

ANNUAL REPORT 2014

PHOL DHANYA PUBLIC COMPANY LIMITED



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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

		2014	2013	2012
Financial Position				
Total Assets	Million Baht	550.37	511.45	507.96
Total Liabilities	"	229.69	202.75	215.99
Total Shareholders' equity of the Company	"	322.90	310.52	294.79
Financial Performance				
Revenue from Sales & Services	Million Baht	803.01	773.88	790.03
Total Revenue	"	807.49	776.67	794.13
Cost of Sales & Services	"	585.17	540.08	571.31
Gross Profit	"	217.85	233.80	218.72
Net Profit For Owner of The Parent	"	38.86	50.75	45.43
Financial Ratio				
Return On Equity	%	12.27%	16.77%	15.87%
Return On Assets	%	9.62%	13.28%	12.43%
Gross Profit Margin	%	27.13%	30.21%	27.69%
Net Profit Margin	%	4.82%	6.53%	5.72%
Liquidity Ratio	Times	1.97	2.04	1.98
Debt to Equity Ratio	Times	0.71	0.65	0.75
Common Shares				
Par Value Per Share	Baht	1.00	1.00	1.00
Book Value Per Share	"	1.99	1.92	1.82
Dividend Per Share	"	0.20	0.43	0.24
Earning Per Share	"	0.24	0.31	0.28

Note :

- In 2014, the company increase ordinary share capital 27,000,000 shares at par value of Baht 1 each from the existing share capital of Baht 135 Million to Baht 162 Million in order to reserve for the stock dividend to the shareholders in the ratio 5 current shares per 1 dividend share. Paid up capital of Baht 161,999,986.

- In 2012 and 2013, the company ordinary share calculated by adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend in 2014, the number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period of year 2012 and 2013.

Award and Recognition



SET Award of Honor “Corporate Governance Report”

SET Award of Honor “Corporate Governance Report” for the three consecutive years (2012-2014)




Message from the Chairman



Prof. Dr. Pornchai Chunhajinda
Chairman of the Board

Mr. Chavalit Wangthamrong
Chairman of Executive Committee



In 2014, the economies of Thailand and the rest of the world have been stabilising, with Thai industrial productions lowering in accordance with the declining domestic demands and lowered exports in time with the sluggish global economy. Thailand is seeing lower industrial productions in its main industries of automobile, electronic parts, and food which have decreased from the previous year. Consequently, it is slightly lowering demands of the industrial customers, who are the target customers of Phol Dhanya Public Company Limited. However, by adjusting our strategy to be on par with the current economy and competition, the company was able to earn more income from sales and services in 2014 to be 803 million Baht and net profit to be 38.86 million Baht.

Although, there is little progress in water treatment concession projects in 2014, the company has tried its best to further develop the business, so that it could contribute to the growth of the company in the coming future. With such though bared in mind, the company has established the Phol Water Company Limited to focus on operations in water treatment by providing an all-rounded services, including engineering design, construction, system maintenance, as well as making investments on irrigation projects to produce water for the public and private sectors. The company believes that it would be able to fully develop the water treatment system and irrigation water creation units in the near future.

Apart from concentrating on creating business growth, the company has given great importance to the principle of Good Governance and following the guidelines continually to create sustainable growth. The action has rewarded the company with one of the SET Award of Honor on excellent Corporate Governance Report. The said award is presented to a company which can maintain its excellence for 3 consecutive years straight from 2012-2014, when the award was given at the SET Awards 2014 ceremony.

And as a move to heighten the company's level of transparency in operations, after the company has initiated the anti-corruption policy in order to create awareness of corruption among the Board of Directors and employee, as well as provided guidelines against all forms of corruptions, the company has decided to join the Collective Action Coalition, the private's sector main coalition for anti-corruption movements.

On behalf of the Board of Directors of Phol Dhanya Public Company Limited, we would like to express our thankful and gratitude to our stockholders, customers, partners, business alliances, and all stakeholders for their continual supports for the company. We would also like to say thank you to the Board of Directors, executives and employees in helping to propel the company into success and prosperity. We would like to ensure all of you that the company would further develop the organization for a sustainable growth under good governance, so as to create the highest benefits for all sides equally.

Board of Directors



1. Prof. Dr. Pornchai Chunhajinda
2. Mr. Chavalit Wangthamrong
3. Mr. Teeradej Jarutangtrong
4. Assoc. Prof. Dr. Seksak Jumreornwong



5. Assoc. Prof. Dr. Ekachidd Chungcharoen
6. Mr. Noppadol Dheerabutrvingkul
7. Mr. Pramuk Vongtanakiat, M.D.
8. Mr. Boonchai Suwanvutthiwat
9. Mr. Thanya Wangthamrong



Board of Directors Details

1. Prof.Dr.Pornchai Chunhajinda⁽¹⁾ Age 51 Chairman of the Board

Start on: September 12, 2007

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 11/20100
- 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

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

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company :

- Chairman of the Board, Ausiris Futures Co., Ltd
- Chairman of Audit Committee and Independent Director, Krungthai Panich Insurance Plc.
- Chairman of Audit Committee and Independent Director, Copper Wired Co., Ltd.

Number of Shares Held as of January 15, 2015 :

Personally	1,230,000 Shares (0.76%)
Spouse and minor children	None

Family relationship among Executive

Mr. Pornsak Chunhajinda's brother

Note

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

2. Mr.Chavalit Wangthamrong⁽²⁾ Age 62 Director/ Chairman of Executive Committee/ Nominating and Compensating Committee (Authorized Signature)

Start on: September 12, 2007

Educational Background

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

Training

- Jun 2014 "Capital Market Leader Program" /The Securities and Exchange Commission
- Oct 2014 "COSO 2013 framework for internal control" (In-house training)
- Training programs of Thai Institute of Directors (IOD)
 - Director Accreditation Program (DAP) Class 67/2007

Work Experiences

2013 - Present	: Chairman of Executive Committee, Phol Dhanya Plc.
2013 - Present	: Nominating and Compensating Committee, Phol Dhanya Plc.
2007 - Present	: Director, Phol Dhanya Plc.
2014 - Present	: Director, Phol Water Co., Ltd
2013 - Present	: Director, Pholdhanya (Cambodia) 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
1977 - 2012	: Chief Executive Officer, Phol Dhanya Plc.
2009 - 2008	: Chairman of the Board, PD Genesis Engineering Co., Ltd
1992 - 2009	: Director, P.D. Marketing & Manufacturer Co., Ltd
2001 - 2007	: Director, PDC Supply Co., Ltd
2003 - 2008	: Director, PDA Supply Co., Ltd / PDR Supply Co., Ltd
2001 - 2008	: Chairman of the Board, PalladiumIntertrade Co., Ltd
1993 - 2008	: Director, PD Progress Co., Ltd
1988 - 2008	: Director, Personal Safety Co., Ltd
2001 - 2007	: Director, PDS International (Thailand) Co.,Ltd

Other directorship position / Other position at present :

Subsidiaries company :

- Director, Phol Water Co., Ltd
- Director, Pholdhanya (Cambodia) Co., Ltd

Other listed company : None

Non-listed company :

- Director, Thai Yonok Logistics Co., Ltd
- Director, PDF Supply Co., Ltd.
- Director, Guzz Media Co., Ltd
- Director, N.H.L. (Thailand) Co., Ltd
- Director, VSV Asia Co., Ltd

Number of Shares Held as of January 15, 2015 :

Personally	24,490,560 Shares (15.12%)
Spouse and minor children	15,600,000 Shares (9.63%)

Family relationship among Executive :

Mr. Thanya Wangthamrong's Father

Note

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

3. Mr. Teeradej Jarutangtrong⁽³⁾ Age 62

Director/Chairman of Risk Management Committee
(Authorized Signature)

Start on: September 12, 2007

Educational Background

- Bachelor of Engineering, Chulalongkorn University

Training

- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Training programs of Thai Institute of Directors (IOD)
 - Anti-Corruption for Executive Program Class 14/2015 (Feb 2015)
 - Director Accreditation Program (DAP) Class 68/2008

Work Experiences

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

Other directorship position / Other position at present :

Subsidiaries company :

- Chairman of the Board, Phol Palladium Co., Ltd

Other listed company : None

Non-listed company :

- Director, Aegle Safety Equipment (Shanghai) Co., Ltd
- Director, Guzz Media Co., Ltd
- Director, Aegle Alliance Pte., Ltd

Number of Shares Held as of January 15, 2015 :

Personally	4,749,000 Shares (2.93%)
Spouse and minor children	26,930,999 Shares (16.62%)

Family relationship among Executive

None

Note

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

4. Assoc.Prof.Dr.Seksak Jumreornwong Age 59

Chairman of Audit Committee/ Independent Director

Start on: September 12, 2007

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

- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Training programs of Thai Institute of Directors (IOD)
 - Advance Audit Committee Programs Class 7/2012
 - 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) Class 23/2008

Work Experiences

2007 - Present	: Chairman of Audit Committee/ Independent Director, Phol Dhanya Plc.
2006 - Present	: Associate Professor, Thammasat University
2010 - 2014	: Director of Master in Finance Program, Thammasat University
2007 - 2009	: Chief of Finance Department, Thammasat University
2004 - 2006	: President of Master of Management (Finance) Program, College of Management, Mahidol University
2000 - 2004	: Deputy Director of Human Resource Institute, Thammasat University

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company :

- Associate Professor, Thammasat University

Number of Shares Held as of January 15, 2015 :

Personally	24,000 Shares (0.01%)
Spouse and minor children	None

Family relationship among Executive

None

5. Assoc.Prof.Dr.Ekachidd Chungcharoen⁽⁴⁾ Age 52

Independent Director /Audit Committee /
Chairman of Nominating and Compensating Committee
Start on: September 12, 2007

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)
 - Role of the Compensation Committee (RCC) Class 18.2014
 - Director Accreditation Program (DAP) Class 68/2008
 - Audit Committee Program (ACP) Class 23/2008

Work Experiences

2007 - Present	: Audit Committee/Independent Director, Phol Dhanya Plc.
2014 - Present	: Chairman of Nominating and Compensating Committee, Phol Dhanya Plc.
2013 - Present	: Audit Committee/Independent Director, BJC Heavy Industries Plc.
2010 - Present	: Director of Master of Business Administration Program, Thammasat University
2005 - Present	: Associate Professor, Thammasat University
2004 - Present	: Director of the Joint Doctoral in Business Administration Program (JDBA), Thammasat University
2011- 2014	: Nominating and Compensating Committee, Phol Dhanya Plc.
2011 - 2013	: Audit Committee/Independent Director, BJC Heavy Industries Co., Ltd.
2001 - 2007	: Director of Bachelor of Business Administration (BBA) International Program, Thammasat University

Other directorship position / Other position at present :

Subsidiaries company : None

Listed company :

- Audit Committee/Independent Director, BJC Heavy Industries Plc.
- Non-listed company :
- Director of Master of Business Administration Program, Thammasat University
- Associate Professor, Thammasat University
- Director of the Joint Doctoral in Business Administration Program (JDBA), Thammasat University

Number of Shares Held as of January 15, 2015 :

Personally 24,000 Shares (0.01%)
Spouse and minor children None

Family relationship among Executive

None

Note

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

6.Mr. Noppadol Dheerabutrpongkul Age 47

Independent Director /Audit Committee /
Nominating and Compensating Committee
Start on: September 12, 2007

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

2007 - Present	: Audit Committee/ Independent Director Phol Dhanya Plc.
2011 - Present	: Nominating and Compensating Committee Phol Dhanya Plc.
2013- Present	: Audit Committee/Independent Director, BJC Heavy Industries Plc.
2007 - Present	: Executive Director IFAC Co., Ltd
2013- 2014	: Audit Committee, Zemash Corporation Co., Ltd.
2011 - 2013	: Audit Committee/ Independent Director BJC Heavy Industries Co., Ltd
2005 - 2007	: Business Controller, Siam City Cement Plc.

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company :

- Audit Committee/Independent Director, BJC Heavy Industries Plc.
- Non-listed company :
- Executive Director, IFAC Co., Ltd

Number of Shares Held as of January 15, 2015 :

Personally 24,000 Shares (0.01%)
Spouse and minor children None

Family relationship among Executive

None

7. Mr.Pramuk Vongtanakiat, M.D.⁽⁵⁾ Age 45
Independent Director

Start on: January 13, 2014

Educational Background

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

Training

- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Training programs of Thai Institute of Directors (IOD) - Director Certification Program (DCP) Class 186/2014

Work Experiences

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

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company :

- Management Director, Great Opportunity Co., Ltd.
- Vice President, ThaiVI Organization (Thailand)
- Director, Srisampran Medical Clinic

Number of Shares Held as of January 15, 2015 :

Personally	34,320 Shares (0.02%)
Spouse and minor children	1,488,240 Shares (0.92%)

Family relationship among Executive

None

Note

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

8. Mr.Boonchai Suwanvutthiwat Age 51
Director/Executive Director/Chief Executive Officer/
Risk Management Committee

Start on: April 30, 2013

Educational Background

- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok’s Institute Class 11/2013
- Bachelor of Arts in Political Science (Major in Public Administration), Ramkhamhaeng University

Training

- Jan 2014 “Tax planning on welfare and the interests of management and employees” Class 5
- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Nov 2014 “Beer Game” (In-house training)
- The Senior Executive Program (SEP) 2010, Sasn Graduate Institute of Business Administration of Chulalongkorn University
- Training programs of Thai Institute of Directors (IOD) - Director Certification Program (DCP) Class 155/2012

Work Experiences

2013 - Present	: Director/ Chief Executive Officer, Phol Dhanya Plc.
2010 - Present	: Executive Director, Phol Dhanya Plc.
2014 - Present	: Risk Management Committee, Phol Dhanya Plc.
2014 - Present	: Director, Phol Water Co.,Ltd.
2013 - Present	: Director, Pholdhanya (Cambodia) Co., Ltd
2010 - 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

Other directorship position / Other position at present :

Subsidiaries company :

- Director, Phol Water Co.,Ltd.
- Director, Pholdhanya (Cambodia) Co.,Ltd.

Other listed company : None

Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally	None
Spouse and minor children	None

Family relationship among Executive

None

9. Mr. Thanya Wangthamrong**Age 34**

Director/Executive Director

Start on: April 30, 2013

Educational Background

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

Training

- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control”
(In-house training)
- Nov 2014 “Beer Game” (In-house training)
- Training programs of Thai Institute of Directors (IOD)
- Director Certification Program (DCP) Class180/2013

Work Experiences

2013 - Present	: Director, Phol Dhanya Plc.
2010 - Present	: Executive Director/ Director of Marketing Division, Phol Dhanya Plc.
2015 - Present	: Director of Information Technology Division, Phol Dhanya Plc.
2011 - Present	: Director, Wilsiri Intertrade Co, Ltd.
2006 - Present	: Director, Guzz Media Co., Ltd
2006 - Present	: Director, PDF Supply Co,Ltd
2014	: Director – Environment Business Division, Phol Dhanya Plc.
2009 - 2010	: Manager - Marketing Division, Phol Dhanya Plc.
2007 - 2009	: Manager – Marketing Communication Department Phol Dhanya Co.,Ltd.

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company :

- Director, Wilsiri Intertrade Co, Ltd.
- Director, Guzz Media Co., Ltd

Number of Shares Held as of January 15, 2015 :

Personally	12,000,000 Shares (7.41%)
Spouse and minor children	4,224,000 Shares (2.61%)

Family relationship among Executive

Mr. Chavalit Wangthamrong's son

Management Team and Company Secretary

1. Mr.Boonchai Suwanvutthiwat
2. Mr.Pornsak Chunhajinda
3. Miss Prapaipit Viriyabhupa



4. Miss Natchomkorn Puapansakul
5. Mr.Payotorn Mungthong
6. Mr.Thanya Wangthamrong
7. Miss Saowapa Choorujiporn



Management Team and Company Secretary Details

1. Mr. Boonchai Suwanvutthiwat
Chief Executive Officer

Age 51

Educational Background

- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok's Institute Class 11/2013
- Bachelor of Arts in Political Science (Major in Public Administration), Ramkhamhaeng University

Training

- Jan 2014 "Tax planning on welfare and the interests of management and employees" Class 5
- Jul 2014 "Mastering Risk Management" (In-house training)
- Oct 2014 "COSO 2013 framework for internal control" (In-house training)
- Nov 2014 "Beer Game" (In-house training)
- 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) Class 155/2012

Work Experiences

2013 – Present	: Director/ Chief Executive Officer, Phol Dhanya Plc.
2010 – Present	: Executive Director, Phol Dhanya Plc.
2014 - Present	: Risk Management Committee, Phol Dhanya Plc.
2014 - Present	: Director, Phol Water Co.,Ltd.
2013 – Present	: Director, Pholdhanya (Cambodia) Co., Ltd
2010 - 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

Other directorship position / Other position at present :

Subsidiaries company :

- Director, Phol Water Co.,Ltd.
- Director, Pholdhanya (Cambodia) Co.,Ltd.

Other listed company : None

Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally	None
Spouse and minor children	None

Family relationship among Executive

None

2. Mr. Pornsak Chunhajinda

Age 47

Executive Director/Chief Financial Officer /
Director of Human Resource Division

Educational Background

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

Training

- Jan 2014 "Tax planning on welfare and the interests of management and employees" Class 5
- Jul 2014 "Mastering Risk Management" (In-house training)
- Oct 2014 "COSO 2013 framework for internal control" (In-house training)
- Nov 2014 "Beer Game" (In-house training)

Work Experiences

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

Other directorship position / Other position at present :

Subsidiaries company :

- Director/Managing Director, Phol Water Co., Ltd.

