.62%	
	- Mr. Pornchai Chunhajinda	1,025,000		
	- Mrs. Saowanee Chunhajinda	580,000		The persons under Section 258 of Mr.Pornsak Chunhajinda
	- Miss Siriporn Chunhajinda	487,800		
	- Mr. Pornsak Chunhajinda	90,000		
5.	Mr. Pramuk Vongtanakiat	1,268,800	0.94%	
6.	Mr. Somkiat Tanapornsangut	1,200,000	0.89%	
7.	Mr. Pongsakorn Auechawanwong	1,200,000	0.89%	
8.	Mr. Paitoon Pantuvadeethorn	1,000,000	0.74%	
9.	Mr. Adul Bamrung	940,000	0.70%	
10.	Mrs.Auejit Sooksai	808,300	0.60%	
11.	Other	33,006,200	24.45%	
	Total	135,000,000	100%	

Summary of Changes in Percentage of Shareholding for ended February 28, 2014

No.	Shareholders Name	As December 24, 2012	As February 28, 2014	Increase (Decrease)
Board of Directors				
1	Mr. Prayoon Vivetpuvanonth	-	-	-
2	Prof. Dr. Pornchai Chunhajinda	820,000	1,025,000	205,000
3	Mr. Chavalit Wangthamrong	21,702,500	20,408,800	(1,293,700)
4	Mr. Teeradej Jarutangtrong	3,957,500	3,957,500	-
5	Assoc. Prof. Dr. Seksak Jumreornwong	20,000	20,000	-
6	Assoc. Prof. Dr. Ekachidd Chungcharoen	20,000	20,000	-
7	Mr. Noppadol Dheerabutrvongkul	20,000	20,000	-
8	Mr. Boonchai Suwanvutthiwat	-	-	-
9	Mr. Thanya Wangthamrong	13,500,000	10,000,000	(3,500,000)
Management Team				
1	Mr. Pornsak Chunhajinda	542,900	90,000	(452,900)
2	Miss Prapaipit Viriyabhupha	500,000	500,000	-
3	Mr. Payotorn Mungthong	-	-	-
4	Mr. Chayakit Pongpobpibool	-	-	-
5	Miss Natchomkorn Puapansakul	-	-	-

Distribution of Shareholding by Nationality

The distribution of shareholding as of February 28, 2014, which is the latest closing date of the registered book of the Company as follows:

Shareholders	Total			Juristic Person			Individual Person		
	No. of persons	No. of Shares	%	No. of persons	No. of Shares	%	No. of persons	No. of Shares	%
Thai Shareholders	1,070	134,920,000	99.94	2	4,119,900	3.05	1,068	130,800,100	96.89
Foreign Shareholders	2	80,000	0.06	0	0	0.00	2	80,000	0.06
Total	1,074	135,000,000	100.00	2	4,149,100	3.07	1,072	130,850,900	96.93

The Subsidiary's shareholders

PD Genesis Engineering Co., Ltd.

The subsidiary's issued and paid-up capital of Baht 15,000,000 divided into 150,000 common shares with a par value of Baht 100 per share. The shareholders are as follows:

No.	Shareholders Name	No. of Shares	%
1	Phol Dhanya Public Company Limited	115,000	76.67%
2	Mr. Surapong Hangsapruak	12,500	8.33%
3	Mr. Rangsan Puangprang	22,500	15.00%
	Total	100,000	100%

Phol Palladium Company Limited

The subsidiary's issued and paid-up capital of Baht 1,000,000 divided into 100,000 common shares with a par value of Baht 10 per share. The shareholders are as follows:

No.	Shareholders Name	No. of Shares	%
1	Mr. Payotorn Mungthong	1	0.001%
2	Miss Prapaipit Viriyabhupha	1	0.001%
3	Mrs. Sugunya Wingworn	1	0.001%
4	Phol Dhanya Public Company Limited	99,997	99.99%
	Total	100,000	100%

Pholdhanya (Cambodia) Company Limited

The subsidiary's issued and paid-up capital of Riel 1,200,000,000 approximately 300,000 U.S. dollars or 9.5 Million Baht, divided into 30,000 common shares with a par value of Riel 40,000 per share. The shareholders are as follows:

No.	Shareholders Name	No. of Shares	%
1	Phol Dhanya Public Company Limited	21,000	70%
2	Mr. Meechai Lertjaturaphat	9,000	30%
	Total	30,000	100%



Dividend policy

Dividend payment policy of the Company

The Company has a policy of paying dividend at the rate of no less than 40 percent of net profit after deduction of corporate income tax, legal reserves and other necessary reserves in each year by considering net profit of the consolidated financial statements of the company. Nevertheless, such dividend payment rate may be subject to change depending on the investments plans, necessity and other appropriate in the future. A resolution of the Company's Board of Directors regarding the dividend payment must be proposed to the Shareholders' Meeting for approval, except for an interim dividend payment, which the Board of Directors may approve and then report to the next Shareholders' Meeting.

Dividend history	2013	2012	2011
Interim Dividend	0.13 Baht	0.11 Baht	0.10 Baht
Annual Dividend Payment	0.10 Baht*	0.13 Baht	0.10 Baht
Stock Dividend	Existing share : Stock dividend 5:1 or 0.20 Baht*	-	-
Earnings per share	0.38 Baht	0.34 Baht	0.21 Baht
Dividend Payout (%)	114.39%	71.32%	93.54%

*Note * Approval at the Annual General Meeting 2014 and Ordinary Shareholders paying personal income tax shall be entitled to a tax credit 20/80 in according with Section 47 Bis of the Revenue Code.*

Dividend payment policy of its subsidiaries

The subsidiary's dividend policy is designated as the same its parent company. In normal circumstance, the company doesn't need money to invest or expand its business. The Board of Directors has a policy of offering its subsidiaries to propose the Shareholders' Meeting for approval of paying dividend at the rate of no less than 40 percent of net profit after deduction of corporate income tax, legal reserves and other necessary reserves in each year. Nevertheless, the Board of Directors of its subsidiaries may differ materially from such policies as appropriate and the necessity of its subsidiaries.



Management Structure



Effective on January 1st, 2014

1. Components of the Board of Directors

The number of the articles of association is determined by the shareholders' meeting. But the number of directors must not be lower than 5 persons, and no less than half of the directors must have permanent residency in the Kingdom of Thailand. Directors can be, but need not to be, shareholders of the Company. No less than 3 directors must be independent directors. Directors are appointed and relieved by the shareholder's meeting. All directors must have qualifications defined by the laws.

Appointment of Directors

- The Meeting of shareholders administers voting for directors, applying the following criteria
 - (1) Each shareholder gets the voting right equal to the number of shares held (1 share = 1 vote)
 - (2) Each shareholder can use his/her voting right according to (1) to vote for one or many candidates, but cannot divide his/her voting rights to give to each candidate at will. In the case of appointing many directors, each shareholder can vote for a number of candidates up to the maximum number of directors that must be appointed, but cannot divide his/her voting rights to give to each candidate at will
 - (3) Candidates with the top votes in the descending order will be appointed. The number of candidates appointed equal the number of directors needed to be appointed. In the case that two or more candidates share the same rank, Chairman of the Meeting will give a final vote to one of the candidates.
- Directors are to select among themselves one person to be Chairman. If the directors agree, they may select another or other persons to be Vice Chairman. Vice Chairman has responsibilities as defined in the articles of association and as assigned by Chairman.
- In the case that the director positions become vacant due to reasons other than expiration of terms, directors are to select new directors to assume the vacant position with the term equal to the remaining term of such position. Resolution to select new directors must consist of at least 3 /4 votes from the remaining directors.

Termination of position

- In each of the general meeting of shareholders, 1/3 of the directors must be relieved. However, such directors can be reappointed.
- Aside from expiration of term, the position of directors is terminated when such director deceases, resigns, lacks desirable qualifications, has prohibited characteristics as specified by laws, is demanded to terminate the position by the shareholders' meeting, or is demanded to terminate the position by court order
- The director who wishes to resign from the director position is required to submit a letter of resignation to the Company. The resignation becomes effective since the day that such letter reaches the Company. The resigned director can, but need not to, notify the registrar of the public company
- The Meeting of shareholders may vote to terminate the director position prior to its expiration with the voting of no less than $\frac{3}{4}$ of the shareholders who attend the meeting and have the rights to vote and with the collective shares of no less than $\frac{1}{2}$ of the total shares held by the shareholders who attend the meeting and have the rights to vote.

At present, The Board of Directors comprises nine (9) members as follows:

No.	Name	Position
1	Prof. Dr. Pornchai Chunhajinda ⁽¹⁾	Chairman of The Board
2	Mr. Chavalit Wangthamrong	Director
3	Mr. Teeradej Jarutangtrong	Director
4	Assoc. Prof. Dr. SeksakJumreornwong	Independent Director
5	Assoc. Prof. Dr. EkachiddChungcharoen	Independent Director
6	Mr. NoppadolDheerabutrongsul	Independent Director
7	Mr. PramukVongtanakiat , M.D. ⁽²⁾	Independent Director
8	Mr. Boonchai Suwanvutthiwat	Director
9	Mr. Thanya Wangthamrong	Director

Miss. Saowapa Choorujiporn is the Board Secretary and Company Secretary.

Note:

(1) No.1 Prof. Dr. Pornchai Chunhajinda was appointed as Chairman of the Board at the Board of Directors meeting No.1/2014 on January 13, 2014, in replacement of Mr. PrayoonVivetpuvanonth who resigned as on January 3, 2014.

(2) No.7 Mr. PramukVongtanakiat, M.D. was appointed as Director at the Board of Directors meeting No.1/2014 on January 13, 2014, in replacement of Mr. PrayoonVivetpuvanonth who resigned as on January 3, 2014.

Authorized Directors

Authorized signatories are Mr. Chavalit Wangthamrong, signing together with Mr. Teeradej Jarutangtrong with affixing the Company's seal.

Number or name of directors who are authorized signatories shall be two directors signing jointly, together with the Company's seal affixed. The Board has a power to determine and change the names of authorized signatories.

The Board has a power to authorize any director or directors or other person(s) to act on any specific matter on behalf of the Board of Directors and it may cancel or change such authority at any time.

Directors' Term on Board

At each Annual General Meeting of Shareholders, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. The directors retiring in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall retire. A director who retires under this procedure may be re-elected.

Scope of Authority of the Board of Directors

The Board of Directors is responsible to shareholders for the company's business, and supervision of the management of the business to meet goals and guidelines for the interests of its shareholders under the realm of ethics and takes into account the stakeholders' interests, including act in accordance with the rules and regulations set forth by the Stock Exchange of Thailand (SET), the Securities and Exchange Commission of Thailand (SEC), and the Capital Market Supervisory Board (CMSB) under the Securities and Exchange Act, B.E. 2535 and as amended by the Securities and Exchange Act (No. 4) B.E. 2551. The responsibilities of the Board of Directors are as follows:

1. The Board of Directors shall act in accordance with laws and regulations of the company, as well as the Shareholders'

Meeting resolution. Directors must act with honesty, and protect the interests of shareholders.

2. To appoint or change the Company's authorized signatories.
3. To set the policies, strategies and directions for the Company as well as to govern the management to effectively perform their duties according to such policies, strategies and directions, in order to supremely increase economic value for the shareholders and for sustainable growth.
4. To review and approve significant transactions such as business plan, budget, large investment, management's authorities and any other transactions required by laws.
5. To determine the assessment criteria and to assess the performance of top executives compared to the defined objectives and action plans, as well as to define appropriate compensation for top executives
6. To determine the policy, strategies, and guidelines for comprehensive risk management, as well as the monitoring and tracking of efficient risk management
7. To put in place a reporting system that can compare actual results with the Company's objectives, as well as to report problems or obstacles to make possible the adjustment of action plans and strategies accordingly
8. To put in place a sufficient and appropriate internal control system to ensure that transactions approved by authorized persons are recorded correctly and to put in place systems that can prevent mistreatment or misuse of the Company's assets
9. To put in place reliable accounting, financial reporting and auditing systems
10. To monitor and manage conflicts of interest and related transactions
11. To supervise and ensure the compliance of the principle of good corporate governance and business ethics
12. To report the Board of Directors' responsibilities for financial reports together with auditor's report in the Company's annual report. Such Board of Directors' report shall include the important subjects as specified in the Code of Conduct for directors of the listed company.
13. To appoint any person to carry out the Company's business activities under the Board's responsibility or give the person authority and/or within the agreed time period, and the Board can cancel, discharge or change this authority at any time.

However, the approval of the aforementioned transactions by the Board of Directors does not include the approval of transactions that the Board of Directors, the Executive Committee, the Chief Executive Officer or persons who may have conflicts of interest, stakeholders, or conflict of interest with the company in any other way (if any in future), which such approval of transactions will be presented to the Board of Directors and/or the Shareholders' Meeting (as the

2. Audit Committee

The Audit Committee is responsible for reviewing the company's financial reporting, reviewing the adequacy of the company's internal control and risk management systems, comply with all applicable laws, rules, regulations, including the preparation of reports or providing comments to the Board for approval or to propose to the Shareholders' Meeting as the case.

Audit Committee comprises three (3) members as follows:

No.	Name	Position
1	Assoc. Prof. Dr. SeksakJumreornwong*	Chairman of Audit Committee
2	Assoc. Prof. Dr. EkachiddChungcharoen	Audit Committee
3	Mr. NoppadolDheerabutr vongkul*	Audit Committee

Note: * has adequate knowledge and experience to review reliability of the Company's financial statements.

Miss. Natchomkorn Puapunsakul is an Audit Committee's secretary.

Audit Committee's Term on Board

Audit Committee are subject to a three-year term. In the case that a member resigns from the position prior to the expiration of his term of office, a replacing person will hold the position only for the remainder of term of office of the resigning member.

Scope of Authority of the Audit Committee

The Board of Directors' Meeting No. 4/2014, held on March 12, 2014, reviewed and approved to determine the scope, authority and responsibility of the Audit Committee as follows:

1. To review and ensure that the disclosure of information in financial statements is accurate and adequate in order to create equality to the shareholders.
2. To review internal control system and internal audit system to ensure appropriateness and effectiveness and to review and ensure that the Company's operations are in compliance with the rules and regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as relevant laws.
3. To consider, select, and nominate a person to be its auditor, and to propose his Compensating.
4. To consider the disclosure of corporate information in the case of connected transactions or matters that could constitute conflicts of interest in correctness and completeness.
5. To produce the corporate governance report of the Audit Committee for inclusion in the Company's Annual Report. The report must be signed by the Chairman of the Audit Committee.
6. To perform other actions as delegated by the Board of Directors and approved by the Audit Committee.
7. To investigate major risks in order to propose them to the management for consideration.
8. To provide the management with the comments on the appointment, removal, operating result, budget and manpower of the Internal Audit Department.
9. To prepare the Audit Committee's performance report and propose it to the Board of Directors at least once a year.
10. In performing its duty under the scope of authority, the Audit Committee has a power to invite or instruct the management or heads to attend the meeting to clarify or present any related documents.
11. To review the financial management and risk management policy, review compliance with business ethic of the management and review, together with the management, the important reports required for disclosure to the public according to the laws.
12. To review, together with the management, the policy and adequacy of important risk management of the Company.
13. To review the Company's financial management.
14. To report the Audit Committee's activities to the Board of Directors.
15. To review Audit Committee' Charter as deemed necessary and appropriate.

3. Nominating and Compensating Committee

The Nominating and Compensating Committee consists of at least 3 directors of the Company (non-executive directors) among which at least one person shall be Independent Director.

At present, The Nominating and Compensating Committee comprises three (3) members as follows:

No.	Name	Position
1	Assoc. Prof. Dr. Ekachidd Chungcharoen ⁽¹⁾	Chairman of Nominating and Compensating Committee
2	Mr. Noppadol Dheerabutrpongkul	Nominating and Compensating Committee
3	Mr. Chavalit Wangthamrong ⁽²⁾	Nominating and Compensating Committee

Mr. Pornsak Chunhajinda⁽³⁾ is a Nominating and Compensating Committee's secretary

Note: The Meeting of the Board of Directors Number 4/2014 held on March 12, 2014 agreed to appoint qualified persons to replace the members whose terms are to expire on April 24, 2014 as follows:

- (1) No. 1 Assoc. Prof. Dr. Ekachidd Chungcharoen, Independent Director, to assume the position of Chairman of Nominating and Compensating Committee (to replace Prof. Dr. Pornchai Chunhajinda, who was appointed to be Chairman of the Board of Directors to replace Mr. Prayoon Vivetpuvanonth, Independent Director, whose resignation became effective on January 3, 2014) effective on March 12, 2014
- (2) No. 3 Mr. Chavalit Wangthamrong was appointed to be Member of Nominating and Compensating Committee, effective on March 12, 2014
- (3) The Meeting of the Board of Directors Number 11/2013 held on November 12, 2013 agreed to appoint Head of Human Resource Division to be Secretary of Nominating and Compensating Committee by position. Consequently, Mr. Pornsak Chunhajinda was appointed Head of Human Resource Division, effective on November 12, 2013.

Nominating and Compensating Committee's Term on Board

Members of the Nominating and Compensating Committee are subject to a three-year term beginning from the date of appointment. The member who retires on expiration of his term of office may be re-elected through the consideration according to Nominating rules and procedures. In addition to vacating office on expiration of term of office, a member of the Nominating and Compensating Committee shall vacate office upon death, resignation and dispossession of qualifications.

Duties and Responsibilities of the Nominating and Compensating Committee

According to the Charter of the Nominating and Compensating Committee is responsible for the selection and the nomination of candidates to serve as Directors, Chief Executive Officer and Senior Executives, and provide suggestions and comments about the compensation management schemes to the Board of Directors for approval or to propose to the Shareholders' Meeting as the case as follows:

1. To consider the appropriateness of the structure and element of the Board of Directors.
2. To determine the suitable qualifications of directors and top executives higher than Director of Department level and the Nominating criteria for directors and top executives higher than Director of Department level.
3. To review the qualifications of directors and the performance evaluation of the directors who retire by rotation and top executives higher than Director of Department level.
4. To determine the methods and procedures on preparation of qualified personnel for being elected as a director and top executive higher than Director of Department level.
5. To establish criteria and to review Compensating structure of the Board of Directors, Board Committees and top executives higher than Director of Department level. The Compensating of top executives higher than Director of Department level shall be proposed to the Board of Directors for approval whereas that of the Board of Directors and Board Committees shall be proposed to the Shareholders' Meeting for approval.

6. To determine criteria to evaluate the performance of top executives higher than Director of Department level.
7. To consider conditions for the sale of newly issued securities as it may deem appropriate and to approve the offering for sale of the Company's newly issued securities to the directors or employees who will receive the number of securities exceeding 5 (five) per cent of the total securities to be allotted. No director who is a member of the Nominating and Compensating Committee shall receive the allotted securities exceeding 5 (five) per cent.
8. To be responsible for answering questions regarding directors' Compensating at the Shareholders' Meeting.
9. To prepare the Nominating and Compensating Committee's performance report, and propose it to the Board of Directors on an annual basis.

4. Risk Management Committee

The Board of Directors elevated the status of Sub-committee on Risk Management to be Risk Management Committee, and appointed Risk Management Committee to be sub-committee on a case-by-case basis to administer and manage risks efficiently according to the Company's corporate governance policy and the principle of Good Corporate Governance defined by the Stock Exchange of Thailand.

Risk Management Committee comprises four (4) members as follows:

No.	Name	Position
1	Mr. Teeradej Jarutangtrong	Chairman of Risk Management Committee
2	Mr. Boonchai Suwanvutthiwat	Risk Management Committee
3	Mr. Pornsak Chunhajinda	Risk Management Committee
4	Mr. Thanya Wangthamrong ⁽¹⁾	Risk Management Committee

Asst. Prof. Dr. Sarayut Natapan a Consultants of Risk Management Committee and Miss. Saowapa Choorujiporn is a Risk Management Committee's secretary.

Note: The Meeting of the Board of Directors Number 12/2013 held on December 10, 2013 elevated the status to Risk Management Committee, which consists of directors, executive directors, and external scholars, with the maximum members of 5 persons (excluding advisors).

(1) No. 4 Mr. Thanya Wangthamrong resigned from Risk Management Committee, effective on January 23, 2014 and Asst. Prof. Dr. Suluck Pattarathammas was appointed to be Risk Management Committee-external scholar, effective on February 10, 2014.

Scope of the Risk Management Committee

According to the Revised Charter of the Risk Management Committee and the resolution of Board of Directors' Meeting No.2/2014 held on February 10, 2014, led by Mr. Teeradej Jarutangtrong, Chairman of the Risk Management Committee, to be appointed by the Board of Directors, which is composed of members who were non-executives, Directors or executive appointed by the Chairman of the Risk Management Committee. The total membership of not less than five (5) members and shall hold their offices for the term of three (3) years.

Duties and Responsibilities of the Risk Management Committee

1. To establish policies on risk management, and propose it to the Board of Directors for the Board's overview;
2. To establish strategies, organizational structure, and resources used in the management of risks of the Company in compliance with risk management policies, strategies and business directions of the Company;
3. To set up risk-taking criteria of operation in term of financial limit and nature of transactions in differing circumstances of risks, and propose it to the Board for approval;
4. To monitor and review policies, strategies and implementation to assure that risk management strategies and procedures are implemented appropriately and efficiently and all risks are handled. This is to include the determination, assessment, reduction and supervision of risk management procedures and risk monitoring;
5. To review the adequacy of the risk policy and management, which includes the system's effectiveness as well as the implementation of the prescribed policy;
6. To evaluate and analyze possible damages systematically and continuously to ensure that the investigation of risks covers all business procedures, and to be empowered to appoint a working group to evaluate and monitor risks in the whole organization;
7. To support and develop the risk management to continuously apply to all over the organization and in compliance with the national standards;
8. To report the performance of the risk management to the Audit Committee and the Board of Directors for acknowledgement on a quarterly basis; and
9. Other matters as assigned by the Board of Director.

5. Executive Committee

Executive Committee comprises four (4) members as follows:

No.	Name	Position
1	Mr. Chavalit Wangthamrong	Chairman of Executive Committee
2	Mr. Boonchai Suwanvutthiwat	Executive Committee
3	Mr. Pornsak Chunjajinda	Executive Committee
4	Mr. Thanya Wangthamrong	Executive Committee

Miss. Siriporn Ondee⁽³⁾ is an Executive Committee's Secretary.

Note:

1. The Meeting of the Board of Directors Number 11/2012 held on November 9, 2012 agreed to appoint 6 top executives to be members of executive committee: Mr. Boonchai Suwanvutthiwat, Miss Prapaipit Viriyabhupha, Miss Natchomkorn Puapansakul, Mr. Payothorn Mungthong, Chayakit Pongpobpibool, and Mr. Thanya Wangthamrong, resulting in the total of 9 executive committees, effective on January 1, 2013
2. The Meeting of the Board of Directors Number 1/2014 held on February 10, 2014 agreed to alter the organization structure, resulting in the Company having the maximum members of Executive Committee of 5 persons (including 1 external-scholar director, if any), effective on January 1, 2014
3. Miss Siriporn Ondee was appointed to be Secretary of Executive Committee to replace Miss Saowapa Choorujiporn, effective on January 9, 2014

Scope of Authority of the Executive Committee

The Executive Committee, including the Chief Executive Officer, is responsible for managing and conducting the company in the course of its normal business.

The Board of Directors' Meeting No.1/2014 held on January 10, 2014 approved the Executive Committee structure and reviewed and approved to determine the scope, authority and responsibility of the Executive Committee as follows:

1. To perform any duties delegated by the Board of Directors.
2. To determine the company's short-term and long-term business strategies, with the consent of the Board of Directors.
3. To supervise and approve Company's normal business activities under the authorities that has been approved by the Board of Directors.
4. To approve the appointment of relevant advisors as necessary for the Company's business operation under the budget that has been approved by the Board of Directors each year.

However, the approval of the aforementioned transactions by the Executive Committee does not include the approval of transactions that the Board of Directors, the Executive Committee, the Chief Executive Officer or persons who may have conflicts of interest, stakeholders, or conflict of interest with the company in any other way (if any in future), which such approval of transactions will be presented to the Board of Directors and/or the Shareholders' Meeting (as the case may be) for approval of such transaction according to the Company's Articles of Association or relevant law.

6. Management Team

Management Team comprises seven (7) members as follows:

No.	Name	Position
1	Mr. Boonchai Suwanvutthiwat	Chief Executive Officer
2	Mr. Pornsak Chunhajinda	Chief Financial Officer
3	Miss Prapaipit Viriyabhupha	Chief Operation Officer
4	Mr. Payotorn Mungthong	Director of Sales Division
5	Mr. Chayakit Pongpobpibool	Director of Regional Business Division
6	Mr. Thanya Wangthamrong	Director of Marketing Division
7	Miss Natchomkorn Puapansakul	Director of Internal Audit Division

The Board of Directors Meeting No. 11/2012 was held on November 9, 2012, resolved to appoint Mr. Boonchai Suwanvutthiwat as Chief Executive Officer, in replacement of Mr. Chavalit Wangthamrong who retired, effective on January 1, 2013.

Note: The first four executives followed by the SEC definition, is second order of the Chief Executive Officer according to the organization chart of the company in force since on January 1, 2013 consist of those who have been selected to serve on various functional areas of management.

Scope of Authority of Chief Executive Officer

1. To bring the organization to reach its business goal and objective;
 - Controlling and monitoring the Company's overall operating results at strategic and policy level;
 - Being as a leader to solve problems and make strategic decisions; and
 - Being as a consultant to provide advice, suggestion and policy, and strategic knowledge to the Company's management team.
2. To support and oversee the organization development projects of the Company.
3. To oversee the management and the implementation of the Company's strategic plans.
4. To guide the measures to enhance the achievement of the Company's annual business visions, missions, strategies, goals, objectives and results.
5. To support and facilitate the Audit Committee to be able to effectively oversee the Company.
6. To support the Audit Committee's work by acting as a cooperater between the Audit Committee and other personnel in the Company and facilitating the Executive Committee on the evaluation of top executives' performance.
7. To give suggestions on a human resource development and to establish the policies and treatments with respect to the human resource development, especially toward the personnel with outstanding efficiency.
8. To give advice on marketing, promotion, and service delivery to its customer.
9. To oversee the company's operation and management according to the plan and budget.
10. To present the company's business performance summary to the Executive Committee and Board of Directors, respectively.
11. To be empowered to consider and approve the Company's normal transactions such as trading of products, approving on customers' credits, purchasing and selling of assets, etc., provided that such approval is in compliance with the Company's approval procedures and practices, approved by the Board of Directors.

However, the approval of the aforementioned transactions by the Chief Executive Officer does not include the approval of transactions that the Board of Directors, the Executive Committee, the Chief Executive Officer or persons who may have conflicts of interest, stakeholders, or conflict of interest with the company in any other way (if any in future), which such approval of transactions will be presented to the Board of Directors and/or the Shareholders' Meeting (as the case may be) for approval of such transaction according to the Company's Articles of Association or relevant law.

7. Criteria for Directors and Management's Nominating

7.1 Criteria for Directors and Management's Nomination

The Company appointed Nominating and Compensating Committee to nominate qualified candidates for directors and Chief Executive Officer (CEO) to supervise the Company's business conduct and to determine policies and action plans for the maximum benefit of the organization and its shareholders. The nominated candidates for director and CEO positions shall have qualification and shall not have prohibited characteristics as defined in Chapter 68 of Public Company Act B.E. 2535 and shall not have characteristics indicating a lack of appropriateness in respect of trustworthiness in managing business whose shares are held by public shareholders as specified by Chapter 89/3 of Securities and Exchange Act B.E. 2535 and Securities and Exchange Act (4th Amendments) B.E. 2551 as well as in the Notification of Securities and Exchange Commission Tor Jor 8/2553, which became effective since May 16, 2010 onwards.

Nominating and Compensating Committee is responsible for reviewing and nominating qualified candidates to assume director and CEO positions, and the Meeting of shareholders is responsible for giving approval on nominated candidates to assume

the positions. The Company's articles of association stipulates that the Meeting of shareholders appoint directors by applying the following criteria:

1. Each shareholder shall have voting rights according to the number of shares held without multiplying with the number of nominated directors.
2. Each shareholder must use all his votes under (1) to elect one or more than one director but cannot allot the votes to some persons. In case of election of many persons as directors, each shareholder may not elect the persons as directors in the number more than that required in the Shareholders' Meeting.
3. Persons who receive highest votes arranged in order from higher to lower in a number equal to that of directors to be appointed in the Shareholders' Meeting are elected directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required, the Chairman in the Meeting shall have a casting vote.

In the case of appointing independent directors of at least 1/3 of the total number of directors with the minimum independent directors of 3 persons, specific qualifications of independent directors must be applied in addition to general qualifications of directors, according to Notification of Securities and Exchange Commission Tor Jor 28/2551 on Application and Approval for Newly-issued Shares dated December 15th, 2008, Notification of Securities and Exchange Commission Tor Jor 4/2552 on Application and Approval for Newly-issued Shares (2nd Amendment) dated February 20th, 2009 and effective on March 1st, 2009, and Notification of Securities and Exchange Commission Tor Jor 15/2554 on Application and Approval for Newly-issued Shares (5th Amendment) dated July 25th, 2011 and effective on August 1st, 2011 (the definition of independent directors). Such additional qualifications for independent directors are the following:

- Must not be directors assigned from the Board of Directors to make decision on the business conduct of the company, its parent company, its subsidiary, its affiliate, its subsidiary of the same rank, its major shareholder, or its controlling entity, and must not be directors of a listed company that is the company's parent company, its subsidiary, its affiliate, or its subsidiary of the same rank
- Have responsibilities of the same nature as ones defined in Notification of Securities Exchange of Thailand on Qualifications and Scope of Work of the Audit Committee
- Have sufficient knowledge and experiences to assume the roles of Member of Audit Committee. At least one person must have sufficient knowledge and experiences to be able to review and assess the reliability of financial statements

The Meeting of shareholders may vote to terminate the director position prior to its expiration with the voting of no less than $\frac{3}{4}$ of the shareholders who attend the meeting and have the rights to vote and with the collective shares of no less than $\frac{1}{2}$ of the total shares held by the shareholders who attend the meeting and have the rights to vote.

7.2 Qualifications of Candidates for Directors

Nominating and Compensating Committee applies Thai Institute of Directors' best practices in identifying and nominating the Company's directors, taking into account the following major components:

1) Personal qualifications of each director

To identify and nominate candidates for director, the Committee will review several qualifications such as

- Morality and responsibility
- Decision making based on information and reasoning
- Maturity, qualification of a good listener and independence in expressing different opinions freely

- Determination in work based on principle and professional standards
- Other qualifications deemed important by the Committee

2) Desirable skills and knowledge

To be able to determine strategies, policies, as well as to ensure efficient compliance with such strategies, the Board of Directors should have skills and knowledge in the following topics:

- Accounting and Finance
- Organization and Human Resource Management
- Risk Management
- Crisis Management
- Knowledge of the business of the Company
- Domestic and International Market
- Vision and Strategy Identification
- Other topics deemed important by the Committee, such as Health and Safety Regulations, Research & Development, E-Commerce, or Merger & Acquisition

Nominating and Compensating Committee will arrange to have specific training programs for directors to make sure that all directors have complete knowledge and sufficient skills they need to conduct their roles appropriately to the maximum benefits of the organization.