Other listed company : None

Non-listed company :

- Director, Nonsi Accounting Co., Ltd
- Director, Rak Charoen Co., Ltd

Number of Shares Held as of January 15, 2015 :

Personally	108,000 Shares (0.07%)
Spouse and minor children	696,000 Shares (0.43%)

Family relationship among Executive

Prof. Dr. Pornchai Chunhajinda's brother

3. Miss Prapaipit Viriyabhupha Age 45

Chief Operation Officer /
Director of Sales Division of
Control Environment Products

Educational Background

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

Training

- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Nov 2014 “Beer Game” (In-house training)

Work Experiences

2010 - Present	: Chief Operation Officer, Phol Dhanya Plc.
2014 - Present	: Director of Sales Division of Control Environment Products, Phol Dhanya Plc.
2013 - Present	: Director, Phol Palladium Co., Ltd
2007 - 2010	: Director of Operation Department, Phol Dhanya Plc.
1995 - 2007	: Manager of Procurement Department, Phol Dhanya Plc.
1992 - 2004	: Supervisor - Procurement Department, Phol Dhanya Plc.

Other directorship position / Other position at present :

Subsidiaries company :

- Director, Phol Palladium Co., Ltd

Other listed company : None

Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally	600,000 Shares (0.37%)
Spouse and minor children	None

Family relationship among Executive

None

4. Miss Natchomkorn Puapansakul Age 52

Director of Internal Audit Division/
Secretary of Audit Committee

Educational Background

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

Training

- Jan 2014 “COSO 2013 framework for internal control” , Federation of Accounting Profession
- Sep 2014 “Emerging Identity of Internal Audit” The Institute of Internal Auditor of Thailand
- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Nov 2014 “Beer Game” (In-house training)

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

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally	None
Spouse and minor children	None

Family relationship among Executive

None

5. Mr. Payotorn Mungthong Age 44
 Director of Sales Division of
 Occupational Safety, Health and
 Environment Products

Educational Background

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

Training

- Nov 2014 “The great journey of HSE to excellent contractor management”, Occupational Health and Safety at work Association
- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Nov 2014 “Beer Game” (In-house training)

Work Experiences

2015 - Present : Director of Sales Division of Occupational Safety, Health and Environment Products
 2013 - Present : Director/Managing Director, Phol Palladium Co., Ltd
 2014 : Director of Information Technology Division, Phol Dhanya Plc.
 2010 - 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

Other directorship position / Other position at present :

Subsidiaries company :

- Director/Managing Director, Phol Palladium Co., Ltd

Other listed company : None

Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally None
 Spouse and minor children None

Family relationship among Executive

None

6. Mr. Thanya Wangthamrong Age 34
 Director of Marketing Division /
 Director of Information Technology Division

Educational Background

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

Training

- Jul 2014 “Mastering Risk Management” (In-house training)
- Oct 2014 “COSO 2013 framework for internal control” (In-house training)
- Nov 2014 “Beer Game” (In-house training)
- Training programs of Thai Institute of Directors (IOD) - Director Certification Program (DCP) Class180/2013

Work Experiences

2013 - Present : Director, Phol Dhanya Plc.
 2010 - Present : Executive Director/ Director of Marketing Division, Phol Dhanya Plc.
 2015 - Present : Director of Information Technology Division, Phol Dhanya Plc.
 2011 - Present : Director, Wilsiri Intertrade Co, Ltd.
 2006 - Present : Director, Guzz Media Co., Ltd
 2006 - Present : Director, PDF Supply Co., Ltd
 2014 : Director – Environment Business Division, Phol Dhanya Plc.
 2009 - 2010 : Manager – Marketing Division, Phol Dhanya Plc.
 2007 - 2009 : Manager – Marketing Communication Department Phol Dhanya Co.,Ltd.

Other directorship position / Other position at present :

Subsidiaries company : None

Other listed company : None

Non-listed company :

- Director, Wilsiri Intertrade Co, Ltd.
- Director, Guzz Media Co., Ltd

Number of Shares Held as of January 15, 2015 :

Personally 12,000,000 Shares (7.41%)
 Spouse and minor children 4,224,000 Shares (2.61%)

Family relationship among Executive

Mr. Chavalit Wangthamrong's son

7. Miss Saowapa Choorujiporn **Age 53**
Company Secretary/Secretary of the Board of Director/
Secretary of Risk Management Committee

Educational Background

- Bachelor of Business Administration (Accounting),
Ramkhamhaeng University

Training

- Company Secretary Program FPCS Class 19/2008,
Thai Listed Companies Association
- Jul 2014 "Mastering Risk Management" (In-house training)
- Oct 2014 "COSO 2013 framework for internal control"
(In-house training)
- Training programs of Thai Institute of Directors (IOD)
 - Anti-Corruption: The Practical Guide (ACPG) Class 17/2015
 - Company Reporting Program (CRP) Class 2/2011
 - Board Reporting Program (BRP) Class 5/2011
 - Effective Minute Taking (EMT) Class 19/2011

Work Experiences

2008 - Present	: Company Secretary/Secretary of the Board of Director, Phol Dhanya Plc.
2014 - Present	: Secretary of Risk Management Committee, Phol Dhanya Plc.
2009 - 2013	: Secretary of Sub-Risk Management Committee, Phol Dhanya Plc.
2008 - 2013	: Secretary of Executive Committee, 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.

Other directorship position / Other position at present :

Subsidiaries company : None
Other listed company : None
Non-listed company : None

Number of Shares Held as of January 15, 2015 :

Personally	None
Spouse and minor children	None

Family relationship among Executive

None

General Information

Company Name	: PHOL DHANYA PUBLIC COMPANY LIMITED
SET Symbol	: PHOL
Registered Capital	: THB162,000,000.00 (162,000,000 common shares) with a par value of Baht 1.00
Paid-up Capital	: THB161,999,986.00 (161,999,986 common shares) with a par value of Baht 1.00
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) 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% 2) Phol Water 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) PD Genesis Environment 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%
- 4) Pholdhanya (Cambodia) Co., Ltd.
No. 952D, Street 128, Khan Toul Kork, Phnom Penh, Cambodia
Shareholding 70%

Other references

Registrar

- Thailand Securities Depository Co., Ltd.
: 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.

Example



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.

Example



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.

Example



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.

Example



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 important brands of Water Treatment Products, including GE, PENTAIR, and ANDRITZ.

Example : Waste water treatment system



The Company's Business Objective

The Company conducts business in the distribution of Occupational Safety, Health, and Environment products. With 30 years of hands-on experiences, it is regarded as a leader in complete distribution service of Occupational Safety, Health, and Environment products, which remain its major revenue-contributing business today. The Company aims to achieve at least 15% of revenue growth from distributing new products and new brands, as well as from developing house-branded products, to better respond to the clients' needs and enhance competitiveness in order to generate higher revenue both from existing and new client bases.

As for Water Treatment Product, the Company is determined to develop the business to generate higher proportion of revenue by adding water treatment products for end-consumers and water treatment products and equipment for industrial customers, including hotels, accommodations, construction contractors, and by grooming the Company's personnel to become experts in water treatment system, being able to offer complete water treatment solutions. Furthermore, the Company plans to invest in the project to produce community tap-water in the form of concession. Essentially, it is now conducting location

surveys in several sites and continuing project feasibility studies.

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) In February 2014, the company has established the subsidiary, Phol Water Co., Ltd. To operate in water treatment by providing an all-rounded services, including distribution, engineering design, construction and maintenance services for both the public and the private sector. The value of investments was accounted 99.99 percent of its registered capital Baht 10 million.

Business Structure of PHOL Group



Note : PD Genesis Engineering Company Limited was registered to be dissolved and is currently under the process of liquidation.

Revenue Structure

The company's consolidated revenue structure in 2012-2014, as follows:

Type of Revenue	Unit : Baht					
	2014		2013*		2012	
	Amount	%	Amount	%	Amount	%
1. Occupational Safety, Health and Environment Products (SAFETY)	668,824,588	82.83	635,044,305	81.76	597,171,901	75.20
2. Control Environment Products (CE)	105,110,445	13.02	105,708,965	13.61	152,942,703	19.26
3. Water Treatment Products (WATER)	29,075,412	3.60	33,124,734	4.26	39,913,578	5.03
4. Other revenue	4,480,211	0.55	2,794,622	0.36	4,097,181	0.52
Total	807,490,656	100.00	776,672,626	100.00	794,125,363	100.00

Note : * The Company had reclassified the type of revenue during SAFETY products and CE Products, so the revenue structure had changed from previously reported in 2013.

Industry Condition and Competition

Occupational Safety, Health and Environment Products and Control Environment Products

The business that distributes products, which are in the field of Occupational Safety, Health and Environment Products and Control Environmental Products, is linked to Thailand's industrial economy, as the products are normally used in industrial-related locations and by workers, who operate in those locations. This means when the industrial economy is growing extensively, the demand of the mentioned products should be higher as well. In the present days, these products become more of a necessity due to various reasons, such as law enforcement or the company's desire to create operational quality, and/ or production standard, as well as the responsibility to create safe and health working environment for their workers. All of these have encouraged large, medium, and small industrial entrepreneurs to pay more attention to the safety and health of workers and create better working environment to ensure higher safety for the workers.

Statistics from the Office of National Economic and Social Development Board (NESDB) revealed that the domestic economy in 2014 expanded by only 0.7 percent, a decline from 2013's growth of 2.9 percent, while the industrial production sector has also seen a sluggish growth, in accordance with lower domestic demands. The decrease in demands could be attributed to the effects of the political tension in the country at the beginning of the year, whereas, exports would start to hike again by year's end and the world economy would gradually be recovered.

Various indices have also decreased from the prior year, such as the industrial production and capacity utilisation indices, while industries with lower productions included the automobile, petroleum, and construction-related industries. Although, the company would be affected by the decline in productions of those main industries, the company's customer groups are spread throughout all types of industries, including governmental and state-enterprise agencies, which contributed to the company's higher sales in 2013, and minimised the impacts on the company's operational processes.

Industrial Index

Index	2013				2014				2014		
	2012	2013	Q 1	Q 2	Q 3	Q 4	Q 1	Q 2		Q 3	Q 4
Manufacturing Production Index	181.6	175.7	184.7	174.1	173.6	170.5	171.7	165.7	166.8	166.5	167.7
YOY (%)	2.2	-3.2	2.9	-5.1	-3.6	-7.1	-7.0	-4.8	-3.9	-2.4	-4.6
Shipment Index	200.6	196.0	208.0	195.7	194.0	186.4	183.2	179.8	180.6	181.8	181.4
YOY (%)	10.8	-2.3	11.5	-3.0	-5.6	-10.6	-11.9	-8.1	-6.9	-2.5	-7.5
Inventory Index	184.3	200.5	195.3	197.4	203.2	206.2	210.9	199.0	194.9	185.0	197.4
YOY (%)	0.9	8.8	7.5	5.6	11.1	11.0	8.0	0.8	-4.1	-10.2	-1.5
Capacity Utilization Index	66.0	64.4	67.4	64.0	63.9	62.2	61.8	59.5	60.5	60.1	60.5

Ref : The office of Industrial Economics.

The domestic economy in 2015 is predicted to have a better expansion, fueled by more spending from both public and private sectors, better confidence from investors, while exports would slowly revive in line with the better economy. At the same time, the industrial sector is also forecast to grow; the NESBD has predicted that the industrial sector would expand by 2-3 percent, while the industrial indices would grow by 3-4 percent, as the improving industrial economy would pave way for companies to expand their businesses.

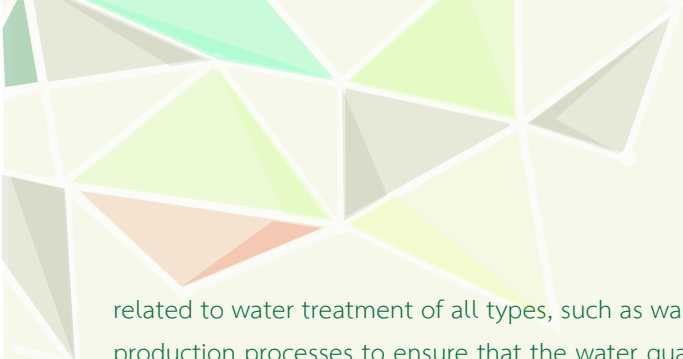
The competition in Occupational Safety, Health and Environment Products and Control Environment Products has currently been heightened compared to previous years, as Thailand is still a significant production base covering all industries. With a lot of industrial plants that tend to continually increase 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 it sells 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, the company has maintained its market share and strong relationships with customers. In addition, expanding its distribution channel to support new customers and the ability to manage inventory of the company, also add more to its competitive advantages over its counterparts.

Water Treatment Products

A study on the water management system around the globe has shown that if the world still maintains its usage of water at the present level with the current expansion rate of the world population, by 2024, the global population would reach 8 billion, causing the people around the world to lack 500 cubic metres of water each on average every year. The world would also see lower level of usable water, as water would mostly be contaminated, unusable for consumption and agricultural, as well as industrial productions. The study has pushed the world community in giving more attention to water management, including Thailand, which has seen higher consumption rates due to the higher figure of domestic population and demands for water in agricultural and industrial productions as the national economy sees rising growth.

In 2014, the company had focused on providing water treatment services to customers in various industrial groups, which showed a tendency of increasing every year. The company's services include operational or production processes



related to water treatment of all types, such as wastewater reuse, which help cut production costs, water treatment after production processes to ensure that the water quality meets governmental standard and the laws before being released back into nature, and pure water production system to create clean water for usage in production processes. Presently, more entrepreneurs are seeing the importance of implementing the water treatment system, due to the higher costs of water usage, stricter laws and regulations, as well as the growing world trend of environmental responsibility, all of which have created an opportunity for the company to expand its business operations.

As water shortages in communities remain to be one of the most vital issues in many areas, especially in other provinces, where public agencies could not cater to their demands and needs, the company has focused more on investing in producing irrigation water for communities to ensure long term growth and opportunities to continually expand its businesses.

There is still more room for expansion in the water treatment business sector, where the company is seeing moderate competition in the field from large, medium, and small-sized companies, which remain to be in small number and have different target groups and provide different types of services. The company, in the mean time, has been focusing on providing services to small and medium sized companies and has the advantage of its capability to make more investments and credibility to appease customers' confidence, making the company more competitive than other offices in the field.

Risk Factors

Well aware of the importance of risk management and systematic and efficient risk control, the Company determined a risk management structure and a written policy mainly to prevent and manage risk events and also determined risk management practices correspondent to the principle of good corporate governance

Risk management is a critical process that the Company and its subsidiaries prioritize in their management to ensure sustainable organization growth. Consequently, in 2014, the Company promoted the status of Risk Management Sub-Committee into Risk Management Committee with the aim to ensure that business risks are properly controlled and managed by executives in all levels.

Risk Management Committee tracks and monitors enterprise-wide risk management plan to make sure that the organization efficiently manages and controls risks in acceptable levels according to Risk Management Policy, which is to be regularly revised to cover extensive aspects of risk factors and events. Material details of risk management process of the Company can be shown in the followings:

1. Risk from fluctuation in foreign currency exchange rates

The company's products were imported directly from an overseas supplier. In 2012-2014, the company imported products accounted for 66%, 67%, and 69% 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 December 31, 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 2012-2014 financials, where the profit(loss) from exchange rate was Baht 1.47 million, Baht (2.09) million, and Baht 2.06 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 40% of the total sales revenue in 2014. 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. In 2014, for safety shoes products, the company had been appointed to distributor of brand "PUMA Safety", the famous brand in the world.

3. Risk from account receivables

The products distribution of the Company in 2012-2014 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 2014,

no doubtful accounts and in 2012-2013, the Company's doubtful accounts were at only 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

5.1 Investment in PD Genesis Environment Co., Ltd.

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.

5.2 Investment in Pholdhanya (Cambodia) Co., Ltd.

The Company has 70% equity stake in a subsidiary named Pholdhanya (Cambodia) Company Limited, equivalent to the investment value of 210,000 USD or 6.77 MB. As of December 31st, 2014, the performance of Pholdhanya (Cambodia) did not match its planned performance, resulting in its equity reducing to only 22% of the original equity value. Nevertheless, in 2015, the Company responded by adjusting the management plan and the executive team to promote sustainable and solid growth of Pholdhanya (Cambodia).

As of December 31st, 2014, the Company recorded impairment loss for investment of 3.38 MB in its single financial statement to account for its investment in Pholdhanya (Cambodia).

Capital Shareholders

The Company's registered capital of Baht 162,000,000 divided into 162,000,000 common shares with a par value of Baht 1 per share and paid-up capital of Baht 161,999,986 with a par value of Baht 1 per share.

Major shareholders of the company as of January 30, 2015 are as follows:

No.	Shareholders Name	No. of Shares	%
1.	Group of Wangthamrong Family	75,293,720	54.50%
	- Mr. Chavalit Wangthamrong	24,490,560	17.73%
	- Miss. Thanthida Wangthamrong	18,287,520	13.24%
	- Mrs. Naowarat Wangthamrong (The persons under Section 258 of Mr. Chavalit Wangthamrong)	15,600,000	11.29%
	- Mr. Thanya Wangthamrong	12,000,000	8.69%
	- Miss. Thanatsiri Siriworasi (The persons under Section 258 of Mr. Thanya Wangthamrong)	4,224,000	3.06%
	- Mrs. Wannee Wangthamrong	691,640	0.50%
2.	Group of Jarutangtrong Family	8,035,199	5.82%
	- Mr. Apichart Jarutangtrong (The persons under Section 258 of Mr. Teeradej Jarutangtrong)	23,849,000	17.26%
	- Mrs. Ananya Jarutangtrong (The persons under Section 258 of Mr. Teeradej Jarutangtrong)	6,830,999	4.94%
	- Mr. Teeradej Jarutangtrong	1,000,000	0.72%
	- Mr. Prasert Jarutangtrong	150,000	0.11%
	- Mrs. Thanida Jarutangtrong	30,200	0.02%
	- Mr. Natthapong Jarutangtrong	24,000	0.02%
3.	Thai NVDR Co., Ltd.	2,218,360	1.61%
4.	Group of Chunhajinda Family	2,452,000	1.77%
	- Mr. Pornchai Chunhajinda	1,230,000	0.89%
	- Mrs. Saowanee Chunhajinda (The persons under Section 258 of Mr.Pornsak Chunhajinda)	696,000	0.50%
	- Miss Siriporn Chunhajinda	418,000	0.30%
	- Mr. Pornsak Chunhajinda	108,000	0.08%
5.	Mrs. Nanthiya Vongtanakiat (The persons under Section 258 of Mr. Pramuk Vongtanakiat)	1,488,240	1.08%
	Mr. Pramuk Vongtanakiat	34,320	0.02%
6.	Mrs. Surachai Fongamornkul	1,490,000	1.08%
7.	Mr. Somkiat Tanapornsangsut	1,455,000	1.05%
8.	Mr. Utain Pattananipol	1,250,000	0.90%
9.	Mr. Paitoon Pantuvadeethorn	1,200,000	0.87%
10.	Mrs.Auejit Sooksai	1,020,000	0.74%
11.	Other	42,214,147	26.06%
	Total	161,999,986	100.00%

Summary of Changes in Percentage of Shareholding for ended December 31, 2014

No.	Shareholders Name	As December 31, 2013	As December 31, 2014	Increase (Decrease)
Board of Directors				
1	Prof. Dr. Pornchai Chunhajinda	1,025,000	1,230,000	205,000
2	Mr. Chavalit Wangthamrong	20,408,800	24,490,560	4,081,760
	Spouse and miner children	13,000,000	15,600,000	2,600,000
3	Mr. Teeradej Jarutangtrong	3,957,500	4,749,000	791,500
	Spouse and miner children	22,442,500	26,930,999	4,488,499
4	Assoc. Prof. Dr. Seksak Jumreornwong ^{/1}	20,000	24,000	4,000
5	Assoc. Prof. Dr. Ekachidd Chungcharoen	20,000	24,000	4,000
6	Mr. Noppadol Dheerabutrvongkul	20,000	24,000	4,000
7	Mr. Pramuk Vongtanakiat, M.D. ^{/2}	1,230,600	34,320	(1,196,280)
	Spouse and miner children	-	1,488,240	1,488,240
8	Mr. Boonchai Suwanvutthiwat	-	-	-
9	Mr. Thanya Wangthamrong	10,000,000	12,000,000	2,000,000
	Spouse and miner children	3,520,000	4,224,000	704,000
Management Team				
1	Mr. Pornsak Chunhajinda	90,000	108,000	18,000
	Spouse and miner children	580,000	696,000	116,000
2	Miss Prapaipit Viriyabhupha	500,000	600,000	100,000
3	Mr. Payotorn Mungthong	-	-	-
4	Miss Natchomkorn Puapansakul	-	-	-

Note : The resolution of the AGM 2014 on April 23,2014 approved to paid stock dividend to its shareholders at the rate of 5 exiting share : 1 stock dividend.

^{/1} No. 4. Assoc. Prof. Dr. Seksak Jumreornwong transfer of shares 24,000 donated to "Pan Hoon Aom Boon" (Donating Shares to Charity project) for The Sai Jai Thai Foundation on February 24,2015.

^{/2} No. 7. Mr. pramuk Vongtanakiat M.D. Transfer of. Shares 1,488,240 to his sponse on August 28,2015

Distribution of Shareholding by Nationality

The distribution of shareholding as of January 30, 2015, 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	1,284	161,903,986	99.94	2	2,218,480	1.37	1,282	159,685,506	98.57
Foreign Shareholders	2	96,000	0.06	0	0	0.00	2	96,000	0.06
Total	1,286	161,999,986	100.00	2	2,218,480	1.37	1,284	159,781,506	98.63

The Subsidiary's shareholders

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	Phol Dhanya Public Company Limited	99,997	99.997%
2	Mr. Payotorn Mungthong	1	0.001%
3	Miss Prapaipit Viriyabhupha	1	0.001%
4	Mrs. Sugunya Wingworn	1	0.001%
	Total	100,000	100%

Phol Water Company Limited

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

No.	Shareholders Name	No. of Shares	%
1	Phol Dhanya Public Company Limited	999,997	99.997%
2	Mr. Chavalit Wangthamrong	1	0.001%
3	Mr. Boonchai Suwanvutthiwat	1	0.001%
4	Mr. Pornsak Chunhajinda	1	0.001%
	Total	100,000	100%

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%

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 payment 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.

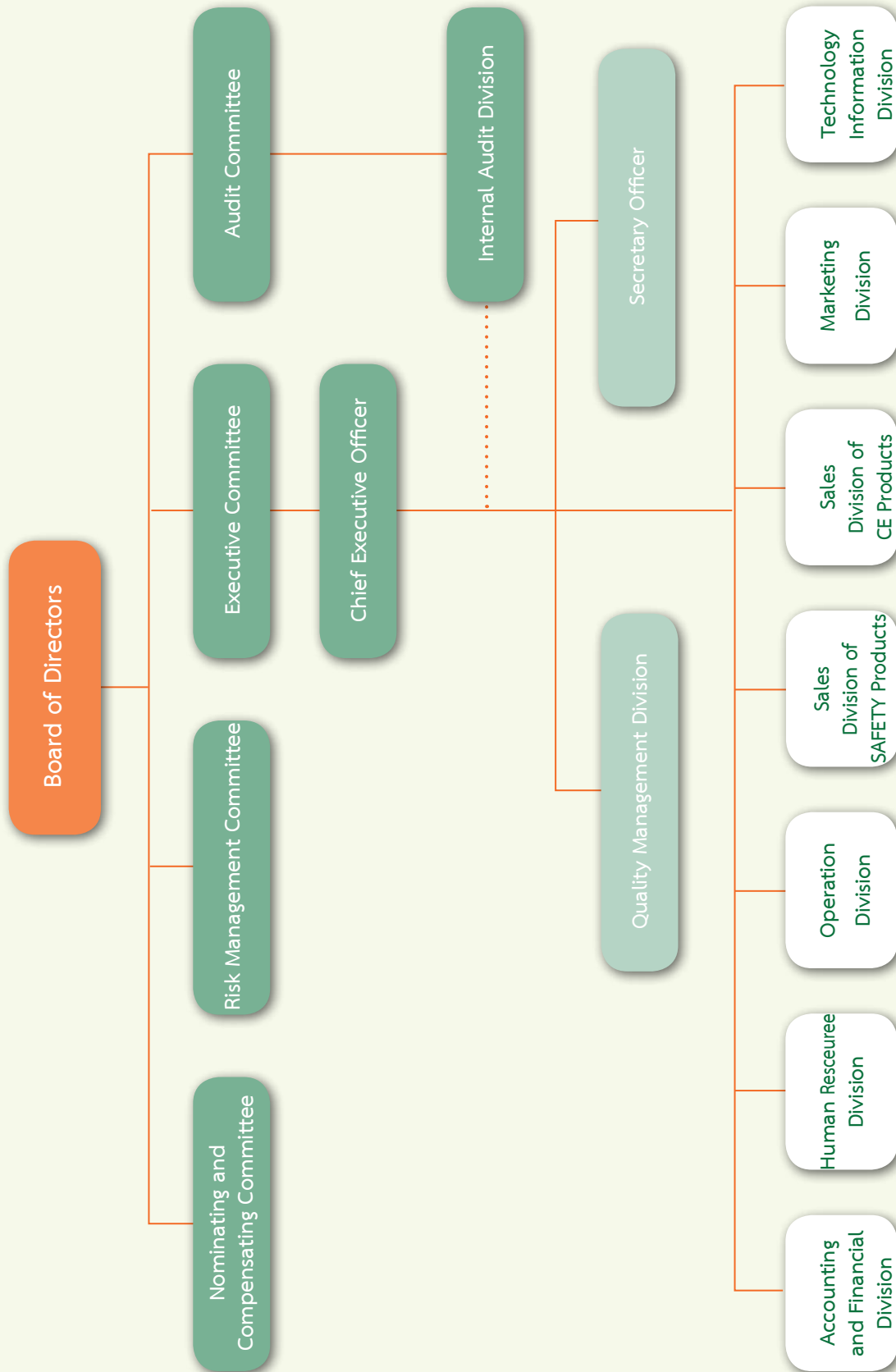
Dividend history	2014	2013	2012	2011
Interim Dividend	0.08 Baht	0.13 Baht	0.11 Baht	0.10 Baht
Annual Dividend Payment	0.12 Baht*	0.10 Baht	0.13 Baht	0.10 Baht
Stock Dividend	-	5 Existing share : 1 Stock dividend or 0.20 Baht	-	-
Earnings per share	0.24 Baht	0.38 Baht	0.24 Baht	0.21 Baht
Dividend Payout (%)	83.39%	114.39%	71.32%	93.54%

*Note : * Approval at the Annual General Meeting 2015 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 1, 2015

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.

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. Seksak Jumreornwong	Independent Director
5	Assoc. Prof. Dr. Ekachidd Chungcharoen	Independent Director
6	Mr. Noppadol Dheerabutrvongkul	Independent Director
7	Mr. PramukVongtanakiat , M.D. ^{/2}	Independent Director
8	Mr. Boonchai Suwanutthiwat	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. And he was appointed as independent director at AGM 2014 on April 23,2014.

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.

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. Seksak Jumreornwong*	Chairman of Audit Committee
2	Assoc. Prof. Dr. Ekachidd Chungcharoen	Audit Committee
3	Mr. Noppadol Dheerabutrvongkul*	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 is 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. 2/2015, held on February 16, 2015, reviewed and approved to determine the scope, authority and responsibility of the Audit Committee as follows:

1. 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.
2. To consider, select, and nominate a person to be its auditor, and to propose his Compensating.
3. 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.
4. 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.
5. To perform other actions as delegated by the Board of Directors and approved by the Audit Committee.
6. To investigate major risks in order to propose them to the management for consideration.
7. To provide the management with the comments on the appointment, removal, operating result, budget and manpower of the Internal Audit Department.
8. To prepare the Audit Committee's performance report and propose it to the Board of Directors at least once a year.
9. 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.
10. 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.
11. To review, together with the management, the policy and adequacy of important risk management of the Company.
12. To review the Company's financial management.
13. To report the Audit Committee's activities to the Board of Directors.
14. To review Audit Committee' Charter as deemed necessary and appropriate.

3. Nominating and Compensating Committee

The Nominating and Compensating Committee consists of 3 members, at least 2 persons and Chairmen of Nominating and Compensating Committee shall be independent directors.

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 Dheerabutvongkul	Nominating and Compensating Committee
3	Mr. Chavalit Wangthamrong ^{/2}	Nominating and Compensating Committee

Mr. Pornsak Chunhajinda³ is a Nominating and Compensating Committee's secretary

Note: The Meeting of the Board of Directors No. 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, 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. At present, Mr. Pornsak Chunhajinda is the Head of Human Resource Division.

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.

The Board of Directors' Meeting No. 13/2014, held on December 22, 2014, reviewed and approved to determine the scope, authority and responsibility of the Nominating and Compensating Committee as follows:

1. Monitor the appropriateness of structures and compositions of the Board of Directors;
2. Stipulate appropriate qualifications of Directors and Senior Executives from Head of Department and regulations for selecting candidates to hold the position of Directors and Senior Executives from Head of Department;
3. Review the qualifications of Directors and evaluate the performance of Directors whose term have completed and

- of Senior Executives from Head of Department;
4. Stipulate methods and processes as a development for candidates with appropriate qualifications to hold the positions of Directors and Senior Executives from Head of Department
 5. Stipulate regulations and review remuneration structure of the Board of Directors, the Sub-Committees and Senior Executives from Head of Department by proposing to the Board of Directors to approve the remuneration of Senior Executives from Head of Department. The remuneration of the Board of Directors and the Sub-Committees shall be proposed to the meeting of the shareholders for approval;
 6. Determine the evaluation regulations for Senior Executives from Head of Department
 7. Consider conditions of the issuance of new securities as appropriate and provide approval upon the Company's issuance of new securities to the Directors or staff and when the Directors or staffs receive the new securities of more than (five) 5% of the total allotted securities. There should be no Directors or employee who are the Nominating and Compensating Committee receive the aforementioned allotted securities more than (five) 5%;
 8. Provide answers and explanations concerning the remuneration of the Directors to the shareholders' meeting;
 9. Evaluation of its own performance, the Nominating and Compensating Committee 1 time per year for presentation to the Board of Directors.
 10. Annually prepare performance yearly report to the Board of Directors and shareholders' meeting.
 11. To revise the Charter of the Nominating and Compensating Committee 1 time per year as necessary and appropriate.
 12. To perform other duties as assigned by the Board of Directors and law regulations or as necessary and appropriate.

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 Suwanvuttivat	Risk Management Committee
3	Mr. Pornsak Chunjajinda	Risk Management Committee
4	Asst.Prof.Dr.Suluck Pattarathammas ^{/1}	Risk Management Committee

Asst. Prof. Dr. Sarayut Natapan is 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 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 Chunhajinda	Executive Committee
4	Mr. Thanya Wangthamrong	Executive Committee

Miss. Siriporn Ondee is an Executive Committee's Secretary.

Note: 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

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.

6. Management Team

Management Team comprises six (6) members as follows:

No.	Name	Position
1	Mr. Boonchai Suwanvutthiwat	Chief Executive Officer
2	Mr. Pornsak Chunhajinda	Chief Financial Officer/Director of Human Resource Division
3	Miss Prapaipit Viriyabhupha	Chief Operation Officer/Director of Sales Division of CE Products
4	Mr. Payotorn Mungthong	Director of Sales Division of SAFETY Products
5	Miss Natchomkorn Puapansakul	Director of Internal Audit Division
6	Mr. Thanya Wangthamrong	Director of Marketing Division/Director of Information Technology Division

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 cooperator 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.
- Authorized Level of the Board of Directors, Executive Committee and Chief Executive Officer, as follows:-

Transactions	Board of Directors	Executive Committee	Chief Executive Officer
1. Manpower and Budget Plan (yearly)	Authority of the Board of Directors	-	-
2. Loan and issued Bond per time	Authority of the Board of Directors	-	-
3. The documents signing; debt instruments, cheques and important issued related financial statement as stated in the company's Director of Authority table.	Authorized Directors/ Proxy holder	-	-
4. Certified True for Company's Financial Report	Authority of the Board of Directors	-	-
5. Approved Investment:			
5.1 Investment Project	Over 10 Million Baht	Not over 10 Million Baht	Not over 5 Million Baht
5.2 Invesment/Jointventure for Subsidiaries Company	Authority of the Board of Directors	-	-
6. Asset Disposal	Over 2 Million Baht	Not over 2 Million Baht	-
7. Write-off Debt	Over 1 Million Baht	-	Not over 1 Million Baht
8. Approved Selling proposes per purchase order	-	Not over 40 Million Baht	Not over 20 Million Baht
9. Customer Credit Approval	-	Not over 40 Million Baht	Not over 20 Million Baht
10. Approved Requisition Order and Purchase Order	-	Not over 40 Million Baht	Not over 20 Million Baht
11. Approved Credit Line to Customer	-	Not over 40 Million Baht	Not over 20 Million Baht
12. Advance payment and other expenses except Goods and services	-	Not over 5 Million Baht	Not over 5 Million Baht
13. Authorized under Budget	-	Not over 5 Million Baht	Not over 1 Million Baht
14.Approval for Purchase Order for operate and maintenance property.	-	Not over 5 Million Baht	Not over 2 Million Baht

However, the approval of the aforementioned transactions by the Board of Directors, Executive Committee and 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 15, 2008, Notification of Securities and Exchange Commission Tor Jor 4/2552 on Application and Approval for Newly-issued Shares (2nd Amendment) dated February 20, 2009 and effective on March 1, 2009, and Notification of Securities and Exchange Commission Tor Jor 15/2554 on Application and Approval for Newly-issued Shares (5th Amendment) dated July 25, 2011 and effective on August 1, 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.

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 allows 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

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 salary structure 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 31, 2014

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

Board of Directors and Sub-Committee	Meeting Allowance/Attendance (Baht)	
	Chairman	Director
Board of Directors	22,500	15,000
Sub-Committee	18,000	12,000

Sub-Committee include Audit Committee, Risk Management Committee, Nominating and Compensating Committee and Executive Committee.

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 2013 and 2014, the Company paid bonus to the directors amounting to Baht 1,451,250 and Baht 810,000 respectively. The Directors' bonus in 2014 is subject to the approval from the 2015 Annual General Meeting of Shareholders, held on April 28, 2014.

Details on the Meeting attendance and compensation are as follows:

2014

No.	Name	No. of Meeting Attendance					Meeting Allowance (Baht)	Director's Bonus ⁴ (Baht)	Total Compensation (Baht)
		Board of Directors	Audit Committee	Nominating and Compensating Committee	Risk Management Committee	Executive Committee			
1	Prof. Dr. Pornchai Chunhajinda	13/13	-	2/4	-	-	300,000	263,864	563,864
2	Mr. Chavalit Wangthamrong ¹	12/13	-	3/4	-	12/12	273,000	-	273,000
3	Mr. Teeradej Jarutangtrong ¹	12/13	-	-	10/10	-	228,000	-	228,000
4	Assoc. Prof. Dr. SeksakJumreornwong	12/13	6/6	-	-	-	267,000	263,864	530,864
5	Asso. Prof. Dr. Ekachidd Chungcharoen	13/13	6/6	4/4	-	-	304,000	263,864	567,864
6	Mr. NoppadolDheerabutvongkul	13/13	6/6	4/4	-	-	292,000	263,864	555,864
7	Mr. Pramuk Vongtanakiat , M.D.	12/13	-	-	-	-	168,000	-	168,000
8	Mr. Boonchai Suwanvutthiwat ²	13/13	-	-	10/10	12/12	288,000	-	288,000
9	Mr. Thanya Wangthamrong ²	12/13	-	-	-	12/12	201,000	-	201,000
10	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	9/10	-	102,000	-	102,000
11	Mr. Pornsak Chunhachinda	-	-	-	10/10	12/12	168,000	-	168,000
12	Mr. PrayoonVivetpuvanonth ³	-	-	-	-	-	-	395,795	395,795
						รวม	2,591,000	1,451,251	4,042,251

Note:

- ^{/1} Directors no.2 and no.3 are directors who represent shareholders and advisors of Executive Committee and receive position allowances. Therefore, they refused to receive Director's bonus as directors in the accounting period 2013.
- ^{/2} Directors no.8 and no.9 are Executive Directors who receive salaries and management fee so were not compensated with Director's bonus.
- ^{/3} Director no.12, 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.
- ^{/4} Bonuses for directors for the year 2013 was paid on May 2014 according to the resolution of 2014 general shareholders' meeting held on April 28, 2014

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

Unit: Million Baht

Executive Compensation	2014		2013	
	No. (person)	Amount	No. (person)	Amount
Salary	8	13.61	10	13.93
Management Fee ^{/1}	5	2.16	6	3.50
Bonus ^{/2}	5	1.40	6	2.38
Contribution to provident fund	7	0.45	9	0.42
Total		17.62		20.23

Note: Executive compensation and number of executives of the Company and its subsidiaries, and include Executive Director who resigned during the year 2014 (1 person)

^{/1} Management fees for 5 executive directors including Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, Director of Sales Division and Director of Marketing Division.