3) Diversity of directors

Aside from aforementioned components, Nominating and Compensating Committee may also take into account the diversity of the qualifications of directors as a whole, such as directors from various groups of stakeholders, educational backgrounds, ages, and genders.

7.3 Methods and procedures of nomination of directors

1. Review the existing structure of the Board of Directors and assess whether it is supportive to the strategic needs of the Company, give recommendations on how to improve such structure, and propose the criteria to find candidates suitable for the recommended structure to the Board of Directors
2. Identify the lists of qualified candidates to nominate as directors
3. Review and screen the lists and curriculum vitae of the candidates and present to the Board of Directors
4. Arrange to have interviews sessions for candidates who have passed the preliminary screening from Nominating and Compensating Committee and propose the lists to the Board of Directors and present to the shareholders' meeting to get approval
5. In the nomination process, Nominating and Compensating Committee determines a nomination criteria to ensure that the selected candidates will be able to perform the roles of directors based on 2 Fiduciary Duties: Duty of Care and Duty of Loyalty
6. Aside from nomination by Nominating and Compensating Committee, the Committee also gives opportunities to minority shareholders to nominate qualified candidates to the Committee in the time period that is long enough to facilitate the screening procedure required by the Committee
7. To ensure transparency, Nominating and Compensating Committee discloses nominating policy and procedure to shareholders, as well as prepares nomination forms containing important information of candidates that shareholders can use to make decision together with consents of such candidates
8. Screen and cross-check the name of candidates in the list with the lists of relevant authorities to make sure that the

candidates are not the persons in black lists or have been removed from the lists of such authorities, and meet and interview candidates who have passed the screening of Nominating and Compensating Committee

9. In the process of director nomination, Nominating and Compensating Committee should nominate candidates in a sufficient number to allow the Company's directors a chance to select from the candidate pool and propose the selected candidates to the shareholders' meeting in the number equal to the number of directors needed
10. Nominating and Compensating Committee submits the list of candidates and their resumes to the shareholders' meeting in advance together with the invitation to general shareholders' meeting
11. In the case of reappointing directors whose terms have expired, the candidates' performance and records of attendance in Board of Directors' meeting and shareholders' meeting will also be delivered to shareholders
12. In the process of nominating candidates for directors, the Board of Directors allows shareholders to vote one-by-one to give opportunities to shareholders to contemplate each candidate and disclose the voting result in the Meeting
13. Arrange to have an orientation session for the newly-appointed directors prior to their first attendance of the meeting of the Board of Directors

And after the list of candidates is approved by the Board of Directors, Nominating and Compensating Committee will present to the general meeting of shareholders to approve and appoint the candidates. To ensure that the director and executive nomination procedures are transparent and appropriate, leading to efficient operation of the Company, the following guidelines are determined:

Board of Directors

Nominating and Compensating Committee is responsible for screening of candidates for both directors that represent shareholders and independent directors, considering the candidates' qualifications, skills, and experiences to ensure the maximum benefit of the organization. Nominating criteria is revised when deemed appropriate, or at least once a year. Appointment of directors to replace directors whose terms expire is to be approved for the shareholders' meeting one-by-one, using voting procedure defined in the article of association as follows:

1. The number of directors shall be determined by the Shareholders' Meeting but shall not be less than five of which not less than one half shall reside in the Kingdom.
2. Directors shall be elected by the Shareholders' Meeting in accordance with rules and procedures as follows:
 - (1) Each shareholder shall have voting rights according to the number of shares held without multiplying with the number of nominated directors.
 - (2) Each shareholder must use all his votes under (1) to elect one or more than one director but cannot allot the votes to some persons. In case of election of many persons as directors, each shareholder may not elect the persons as directors in the number more than that required in the Shareholders' Meeting.
 - (3) Persons who receive highest votes arranged in order from higher to lower in a number equal to that of directors to be appointed in the Shareholders' Meeting are elected directors of the Company. In the event of a tie at a lower place, which would make the number of directors greater than that required, the Chairman in the Meeting shall have a casting vote.
3. At each Annual General Meeting of Shareholders, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. The directors retiring in the first and second years after the registration of the Company shall be selected by drawing. In subsequent years, the director who has been in the post longest shall retire.
4. Any director who wishes to resign from office shall tender a letter of resignation to the Company, and resignation shall

take effect on the date on which the letter of resignation reaches the Company.

5. In the case of a vacancy of directorship for reason other than expiration of term of office, the Board of Directors shall elect a person possessed of qualifications and not possessed of disqualifications under Section 68 of the Public Limited Company Act B.E. 2535 as the replacement director in the next meeting of the Board of Directors, unless the remaining term of office of the director is less than two months. Such replacement director may hold only for the remainder of term of office of the director whom be replaced. Such resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.
6. The Shareholders' Meeting may pass a resolution to remove any director prior to the expiration of his term of office with votes not less than three-fourths of number of shareholders attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

Independent Directors

The Board of Directors or the Meeting of shareholders (depending on the case) has an authority to appoint independent directors with the minimum of 1/3 of the Board of Directors and at least 3 persons.

The criteria in selecting independent directors are similar to those in selecting directors. Qualifications of independent directors are defined applying the definition of qualifications and prohibited characteristics specified in Public Company Act and Securities and Exchange Act, as well as Notification of Securities and Exchange Commission. Such qualifications are the following:

Qualifications of Independent Directors

The Company has determined the definition of independent directors is equal to the requirements of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET) in accordance with the Notification of the Capital Market Supervisory Board No. Tor Jor. 4/2552 dated 20 February 2009 Re: "Qualification of Independent Directors" That is, "Independent Director" means the directors with a qualifications as follows:

1. holding shares not exceeding 1 per cent of the total number of shares with voting rights of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, including shares held by related persons of such Independent Director;
2. neither being nor used to be an executive director, employee, staff, advisor who receives salary, or controlling person of the Company, its parent company, subsidiary company, affiliate company, same-level subsidiary company, major shareholder or controlling person, unless the foregoing status has ended not less than 2 years prior to the submission of the request to the Office. Such prohibited characteristic shall not include the case where the Independent Director used to be a government official or advisor of a government unit which is a major shareholder or controlling person of the Company;
3. not being a person related by blood or legal registration as father, mother, spouse, sibling, and child, including spouse of executive's child, major shareholder, controlling person, or person to be nominated as executive or controlling person of the Company or its subsidiary company;
4. neither having nor used to have a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, in the manner which may interfere with his independent judgment, and neither being nor used to be a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;
5. neither being nor used to be an auditor of the Company, its parent company, subsidiary company, affiliate company,

major shareholder or controlling person, and not being a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;

The term “business relationship” in the first paragraph includes any normal business transactions in real estate renting and leasing, asset-related or service-related transactions, or financial transactions, including lending and borrowing, collateral pledging, guaranteeing, or similar transactions that result in one party financially obliged to another party for 30% of the relevant Company net intangible asset or Baht 20 million, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on related transactions. The consideration of such indebtedness shall include indebtedness occurred during the period of one year prior to the date on which the business relationship with the person commences;

6. neither being nor used to be a provider of any professional services including those as legal advisor or financial advisor who receives service fees exceeding Baht 2 million per year from the Company, its parent company, subsidiary company, affiliate company, major shareholder or controlling person, and not being a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the submission of the request to the Office of the SEC;
7. not being a director appointed as representative of directors of the Company, major shareholder or shareholder who is related to major shareholder of the Company;
8. not undertaking any business in the same nature and significantly in competition to the business of the Company or its subsidiary company or not being a significant partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 per cent of the total number of shares with voting rights of other company which undertakes business in the same nature and significantly in competition to the business of the Company or its subsidiary company; and
9. Not having other qualifications that will interfere with an independent judgment on the performance of the company business counterparty. After being appointed, independent directors may be delegated authorization power from the Board of Directors to make collective decision on business transaction with counterparties, subsidiaries, same-level subsidiaries, affiliate, major shareholders or the company’s controlling persons.

Content in Paragraph 1 number 2, 4, 5, and 6, in the part that demand review of qualifications of independent directors of the applicant within 2 years prior to the date the applicant submit the request to the Office of SEC, is applied to applications delivered to the Office since July 1st, 2010 onwards.

In case the person appointed as the independent director is having or used to have business relationship or providing professional service with value exceeding those prescribed in item 4 or item 7, the Board of Directors may consider waiving the disqualification if the Board concluded that, based on Section 89/7 of the Securities and Exchange Act B.E. 2535, the appointment of the said person does not affect his rendering of independent opinion and the company has disclosed the following information in the notice letter for the shareholders’ meeting on agenda regarding the appointment of the said Independent Director:

- (1) Manner of the business relationship or professional service causing the said person not being qualified under the prescribed criteria;
- (2) Reason and necessity to maintain or to appoint the said person as the independent director;
- (3) Opinion of the Company’s Board of Directors to nominate the said person as the independent director.

For the provisions of the first paragraph of Article 5 and Article 6, the term “partnership” means any persons appointed by the auditor or professional service providers to endorse on the company’s audit reports or other professional service reports (as the case may be) on behalf of the juristic person.

In addition, Independent Director must have education and specialty in specific fields, including experience and other qualifications to be proposed to the Shareholders’ Meeting for consideration and appointment as the Company’s director. In case that any Independent Director vacates his position prior to an expiration of his term, the Board of Directors may elect a new qualified Independent Director in replacement whereby such replacing person will hold the position only for the remainder of term of office whom be replaced.

Director Nomination to the Meeting of Shareholders

The Company will attach the information of the candidates for directors with the shareholders’ meeting invitation letter to allow shareholders to review the qualifications of the candidates who will replace the directors whose term expire. Such information consists of the candidate’s education backgrounds, work experience, share ownership (direct and indirect), director position in companies and public companies, experiences, and disputes (if any). In the case of reappointment of directors whose term expired to resume director position, the information on the number of meeting attended and performance as directors in the past year will also be attached.

In the case that the director positions become vacant due to reasons other than expiration of terms, Nominating and Compensating Committee will propose qualified candidates to be considered and appointed in the next meeting. New directors are appointed with the votes of no less than $\frac{3}{4}$ of the remaining directors. The new directors in this case will have terms equal to the remaining terms of the previous directors whose terms are terminated.

Executive Committee

The Nominating and Compensating Committee shall seek and consider the qualified persons in accordance with Nominating rules and procedures and propose him to the Board of Directors for appointment as Executive Committee.

8. Compensating of Directors and Top Executives

The Company determines compensation packages that are appropriate and comparable to those of other companies in the same industry. Nominating and Compensating Committee will determine the compensation policy for directors and top executives, including CEO and presidents, and propose the principles and offerings of compensation packages that are suitable for roles and responsibilities of the positions and the financial status of the Company to the Board of Directors for the approval of compensation packages for top executives and to the Meeting of shareholders for the approval of compensation packages for directors every year. In so doing, it applies the following principles:

1. Policy and Criteria of the Compensating of the Board of Directors

The Board of Directors has determined the Compensating of directors in 2 forms as follows:

- 1) Meeting allowance per attendance is based on the business performance and the size of the Company, responsibilities, knowledge, capabilities and experiences of directors, and contribution of such directors to the Company with comparison to the allowance of comparable companies in the same business and with the amount high enough to retain qualified directors
- 2) Annual director bonus is based on the performance of the Company or the dividend paid to the shareholders

2. Policy and Criteria of the Compensating of Top Executives

Nominating and Compensating Committee is responsible for reviewing compensation in the form of monthly

compensation and bonuses for CEO and presidents and for presenting to the Board of Directors for approval. Such compensation shall have been reviewed by Nominating and Compensating Committee, who structures the compensation packages that are linked with the performance and financial performance of the Company and comparable to the packages of other companies in the same market. Factors included in the reviewing of compensation packages are:

- 1) Surveys of compensation rates done by reliable institutes, organizations, or offices
- 2) GDP growth and inflation rate
- 3) The Company's performance and personal performance according to personal KPI (Key Performance Indicator)

Compensation

Monetary compensation for the year-end December 31st, 2013

The Company clearly determines the compensation policy for directors. Nominating and Compensating Committee is responsible for determining compensations for directors, applying the Company's compensation practices and survey of director compensation 2012 published by Thai Institute of Directors, as well as practices of other companies in the same industry. In 2013, the Meeting of shareholders approved monetary compensation as follows:

- 1) Details of total monetary compensation to directors in the form of meeting allowance and monthly compensation are as follows:

1. Meeting Allowance

	Meeting Allowance/Attendance (Baht)		
	Chairman	Vice Chairman	Director
Board of Directors	18,000	15,000	12,000
Audit Committee	15,000	-	10,000
Nominating and Compensating Committee	15,000	-	10,000

2. Director's Bonus

The Company's bonus policy is to consider a bonus payment based on evaluation of the Company's operating results whereby the total bonus and meeting allowance of directors shall not exceed Baht 3 million. In 2012 and 2013, the Company paid bonus to the directors amounting to Baht 810,000 and Baht 1,451,250 respectively. The Directors' bonus in 2013 is subject to the approval from the 2014 Annual General Meeting of Shareholders, held on April 23, 2014.

Details on the Meeting attendance and compensation are as follows:

No.	Name of Directors	2013					Total Compensation (Baht)
		No. of Meeting Attendance			Meeting Allowance (Baht)	Director's Bonus ⁽⁴⁾ (Baht)	
		Board of Directors	Audit Committee	Nominating & Compensating Committee			
1	Mr.Prayoon Vivetpuvanonth ⁽¹⁾	11/12	-	-	198,000	220,909	418,909
2	Prof.Dr.Pornchai Chunjajinda	12/12	-	3/3	225,000	147,273	372,273
3	Mr.Chavalit Wangthamrong ⁽²⁾	12/12	-	-	-	-	-
4	Mr.Teeradej Jarutangtrong ⁽²⁾	11/12	-	-	-	-	-
5	Assoc.Prof.Dr. Seksak Jumreornwong	12/12	6/6	-	234,000	147,273	381,273
6	Asso.Prof.Dr. Ekachidd Chungcharoen	11/12	5/6	3/3	212,000	147,273	359,273

		2013					
		No. of Meeting Attendance			Meeting Allowance (Baht)	Director's Bonus ⁽⁴⁾ (Baht)	Total Compensation (Baht)
No.	Name of Directors	Board of Directors	Audit Committee	Nominating & Compensating Committee			
7	Mr.Noppadol Dheerabutrvongkul	12/12	6/6	3/3	234,000	147,273	381,273
8	Mr.Boonchai Suwanvutthiwat ⁽³⁾	11/12	-	-	-	-	-
9	Mr.Thanya Wangthamrong ⁽³⁾	11/12	-	-	-	-	-
Total					1,103,000	810,000	1,913,000

Note:

(1) Director number 1, Mr. Prayoon Vivetpuvanonth, Chairman of the Board/Independent Director, submitted a letter of resignation from director position effective on January 3th, 2014, and will receive bonus from the Company's 2013 performance as Chairman of the Board (after the approval from the Meeting of shareholders)

(2) Directors number 3 and 4 are directors who represent shareholders and advisors of Executive Committee and receive position allowances. Therefore, they refused to receive meeting allowance as directors in the accounting period 2013

(3) Directors number 8 and 9 are Executive Directors who receive salaries so were not compensated with meeting allowance

(4) Bonuses for directors for the year 2012 was paid in November 2013 according to the resolution of 2013 general shareholders' meeting held on April 30, 2013

- 2) The compensation of executives in the form of salaries and bonuses for the company and its subsidiaries are as follows:

Executive Compensation	Unit: Million Baht			
	2013		2012	
	No. (person)	Amount	No. (person)	Amount
Salary	10	13.93	9	18.82
Management Fee ⁽¹⁾	6	3.50	5	2.23
Bonus	6	2.38	9	3.87
Contribution to provident fund	9	0.42	9	0.90
Total		20.23		25.82

Note: Executive compensation and number of executives of the Company and its subsidiaries.

(1) Management fees for 6 executive directors including CEO, Executive Director/Chief Financial Officer, Executive Director/ Chief Operating Officer, Executive Director/ Director of Marketing Division, Executive Director/ Director of Sales Division, and Executive Director/ Directors of Regional Business Division

(2) Bonus of the year 2013 was paid in January 2014

Other Compensations

The Board of directors highly values its responsibilities as directors who represent shareholders. To ensure maximum confidence towards corporate CG, it arranged to have Directors' and Officers' Liability insurance that was valid of 1 year with a limit of 100 MB for the third consecutive years after the Company had been listed in MAI. The insurance policy covers the Company and its subsidiaries. An insurer will take responsibilities over damages caused to directors, representative officers of directors, or officers assigned by directors. In 2013, no claim was made for this insurance.

In addition, executives also receive benefits for being the Company's employees.

Additional information related to the Company's directors and executives

In 2013, there was no record of illegal actions committed by directors or executives found including:

- 1) Judgment by court for criminal offences, except traffic offences, petty offences, or other offences of similar nature
- 2) Judgment by court for bankruptcy or receivership

9. Personnel

Number of personnel of the Company and its subsidiaries as of 31 December 2013 amounts to total 222 as follows:

Department	Number of Personnel	
	2013	2012
1. Management Department	10	9
2. Sales Department	97	90
3. Operating Department	50	48
4. Accounting and Finance Department	20	22
5. Marketing Department	14	12
6. Human Resource	3	2
7. Information Technology Department	5	5
8. Quality Management Department	2	2
9. Engineering and Administrative Department	16	7
10. Internal Control Department	3	2
11. Secretary Office	2	3
Total	222	202

Compensation for Employees

Employees of the Company and its subsidiaries receive compensations in the form of monetary and non-monetary compensations. Monetary compensations include salary, annual bonus, overtime allowance, commission, incentives, diligence allowance, and other monetary welfares.

Main non-monetary compensations include contributions to the provident fund, which is managed by authorized fund management companies, consistent with the stipulations specified in Provident Fund Act B.E. 2542. Each employee's saving rate becomes higher the longer such employee works with the Company. In addition, employees are given the rights to choose or change the investment policy twice a year to match each one's objective and risk tolerance. Another non-monetary compensation is group life insurance and health insurance, which are offered to both executives and staff in different limits based on the age of each employee and the riskiness each position is involved. Moreover, the Company also offers scholarships for employees studying in Bachelor and Master Degrees and provides allowance for training programs and seminars both inside and outside the organization.

In 2013 the Company provided monetary compensation and non-monetary compensation for 75.16 MB and in 2012 the

Company provided such compensation for 77.37 MB.

Changes in the number of employees in the past 3 years

In 2013, 34 employees left the Company and 54 new employees joined the Company

In 2012, 36 employees left the Company and 51 new employees joined the Company

In 2011, 50 employees left the Company and 53 new employees joined the Company

Significant labor dispute in the past 3 years

- None

Human Resource Development Policy

The Company places a high value on continual human resource development to empower its employees to achieve performance objectives and steer the organization in the right direction to support future growth and competitiveness in the global stage. The Company set up a training plan and activity plan for its employees to enhance their knowledge and skills in several aspects.

- **In-house training programs** start with orientation for new employees. In this orientation program, the Company structures fundamental curriculum which contains basic knowledge of the Company' business, the Company's culture, and coordination between several divisions in the organization to help new employees learn and adapt to the environment efficiently. To increase knowledge and ability beneficial to the employees' work, the Company regularly holds in-house training programs that cover every unit. Trainers are from both inside and outside of the Company. In 2013, the Company held 38 in-house training programs.
- **External training programs** The Company encourages its employees to attend training programs or seminars held by external institutions to increase their knowledge or to expose themselves with new innovations and utilize the knowledge received in the operation of the Company to increase its competitiveness. In 2013, the Company supported 41 external training programs, divisible into 9 executive programs, and 34 programs for employees. The total number of employees attended was 51 persons.
- **Scholarship support for employees** The Company has a policy to provide scholarship supports for employees who wish to further their study in Bachelor and Master Degrees to give opportunities to employees to self-develop and to increase their working capabilities. Every year, the Company will grant up to 4 scholarships, dividing into 2 scholarships for Bachelor Degree and 2 scholarships for Master Degrees.
- **Happy Workplace activities** Besides improving knowledge and skills of its employees, the Company also encourages them to develop a strong bond among themselves, to form a good organization culture, and, most of all, to enjoy work. It creates opportunities for employees to participate in several activities beneficial to society, communities, and environment, instilling altruistic mindset into the heart and soul of its employees. The Company supports annual activities in many forms, applying the principle of Happy 8 to make the Company a "Happy Workplace". Such activities include New Year's celebration ceremony, annual sports day, respecting the elders in Song-Kran Day ceremony, annual traveling tour, activities of sports and recreational club, annual making-merit celebration, and making-merits-in-holy-days activity.

Furthermore, the Company arranges to have meetings between management and employees to communicate the direction and the performance of the Company every 6 months. Employees are encouraged to express their opinion or give recommendations in the meeting so that the management can utilize such opinions and recommendations to improve the operation of the Company and to ensure mutual understanding between the two parties.

The Company also arranges to have human resource planning to support its business growth in the future, focusing on continual improvement of capabilities and potentials of executives and employees in such topics as Core Competency, Managerial Competency, and Functional Competency, the last one being now developed to improve specific competency in order to create visible and concrete functional success for each position.



Corporate Governance

1. Compliance with the Principle of Corporate Governance (CG)

The Board of Directors (BOD) believes that good corporate governance (CG) is a quintessential factor signifying efficient, transparent, and verifiable management that can instill trust and confidence in the minds of shareholders, investors, and other stakeholders. It underscores conducts that preserve fundamental rights of shareholders as much as, or even more than, those defined by the laws, and appropriate, efficient, and effective management approaches. The BOD essentially adheres to the principle of good CG and its procedures by monitoring and supervising the Company to make sure that it fully complies with the principle of CG as suggested by the Stock Exchange of Thailand (SET) and regulations of Securities and Exchange Commission (SEC) and Capital Market Advisory Board. Moreover, it determines and puts CG policy in writing and distributes such policy to directors, executives, and all employees to use as a standardized CG guideline that everyone in the organization can refer to. Such policy is also published on the Company's website in both English and Thai under Section "Corporate Governance" to facilitate shareholders, investors, and other stakeholders in the learning of the Company's CG policy.

Furthermore, to incorporate morality and ethics into the CG policy, the Meeting of the BOD number 7/2013 held on July 10, 2013 approved "Business Ethics" to be acknowledged and adhered to by directors, executives, employees, and other stakeholders.

Compliance with Corporate Governance policy (CG policy)

In 2013, the Company promoted and communicated CG policy to all levels of employees across the organization through an internal electronic communication system to create common knowledge and mutual understanding that will lead to compliance with CG policy and business ethics. Directors, executives, and employees of Phol Dhanya PCL and its subsidiaries consistently comply with such policy and constantly monitor the compliance results. In 2013, there was no issue or situation of non-compliance with the aforesaid policy.

With its devotion to the principle of CG, in 2013 PHOL proudly received several awards and recognitions for its CG compliances as follows:

- The Company was given a score of 98.5, or "Good", for an assessment result on its administration of general shareholders' meetings by Annual General Meeting Assessment Program (AGM Program) held by Thai Investors Association (TIA), which is another channel to sustainably foster good governance among Thai listed companies
- The Company was among 59 SET-listed companies awarded "Excellent CG Scoring", or "5 Stars", from the Survey of Corporate Governance for Listed Companies 2013. The Company had an average score of 93%, higher than its score of 92% in the past year and higher than an average score of 526 listed companies of 78%. The Company was also among 40 companies with top quartiles of CG score for companies with equity of less than 1,000 MB, according to the assessment report from Survey of Corporate Governance for Listed Companies 2013 co-published by Thai Institute of Directors, National Corporate Governance Committee, Securities and Exchange Commission, and Stock Exchange of Thailand. Such survey looked into 5 main criteria: Shareholders' Rights, Equitable Treatment to Shareholders, Roles of Stakeholders, Information Disclosure and Transparency, and Directors' Responsibilities
- In the SET Awards 2013 Ceremony held on November 20, 2013, Phol Dhanya Plc. was an MAI-listed company that received Top Corporate Governance Report Awards for two consecutive years. The awards was co-hosted by Good Governance Development & Alliance Department, the Stock Exchange of Thailand and Securities and Exchange Commission, who supported Thai Institute of Directors in its assessment of corporate governance process of listed companies in 2013.
- The year 2013 was the year of pride for PHOL as it was 1 in 2 MAI-listed companies that received **MAI Special Encouragement from** Board of the Year 2013 Program, which grants commemorative certificates for the Board of Directors of SET-listed and MAI-listed companies with effective and efficient performance and transparent and fair treatment to every stakeholder under the principle of CG. This program was co-hosted by Thai Institute of

Directors and 6 leading private organizations, including the SET, the Thai Chamber of Commerce, Federation of Thai Industry, Thai Bankers' Association, Thai Listed Companies Association, and Federation of Thai Capital Market Organization

The Company believes that the aforementioned achievements are honorable emblems of success and pride arising from PHOL's consistent adherence to the principle of CG, ethics, and morality. The Company has adopted guidelines in the Principle of Good Corporate Governances for Listed Companies 2012 given by the SET and adapted those guidelines to its nature of business, and gave explanations for non-compliance to some items specified in the SET's guidelines and their substitute measures.

The BOD arranges to have a report on good corporate governance consistent with the principle of good corporate governance covering 5 sections, which are:

Section1: The Rights of Shareholders

The Company highly values the principle of CG, keeping in mind the importance of basic rights of shareholders both as investors and owners of the Company. It treats shareholders with well-accepted and reliable practices, encouraging shareholders to freely exercise their rights, including fundamental legal rights such as the right to buy, sell, and transfer their shares, the right to receive the Company's allocation of profit in various forms, the rights to get sufficient information, and the right to attend and vote in the shareholders' meeting to appoint or relieve directors, to determine directors' compensation, to appoint the Company's auditor and determine its compensation, and to allocate dividend payment. Shareholders also retain the rights to propose meeting agenda in advance, to nominate candidates for directors, and to express their opinion freely. They are allowed to make mutual decision on important issues that affect the Company's directions, such as correction of memorandum of association and articles of association. All shareholders have the voting rights equal to the number of shares they hold. One share equals one vote, and no share has preferential right over another. Other rights of shareholders are according to those stipulated in Public Company Act, Securities and Exchange Act, and other relevant regulations.

Aside from basic legal rights aforementioned, the Company also arranges to protect the rights of shareholders and to facilitate shareholders in exercising their rights including:

Administration of Shareholders' Meeting

The Company administers general shareholders' meeting once a year within 4 months after the end of its financial year to allow its shareholders to participate in the monitoring and acknowledging of the Company's performance in the past year. In the case of emergency agenda for issues that affect or are related to shareholders' benefits or are related to enforcement of conditions, rules, or regulations that require approval from shareholders, the Company will arrange extraordinary meeting on a case-by-case basis. In 2013, there was no extraordinary meeting of shareholders.

In 2013, the Company administered general shareholders' meeting on April 30, 2013 at Panorama Room 1, Floor 14, The Emerald Hotel, 99/1 Ratchadaphisek Rd, Din Daeng, Bangkok 10400. The meeting was attended by 8 directors, including Chairman of the Board, Chairman of Nominating and Compensating Committee, Chairman of Risk Management Committee, Chairman of Executive Committee, Chief Executive Officer and Independent directors. Chairman of Audit Committee was absent due to a medical reason. All executives attended the meeting. There was no extraordinary meeting held in 2013. In the meeting of shareholders, the Company followed AGM Checklist, which is suggested by Thai Investors Association, Thai Listed Companies Association, and Securities and Exchange Commission, in the following procedures:

Before the Day of the Meeting

The Company prepares documents that contain complete substantial information to be used in the voting process of shareholders and distributes to shareholders in advance through SET Community Portal and on the Company's website.

1. Send the meeting invitation letter and meeting agenda in advance through SET Community Portal and the Company's

website to notify shareholders of their rights to attend the meeting and agenda so that shareholders prepare themselves to attend the meeting

2. Distribute to shareholders the invitation letters with detailed supporting information of each agenda. The agenda for shareholder's meeting 2013 consisted of topics defined in Section 5 of the Company's articles of association: Shareholders' meeting. Each agenda includes its objectives and reasons, directors' opinion, and detailed explanation of shareholders' rights to attend and vote in the Meeting

3. The Company assigns Thailand Securities Depository Co., Ltd, the Company's securities custodian, to distribute the invitation letter with detailed supporting information of each agenda to shareholders at least 21 days prior to the meeting date (since April 21, 2013), to broadcast invitation letter and detailed supporting information of each agenda on the Company's website before distributing printed letters to the shareholders to allow them to study meeting material before receiving hard copies , as well as to advertise the meeting and its agenda for 3 consecutive days to allow sufficient time for shareholders to prepare to attend the meeting

4. The Company allows its shareholders who wish to receive printed annual reports to send their request through various channels, such as emails, telephone, Fax, and letters in return-envelopes. The Company will immediately send annual reports through postal service as per requests and also prepare printed copies for shareholders on the meeting date.

5. In the case that some shareholders cannot attend the meeting, the Company allows such shareholders to grant the power of attorney (POA) to at least one of the Company's independent directors to allow options in POA granting. The Company attaches detailed information of independent directors together with the invitation letter. Shareholders can also grant POA to persons other than independent directors to attend the meeting by notifying the Company using Proxy Form Kor (B), in which shareholders could specify their voting direction, that is attached to the invitation letter. Shareholders could also download Proxy Forms Gor (A), Kor (B), and Khor (C), which are designed by Department of Business Development, Ministry of Commerce, via the Company's webpage. The Company also prepares stamp duty for shareholders to use with Proxy Forms.

6. Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all shares entitled to vote of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for 2014. Shareholders were allowed to exercise this right 3 months in advance during 1 October 2013 – 31 December 2013 so that the Nomination and Remuneration Committee could screen the issues before presenting them to the Board of Directors for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall specify in the notice of the Meeting that the agenda item was proposed by a shareholder. In the case where the Board of Directors have decided that the matter proposed by shareholders, should not be put in the meeting agenda. The company will inform the shareholders through the Information channel to the Stock Exchange of Thailand and also inform the matter at the Annual General Meeting of the Shareholders. Moreover, any shareholder is entitled to nominate in advance any candidates for the election of Board members in the same period. The Nomination and Remuneration Committee shall consider the proposed nominees together with other nominated persons according to the Company's criteria for the nomination of directors. The Committee then presents the suitable nominees to the Board for consideration before proposing them to the Shareholders' Meeting for approval. The company has posted the criteria for proposing the meeting agenda in advance and for submitting the candidate to be nominated as the company's director, on the company's website under the "Investor Relation" section. However, there was no meeting agenda nor the candidate's name being purposed.

7. The Company allows shareholders to send inquiries for each agenda in advance via emails at cs@pdgth.com or ir@pdgth.com or Fax No. 02-791 0100 to ensure maximum benefits of the meeting for shareholders and to totally preserve shareholders' rights.

On the Meeting Date

The Company encourages shareholders to exercise their rights to attend and vote in the shareholders' meeting by accommodating shareholders who attended the meeting and administering the meeting in a transparent and verifiable manner,

abstaining from any activities that violate or deprive the rights of shareholders. It also allows shareholders to make inquiries and express opinions freely.

1. Encourages directors, top executives, and the Company's auditor to attend the meeting to give answers to the questions asked and acknowledge shareholders' opinions. In 2013, Chairman of the Board and eight directors, or 88.8% of directors, attended the meeting. Chairman of the Board and all Chairmen of the committees attended the Meeting, except Chairman of Independent Directors who was absent due to medical reasons.

2. Facilitates shareholders in the finding of the meeting venue by attaching the map in the invitation letter, having sufficient registration points for both shareholders and proxies (document review points), and having officers and staff in place to accommodate attendants and give answers to the questions asked.

3. The Company uses a barcode system in the registration process and voting process to ensure speed, correctness, transparency, and later verification

4. In the voting process of each agenda, the Company will collect only the voting cards with disagreement and no-vote results and subtract the number of such cards from total number of cards to increase speed and preciseness and to allow instant result announcement following each agenda. Shareholders can, however, request to review the voting results of all agenda after the meeting is finished.

5. Granting the rights for shareholders who attend the meeting after Chairman of the Meeting begins the Meeting to vote in ongoing agenda whose results are not yet resolute. Such shareholders will be included in the quorum since their attendance, unless the Meeting specifies otherwise.

6. In the shareholders' meeting, the Company follows agenda in the order specified in the invitation letters distributed earlier. Each agenda, together with its background, reasons, necessities, and proposals to the Meeting, is presented in the Meeting without altering its order. Agenda other than those specified in the invitation letter are not allowed to be presented in the Meeting.

7. In the shareholders' meeting every year, there is an agenda to appoint new directors to replace directors with expired terms (equal to 1/3 of total directors). Shareholders are allowed to appoint each director one-by-one. The Company will collect only the voting cards with disagreement or no-vote results to speed up the process and will later collect the cards with agreement result after the meeting is finished.

8. At the Meetings, an agenda item regarding the Board's remuneration is included to inform shareholders of the amount and type of remuneration received by each director including meeting allowance and bonus in full details of Annual Report.

9. During the meeting, Chairman of the Meeting is responsible for allocating sufficient time to allow shareholders equal opportunity to give inquiries or express opinions freely in the Meeting pertaining to agenda and the Company's operations, as well as to allow relevant officers to give answers to the questions asked thoroughly. Significant questions, explanations, and opinions are completely recorded in the minute as a way to clearly inform shareholders who are absent for the Meeting.

10. To ensure that the meeting is administered transparently and legally right according to the laws and the Company's article of association and to monitor the voting process throughout the meeting, the Company invites legal consultants from "Dherakupt International Law Office Ltd." and auditors from "ANS Audit Co., Ltd." to act as inspectors in reviewing shareholders' or proxies' document, the Meeting quorum, the voting process, and the counting process to ensure that such processes are done in a way that is consistent with the Company's articles of association and the guideline of good corporate governance by the Stock Exchange of Thailand. In addition, the Company also allows a representative from shareholders to volunteer as an inspector in the counting process.

In 2013, there were 60 shareholders and 71 proxies who attended the meeting, representing 94,174,851 shares, or 67.7591% of tradable shares (floats). These figures are higher than those in 2012, in which there were 98 attendants, representing 90,415,151 shares, or 66.9742% of total floats.

After the Meeting

1. The Company prepares the minute of general shareholders' meeting 2013, which was held on April 30, 2013, with correct and complete significant matters, including the following details:

- Names and positions of directors, members of Committees, top executives, auditors/legal consultants who attended the meeting, and those absent from the meeting (if any)
- Quorum including the number of shareholders who attended the meeting by themselves, the number of proxies, and the number of shareholders who granted the power of attorney to the Company's independent directors
- Voting method used in each agenda, counting method for resolution, and guideline for using voting cards
- The number of vote with agreement, disagreement, and no-vote results for every agenda that requires voting. Voting results must be verifiable after the meeting
- Significant answers, explanations and opinions

2. The Company distributes resolutions of the shareholders' meeting via SET Community Portal on the next business day, including voting with agreement, disagreement, and no-vote results in each agenda. It also prepares minutes of the shareholders' meeting in Thai and English and sends to the SET and other relevant units, and broadcast such minute on the Company's website within 14 days since the meeting date (at www.pdgth.com Section Investor Relation) to allow shareholders to review and propose correction if any content of such minute is imprecise within 30 days since the meeting date without having to wait until the next meeting. It also has a system to maintain minutes of shareholders' meeting to allow review and reference.

3. In the general shareholder's meeting 2013, the Company arranged to have visual and audio recording in the form of audio-visual media (AV) throughout the meeting to allow shareholders who did not attend the meeting to see the actual event. Such media was posted on the Company's website after the meeting was finished.

4. After the Meeting agreed on the dividend payment, the Company notified shareholders about the Meeting resolution on dividend payment via SET Community Portal and collaborated with securities registrar at Thailand Securities Depository Co., Ltd to ensure that shareholders would receive dividends correctly and completely.

5. The Company uses suggestions and opinions given by shareholders and inspectors in the meeting assessment to find corrective measures to improve its administration of shareholders' meeting continually.

Shareholder Facilitation in the Shareholders' Meeting

In the shareholders' meeting, the Company facilitates all shareholders by selecting a meeting venue that is highly accessible, by arranging sufficient staff to welcome and accommodate shareholders, and by preparing spare seats and communicating devices during the meeting. The Company also prepares staff to recommend on form filing, to photocopy document, review correctness of document/ review and accept registration forms and proxy forms, and put on stamp duty. Registration is open 1 hour before the meeting begins but can be extended until the consideration of the last meeting agenda. In addition, the Company uses Barcode system in the registration process and vote counting process to fasten the processes. It also provided sufficient drinks and snacks for attendants.

Section2: The Equitable Treatment of Shareholders

The Board of Directors highly recognizes and values the rights and equitable treatment of shareholders as clearly indicated in the corporate governance policy under the section "Equitable Treatment of Shareholders", which covers major shareholders, minority shareholders, institution, and foreign shareholders. Although shareholders have different voting counts, but they are treated equitably with respect to basic shareholders' rights especially a timely access to information that will affect their voting decision in the Shareholders meeting.

The company facilitates its shareholders in exercising their basic rights both as investors who hold share securities and

as the Company's Owners. Essentially, the company grants shareholders the rights to buy and sell shares freely, the right to get share certificates and to transfer shares, the right to get relevant information in a timely manner, the right to attend and vote in shareholders' meetings, the right to appoint and disqualify the Company's directors, the right to change to approve the appointment of Auditors and Auditors' compensation, the rights of profit sharing (Cash dividend or others), the right to adjust the memorandum of association and the Articles of Association, and the rights to jointly decide on important transactions that will affect the direction of the business. Shareholders' voting rights depend on the number of shares held: each share represents one voting rights. No share is subordinated to another.

The company therefore treats its shareholders on a fair treatment basis with no discrimination against age, race, religion, social status, physical disability, or discrepancies in opinions. In the case that any shareholders cannot attend and vote in the shareholders meeting, they are granted the right to appoint proxy. The Board of Directors adheres to fair treatment of shareholders, making sure that all shareholders are treated equitably, especially minority shareholders.

In addition, the 2013 Shareholders' Meeting, the company grants the group of minority shareholders that collectively hold no less than 5% of their voting rights and has held the shares for at least 12 consecutive months the rights to suggest meeting agenda and to nominate directors through the company's website for 3 months prior to the meeting date. The company then consider the suggested agenda and announce the result through the company's website and the Stock Exchange of Thailand.

Assigning Independent Directors to Take Care of Minor Shareholders

Minority shareholders can contact the independent directors directly to give suggestions, express opinions or file complaints, via e-mail at ind_dir@pdgth.com. The independent directors are responsible for handling each matter appropriately. For example, in case of a complaint, the independent directors will investigate and seek a proper solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors' meeting for consideration and include it in the agenda of the Shareholders' Meeting.

Section 3: The Role of Stakeholders in Corporate Governance

The company is committed to create fairness to all concerned stakeholders for the sustainable mutual benefit by introducing the policy related to stakeholders in the corporate governance policy. The parties in these policies are related company (company that do business with PHOL), shareholders, employees, customers, partners, competitors, creditors, society and public environment (company's area). The policies are stated in the "Corporate Governance and business ethics" guidebook to be the guideline for management and employees to create an equitable basis and balance of mutual benefit. The key practices are the guidelines regarding conflict of interest, accountability to shareholders, policies and practices with stakeholders, employees, partners, competitors, creditors, society and environment. It is the duties and responsibilities of directors, management and employees to fully understand and strictly follow the guideline.

The Board of Directors oversees our management system to ensure that the Company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the Code of Conduct. The Company guarantees that those rights are protected and the shareholders, employees, customers and business partners are treated equally as follows:

- **Shareholders:** Besides the basic rights and the rights stipulated by law and the Company's Articles of Association; such as the right to request a verification of the number of shares; the right to receive share certificates; the right to attend the shareholders' meetings; the right to vote at the meetings; the right to freely express opinions at the shareholders' meetings; and the right to receive a fair return; the Company also gives shareholders the right, as the owners of the Company, to make suggestions and comments on the Company's affairs to the independent directors. Each comment and suggestion will be collected and presented to the Board of Directors for consideration.
- **Employees:** The Company truly believes that its employees are the most valuable assets and aims to continuously

support the development on all employees' capability and the confidence for the life quality of the employees to be equal to the leading companies; and to ensure that every employee happily works and is proud of and has a relation with the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work and to cope with situations which may generally affect the Company in all aspects. Furthermore, the Company focused on promoting employees' health and safety, good working conditions, and competitive remuneration.

- **Customer:** The company is committed to provide customer the products and services with maximum benefit in terms of quality and reasonable price, to provide the customer with the sufficiently accurate and timely information, to compliance with the customers terms and conditions seriously, to develop and maintain the sustainable relationship with customer, to creates satisfaction and commitment to the customer, to provide a system and process for customer's complaints regarding of the quality, quantity, safety and services, to provide department responsible for giving advice and suggestion on how to use the product and company's services for the most effective and maximum benefit of the customer, to provide customer with the most satisfactory international standard products and services, also to maintain the confidentiality of customer and not used for unlawful purposes.
- **Suppliers:** The Company operates its business within a competitive context in good faith by strictly upholding its promises given to the customers. In this regard, the Company fairly adheres to the contracts entered into with customers and builds good reliability, relationship and cooperation to improve capability and efficiency of the cooperation on a sustainable basis. The Company has a policy on timely delivery of the products with right quality.
- **Competitive:** The company is legally competing with the competitors by adhering to the business fairness under the trade competition act. The high emphasis is place against using the confidentiality information of the competitors to disadvantage them which is the practice strictly stated in the business ethics. In the recent years, the Company does not have any litigation case base on this.
- **Creditor:** The company always keeps their promise and strictly adheres to the terms and obligations towards creditors of the business, financial institutes and etc. Moreover, the company also participated in events/projects that are arranged by the creditors to establish good relations, and avoid situation that may cause a conflict of interest, also strictly comply with the agreed covenant.
- **Society and Community:** The company conducts business with fairness to all related parties and with adherence to its goal. The Company supports activities that promote quality of life and create happiness for communities, society and environment, whether in its operating areas or nearby community and vicinity. The Company organizes various activities for the benefit of society, including providing of relief at flood situation and at times of disaster. Furthermore, the Company encourages its employees and related parties to take part in activities that benefit communities and societies in achieving sustainable growth. Even amid the economic downturn, the company continues to devote its creativity, knowledge, and capabilities to enhance the efficiency of these social projects in order to maximize benefits for communities and societies.
- **Environment:** The Company encourages every unit in the organization to be aware of efficient use of resources and encourages its employees and other stakeholders to take part in the environment preservation.

Section 4 : Disclosure and Transparency

The Company highly values communication and disclosure of material financial and non-financial information as well as its shareholder structure and management structure in a sufficient, complete, and timely manner to accurately reflect the Company's true operating performance, financials status, and future trend. It also discloses other material information that

may influence the price of its securities. Disclosure of such information is consistent with guidelines and rules stipulated by the Securities and Exchange Commission and the Stock Exchange of Thailand and other standards and practices regarding business operation and financial disclosure. Disclosure of information is done through Investor Relations Division and several equally accessible channels with the following important guidelines:

1. The Company's Communication and Information Disclosure Channels

The BOD arranges to have communication and information disclosure channels to allow shareholders, investors, and other stakeholders to have convenient and equal access to the information through the following channels:

1.1 Disclosure through Annual Registration Statement (Form 56-1) and Annual Reports

The Company prepares Annual Registration Statement (Form 56-1) and annual reports, in which the Company's information is disclosed in a correct, complete, and clear manner according to SET's regulations to represent information regarding the Company's business conducts and performance in the past year that is useful to shareholders and stakeholders. Such information are as the Company's visions and missions, organization structure, capital structure, shareholder and management structures, nature of business and competition, corporate governance, risk factors, performance reports of the Board of Directors and Committees, policy and criteria for director and executive compensation, the number of meeting held and attended by directors and committees, assessment result of internal control, financial status and performance, statements of directors' responsibilities to financial reporting, policy for related transactions, reports on directors' interest, reports on securities holding of directors and executives, corporate social and environment responsibility, and investor relation information.

1.2 Disclosure through SET Community Portal and PHOL's Website

The Company discloses information for its shareholders, investors, and other relevant parties through SET Community Portal (SCP), which is provided by the Stock Exchange of Thailand, in English and Thai. It also provides on-line disclosure channel on its Company's website at www.pdgth.com, which has been developed to be highly understandable and user-friendly. The Company constantly updates on its website several information such as the Company's visions and missions, nature of business, organization structure, information of the Board of Directors, Committees, and executives, codes of conduct for the BOD and Committees, Corporate Governance and its policy, business ethics, information on investor relation, Form 56-1, annual reports, meeting invitation letters, minutes of shareholders' meeting, downloadable forms to propose meeting agenda and nominate candidates for directors in advance, financial statement, and press releases.

1.3 Investor Relation Division

The Company establishes Investor Relation Division to represent the Company in the communication and public relation of activities and information useful for shareholders, investors, securities analysts and other interested persons. This is done to ensure that such persons receive the Company's information in a timely manner and to facilitate persons who wish to request additional information, visit the Company, or visit executives. Investors can contact Investor Relation Division via email: ir@pdgth.com or telephone number 0-2791 0111 ext. 206 or the Company's website.

1.4 Secretary Office

The Company sets up Company Secretary Office to be responsible for administration of high-level meetings, such as meetings of the Board of Directors, meetings of Committees, and shareholders' meeting. It is also responsible for monitoring and ensuring that the Company, the BOD, and the Company's executives comply with regulations stipulated by regulatory bodies and the laws, as well as collaborating with shareholders, stakeholders, and regulatory bodies, such as SEC, SET, or other relevant entities. Investors can contact Company Secretary Office via email : cs@pdgth.com or telephone number 0-2791 0111 ext. 151

2. Disclosure of Information about the Board of Directors and Committees

The Board of Directors arranges to have disclosure of information about the Board of Directors and Committees through several channels. Such information includes structure and components of the Board of Directors and Committees, roles and responsibilities, terms, number of meetings of the BOD and Committees and attendance of each director and committee, nomination of directors, policy and criteria of director and executive compensation, and report of performance of the Board of Directors and each Committee.

3. Report of Performance of the Board of Directors and Committees

The BOD is responsible for ensuring that the consolidated financial statements (audited by the Company's auditor) of the Company and its subsidiaries and financial information reporting are always completed according to generally-accepted accounting standards and that material information is sufficiently disclosed in the Notes to Financial Statements. The BOD reports responsibilities of the BOD to financial statements together with auditor report in the Company's annual report.

In 2013, the Company submitted annual and quarterly financial statements within the timeline and manner according to criteria specified by the SET and did not receive any notification for correction from the SEC to correct its financial statements.

4. Preparation of Related Transactions and Protection against Conflicts of Interest

The Board of Directors recognizes the importance of preventing conflicts of interests. It, therefore, determines to have the following reports prepared:

1. Preparation of Disclosure Report on Conflicts of Interest and Related Transactions

The Company demands that transactions with possible conflicts of interest and substantial related transactions be reported by showing names of persons with possible conflicts of interest, relationships, nature of transactions, conditions, pricing policy, values of transactions, needs for transactions, and opinions of Audit Committee and/or the Board of Directors in Form 56-1 and annual reports. Detailed information is shown in "Related transactions". In 2013, the Company did not engage in activity that violates or is inconsistent with criteria of related transactions specified by the SEC and the SET.

2. Preparation of Report on Securities Holding and Change of Securities Holding

The Board of Directors demands that directors, executive directors, and executives (according to definitions given by the SEC and the SET) report their securities holding and their related persons' securities holding, according to Chapter 59 of Securities and Exchange Act in the following fashion:

- 1) Reporting of securities holding to the Office for the first time (Form 59-1) within 30 days since the date that a person is appointed to be a director or an executive
- 2) Reporting of the change in securities holding (Form 59-2) whenever there is selling, buying, transferring or receiving of the Company's securities within 3 days since the date that the transaction occurs

Company secretary is responsible for reporting changes in securities holding to the Chairman of the Board and Chairman of Audit Committee within 3 days after the Company receives such report, summarizing changes in securities holding to the Board of Directors every quarter, and maintaining reports on securities holding and reports on interest that directors and executives submit to the Company.

In 2013, directors and executives' holding of the Company's securities was reported in the Meeting of the Board of Directors every quarter. In addition, the Company also provided the summary of directors and executives' holding of the Company's securities as of February 28th, 2014 under Section "Shareholder Structure".

3. Preparation of Report on Interests of Directors, Management, and Related Persons

The Board of Directors stipulates that directors and management (according to the definition given by the SEC and the SET) and related persons abide by Chapter 89 of Securities and Exchange Act which demands such persons to prepare and submit Report on Interests to the Company to notify the Company of directors' and management's interests and related persons' interests (and subsequent changes thereof). The Company Secretary is responsible

for preparing summary report on interests (and changes in such information) and providing to the Board of Directors every 6 months, as well as keeping the original filings of report on interests and providing copies of such report to the Chairman of the Board and Chairman of Audit Committee applying the following criteria:

- Report when assuming director or management position for the first time
- Report every time that the information on interests change
- Report annually
- In the case that directors are relieved and reappointed immediately, such directors need not file new report of interests if there is no changes from the previous filing
- All directors, executives, and employees report conflicts of interest annually in December and during the year on a case-by-case basis if such transactions occur (additional items)

5. Disclosure of Major Investment Projects

In 2013, the Company disclosed major investment projects through SET Community Portal. Such investment projects were, for example, the approval of 99.99% ownership in a new subsidiary called Phol Paladium Co.,Ltd with the main purpose to support the expansion of client base in government units and state enterprises, and the approval of 70% ownership in a new joint-venture called Pholdhanya Cambodia Company Limited in Cambodia with the main purpose to conduct water treatment business in Cambodia.

Section5: The Board of Directors' Responsibilities, Structure, and Sub-Committees

1. The Structure of the Board of Directors

The Board of Directors comprises knowledgeable, competent and experienced persons who can be attributable to the benefits of the Company and are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, both short-term and long-term, including financial policy, risk management policy, and organizational overview. The Board plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives to be in compliance with the designated plans on an independent basis.

In 2013, the number of directors is 9(nine) persons, and there are 4(four) independent directors qualified under the notification of Capital Market Supervisory Board, namely, Assoc. Prof. Dr.Seksak Jumreornwong, Assoc. Prof. Dr. Ekachidd Chungcharoen, Mr. Noppadol Dheerabutr vongkul and Mr. Prayoon Vivetpuvanonth serving to balance resolution voting in agenda items. The Board of Directors also appointed sub-committees to assist in the business supervision and operation.

The Board has further established sub-committees, namely, the Executive Committee, Audit Committee, Nominating and Compensating Committee and Risk Management Committees to be responsible for their specific areas and report directly to the Board for its consideration or reference. In this regard, the company put in place its Committee Charter specifying rights and duties, which is published on the Company's website. Moreover, an evaluation of the sub-committees' performance and review of their operational results are conducted at least once a year. The Board of Directors is entitled to form other sub-committees to handle any specific situations as seen appropriate with various situations.

Non-executive directors hold a meeting annually among themselves to evaluate the performance of the CEO. So as to ensure that the non-executive directors can express their opinions independently, the CEO and managing director are excluded from attending the meeting.

In addition, for the months in which the Board of Directors meeting is not held, all directors are continuously informed of the operating results. The Company submits to the director's summary of operating results, together with significant developments of the Company, in order to keep them informed.

The corporate secretary is acting as a secretary of the Board of Directors who is responsible for the arrangements and activities related to Board of Directors' meetings and Shareholders' Meetings, including supporting the Board's affairs related to

legal requirements and relevant rules.

Audit Committee

Audit Committee consists of 3 independent members, each of whom is highly experienced and well-regarded in auditing and/or finance-related fields. Assoc. Prof. Dr.Seksak Jumreornwong and Mr. Noppadol Dheerabutrvingkul are responsible for the review of financial statements, the review of internal control and risk management systems, and the review of financial transactions to make sure that the said processes are in compliance with rules set forth by regulatory bodies and updated and adjusted to align with international standards.

Audit Committee exercises its delegated power and gives opinions independently and without interference. In practice, it exercises its power through Internal Audit Department, an operating unit directly reporting to Audit Committee, and through periodically consulting with external auditors, consultants and legal and accounting experts. Audit Committee and external auditors convene without the presence of management at least once a year. Audit Committee can also seek for advice from external, independent adviser on a case-by-case basis with the expense budget provided by the company.

In 2013, there were 6(six) Audit Committee meeting, each of which was fully attended.

Nominating and Compensating Committee

Nominating and Compensating Committee consists of 3 non-executive members, 2 of whom are independent members. The committee is responsible for selecting and nominating directors to replace directors that retire or are discontinued for other reasons, Chief Executive Officer, and executives, for constructing and revising the company's succession plans for top executive (vice president and above), for revising the performance assessment system used for the board and committees, and for tracking trends in compensation for directors to give information to or to get approval from shareholders in shareholders meeting.

In 2013, the Company included the results of Survey of Director Compensation 2013, which was published by Thai Institute of Directors, and industry practices in the consideration of compensation for its directors and executives to set up a compensation policy that is able to retain directors and motivate top executives to efficiently manage and drive the Company, as well as to retain skilled and moral personnel with a sustainable organization.

In 2013, there were 3(three) Nominating and Compensating Committee meeting, each of which was fully attended.

Risk Management Committee

Resolution of the Meeting of the Board of Directors Number 11/2013 held on November 13, 2013 elevated Sub-committee of Risk Management to Risk Management Committee. The Committee consists of no more than 5 members including directors, executive directors and external scholar members. Mr. Teeradej Jarutungtrong was reappointed to be Chairman of the Risk Management Committee for another term, and the Meeting of the Board of Directors Number 2/2014 held on February 10, 2014 agreed to appoint one more external scholar, Assoc. Prof. Suluck Pattarathammas to be Member of the Risk Management Committee.

In 2013, the Risk Management Sub-Committee is appointed from the Board of Directors and is delegated the tasks to set up risk management policy, establish risk management strategy, set up the structure of and resource available for the Sub-Committee that is enough and suitable for the risk management policy and company's business strategies, and revise risk management policy, strategies and methodologies to ensure that the company has sufficient and effective strategies and processes in place.

The Risk Management Sub-Committee is required to report its activities to the Board of Directors, Audit Committee and the Board of Management at least once a quarter. The opinions and feedbacks of the boards and the committees are used to improve the performance of the Sub-committee.

In 2013, there were 12 Risk Management Sub-Committee meeting, most of which were fully attended except for the

some dates that the members reported absent in advance.

2. The number of listed companies that directors can take additional positions

The Board of Directors set up a policy determining the number of other listed companies that the company's directors can take director positions to ensure that the directors allot enough time and energy to their responsibilities with the company. Essentially, the policy contends that directors can take director positions in no more than 3 companies, except for the case that the directors are specially assigned. In addition, the company set up a process to assign Chief Executive Officer or Top Executives to take positions in other companies by getting approval from the Board of Directors.

In 2013, the Board of Directors agreed to appoint its executives to assume the positions of directors and executives of the Company's subsidiaries as follows:

- 1) The Meeting of the Board of Directors Number 12/2012 held on December 14, 2012 agreed to appoint executives, Mr. Payothorn Moongtong and Miss Prapaipit Viriyabhupha, to assume director positions in the newly established subsidiary "Phol Palladium Co., Ltd", and later appointed Mr. Teeradej Jarutungrong to assume a director position in the said company on February 10, 2014.
- 2) The Meeting of the Board of Directors Number 7/2013 held on July 10, 2013 agreed to appoint Mr. Chavalit Wangthamrong and Mr. Boonchai Suwanvutthiwat to assume director positions in the subsidiary in Cambodia named "Pholdhanya (Cambodia) Company Limited"

3. Segregation of Duties

The Company clearly determines management structure and appropriately segregates the roles and responsibilities of the Board of Directors and those of management to match with the nature of its business. Essentially, the Board of Directors is responsible for determining policies and supervising the performance of top executives in the organization-level, while management are responsible for the execution of policies to achieve determined objectives and the constant monitoring of the operating results through minutes of its monthly meeting. The Board of Directors do not generally interfere with the management's performance, except that it will participate in finding solutions with management in the case that management cannot perform according to the business plan.

The Chairman of the Board is a non-executive and does not participate in the management of the company that has no power of signatory on behalf of the company in order to separate the duties between supervision policies in overall picture of the management of the company.

Therefore, Chairman of the Board and Chairman of Executive Committee or Chief Executive Officer are not the same person. Persons to assume both positions must be appointed by the Board of Directors and can be external, non-executive persons. Such conditions are set to help find the most qualified persons to assume the roles of leaders who will steer the Company to sustainable growth. In addition, Nominating and Compensating Committee is responsible for determining desired qualifications and setting nominating criteria for candidates for directors and top executives, and propose such qualifications and criteria, as well as qualified candidates to the Board of Directors, who will consider giving approval or appointing. The Company revises such plan on a yearly basis.

In 2013, there were 7 top executives, 1 Chief Executive Officer (CEO) and 6 heads of divisions who directly report to the CEO. All 7 top executives are automatically appointed as Members of Executive Committee by positions. They are assigned roles and responsibilities under the determined policies, responsible for overall Company's operation, and responsible for driving and controlling operations under the allocated budget and according to annual action plans approved by the Board of Directors.

4. Meeting of the Board of Directors

Directors is obliged to regularly attend the meeting at least a quarterly basis. In general case, Chairman of the Board

or delegated persons will announce the meeting date, but in extraordinary circumstance, two or more directors can request emergency meeting such as in the case of legal issues. Meeting agenda are set prior to the meeting and additional agenda may be added to general agenda depending on the importance of the up brought issues.

In 2013, there were 12 meetings of the Board of Directors, all of which had been determined in advance to allow directors to allocate their time appropriately. In each meeting, the Company distributed supporting document for each agenda to all directors at least 5 business days prior to the meeting to allow directors to adequately study the material before attending the meeting and/or to request additional information from the Company's management. Adding new agenda after the distribution of document is allowed only for necessary or emergency topics that require approval from the BOD to prevent negative effects on the business or delays in the business opportunities. Adding of additional agenda must be agreed upon by Chairman of the Board on a case-by-case basis.

Chairman of the Board, Chief Executive Officer, and/or Chairman of Executive Committee will jointly determine meeting agenda and select topics to be included in the agenda to propose to the BOD and additional agenda requested by directors as agreed by Chairman of the Board. Chairman of the Board, who is also Chairman of the Meeting, allows directors to express their opinion and vote freely without influencing their decision unnecessarily, as well as to give additional opinion that is useful for the business conduct. Directors are encouraged to be open to different opinions. Meeting resolutions are concluded using majority rule with one director as one vote. If the voting results tie, Chairman of the Meeting will give one more finalized vote. Chairman of the Board will summarize opinions and resolutions in the Meeting. In the agenda with possible conflicts of interest, directors with interests in such agenda must not participate in the vote and must leave the Meeting. Such mandatory leave is done to abide by the principle of good corporate governance.

In the meeting of the Board of Directors, top executives or other relevant parties, such as directors or executives of subsidiaries, may also be invited to give explanations useful for making decision in some issues on a case-by-case basis (if any) or to report the company's performance to the Board of Directors, or to acknowledge policies and practices determined by the Board of Directors to pass on to operational level and efficiently and effectively execute such policies to fruitful results.

When the meeting is finished, Company Secretary is responsible for preparing meeting minutes and proposing to the Board of Directors for approval in the next meeting (such minute is sent to directors prior to the next meeting through emails). Directors can express their opinions and edit the content in the minute to make it as complete and correct as possible. After the minute is approved by the Meeting, signed by Chairman of the Board, and signed and certified as correct by Chief Executive officer, it will be systematically kept classified as original copies in folders and as electronic document together with supporting document to allow convenient research and reference for at least 5 years at Company Secretary Division in Secretary Office.

5. Secretary of the Board of Directors and Company Secretary

Company Secretary

The Company agreed to appoint Miss Saowapa Choorujiporn to be Secretary of the Board and Company Secretary to perform duties specified in Chapter 89/12 of Securities and Exchange Act (4th Amendment) B.E. 2551 on September 19, 2008. She was to perform the roles defined in Chapter 89/15 and 89/16 of Securities and Exchange Act (4th Amendment) B.E. 2551 effective on August 31, 2008 in a responsible, careful, and honest manner, as well as to perform the roles according to the laws, the Company's objectives, articles of association, Board's resolutions, and resolutions of the Meeting of shareholders.