^{/2} Bonus of the year 2014 was paid in January 2015

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 Million Baht for the fourth 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 2014, 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 2014, 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 2014 amounts to total 213 as follows:

Department	Number of Personnel	
	2014	2013
1. Management Department	8	10
2. Sales Department	80	97
3. Operating Department	55	50
4. Accounting and Finance Department	24	20
5. Marketing Department	13	14
6. Human Resource	3	3
7. Information Technology Department	5	5
8. Quality Management Department	1	2
9. Engineering and Administrative Department	19	16
10. Internal Audit Department	2	3
11. Secretary Office	3	2
Total	213	222

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 2014, the Company provided monetary compensation and non-monetary compensation for 83.39 Million Baht and in 2013, the Company provided such compensation for 75.16 Million Baht.

Changes in the number of employees in the past 3 years

In 2014, 42 employees left the Company and 33 new employees joined the Company

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

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 2014, the Company held 161 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 2014, the Company supported 54 external training programs, the total number of executive and employees attended was 47 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

Compliance with the Principle of Corporate Governance

The Board of Directors (BOD) believes that good corporate governance (CG) is a quintessential factor signifying efficient, responsibility to society, transparency, accountability encourage businesses to add value to the organization's performance, 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 the CG policy guideline to adhere the same standards across 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, The Board of Directors Aimed to promoting good governance to incorporate morality and ethics, It is standard practice in the good is beneficial themselves and together as a society as a whole. Also approved the policy "Business Code of Conduct" to the principles and guidelines for directors, executives and staff as well as all the stakeholders involved effective 10 July 10, 2013 onwards.

Compliance with Corporate Governance Policy (CG policy)

In 2014, the Company promoted and communicated CG policy to all levels of employees across the organization through an internal electronic communication system and orientation 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 2014, there was no issue or situation of non-compliance with the aforesaid policy.

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

- The Company was given a score of 99.25 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
- In 2014, The Company was received one of 108 SET-listed companies awarded "Very Good CG Scoring" or "4 Stars" from the Survey of Corporate Governance assessment of total 550 Listed Companies, an overall average score of 72 percent which is lower than last year (78 percent), since shall be effected from the improvement of CG practice alignment with the ASEAN CG Scorecard criteria.
- The Company received the Corporate Governance Report for the three consecutive years (2012-2014) "SET Award of Honor". The awards was co-hosted by Good Governance Development & Alliance Department, the Stock Exchange of Thailand and Securities and Exchange Commission in the SET Awards Ceremony held on November 27, 2014

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 committed to enhance the corporate governance of the Company in accordance with the standards ASEAN CG Scorecard.

The BOD arranges continuously implementation of 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 2014, there was no extraordinary meeting of shareholders.

In 2014, the Company administered general shareholders' meeting on April 23, 2014 at 2.00 p.m. at Conference Room Floor 3rd Phol Dhanya Public Company Limited address 1/11 Moo3 Lam Lukka Rd, Ladsawai, Lam Lukka, Pathumthani 12150. The meeting was attended by 9 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 and all executives attended the meeting. 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. The Company informed press via SET to disseminate to shareholders immediately after the Board has approved the Annual General Meeting of Shareholders, Meeting Agenda, Record date by closing register book; name list of shareholders to attend the Shareholders' Meeting and received the dividend payment and published on the company's website to notify shareholders of their rights so that shareholders prepared themselves to attend the meeting.

2. The Company published the invitation letters with detailed supporting information of each agenda to shareholders, therefor the 2014 agenda for shareholder's meeting 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 "TSD" the Company's securities custodian to distribute the invitation letter with detailed supporting information of each agenda to shareholders prior the meeting date within 14 days (since April 4, 2014) especially foreigner shareholders have provided with covering English version's letter together and broadcast invitation letter and detailed supporting information of each agenda both Thai-English version on the Company's website in advance 30 days since March 24, 2014 then Annual Report 2013 within April 4, 2014 accordingly 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 (PA) to appoint an independent director of the Company or any other person. The shareholder proxy to attend on their behalf, using one of these proxy that is attached with the invitation letter. The company using proxy (Form B) in which shareholders could specify their voting direction of the Ministry of Commerce. Shareholders can download these three proxy form (Form A, B and C) which are designed by Department of Business Development, Ministry of Commerce via the company's website and the company also prepares duty for shareholders to use with the proxy form as well.

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 2015 Shareholders were allowed to exercise this right 3 months in advance during 1 October 2014-31 December 2014 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 has decided the matter proposed by shareholder 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 2014, Chairman of the Board and nine directors or totally 100 percent of directors to attended the meeting. Chairman of the Board and all Chairmen of the sub-committees attended the meeting.

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 2014, there were 32 shareholders and 31 proxies who attended after finished the meeting, representing 94,923,998 shares, or 70.68 percent of tradable shares (floats). Where as in 2013 there were 98 attendants, representing 93,868,642 shares, or 69.53 percent of total floats.

After the Meeting

1. The Company prepares the minute of general shareholders' meeting 2014, which was held on April 23, 2014, 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 within the same day of meeting date with full details as per good corporate governance standard. Also arranged minutes of the shareholders' meeting both in Thai and English and sends to the SET and other relevant units and broadcast such minute on the Company's website (at www.pdgth.com "Investor Relation" Section) within 14 days since the meeting date, 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 2014, 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.

Company visit and knowledge sharing with shareholders and investors

The Board of Directors arranges for shareholders and investors who attend shareholder meeting to visit the Company and meet with its executives in order to gain more understanding about the Company's business. In addition, attendants will be shown product and equipment features by product specialists and have a chance to visit the Company's systematic inventory management to be sure that the Company selects quality product/equipment, efficiently manages stocks, and deliver products to clients in a correct, fast, and timely manner, matching with clients' needs and creating maximum satisfaction for clients. The details are shown in Section 3: Roles of Stakeholders

Shareholder Facilitation in the Shareholders' Meeting

In the shareholders' meeting, the Company facilitates all shareholders by selecting a convenient meeting place 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 2 hour before the meeting begins but can be extend 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 the 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' meeting, the right to appoint and disqualify the Company's directors, the right 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.

The Company grants the minority shareholders have the right issue proposed the agenda in advance and the nominees to appoint the company's director that one or several shareholders hold no less than 5 percent of their voting rights and has held the shares for at least 12 consecutive months, the rights to suggest the criteria proposed agenda and nominate candidate to be elected as directors and procedure on website, the rights to suggest meeting agenda and to nominate directors through the company's website during the period of 3 months prior to the meeting date (1 October 2014 until 31 December 2014). The company, then consider the suggested agenda and announce the result through the Stock Exchange of Thailand and the company's website under "Investor Relation" section, part corporate governance/shareholders information/AGM2015. If shareholder proposed agenda or the nomination, will be presented to the Board of Directors to consider the agenda for the next meeting of shareholders. The Chairman informed the shareholders at the Annual General Meeting of Shareholders and recorded in the minutes of meeting.

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: 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.

Section3: 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:** The company is committed to creating value and return on investment to be satisfied our 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, organizes activities for the benefit of society including providing of relief at flood situation and public as appropriate.
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 focusing on sustainable growth of the company along with improving the quality of life in society, environment 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 (Form 56-2)

The Company prepares Annual Registration Statement (Form 56-1) and Annual Reports (Form 56-2), 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, both in Thai and English version. 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, Anti-Corruption Policy and Whistleblower protection rule information on investor relation, Annual Registration Statement (Form 56-1), annual reports (Form 56-2), 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 through the company's website: www.pdgth.com

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 financial reporting standards, to be used accounting policies are appropriate and consistently including 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 2014, the Company submitted annual and quarterly financial statements within the timeline and manner according to criteria specified by Companies Act. B.E 2535, Securities and Exchange Act B.E 2535 and Securities and Exchange Commission 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's Policy is prohibited all concern person; directors, executives and staff to be used their opportunity to pursuit of self-interest written in the Corporate Governance Policy Manual, Code of Conduct and Conflict of Interest Guideline. There are rules for directors, executives and employees to avoid self-dealing transactions that may have a conflict of interest with the Company and its directors, executives or employees who have an interest in the said transaction must not be involved in the approval process, requiring the disclosure of which may constitute a conflict of interest and transactions that are significant. The said transaction of preventing 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, taking care of more valued for shareholders is important and the opinions of Audit Committee and/or the Board of Directors as shown in Annual Registration Statements (Form 56-1) and Annual Reports (Form 56-2) determines to have a 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 as shown in Form 56-1 and annual reports detailed information is shown in "Related Transactions"

In order to adhere to the Principles of Corporate Governance. The Board of Directors has established guidelines on conflict of interest, requiring Directors, Executive and Employees are required to report any conflicts of interest to the Board by yearly basis one time per year. In case if there is a conflict of interest regarding above guideline of

the declaration and effectiveness, which is published on the company's website.

In 2014, 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 2014, no significant changes of shareholding except the increasing shares of directors and executive due to the stock dividend payment for the 2014 Annual General Meeting of shareholders. The 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 January 31, 2015 as shown 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. Control of Internal information

The company places great importance on transparent information disclosure and, hence, un equivocatory 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. This requires is done discretely by the personnel directly engaged in the issue of assigned to disclosure the information that in accurate and complete on truthful and careful manner basis.

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 personal must retain and not disclose any material information before its 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

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 within 30 days period prior to release of the Company's quarter and annual financial statements, and for 24 hours after the public disclosure (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 company secretary who shall further report it to the Board of Directors' meeting for acknowledgement.

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 punish 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.

6. Whistleblower and complainant or in case of Infringement

The Company has provided whistleblowing channel through which the Audit Committee of the Company can be informed of any suspicious circumstance or misbehavior. The Company has also put in place the procedures to handle with any complaint and the complainant protection measures as stipulated in the Code of Conduct. The protection mechanisms to the whistleblower or complainant or Infringed person(s) as stated in the Anti-Corruption Policy and published on the company's website www.pdgth.com

Whistle Blowing and Notice of Complaint

1. Email: The Audit Committee

Email: ind_dir@pdgth.com

2. Mail directly to:

The Audit Committee

Through Chief Internal Audit Officer

Phol Dhanya Public Company Limited

1/11 Moo. 3, Lamlukka Road, Ladsawai, Lamlukka, Pathumthani 12150

Tel. (662) 791 0111

Email : ind_dir@pdgth.com
 or website : www.pdgth.com/ir_index.php
 Board of Directors : cs@pdgth.com
 Audit Committee : ind_dir@pdgth.com
 Company Secretary : cs@pdgth.com

If you have another question or concern about corporate governance policy or anti-corruption policy, Please contact:
 Secretary Office: Company Secretary

Tel. (662) 791 0111 ext. 151

Email: cs@pdgth.com

7. Disclosure of Major Investment Projects

In 2014, the Company disclosed major investment projects through SET Community Portal. Such investment projects were for example; the approval of new subsidiary called Phol Water Co., Ltd with registered capital of 10 million baht or 99.99 percent of total shares. The main objective is to operate the water treatment system in concession model both government and private agencies, with covering production and distribution of water treatment to the consumer solutions.

8. Investor Relation

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.

To clarify rumors news invalid by fact through various channels recognized information equally, meeting with the management and the company visit; Question via telephone or email, media/press release disclosure in the event of an account period, quarterly MD&A published on the company website www.pdgth.com “Investor Relation” Section

However, The Company was determined Investor Relations’ Role and duty strictly with the same rights and responsibilities regarding to the ethical guidelines Investor Relations of SET.

In 2014, The Company administered several activities to allow top executives to regularly meet with retail investors, institution investors, analysts, and press. Presentation of the Company’s performance and other activities can be summarized below:

- Participated in one time Opportunity Days Events, hosted by the Stock Exchange of Thailand, to give presentation on the Company’s performance for Q1/2014.
- Welcomed the shareholders and investors to meet executives and visit the Company for 1 time.
- Top executives gave interviews about the overview of PHOL’s operation and future trend via on-line TV and printed media for 1 time.
- Participated in mai Forum 2014 for providing products and distributed PHOL’s information to investors who attended, organized by MAI and Co-Host of Listed Company in maiA.
- Hosted 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 2014” in February and “Safety Week 2014” in July and “House and Garden Fair 2014” in November.
- Participated in Stock Mart Project in an investment expo “SET in the City 2014” 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.

Section 5: 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 2014, the number of directors is 9 (nine) persons consisting of four-Independent director one-non-executive director and four-executive director (held management positions 4 first of all, after CEO top down), as the number of independent directors is one in three of total board of directors, fairly in voting to consider issues as well as to review of the executive management meet the company benefit. The number of independent directors as defined by SEC's definition to be of at least one in three of all members, representing 44.44 percent of total directors. 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 Dr. Pramuk Vongtanakiat serving to balance resolution voting in agenda items.

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.

In 2014, Non-executive directors hold a meeting annually among themselves for discussion, suggestion and express their opinions independently, whereas the chief executive officer and executive members are excluded from attend the meeting. Also the meeting assigned the Chairman and Chairman of the Nomination and Compensating Committee to reporting the Chief Executive as the result of the meeting.

In addition, for the months in which the Board of Directors meeting is not held, all directors will received continuously the operating results of the company and its subsidiaries (if any). The Company will provide a summary of the performance reports and keep other information included the improvement of the rules or regulations related to the SET and SEC (if any) to the Board members, in order to managed by company secretary with communication via electronic mail.

The company 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 Dheerabutr vongkul 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 2014, there were 6 (six) Audit Committee meeting, each of which was fully attended.

Nominating and Compensating Committee

Nominating and Compensating Committee consists of 3 members and must have at least two independent directors and the Chairman of the Nomination and Compensating Committee must be independent directors. The committee is responsible for selecting and nominating directors to replace directors that retired by their rotation 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, monitor and tracking trends in compensation for directors to give information to/or get approval from shareholders in shareholders meeting.

In 2014, the Company included the results of Survey of Director Compensation 2014, 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 2014, there were 4(four) Nominating and Compensating Committee meeting, each of which was fully attended.

Risk Management Committee

The Risk Management Committee consisting of; non-executive directors and executives and experts from outside or agencies involved a total of 5 persons, which Mr.Teeradej Jarutangtrong was appointed to be the position of Chairman of Risk Management Committee. Resolution of the Meeting of the Risk Management Committee No.2/2014 held on February 10, 2014 approved the appointment of external experts another one namely: Assoc. Prof. Suluck Pattarathammas to be a member of the Risk Management Committee, hold a term of 3 years period. And agreed to appointed one more panel of external expert Asst. Prof. Dr. Sarayuth Nathaphan to be an Advisory Committee. To management a potential of business risks effectiveness, in accordance with good corporate governance principles and good governance of the Stock Exchange of Thailand.

In 2014, 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 regarding the Charter of Risk Management Committee to the Board of Directors and Audit Committee 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 2014, there were 10(ten) Risk Management Sub-Committee meeting, most of which were fully attended except for the 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 three companies. In addition, we have practice in the case of the Chief Executive Officer or Senior management whose appointed to represent or serve as a director position in the others company and subsidiaries or associates proportionally or assigned by the Board of Director.

In 2014, 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 No. 6/2014 held on May 14, 2014 has agreed to appoint executive agents namely; Mr.Chavalit Wangthamrong Mr.Boonchai Suwanvutthiwat and Mr. Pornsak Chunhajinda to assume a Director positions in the newly established subsidiary "Phol Water Co., Ltd" and appointed Mr. Pornsak Chunhajinda Chief of Financial Officer to assume Managing Director position in the said company dated May 15, 2014 onwards.

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 interferes 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 2014, there were 6 top executives, one Chief Executive Officer (CEO) and five heads of divisions who directly report to the CEO. During the year, Regional Sales Director has resigned and did not recruit another on to replace. The Board of Directors has Re-Structure the new organization chart according to the Product Group's and services consisting of Safety, Health and Environment in the Workplace (Safety) Product and Service of Control Environment (CE) and Water Supply and Water Treatment (Water) and Government Business unite enhance to the new subsidiaries company namely: "Phol Water Co., Ltd." and "Phol Palladium Co., Ltd." directly reporting to CEO of Phol Dhanya Plc. The top executive management is responsible to achieving the budget and according to annual action plans, that approved by the Board.

4. Oversight the Operation of Subsidiaries Company's

The Company, as controlling by stakeholders proportion, The Board of Director was oversight the operations of its subsidiaries or affiliates to maintain the benefits of investment, as follows:

1. Appointment of senior executives to represent as directors agent or management of the company in proportion to their shareholding in the Company.
2. Promoted good governance in accordance with the Company's directors and executive officers are assigned both operation processing and personnel systems in accordance with company policy.
3. Tracking company performance on a regular basis through the Executive Committee and Board of Directors.
4. Consider important matters relating the company like Investment Plan, Trend of Business Strategy etc.
5. Provided Internal Audit Inspection related to the Holding company guideline to ensure that there are adequate internal control, compliance with laws and regulations strictly.

5. Meeting of the Board of Directors

Directors are 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 2014, there were 13 meetings (special request 1 time) of the Board of Directors, all of which had been planned ahead in advance as directors to allocate their time appropriately. Chairman of the Board encourages everyone to attend the meeting, representing 95.72 per cent of all directors in attendance the meeting in the year 2014.

In each meeting, the Company distributed supporting document for each agenda to all directors at least 5 working 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 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. The Board of Directors and its committees can be hired an independent consultant for the purpose of business management by the company's budget. Details of attendance of each director in the year 2014 are present in the table below.