Duties of Company Secretary as defined by laws are:

1. Prepare and maintain the following document:
 - a. Director registration
 - b. Letter of invitation to the meeting of directors, minutes of the meeting of directors, the Company's annual reports
 - c. Letter of invitation to the shareholders' meeting and minutes of the meeting of directors,

2. Maintain reports on interests that are submitted by directors or executives and submit copies of such reports according to Chapter 89/14 to Chairman of the Board and Chairman of Audit Committee within 7 days since the day the Company receives such reports

3. Perform any other functions stipulated by Capital Market Supervisory Board

In addition, Company Secretary also has other duties as delegated by the Board of Directors including:

- Administer the meetings of the Board of Directors, Executive Committee, and other Committees
- Administer the shareholders' meeting and prepare minutes of the shareholders' meeting
- Ensure that the Board of Directors comply with the laws and regulations relevant to the business of the Company
- Provide information support on Corporate Governance to the Board of Directors
- Perform any other tasks pertaining to the Board of Directors, Management, and shareholders
- Monitor to ensure that the resolutions of the meeting of the Board of Directors and shareholders' meeting are executed
- Collaborate with internal units to abide by resolutions of the meeting of the Board of Directors and shareholders' meeting
- Collaborate with regulatory bodies such as SEC and SET and administer information disclosure and information reporting to regulatory bodies and the public to ensure that it is done correctly according to the laws
- Perform other tasks as stipulated in Securities and Exchange Act (4th Amendment) B.E. 2551, other relevant laws and regulations, as well as notifications and regulations of Capital Market Advisory Board
- Perform any other tasks delegated by the Board of Directors

The company secretary is selected based on secretary qualifications and skills and is structured under the Secretariat Office, the department that is responsible to ensuring that secretary work is in compliance with laws, regulations, and the principle of corporate governance.

In 2013, Company Secretary attended several seminars, participated in elucidating discussion, and expressed opinion in several issues in events hosted by regulatory bodies of listed companies to improve corporate secretary tasks and to make corporate governance more efficient.

6. Directors and Executive Compensation

The company determines compensation for directors and executives by aligning with compensation paid to the same group in other leading listed company and by considering financial performance of the company. Directors compensation is to be approved in shareholders' meeting. Compensation for executives is to be approved by the Board of Directors on the basis of individual performance and business performance.

Aside from compensation in the form of meeting allowance per attendance, the Meeting of shareholders for 2013 held on April 30, 2013 approved the payment of directors' bonus which was paid out of the performance of the Company. The bonus amount was 810,000 THB, accounting for 2.5% of total dividend payment to shareholders in 2012. Total compensation, which consisted of meeting allowance and bonus, was not more than 3 MB, and was allocated based on the magnitude of responsibilities: 1.5 units for Chairman and 1 unit for each director. Compensation payment became effective since the day it was approved from the shareholders' meeting and remained effective until the Meeting of shareholders deems otherwise. The Company considers compensating each director based on the Company's performance and individual performance.

The details of the company's director compensation in the form of meeting attendance fees, special commission approved from the shareholders' meeting, and compensation for sub-committee in 2013 are disclosed in sum and individually in the annual report.

7. Performance Assessment and Knowledge Development

Directors' Performance Assessment

The Company arranges to have annual self-assessment for directors to allow them to assess the performance of the whole body of the board with the purpose to reinforce CG principle and bolster the efficiency of the work of directors and management, as well as to allow the Board of Directors to compare its components, qualifications, and responsibilities of directors to international practices and SET's practices. It also has a chance to review its performance, issues and obstacles in the past year to ultimately bring the result of self-assessment to improve the efficiency of the directors' function.

Performance assessment of the Board of Directors is consistent with the principle of CG and resonates with responsibilities of the Board of Directors. Such assessment covers 6 topics: (1) Structure and Qualifications of the Board of Directors, (2) Roles and Responsibilities of the Board, (3) Meetings of the Boards, (4) Directors' Functioning, (5) Relationship with Management and (6) Self-development for Directors and Development for Executives

Performance assessment is to be done to the whole body of the Board of Directors, using an average score from each director's assessment, and is not yet to be done to individual director. Summary of the overall performance shows whether directors have diverse qualifications and whether they perform their duties and assume responsibilities well and consistent with good practices. The summary of results will be used in the consideration of correction measures, if needed, in the next step.

Committee Performance Assessment

Audit Committee

The Board of Directors agreed with the self-assessment result stating that Audit Committee has performed their tasks as defined in Charter of Audit Committee which is consistent with guidelines given by Securities and Exchange Commission in a consistent, complete, and independent manner. The Committee effectively performed their delegated roles in a satisfying level. The Company summarized report on corporate governance of Audit Committee for the year 2013 in the Company's annual report.

Nominating and Compensating Committee

The Board of Directors agreed with the self-assessment result stating that Nominating and Compensating Committee has performed their tasks as defined in Charter of Nominating and Compensating Committee which is consistent with principle of good corporate governance. The Committee effectively performed their delegated roles in a satisfying level. The Company summarized report on corporate governance of Nominating and Compensating Committee for the year 2013 in the Company's annual report.

CEO and Top Executive Performance Assessment

The Board of Directors, which consists of non-executive directors, is responsible for annual performance assessment of CEO by comparing the Company's achievement with the Company's objective in its annual action plan, as well as individual management capability. Assessment result is proposed by Nominating and Compensating Committee. The Board of Directors assigned Chairman of Executive Committee to notify the assessment result and the Board's opinion to the CEO to further improve his performance.

Nominating and Compensating Committee is responsible for agreeing/disagreeing on performance assessment of top executives starting from Vice President onwards by comparing individual achievement with objectives defined in annual KPI of each individual.

8. Directors Handbook

The Company prepares Directors Handbook, which consists of the Company's visions and missions, code of conducts, general information and nature of business of the Company and its subsidiaries, organization structure, charters of various

committees, policies and practices for directors, and long-term action plan. It also prepares summary of regulations, laws, notification, and announcement pertaining to listed companies, regulations and notifications from Capital Market Advisory Board, SET, and SEC, and other best practices to inform directors about their roles and responsibilities and all principles and practices relevant to their positions. The Company distributes such handbook to the Company's directors to be adhered to and followed by all directors.

In 2013, resolution of the shareholders' meeting held on April 30th, 2013 was to appoint 2 new directors, Mr. Boonchai Suwanwuttiwat and Mr. Thanya Wangthamrong, to assume the director positions effective on the date of appointment. Both directors are executive directors who are well knowledgeable and highly experienced in the business of the Company and passed trainings for directors hosted by Thai Institute of Directors. The Company handed in director handbooks to both the new directors.

9. Directors Orientation

The company set up Director Introduction Program to prepare newly selected directors for the position by providing knowledge about business policies and information relevant to their daily execution, such as organization structure of the company, its subsidiaries and affiliates, shareholder structure, capital structure, financial performance, systems used in PHOL to help facilitate the transition into the position smoothly. The company also distributes Directors Handbook. The orientation is scheduled to be 1 month after the appointment date.

In essence, Chairman of the Board and the company secretary will do the following:

1. Gather information relating to the directors to be used in tracking their regularity compliance
2. Distribute information that is useful for the directors jobs such as business structure, business trends, codes of conducts, Directors Handbook, report on historical performance, and annual report
3. Arrange the meeting between new directors and Chairman of the Board, to executive and Vice President from various departments to ask in-depth questions and discuss about the business

To facilitate the Directors daily execution, the company set up company's secretary unit to coordinate between directors and top executives. Company Secretary and Investor relation are responsible for legal and regulation compliance liaison and ensuring that the Board's resolution is followed.

10. Knowledge Development for Directors and Company's Secretary

The company encourages its directors, executives and secretaries to attend various seminars that will increase knowledge and improve the performance of the said personnel, for example, seminars arranged by Thai Institutes of Director (IOD), SEC, SET, and other organizations. IOD requires that directors of listed companies must pass at least one of the following seminars: Directors Certification Program (DCP), Directors Accreditation Program (DAP), and Audit Committee Program (ACP), Role of the Compensation Committee (RCP), Role of the Nomination and Governance Committee (RNG), and other related seminars.

In 2013, the company provided support for directors and secretaries to join the following seminars:

- Chartered Director Class (CDC) Class7/2013 by Thai Institutes of Director
- Training program "Administering meetings of directors, shareholders, and shareholders of listed companies", hosted by Research Center of Laws and Development, Faculty of Law, Chulalongkorn University
- Basic Legal Knowledge and Regulations for listed companies by the Stock Exchange of Thailand, The Securities Exchange Commission, and Thai Listed Companies Associations
- Chairman of the Board attended IOD Chairman Forum 2013 in the topic "AEC Challenge: Role of the Chairman" to Extend Trading Competitiveness in an International Level, hosted by Thai Institute of Directors
- Directors attended a seminar in the topic "Going from Good to Great in IT Risk and Control Management", co-hosted by the Stock Exchange of Thailand, the Institute of Internal Auditors of Thailand and ISACA Bangkok Chapter
- Trainings and seminars to constantly review various regulations related to listed companies such as important

content, guidelines for preparing reports on corporate governance for listed companies 2013, CG Forum, Conflict of Interest, guidelines for projects to encourage stock accumulation for employees of listed companies, Receiving or distribution of assets and related transactions, acquisition of securities to take over enterprises, and adjustment of information disclosure criteria according to the newly improved Form 56-1

- Communication and Process to determine policies related to corruption prevention for listed companies, co-hosted by Thai Listed Companies Association and Securities and Exchange Commission
- Sharing Forum on Financial Instruments for Directors by The Securities Exchange Commission
- Chairman of the Board attended CG Forum 2/2013 in the topic “Roles and responsibilities of the Board of Directors according to the principle of good corporate governance”, hosted by Corporate Governance Center, the Stock Exchange of Thailand
- Participated in CSR Club Project at Ming-Mongkol Park at Siam City Cement, Saraburi Province hosted by Thai Listed Companies Association

Furthermore, directors also attended training programs/ exchanged opinions in several subjects in the programs co-hosted by various organizations, namely, Thai Institute of Directors and/or the Stock Exchange of Thailand and/or Securities and Exchange Commission and/or Corporate Social Responsibility Institute or other relevant private organizations to constantly bring in knowledge and experience to improve the Company and to meet and exchange opinion with directors and top executives of other companies.

11. Succession Plan

The Board of Directors accords due important on succession and management development plans for purpose of top executive succession. To enable the ability to continuously carry out management works and to select efficient personnel who are ready to occupy such important post, Career Management and Talent Management and Succession Plan are developed. The Nominating and Compensating Committee has suggested and determined procedures and criteria for the Nominating of directors and top executives in written in order to acknowledge and provide understanding of the scope of the mutual development of personnel and organization for stable and sustainable growth, which will efficiently and effectively enhance the achievement of the Company’s strategic goal.

12. Nomination of Directors

Nominating and Compensating Committee is responsible for identifying qualified candidates to replace directors whose term expired or were terminated for other reasons and proposing to the Board of Directors to agree to nominate such candidates in the shareholders’ meeting every year. To reinforce shareholders rights and ensure fair treatment to shareholders consistent with the principle of corporate governance, the Company allows minority shareholders to nominate qualified candidates in advance using the Company’s criteria and nominating approaches broadcasted on the Company’s webpages.

Nominating and Compensating Committee will select candidates with knowledge and experiences in various professions. Such candidates must have leadership skill, be visionary, be ethical and moral, have transparent work history and be able to express their opinion independently. Nominating and Compensating Committee will consider candidates on the following qualifications:

- Integrity and Accountability
- Informed Judgment
- Maturity and Stability with high listening skills and ability to give independent opinion
- Professionalism

In addition, candidates must be assessed based on specific knowledge and specializations that will be utilized in the establishment of policies, strategies, and monitoring:

- Accounting and Finance
- Organization and Human Resource Management
- Risk Management
- Crisis Management
- Industry Knowledge
- Strategic-Domestic and International Marketing
- Strategic Planning
- Other knowledge and specializations that Nominating and Compensating Committee view as significant in the period of 3-5 years, such as Health and Safety Regulations, Research & Development, E-Commerce, and Merger & Acquisition

Phol Dhanya Co., Ltd. the company has been listed on MAI with a medium business size. Hence it has not officially set up Corporate Governance Committee. In practice, the Board of Directors handles corporate governance tasks covering 5 areas: Rights of Shareholders, Equitable Treatment of shareholders, Roles of Stakeholders, Disclosure and Transparency, Board's Responsibilities. The company secretary is the main entity to support data and collect suggestions from the Good Governance Development & Alliance Department at SET, SEC, or other relevant parties to be used to improve the company's corporate governance practices, which will be strictly adhered to by the company's management in its daily maneuvers.

2. Corporate Governance Policy

The Board of Directors fully realizes the importance of corporate governance and adheres to the principle of good governance according to guidelines of good corporate governance for listed companies. To ensure that the Company creates trust for investors and grows sustainably, the Board of Directors determined written Corporate Governance Policy, which was approved by the Meeting of the Board of Directors Number 2/2012 on February 17, 2012 and effective on April 17, 2012. Such policy is reviewed regularly at least once a year.

The principle of corporate governance covers 5 modules of OECD's principle, including Structure of the Board, Component of the Board, Roles and Responsibilities of Directors and Member of Committees, Risk Management and Internal Control, and Guidelines for Managing Transactions with Possible Conflicts of Interest. The Company distributes details of its principle of corporate governance on its website (www.pgth.com) under Section Investor Relations to notify investors and other interested parties.

The Meeting of the Board of Directors Number 7/2013 held on July 10th, 2013 determined a policy for business ethics and code of conducts for directors, executives, and employees to be business guidelines for PHOL group as well as for all groups of stakeholders. The BOD wholeheartedly believes that it will strengthen the principle of CG, create confidence in the business conduct, and increase effectiveness and efficiency for the organization. Such policy, which became effective on July 10th, 2013 and was published on the Company's website, can be summarized as follows:

1. Business Morality

The BOD adheres to the principals of morality, honesty, and righteousness to conduct the business correctly and fairly. It, therefore, encourages directors, executives, and employees to strictly follow the principle of ethics by determining a written Code of Business Conduct, which is to be commonly held according to responsibilities to the Company and all stakeholders with honesty under the laws and regulations of the Company. It also values transparent, fair, and honest business conduct to drive the Company to international standards. Such Code of Business Conduct is published on the website under the topic "Policy on Corporate Governance and Business Morality", which includes the following content:

- Conflicts of interest: To promote fairness among stakeholders, the Company has a policy to prevent misuse of the positions of directors, executives, or employees to seek personal benefits
- Responsibilities to shareholders: Fair treatment to shareholders and working in full capability to create continual and sustainable returns to shareholders
- Labor policy and treatment: The Company realizes that employees are valuable resources and are the main driver for success and organization achievements
- Customer policy and treatment: The Company recognizes that customer's satisfaction is the key to sustainable success of the Company. It is, thus, every worker's responsibility to maintain customer's satisfaction.
- Trading partner policy and treatment: The Company has a policy to treat trading partner fairly and equally, keeping in mind the maximum benefit of the Company based on fair reciprocating returns. It tries to avoid situations that may give rise to conflicts of interest, and strictly conform to business obligations or commitments
- Competitor policy and treatment: The Company has a policy to treat its competitors according to international practices under the legal framework pertaining to business competition. It refrains from violating trade secret using corrupted approaches
- Policy on Social and Public Responsibilities: The Company conducts its business considering roles and responsibilities to the country, society, environment, and local traditions. It adheres to the policy to preserve environment and create safety from the Company's activities, strictly following the laws and regulations.
- Monitoring policy: The Company stipulates that it is the responsibility of directors, executives, and employees to acknowledge, understand, and strictly follow the guidelines according to Code of Business Conduct

2. Business Ethics

The BOD intends to encourage the Company, subsidiaries, and affiliates to be corporates that conduct their business with responsibilities, fairness, and verifiability based on the foundation of righteousness and morality while having responsibilities to all parties. It also encourages such companies to focus on creating long-term values to stakeholders to mutually grow sustainably. Business ethics that the Company abides by are:

1. Accountability to one's own decisions and deeds
2. Transparency
3. Equitable Treatment
4. Long-Term Value-Added Creation to Stakeholders
5. Promotion of Best Practices

3. Ethics on Responsibility towards Stakeholders

The Company encourages exercising of basic rights defined in the laws and the Company's articles of association to create maximum customer satisfaction, bearing in mind equitability and honesty in the business conduct. It conserves mutual benefits with the trading partners, treat trading partners under the legal framework fairly and honestly, and conform to the obligations and commitment made.

4. Ethics on Responsibility towards Information and Data

The Company encourages information disclosure, for both financial and non-financial information, in the correct, sufficient, and timely manner to promote transparency and equitability in investment, using SET's electronic portal and the Company's website.

5. Ethics on Responsibility towards Quality, Safety, and Occupational Health

The Company highly values management of quality, safety, and occupational health, continually applying high standards and determining and revising policy on quality, safety, occupational health, and environment as well as best practices to promote sustainable development.

6. Ethics on Responsibility towards Procurement and Treatment to Trading Partners

The Company highly values fair selection of trading partners or contractors. It, therefore, sets up criteria to select and assess sellers, contractors, and activities related to seller/contractors in the procurement process consistent with the rules of quality management system. Such criteria are included in the Business Ethics.

7. Ethics of Directors, Executives, and Employees

Ethics of Directors

Directors shall conduct themselves in the way consistent with the Company's business morality. Directors shall always realize that their conducts are not only obligations and responsibilities towards the Company and shareholders, but also obligations and responsibilities towards customers and other stakeholders. Therefore, public interest of such persons is an utmost consideration. As such, directors shall be responsible for their own conducts.

Ethics of Executives and Employees

Ethics of employees is a guideline for personal conducts that complements regulations, rules, orders, and announcements of the group of Phol Dhanya PCL. It aims to help all employees to work effectively in a pleasant working environment, develop and strengthen teamwork culture, create satisfaction to stakeholders while keeping in mind equitability and honesty in business conducts and in interactions with colleagues, the Company, supervisors, and subordinates.

8. Policy and Practices

- Respect for and Compliance with Relevant Rules and Regulations

The group of Phol Dhanya PCL. highly respect and comply with relevant rules, laws, and regulations prevailing in every place it enter for business. Its employees, thus, must respect the laws, refraining from any activities that violate the laws and conduct themselves properly in good practices.

- Conflicts of Interest

The Company deems that it is an important policy in conducting business to place the benefits of PHOL Group and overall stakeholders. It, therefore, determines guidelines to express its intention in moral, transparent, and verifiable business conduct and stipulates that it is a mutual responsibility of directors, executives, and all level of personnel, as well as related persons to refrain from engaging in activities that may give rise to conflicts of interest, leading to PHOL Group losing its benefits or reducing efficiency. In the case that such activities cannot be avoided, responsible units will take control of such activities to ensure that they are done in a transparent and clear manner for the maximum benefit of PHOL Group.

The BOD determines policy and procedures as in the followings:

- The Company has a clear and transparent shareholder structure with no cross-holding of shares with major shareholders, so the structure does not give rise to conflicts of interest. The Company discloses detailed shareholder structure of the Company and its subsidiaries in the annual report, as well as discloses securities holding of directors completely
- The Company has put in place clear segregation of duties between the BOD, Executive Committee, top executives/management, and shareholders, so there is no overlapping of responsibilities. In the case that any director or executive has interest in the ongoing agenda, such person will be absent from the meeting or hold the vote to make the decision making of the BOD and executives fair and truly beneficial to shareholders
- Determine written governance policy and usage of internal information in the authorities and rules of employees

with penalties in the case that executives or employees disclose internal information to public for their own interest

- Determine policy and practices for conflicts of interest and related transactions to ensure suitability of the transactions that must be reviewed by Audit Committee, and supervise to make sure that the Company complies with criteria of Securities and Exchange Commission and Capital Market Advisory Board
- Stipulate that directors, executives, and employees who have interests in transactions of the Company or its subsidiaries be absent from the consideration or approval of the agenda of such transactions. Pricing of such transactions are determined fairly according to normal trading conditions as if they are transactions with unrelated parties
- Demand that related transactions be presented to Audit Committee to give opinion before proposing for approval from the BOD, consistent with the principle of good corporate governance and the rules imposed by the Securities and Exchange Commission
- Demand that related transactions and transactions that may lead to conflicts of interest be disclosed according to the rules of Securities and Exchange Commission and Capital Market Advisory Board in the Annual Registration Statement (Form 56-1) and annual reports or other reports depending on each case, including disclosure of inter-company transactions in noted to the financial statement under the topic “related transactions” with the maximum benefits of shareholders in mind
- The Company’s ethics determines additional practices to prohibit employees from using the Company’s properties or working hours to regularly search for information, make contacts, or trade securities for their own benefits or others’ benefits and not for the Company’s benefits without reasonable necessity
- Employees and their families must not engage in any activity that obstruct the Company’s benefit seeking by contacting relevant parties, including competitors, trading partners or customers, by using opportunities or information gained from being employees for their own benefits, by competing in the same business as the Company’s, or by using office hours to do other jobs other which have effects on the Company’s jobs
- Avoid or refrain from expressing opinion or making comments about the Company to external parties or press which may affects the Company’s reputation or operation without having authorities or responsibilities to do so

Use of Internal Information and Retaining of Confidential Information

The Board of Directors strictly enforces the policy on Anti-Insider Trading on the company’s directors, management and any employees engaging in or having access to material non-public information, which if disclosed, may affect the price of the company’s shares. All personel must retain and not disclose any material information before it is reported to SET and SEC. Breaches of the said policy results in severe consequences as follows:

1. Directors, executives, staff and employees of the Company shall keep the company’s secrets and/or inside information confidential.
2. Directors, executives, staff and employees of the Company shall not disclose secrets and/or inside information or exploit it for their own benefits or others’ benefits in a direct or indirect way and with or without benefits.
3. Directors, executives, staff and employees of the Company shall not trade, transfer or receive the Company’s securities by using secrets and/or inside information; and/or entering into any transactions by using secrets and/or inside information that may cause damages to the Company in a direct or indirect way.
4. All concerned persons are prohibited from trading Company securities for a two-week period prior to release of the Company’s quarter and annual financial statements, and for 24 hours after the release (Blackout Period).
5. Should they have knowledge of confidential information that could have any impact on the Company’s securities price, they are prohibited from trading Company securities until 24 hours after the public disclosure.

6. In addition, the Board of Directors will monitor all required actions in accordance with the related measures. Any changes in a director's, top executive or related person's shareholding must be reported to the corporate secretary who shall further report it to the Board of Directors' meeting for acknowledgement.

Receiving and giving presents, assets, or other benefits

Receiving or giving presents, assets, or other benefits in normal traditions or celebrations in each locality in an acceptable monetary value is permitted. Yet the Company discourages employees from receiving presents/assets that have excessively high value from business parties. Employees must refrain from requesting, in any case, any benefits other than those in ordinary customs, neither must they accept benefits that may lead to biased decision making.

Information Technology and Communication

The Company recognizes the value of information technology and communication as key factors that support the operation and increase operational efficiency. It is a mutual responsibility of all employees to follow the determined policy and rules in using information technology and communication, as well as to protect the Company's information from violation and unpermitted distribution of internal information.

Respect to Human Rights and Fair Labor Treatment

The Company supports and respects the principle of human rights, which is the foundation of human resource development and a key factors in the creation of value-added and productivity. Essentially, the Company monitors to prevent the group of PHOL to engage in activities that violate human rights and accept practices that are beneficial to the public, such as Universal Declaration of Human Rights, the Principle of Human Rights of the United Nations

Exercise of Social and Political Rights

Directors, executives, and employees maintain their rights and freedom to participate in various activities in the society. Yet they should refrain from any activities that violate the laws or morality or cause damages to peacefulness of the society. They should maintain personal dignity to be accepted in the society and community in which the Company is situated. As such, the Company determines the following guidelines:

1. Adhere to Democracy and encourage the use of legal rights as defined in Constitution Law and other relevant laws
2. Refrain from any activities that may cause others to understand that the Company is engaged in or especially support any political party

Guidelines for Non-violation of Intellectual Property Rights

The Company shall conduct its business without violation of intellectual property rights or copyrights of others. It shall not corruptly seek to have classified trading information of other companies in the form of contracts, agreements, or other forms of document which may cause damages to those companies. The Company determines guidelines for non-violation of intellectual property rights in its Business Ethics

Guidelines for Anti-Corruption

The Company intends to encourage all employees to work with honesty, morality and ethics in a transparent, verifiable manner. It, therefore, supports, encourages, and monitors employees to make sure that they comply with business morality and business ethics to ensure that the business is conducted with effectiveness and efficiency.

3 Internal Control System and Risk Management

Internal Control System

The Company places high value on internal control, risk management, and adequacy of internal control system. It, therefore, arranges to have internal control system that is balanced and interrelating between financial, management, and efficiency and effectiveness aspects, consistent with the laws, regulations, and relevant systems. It is also determined to continually develop internal control system, covering such aspects as Organizational and Control Environment, Risk

Management, Management Control, Information and Communication, and Monitoring.

The Company clearly put in writing roles and responsibilities, approval authorities, and procedures that resonate with organization structure. It put in place supervising procedure for the Company's resource use to make sure the resource is used optimally, and segregation of duties among operators, supervisors, and assessment in order to enhance appropriate check-and-balance and review.

The BOD arranges to have assessment of adequacy of internal control system of the Company and its subsidiaries and stipulates that such assessment be directly reported to the BOD at least once a year and be disclosed in Form 56-1 and annual reports.

In the meeting of the Board of Directors (BOD), Internal Audit Division and Chief Executive Officer (CEO) participated in the reassessment of the adequacy of internal control in the year 2013, after it had been preliminarily assessed by Audit Committee. In the Board of Directors' Meeting Number 2/2014 held on February 27, 2014, the Meeting reviewed and reassessed the adequacy of internal control and risk management of the Company and its subsidiaries in 5 components: Organization and Environment, Risk Management, Management Control, Management Information System and Data Communication, and Monitoring and Tracking System. The BOD agreed with Audit Committee that:

"In the overall picture, the Company and its subsidiaries have put in place an efficient and sufficient internal control system suitable for the nature of their businesses. There is no fatal flaw that may significantly affect the correctness and credibility of the financial reporting and effectiveness and efficiency of the process to achieve organizational objectives. The Company and its subsidiaries have appropriate and adequate internal control process regarding transactions of directors, executives, and related parties. Audit Committee and management team continually emphasized CG, internal control, and risk management to ensure that PHOL complies with the principle of good CG, put in place adequate internal control suitable for the nature of its business, controlled risks within the acceptable level, put in place correct and credible accounting and reporting system, and complied with the laws and regulations related to the business of the Company."

Internal Audit

To encourage compliance with Corporate Governance (CG), the Company set up Internal Audit Division that directly reports to the Audit Committee and is linked to the CEO. Internal Audit Division is responsible for reviewing internal control and processes of each unit, as well as for making recommendations regarding internal control system, risk management, and corporate governance regularly to ensure that the BOD can monitor the performance of the Company and its subsidiaries thoroughly. This is done to make sure that the said companies conduct their business efficiently, following the determined frameworks, policies, and objectives, that their operational procedures and major financial transactions are done in efficiently, and that they comply with the relevant laws and regulations. The Company determines that Internal Audit Division report the audit result, its recommendations, and any fatal flaws to Audit Committee every quarter before presenting the quarterly summary of the audit findings to the BOD, who will arrange monitoring and mitigating measures to concretely resolve the findings.

Risk Management

The BOD places high emphasis on corporate risk management procedures covering risks from internal and external factors that affect the Company's performance and utilize such procedures to manage and control the risks to be in acceptable levels and suitable for the nature of its business and activities. The Company encourages all levels of executives and employees to participate in the risk management process and support an organization-wide risk management.

It, consequently, arranges to have a process to review the efficiency and adequacy of the risk management system and internal control system through the role of Audit Committee as well as the assessment of Internal Control Division, taking into account the appropriateness of roles and responsibilities, actions plans, and the results from the review of adequacy and quality of the internal control system, corporate governance, compliance with internal and government's regulations, policies, procedures, and work ethics. This is done to assess the adequacy of internal control and appropriateness of the risk management system that will be used to control the risks to stay within an acceptable level, appropriate to the Company's

environment and characteristics of each activity. The review process also includes the assessment of the efficiency of resource management, and correctness and credibility of information reporting. The Board of Directors encourages executives and staff of every level to take part in the risk management process, including the assessment of internal and external risks/problems that may pose a threat to the effort to achieve the Company's objectives or its business opportunities, and encourage the implementation of organization-wide risk management system under the policy determined by the BOD.

The Company, by the Meeting of the BOD Number 7/2009 held on September 14, 2009, appointed Sub-Committee on Risk Management for the first time. The Sub-Committee on Risk Management consisted of at least 5 executive members appointed by Chairman of the Sub-Committee on Risk Management to assume responsibilities on determining an organization-wide risk management policy consistent with the policy given by the BOD, regularly reporting to the BOD / Audit Committee, supervising to have risk management tasks executed including risk identification, probability and impact analysis, risk monitoring, and risk reporting, arranging regular meetings of Sub-Committee on Risk Management, and appointing Risk Management Task Force, which consisted of managers or representative supervisors for all units. Such task forces were to mutually perform risk management duties including assessment of external and internal risks, issues, and obstacles or uncertainties that may steer the Company away from its objectives or events that may damage business opportunities. If such risks/issues/obstacles/events are prone to happen, the Company must prepare mitigation measures to prevent or reduce loss within its acceptable levels.

The Meeting of the Board of Directors Number 12/2013 held on December 10, 2013 elevated the status of Sub-committee on Risk Management to be Risk Management Committee, which consisted of directors, executive directors, and external scholars in the maximum members of 5 persons. Components, terms, and roles and responsibilities defined in Charter of Risk Management Committee (effective on December 10, 2013) are covered in Section Management Structure.

The Meeting of the Board of Directors Number 3/2014 held on February 27, 2014 revised the risk management policy which had been effective since 2011 to be more consistent with the changing circumstances and enforced the new risk management policy on February 27, 2014.

4. Financial Reporting and Financial Statements

The Board of Directors is responsible for the reporting of consolidated financial statements and the dissemination of financial information in the annual report. Such information is prepared according to relevant accounting standards, using appropriate accounting policies that are periodically reviewed by Audit Committee and Auditors. Information are carefully prepared and sufficiently disclosed. The Board of Directors encourages disclosing significant information in the Footnotes.

The Board of Directors delegates its responsibilities to Audit Committee to monitor and control the quality of financial reporting and internal control processes and give opinion on such processes in the annual report.

The Board of Directors concluded that the financial statements of the company and its subsidiaries as of December 31, 2013 is accurate, complete, adequate, and reliable.

5. Related Transactions Management and Conflicts of Interest Prevention

The Board of Directors strictly holds a policy to prevent directors, executives, and employees from abusing their positions to take benefits for their own sake. It, therefore, determines codes of conducts for directors, executives, and employees in the Manual of CG Policy and Business Ethics to discourage all personnel from engaging in transactions that may cause conflicts of interest with the Company. Directors, executives, and employees who have interests in transactions must not participate in the approval of such transactions. The Company also discloses the details of transactions that may cause conflicts of interest and material related transactions, including names of the persons with possible conflicts of interest, relationships, nature of transactions, conditions, pricing policy, transaction value, necessity of transactions, and opinions of Audit Committee and/or the Board of Directors in Annual Registration Statement (Form 56-1) and annual reports under Section "Related Transactions".

Disclosure of related transactions also includes “Interrelated transactions” in Notes to Financial Statement according to relevant criteria.