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 in Secretary Office Division.

Board Meeting

			2014				
			No. of Meeting Attendance				
No.	Name of Director		Board of	Audit	Nominating	Risk	Executive
			Directors	Committee	and	Management	Committee
			13 Times	6 Times	Compensating	10 Times	12 Time
					Committee	4 Times	
1	Prof.Dr.Pornchai Chunajinda ^{/1}	Chairman of The Board	13/13	-	2/4	-	-
2	Mr.Chavalit Wangthamrong ^{/2}	Director	12/13	-	3/4	-	12/12
3	Mr.Teeradej Jarutangtrong	Director	12/13	-	-	10/10	-
4	Assoc.Prof.Dr Seksak Jumreornwong	Independent Director	12/13	6/6	-	-	-
5	Asso.Prof.Df.Ekachidd Chungcharoen ^{/3}	Independent Director	13/13	6/6	4/4	-	-
6	Mr.Noppadol Dheerabutrvingkul	Independent Director	13/13	6/6	4/4	-	-
7	Mr.Pramuk Vongtanakiat,M.D.	Independent Director	12/13	-	-	-	-
8	Mr.Boonchai Suwanvutthiwat	Director	13/13	-	-	10/10	12/12
9	Mr.Thanya Wangthamrong	Director	12/13	-	-	-	12/12
10	Asst.Prof.Dr.Suluck Pattarathammas ^{/4}	Director (external scholar)	-	-	-	9/10	-
11	Mr.Pornsak Chunhajinda ^{/5}	Executive Director	-	-	-	10/10	12/12

Note:

^{/1} Director No. 1 was appointed as Chairman of the Board on January 13, 2014 , in replacement of Chairman of the Board who resigned, so resigned from the Chairman of the Nominating and Compensating Committee.

^{/2} Director No. 2 was appointed as Nominating and Compensating Committee , in replacement of Prof. Dr. Pornchai Chunhajinda, effective on January 13,2014.

^{/3} Director No.5 was appointed as Chairman of Nominating and Compensating Committee, in replacement of Prof. Dr. Pornchai Chunhajinda, effective on March 12, 2014.

^{/4} Director No.10 is not the Board of Director, he was appointed to be Risk Management Committee-external scholar, effective on February 10, 2014.

^{/5} Director No.11 is not the Board of Director, he is the Executive Director and the member of Executive committee, effective on February 10, 2014.

Detail of the positions

Audit Committee consists of 3 members are the Director No.4, 5 and 6, on March 18, 2014.

Nominating and Compensating Committee consists of 3 members are the Director No.2, 5, and 6, on March 18, 2014.

Risk Management Committee consists of 4 members are the Director No.3, 8,10, and 11, on January 10, 2014

Executive Committee consists of 4 members are the Director No.2, 8, 9, and 11, on January 1, 2014.

The Role of Chairman

The Chairman was the acting Chairman of the Board Meeting of the Company, If the Chairman is not present at the meeting or is unable to perform his duties. If there have Vice Chairman, the Vice Chairman shall act as the Chairman of the Meeting, but If there haven't Vice Chairman or is unable to perform their duties, the Board members shall be elected the Chairman to be the Chairman of the Meeting.

The Role of Chairman as follows:

1. Provide the Board of Director's Meeting Plan in advance. (yearly)
2. To setting the Agenda items for the Meeting of Board of Directors, gathering with Chief Executive Officer as well as screening.
3. To conducts the meeting in accordance with the Articles of Association and law regulations.
4. To conducts the meeting in the order specified in the notice of the agenda meeting to achieve smoothly transition.
5. To create and provide an enquiry to suggestion or answer questions to the Board of Directors.
6. Counseling support and promoted management team to work an assignment as well.
7. Analysis, suggestions, comments and find solutions to considered and make decisions for significant matters.
8. Majority voting, If the vote are tied, The Chairman of the meeting shall cast the decisive vote unless otherwise stipulated by law.
9. Monitoring of compliance with the resolutions of the Board of Directors in each subject, or delegated to the Company Secretary by specifics subject.
10. Other (If any)

6. 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 under Securities and Exchange Act.(4thAmendment) B.E. 2551. She was to perform the roles defined in a responsible, careful, and honest manner, as well as to serve as Secretary of the Board and other committees as assigned including the activities of the commission and Board's resolutions duties 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 date that 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 (4thAmendment) 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 Secretary Office, the department that is responsible to ensuring that secretary work is in compliance with laws, regulations, and the principle of corporate governance.

In 2014, 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.

7. 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 individual performance basis and business performance.

Aside from compensation in the form of meeting allowance per attendance, the Meeting of shareholders for 2014 held on April 23, 2014 approved the payment of directors' bonus which was paid out of the company's performance, according to 2.5 percent of total dividend payment to shareholders in 2013. The total bonus amount was 1,451,250 baht. 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 2014 are disclosed in sum and individually in the annual report under "Management Structure" section.

8. 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. 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. Such results of assessment are taken for implementation subject in the next year and not yet to be done to individual director assessment.

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 the Audit Committee of the manual guidelines given by Securities and Exchange Commission in a consistent, complete, and independent manner, which is divided into 2 parts;

Part 1. The act of the Audit Committee have a duties as defined in the Audit's Committee Charter as assigned by the Board of Director.

Part 2. Specific their duties are to review the Company's financial reporting is accurate and adequate.

The Audit Committee has performed their duties as defined in the Audit Committee's Charter, consistent with the guidelines of the Securities and Exchange Commission, correct, complete and independence. The performance of assigned responsibilities effectively and encourage good governance to benefit of all stakeholders. The summarized report was prepared and reporting together with the auditor's report, to the shareholders as shown in the company's annual report topic "Report of the Audit Committee."

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 2014 in the Company's annual report.

Risk Management Committee

The Board of Directors agreed with the self-assessment result stating that Risk Management Committee has performed their tasks as defined in Charter of Risk Management 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 Risk Management Committee for the year 2014 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 Core Competency and Managerial Competency 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 for further improve his performance.

Nominating and Compensating Committee is responsible for agreeing/disagreeing on performance assessment of top executives starting from Vice President onwards based on KPI indicators comparing the annual target achievement of an individually KPI of those executive.

9. 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 the Shareholders' Meeting held on 23 April, 2014 there was to re-appoint those 3(three) directors of the company's director for another term namely; Mr.Chavalit Wangthamrong as Director Mr.Noppadol Dheerabutvongkul and Dr.Pramuk Vongtanakiat as an Independent Director effective on the meeting date, they have well knowledge capability and experience in the company business related to the company operation and participated the director training program organized by IOD except Dr. Pramuk Vongtanakiat was appointed as Independent Director in replacement of Mr. Prayoon Vivetpuvanonth who was resigned which effective on January 13, 2014. On the 2014 Annual General Meeting have passed training for Director Program class no. 186/2014 hosted by Thai Institute of Directors. The company handed the director handbooks together and orientation the new director on 10 April 2014.

10. 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, code of conduct, 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 follow.

11. 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), และ Audit Committee Program (ACP), Role of the Compensation Committee (RCP), Chartered Director Class (CDC), Role of the Nomination and Governance Committee (RNG), and other related seminars.

The company provided support for directors and secretaries to join the several programs which organized by Thai Institute of Directors and/or the Stock Exchange of Thailand and/or Securities and Exchange Commission and other relevant private organizations to constantly bring knowledge and experience to the directors and top executives management for the company's improvement, in the year 2014 directors has been attend the training programs by IOD and both external and in-house training, details as follows:

Table 1. Director and Company Secretary Training

No.	Name	Director Certificate Program CMA	Director Accreditation Program DAP	Audit Committee Program ACP	Chartered Director Class CDC	Monitoring Fraud Risk Management MFM	Monitoring the International Audit Function MIA	Director Accreditation Program MIR	Monitoring the Quality of Financial Reporting MFR	Role of the Chairman Program RCP	Role of the Compensation Committee RCC	Role of the Nominating & Governance Committee RNG	Director Accreditation Program ACEP	Anti-Corruption for Executive Program ACPG	Capital Market Academy CMA	Capital Market Leader Program (SEC) CML
1.	Prof. Dr.Pornchai Chunhajinda Chairman of The Board	36/2003		4/2005	7/2013					31/2012	12/2011				11/2010	CML
2.	Assoc. Prof. Dr. Seksak Jumreornwong Chairman of Audit Committee Independent Director		69/2008	23/2008		16/2011	11/2011	11/2011	13/2011							
3.	Assoc. Prof. Dr. Ekachidd Chungcharoen Chairman of Nominating and Compensating Committee Independent Director/ Audit Committe		68/2008	23/2008							18/2014					
4.	Mr. Noppadol Dheerabutvongkul Independent Director/ Audit Committe Nominating and Compensating Committee		68/2008	23/2008								3/2012				
5.	Mr. Pramuk Vongtanakiat,M.D. Independent Directo	186/2014														
6.	Mr. Chavalit Wangthamrong Director Nominating and Compensating Committee		67/2007													june2014
7.	Mr. Teeradej Jarutangtrong Director Chairman of Risk Management Committee		68/2008										14/2015*			
8.	Mr. Boonchai Suwanvutthiwat Director/ Executive Director/Risk Management Committee Chief Executive Officer	155/2012													20/2015*	
9.	Mr. Thanya Wangthamrong Director	180/2013														
10	Miss. Saowapa Choorujiporn Company Secretary													17/2015*		

Note: training in the year 2015

Table 2. Management Team Training

Name		Training Course
Directors and Management Team		Mastering Risk Management COSO 2013 framework for internal control
Management Team and Manager		QC Story Techniques Beer Game
Mr. Boonchai Suwanvutthiwat	Chief Executive Officer	Tax planning on welfare and the interests of management and employees Class 5
Mr. Pornsak Chunhajinda	Chief Financial Officer	The New Public Private Partnerships Act B .E 2556 TFRS Class 2/2014 Corporate Finance Class 2/57 Tax planning on welfare and the interests of management and employee Class 5
Mr. Thanya Wangthamrong	Director of Marketing Division	The Committee of Safety, Occupational Health and Work Environment
Miss Prapaipit Viriyabhupha	Chief Operation Officer/Director of Sales Division of CE Products	Update IATF Rules 4th Edition for ISO/TS 16949
Miss Natchomkorn Puapansakul	Director of Internal Audit Division	COSO 2013 framework for internal control Emerging Identity of Internal Audit
Mr. Payotorn Mungthong	Director of Sales Division of SAFETY Products	Occupational Health and Safety at work Association (OHSWA) Annual Conference 2014 (No.20) "The great journey of HSE to excellent contractor management"

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, participate the seminars organized by a partnership of organizations as follows:

- The Annual General Meeting of Shareholders for the year 2014 (by TIA)
- Insights "EJIP and ESOP" tool increasing incentives to employees "TSR and Warrant" funding alternative. (SET/MAI)
- Company Secretary Forum 2014: Strength Anti-Corruption Practices in your Boardroom (IOD)
- M&A: "Thailand Business Strategies" (SET)
- Chairman Forum: "Clean Business: What is the Chairman Role?" (IOD)
- SD Forum no.5/2014 "Unlocking Corporate Value through Sustainability Reporting" (SET)
- IOD Audit Committee Forum 2014 "Internal Audit Topics for Audit Committee Consideration"
- Going from "Good" to "Great" in...IT Fraud Prevention and Information Security Governance (SET)
- CG Forum 3/2014: Challenging as Expectations for Board Engagement on Strategic Risk Management Oversight (SET)
- Seminar "Challenges of Independent Directors" (SET)
- Continuously trainings and seminars such content to review various regulations related to listed companies

12. Succession Plan

The Board of Directors accords due importance 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.

1) Company's recruitment and selection process of employees to take charge of and responsible for key management position levels as appropriate.

2) The Company's senior executive shall be performed the CEO work if the President is unable to perform their duties.

13. 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, guidelines process as shown under "Management Structure" published 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

Phol Dhanya (Public) 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 modules: 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.

Corporate Governance Policy

The Board of Directors is well aware of the importance of Corporate Governance, adhering to the Principle of Good Governance as a corporate governance framework for public companies. To ensure that the Company's operation creates confidence for investors and maintain sustainable growth, the Board of Directors determines corporate governance policy, broadcasts the policy in the company's website, and requires that the policy be revised annually or at least once a year. In 2014, corporate governance policy was revised to correspond to Asean CG Scorecard, according to the suggestion made by the Stock Exchange of Thailand, who recommended that listed companies suitably adapt CG principle into its operations, identify the obstacles if the companies could not practice CG principle, and declare the reasons/substitute measures the companies use. The SET also gave Corporate Governance List to listed companies to practice with and communicate to their shareholders, investors, stakeholders, and relevant parties. The Company will propose SET's suggestion to the Board of Directors in a later time.

The Company is declaring some of the CG topics exercised and topics not exercised according to the suggestions made by SET as in the followings:

Topic completed	Improvements Made
1. The Board of Directors should participate in the review and the approval of the Company's vision at least every 5 years	The Board of Directors participates in the Company's vision review and determines that the Company's visions be revised annually or appropriately. In 2014, the Board revised the Company's visions, missions, and policies and agreed not to amend the contents
2. Each director can assume the positions in not more than 5 listed companies and their respective subsidiaries	The Board of Directors determines that each director can assume positions in not more than 5 listed companies and respective subsidiaries and not more than 5 non-listed companies because the Company has significant business growth opportunity in the future (revised in Corporate Governance Policy)
3. Determine the policy of minimum meeting quorum at the time of voting that 2 in 3 of directors must be present during the voting for any agenda	The Board of Directors determines minimum meeting quorum at the time of voting that 2 in 3 of directors must be present during the voting for any agenda
4. Audit Committee assumes the roles of nominating and releasing of external auditors	The Board of Directors revised Charter of Audit Committee and added the roles to nominate and release independent auditor who has been approved from the Securities Exchange Commission to assume the position of the Company's auditor and propose compensation for such auditor, as well as to attend the meeting with the auditor without the presence of management at least once a year.
Topics not exercised	Reasons for not exercising/Substitute measures
1. Chairman of the Board must be an independent director 2. The Board of Directors should comprise of independent directors of more than half of all directors, if Chairman of the Board is not an independent director	Chairman of the Board is not the same person as Chief Executive Officer. The Company clearly segregates the roles and responsibilities of the Board and Management team to ensure balance between management activity and good governance
3. The Board of Directors should determine that independent directors can continually assume director positions for not longer than 9 years since the date of the first appointment 4. The Board of Directors should determine the maximum length that directors and members of committees can assume their positions	The Board does not determine the length of time that independent directors, directors, and members of committees can assume the positions because the Company believes that directors are knowledgeable and skilled persons, and experiences from being in the position for a long time will help such directors better understand the Company's business
5. Nominating and Compensating Committee should comprise of all independent members	2 of whom are independent members. Chairman of the Committee must be independent director
6. Determine that directors or high-level executives notify the Board of Directors or delegated persons about their transaction (buy and sell) of the Company's shares at least 1 business day before the transaction date	The Board of Directors determines the measures to prevent internal information misuse by relevant persons, including their spouses and minor descendants, not allowing aforementioned persons to use non-public information for their own benefits which can give rise to conflict of interest. Such action is regarded as severe misconduct and is accentuated in the Company's business ethics.

The Company establishes corporate governance principle that covers the structure and components of the Board of Directors, roles and responsibilities of the Board and other committees, risk management and internal control process, the policy of internal information usage, and the proper practices for events with conflict of interest. The Company's Corporate Governance Policy is boardcatsed in the Company's website, www.pdgth.com, under the section Investor Relations to communicate with investors and other interested parties.

Code of Conduct

The Board of Directors has 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, was published on the Company's website at www.pdgth.com 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

7.1 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.

7.2 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 Board 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 for the company’s directors, management including their spouses and minors and any employees engaging or having access to material non-public information which if disclosed, all personel must retain and not disclose any material information before disclosure, breaches of the said policy results in severe consequences, such a policy guideline as shown on Section 3: “The Role of Stakeholders in Corporate Governance”.

• 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.

9. Anti-corruption

The Board of Directors places high importance on conducting a business based on the principle of morality and ethics, encouraging transparency in the governing of the organization. The Meeting of the Board of Directors No. 8/2014 held on July 16, 2014, approved anti-corruption policy and measures, which prohibit directors, executives, and all employees from supporting or accepting corruption activity, be it directly and indirectly, in any form. Such anti-corruption policy and measures covers subsidiaries, affiliates, and other companies that the Company maintains control over. This policy and its respective measure must be strictly adhered to as regular practices.

Later, the Meeting of the Board of Directors held on December 22, 2014, revised the aforementioned anti-corruption policy to include the case of violation of rights, following the suggestions made in Corporate Governance Assessment by IOD. The Company determined responsibilities of directors and executives, anti-corruption practices, the scope of complaints filing or the case of violation of rights, protective mechanism for the informants, whistle-blowers, or persons whose rights are violated. The Company announced such practice to the case of violation of rights to the Company, its subsidiaries, and its affiliates in order for them to strictly adhere to. (The information on the channel of complaints and information filing is shown in Article 2 Disclosure on “Complaints and information filing or the case of violation of rights”)

The resolution of Meeting of the Board of Directors No. 1/2015 held on January 12, 2015 approved the Company’s joining of Collective Anti-Corruption Coalition (CAC), a collaborative project comprising of private companies and non-profit organizations, including Thai Institute of Directors, Thai Chamber of Commerce, International Chamber of Commerce, Thai Listed Companies Association, Thai Bankers Association, the Federation of Thai Capital Market Organizations, and the Federation of Thai Industries, with a common aim to collectively elevate business ethical standards. The Company announced its intention to join CAC and was accepted by Thai Institute of Directors (IOD) on January 29th, 2015. Joining of CAC was communicated to all stakeholders.