6. Control of Internal information

The company places great importance on transparent information disclosure and, hence, unambiguously determine its policy of information disclosure on financial and non-financial data related to the operation and the business of the company to its shareholders, investors, analysts and public on a timely, reliable, and sufficient basis. The Board of Directors stands ready to supervise and monitor the company to comply with the laws, rules and regulations related to transparent information disclosure as enforced by section 52 of the Securities and Exchange Act 1992 and/or the Securities and Exchange Act. The company contends that all directors, executives, including their spouses and minors, report their holding of securities and change of securities holding in a determined timeframe under the topic “Securities holding reporting”. Directors and executives are required to report their change of securities holding to the company’s regulatory body, which will report such change in transaction to Audit Committee and Chief Executive Officer respectively. Management’s securities holding and change of securities holding are also reported to Board of Directors in a quarterly basis.

Disclosure of any information is done discretely by the personnel directly engaged in the issue or specifically assigned to disclose the information. Disclosure must be completed in an accurate, truthful, and careful manner.

The Board of Directors strictly enforces the policy on Anti-Insider Trading on the company’s directors, management and any employees engaging in or having access to material non-public information, which if disclosed, may affect the price of the company’s shares. All personnel must retain and not disclose any material information before it is reported to SET and SEC. Breaches of the said policy results in severe consequences as follows to the guidelines in the Code of Conduct of the Company.

The control of internal information of the company has been specified in the employees working rules and its applied at all levels. Under the discipline and punishment section stated any employee who violate or fail to comply with the prescribed regimen, shall be deemed as disciplinary breach and must be punished according to the offense committed. The principal behind this rule is “Employee who is committed to reveal the company’s information, deliberately discredit the company’s image, trust, and product which cause the company to suffer or loss the business opportunity”. Employee who is committed will be severely punished and the extreme case is fired.

7. Investor Relations

Aside from information disclosure according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand, the Company also arranges to communicate to shareholders and investors through several channels. Investor Relation Division is responsible for making direct contact with shareholders, institution investors/ general public, analysts and/or governmental units in an equitable and fair manner. It also communicates through press and other media in the country and outside of the country (if any).

The Company has improved Section Investor Relation on its website by re-categorizing information and putting in more information to make the information more complete. The information is presented in both Thai and English version so as to facilitate Thai and foreign investors who are interested in the Company to use information in their decision making process. Such information is posted on the Company’s website at www.pdgth.com.

In 2013, The Company administered several activities to allow top executives to regularly meet with retail investors, institution investors, analysts, and press. Presentation of the Company performance and other activities can be summarized below:

- Participated in two Opportunity Days Events, hosted by the Stock Exchange of Thailand, to give presentation on the Company’s performance for 4Q/2012 and 2Q/2013

- Welcomed analysts, retail investors, and institution investors who requested to meet executives and visit the Company for 4 times
- Top executives gave interviews about the overview of PHOL's operation and future trend via on-line TV and printed media for 3 times
- Hosted 3 press conferences and regularly published press releases containing business movements, performance results, and photos of the Company's activities
- Constantly participated in trade shows relevant to the Company's business, including "Thailand Industrial Fair 2013" in January, "Thai Water 2013" and "Safety week" in June, and "GREEN BUILDING & RETROFITS EXPO ASIA 2013" in September
- Participated in Stock Mart Project in an investment expo "SET in the City 2013" by providing products and Company's CD to advertise and distribute PHOL's information to investors who attended the expo.

In addition, PHOL provides the Company's information, performance results, financial statements, presentations, and information report that the Company submitted to the SET on its website at www.pdgth.com both in Thai and English to allow all interested persons to receive equal information. Should any shareholders, investors, or interested persons have any inquiry or wish to meet executives and visit the Company, they can contact Investor Relation Division at Tel: 0-2791-0111 ext. 206 or Fax: 0-2791-0100 or email at ir@pdgth.com or through the Company's website.

8. Auditor's Fee

Audit Fee

For the accounting period of 2012 and 2013, the Company paid the audit fee to Mr. Sathien Vongsnan, Certified Public Accountant Number 3495 from ANS Audit Co., Ltd. amounted 805,000 baht and 820,000 Baht, respectively, which including audit fee of subsidiary company amounted 225,000 baht and 180,000 Baht, respectively.

Non Audit Fee

- None-

Comparison of the Audit Fee

Audit Fee	Unit : Baht		
	2013	2012	2011
Audit Fee			
1.Phool Dhanya Public Company Limited	640,000	580,000	580,000
2.PD Genesis Engineering Company Limited (Subsidiary)	60,000	225,000	225,000
3.Phool Palladium Company Limited *(Subsidiary)	120,000	-	-
Non Audit Fee	-	-	-
Total	820,000	805,000	805,000

* Phool Palladium Company Limited is a subsidiary, established on January 22, 2013. Phool Dhanya Public Company Limited share held 99.99%



Corporate Social Responsibility

Policy and Overview of Corporate Social Responsibility

The Board of Directors does not only drive corporate to grow economically, but it also highly values corporate engagement in the responsibilities towards communities, society, and environment, realizing that CSR is the foundation for the Company to grow sustainably as a CG-based organization that takes into account every stakeholder's interest fairly. Indeed, the BOD clearly determined the Company's CSR as a part of PHOL's vision, mission, and policy.

The guidelines of PHOL's CSR are written to be consistent with the Company's vision, mission, and policy under the principle of CG and business ethics as follows:

Corporate Governance

The BOD wholeheartedly believes that good corporate governance is an important indicator to show that the Company is managed in an effective, transparent, and accountable manner. This creates trust and confidence for shareholders, investors, and other stakeholders alike. The BOD, therefore, determined PHOL's CG policy, following the CG framework guided by the Stock Exchange of Thailand (SET) and the codes of governance of the Securities and Exchange Commission (SEC) and Capital Market Advisory Board, to be strictly adhered to by directors, executives, and staff. The details of PHOL's compliance with the principle of CG are included in the "Corporate Governance" section.

Fair Business Conduct

The BOD encourages the Company to conduct its business in a responsible, fair, transparent, and verifiable fashion based upon the foundation of ethics and morality under the principle of good corporate governance. It, thus, arranged to have written business ethics and manual of business ethics, which are distributed to directors, executives, and staff to help them be knowledgeable of and to utilize such manual as a guideline for fair business treatment.

Business ethics determines policy and guidelines covering 1) responsibilities towards all stakeholders, including shareholders, customers, trading partners, competitors, trade creditors, communities and environment, and government entities, 2) responsibilities in procurement and transactions with trading partners, 3) responsibilities in quality, safety and occupational health, 4) ethics of directors, executives, and staff, and 5) other policy and code of conducts in several aspects as follows:

- Respect and compliance with relevant laws, rules, and regulations
- Conflict of interest
- Use of internal information and maintenance of classified information
- Receiving and giving presents, assets, or other benefits
- Use of information technology and communication
- Respect for Human Rights and fair labor treatment
- Use of social and political rights
- Non-violation of intellectual property rights
- Anti-corruption

Aside from distributing a printed manual of business ethics to corporate personnel, PHOL also disclosed its business ethics publicly on its website at www.pdgth.com to ensure that all of its stakeholders and other interested parties receive the information evenly.

Anti-corruption

The BOD recognizes the importance of taking part in an anti-corruption effort as encouraged by the regulating bodies in the SET and other relevant private entities who wish to have listed companies set a business standard for other private companies. The BOD convened and agreed to determine an anti-corruption policy consistent with the Company's business eth-

ics and morality to prevent corruption activities. Preliminarily, it agreed to determine anti-corruption policy and communicate such policy to all personnel, to have a written anti-corruption policy in the manual of business ethics, and to have such policy broadcasted on the Company's website. Next, the BOD planned to join "Private Sector Collective Action Coalition Against Corruption" to set a transparent business standard that will make the Company become more trustworthy in the eyes of the general investors.

The Company determined anti-corruption guidelines, which are included in the manual of business ethics as follows:

1. Employees must refrain from any activities that convince others to falsely believe that such employees have specific roles or responsibilities when they do not have ones
2. Employees must refrain from using ones' own positions to seize undeserved benefits for thyself or others, and must avoid illegal actions
3. Employees are prohibited from requesting, or receiving assets or other benefits that may induce such persons to corruptly exercise, or not exercise, their roles, or that may cause the Company to lose its rightful benefits

To increase awareness of the importance of anti-corruption policy in the organization and to encourage participation in activities for public interests, in 2013 the Company encouraged its staff, directors, and executives to join Walk-Run-Fun Bike-Anti-Corruption 2013, a race competition event held by Anti-Corruption Organization of Thailand on December 15, 2013. In addition, it gave 2,000 bottles of drinking water to the event participants through a liaison with Thai Listed Company Association.

Respect for Human Rights and Fair Labor Treatment

The Company supports respect for human rights both inside and outside of the organization. It includes this topic in the manual of business ethics in order for directors, executives, and staff to use as a guideline to interact respectfully. In addition, it determined the guidelines for Respect for Human Rights and Fair Labor Treatment as follows:

1. Employees are encouraged to exercise their rights as rightful citizen according to Constitutional laws and other relevant laws
2. The Company supports and respects human rights protection by constantly preventing itself and its subsidiaries from engaging in activities that violate human rights, such as labor abuse and child labor
3. The Company arranges to have safe and hygienic workplace to prevent accidents and work-related illnesses
4. The Company arranges to have fair employment conditions and fair compensation that are suitable for one's performance
5. The Company arranges to have appropriate welfares, such as vacations, over-time compensation, and medical welfare
6. The Company encourages its employees to have work-life balance, using the principle of sufficient economy, and supports it employees to participate in philanthropic activities based on ones' religious belief freely and equally
7. The Company arranges to have proper complaint channels for mistreated employees
8. The Company must retain employees' information, such as biographies, medical records, and work experiences, and must refrain from disclosing such information to the public, unless the owner of such information allows so. Violation of information retention is deemed disciplinary offense unless it is done according to the Company's rules or the rules of laws
9. The Company's executives and staff must abstain from any activities that violate or threaten the rights of others by physical actions, verbal actions, or other actions that attack other persons' race, color, gender, religion, language, political belief or other believes, or physical or mental disability, and must refrain from engaging in any unwanted activities that threaten or upset others, or lead to detrimental effect
10. The Company respects the rights to freedom of opinion of its staff, which covers freedom of speech without interference, and receiving of information or opinion via medias, and arranges to have a communication channel to receive stakeholders' opinion freely.

Responsibility towards Employees

The Company realizes that human resource is a quintessential factor that drives the Company to achieve its objectives. It, therefore, highly values fair treatment to employees. Aside from strict compliance with labor laws and regulations, PHOL is also determined to constantly improve the capability of its employees and provide appropriate compensation and welfare for its employees.

Compensation and Welfare

The Company provides compensations for its employees in both monetary and non-monetary terms. Monetary compensation includes salary, annual bonuses, overtime pay, commission, incentives, diligence allowance, and other monetary welfare. Salary is increased every year in a rate associated with the result of each employee's performance assessment according to Key Performance Index (KPI), which is used as an assessment tool and motivating tool for employees.

Main non-monetary compensations includes contribution to provident fund, in which employees are given the rights to choose or change the investment policy to match each one's objective and risk tolerance, and group life insurance and health insurance, which are offered to both executives and staff in different limits based on the age of each employee and the riskiness each position is involved. Moreover, the Company also offers other welfare in excess of labor laws' mandatory welfare, such as annual health checkup and emergency loans welfare.

Human Resource Development

The Company places a high value on continual human resource development to empower its employees to achieve performance objectives and steer the organization in the right direction to support future growth and competitiveness in the global stage. PHOL has set up a training plan and activity plan for its employees to enhance their knowledge and skills in several aspects by holding internal programs and sending employees to participate in external programs. In 2013, the Company hosted 38 internal training programs and sent employees to 41 external training programs. The training programs covered employees of all functions. In addition, PHOL also supports staff's continuing education by giving scholarship to selected employees every year.

Happy Workplace Activities

Besides improving knowledge and skills of its employees, PHOL also encourages them to develop a strong bond among themselves, to form a good organization culture, and, most of all, to enjoy work. It creates opportunities for employees to participate in several activities beneficial to society, communities, and environment, instilling altruistic mindset into the heart and soul of its employees. The Company supports annual activities in many forms, applying the principle of Happy 8 to make PHOL a "Happy Workplace". Such activities include New Year's celebration ceremony, annual sports day, respecting the elders in Song-Kran Day ceremony, annual traveling tour, activities of sports and recreational club, annual making-merit celebration, and making-merits-in-holy-days activity.

Furthermore, the Company arranges to have meetings between management and employees to communicate the direction and the performance of the Company every 6 months. Employees are encouraged to express their opinion or give recommendations in the meeting so that the management can utilize such opinions and recommendations to improve the operation of the Company and to ensure mutual understanding between the two parties.

Safety, Occupational Health, and Environment in Workplace

The Company deeply values the importance of safety and health of its employees and relevant parties. It, consequently, applied OHSAS 18001 Standard as a framework to create a safe working environment. It received OHAS 18001:2007 in October 2012.

PHOL strictly conforms to the safety standards by appointing the Occupational Health and Environmental Safety in Workplace Committee and occupational health and safety officers to control and monitor occupational health and safety situation in the workplace to ensure that the safety protocols are followed as specified in the policy and action plan, as well as by creating safety awareness for employees.

Activities done to promote Safety, Occupational Health, and Workplace Environment in 2013 are as follows:

- Formulation of preventive plan or mitigation plan for occupational hazards or other types of accidents in the office area, improvement of surrounding environment to promote safety, and checking of appliance to make sure they were well-functioned
- Distribution of knowledge on Safety and Occupational Health laws and regulations and other relevant laws and regulations, such as labor laws, transportation laws, and regulations of the Ministry of Industry Thailand, as well as updating of changes in the relevant laws and regulations through emails. All relevant laws and regulations and their updated versions are collected and kept in Central Information File, which is highly accessible to all employees, to facilitate employees' use both for their own reference, for distributing to customers, or for supporting sales of products and services.
- Aside from educating all employees about fundamentals of occupational health and safety management, the Company also regularly educates them to prevent accidents by holding training programs, notifying on information board, and internal emails. This is done to ensure that PHOL's employees are knowledgeable in both occupational safety and general safety in daily life. Information circulated is such as safe driving and correct handling of occupational equipment.
- To ensure that every employee take part in the creation of safe working environment, the Company holds Big Cleaning Day event every year and encourages employees to keep their working area clean by using 5S principle. It also incentivizes employees by giving awards to the unit with the top assessment score according to 5S principle.
- The Company initiated the program "No-Drink-To-Work" in Rain-Retreat season to discourage employees from drinking alcohol, one of the main causes of health problems and accidents. Moreover, to create awareness of hazardous effect of alcohol to their ability of work and to drive, the Company randomly measured alcohol level in its employees' blood and might give warning to or even suspend the employees with excessively high level of blood alcohol.

From the Company's statistics of accidents, there were no serious occupational accidents in 2013.

Responsibility towards Customers

The Company distributes safety, occupational health, and environment products with an objective to be well-accepted by the customers and the society for its leading specialization in safety and environment. It, therefore, devotes its resource to find high-quality safety, occupational health, and environment products and to provide superior services to ultimately serve the need of its customers with appropriate prices. PHOL determines the policy and guidelines for customer treatment in the manual of business ethics as follows:

- Maintain the quality of products and services to match or exceed customers' expectation in appropriate prices
- Give recommendations to the customers and assist the customers in the problem solving process to ensure that they can make use of PHOL's products and services efficiently and with maximum benefits, always keeping in mind that the customers are the Company's trading partners
- Provide information of the Company's products in a correct, sufficient, and timely manner. The information on quality, quantity, and conditions must be truly represented.
- Interact with customers with politeness and credibility and arrange to have a system or procedure for customer complaint on the quality, quantity, or safety of the products or services
- Maintain customers' classified information or data and abstain from abusing such information for ones' own or others' illegitimate benefits

The Company has utilized ISO Standards in the development of its operational system to ensure the customers that its operation is well managed. In 2010, it received ISO 9001:2008 from UKAS & GLOBAL. PHOL determines processes and procedures along its supply chain to achieve customers' satisfaction efficiently.

Complaint Management and Customer's Satisfaction Measurement

PHOL arranges to have a procedure to receive customer complaint and opinion through several channels such as telephone, e-mails, fax, as well as its staff. Marketing division is responsible for receiving customer complaints and opinions, as well as for analyzing them to find their causes and solutions. PHOL's customers can rest assured that their complaints and opinion are carefully reviewed and the problematic issues will be fixed. Complaints and opinions will be used to help PHOL continually improve the quality of its products and services

The Company determined that customer satisfaction be one of the Company's annual performance indicators. In practice, it raises the target every year to induce constant improvement. Customer satisfaction indicator includes satisfaction with products and services. In 2013, the result of the indicator was 81.60%, higher than its target level.

The Company arranges to have regular development programs for sales agents to strengthen the Company's specialization in safety, occupational health, and environment and to empower its sales agents to be able to give recommendations on details and usage of products and deliver after-sales services correctly and efficiently without any negative effect to the customers.

Responsibility towards Society, Community, and Environment

The Company encourages its employees to be responsible for society, communities, and environment, and to have altruistic mindset by arranging to have the following activities:

- Set up the campaign to donate used desk calendars to make Braille code card, an educational media for blinded students, to the Bangkok School of the Blind, the Foundation for the blind in Thailand under the Royal patronage of H.M. the Queen
- Set up the campaign to donate electronic waste such as used computer parts, used telephone, or other damaged electronic appliance to be recycled and resold. The revenue from sale was given to help people with disabilities through Association of Persons with Physical Disabilities International
- Members of the Sewing Club (an employees' initiated club) gathered and knitted wool hats for cancer patients who underwent chemo-therapy at Vajiralongkorn Hospital, Thunaya Buri, Puthumthani
- The Company supports the activities to preserve Buddhist's tradition and to encourage its employees to be good Buddhists, such as make-merits activities in Buddhist's holy days, and giving big candles, light bulbs, and appliance to monks in Rain-Retreat Day
- The Company co-hosts blood donation event for employees and interested persons to donate blood for public interest with Blood Bank Unit, Thammasat University Hospital
- The Company main business is trading, not manufacturing, so the effect of its business to environment is minute. However, the Company recognizes the significance of natural resources and energy, it, therefore, encourages its employees to preserve environment, save energy, and make efficient use of resources, by communicating through emails and notifying through information posters.
- Other activities for public interest in 2013 include:
 - Donated scholarship to children in various schools and children centers in Children's day
 - Donated funds to renovate Engineering building in Chulalongkorn University in the Celebration of 100th Anniversary of Engineering Faculty
 - Donated funds to renovate Buddhist holy places

This report on Corporate Social Responsibility (CSR) is prepared based on the CSR framework as guided by the Stock Exchange of Thailand, covering the performance of PHOL and its branch offices between January 1st-December 31st, 2013 with the exception made for 1) applying of ISO9001:2008 Standard, which covers only the headquarter and 2 branch offices: Rayong Office and Chaingmai Office, and 2) applying OHSAS 18001: 2007 Standard, which covers only the headquarter. The Company plans to apply OHSAS 18001: 2007 Standard to its branches in the future.



Internal Control and Risk Management

Internal Control and Risk Management

In the meeting of the Board of Directors (BOD), Internal Audit Division and Chief Executive Officer (CEO) participated in the reassessment of the adequacy of internal control in the year 2013, after it had been preliminarily assessed by Audit Committee. In the Board of Directors' Meeting Number 1/2014 held on February 10, 2014, attended by 9 directors, 3 of whom were Independent Directors and Members of Audit Committee and 1 of whom was Independent Director, the Meeting reviewed and reassessed the adequacy of internal control and risk management of the Company and its subsidiaries in 5 components: Organization and Environment, Risk Management, Management Control, Management Information System and Data Communication, and Monitoring and Tracking System.

To encourage compliance with Corporate Governance (CG), the Company set up Internal Audit Division that directly reports to the Audit Committee and is linked to the CEO. Internal Audit Division is responsible for reviewing internal control and processes of each unit, as well as for making recommendations regarding internal control system, risk management, and corporate governance regularly to ensure that the BOD can monitor the performance of the Company and its subsidiaries thoroughly. This is done to make sure that the said companies conduct their business efficiently, following the determined frameworks, policies, and objectives, that their operational procedures and major financial transactions are done in efficiently, and that they comply with the relevant laws and regulations. The Company determines that Internal Audit Division report the audit result, its recommendations, and any fatal flaws to Audit Committee every quarter before presenting the quarterly summary of the audit findings to the BOD, who will arrange monitoring and mitigating measures to concretely resolve the findings.

The BOD places high emphasis on corporate risk management procedures covering risks from internal and external factors that affect the Company's performance as well as the adequacy of its internal control. It, consequently, arranges to have a process to review the efficiency and adequacy of the risk management system and internal control system through the role of Audit Committee as well as the assessment of Internal Control Division, taking into account the appropriateness of roles and responsibilities, actions plans, and the results from the review of adequacy and quality of the internal control system, corporate governance, compliance with internal and government's regulations, policies, procedures, and work ethics. This is done to assess the adequacy of internal control and appropriateness of the risk management system that will be used to control the risks to stay within an acceptable level, appropriate to the Company's environment and characteristics of each activity. The review process also includes the assessment of the efficiency of resource management, and correctness and credibility of information reporting. The Board of Directors encourages executives and staff of every level to take part in the risk management process, including the assessment of internal and external risks/problems that may post a threat to the effort to achieve the Company's objectives or its business opportunities, and encourage the implementation of organization-wide risk management system under the policy determined by the BOD.

The Board of Directors values its management information system and internal and external data communication. It consequently attempts to ensure that such process is done with a careful manner and fair treatment to shareholders, investors, and other parties utilizing such information. It also ensures that the reporting of the Company's performance and financial reporting be done according to a generally-accepted accounting standard in a timely, complete, and correct manner. The information should be sufficient to assist decision making and be broadcasted on the Company's website.

The BOD agreed with the Audit committee that the Company and its subsidiaries had put in place an efficient and sufficient internal control suitable for the nature of their businesses. They found in the existing internal control system no fatal flaws that may significantly affect the correctness and credibility of the financial reporting and effectiveness and efficiency of the process to achieve organizational objectives. It also agreed that the Company and its subsidiaries had appropriate and

adequate internal control process regarding transactions of directors, executives, and related parties in the case that the Company had investment in subsidiaries and affiliates, that the Company regularly monitored the performance of its subsidiaries and affiliates through the appointment of representatives to be directors of its subsidiaries. BOD also agreed that Audit Committee and management team continually emphasized CG, internal control, and risk management to ensure that PHOL complied with the principle of good CG, put in place adequate internal control suitable for the nature of its business, controlled risks within the acceptable level, put in place correct and credible accounting and reporting system, and complied with the laws and regulations related to the business of the Company.

The BOD deeply realizes that internal control is the heart of the business conduct; it supports and drives the operations to be efficient and effective, creating reasonable believe among stakeholders that the Company will achieve its determined performance objectives, that the financial reporting is done precisely, that the corporate governance is implemented, and that the relevant laws and regulations are strictly complied.

Director of Internal Audit

The Board of Directors places high importance on internal audit work. It, therefore, arranged to have Internal Audit Division and appointed Miss Natchomkorn Puapansakul to assume the position of Director of Internal Audit Division and Secretary of Audit Committee since April 4, 2008. Miss Natchomkorn was scholarly qualified, was experienced in Finance and Accounting professions, had long worked in the area of internal audit for the Company, and was well knowledgeable in the activities and operations of the Company. Internal Audit Division is responsible for the assessment of adequacy and effectiveness of the internal control of the Company's systems and activities.

In the meeting of Audit Committee Number 2/2014 held on February 27, 2014, the Committee agreed that Miss Natchomkorn Puapansakul was well-qualified to appropriately and sufficiently assume the aforementioned role.

The assessment, approval, appointment, demotion, and transferring of Director of Internal Audit Division must be approved (or agreed upon) by Audit Committee.

(For information about Director of Internal Audit, please look at the topic "Management Team and Corporate Secretary")



Connected Transactions

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction	
		For the year ending December 31, 2012	For the year ending December 31, 2013		
1. PD Genesis Engineering Co., Ltd. ("Subsidiary")	The Company holds 76.67% of shares in PD Genesis Engineering Co., Ltd.	- Investment in the Subsidiary Allowance for Impairment Net investment in the Subsidiary	11,500,000	11,500,000	The Company saw an opportunity in the business operation concerning environment, the Company expanded its business to water treatment products. However, the earnings of the Company reported loss. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance of impairment and allowance for doubtful accounts following the loss earnings over capital. As of November 6, 2012, the Company deregistered and is in the process of liquidation.
		- Short-term loan to the subsidiary	5,000,000	5,000,000	
		Less Allowance for doubtful accounts	5,000,000	5,000,000	
		Net Short-term loan to the subsidiary	-	-	
		- Interest income	126,278	126,278	
		Less Allowance for doubtful accounts - interest income receivable	126,278	126,278	
Net Interest income	-	-			
				<p><u>The Audit Committee's opinion</u></p> <p>The Audit Committee opined that the provision was in accordance with the accounting standard.</p>	

Persons with possible conflict of interest	Relationship / Transaction		Transaction Value (Baht)		Necessity and reasonability of the transaction
			For the year ending December 31, 2012	For the year ending December 31, 2013	
1. PD Genesis Engineering Co., Ltd. (Subsidiary)	The Company holds 76.67% of shares in PD Genesis Engineering Co., Ltd.	- The Company purchased assets from the Subsidiary	2,221,000	10,500	The Company purchased the assets of equipment from the Subsidiary for business and as example products for the customers. <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was appropriate and it was the normal trading transaction.
2. Phol Palladium Co., Ltd. (Subsidiary)	The Company holds 99.99% of shares in Phol Palladium Co., Ltd.	- Investment in the Subsidiary	-	999,970	The Board of Directors approved an establishment of Phol Palladium Co., Ltd. to distribute occupational health and safety products to government agencies in order to reach and expand its customer base in this group <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.
		- The Company sold goods to the Subsidiary Sale of goods Trade receivables in the Subsidiary	- -	4,871,547 2,520,845	The Company sold goods to the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin agreement. <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		For the year ending December 31, 2012	For the year ending December 31, 2013	
3.Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	The Company holds 70% of shares in Pholdhanya (Cambodia) Co., Ltd.	-	3,174,000	The Board of Directors approved to establishment of the subsidiary to expand investment to Cambodia, which has a high growth potential and to support ASEAN in the future. The value is shown as paid and then some, representing 47.62% of total investment (USD 210,000). <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.
	-The Company sold goods to the Subsidiary			The Company sold goods to the Subsidiary as normal business operation
	Sale of goods	-	3,860,360	with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin agreement.
	Trade receivables in the Subsidiary	-	3,938,956	<u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		For the year ending December 31, 2012	For the year ending December 31, 2013	
4. Mr. Meechai Lertjaturaphat	The director and shareholder of Pholdhanya (Cambodia) Co., Ltd. hold shares in total of 30%	-	39,720	The Company sold goods to Mr. Meechai Lertjaturaphat as normal business operation with a policy of selling goods at market prices.

The Audit Committee's opinion

The Audit Committee opined that the transaction was the normal trading transaction.

Procedures of the Approval of the Transaction

The Board of Director's Meeting No. 6/2012 was held on June 15, 2012 had a resolution to approve the principle concerning a general trading agreement of the transaction between the Company and its subsidiaries with a person whom may have conflicts of interest. The measures and procedures of the approval of the transaction of the Company and its subsidiaries are as follows:

1. Normal business or normal business support transactions

For instance, the product purchase or services which the Company or the subsidiaries distribute or provide services, etc., the Company and its subsidiaries are able to perform transactions with a person with conflicts of interest if the said transactions is considered having the same trading agreement as general trading condition of a reasonable person would be expected to agree upon with unrelated counterparty under similar circumstances, on the basis of commercial negotiations without any dependent interests of being Directors, Executives, or related persons. The Company shall at least quarterly present the said transactions to the Audit Committee and the Board of Directors for acknowledgement.

2. Other connected transactions other than aforementioned transactions

The Company and its subsidiaries stipulates that the Audit Committee shall consider and provide opinion concerning the necessity of the transaction and appropriateness of the price of the transaction based on conditions following normal trading of the market of which the price can be compared with outsiders and is fair, reasonable, and auditable. When the Audit Committee has no expertise in the consideration of the transactions, the independent expert or auditor of the Company or its subsidiaries shall provide an opinion toward the transactions in order to propose to the Board of Directors or the shareholders, depending on a case, for further consideration. The connected transaction of the Company and its subsidiaries with persons with conflicts of interest shall be considered by the Audit Committee and receive an approval from the Board of Directors of which the meeting is attended by the Audit Committee. The Directors who have conflicts of interest shall be abstained from the voting.

Upon having been enlisted in the Stock Exchange of Thailand (SET), the Board of Directors of the Company and its subsidiaries shall ensure compliance of the Company and its subsidiaries to the relevant laws on the Securities and Exchange Commission (SEC), the regulations of the Stock Exchange of Thailand (SET), regulations concerning disclosure of connected transactions and the acquisition or disposal of the assets of the Company and its subsidiaries, as well as accounting standards stipulated by other laws in connection with the Federation of Accounting Professions.

Policy and trend of future connected transactions

The policy of the connected transactions stipulates that the Company and its subsidiaries shall perform only connected transaction which concerning core business of the Company with persons with conflicts of interest and they are normal connected transactions of which the conditions follow normal trading operation and market price which can be compared with the price of the outsiders.

The policy of the transaction of non-connection with the Company's core business with the person of possible conflicts of interest such as the purchase of assets or services and financial aids, etc. has to receive an approval from the Audit Committee prior to any operation. The Audit Committee shall consider and provide opinion concerning the necessity of the transaction and price appropriation of the transaction.

Policy for related transactions between the Company and its subsidiaries

1. Normal course of business operation between the Company and its subsidiaries in the case of goods and services transactions that are considered as normal business operation, the Company has the policies to protect investors from transfer of benefits by designating the Audit Committee to examine the necessity of such transaction with related internal departments to ensure that trading of goods and services are done at market prices. The examination report will be submitted to the Audit Committee on a quarterly basis and the Audit Committee shall present the report to the Board of Directors subsequently.

For trading of shares or fixed assets which classified as an occasional transaction, the Company's policy is to engage independent experts from outside such as property appraiser or independent financial advisor to provide opinion to the Audit Committee. The Audit Committee will then present the report to the Board of Directors subsequently.

Pricing policy for related transaction (the Company and its subsidiaries) is based on a cost-plus basis on the pre-agreed margin. However, if there is a related transaction that does not meet the specified criteria, this shall be presented to the Audit Committee for consideration of the appropriateness and subsequently to the Board of Directors for approval prior to each transaction.

2. Future loan and guarantee to the subsidiaries The Board of Directors has a clear policy that related transaction is possible if it happens under the normal course of business operation. But this shall subject to the necessity and fair price that could be comparable to market price in order to protect the interest of the Company.

Since the nature of business of the Company and its subsidiaries is trading of goods and services which would result in trading with other companies as well as related companies, the Company expects that there would be a tendency for increasing related transaction for trading of goods and service in proportion to business expansion of the Company and its subsidiaries. For other types of related transactions, it would be subject to business necessity. Short-term loans to related companies are based on short-term capital needs of related companies and cash flow management policy of the Company

The Board of Directors has defined policy for providing loans to subsidiaries by adhering to its own dependence on borrowing from financial institutions unless there is a necessity to borrow money from the Company for business operation

which would be presented to the Audit Committee and the Board of Directors for consideration and approval before entering into each transaction. The lending of loan and guarantee shall be in proportion to shareholder structure. This shall include the financial costs / interest rates that would be according to the market rate.

3. Shared resources between the Company and its subsidiaries Share resourced, including assets, personnel or expenses between the Company and its subsidiaries, for example, must be fairly and transparently allocated among related companies.

The Board of Directors of the Company and its subsidiaries are required to ensure that the Company and its subsidiaries comply with the Securities and Exchange Act B.E. 2535 and relevant rules, regulations and notifications of the Stock Exchange of Thailand as well as regulations regarding the disclosure of related party transactions and the acquisition or disposal of assets of the Company and its subsidiaries and compliance with accounting standards set by the Federation of Accounting Professions.

The Company discloses the connected transaction in the remark of the financial statement which is audited and reviewed by the Company's Auditors, as well as in the registration statement (Form 56-1) and the Annual Report of the Company (Form 56-2).

Hence, if the Company and its subsidiaries have any transactions with the person who may have conflict of interest, the Company and its subsidiaries must comply with the approved measures as detailed above. The Company has policy to let the Company and its subsidiaries transact with persons who may have conflicts of interest only in relation to the core business of the Company.



Management Discussion and Analysis

Operating performance

In 2013, the Company's consolidated revenue from sales and services were 773.88 million baht, decreased by 16.15 million baht (2.04% YoY) due to the fact that a decrease of revenue of sales in government sector. However company's net profit after minority interest amounted to 50.75 million baht, increase by 5.31 million baht (11.70% YoY) driven by an increase in sales of high margin products. Furthermore, there is a reduction in services cost in the subsidiary company, compared with the previous year.

Revenue

The Company's sales were 769.09 million baht, decreased by 17.14 million baht (2.17% YoY) compared with 786.23 million baht in 2012. The decrease in sales was due to decrease sales of control environment products in government sector, electronics sector and foods sector. However, the sales of occupational safety, health and environment products to petrochemical sector and automotive sector were increased according to industrial expansion.

Revenues from services were 4.79 million baht, increased by 0.99 million baht (26.01%YoY) driven by increased in efficiency of water treatment services project.

Revenue Structure	2013		2012		% Change
	Million Baht	%	Million Baht	%	
Occupational Safety, Health and Environment Products	617.29	79.77%	597.17	75.59%	3.37%
Control Environment Products	123.46	15.95%	152.94	19.36%	-19.28%
Water Treatment Products	33.12	4.28%	39.91	5.05%	-17.01%
Total Revenue from sales and services	773.88	100%	790.03	100%	-2.04%

Note * reclassified of products.

Other revenues were 2.79 million baht, comprised of 0.66 million baht from reversal allowance for loss on impairment of assets and 2.13 million baht from other income.

Cost of Sales and Services

In 2013, the Company's cost of sales and services amounted to 540.08 million baht comprising of 536.36 million baht of cost of sales and 3.71 million baht of cost of services. The cost of sales and services decreased by 31.23 million baht (5.47%YoY). The decrease in cost of sales was associated with lower sales revenues, the cost of services was decreased due to decrease of services cost of subsidiary company.

Cost of sales and services in 2013 was accounted for 69.79% of total sales and services revenue resulting in 30.21% of gross profit margin while the cost of sales and services in 2012 was accounted for 72.31% of total sales and services revenue resulting in 27.69% of gross profit margin. The increase of gross profit margin was due to an increase of high gross profit margin products, compared with 2012. Furthermore, the gross profit margin of services business was improved from higher efficiency and no loss in subsidiary company's project as increase in 2012.

Selling and Administrative Expenses

In 2013, Selling and administrative expenses amounted to 168.91 million baht comprised of selling expenses amounted to 79.98 million baht, administrative expenses amounted to 85.58 million baht, bad debt and doubtful account amounted to 1.25 million baht and loss from exchange rate amounted to 2.10 million baht. The increase of selling and administrative expenses was mainly due to increase in expenses from 2 newly established subsidiaries and the loss from exchange rate which was gain in the previous year.

The Company's net profit after minority interest was 50.75 million baht accounted for net profit margin 6.53%, increased by 5.31 million baht from last year (11.70% YoY).

Profitability Ratio

Consolidated	2013	2012*
Gross Profit Margin	30.21%	27.69%
Operating Profit Margin	10.25%	9.72%
Net Profit Margin	6.53%	5.72%
Return on Equity	16.77%	15.87%

Note *Restated

In 2013, the company's return on equity was 16.77%, increase from 15.87% in 2012, due to the fact that the increase portion of high gross profit margin products, while percentage of increase in selling and administrative expenses were lower than percentage of gross profit margin. As the result, the company's operating profit margin and net profit margin were increase.

Financial Position

Consolidated	2013		2012*		% Change
	Million Baht	%	Million Baht	%	
Assets	511.45	100.00%	507.96	100.00%	0.69%
Liabilities	202.75	39.64%	215.99	42.52%	-6.13%
Shareholder's equity	308.70	60.36%	291.97	57.48%	5.73%

Note *Restated

Assets

The Company's total assets as of December 31, 2013 were 511.45 million baht comprised of current assets amounted to 358.62 million baht and non-current assets amounted to 152.83 million baht. Total assets increased by 6.82 million baht (1.34% YoY) from total assets of 507.96 million baht in 2012. The increasing was mainly due to increase in cash and cash equivalent.

Trade receivables

In 2013, the company's trade receivables were amounted to 108.65 million baht which decrease from 2012, due to the decrease in sale volume. Furthermore, the company's credit term policy is at least 30 days, then, the average credit term was 51.91 days which was closely to 2012 at 52.85 days. The company will consider payment term from past performance, sales order and historical payment. Furthermore, the company will recognize allowance for doubtful account by estimated losses that may incurred in collection of receivables which was generally based on collection history, current financial status of account receivables. Accordingly, the company will analyze each account receivables which aging over 180 days past due and inactive movement. Thus, the company set up allowance for doubtful account at rate 100% of total remaining receivables. In 2013, the company decrease allowance for doubtful account by 0.11 million baht, decrease from 0.17 million baht in 2012.

Inventories-net

In 2013, the company's inventories-net were 189.30 million baht, decrease by 6.32 million baht from 2012 or 3.23% (YoY). According to the policy for set up allowance for diminution in value of inventories for obsolete or impaired goods, the company will consider from aging and condition of goods, quick obsolete goods aging over 1 year will be set up allowance for diminution in value of inventories of 50% of inventories value, quick obsolete goods aging over 2 year or impaired goods will be set up allowance for diminution in value of inventories of 100%. In 2013, the Company recorded an allowance for diminution in value of inventories amounted to 3.95 billion baht.

Property, plant and equipment – net

In 2013, Property, plant and equipment - net was 147.85 million baht, decrease by 4.95 million baht from 2012, mainly due to the deduction of depreciation amounted to 11.94 million baht. However, the assets were increase mainly to furniture, office equipment, building improvement and utilities for branch office and information systems improvement of the company, amounted to 5.68 million baht.

Liabilities

The Company's total liabilities as of December 31, 2013 were 206.05 million baht comprised of current liabilities amounted to 178.73 million baht and non-current liabilities amounted to 27.32 million baht. Total liabilities decreased by 9.94 million baht (4.60%YoY) from total liabilities of 215.99 million baht in 2012. The decreased was mainly due to decrease in long-term loan from financial institutions.

The Company had contingent liabilities with financial institution as follows;

Item	Unit : Million Baht		
	Credit Line	Draw down	Remaining
Letters of credits and trust receipt	188.00	36.01	151.99
Promissory Notes	65.00	10.00	55.00
Letters of guarantee	30.70	2.11	28.59
Bank overdraft	56.50	6.64	49.86
Forward exchange contracts: Baht	220.00	15.33	204.67
Forward exchange contracts : USDOLLAR	1.15	0.58	0.57

Shareholders' equity

Shareholders' equity as of December 31, 2013 was 310.52 million baht, increase by 15.73 million baht (5.33% YoY) from 2012, which had shareholders' equity of 294.79 million baht. The increase was the resulting from net profit for the year 2013.

In 2013, the Company had debt-to-equity ratio of 0.65 times, decreased from 0.75 times in 2012 due to the shareholders' equity was increase by 16.73 million baht from retained earnings while liabilities were decreased by 13.24 million baht.

Cash Flow

Cash Flow	Unit : Million Baht	
	Dec 31, 2013	Dec 31, 2012*
Cashflow from (used in) operating activities	60.45	56.55
Cashflow from (used in) investing activities	(4.60)	(5.43)
Cashflow from (used in) financing activities	(30.23)	(46.22)
Net increase (decrease) in cash and cash equivalents	25.62	4.91
Cash and cash equivalents at the end of the year	49.61	23.90

Note *Restated

The Company had net cashflow from operating activities amounted to 60.45 million baht in which the profit from operations before change in operating assets and liabilities amounted to 84.37 million baht. Assets and liabilities from operation were changed mainly due to decrease in trade and other receivables amounted to 2.22 million baht, decrease in inventories amounted to 4.89 million baht, decrease in trade and other payable amounted to 9.63 million baht, increase in employee benefits paid amounted to 8.10 million baht and tax payment amounted to 14.25 million baht.

Cashflow used in investment activities amounted to 4.6 million baht which was cash for acquisition of fixed assets and computer software.

Cashflow used in financing activities amounted to 30.23 million baht due to repayment of long-term loan and repayment of liabilities under long-term lease agreement amounted to 23.15 million baht, interest payment amounted to 3.25 million baht and dividend payment amounted to 35.08 million baht. However, the Company had cash received from bank overdraft and short-term loan from financial institution amounted to 29.19 million baht.

The Company's cash and cash equivalents as of December 31, 2013 was 49.26 million baht increase by 25.72 million baht compared with December 31, 2012.

Liquidity ratio

	2013	2012*
Current Ratio (times)	2.04	1.98
Average collection period (days)	51.91	52.85
Average payment period (days)	59.96	57.42
Average inventories on hand (days)	130.07	119.94
Cash Conversion Cycle (days)	122.02	115.37

Note *Restated

In 2013, the Company's current ratios were 2.04 times, increased by 0.06 times from 2012, due to an increase in current assets of cash and cash equivalents while the current liabilities were at the same level as in 2012

The Company's average collection period was 51.91 days which was closely to 2012 at 52.85 days. The Company's average inventories on hand was 130.07 days, increased by 10.13 days from 2012 due to the company increased purchasing volume of products. And the Company's average payment period was at 59.96 days increased by 2.54 days from 2012, most of purchasing orders were imported goods which allowed longer credit term compared with domestic order.



Report of Board of Directors's Responsibility to Financial Statement

Dear Shareholders,

The Board of Directors of Phol Dhanya Public Company Limited is responsible for the financial statements of the Company and its subsidiaries. The financial statements are consistently prepared in accordance with generally accepted accounting principles using careful deliberation and prudent judgment. The Company ensures that information is appropriately disclosed in a transparent manner in the notes to financial statements for the Company's shareholders and investors.

The Board of Directors has implemented good corporate governance practices and maintained effective risk management and internal controls systems in order to ensure that accounting records are completely booked in a timely manner so as to protect the Company's assets and to prevent fraudulent practices or material irregular transactions.

The Board of Directors has appointed the Audit Committee comprising independent directors to review the accuracy of financial statements, internal control and risk management systems as well as internal audit procedures. The Audit Committee's comments appear in the Audit Committee Report as per enclosure in this Annual Report.

Based on the effectiveness of the Company's internal control and internal audit systems, the Board of Directors is ascertained that the financial statements of Phol Dhanya Public Company Limited and its subsidiaries for the year ended 31 December 2013 are prepared in accordance with financial reporting standards and fully represent the Company's financial performance. The Company's auditor has expressed their opinion on the Auditor's Report as presented in this Annual Report.

Prof. Dr. Pornchai Chunhajinda
Chairman of the Board

Mr. Chavalit Wangthamrong
Chairman of the Executive Committee



Report of Audit Committee

TO THE SHAREHOLDERS

The Audit Committee of Phol Dhanya Public Company Limited was appointed by the Board of Directors consists of three (3) independent directors namely;

1. Assoc. Prof. Dr. Seksak Jumreornwong	Chairman of the Audit Committee
2. Assoc. Prof. Dr. Ekachidd Chungcharoen	Member of the Audit Committee
3. Mr. Noppadol Dheerabutrvingkul	Member of the Audit Committee

The Audit Committee is responsible to review the Company's financial statements to ensure that it is correct and adequate disclosure of the internal control system and the internal audit are appropriate and effective, compliance with relevant laws and regulations, consider, select, and propose the appointment of the external auditor of the Company, consider the disclosure of Company's information to be accurate, complete, and perform their duties independently.

During year 2013, the Audit Committee held six (6) Meetings with the external auditors, Chief Financial Officer and Director of Internal Audit attending the Meeting in related agenda item, which is summarized as follows:

1. Reviewed the quarterly and annual financial statements of 2013, the Audit Committee has reviewed the quarterly financial statements by questioning and listening to the management and the external auditor's clarifications concerning the correctness and completeness of the financial statements, compliances with generally accepted accounting principles. Selecting accounting policies and its adequacy of information disclosure, as well as acknowledged the problems and solutions that beneficial to the Company's business. The Audit Committee agreed with the external auditors that the financial statements were correct and adhered to the general accepted accounting principles and the disclosure of information is correct and complete.
2. Reviewed and commented the connected transactions or transactions that may lead to conflicts of interest, including the disclosure of such transactions, in compliance with the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Audit Committee opined that such transaction is reasonable and for the highest benefit of the Company's business operation, including the disclosure of information is correct and complete.
3. Reviewed and evaluated the adequacy of internal control system, the Audit Committee has reviewed the effectiveness of internal control system by considering the internal audit report and operation from the internal audit division on a quarterly basis in order to evaluate the adequacy of internal control system for helping support the achievement of objectives in terms of effectiveness and efficiency of operations; reliability of financial statements; and compliance with regulations and policies of the Company.
4. Regulated the internal audit by considering the internal audit charter, a manual on internal audits, internal audit key performance indicators, audit plan 2013 as well as monitor progress against the annual audit plan every quarter.
5. Reviewed the operational processes to ensure compliance with laws, the Securities and Exchange Commission (SEC), in line with the regulations of the Stock Exchange of Thailand (SET), and other laws related to the Company's business, including compliance with the Company's requirements and obligations to the third parties. The Audit Committee informed that there are no significant issues regarding non-compliance with laws

and regulations of the relevant item refer to the SET's regulatory.

6. Prepared the Audit Committee's report to propose the Board of Directors in every time of the Meeting to comply with the guidelines of the Audit Committee.
7. To consider, select, and propose the appointment of the external auditor, and propose the auditor's remuneration for the year 2013 to the Board of Directors to propose the 2013 Annual General Meeting of Shareholders for approval. The Audit Committee has considered the performance, independence, and appropriateness of remuneration, deemed it appropriate the appointment of Mr. Atipong Atipongsukul, Certified Public Accountant No. 3500, or Mr. Vichai Ruchitanont, Certified Public Accountant No.4054, or Mr. Sathien Vongsnan, Certified Public Accountant No. 3495, or Miss Kultida Pasurakul, Certified Public Accountant No. 5946 of ANS Audit Co. Ltd., as the Company's auditors for the year 2013.

In 2013, the Audit Committee is of the opinion that the Company has a proper corporate governance and internal control system. The financial statements are prepared completely, accuracy in accordance with the generally accepted accounting standards, and appropriate disclosure of information in accordance with relevant laws and regulations, adequate risk management, and related party transactions are disclosed properly, and its operation in accordance with good corporate governance adequately, It's not significant item of the Company's financial statement, as well as improve operating system performance with high quality and appropriate to the business environment continuously.



(Assoc. Prof. Dr. Seksak Jumreornwong)
Chairman of Audit Committee



Report of Nominating and Compensating Committee

Dear Shareholders,

Member of the Nominating and Compensating Committee shall comprise at least 3 non-executive directors and at least one of them must be an independent director. Member of the Nominating and Compensating Committee shall be appointed by the Board of Directors with a term of three (3) years.

In 2013, The Nominating and Compensating Committee comprise of 3 members as follows:

- | | |
|---|--|
| 1. Prof. Dr. Pornchai Chunjajinda | Chairman of Nominating and Compensating Committee |
| 2. Assoc. Prof. Dr. Ekachidd Chungcharoen | Nominating and Compensating Committee/
Independent Director |
| 3. Mr. Noppadol Dheerabutrpongkul | Nominating and Compensating Committee/
Independent Director |

The scope of responsibilities of the Nominating and Compensating Committee are determined by the Board of Directors as specified in the Charter of Nominating and Compensating Committee. The Committee is in charge of recruiting suitable and qualified persons to become Board members and members of various sub-committees as assigned by the Board and executive management. The Committee is also responsible for determining suitable compensation package for executive management before proposing to the Board for consideration.

In 2013, the Nominating and Compensating Committee held a total of 3 meetings, all of which were attended by all members of the Nominating and Compensating Committee. During the year, the Nominating and Compensating Committee has consider the qualified candidate to nominate as director under the criteria of nomination from their qualification and report the results of their meetings to the Board of Directors on a regular basis, which can be summarized as follows

1. The nomination of members of the Board of Directors, members of sub-committees and executive management (directors and above) are done by taking into account their knowledge, skills, experience, vision as well as attitude towards the Company. This is to ensure that the appointment of the persons will be beneficial to the Company and are able to work effectively under the Company's governing structure so as to enhance efficiency of overall operation and prepare the Company for future challenges under rapidly changing market environment and regulatory requirements.
2. The compensation and benefits for members of the Board of Directors, members of sub-committees and executive management (directors and above) are determined based on the scope of work, areas of responsibility, job performance, level of profitability by taking into account market landscape and/or other factors that may have direct/indirect impact on the Company's performance.
3. Assess qualification and suitability of candidates to replace the 1 resignation director and 3 existing Directors who has completed their term. Therefore the Company also allowed minority shareholders to nominate qualified candidates for consideration by submitting their details to the Company's secretary or the Investor's Relation department for three months during October 1, 2013 – December 31, 2013. However, the Company did not receive any suggestions from minority shareholders. Therefore, the Nominating and Compensating Committee has recruited a qualified of independent director requirements to replace the vacant position under the nominating process.

Since, The Nominating and Compensating Committee shall be currently expired on April 22, 2014, also the Board of Directors' meeting held on March 12, 2014 has consider and appointed Assoc. Prof. Dr. Ekachidd Chungcharoen to serve as Chairman of Nominating and Compensating Committee substituting Prof. Dr. Pornchai Chunhajinda been appointed the Chairman, since January 13, 2014

As at 31 December 2013, members of the Board of Directors, which consist of 4 independent directors, 1 non-executive directors, 4 executive directors and senior management. The Nominating and Compensating Committee has provided a self-assessment both of the board and sub-committee to review their performance for continuous development. The compensation for director and senior management were appropriated, correspond to their responsibilities and in compliance with the policy and guideline stated in the Annual Report 2013, which was approved by the Nominating and Compensating Committee and the Board of Director respectively.



(Prof. Dr. Pornchai Chunhajinda)
Chairman of the Nominating and Compensating Committee



Auditor's Report

Auditor's Report

To the Board of Directors and Shareholders of Phol Dhanya Public Company Limited

I have audited the accompanying consolidated financial statements of Phol Dhanya Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2013, and the consolidated statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the accompanying separate financial statements of Phol Dhanya Public Company Limited which comprise the separate statement of financial position as at December 31, 2013, and the separate statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Qualified Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phol Dhanya Public Company Limited and its subsidiaries as at December 31, 2013, and their financial performance and cash flows for the year then ended, and the separate financial position of Phol Dhanya Public Company Limited as at December 31, 2013, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

I draw attention to Note 2 to the financial statements, during the year ended December 31, 2013, the Group has adopted new and revised Thai Financial Reporting Standards, which are issued by the Federation of Accounting Professions and effective for the financial statements for the period beginning on or after January 1, 2013, for the preparation and presentation of these financial statements for the year ended December 31, 2013. The consolidated and separate financial statements for the year ended December 31, 2012 and the consolidated and separate statements of financial position as at January 1, 2012 which have been presented herewith for comparative purposes have been restated for the effects of the adoption of new and revised Thai Financial Reporting Standards.

**Sathien Vongsnan**

Certified Public Accountant

Registration Number 3495

ANS Audit Company Limited

Bangkok, February 27, 2014

		Unit: Baht					
Note		Consolidated financial statements		Separate financial statements			
		December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)
Liabilities and shareholders' equity							
Current liabilities							
16	Bank overdrafts and short-term loans from financial institutions	50,527,849.90	21,177,952.55	38,456,221.10	50,527,849.90	21,177,952.55	38,456,221.10
17	Trade and other payables	114,043,630.76	125,325,864.02	112,956,685.19	109,163,247.19	121,262,451.50	107,722,294.22
18	Current portion of long-term liabilities under finance leases	319,470.09	1,564,836.12	1,955,680.17	319,470.09	1,564,836.12	1,830,569.09
19	Current portion of long-term loans from financial institutions	6,000,000.00	2,140,250.27	2,358,504.73	6,000,000.00	21,409,250.27	23,588,504.73
	Current income tax payable	4,545,668.82	6,088,179.70	5,292,733.74	4,545,668.82	6,088,179.70	5,292,733.74
	Total current liabilities	175,436,619.57	175,566,082.66	182,249,824.93	170,556,236.00	171,502,670.14	176,890,322.88
Non-current liabilities							
18	Long-term liabilities under finance leases - net	18,450.57	530,481.26	1,104,933.07	18,450.57	530,481.26	933,458.02
19	Long-term loans from financial institutions - net	16,000,000.00	22,000,000.00	15,431,971.19	16,000,000.00	22,000,000.00	15,431,971.19
20	Employee benefit obligations	11,089,786.75	17,751,613.51	14,160,134.43	10,882,287.98	17,751,613.51	14,046,578.92
	Other non-current liabilities	209,600.00	142,500.00	262,000.00	209,600.00	157,500.00	377,000.00
	Total non-current liabilities	27,317,837.32	40,424,594.77	30,959,038.69	27,110,338.55	40,439,594.77	30,789,008.13
	Total liabilities	202,754,456.89	215,990,677.43	213,208,863.62	197,666,574.55	211,942,264.91	207,679,331.01

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)	December 31, 2013	December 31, 2012 (Restated)	January 1, 2012 (Restated)
Shareholders' equity						
Share capital						
Authorized share capital						
135,000,000 ordinary shares, Baht 1 par value	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00
Issued and paid-up share capital						
135,000,000 ordinary shares, Baht 1 par value	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00
Premium						
Premium on share capital	97,693,443.03	97,693,443.03	97,693,443.03	97,693,443.03	97,693,443.03	97,693,443.03
Retained earnings						
Appropriated to legal reserve	21	13,500,000.00	13,500,000.00	13,500,000.00	13,500,000.00	13,500,000.00
Unappropriated	64,240,145.08	48,593,884.20	31,512,182.34	69,360,007.58	46,796,159.65	35,590,952.45
Other component of shareholders' equity	85,629.36	-	-	-	-	-
Total shareholders' equity of the Company	310,519,217.47	294,787,327.23	277,705,625.37	315,553,450.61	292,989,602.68	281,784,395.48
Non-controlling interests	(1,821,410.76)	(2,817,179.54)	(2,007,333.94)	-	-	-
Total shareholders' equity	308,697,806.71	291,970,147.69	275,698,291.43	315,553,450.61	292,989,602.68	281,784,395.48
Total liabilities and shareholders' equity	511,452,263.60	507,960,825.12	488,907,155.05	513,220,025.16	504,931,867.59	489,463,726.49



Statement of Comprehensive Income

For The Year Ended December 31, 2013

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Note		2013	2012	2013	2012
Revenues			(Restated)		(Restated)
	Revenue from sales	769,088,858.70	786,227,509.52	771,684,293.18	786,507,619.52
	Revenue from rendering of services	4,789,145.64	3,800,672.64	4,573,953.00	2,969,480.00
	Total revenues	773,878,004.34	790,028,182.16	776,258,246.18	789,477,099.52
Costs					
	Cost of sales	(536,363,837.26)	(564,107,177.50)	(539,246,792.63)	(564,796,581.00)
	Cost of rendering of services	(3,713,517.90)	(7,200,872.89)	(3,169,320.67)	(4,107,547.09)
	Total costs	(540,077,355.16)	(571,308,050.39)	(542,416,113.30)	(568,904,128.09)
	Gross profit	233,800,649.18	218,720,131.77	233,842,132.88	220,572,971.43
	Gain (loss) on exchange rate - net	(2,095,211.46)	1,474,267.91	(2,036,353.56)	1,393,661.04
	Reversal allowance for loss on impairment	657,507.07	-	2,384,480.90	-
	Other income	2,137,114.99	2,622,912.83	1,954,552.73	2,621,831.03
	Selling expenses	(79,984,435.70)	(78,652,321.07)	(78,124,826.72)	(78,647,221.07)
	Administrative expenses	(85,581,265.69)	(81,463,500.60)	(81,847,986.44)	(83,195,852.56)
	Bad debt and doubtful debt	(1,246,115.98)	(756,059.48)	(721,095.31)	(5,882,337.57)
	Finance costs	(3,321,982.02)	(3,490,354.95)	(3,321,982.02)	(3,474,624.95)
	Profit before income tax	64,366,260.39	58,455,076.41	72,128,922.46	53,388,427.35
	Income tax	(14,707,760.99)	(13,833,220.15)	(14,465,074.53)	(13,833,220.15)
	Profit for the year	49,658,499.40	44,621,856.26	57,663,847.93	39,555,207.20
	Other comprehensive income for the year				
	Exchange differences on translating financial statements of foreign operation	85,629.36	-	-	-
	Other comprehensive income for the years	85,629.36	-	-	-
	Total comprehensive income for the year	49,744,128.76	44,621,856.26	57,663,847.93	39,555,207.20
	Profit (loss) attributable to				
	Owners of the parent	50,746,260.88	45,431,701.86	57,663,847.93	39,555,207.20
	Non-controlling interests	(1,087,761.48)	(809,845.60)	-	-
		49,658,499.40	44,621,856.26	57,663,847.93	39,555,207.20
	Earnings per share				
	Basic earnings per share (Baht)	0.38	0.34	0.43	0.29
	Weighted average number of ordinary shares (shares)	135,000,000.00	135,000,000.00	135,000,000.00	135,000,000.00



Statement of Changes in Shareholders' Equity

For The Year Ended December 31, 2013

		Consolidated financial statements							Unit: Baht	
		Equity attributable to shareholders' equity of the Company								
		Retained earnings		Other comprehensive income		Total other component of shareholders' equity				
		Issued and paid-up share capital	Premium on share capital	Appropriated for legal reserve	Unappropriated	Translating financial statements	Total other component of shareholders' equity	Total		
		Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' equity	Shareholders' Equity		
Note										
	Balance as at January 1, 2013 before restated	135,000,000.00	97,693,443.03	13,500,000.00	42,266,105.53	-	-	288,459,548.56	(2,817,179.54)	285,642,369.02
2	Effects of changes in accounting policies	-	-	-	6,327,778.67	-	-	6,327,778.67	-	6,327,778.67
	Balance as at January 1, 2013 after restated	135,000,000.00	97,693,443.03	13,500,000.00	48,593,884.20	-	-	294,787,327.23	(2,817,179.54)	291,970,147.69
	Changes in equity for the year									
	Increase in non-controlling interest	-	-	-	-	-	-	-	2,083,530.26	2,083,530.26
22	Dividend paid	-	-	-	(35,100,000.00)	-	-	(35,100,000.00)	-	(35,100,000.00)
	Total comprehensive income (expense) for the year	-	-	-	50,746,260.88	85,629.36	85,629.36	50,831,890.24	(1,087,761.48)	49,744,128.76
	Balance as at December 31, 2013	135,000,000.00	97,693,443.03	13,500,000.00	64,240,145.08	85,629.36	85,629.36	310,519,217.47	(1,821,410.76)	308,697,806.71
	Balance as at January 1, 2012 before restated	135,000,000.00	97,693,443.03	13,500,000.00	25,886,389.02	-	-	272,079,832.05	(2,007,333.94)	270,072,498.11
2	Effects of changes in accounting policies	-	-	-	5,625,793.32	-	-	5,625,793.32	-	5,625,793.32
	Balance as at January 1, 2012 after restated	135,000,000.00	97,693,443.03	13,500,000.00	31,512,182.34	-	-	277,705,625.37	(2,007,333.94)	275,698,291.43
	Changes in equity for the year									
22	Dividend paid	-	-	-	(28,350,000.00)	-	-	(28,350,000.00)	-	(28,350,000.00)
	Total comprehensive income (expense) for the year	-	-	-	45,431,701.86	-	-	45,431,701.86	(809,845.60)	44,621,856.26
	Balance as at December 31, 2012	135,000,000.00	97,693,443.03	13,500,000.00	48,593,884.20	-	-	294,787,327.23	(2,817,179.54)	291,970,147.69

		Separate financial statements				Unit: Baht
		Retained earnings				
	Issued and paid-up share capital	Premium on share capital	Appropriated - statutory reserve	Unappropriated	Total	
Note				(Restated)		
	Balance as at January 1, 2013 before restated	135,000,000.00	97,693,443.03	13,500,000.00	40,468,380.98	286,661,824.01
2	Effects of changes in accounting policies	-	-	-	6,327,778.67	6,327,778.67
	Balance as at January 1, 2013 after restated	135,000,000.00	97,693,443.03	13,500,000.00	46,796,159.65	292,989,602.68
	Changes in equity for the year					
22	Dividend paid	-	-	-	(35,100,000.00)	(35,100,000.00)
	Total comprehensive income for the year	-	-	-	57,663,847.93	57,663,847.93
	Balance as at December 31, 2013	135,000,000.00	97,693,443.03	13,500,000.00	69,360,007.58	315,553,450.61
	Balance as at January 1, 2012 before restated	135,000,000.00	97,693,443.03	13,500,000.00	29,965,159.13	276,158,602.16
2	Effects of changes in accounting policies	-	-	-	5,625,793.32	5,625,793.32
	Balance as at January 1, 2012 after restated	135,000,000.00	97,693,443.03	13,500,000.00	35,590,952.45	281,784,395.48
	Changes in equity for the year					
22	Dividend paid	-	-	-	(28,350,000.00)	(28,350,000.00)
	Total comprehensive income for the year	-	-	-	39,555,207.20	39,555,207.20
	Balance as at December 31, 2012	135,000,000.00	97,693,443.03	13,500,000.00	46,796,159.65	292,989,602.68