Request for CAC certificate and delivering of self-assessment as required by CAC were carried out in normal procedures. The document was sent to IOD, a secretary of CAC, to review and confirm the Company’s membership of CAC in 2015. Measure that the Company took to prevent corruption activities can be shown below:

1. The Company communicated its anti-corruption policy to directors, executives, and all employees to strictly adhere to through electronic channels and information boards, as well as communicated to external persons and investors through the Company’s website.
2. The Company arranged to have a reporting channel for complaint filing in case that violations or corruption activities are witnessed. Complaints will be reported to Audit Committee through Head of Internal Audit Department, according to the information given in “Complaints and information filing or the case of violation of rights”. Informants are protected as specified by protective measures.
3. The Company determined that corruption reporting and monitoring be communicated to the Board of Directors to consider and give opinion through Audit Committee.
4. The Company will propose that the Board of Directors revise the appropriateness of anti-corruption policy every year.

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.

By clearly determining roles and responsibilities of executives and employees in writing, having segregation of power that precisely corresponds to the organization structure, properly determining approval authority of the Company and its subsidiaries to create balance of power and encourage internal checking, controlling the use of assets to ensure maximum benefit, and establishing a correct and timely financial reporting process.

Internal Audit

To encourage good governance, the Board of Directors established Internal Audit Department, which directly reports to Audit Committee and is connected to Chief Executive Officer, and appointed Miss Natchomkorn Puapunsakul to become Head of Internal Audit Department and Secretary of Audit Committee. Audit Committee regarded Miss Natchomkorn as highly qualified for the position to investigate the operation of the Company and/or its subsidiaries to make sure that those companies work to achieve their objectives, as well as to give consultation/recommendation on proper practices to reduce impact from risks arising from each aspect of business operation. Audit Committee is responsible for approval of internal audit plan, and appointment/termination/transfer/assessment of Head of Internal Audit to ensure independency of Internal Audit Dept. operation and assessment reporting. Internal Audit Dept. is required to report audit result, together with suggestions or material flaws, to Audit Committee on a quarterly basis. The summary of audit report will then be presented to the Board of Directors on a quarterly basis and will be later used in the formulation of solid corrective/preventive measures.

Risk Management

Placing high value on risk management, The Board of Director embeds systematic risk management process as a part of corporate governance and strategies defined in annual business plan to help the Company achieve organizational objectives and maintain sustainable growth. Risk management results are reported quarterly to the Board of Directors, who will review the adequacy and effectiveness of risk management system to control the overall risk in the acceptable level.

The Meeting of the Board of Directors No. 3/2014 held on February 27, 2014, resolute that the Company's risk management policy effective since 2011 be adjusted to correspond to the dynamic of environment. The amended risk management policy was announced in writing and became effective since February 27, 2014 onwards. The policy determines risk management practices as in the following:

1. Arrange to have Risk Management Committee, comprising of directors and external scholars, to determine risk management policy in the overall level, monitor organization's risk management, and present to Audit Committee and the Board of Directors, respectively. The Committee is also responsible for appointing a special task force, comprising of relevant executives and CEO as Chairman of the taskforce, to set up a risk management manual and perform other related tasks as requested by Risk Management Committee
2. Arrange to embed risk management into the Company's annual action plan and spread into department's action plan to strengthen enterprise risk management
3. Encourage and urge all employees to become aware of risk management and assume their roles and responsibilities to make risk management an organization culture

In 2014, Risk Management Committee arranged to have a risk management manual that covers 4 aspects of risks as a framework to be appropriately adapted and practiced in each unit.

Meeting of the Board of Directors No. 2/2014 held on February 10, 2014, approved the appointment of external scholars to assume director positions in Risk Management Committee that had previously become vacant and simultaneously appointed advisors of Risk Management Committee, using Charter of Risk Management Committee dated December 10th, 2013, which

currently remains effective without any changes in the contents. Details are shown in the topic “Management Structure”.

(The Company disclosed “Charter of Risk Management Committee” on the Company’s website at www.pdpth.com under the section Investment Relations)

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, 2014 is accurate, complete, adequate, and reliable.

Auditor’s Fee

Auditor Appointment

The Company’s article of association determines that the General Meeting of Shareholders appoints auditor and determines compensation package for auditor on a yearly basis. The auditor is nominated by Audit Committee and agreed by the Board of Directors, who will later propose to the Meeting of Shareholder for approval of auditor and auditor’s compensation for the Company and its subsidiaries. The selected auditor must be independent and have no relationship or interest with the Company, its executives, major shareholders, and relevant parties of aforementioned persons. Complying with the notification of the Capital Market Supervisory Board, the Company also arranges to have mandatory auditor rotation in the case that such auditor has audited the same company for 5 consecutive years to.

Audit Fee

For the accounting period of 2014, the Company has reviewed and comments by Mr. Sathien Vongsnan, Certified Public Accountant Number 3495 from the Auditor “ANS Audit Co., Ltd.” The remuneration of the audit fee of the Company and its Subsidiaries for the fiscal year 2013 and 2014 amounted 985,000 baht and 820,000 Baht respectively, which including audit fee of subsidiary company amounted 180,000 baht and 345,000 Baht respectively.

Non Audit Fee

In 2014, the Company and its subsidiaries do not pay for other services, Non-audit.

Comparison of the Audit Fee

	Unit : Baht		
	2014	2013	2012
Audit Fee			
1. Phol Dhanya Public Company Limited	640,000	640,000	580,000
2.PD Genesis Engineering Company Limited	30,000	60,000	225,000
3.Phil Palladium Company Limited	150,000	120,000	-
4. Pholdhanya (Cambodia) Co., Ltd.	110,000	580,000	-
5.Phil Water Company Limited.	55,000	-	-
Non Audit Fee	-	-	-
Total	985,000	820,000	805,000

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 Board of Directors determines Corporate Governance Policy that is in accordance with the principle of Good Governance encouraged by the Stock Exchange of Thailand and the regulations stipulated by Securities Exchange Commission and the Capital Market Supervisory Board. The policy has been constantly adhered to by the Company's directors, executives and employees, resulting in the Company's corporate governance assessment score improving from "Good" in 2011 to "Excellence" in 2012 and 2013. The Company also successfully satisfied the new CG assessment criteria, which was adjusted to follow ASEAN GC Scorecard, and was able to attain CG assessment score in the level "Very Good" in 2014.

In addition, in the announcement ceremony of SET Awards 2014, the Company received SET Award of Honor in the area of corporate governance reporting for its ability to maintain the outstanding and excellent CG reporting for 3 consecutive years (2012-2014). Details of the Company's activities according to the CG policy are shown in the topic Corporate Governance in Form 56-1 and annual report 2014.

Year	CG Score
2014	"Very Good" 
2013	"Excellent" 
2012	"Excellent" 
2011	"Good" 



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.

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

Placing high value on anti-corruption efforts, the Board of Directors determines and includes in the Company's business

ethics anti-corruption policies and practices, such as the policies and practices on conflict of interest, usage of internal information, maintaining classified information, and giving and receiving gifts, assets, or other benefits. In addition, to clearly manifest its opposition to corruption and to encourage the Company's personnel to have firm anti-corruption awareness, the Board of Directors enforced a written "Anti-corruption Policy" on July 17, 2014. The policy was later revised to cover clearer guidelines, and the new "Anti-corruption Policy" became effective on December 22, 2014.

Anti-Corruption Policy: The Directors, The Management and employees of the Company are prohibited from performing, accepting or supporting corruption in any forms, whether directly or indirectly. This shall be applicable to all business lines of the Company and its subsidiary and affiliate companies. The Directors, The Management and employees of the Company shall strictly comply with the anti-corruption measures and establishes a structure of responsible persons including risk management, internal control and internal audit systems to prevent and suppress any corruption within the organization; and shall review the operation procedures and implementation guides to ensure compliance with the rules, regulations, laws and business changes.

The Company's anti-corruption policy covers the roles and responsibilities of and the anti-corruption guidelines for the Board of Directors, management team, and employees, as well as the scope and channels for complaint filing or reporting in case of violation of rights. In case of filing for complaints, petition, or report of violation of rights, informants can communicate through the Company's website at www.pdgmth.com under complaint filing system or report directly to Audit Committee or Internal Audit Department through email, postal mails, or suggestion boxes. The reported information is classified according to the informant protection mechanism specified in the Anti-corruption Policy.

On January 16, 2015, the Company signed on the memorandum to join Collective Action Coalition (CAC), a joint-effort set up by private parties to fight against corruption, to prepare itself for the request for permanent membership of CAC.

The Company communicates with its personnel through internal emails. In addition, in the performance announcement ceremony each year, the CEO also emphasizes that all employees rigorously comply with Anti-corruption Policy. In order to communicate to external parties and other relevant parties about the Company's anti-corruption determination, the Company discloses its "Anti-corruption Policy" on its website.

Respect for Human Rights and Fair Labor Treatment

The Company supports respecting of human rights both inside and outside the organization, determining in its business ethics the topic of respecting of human rights and fair labor treatment. The Company supports, upholds, and complies with the regulations pertaining to labor treatment and the international principle of basic human rights, fairly treating its labor regardless of nationalities, genders, colors, languages, political beliefs or other beliefs, and disabilities or other physical constraints not-relating directly to work. So far there has been no filed complaint about violation of human rights.

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.

In 2014, the Company included Human Resource Management and Development as one of its annual performance indicators, setting objectives in three areas which are:

1. Personnel improvement and development. The Company set an objective to complete its functional competency plan and deploy the plan in 2015
2. Creating employees' bond with the organization: The Company set an objective to receive organization commitment score at 80%. The Company conducts the commitment survey twice a year at the end of June and December. As of June 2014, the

commitment score was 68% and as of December 2014, the score increased to 70%, both of which were still below the targeted score. The information from the survey is used to improve work process, HR management system, working environment, and eventually employees' bond with the organization.

3. Improvement of recruitment process: The Company is determined to improve its recruitment process to better search for qualified candidates and reduce turnover rate, which, in 2014, stood at 17.54%. Realizing that its actual turnover rate was higher than the targeted turnover rate at 10%, the Company is considering the methodology to improve its process to scale down its employees' turnover.

Compensation and Welfare

The Company determines employees' compensation and welfare structure fairly and in a higher level than the standards required by the laws. Employee compensation is in monetary and non-monetary forms and is based on knowledge, abilities, and performances of employees. The Company uses personal key performance index (KPI), which are aligned with the organization's objectives, as a tool to assess employees' performance and promote employees' work incentives.

Other important benefit:

- Provident Fund
- Group Insurance
- Annual Health Checkup
- Influenza vaccines
- Assistance Loans
- Allowances
- Work Protective Equipment
- Work Uniform
- Birthday Gift
- New Year Gift

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 2014, the Company hosted 161 internal training programs and 54 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, since 2008 till to date, totally scholarship for two-Bachelor degree and nine-Mater degree.

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.



PHOL Sport Day 2014



PHOL New Year Party

*Mother Day**Songkran Festival*

The Company arranges a meeting between executives and employees to communicate about the Company's direction and performance to the employees every 6 months. Employees are given an opportunity to meet with and talk to high-level executives and give their suggestions/opinions directly to the executives to promote clear mutual understandings. Moreover, the Company provides communication channels by which employees can give opinion, file complaints, report clues of misconduct, or report the case of violation of rights through suggestion boxes, emails, or the Company's website. The information can be sent directly to Human Resource Department, Management team, the Board of Directors, Audit Committee, or Internal Audit Department. The Company informs its employees about the communication channels via internal emails.

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 OHSAS 18001:2007 in October 2012, and strictly comply to regulations.

The Company set up Committee on Safety, Occupational Health, and Environment in Workplace to assume responsibilities of monitoring and tracking safety, occupational health, and environment incidences to comply with the policy and working plan, as well as to provide necessary safety equipment and create safety awareness among the Company's employees. The committee is comprised of one representative from executives as Chairman of the committee, two representatives from employer, three representatives from employees, and one occupational safety staff as member and secretary of the committee.

Activities carried out according to the Policy on Safety, Occupational Health, and Environment in 2014 are as the followings:

- Assessed the operation of business establishments to determine whether they conformed to the protection and risk mitigation plan and professional safety measures, such as assess the readiness of safety equipment, assess the readiness of fire prevention system, assess the status of delivery trucks and forklift trucks.
- Arranged to have trainings on safety, occupational health, and work environment for new employees and

*Big Cleaning Day 2014**5S Awards*

external sub-contractors to inform them about the Company's safety regulations before they started working with/for the Company

- Collected statistics, analyzed data, and prepared reports and recommendations related to hazard, sickness, or troubles caused by employees' professional conducts. There was zero record of severe accidents in 2014.
- Promulgated safety information related to accidents and health on a monthly basis, such as safe driving, protecting eyesight when using computers, information on infectious diseases, and work-related diseases and prevention, through emails. In addition, the Company disseminated laws and regulations related to safety and health and other relevant laws and regulations, including labor laws, transportation laws, regulations of Ministry of Industry, or newly enacted laws, in common informational files that are accessible by all staff.
- Every year, the Company holds Big Cleaning Day, in which executives and staff collectively clean the office building, inventory storage building, and the area surrounding the office. It also encourages employees to take care of and clean their working space using 5S principle. The cleanness of working space will be quarterly monitored and the units with highest 5S cleanliness score will be awarded.

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.

The Company supports being an expert in safety, occupational health, and environment by focusing on constantly developing marketing staff to be able to recommend the right products to customers, explain proper product use, and correctly and efficiently provide after-sales services while causing no damage to the customers.

Customer's Satisfaction

The Company determines that Customers' satisfaction score become one of corporate performance indicators. In 2014, the Company required that relevant units conduct monthly customers' satisfaction survey in order to review its performance and use the information to improve its service or adjust work process in a timely manner. The survey covered the following topics:

- Provision of services in an attentive, fast, and wholehearted manner
- Whether the staff are well-rounded and have necessary skills relevant to the services
- Ability to communicate clearly and unambiguously
- Whether proper follow-up and problem-solving processes are in place
- Whether product deliver time is properly short
- Whether products delivered are correct and complete
- Whether access to product details and news through a variety of the Company's channel is convenient and fast
- The overall satisfaction of product details and corporate news

In 2014, customers' satisfaction score was 94.43%, which is impressively higher than the targeted score of 81%.

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

Responsibilities for society, community, and environment

In 2014, the Company arranged several CSR activities as in the followings:

- ▶ Annual tourism seminar: The Company held the activity to visit the students in Thammik Witthaya School, Thammik Foundation for the Blind under the Support of His Majesty the King in Petchburi Province whereby The Company's staff gave food and staples to the students and watched various talent shows performed by the students such as Thai musical performance, singing, poem-reading, etc.



- ◀ Blood Donation Activity: The Company gave an opportunity to staff and other philanthropic persons to participate in blood-donation activity co-hosted by Blood Bank, Thammasat University Hospital twice a year in every year. University Hospital twice a year in every year.

- ▶ Provision of scholarship support to nearby schools and youth centers in Children's Day



- ◀ Phol Dhanya Public Company Limited, together with teachers and students from the Faculty of Public Health, Thammasat University (Rangsit), arranged TU's Open-House Fair, in which a variety of students' scholarly work were exhibited



▲ The Company arranged the Campaign to Promote Safety in Workplace For the Year 2014-15 to support educational quality for school students and college students in various educational institutions by giving safety equipment as learning materials, including safety helmets, safety eye-glasses, and chemical-protection suits, to the interested institutions, to allow students to get real exposure to the equipment. In addition, the Company also gave instructions on the proper usage of the equipment in each circumstance. The institutions that received the equipment included the Faculty of Engineering, King Mongkut's University of Technology Thonburi, the Faculty of Engineering, Kasetsart University, and the Faculty of Public Health, Thammasat University. Should any institution is interested in receiving safety equipment for educational purposes, please contact Marketing Department, Phol Dhanya Public Company Limited at email:marketing@pdgth.com or Tel 02-7910100-2. The opportunity is open for the entire year.

- Other 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.

- 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.

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 public-serving activities are such as

- Provision of financial support for repairing various religious places
- Provision of personal security equipment to various government units
- Provision of water filters to various schools and educational institutions

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, 2014 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 Controls and Risk Management

Our management team authorizes to the audit committee to examine our internal appropriateness and effectiveness in order to ensure that the Company and the associated companies perform according to the targets, objectives, and laws and regulations from The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SET). In addition, the Company also has applied international standards of The Committee of Sponsoring Organizations of the Tread way Commission (COSO). The management team has specified to evaluate the internal control of the Company and the associated companies, and to report directly to the management team once a year by showing in the Form 56-1 and the Annual Report.

The audit committee has often examined and monitored the internal control and risk management, including to peruse the result from results of the internal auditing and comments from the auditors. Moreover, the reports will be given to the management team regularly (as per quarter).

In the Board of Directors Meeting No. 2/2015 held on 16 February 2015, attended by 3 audit committees, the meeting reviewed and reassessed the adequacy of internal control and risk management of the Company and its subsidiaries in 5 components regards to COSO: Internal Control, Risk Management, Control Management, Information Systems and Data Communication Management, and Monitoring and Tracking System. The board of directors agreed with the audit committees as in the following:

1. The internal control is appropriately arranged by allocating enough human resource to proceed effectively, including the system of the internal control, the monitor and control of associated companies to perform rightfully with transparency.
2. In these past years, the audit committees and the board of directors have not received any reports, which indicate the faults of the performance of the financial and internal auditors. Furthermore, the result of the audit committee performance 2014 is shown under the topic of 'Report of Audit Committee'.

In addition, the audit committee and the board of directors have an additional comment on evaluation of the internal control system that the process, which is not fully developed, will be improved for a clearer transparency in the following years.

Internal Control

- To set policies for corporate governance, code of conduct, and conflict of interest transactions and to announce in characters to the board of directors, management team and employees to persist in and behave strictly.
- To regulate duties of the board of directors and the management team separately by setting qualifications of suitable directors who have knowledge and benefit towards the Company, and to set targets and to evaluate the management team annually.
- To announce in characters for regulations of each divisions, which refer to accounting, finance, merchandise budget, human resource, and payment approval authority.

Risk Management

- To have risk management committee, which consists of directors, management team and experts, operates according to our annual risk management plan. We provide training and reports to the committee and the board of directors regularly.
- To set a very clear organization chart and regulate each divisions to take responsibility, which links to the organization's target.
- To explain details of risk assessment and management, which are clarified under the topic of 'Risk Factors'.