Cash Flow Statement

For The Year Ended December 31, 2013

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash flows from operating activities:		(Restated)		(Restated)
Profit before income tax	64,366,260.39	58,455,076.41	72,128,922.46	53,388,427.35
Adjustment to reconcile profit to net cash by (used in) operating activities				
Bad debt	1,527,430.38	1,246,518.00	1,002,409.71	1,246,518.00
Doubtful account	894,828.00	1,128,954.88	894,828.00	6,255,232.97
Doubtful account recovery	(1,210,409.71)	(1,443,520.72)	(1,002,409.71)	(1,443,520.72)
Loss from diminution in value of inventories	3,954,783.78	3,501,319.00	3,954,783.78	3,501,319.00
Loss from inventories written-off	1,287,437.48	-	713,971.78	-
Reversal allowance for diminution in value of inventories	(4,097,321.66)	(2,193,194.10)	(3,523,855.96)	(2,193,194.10)
Reversal allowance for loss on impairment	(657,507.07)	(2,940,406.15)	(2,384,480.90)	-
Depreciation and amortisation	11,934,857.29	15,066,683.54	11,304,859.04	15,156,861.80
Loss on disposal of fixed assets	557,142.36	22,670.60	7,092.61	2,880.64
Transfer assets to costs of project	-	16,217.72	-	-
Employee benefits expenses	1,441,573.24	3,591,479.08	1,234,074.47	3,705,034.59
Unrealized (gain) loss on exchange rate	1,575,738.02	(298,910.18)	1,524,326.62	(218,303.31)
Withholding tax receivable written-off	-	90,923.38	-	-
Interest income	(462,799.04)	(472,693.74)	(452,658.62)	(723,460.31)
Interest expense	3,321,982.02	3,490,354.95	3,321,982.02	3,474,624.95
Profit from operations before changes in operating assets and liabilities	84,433,995.48	79,261,472.67	88,723,845.30	82,152,420.86
Operating assets (increase) decrease				
Trade and other receivables	3,356,124.30	(4,926,746.22)	(1,880,381.12)	(4,587,492.20)
Inventories	4,850,821.45	(17,389,758.96)	7,736,045.26	(18,759,338.72)
Other non-current liabilities	12,000.00	19,400.00	12,000.00	2,400.00
Operating liabilities increase (decrease)				
Trade and other payables	(12,921,534.56)	13,192,233.81	(13,687,094.21)	14,685,161.92
Employee benefits paid	(8,103,400.00)	-	(8,103,400.00)	-
Other non-current liabilities	67,100.00	(119,500.00)	52,100.00	(219,500.00)
Cash from operating activities	71,695,106.67	70,037,101.30	72,853,115.23	73,273,651.86
Cash receive from corporate income tax refund	864,915.99	433,659.08	-	-
Cash paid for corporate income tax	(14,253,673.55)	(13,917,216.90)	(14,221,493.35)	(13,739,759.54)
Net cash from operating activities	58,306,349.11	56,553,543.48	58,631,621.88	59,533,892.32

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
	(Restated)		(Restated)	
Cash flows from investing activities:				
Payments for investment in subsidiaries	-	-	(4,173,970.00)	-
Increase in loan to employees	(289,646.68)	(794,427.17)	(289,646.68)	(794,427.17)
Proceeds from sales of fixed assets	6,074.77	12,454.21	6,074.77	12,454.21
Acquisition of fixed assets	(4,916,460.36)	(4,576,403.24)	(3,074,690.23)	(6,120,919.55)
Acquisition of intangible assets	(1,147,750.00)	(414,000.00)	(1,147,750.00)	(414,000.00)
Interest received	462,799.04	346,415.65	452,658.62	597,182.22
Net cash used in investing activities	(5,884,983.23)	(5,425,960.55)	(8,227,323.52)	(6,719,710.29)
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	29,185,938.86	(17,251,637.78)	29,185,938.86	(17,251,637.78)
Repayment of liabilities under long-term lease agreements	(1,757,396.72)	(2,032,298.09)	(1,757,396.72)	(1,952,836.20)
Repayment of long-term loans from financial institutions	(21,409,250.27)	(25,611,225.65)	(21,409,250.27)	(25,611,225.65)
Receipt of long-term loans from financial institutions	-	30,000,000.00	-	30,000,000.00
Interest paid	(3,253,134.25)	(2,978,599.02)	(3,253,134.25)	(3,359,089.05)
Dividends paid	(35,075,826.00)	(28,347,900.00)	(35,075,826.00)	(28,347,900.00)
Increase in non-controlling interests	2,083,530.26	-	-	-
Net cash used in financing activities	(30,226,138.12)	(46,221,660.54)	(32,309,668.38)	(46,522,688.68)
Net increase in cash and cash equivalents	22,195,227.76	4,905,922.39	18,094,629.98	6,291,493.35
Exchange differences on translating financial statements of foreign operation	25,496.46	-	-	-
Cash and cash equivalents at beginning of the years	23,901,853.32	18,995,930.93	23,816,022.15	17,524,528.80
Cash and cash equivalents at end of the years	46,122,577.54	23,901,853.32	41,910,652.13	23,816,022.15

Supplemental cash flow information**Non-cash transactions**

Transfer raw materials and inventories to fixed assets	319,585.44	327,229.08	319,585.44	386,716.50
Office equipment obtained under hire purchase agreement	-	-	-	198,665.39
Transfer deposit for purchasing of fixed assets to fixed assets	311,000.00	-	311,000.00	-
Transfer intangible assets to property, plant and equipment	18,614.61	-	18,614.61	-
Increase in payable for purchasing of fixed assets	134,500.00	-	134,500.00	-



Notes to Financial Statements

For The Year Ended December 31, 2013

1. GENERAL INFORMATION

- 1.1 Phol Dhanya Public Company Limited (“the Company”) is incorporated and domiciled in Thailand on January 4, 1961 and becomes a public company limited on April 30, 2008. The Company was listed on the Stock Exchange of Thailand on December 9, 2010.
- 1.2 The address of its registered office and branches are as follows:
 - 1.2.1 Head office: 1/11 Moo 3 Lamlukka Road, Tambol Ladsawai, Amphur Lamlukka, Pathumthani.
 - 1.2.2 Rayong branch: 155/213 Tambol Thupma, Muang Rayong, Rayong.
 - 1.2.3 Chiangmai branch: 47/55-57 Chotana Road, Changphueak, Muang Chiangmai, Chiangmai.
 - 1.2.4 Phuket branch: 99/9 Moo 4 Tambol Vichit, Muang Phuket, Phuket.
- 1.3 The operations are trading business in distribution of occupation safety, health and environment products and distribution, production and service of water treatment systems.
- 1.4 The Company has 3 subsidiaries company are as follows:
 - 1.4.1 PD Genesis Engineering Co., Ltd. which engages in Water Treatment System. The Company held 76.67% of its share capital. This subsidiary was registered to be dissolved with Ministry of Commerce on November 7, 2013 and is currently under the process of liquidation.
 - 1.4.2 Phol Palladium Co., Ltd. which was registered with Ministry of Commerce on January 22, 2013 to engage in government bidding to facilitate the Company’s business. The Company held 99.99% of its share capital.
 - 1.4.3 Phol Dhanya (Cambodia) Co., Ltd. which was registered with Ministry of Commerce of Cambodia on September 5, 2013 to engage in water treatment equipment and systems for the consumer and concessions for water supply to the community in Cambodia. The Company held 70% of its share capital.
- 1.5 The major shareholders of the company are Wangthamrong family and Jarutangtrong family.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”) including related interpretations and guidelines promulgated by the Federation of Accounting Professions (“FAP”) in conformity with generally accepted accounting principles in Thailand.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated September 28, 2011, issued under the Accounting Act B.E. 2543.

The accompanying financial statements have been prepared in the Thai language and expressed in Thai Baht. Such financial

statements have been prepared for domestic reporting purposes. For the convenience of the readers not conversant with the Thai language, an English version of the financial statements has been provided by translating from the Thai version of the financial statements.

The preparation of the financial statements in conformity with Thai Financial Reporting Standards (“TFRS”) requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying amounts of assets and liabilities that are not readily apparent from other sources. Subsequent actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the revision affects only that period, and in the period of the revision and future periods, if the revision affects both current and future periods.

Consolidated Financial Statements

The consolidated financial statements consisted of the financial statements of Phol Dhanya Public Company Limited, and subsidiaries (together referred to as “the Group”) as follow:

Subsidiaries	Countries	Business Type	Percentage of holding (%)	
			2013	2012
PD Genesis Engineering Co., Ltd.	Thailand	Water Treatment System	76.67	76.67
Phol Palladium Co., Ltd.	Thailand	Government bidding	99.99	-
Phol Dhanya (Cambodia) Co., Ltd.	Cambodia	Water treatment equipment and systems for the consumer and concessions for water supply to the community in Cambodia	70.00	-

All significant intercompany transactions and accounts were eliminated in preparing the consolidated financial statements.

Subsidiaries are an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly through other subsidiaries, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Upon loss of control, the Company derecognized the assets and liabilities of the subsidiaries, the carrying amount of non-controlling interests and any components of other comprehensive income attributable to those subsidiaries. The Company recognized profit or loss arising on the loss of control in income statement.

Any investment retained in the former subsidiaries shall be accounted for fair value from the date when control is lost.

Adoption of new and revised TFRS

The Federation of Accounting Professions issued Thai Accounting Standards (“TAS”), Thai Financial Reporting Standard (“TFRS”), Thai Interpretations (“TI”) and Accounting Guidance which are effective for fiscal years beginning on or after January 1, 2013 as follows:

TAS/TFRS/TI/FAP’s Announcement	Topic
TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Dis closures of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rate
TFRS 8	Operating Segments
TI 10	Government Assistance – No Specific Relation to Operating Activities
TI 21	Income Taxes – Recovery of Revalued Non-Depreciable Assets
TI 25	Income Taxes – Changes in the Tax Status of an Enterprise or its Shareholders
No. 34/2555	Accounting Guidance for Transfer and Transferred of Financial Assets

In the year 2013, the Group has adopted new and revised TFRS which are effective for the financial statements for the period beginning on or after January 1, 2013. Such transition affected the Group’s overall financial position and financial performance as follows:

Thai Accounting Standard (TAS) No. 12 – Income taxes

The main change introduced by TAS 12 is the requirement to account for deferred tax assets and liabilities in the Group’s financial statements. Deferred tax assets and liabilities are the amounts of income taxes recoverable and payable, respectively, in future periods in respect of temporary differences between the carrying amount of the assets or liabilities in the statement of financial position and the amount attributed to that assets or liabilities for tax purposes; and the carry forward of unused tax losses.

The Group adopted TAS 12 with effective from January 1, 2013. The effects of the change were recognized retrospectively in the financial statements and the statement of financial position as at December 31, 2012 and January 1, 2012 and the statement of comprehensive income for the year ended December 31, 2012 were adjusted accordingly. The management estimates that the impact on the financial statements as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	December 31, 2013	December 31, 2012	January 1, 2012	December 31, 2013	December 31, 2012	January 1, 2012
The Statements of financial position						
Increase in deferred tax assets	4,299,000.15	6,327,778.67	5,625,793.32	4,541,686.61	6,327,778.67	5,625,793.32
Increase (decrease) in deferred tax liabilities	-	-	-	-	-	-
Increase in retained earnings	4,299,000.15	6,327,778.67	5,625,793.32	4,541,686.61	6,327,778.67	5,625,793.32
Increase in shareholders' equity	4,299,000.15	6,327,778.67	5,625,793.32	4,541,686.61	6,327,778.67	5,625,793.32

	Unit: Baht				
	Consolidated financial statements		Separate financial statements		
	2013	2012	2013	2012	
The statements of comprehensive income for the years ended December 31,					
Increase (decrease) in income tax expenses		2,028,778.52	(701,985.35)	1,786,092.06	(701,985.35)
Increase (decrease) in profit for the year		(2,028,778.52)	701,985.35	(1,786,092.06)	701,985.35
Increase (decrease) in basic earnings per share (Baht per share)		(0.015)	0.005	(0.013)	0.005

New and revised Thai Financial Reporting Standards not yet effective

The Group has not yet adopted the new and revised Thai Financial Reporting Standards as follows:

a) Thai Accounting Standards (“TAS”), Thai Financial Reporting Standards (“TFRS”), Thai Financial Reporting Interpretation (“TFRI”) and Thai Interpretation (“TI”) which are effective for the financial statements for the period beginning on or after January 1, 2014 as follows:

TAS/TFRS/TFRI/TI	Topic
TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting

TAS/TFRS/TFRI/TI	Topic
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRI 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRI 4	Determining whether an Arrangement contains a Lease
TFRI 5	Rights to Interests arising from Decommission, Restoration and Environmental Rehabilitation Funds
TFRI 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRI 10	Interim Financial Reporting and Impairment
TFRI 12	Service Concession Arrangements
TFRI 13	Customer Loyalty Programmes
TFRI 17	Distributions of Non-cash Assets to Owners
TFRI 18	Transfers of Assets from Customers
TI 15	Operating Leases-Incentives
TI 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TI 29	Disclosure-Service Concession Arrangements
TI 32	Intangible Assets-Web Site Costs

The management of the Group has assessed the effects of these TAS, TFRS, TFRI and TI, and believes that they will not have any significant impact on the financial statements for the year in which they are initially applied.

b) Thai Financial Reporting Standard (TFRS) which is effective for the financial statements for the period beginning on or after January 1, 2016 as follows:

TFRS	Topic
TFRS 4	Insurance Contracts

The management of the Group is assessing the impacts of this standard on the financial statements for the year in which it is initially applied.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue and expenses recognition

Sales of goods

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

Water Treatment System Implementation Revenue

When the outcome of installation as per Water Treatment System contract can be estimated reliably, contract revenue and expenses are recognised in the statement of income by reference to the stage of completion of the contract activity at the date of statements of financial position. The stage of completion is assessed by using the best estimate from Management based on work performed. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised immediately as an expense in the statement of income.

Other services revenue

Service revenue is recognised when services have been rendered.

Interest income and other income

Interest income and other income are recognised on an accrual basis.

Expenses

Expense is recognised in the statement of income on accrual basis.

Cash and cash equivalents

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

Trade, other receivables and allowance for doubtful accounts

Trade and other receivables are stated at the net realisable value. The Group has provided the allowance for doubtful accounts for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection history, the current financial status of accounts receivable and analysis of debt aging.

Inventories

Finished goods and work in process are valued at the lower of cost calculated by moving average and net realisable value.

The costs of purchased inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods.

Raw materials are valued at the lower of cost calculated by moving average and net realisable value and are charged to production costs and cost of services whenever consumed. The costs of purchased inventories comprise of the purchase price, conversion cost and other costs directly attributed to the acquisition of goods.

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

Allowance for diminution in value of inventories is recorded by considering obsolete inventories and slow moving inventories.

Investment

Investment in subsidiaries accounted for in the separate financial statements is stated at cost net of allowance for loss on impairment (if any).

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on impairment (if any).

Property, plant and equipment

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

The Group separates part of assets and their estimated useful life as follows:

	<u>Useful life (years)</u>
Builging and building improvements	20 - 30
Utility system	10
Demonstration goods	5
Tools	5
Furniture and equipments	3 - 5
Vehicles	5
Assets under water sales agreement	periods of agreements

Investment property

Investment property are properties which are held to earn rental income, for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment properties are stated at cost less accumulated depreciation and less allowance for impairment loss (if any).

The Group separates part of assets and their estimated useful life as follows:

	<u>Useful life (years)</u>
Building and building improvements	20 - 30

Depreciation

Depreciation is computed by the straight-line method based on the useful life of assets.

Depreciation is included in determining operating result and no depreciation is provided on land and property in progress.

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

Major renovations are depreciated over the remaining useful life of the related asset.

Land and building leasehold rights and amortisation

Land and building leasehold rights are stated at cost less accumulated amortisation. Amortisation of land and building leasehold rights is calculated by reference to their costs on a straight-line basis over the periods of lease agreements.

Amortisation is included in determining income.

Intangible assets and amortisation

Intangible assets are carried at cost less accumulated amortisation and accumulated impairment loss (if any).

Intangible assets with finite lives are amortised on systematic basis over the economic useful live and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

The amortisation expense is charged to the statement of comprehensive income.

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

	<u>Useful life (years)</u>
Computer softwares	5

Impairment of assets

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

An impairment loss is recognised in the statement of comprehensive income.

Employee benefits

Short-term benefits

The Group recognizes salaries, wages, bonus and social security contribution as expenses on an accrual basis.

Post-employment benefits – defined contribution plan

The Group has established a provident fund that is a defined contribution plan. The assets of which are held in a separate trust fund. The provident fund is funded by the contribution from employees and the Group. Contributions to the provident fund are charged to the statement of comprehensive income in the period to which they relate.

Post-employment benefits – defined benefit plan

The employee benefits liabilities in relation to the severance payment under the labor law is recognised as a charge to results of operations over the employee's service period. It is calculated by the estimation of the amount of future benefit to be earned by the employee in return for the service provided to the Group through the service period up to the retirement age and the amount is discounted to determine the present value. The reference discount rate is the yield rate of government bonds as at the reporting date. The calculation is based on the actuarial technique using the Projected Unit Credit Method.

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

When the actuarial assumptions are changed, the Group recognizes actuarial gains or losses in the profit or loss in the period in which they arise.

Lease agreements

Finance Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have been transferred to the lessee, title may or may not eventually be transferred to the lessee under the finance lease arrangements, are classified as finance leases. The lessee is to record the finance lease as an asset and obligation at an amount to the fair value of the leased asset or the present value of the minimum lease payment whichever is lower. The interest expense is charged to the statements of comprehensive income over the lease period. The leased asset is depreciated over the useful life.

Operating Leases

The leases of assets, which the substantial all the risk and reward associated with the ownership of the assets have not been transferred to the lessee, are classified as operating leases. The payments made under operating leases are charged to the statements of comprehensive income on a straight - line method over the period of the lease agreements.

Foreign currencies

Functional and presentation currency

The financial statements of each entity within the Group are presented in the functional currency which is the currency of the primary economic environment in which the entity operates. The financial statements of the Group are presented in the presentation currency as Thai Baht in accordance with the regulatory requirements in Thailand. The functional currency of the Company, PD Genesis Engineering Co., Ltd. and Phol Palladium Co., Ltd., is Thai Baht and of Phol Dhanya (Cambodia) Co., Ltd, is US Dollars.

Foreign currency transactions

Transactions in foreign currencies are translated into the functional currencies using the exchange rate at the date of transactions.

Monetary assets and liabilities denominated in foreign currencies at the end of reporting period date are translated into the

functional currency using the exchange rate at the end of reporting period date. Gain or loss on translating is recognized in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies at the end of reporting period date are translating into the functional currency using the exchange rate at the date of transaction.

Translation of the Group's financial statements

The financial statements of the Group are translated into the presentation currency using the following exchange rate:

- The Group's assets and liabilities are translated at the closing rate as at the end of reporting period date.
- The Group's revenues and expenses are translated at the average exchange rates during the periods which are approximate the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognized in the other comprehensive income and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operation.

Basic earnings per share

Basic earnings per share is calculated by dividing the profit for the year attributable to shareholders of the parent by the number of weighted average ordinary shares which are issued during the period.

Related party transactions

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

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

Provisions

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

Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred taxes are recognised in profit or

loss except to the extent that they relate to items recognised directly in shareholders' equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences:

- differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at the end of reporting period date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Significant accounting judgments and estimates

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

Leases

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

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgment and estimates based upon, among other things, past collection history, current financial status of the debts, aging profile of outstanding debts and the prevailing economic condition.

Allowance for diminution in value of inventory

Allowances for diminution in the value of inventory accounts are intended to adjust the value of inventory for probable credit losses. The management uses judgment to estimate losses, based on an analysis of inventory aging, taking into account the current situation with respect to sales of inventory items, on a specific basis. However, the use of different estimates and assumptions could affect the amounts of allowance for diminution in value of inventory in the future.

Property plant and equipment/Depreciation

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

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

4. RELATED PARTY TRANSACTIONS

Related parties are those parties linked to the Group and the Company as shareholders or by common shareholders or directors. Transactions with related parties are conducted at prices based on market prices or, where no market price exists, at contractually agreed prices.

Relationships with related parties that control the Company or are being controlled by the Company or have transactions with the Group were as follows:

4.1 The balances of the accounts between the Company and those related company as at December 31, 2013 and 2012 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade and other receivables-related parties - net				
Trade receivables - related parties				
Phol Palladium Co., Ltd.	-	-	2,520,844.52	-
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,938,956.39	-
Total trade receivables - related parties	-	-	6,459,800.91	-
Other receivables - related party				
Interest income receivable	-	-	126,278.09	126,278.09
Others	-	-	-	43,625.40
Total other receivables - related party	-	-	126,278.09	169,903.49
<u>Less</u> Allowance for doubtful accounts - interest income receivable				
	-	-	(126,278.09)	(126,278.09)
Total other receivables - related party	-	-	-	43,625.40
Total trade and other receivables-related	-	-	6,459,800.91	43,625.40
Loan to related party – net				
PD Genesis Engineering Co., Ltd.				
Loan principal	-	-	5,000,000.00	5,000,000.00
<u>Less</u> Allowance for doubtful accounts	-	-	(5,000,000.00)	(5,000,000.00)
Net	-	-	-	-

4.2 During the year ended December 31, 2013, movements of short-term loan to related party were as follows:

	Unit: Baht			
	January 1, 2013	During the period		December 31, 2013
		Increase	Increase	
Short-term loan to related party - net				
Separate financial statements				
Subsidiary				
PD Genesis Engineering Co., Ltd.	5,000,000.00	-	-	5,000,000.00
<u>Less</u> Allowance for doubtful accounts	(5,000,000.00)	-	-	(5,000,000.00)
Net	-	-	-	-

Loan to subsidiary company was short-term loan to PD Genesis Engineering Co., Ltd. by issuing promissory note, which repay at call, the interest rate is MLR of KASIKORNBANK plus 3% per annum (10.13% - 10.25%)

Such subsidiary has defaulted to pay interest since January 2012, so the Company provide allowance for doubtful account in full amount of both principal of Baht 5 million and interest income during January 2012 - June 2012, of Baht 0.25 million. The Company has stopped to recognize interest income since July 2012.

4.3 The transactions with related parties for year ended December 31, 2013 and 2012, with related parties were as follows:

					Unit: Baht
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2013	2012	2013	2012	
Subsidiaries					
PD Genesis Engineering Co., Ltd.					
Purchases of goods	-	-	-	2,295,000.00	Cost plus margin
Purchases of fixed asset	-	-	10,500.00	2,221,000.00	Market price
Sale of goods	-	-	-	858,750.00	Cost plus margin
Interest income	-	-	-	253,427.41	MLR of KASIKORN BANK + 3% per annum, (10.13% - 10.25%)
Office rental income	-	-	-	60,000.00	Contract price
Phol Palladium Co., Ltd					
Sale of goods	-	-	4,871,547.00	-	Cost plus margin 5-20%
Phol Dhanya (Cambodia) Co., Ltd.					
Sale of goods	-	-	3,860,360.31	-	Cost plus margin 5-15 %
Related person					
Mr. Meechai Lertjaturaphat					
Sale of goods	-	-	39,719.62	-	Market price

4.4 Key management personnel compensation

Key management personnel compensation for the year ended December 31, 2013 and 2012 consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Short-term benefits	23,507,368.65	28,072,551.50	23,507,368.65	28,072,551.50
Post-employment benefits	574,650.92	738,433.81	574,650.92	738,433.81
Total key management personnel compensation	24,082,019.57	28,810,985.31	24,082,019.57	28,810,985.31

4.5 Guarantee commitments for related parties

As at December 31, 2013, the Company has guarantee commitment to credit facility in term of letter of guarantee with a financial institution for a subsidiary, Phol Palladium Co., Ltd. under the joint credit facility within of Baht 20 million credit limit. This credit facility was used Baht 0.40 million.

5. CASH AND CASH EQUIVALENTS

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash on hand	1,770,205.80	649,164.35	559,391.44	649,164.35
Saving deposits	14,612,446.97	12,030,796.93	11,691,493.30	12,024,137.68
Current deposits	29,739,924.77	11,221,892.04	29,659,767.39	11,142,720.12
Total cash and cash equivalents	46,122,577.54	23,901,853.32	41,910,652.13	23,816,022.15

6. TRADE AND OTHER RECEIVABLES - NET

6.1 As at December 31, 2013, and 2012, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivable				
Trade receivables - other parties	108,654,511.39	124,208,561.35	103,565,576.00	120,327,169.10
Trade receivables - related party	-	-	6,459,800.91	-
Total trade receivable	108,654,511.39	124,208,561.35	110,025,376.91	120,327,169.10
Less Allowance for doubtful Accounts	(6,320,267.55)	(6,427,849.26)	(2,473,302.55)	(2,580,884.26)
Trade receivables - net	102,334,243.84	117,780,712.09	107,552,074.36	117,746,284.84

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Other receivables				
Other receivable - related parties	-	-	126,278.09	169,903.49
Advance payment for inventories - other parties	7,243,297.68	2,552,530.01	7,243,297.68	2,552,530.01
Prepaid expenses	871,708.04	559,517.75	719,335.03	555,412.79
Prepaid consultant fee	3,600,000.00	-	3,600,000.00	-
Prepaid trade fair fee	342,850.00	835,450.00	342,850.00	835,450.00
Prepaid insurance	579,200.63	577,612.86	579,200.63	577,612.86
Undue input Value Added Tax	722,915.18	1,256,798.92	722,915.18	1,253,733.44
Withholding Tax	209,637.56	1,042,373.35	-	-
Deposit for customs duty	592,409.75	717,638.54	592,409.75	717,638.54
Refundable import duty	4,215,093.48	1,153,998.99	4,215,093.48	1,153,998.99
Unbilled receivable	-	695,928.03	-	-
Others	1,027,316.96	485,821.34	1,025,309.82	481,645.94
Total other receivables	19,404,429.28	9,877,669.79	19,166,689.66	8,297,926.06
Less Allowance for doubtful accounts	-	(208,000.00)	(126,278.09)	(126,278.09)
Other receivables - net	19,404,429.28	9,669,669.79	19,040,411.57	8,171,647.97
Trade and other receivables - net	121,738,673.12	127,450,381.88	126,592,485.93	125,917,932.81

6.2 As at December 31, 2013, and 2012, the Group had outstanding balances of trade accounts receivable aged by number of days outstanding as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade receivables - other parties				
Not yet due	63,953,457.95	81,343,075.62	63,728,080.43	81,308,648.37
Over due:				
1-60 days	37,343,496.21	32,758,319.34	36,330,113.34	32,758,319.34
61-120 days	865,776.96	1,968,881.10	862,566.96	1,968,881.10
121-180 days	46,943.90	313,717.11	46,943.90	313,717.11
Over 180 days	6,444,836.37	7,824,568.18	2,597,871.37	3,977,603.18
Total trade receivables - other parties	108,654,511.39	124,208,561.35	103,565,576.00	120,327,169.10
Less Allowance for doubtful accounts	(6,320,267.55)	(6,427,849.26)	(2,473,302.55)	(2,580,884.26)
Trade receivables other parties - net	102,334,243.84	117,780,712.09	101,092,273.45	117,746,284.84
Trade receivables - related parties				
Not yet due	-	-	4,520,563.22	-

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Over due:				
1-60 days	-	-	59,019.06	-
61-120 days	-	-	1,880,218.63	-
121-180 days	-	-	-	-
Total trade receivables - related parties	-	-	6,459,800.91	-
Total trade receivables - net	102,334,243.84	117,780,712.09	107,552,074.36	117,746,284.84

7. INVENTORIES - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Finished goods	177,338,599.80	183,358,925.83	174,591,746.08	183,944,946.0
Goods in transit	19,967,635.93	18,672,565.31	19,967,635.93	18,672,565.31
Consignment goods	97,115.52	809,828.62	97,115.52	809,828.62
Work in process	1,240.00	699,618.81	1,240.00	-
Raw materials	36,389.07	357,886.12	-	-
Total	197,440,980.32	203,898,824.69	194,657,737.53	203,427,340.01
Less Allowance for diminution in value of inventories	(8,139,410.18)	(8,281,948.06)	(8,139,410.18)	(7,708,482.36)
Inventories - net	189,301,570.14	195,616,876.63	186,518,327.35	195,718,857.65

Movements of allowance for diminution in value of inventory for the year ended December 31, 2013 and 2012, are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Balance as at January 1,	8,281,948.06	6,973,823.16	7,708,482.36	6,400,357.46
Increase	3,954,783.78	3,501,319.00	3,954,783.78	3,501,319.00
Reversal	(4,097,321.66)	(2,193,194.10)	(3,523,855.96)	(2,193,194.10)
Balance as at December 31,	8,139,410.18	8,281,948.06	8,139,410.18	7,708,482.36

8. INVESTMENT IN SUBSIDIARY COMPANIES - NET

As at December 31, 2013 and 2012, this account consisted of:

				Unit: Baht
Separate financial statements				
As at December 31, 2013				
	Share Holding %	Amount	Allowance for impairment	Net
PD Genesis Engineering Co., Ltd.	76.67	11,500,000.00	(11,500,000.00)	-
Phol Palladium Co., Ltd.	99.99	999,970.00	-	999,970.00
Phol Dhanya (Cambodia) Co., Ltd.	70.00	3,174,000.00	-	3,174,000.00
Total		15,673,970.00	(11,500,000.00)	4,173,970.00

				Unit: Baht
Separate financial statements				
As at December 31, 2012				
	Share Holding %	Amount	Allowance for impairment	Net
PD Genesis Engineering Co., Ltd.	76.67	11,500,000.00	(11,500,000.00)	-
Total		11,500,000.00	(11,500,000.00)	-

The board of director meeting No.12/2012 held on December 14, 2012, approved to incorporate a subsidiary, Phol Palladium Co., Ltd. which engages in government bidding to facilitate the company's business with its authorized share capital of Baht 1 million (100,000 shares Baht 10 each). Such subsidiary has already registered with Ministry of Commerce on January 22, 2013 and the Company held 99.99% of its share capital at the price of Baht 10 per share to be the total investment of baht 0.99 million.

The board of directors meeting No. 7/2013 held on July 10, 2013, approved to incorporate a subsidiary in Cambodia, Phol Dhanya (Cambodia) Company Limited, which engages in water treatment equipment and systems for the consumer and concessions for water supply to the community in Cambodia. The Company held 70% (total investment approximately Baht 6.65 million) of its subsidiary authorized share capital of KHR 1.2 billion (total amounts approximately Baht 9.50 million or approximately US Dollar 0.3 million). Such subsidiary was registered with Ministry of Commerce of Cambodia on September 5, 2013 and fully called up of its share capital. The Company partly paid for its portion in amount of US Dollar 0.10 million (approximately Baht 3.17 million).