Management Control

- To determine the authorization and approval of the Company and the associated companies, and proper budget and consideration are regularly arranged.

- To allocate clear responsibility of those who are authorized to approve, record accounting information system, and manage assets for evaluation.
- To follow up the performance of the Company and the associated companies frequently through the chairman, sub committees or the authorized board of directors.
- To deliberate business transactions, which concern regulations of the Stock Exchange of Thailand (SET), and to maximize the benefits of the Company. Additionally, those who approve the transactions are not the ones who get disadvantages and advantages.
- To assign company secretary to concern the actions of the board of directors and to disclose company information based on regulations of The Securities and Exchange Commission (SEC) and The Stock Exchange of Thailand (SEC).

Information Communication System

- To arrange meetings of the board of directors and the committees, meeting invitation and relevant documents will be delivered to them in advance. There will be records for their questions, comments or observations, which will be summarized and used as reference afterwards.
- To organize meetings between audit committees with auditors and relevant divisions to reconsider accountant standards and to discuss liberally.
- To distribute communications electronically as to allow the employees to properly receive information, announcement, regulations, and policies on time. Nevertheless, the Company also provides an opinion box, which gives opportunities for the employees to complain and suggest freely under the responsibility of Human Resource Department.
- To allow shareholders and investors to receive our information effectively and equally, the Company not only provides information through The Stock Exchange of Thailand website, but also our official website, which is www.pdgth.com.
- To tolerate a channel for complains, including violating copyrights, unfollowing business ethics and conducting corruptions, on the Company's official website, which is www.pdgth.com, under Investor Relations page.
- To stipulate policies of security and safety of our Information Communication System in order to manage and control the whole network, the access of the system, the safety of the Internet, the protection of the back-up data, and the development of technology.

The Head of Internal Audit Department

In the Board of Directors Meeting No. 2/2014 held on 27 February 2014, the board of directors appointed Miss Natchomkorn Puapansakul, the Director of Internal Audit Division, as the head of Internal Audit Division and Audit Committee Secretary. She had been appointed as the Director of Internal Audit Unit since April 2008. With her experience in our internal operation for more than 10 years and understanding the Company's activities and management, the Company believes she is qualified.

The Company values the knowledge development of internal auditor regularly, including external seminars attendance which relates to the job and is operated by The Institute of Internal Auditors of Thailand or Federation of Accounting Professions under the Royal Patronage of His Majesty the King.

In addition, the consideration and approval for appointment, deprivation and evacuation of the head of Internal Audit Division must be approved (or agreed) by the audit committees. The qualifications of the head of the Internal Audit Division are shown under the topic of 'Management Team and Company 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, 2013	For the year ending December 31, 2014	
1. Phol Palladium Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	999,970	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 holds 99.99% of shares in Phol Palladium Co., Ltd.			
2. Phol Water Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	-	9,999,970	<u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction. The company appreciates that water business and concession has been different operation with the company core business, so the Board of Directors approved the establishment of new Subsidiary. <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.
	The Company holds 99.99% of shares in Phol Water Co., Ltd.			
	The Company sold goods to the Subsidiary			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 5-15% <u>The Audit Committee's opinion</u> The Audit Committee opined that the transaction was the normal trading transaction.
	Sale of goods	4,871,547	50,010,343	
	Trade receivables in the Subsidiary	2,520,845	21,884,914	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		For the year ending December 31, 2013	For the year ending December 31, 2014	
2. Phol Water Co., Ltd. (Subsidiary)	The Company holds 99.99% of shares in Phol Water Co., Ltd.	-	84,984	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 5-15%
	Sale of goods	-	90,933	
	Trade receivables in the Subsidiary	-	-	
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	- The Company purchased goods from the Subsidiary	-	791,000	The Audit Committee's opinion The Audit Committee opined that the transaction was the normal trading transaction.
	Purchases of goods	-	643,000	
	Trade Payable in the Subsidiary	-	-	
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	11,500,000	11,500,000	The Audit Committee's opinion The Audit Committee opined that the transaction was the normal trading transaction.
	Allowance for Impairment	11,500,000	11,500,000	
	Net investment in the Subsidiary	-	-	
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	- Short-term loan to the subsidiary	5,000,000	5,000,000	The Audit Committee's opinion The Audit Committee opined that the provision was in accordance with the accounting standard.
	Less Allowance for doubtful accounts	5,000,000	5,000,000	
	Net Short-term loan to the subsidiary	-	-	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		For the year ending December 31, 2013	For the year ending December 31, 2014	
3.PD Genesis Engineering Co., Ltd. (Subsidiary)	-Interest income	126,278	126,278	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 7, 2013, the Company was registered to be dissolved and is currently under the process of liquidation. <u>The Audit Committee's opinion.</u> The Audit Committee opined that the provision was in accordance with the accounting standard.
	Less Allowance for doubtful accounts - interest income receivable	126,278	126,278	
	Net Interest income	-	-	
4.Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	-Investment in the Subsidiary	6,770,685	6,770,685	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. 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 allowance of impairment. <u>The Audit Committee's opinion.</u> The Audit Committee opined that the provision was in accordance with the accounting standard.
	Allowance for Impairment	-	3,385,000	
	Net investment in the Subsidiary	6,770,685	3,385,000	
-The Company sold goods to the Subsidiary	Sale of goods	3,860,360	559,730	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 5% <u>The Audit Committee's opinion.</u> The Audit Committee opined that the transaction was the normal trading transaction.
	Trade receivables in the Subsidiary	3,938,956	1,841,857	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		For the year ending December 31, 2013	For the year ending December 31, 2014	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	The Company holds 70% of shares in Pholdhanya (Cambodia) Co., Ltd.	-	1,474,376	Pholdhanya (Cambodia) Co., Ltd. lend from the company to working capital. This loan has no agreement and no interest charge. <u>The Audit Committee's opinion.</u> The Audit Committee opined that the transaction was necessary as above reason.
5. Mr. Meechai Lertjaturaphat	The director and shareholder of Pholdhanya (Cambodia) Co., Ltd. hold shares in total of 30% - Phol Dhanya (Cambodia) Co., Ltd. lend from its director, Mr. Meechai Lertjaturaphat. - Phol Dhanya (Cambodia) Co., Ltd. as a receivable.	-	955,680 - 25,194	Phol Dhanya (Cambodia) Co., Ltd. lend from its director, Mr. Meechai Lertjaturaphat for working capital. This loan has no agreement and no interest charge. <u>The Audit Committee's opinion.</u> The Audit Committee opined that the transaction was necessary as above reason.

Procedures of the Approval of the Transaction

The Board of Director 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.

The Board of Directors of the Company and its subsidiaries shall ensure complaisance 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

Performance overview

Consolidated financial statement for the year ending December 31, 2014 of Phol Dhanya Public Company Limited (the Company) shows revenue from sale of goods and services of 803.01 MB, increasing by 29.13 MB or 3.76% from the same figure last year, which had been registered at 773.88 MB. The increase in the revenue was mainly driven by sales of occupational safety, health and environment products. Although the revenue from sales of this product category was affected by decelerated growth in relevant industries both in domestic and international countries, including automobile, electronics, and food industries, the Company's well-diversified customer base, covering almost all industries, helped compensate lost revenues in the effected industries. In addition, in 2014 the Company was able to win more bids from government and SOE customers with its ability to provide products that match customers' expectation with competitive prices. This also spurred revenue from sale of goods and services in the overall level. Nevertheless, in 2014, the Company sold a sizable portion of low-gross-margin products and incurred higher selling, general, and administrative expenses, resulting in its net profit declining by 11.89 MB, or 23.43%, to a moderate figure of 38.86 MB

Operating Performance

	Unit : Million baht		
	Y 2014	Y 2013	% Change
Revenue form sales	797.71	769.09	3.72%
Revenue form rendering of services	5.30	4.79	10.63%
Other Revenue	4.48	2.79	60.32%
Total Revenues	807.49	776.67	3.97%
Cost of sales	580.99	536.36	8.32%
Cost of rendering of services	4.18	3.71	12.47%
Total Costs	585.17	540.08	8.35%
Gross Profit	217.85	233.80	-6.82%
Gross Profit (%)	27.13%	30.21%	-3.08%
Total Selling Administraive Expenses	171.28	168.91	1.40%
EBIT	51.05	67.69	-24.58%
EBIT (%)	6.32%	8.72%	-2.39%
Net Profit	38.86	50.75	-23.43%
Net (%)	4.81%	6.53%	-1.72%
Basic earnings per share (Baht)	0.24	0.31*	-23.43%
Weighted average number of ordinary shares (Million Shares)	162.00	162.00*	

Note :

- In 2014, the company increase ordinary share capital 27,000,000 shares at par value of Baht 1 each from the existing share capital of Baht 135 Million to Baht 162 Million in order to reserve for the stock dividend to the shareholders in the ratio 5 current shares per 1 dividend share. Paid up capital of Baht 161,999,986.
- In 2013, the company ordinary share calculated by adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend in 2014, the number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period of year 2013.

Revenue

Revenue structure	Y 2014		Y 2013		% Change
	Million Baht	%	Million Baht	%	
Occupational Safety, Health and Environment Products	668.82	83%	635.04	82%	5.32%
Control Environment Products	105.11	13%	105.71	14%	-0.57%
Water Treatment Products	29.08	4%	33.12	4%	-12.21%
Total revenue from sales and services	803.01	100%	773.87	100%	3.77%

Note : * The Company had reclassified the type of revenue during SAFETY products and CE Products, so the revenue structure had changed from previously year.

The Company's sales were 797.71 million baht, increase by 28.62 million baht (3.72%YoY) compared with 769.09 million baht in the previous year, The revenue from sales of Occupational Safety, Health and Environment Products increase from sales of Petrochemical segment and Government and State enterprise segment. However, some major customers such as Automotive segment and Food segment were decrease from economic slowdown.

Revenue from sales of Control Environment Products mainly came from Electronic segment, which had similar amount compare to the previous year.

Revenue from Water Treatment Product were 29.08 million baht, comprised of 5.30 million baht from revenue from services and 23.78 million baht from revenue from sale from Water Treatment systems and equipment, which mainly sold to industrial customers and contractors.

Other revenues were 4.48 million baht, comprised of 2.06 million baht from gain on exchange rate and 2.42 million baht from rental income and other income

Cost of Sales and Services

In 2014, the Company's cost of sales and services amounted to 583.85 million baht comprising of 579.67 million baht of cost of sales and 4.18 million baht of cost of services. Cost of sales and services was accounted for 72.71% of total sales and services revenue, resulting in 27.29% of gross profit margin, which decrease from 30.21% in the previous year. The decrease of gross profit margin was due to an increase of sales of low gross profit margin products to both government sector and state enterprises customers, which mainly sale offer in the auction.

Selling and Administrative Expenses

In 2014, selling and administrative expenses amounted to 171.28 million baht comprised of selling expenses amounted to 88.09 million baht and administrative expenses amounted to 83.19 million baht. The increase of selling and administrative expenses mainly due to the increase in selling and administrative of subsidiaries, which were personnel expenses.

Net Profit

The Company's net profit after minority interest was 38.86 million baht accounted for net profit margin 4.81%, decrease by 11.89 million baht (23.43% YoY) compared with 50.75 million baht accounted for net profit margin 6.53% in the previous year, due to an increase of sales of low gross profit margin products.



Profitability Ratio

Consolidated	2014	2013
Gross Profit Margin	27.13%	30.21%
Operating Profit Margin	7.89%	10.25%
Net Profit Margin	4.82%	6.53%
Return on Equity	12.27%	16.77%

In 2014, the company's Gross Profit Margin was 27.13%, decrease from 30.21% in 2013, due to the fact that the increase portion of low gross profit margin products and Selling and Administrative Expenses were increase. As the result, the company's operating profit margin was 7.89% and net profit margin was 4.82% and Return on Equity was 12.27% which decrease from the previous year.

Financial Position

Consolidated	December 31,2014		December 31,2013		% Change
	Amount	%	Amount	%	
Assets	550.37	100.00%	511.45	100.00%	7.61%
Liabilities	229.69	41.73%	202.75	36.64%	13.28%
Shareholders' equity	320.68	58.27%	308.70	60.36%	3.88%

Assets

As of December 31, 2014, the Company's total assets were 550.37 million baht, which increase by 39.98 million baht (7.82% YoY) from the previous year, mainly due to the increase in trade account receivable amount to 24.58 million baht and other receivable increase from prepaid expense amount to 7.98 million baht. Inventories increase amount to 27.89 million baht, due to support sales in next quarter.

Trade receivables-net

In 2014, the Company recorded net trade receivables of 126.91 MB, which increased by 24.58 on a y-o-y basis following higher sales in 3Q14 and 4Q14. Most of trade receivable has not reached payment due date. Average Day Receivable was 52.10 days, close to that in the previous year at 51.91 days. The Company has a policy to allow minimum customer credit term for 30 days. The credit term for individual customer is considered based on past performances of the customer, purchase amount, and past payment records. Provision for doubtful accounts is calculated on the outstanding of overdue trade receivables that exceed 180 days and has no movement on a case-by-case basis, and it is set up at 100% of the outstanding overdue amount. In 2014, the Company recorded no additional provision for doubtful accounts compared to the previous year.

Inventories-net

The Company recorded net inventory of 215.88 MB, increasing from the previous year by 26.58 MB, or 14.04%, as a result of higher purchase order placed in 4Q14 to prepare for sale to be made in 2015. The Company calculated provision for obsolete inventory based on the aging and status of inventories, applying the provision for highly-depreciable inventory used more than 1 year at 50% of the balance inventory value and the provision for highly-depreciable inventory used more than 2 years or defected inventories at 100% of the balance inventory value.

Property, plant and equipment – net

In 2014, Property, plant and equipment - net was 137.35 million baht, decrease by 5.70 million baht from 2013, mainly due to the deduction of depreciation amounted to 11.33 million baht. However, the assets were increase mainly to furniture, office equipment amounted to 2.68 million baht. And demonstration goods of Water Treatment product were increase by 2.62 million baht.

Liabilities

The Company's total liabilities as of December 31, 2014 were 229.69 million baht which increase by 26.94 million baht (5.10% YoY) from the previous year, mainly due to the increase in trade payables 46.74 million baht from increase stock for support sales next quarter. Other payable was decrease 9.06 million baht and bank overdrafts and short-term loan from financial institution was decrease 9.58 million baht.

Account payable-net

The Company recorded account payable of 126.10 MB, comprising of domestic account payables of 20.61 MB and foreign account payables of 105.49 MB. Account payables increased as a consequence of higher purchase in 4Q14. Average Day Account Payable in 2014 rose to 64.08 days from 59.96 days in the previous year, as most foreign suppliers offer longer credit term.

Shareholders' equity

As of December 31, 2014, Shareholders' equity was 320.68 million baht, increase by 11.98 million baht (3.88% YoY) from the previous year, due to the resulting from net profit amount to 38.86 million baht and increase in registered capital 27 million shares for stock dividend and paid cash dividend amount to 26.45 million baht.

In 2014, the Company had debt-to-equity ratio of 0.71 times, increased from 0.65 times in 2013.

Cash Flow

Cash Flow	Unit : Million Baht	
	Dec 31,2014	Dec 31,2013
Cashflow from (used in) operating activities	32.37	58.31
Cashflow from (used in) investing activities	(2.59)	(5.88)
Cashflow from (used in) financing activities	(44.25)	(30.23)
Net increase (decrease) in cash and cash equivalents	(14.47)	22.20
Cash and cash equivalents at the end of the year	31.62	46.12

The Company had net cashflow from operating activities amounted to 32.37 million baht in which the profit from operations before change in operating assets and liabilities amounted to 66.63 million baht. Assets and liabilities from operation were changed mainly due to increase in trade and other receivables amounted to 32.68 million baht, increase in inventories amounted to 30.05 million baht and increase in trade and other payable amounted to 38.60 million baht.

Cashflow used in investment activities amounted to 2.59 million baht which was cash for acquisition of fixed assets and computer software.

Cashflow used in financing activities amounted to 44.25 million baht due to repayment of long-term loan and repayment of liabilities under long-term lease agreement amounted to 6.34 million baht, interest payment amounted to 2.65 million baht,

dividend payment amounted to 26.45 million baht and short-term loan from financial institution was decrease by 6.53 million baht.

The Company's cash and cash equivalents as of December 31, 2014 was 31.62 million baht decrease by 14.50 million baht compared with December 31, 2013

Liquidity ratio

	2014	2013
Current Ratio (times)	1.97	2.04
Account receivable turnover(times)	7.01	7.03
Average collection period (days)	52.10	51.91
Account payable turnover(times)	5.70	6.09
Average payment period (days)	64.08	59.96
Inventory turnover(times)	2.89	2.81
Average inventories on hand (days)	126.37	130.07
Cash cycle(days)	114.39	122.02

The Company's performance in 2015 is expected to show a positive trend as domestic economy is regaining momentum on the ground of more political stability, which will effectively drive government investment projects and support investor's confidence. Moreover, international economies also show recovering signs. These factors will help boost the Company's business expansion in the coming year.

Report of Board of Directors's Responsibilities 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 2014 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 Chunjajind
Chairman of the Board



Mr. Chavalit Wangthamrong
Chairman of Executive Committee

Report of Nominating and Compensating Committee

Dear Shareholders,

The Nominating and Compensating Committee comprise 3 members. At least 2 of them and the Chairman of the Nominating and Compensating Committee must be an independent director. The Nominating and Compensating Committee shall hold their office for the term of 3 years.

In 2014, The Nominating and Compensating Committee comprise of 3 members as follows:

1. Assoc. Prof. Dr. Ekachidd Chungcharoen Chairman of Nominating and Compensating Committee/
Independent Director
2. Mr. Noppadol Dheerabutrvingkul Nominating and Compensating Committee/ Independent Director
3. Mr. Chavalit Wangthamrong Nominating and Compensating Committee/

Nominating and Compensating Committee is responsible for searching for qualified candidates to assume the position of directors and high-level executives, determining remuneration for directors and high-level executives from first vice presidents onwards, determining performance assessment frameworks for Chief Executive Officer, and considering budget for salary increases and annual bonuses as well as other remuneration packages whose budget are determined by the Company to propose to the Board of Directors.