The board of directors meeting No. 8/2013 held on August 9, 2013 and No. 9/2013 held on September 11, 2013, approved to liquidate a subsidiary, PD Genesis Engineering Co., Ltd. because it has a number of capital deficiency and plan to cease its operation. Such subsidiary was registered to be dissolved with Ministry of Commerce on November 7, 2013 and is currently under the process of liquidation. This liquidation of the subsidiary has no materiality effect to the Group.

9. OTHER LONG - TERM INVESTMENT - NET

As at December 31, 2013 and 2012, this account consisted of:

	Share Holding %	Unit: Baht	
		Consolidated and separate financial statements	
		2013	2012
N&P Holding Company Limited			
Cost	2	1,000,000.00	1,000,000.00
Less Allowance for impairment		(1,000,000.00)	(1,000,000.00)
Net		-	-

10. LONG-TERM LOAN TO EMPLOYEES - NET

Long-term loan to employees represent loan agreements for employees' welfare, the interest rate is at 10% per annum.

11. INVESTMENT PROPERTIES - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht			
	Consolidated and separate financial statements			
	Balance as at December 31, 2012	Movement during the year		Balance as at December 31, 2013
	Increase	Decrease		
Cost				
Land	1,370,160.00	-	-	1,370,160.00
Building and improvement	23,061,322.48	-	-	23,061,322.48
Total Cost	24,431,482.48	-	-	24,431,482.48
Accumulated depreciation				
Building and improvement	15,298,180.14	477,675.95	-	15,775,856.09
Total Accumulated depreciation	15,298,180.14	477,675.95	-	15,775,856.09
Net book value	9,133,302.34			8,655,626.39

The Company has appraised its investment properties on 4 locations as follows:

Location	Net book value	Appraisal value	Independent appraisers	Unit: Million Baht
				Appraisal reports dated
1	2.73	5.20	UK Valuations and Agency Co., Ltd.	August 11, 2011
2	0.42	5.00	Phet Siam Appraisal Co., Ltd.	March 6, 2012
3	3.35	6.96	UK Valuations and Agency Co., Ltd.	March 20, 2012
4	2.16	5.00	UK Valuations and Agency Co., Ltd.	March 22, 2012
	<u>8.66</u>			

The appraisal value of investment property no.4 in the amount of Baht 5 million has been appraised by inclusive of leasehold right as described in Note 13 which has net book value of Baht 2.60 million.

Depreciations for year ended December 31, 2013 and 2012, have been charged to statements of comprehensive income of consolidated and separate financial statements amounted to Baht 0.48 million.

As at December 31, 2013 and 2012, certain investment property items have been fully depreciated but are still in use. The original cost of those assets of consolidated financial statements and separate financial statements are Baht 0.54 million.

As at December 31, 2013 and 2012, investment property, at net book value of Baht 8.24 million and Baht 8.66 million, respectively, has been mortgaged to secure its short-term loan and long-term loan with 2 financial institutions.

12. PROPERTY, PLANT AND EQUIPMENT - NET

As at December 31, 2013 and 2012, this account consisted of:

	Consolidated financial statements					Unit: Baht
	Movement during the year					
	Balance as at December 31, 2012	Increase	Decrease	Transfer	Exchange differences on translating financial statements	Balance as at December 31, 2013
Cost						
Land	32,384,486.00	-	-	-	-	32,384,486.00
Building and improvement	97,867,808.92	1,623,608.81	(181,060.58)	-	44,165.06	99,354,522.21
Furniture and equipments	19,233,605.99	1,617,682.81	(1,073,073.29)	228,000.00	5,492.33	20,011,707.84
Tools	440,846.65	-	(373,320.42)	-	-	67,526.23
Demonstration goods	15,569,655.21	413,872.36	(278,961.59)	-	-	15,704,565.98
Vehicles	14,342,356.26	804,991.16	-	-	13,678.83	15,161,026.25
Utility system	13,518,441.87	1,166,287.66	-	-	-	14,684,729.53
Assets under water sales agreement	6,507,026.80	55,103.00	-	-	-	6,562,129.80
Total Cost	199,864,227.70	5,681,545.80	(1,906,415.88)	228,000.00	63,336.22	203,930,693.84
Accumulated depreciation						
Building and improvement	21,684,271.21	3,263,788.00	(34,362.51)	-	2,102.69	24,915,799.39
Furniture and equipments	14,615,906.27	1,946,277.23	(932,980.34)	209,385.39	419.24	15,839,007.79
Tools	163,341.72	72,307.53	(214,865.20)	-	-	20,784.05
Demonstration goods	9,584,076.32	1,238,455.43	(160,990.70)	-	-	10,661,541.05
Vehicles	6,902,805.86	1,173,027.75	-	-	681.40	8,076,515.01
Utility system	5,692,606.16	1,430,752.13	-	-	-	7,123,358.29
Assets under water sales agreement	1,842,143.50	1,061,091.29	-	-	-	2,903,234.79
Total Accumulated depreciation	60,485,151.04	10,185,699.37	(1,343,198.75)	209,385.39	3,203.32	69,540,240.37

	Unit: Baht					
	Consolidated financial statements					
	Movement during the year					
	Balance as at December 31, 2012	Increase	Decrease	Transfer	Exchange differences on translating financial statements	Balance as at December 31, 2013
Allowance for impairment						
Assets under water sales agreement	657,507.07	-	(657,507.07)	-	-	-
Total Allowance for impairment	657,507.07	-	(657,507.07)	-	-	-
Net book value	138,721,569.59					134,390,453.47

	Unit: Baht				
	Separate financial statements				
	Movement during the year				
	Balance as at December 31, 2012	Increase	Decrease	Reclassify	Balance as at December 31, 2013
Cost					
Land	32,384,486.00	-	-	-	32,384,486.00
Building and improvement	97,686,748.34	332,000.00	-	-	98,018,748.34
Furniture and equipments	18,787,437.05	1,459,459.38	(659,843.50)	228,000.00	19,815,052.93
Demonstration goods	15,247,126.81	421,972.36	-	-	15,669,099.17
Vehicles	14,342,356.26	404,953.27	-	-	14,747,309.53
Utility system	13,518,441.87	1,166,287.66	-	-	14,684,729.53
Assets under water sales agreement	9,814,249.50	55,103.00	-	-	9,869,352.50
Total Cost	201,780,845.83	3,839,775.67	(659,843.50)	228,000.00	205,188,778.00
Accumulated depreciation					
Building and improvement	21,657,448.74	3,194,754.85	-	-	24,852,203.59
Furniture and equipments	14,401,730.16	1,859,633.97	(646,676.12)	209,385.39	15,824,073.40
Demonstration goods	9,566,512.38	1,263,477.53	-	-	10,829,989.91
Vehicles	6,907,582.16	1,153,100.31	-	-	8,060,682.47
Utility system	5,687,829.86	1,445,069.60	-	-	7,132,899.46
Assets under water sales agreement	2,752,918.03	639,664.86	-	-	3,392,582.89
Total Accumulated depreciation	60,974,021.33	9,555,701.12	(646,676.12)	209,385.39	70,092,431.72
Allowance for impairment					
Assets under water sales agreement	3,597,913.22	-	(2,384,480.90)	-	1,213,432.32
Total Allowance for impairment	3,597,913.22	-	(2,384,480.90)	-	1,213,432.32
Net book value	137,208,911.28				133,882,913.96

Depreciations for the year ended December 31, 2013 and 2012, have been charged to statements of comprehensive income of consolidated financial statements amounted to Baht 10.19 million and Baht 13.02 million, respectively, and have been charged to statements of comprehensive income of separate financial statements amounted to Baht 9.56 million and Baht 13.11 million, respectively.

As at December 31, 2013 and 2012, land, including buildings and structure thereon at net book value of Baht 95.23 million and Baht 97.78 million respectively, has been mortgaged to secure its short-term loan and long-term loan with a financial institution.

As at December 31, 2013 and 2012, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets are Baht 24.35 million and Baht 17.08 million, respectively.

13. LEASEHOLD RIGHT - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht			
	Consolidated and separate financial statements			
	Movement during the year			
	Balance as at December 31, 2012	Increase	Decrease	Balance as at December 31, 2013
Cost	5,600,000.00	-	-	5,600,000.00
Amortisation	(2,774,399.32)	(225,315.46)	-	(2,999,714.78)
Net	2,825,600.68			2,600,285.22

Amortization for the year ended December 31, 2013 and 2012, have been charged to statements of comprehensive income of consolidated and separate financial statements amounted to Baht 0.23 million, respectively.

14. INTANGIBLE ASSETS - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht				
	Consolidated and separate financial statements				
	Movement during the year				
	Balance as at December 31, 2012	Increase	Decrease	Reclassify	Balance as at December 31, 2013
Cost	9,593,112.40	1,147,750.00	-	(228,000.00)	10,512,862.40
Amortisation	(7,472,221.51)	(1,046,166.51)	-	209,385.39	(8,309,002.63)
Net	2,120,890.89				2,203,859.77

Amortization for the year ended December 31, 2013 and 2012, have been charged to statements of comprehensive income amounted to Baht 1.05 million and Baht 1.34 million, respectively.

As at December 31, 2013 and 2012 certain intangible assets items have been fully depreciated but are still in use. The original costs of those assets are Baht 5.99 million and Baht 2.87 million, respectively.

15. DEFERRED TAX

Deferred tax as at December 31, 2013 and 2012, were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Deferred tax assets	4,299,000.15	6,327,778.67	4,541,686.61	6,327,778.67
Deferred tax liabilities	-	-	-	-
Deferred tax assets - net	4,299,000.15	6,327,778.67	4,541,686.61	6,327,778.67

Movements in deferred tax assets and deferred tax liabilities during the years were as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at January 1, 2013	Profit (loss)	As at December 31, 2013	As at January 1, 2013	Profit (loss)	As at December 31, 2013
Deferred tax assets						
Allowance for doubtful accounts	516,176.85	(21,516.34)	494,660.51	516,176.85	(21,516.34)	494,660.51
Allowance for devaluation of inventories	1,541,696.47	86,185.57	1,627,882.04	1,541,696.47	86,185.57	1,627,882.04
Allowance for impairment of assets	719,582.65	(719,582.65)	-	719,582.65	(476,896.19)	242,686.46
Provision for employee benefit	3,550,322.70	(1,373,865.10)	2,176,457.60	3,550,322.70	(1,373,865.10)	2,176,457.60
Total	6,327,778.67	(2,028,778.52)	4,299,000.15	6,327,778.67	(1,786,092.06)	4,541,686.61

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at January 1, 2012	Profit (loss)	As at December 31, 2012	As at January 1, 2012	Profit (loss)	As at December 31, 2012
Deferred tax assets						
Allowance for doubtful accounts	651,369.81	(135,192.96)	516,176.85	651,369.81	(135,192.96)	516,176.85
Allowance for devaluation of inventories	1,445,525.08	96,171.39	1,541,696.47	1,445,525.08	96,171.39	1,541,696.47
Allowance for impairment of assets	719,582.65	-	719,582.65	719,582.65	-	719,582.65
Provision for employee benefit	2,809,315.78	741,006.92	3,550,322.70	2,809,315.78	741,006.92	3,550,322.70
Total	5,625,793.32	701,985.35	6,327,778.67	5,625,793.32	701,985.35	6,327,778.67

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2013	2012
Bank overdrafts	6,643,919.75	2,711,616.01
Short-term loan - Promissory note	10,000,000.00	-
Short-term loan - Trust receipt	33,883,930.15	18,466,336.54
Total	50,527,849.90	21,177,952.55

During the year ended December 31, 2013 and 2012, the interest rate of bank overdrafts and short-term loans from financial institutions, were as follows:

	Interest rate per annum	
	2013	2012
Bank overdrafts (Year 2013 and 2012, with 4 local commercial banks)	MOR to MOR+0.5 (7.13% to 7.88%)	MOR to MLR+0.5 (7.38% to 8.00%)
Short-term loan - Promissory note (Year 2013 and 2012, with a local commercial bank.)	MLR-1.25 (5.50%)	MLR-1.25 (5.78% to 5.88%)
Short-term loan - Trust receipt (Year 2013 and 2012, with 2 and 3 local commercial banks, respectively)	Interest rate of a bank announcement to MLR-1 (4.30% to 6.00%)	Interest rate of a bank announcement to MLR-1 (3.34% to 6.25%)

The Company has mortgaged its land, including buildings and structure thereon to secure its bank overdraft and other credit facilities with financial institutions.

17. TRADE AND OTHER PAYABLES

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables				
Trade payables-other parties				
- Domestic	20,785,951.76	20,678,357.93	19,665,436.26	19,288,667.43
- Foreign	58,578,369.02	77,385,537.30	56,176,790.18	75,032,655.90
Total trade payables	79,364,320.78	98,063,895.23	75,842,226.44	94,321,323.33
Other payables				
Value added tax and withholding tax payable	872,650.03	1,824,340.48	858,927.07	1,824,340.48
Accrued commission expense	4,065,797.74	3,353,512.67	4,001,507.30	3,353,512.67
Accrued bonus expense	13,799,381.20	11,796,898.75	13,542,645.25	11,796,898.75
Management remuneration	4,848,800.00	3,100,000.00	4,848,800.00	3,100,000.00
Advance receive from customer	4,139,216.26	622,155.30	4,139,216.26	622,155.30
Accrued import expenses	1,223,600.44	1,122,981.73	1,223,600.44	1,122,981.73
Penalty for delayed goods delivery	848,191.00	848,191.00	848,191.00	848,191.00
Accrued expenses	3,396,082.66	4,102,611.16	3,135,353.31	3,913,259.26
Others	1,485,590.65	491,277.70	722,780.12	359,788.98
Total other payables	34,679,309.98	27,261,968.79	33,321,020.75	26,941,128.17
Total trade and other payables	114,043,630.76	125,325,864.02	109,163,247.19	121,262,451.50

18. LONG-TERM LIABILITIES UNDER FINANCE LEASE - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht	
	Separate financial statements	
	2013	2012
Liabilities under finance lease	341,083.35	2,154,762.63
<u>Less</u> Deferred interest expenses	(3,162.69)	(59,445.25)
Present value of liabilities under finance lease	337,920.66	2,095,317.38
<u>Less</u> Current portion of liabilities under finance lease	(319,470.09)	(1,564,836.12)
Net	18,450.57	530,481.26

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

As at December 31, 2013 and 2012, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2013	2012
Long-term loans from financial institutions as at January 1,	43,409,250.27	39,020,475.92
Addition	-	30,000,000.00
Repayment	(21,409,250.27)	(25,611,225.65)
Less Current portion of long-term loans	(6,000,000.00)	(21,409,250.27)
Net	16,000,000.00	22,000,000.00

On August 4, 2008, the Company entered into the long-term loan agreement facilities of Baht 70 million with a local commercial bank. The Company has the commitment to repay the principal and interest for 60 monthly installments in the amount of Baht 1.35 million each month. The first installment was September 2008, and interest rates are as follows:

Installment period	Interest rate (per annum)
Period 1 - 24	MLR - 1.5
Period 25 - 36	MLR - 0.5
Period 37 Onwards	MLR

In August 2013, the Company repaid the last installment for above loan completely.

On September 15, 2010, the Company entered into the long-term loan agreement facilities of Baht 25 million with the existing local commercial bank. The Company has the commitment to repay the principal and interest for 36 monthly installments in the amount of Baht 0.7 million each month. The first installment was October 2010, and interest rates are as follows:

Installment period	Interest rate (per annum)
Period 1 - 12	MLR - 0.5
Period 13 - 36	MLR

In September 2013, the Company repaid the last installment for above loan completely.

On July 18, 2012, the Company entered into the long-term loan agreement facilities of Baht 30 million with the existing local commercial bank. The Company has the commitment to repay the principal for 60 monthly installments in the amount of Baht 0.5 million each month. The first principal installment was September 2012, and interest rates are 3% per annum, the first interest installment was August 2012.

The Company has mortgaged its land, including buildings and structure thereon to secure its long-term loan facilities with financial institutions.

20. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits liabilities in the statements of financial position as at December 31, 2013 and 2012, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Post-employment benefit plan</u>				
Present value of obligation	11,089,786.76	17,751,613.51	10,882,287.98	17,751,613.51
Unrecognized actuarial gains (losses)	-	-	-	-
Unrecognized past service costs	-	-	-	-
Employee benefits liabilities – net	11,089,786.76	17,751,613.51	10,882,287.98	17,751,613.51

The Group provided defined benefit plan in accordance with severance payment as the labor law which entitled retired employee within work service period in various rates, such as more than 10 years to receive severance payment not less than 300 days or 10 months of the last month salary.

Movement of the present value of employee benefits obligation for the year ended December 31, 2013 and 2012, as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Post-employment benefit plan</u>				
Employee benefit obligation				
as at January 1,	17,751,613.51	14,160,134.43	17,751,613.51	14,046,578.92
Benefits paid	(8,103,400.00)	-	(8,103,400.00)	-
Current service cost	1,050,440.63	3,371,876.51	842,941.86	3,485,432.02
Interest cost	391,132.62	219,602.57	391,132.61	219,602.57
Actuarial (gains) losses	-	-	-	-
Employee benefit obligation				
as at December 31,	11,089,786.76	17,751,613.51	10,882,287.98	17,751,613.51

Employee benefit expenses in the statements of comprehensive income for the year ended December 31, 2013 and 2012, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Post-employment benefit plan</u>				
Current service cost	1,050,440.63	3,371,876.51	842,941.86	3,485,432.02
Interest from obligation	391,132.62	219,602.57	391,132.61	219,602.57
Net actuarial (gains) losses recognized in the period	-	-	-	-
Total employee benefits expenses	1,441,573.25	3,591,479.08	1,234,074.47	3,705,034.59

Employee benefit expenses for the year ended December 31, 2013 and 2012 as shown in the statements of comprehensive income as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Employee benefit expenses</u>				
Other income	-	(113,555.51)	-	-
Selling expenses	586,978.42	2,023,317.71	379,479.64	2,023,317.71
Administrative expenses	854,594.83	1,681,716.88	854,594.83	1,681,716.88
Total employee benefits expenses	1,441,573.25	3,591,479.08	1,234,074.47	3,705,034.59

Principal actuarial assumptions as at December 31, 2013 and 2012, (expressed as weighted averages) as follows:

	Unit: Baht	
	Consolidated and separate financial statements	
	2013	2012
Discount rate at December 31,		
- 10 years average work duration period until retirement	3.98%	3.52%
- 20 years average work duration period until retirement	4.36%	4.11%
- 30 years average work duration period until retirement	4.54%	4.30%
Future salary increases	5.00%	5.00%
Mortality rate	Mortality table in the year 2008	

The actuarial assumption of discount rate is estimated from weighted average of yield rate of government bonds as at the end of reporting date that reflects the estimated timing of benefit payments.

The actuarial assumption of mortality rate for reasonable estimation of probability of retirement in the future is estimated from mortality table.

21. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must appropriate the annual net profit to be a reserve fund which not less than 5 % of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount of not less than 10 % of the registered capital. This legal reserve is not available for dividend distribution. The Company has already appropriated the legal reserve reaches 10% of the Company's registered capital.

22. DIVIDEND PAID

Year 2013

The minute of the board of directors meetings of the Company No.8/2013 held on August 9, 2013 approved the payment of interim dividend of Baht 0.13 per share from the six-month period operation ended June 30, 2013, in the total amount of Baht 17.55 million on September 6, 2013.

The minute of the board of directors meetings of the Company No. 2/2013 held on February 13, 2013, and the Annual General Meeting of the shareholders No. 1/2013 held on April 30, 2013, approved the last payment of dividend for the year 2012 on May 23, 2013 of Baht 0.13 per share, of the total number of shares 135 million, in the amount of Baht 17.55 million, and the total dividend payment was Baht 32.40 million equivalent to 72.43 percent of net profit for the year 2012.

Year 2012

The minute of the board of directors meetings of the Company No.8/2012 held on August 10, 2012 approved the payment of interim dividend of Baht 0.11 per share from the six-month period operation ended June 30, 2012, in the total amount of Baht 14.85 million on September 7, 2012.

The minute of the board of directors meetings of the Company No. 2/2012 held on February 17, 2012, and the Annual General Meeting of the shareholders No. 1/2012 held on April 23, 2012, approved the last payment of dividend for the year 2011 on May 18, 2012 of Baht 0.10 per share, of the total number of shares 135 million, in the amount of Baht 13.50 million, and the total dividend payment was Baht 27.00 million equivalent to 93.54 percent of net profit for the year 2011.

23. INCOME TAX

Income tax recognized in profit or loss for the years ended December 31, 2013 and 2012 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current tax expense				
Current year	12,678,982.47	14,535,205.50	12,678,982.47	14,535,205.50
Deferred tax expense				
Movements in temporary differences	2,028,778.52	(1,367,375.68)	1,786,092.06	(1,367,375.68)
Effect of changes in the applicable tax rates	-	665,390.33	-	665,390.33
Total	14,707,760.99	13,833,220.15	14,465,074.53	13,833,220.15

Reconciliation of effective tax rate

	Consolidated financial statements			
	2013		2012	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Profit before income tax		64,366,260.39		58,455,076.41
Income tax using the corporate tax rate	20.00	12,873,252.08	23.00	13,444,667.57
Expenses not deductible for tax purposes	0.93	598,117.65	0.26	151,828.01
Expenses that are deductible at a greater amount from actual expenses	(0.42)	(272,538.72)	(0.73)	(428,665.76)
Current year losses for which no deferred tax assets was recognized	2.33	1,508,929.98	-	-
Effect of changes in the applicable tax rates	-	-	1.14	665,390.33
Income tax expenses	22.85	14,707,760.99	23.67	13,833,220.15

	Separate financial statements			
	2013		2012	
	Tax rate (%)	Unit : Baht	Tax rate (%)	Unit : Baht
Profit before income tax		72,128,922.46		53,388,427.35
Income tax using the corporate tax rate	20.00	14,425,784.49	23.00	12,279,338.29
Expenses not deductible for tax purposes	0.43	311,828.76	2.47	1,317,157.29
Expenses that are deductible at a greater amount from actual expenses	(0.38)	(272,538.72)	(0.80)	(428,665.76)
Effect of changes in the applicable tax rates	-	-	1.24	665,390.33
Income tax expenses	20.05	14,465,074.53	25.91	13,833,220.15

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated December 14, 2011 grants a reduction in the corporate income tax rate from 30% to 23% on net profit for the accounting period beginning on or after January 1, 2012, and will be reduced to 20% on net profit for the two consecutive accounting periods beginning on or after January 1, 2013 onwards.

24. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2013 and 2012 were as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Changes in finished goods and work in progress	(6,016,359.69)	18,486,675.42	(8,769,602.48)	18,360,522.31
Purchase of goods	533,892,026.27	577,767,955.39	532,860,617.15	579,231,952.08
Depreciation and amortization	11,934,857.29	15,233,403.81	11,304,859.04	15,156,861.80
Salary, wages and other employee benefits	99,240,997.25	106,184,959.54	96,918,018.84	105,124,147.29

25. SEGMENT INFORMATION

Segment information is presented in respect of the Group's business segment which is based on the Group's management and internal reporting structure.

Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise corporate assets, other income, selling expenses, administrative expenses and finance costs.

Business segment information

The Group's business segment information and reconciliation of reportable segment profit or loss for the year ended December 31, 2013 and 2012 was as follows:

Unit: Thousand Baht

	Trading business in Health and Safety Products		Water Treatment System		Elimination of inter-segment revenues		Consolidation	
	2013	2012	2013	2012	2013	2012	2013	2012
Revenue from sales and rendered services	740,753	748,123	33,125	41,905	-	-	773,878	790,028
Intersegment revenues	4,872	-	3,860	3,234	(8,732)	(3,234)	-	-
Cost of sales and rendered services	(518,371)	(533,137)	(30,316)	(41,140)	8,610	2,969	(540,077)	(571,308)
Segment gross profit	227,254	214,986	6,669	3,999	(122)	(265)	233,801	218,720
Unallocated income and expenses:								
Gain(loss) on exchange rate – net							(2,095)	1,474
Reversal allowance for loss on impairment							658	-
Other income							2,137	2,623
Selling expenses							(79,985)	(78,652)
Administrative expenses							(85,581)	(81,464)
Bad debt and doubtful debt							(1,246)	(756)
Finance costs							(3,322)	(3,490)
Income tax							(14,708)	(13,833)
Profit for the year							49,659	44,622
							December	December
							31, 2013	31, 2012
Investment property - net							8,655	9,133
Property plant and equipment - net							134,390	138,722
Unallocated assets							368,407	360,106
Total assets							511,452	507,961

Geographical segments information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Company has insignificant assets located in foreign countries.

The Group's Geographical segments information for the year ended December 31, 2013 and 2012 was as follows:

	Unit: Baht	
	Revenues	
	2013	2012
Thailand	767,145	785,238
Other countries	6,733	4,790
Total	773,878	790,028

Major customer

The Group has no revenues from transactions with single customer amount to 10 percent or more of the Group's revenues.

26. PROVIDENT FUND

The Company, its subsidiary and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company and the staffs will contribute the same amount at 3% to 5% of staffs' salary to this fund, which their staffs will receive the retiring provident fund by the condition of the fund. During the year ended December 31, 2013, the Company and its subsidiary contributed Baht 2.33 million (2012: Baht 2.62 million) to the fund.

27. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Operating lease commitments

The Company has entered into lease agreement of office building. As at December 31, 2013, the Company is committed to pay the rental as follows:

<u>Payable</u>	<u>Unit: Baht</u>
Within 1 year	432,000.00
1 to 3 year	324,000.00

Leasehold right of the Company consisted of 2 agreements as follows:

- On August 22, 1995, the Company entered into the building leasehold right agreement with another company by paying the amount of Baht 2,800,000, for the lease period of 30 years. The rental fees will be paid yearly, in the amount of Baht 12,000 to Baht 24,000 throughout the lease period.
- On June 4, 2004, the Company entered into the agreement, which transferred the leasehold right from a related party by paying the amount of Baht 2,800,000, for the remaining lease period of 21 years and 2 months. The rental fees will be paid yearly, in the amount of Baht 12,000 to Baht 24,000 throughout the lease period.

Commitments and contingent liabilities with financial institutions

As at December 31, 2013, there are outstanding commitments and contingent liabilities with financial institutions as follows:

	Unit: Million Baht		
	Credit arrangement	Used	Unused
1.) Letters of credits and trust receipt	188.00	36.01	151.99
2.) Promissory notes	65.00	10.00	55.00
3.) Letters of guarantee	30.70	2.11	28.59
4.) Bank overdraft	56.50	6.64	49.86
5.) Forward exchange contracts	220.00	15.33	204.67
6.) Forward exchange contracts USDOLLAR 1.15 million of credit arrangement and as at December 31, 2013, they were used USDOLLAR 0.58 million.			

The above facilities were secured by mortgaging its land and building.

Contingent liabilitiesLitigationsPD Genesis Engineering Co., Ltd.

On September 25, 2012, PD Genesis Engineering Co., Ltd., the Company's subsidiary, was sued by its creditor for offence due to breach of sale and purchase agreement and recalled retention regarding black case No. Por.765/2555 as the result of the subsidiary default to pay the purchasing of inventory including Value Added Tax totaling Baht 0.95 million and did not return the retention in the amount of Baht 0.12 million when the work perform completely according to guarantee condition. The subsidiary lodge a rejoinder statement to the court, currently, the court fixed the date to take evidence from the accused and the plaintiff on May 30, 2014.

On September 13, 2013, such subsidiary was sued by another foreign creditor for offence due to breach of sale and purchase agreement regarding black case No. Por.741/2556. As a result of the subsidiary default to pay the purchasing of inventory in the amount of US Dollar 76,448.10 (approximately Baht as at December 31, 2013 is Baht 2.40 million). The subsidiary lodge a rejoinder statement to the court, currently, the court fixed the date to conciliate the case and take evidence on March 6, 2014.

The result of these cases were still uncertain, however, the management of subsidiary considered that such subsidiary has a number of capital deficiency and plan to cease its operation so it was accordingly registered to be dissolved with Ministry of Commerce on November 7, 2013 and is currently under the process of liquidation.

In addition, the Company considered that these cases might not have significant effect to the Company's financial statements because the Company provided the allowance for doubtful account of loan to and provided the allowance for impairment of investment in this subsidiary in the whole amount.

28. FINANCIAL INSTRUMENTS

Credit risk

Credit risk refers to the risk that counterparty will default on its agreement and conditions resulting in collection losses to the Company and its subsidiaries. Credit limit is granted for specific credit amount and is being monitored regularly. Furthermore, the Company manages the risk by adopting the policy of only dealing with creditworthy counterparty and obtaining sufficient collateral or other security where appropriated, as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statements of financial position, net of a portion of allowance for the doubtful account, represents the company maximum exposure to credit risk.

Interest rate risk

The Company has loans from banks, and interest rate is referred at the market rate (MOR rate and MLR rate), therefore, Interest rate risk arises from the potential for a change in interest rates to having affect operation of the Company in the current reporting period, and in the future years.

The Company and subsidiaries' exposures to interest rate risk relate primarily to their cash at banks, current investments and short-term loans. However, since most of the Company and subsidiaries' financial assets and liabilities have been repaid within one year, the interest rate risk is expected to be minimal.

Foreign currency risk

The Group exposed to foreign currency related primarily to its accounts payables and anticipated purchases denominated in foreign currencies. During the year end December 31, 2013, the Group hedged the foreign currency on accounts payable and part of its anticipated purchases.

However, the unhedged foreign currencies on accounts payable exposure as of December 31, 2013 are summarized as below:

Phol Dhanya Public Company Limited

Currency	Foreign current	Baht equivalent
EURO	4,436.04	201,051.54
YEN	1,698,280.00	536,434.01
US DOLLAR	505,495.37	16,655,769.14
SINGAPORE DOLLAR	267,133.01	6,976,632.68
POUND STERLING	828.40	44,946.66

PD Genesis Engineering Co., Ltd.

Currency	Foreign current	Baht equivalent
US DOLLAR	76,448	2,401,578.84

Fair values of financial instruments

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The methods and assumptions are used by the Company and its subsidiaries in estimating fair value of financial instruments are as follows:

Financial assets and liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, account receivable and payable, short-term loans to and borrowing, the carrying amounts in the statements of financial position approximate at their fair value.

Long-term loans, which have the fixed interest rate, the carrying value approximate at their fair values, calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position. Borrowings at fair value, which

have the variable interest rate or the nearly interest rate applied at that time by the market to instruments, the carrying value, presented in the statements of financial position.

Leases, which fair values calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position.

29. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2012, the Group's debt-to-equity ratio was 0.65:1 (2012: 0.73:1) and the Company's was 0.64:1 (2012: 0.72:1).

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 27, 2014.



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