To nominate candidates for directors, members of committees, and high-level executives from first vice president onwards, the Committee will consider the candidates' qualification, knowledge, capabilities, skills, experiences, extensive expertise, leadership quality, visions, and positive attitude towards the organization supportive to the Company's business conduct, while making sure that the candidates properly harmonize with the existing structure of the relevant committees to promote good corporate governance and allow effective management. In addition, the Committee must ensure that the selection process is in accordance with the relevant codes of the Stock Exchange of Thailand and Securities Exchange Commission, that the candidates do not have prohibited qualifications determined in Public Company Act, and that the selection process well responds to the changing dynamic of the business environment.

During 2014, there were four meetings of Nominating and Compensating Committee. All members of the Committee attended every meeting and the meeting minutes were regularly reported to the Board of Directors. The summary of major meeting agenda can be described as in the followings:

1. Selection of candidates for directors whose term expire by allowing minority shareholders to nominate qualified candidates to assume the director position in advanced both directly through Company's Secretary and indirectly through Investor Relations Department via the Company's website for 3 months, starting October 1st, 2014 to December 31st, 2014. No candidates for directors were nominated by shareholders in the Annual General Meeting of Shareholder 2015.

2. Review of Charters of Nominating and Compensating Committee to ensure suitability with the Committee's roles and responsibilities according to the Principle of Good Corporate Governance

3. Determination of frameworks of compensation, meeting allowances, and other benefits for the Company's directors and members of committees, including Audit Committee, Nominating and Compensating Committee, Risk Management Committee, and Executive Committee, and compensation for high-level executives to propose to the Board of Directors. Information of compensation for high-level executives and the Company's directors are disclosed in the Report of Compensation and Remuneration for Directors and Executive 2014, which Nominating and Compensating Committee accepted as suitable for their respective roles and responsibilities and in accordance with policy and criteria proposed by Nominating and Compensating Committee and approved by the Board of Directors.

4. Nominating and Compensating Committee provided a process in which directors and members of committees conducted self-assessment to review their performance in the past year and use the result from self-assessment to develop their performance continually



(Assoc. Prof. Dr. Ekachidd Chungcharoen)

Chairman of Nominating and Compensating Committee

Report of Risk Management Committee

Dear Shareholders,

Phol Dhanya Public Company Limited has realized that risk management is vital to its business operations, thus, the company promptly implement The Enterprise Risk Management to the company. In 2013, the company has focused with determination in developing its risk management system, in order to fully handle any risk that might occur and affect the company's main business operations. The Board of Directors has then approved in setting up Risk Management Committee to oversee the company's risk management system. The Risk Management Committee consists of 4 members, including 2 executive directors, 1 independent director, 1 specialized committee member, and 1 specialized advisor, and be working under the jurisdiction of the Board of Directors. Within their scope of responsibility, the committee has established risk management policies and risk control activities to ensure effective operations, while constantly reporting their risk management outcomes to the Board of Directors, so as to affirm that their works have been completed under the set objectives.

The committee held a total of 10 meetings in 2014, with the main agendas and operations as follow:

1. Annual Risk Management Plan for 2014

The risk management working group had joined forces with the company's different sectors to work out a risk management plan and present it to the Risk Management Committee for further considerations and approval for an appropriate plan.

2. Risk Evaluation

The Risk Management Committee and concerned sectors had established risk evaluations covering different aspects of the company that could affect the company's business operations, while also ordering responsible parties to carry out the processes.

3. Risk Management

The committee has established a risk management system that covers the different aspects of the company, including strategic risk, financial risk, operational risk, and regulations risk, as well as other risks that might affect the company's business operations.

4. Risk Management Monitoring

The committee has closely monitored all risk factors that could directly affect the company in order to make sure that the risk management system follows the set up directions and strategy continuously. The move is aimed to ensure the level of risk management that is acceptable for the company, so as to prepare the company for immediate risk prevention and problem solving. The committee is also responsible in giving vital suggestions to improve the efficiency of the company's risk management operations, as well as regularly reporting the results of the risk management operations implemented by to the Board of Directors.

5. Create Risk Management Culture within the Company

In order to ensure that all employees at the company have a part in risk management in their respective sector, the committee has organized trainings on risk management for all employees in all levels of the company to create understanding and knowledge about risk management and prompting them to realize the importance to risk management within the company.

The above mentioned operations carried out by the risk management committee have been completed under the directions by the Board of Directors. The committee is determined to ensure that the risk management system of the company is efficient enough in managing risks within the boundaries that would pave way for a prosperous and fruitful business operations of the company.

Mr. Teeradej Jarutangtrong

Chairman of Risk Management Committee

Report of Audit Committee

Dear 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 | Audit Committee |
| 3. Mr. Noppadol Dheerabutrvingkul | Audit Committee |

Audit Committee assumes the roles and responsibilities in governing and ensuring that the Company's operation conforms to its business strategies and policies, that relevant rules, laws, and regulations are strictly complied, that the management and control of business risks are carried out, and that financial reporting are properly done and suitable accounting practices are properly selected. It must also make sure that internal control and internal audit processes are put in place, that related transactions with related parties are monitored, that selection and nomination of auditor are correctly conducted, and that information disclosure are correctly and completely done. While performing its tasks, Audit Committee must maintain its independency

During year 2014, 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 2014, 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 2014 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 2014 to the Board of Directors to propose the 2014 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. Sathien Vongsnan, Certified Public Accountant No. 3495, or Mr. Atipong Atipongsukul, Certified Public Accountant No. 3500, or Mr. Wichai Rujitanon, Certified Public Accountant No. 4054, or Miss Kultida Pasurakul, Certified Public Accountant No. 5946 of ANS Audit Co. Ltd., as the Company's auditors for the year 2014.

Audit Committee concludes that, in 2014, the Company's financial reports contained material facts in a complete and correct fashion in accordance with accepted financial reporting standard. Its information disclosure complied with the relevant rules, laws and regulations. The Company put in place sufficient risk management process, properly complied with laws, rules, and obligations, correctly disclosed related transactions, and operated according to good corporate governance and internal control system. No material erroneous item that may adversely affect the Company's financial status was found. In addition, the Company constantly improved its work system to achieve higher quality and adapt to current business environment.



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

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, 2014, 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, 2014, 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.

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, 2014, 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, 2014, and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Sathien Vongsnan)

Certified Public Accountant
Registration Number 3495

ANS Audit Company Limited
Bangkok, February 16, 2015

Statement of Financial Position

Phol Dhanya Public Company Limited and Its Subsidiaries

As at December 31, 2014

		Unit: Baht				
		Consolidated financial statements		Separate financial statements		
Note		2014	2013	2014	2013	
Assets						
Current assets						
	Cash and cash equivalent	5	31,620,222.51	46,122,577.54	19,885,775.49	41,910,652.13
	Trade and other receivables - net	4,6	154,289,926.92	121,738,673.12	155,564,197.81	126,592,485.93
	Short-term loans to related party - net	4	-	-	-	-
	Current portion of long-term loans to employees	10	1,348,495.38	1,458,553.23	1,241,715.38	1,458,553.23
	Inventories - net	7	215,878,518.62	189,301,570.14	213,046,010.23	186,518,327.35
	Total current assets		403,137,163.43	358,621,374.03	389,737,698.91	356,480,018.64
Non-current assets						
	Investment in subsidiaries company - net	8	-	-	14,385,625.00	4,173,970.00
	Other long-term investment - net	9	-	-	-	-
	Long-term loans to employees - net	10	881,494.43	659,564.57	807,761.07	659,564.57
	Investment property - net	11	8,177,950.44	8,655,626.39	8,177,950.44	8,655,626.39
	Property, plant and equipment - net	12	129,170,131.86	134,390,453.47	129,040,727.61	133,882,913.96
	Leasehold right - net	13	2,374,969.76	2,600,285.22	2,374,969.76	2,600,285.22
	Intangible assets - net	14	1,400,020.93	2,203,859.77	1,400,020.93	2,203,859.77
	Deferred tax assets	15	5,172,209.70	4,299,000.15	5,071,165.84	4,541,686.61
	Other non-current assets		57,893.00	22,100.00	22,100.00	22,100.00
	Total non-current assets		147,234,670.12	152,830,889.57	161,280,320.65	156,740,006.52
	Total assets		550,371,833.55	511,452,263.60	551,018,019.56	513,220,025.16
Liabilities and shareholders' equity						
Current liabilities						
	Bank overdrafts and short-term loans from financial institutions	16	40,949,651.27	50,527,849.90	40,949,651.27	50,527,849.90
	Trade and other payables	4, 17	151,717,591.27	114,043,630.76	145,782,894.72	109,163,247.19
	Short-term loan from other party	4	25,194.01	-	-	-
	Current portion of long-term liabilities under finance leases		105,711.72	319,470.09	105,711.72	319,470.09
	Current portion of long-term loans from financial institutions		6,000,000.00	6,000,000.00	6,000,000.00	6,000,000.00
	Current income tax payable		5,907,903.66	4,545,668.82	5,745,960.58	4,545,668.82
	Total current liabilities		204,706,051.93	175,436,619.57	198,584,218.29	170,556,236.00
Non-current liabilities						
	Long-term liabilities under finance leases - net		405,228.26	18,450.57	405,228.26	18,450.57
	Long-term loans from financial institutions - net	18	10,000,000.00	16,000,000.00	10,000,000.00	16,000,000.00
	Employee benefit obligations	19	14,411,848.89	11,089,786.75	13,647,677.42	10,882,287.98
	Other non-current liabilities		169,600.00	209,600.00	169,600.00	209,600.00
	Total non-current liabilities		24,986,677.15	27,317,837.32	24,222,505.68	27,110,338.55
	Total liabilities		229,692,729.08	202,754,456.89	222,806,723.97	197,666,574.55

Unit: Baht				
	Consolidated financial statements		Separate financial statements	
Note	2014	2013	2014	2013
Shareholders' equity				
Share capital				
Authorized share capital				
162,000,000 ordinary shares in the year 2014 and				
135,000,000 ordinary shares in the year 2013,				
Baht 1 par value				
20	162,000,000.00	135,000,000.00	162,000,000.00	135,000,000.00
Issued and paid-up share capital				
161,999,986 ordinary shares in the year 2014 and				
135,000,000 ordinary shares in the year 2013,				
Baht 1 par value				
20	161,999,986.00	135,000,000.00	161,999,986.00	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
Retained earnings				
Appropriated to legal reserve				
21, 22	16,200,000.00	13,500,000.00	16,200,000.00	13,500,000.00
Unappropriated				
	46,935,418.61	64,240,145.08	52,317,866.56	69,360,007.58
Other component of shareholders' equity				
	67,939.12	85,629.36	-	-
Total shareholders' equity of the Company				
	322,896,786.76	310,519,217.47	328,211,295.59	315,553,450.61
Non-controlling interests				
	(2,217,682.29)	(1,821,410.76)	-	-
Total shareholders' equity				
	320,679,104.47	308,697,806.71	328,211,295.59	315,553,450.61
Total liabilities and shareholders' equity				
	550,371,833.55	511,452,263.60	551,018,019.56	513,220,025.16

Statement of Comprehensive Income

Phol Dhanya Public Company Limited and Its Subsidiaries

As at December 31, 2014

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Note		2014	2013	2014	2013
Revenues					
	Revenue from sales	797,712,426.33	769,088,858.70	784,024,464.49	771,684,293.18
	Revenue from rendering of services	5,298,018.50	4,789,145.64	5,171,218.50	4,573,953.00
	Total revenues	803,010,444.83	773,878,004.34	789,195,682.99	776,258,246.18
Costs					
	Cost of sales	(580,988,642.76)	(536,363,837.26)	(577,660,034.30)	(539,246,792.63)
	Cost of rendering of services	(4,176,768.01)	(3,713,517.90)	(4,891,058.89)	(3,169,320.67)
	Total costs	(585,165,410.77)	(540,077,355.16)	(582,551,093.19)	(542,416,113.30)
	Gross profit	217,845,034.06	233,800,649.18	206,644,589.80	233,842,132.88
	Gain (loss) on exchange rate - net	2,058,452.75	(2,095,211.46)	2,038,347.06	(2,036,353.56)
	Reversal allowance for loss on impairment	-	657,507.07	1,213,432.32	2,384,480.90
	Other income	2,421,758.21	2,137,114.99	1,540,762.98	1,954,552.73
	Selling expenses	(88,085,078.15)	(79,984,435.70)	(77,727,151.66)	(78,124,826.72)
	Administrative expenses	(83,192,872.89)	(86,827,381.67)	(81,311,315.51)	(82,569,081.75)
	Finance costs	(2,652,657.10)	(3,321,982.02)	(2,652,657.10)	(3,321,982.02)
	Profit before income tax	48,394,636.88	64,366,260.39	49,746,007.89	72,128,922.46
	Income tax expenses	24 (10,724,737.50)	(14,707,760.99)	(10,628,150.03)	(14,465,074.53)
	Profit for the year	37,669,899.38	49,658,499.40	39,117,857.86	57,663,847.93
Other comprehensive income					
	Exchange differences on translating financial statements of foreign operation	(17,690.24)	85,629.36	-	-
	Other comprehensive income for the year	(17,690.24)	85,629.36	-	-
	Total comprehensive income for the year	37,652,209.14	49,744,128.76	39,117,857.86	57,663,847.93
Profit (loss) attributable to					
	Owners of the parent	38,855,272.41	50,746,260.88	39,117,857.86	57,663,847.93
	Non-controlling interests	(1,185,373.03)	(1,087,761.48)	-	-
		37,669,899.38	49,658,499.40	39,117,857.86	57,663,847.93
Total comprehensive income (loss) attributable to:					
	Equity holders of the Company	38,837,582.17	50,831,890.24	39,117,857.86	57,663,847.93
	Non-controlling interests	(1,185,373.03)	(1,087,761.48)	-	-
		37,652,209.14	49,744,128.76	39,117,857.86	57,663,847.93
Earnings per share					
	Basic earnings per share (Baht)	25 0.24	0.31	0.24	0.36
	Weighted average number of ordinary shares (shares)	161,999,986.00	161,999,986.00	161,999,986.00	161,999,986.00

Statement of Changes In Shareholders' Equity

Phol Dhanya Public Company Limited and Its Subsidiaries

For The Year Ended December 31, 2014

		Consolidated financial statements										Unit: Baht
		Equity attributable to shareholders' equity of the Company										
		Retained earnings			Other component of shareholders' equity			Other comprehensive income			Total other component of shareholders' equity	
		Issued and paid-up share capital		Appropriated for legal reserve	Unappropriated	Translating financial statements	Other	Total other component of shareholders' equity	Non-controlling interests	Total Shareholders' Equity		
Notes		share capital	Premium on share capital	for	Unappropriated	statements	shareholders' equity	equity	interests	Equity		
	Balance as at January 1, 2014	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		
	Changes in equity for the year											
	Increasing of share capital	26,999,986.00	-	-	-	-	-	26,999,986.00	-	26,999,986.00		
	Increase in non-controlling interest	-	-	-	-	-	-	-	789,101.50	789,101.50		
	Dividend paid	-	-	-	(53,459,998.88)	-	-	(53,459,998.88)	-	(53,459,998.88)		
	Appropriated to statutory reserve	-	-	2,700,000.00	(2,700,000.00)	-	-	-	-	-		
	Total comprehensive income for the year	-	-	-	38,855,272.41	(17,690.24)	(17,690.24)	38,837,582.17	(1,185,373.03)	37,652,209.14		
	Balance as at December 31, 2014	161,999,986.00	97,693,443.03	16,200,000.00	46,935,418.61	67,939.12	67,939.12	322,896,786.76	(2,217,682.29)	320,679,104.47		
	Balance as at January 1, 2013	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		
	Dividend paid	-	-	-	(35,100,000.00)	-	-	(35,100,000.00)	-	(35,100,000.00)		
	Total comprehensive income 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		

	Separate financial statements					Unit: Baht	
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings			Total
				Appropriated - statutory reserve	Unappropriated		
Balance as at January 1, 2014		135,000,000.00	97,693,443.03	13,500,000.00	69,360,007.58	315,553,450.61	
Changes in equity for the year							
Increasing of share capital	21	26,999,986.00	-	-	-	26,999,986.00	
Dividend paid	23	-	-	-	(53,459,998.88)	(53,459,998.88)	
Appropriated to statutory reserve	22, 23	-	-	2,700,000.00	(2,700,000.00)	-	
Total comprehensive income for the year					39,117,857.86	39,117,857.86	
Balance as at December 31, 2014		161,999,986.00	97,693,443.03	16,200,000.00	52,317,866.56	328,211,295.59	
Balance as at January 1, 2013		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							
Dividend paid	23	-	-	-	(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	

Statement of Cash Flow

Phol Dhanya Public Company Limited and Its Subsidiaries

For The Year Ended December 31, 2014

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from operating activities:				
Profit before income tax	48,394,636.88	64,366,260.39	49,746,007.89	72,128,922.46
Adjustment to reconcile profit to net cash by (used in) operating activities				
Bad debt	-	1,527,430.38	-	1,002,409.71
Doubtful account	-	894,828.00	-	894,828.00
Doubtful account recovery	(16,692.00)	(1,210,409.71)	(16,692.00)	(1,002,409.71)
Loss from diminution in value of inventories	5,164,546.59	3,954,783.78	5,164,546.59	3,954,783.78
Loss from inventories written-off	-	1,287,437.48	-	713,971.78
Loss from impairment of investment in subsidiary company	-	-	3,385,000.00	-
Reversal allowance for diminution in value of inventories	(4,052,415.60)	(4,097,321.66)	(4,052,415.60)	(3,523,855.96)
Reversal allowance for loss on impairment	-	(657,507.07)	(1,213,432.32)	(2,384,480.90)
Depreciation and amortisation	12,469,599.08	11,934,857.29	12,624,132.86	11,304,859.04
Loss on disposal of fixed assets	4,347.36	557,142.36	4,347.36	7,092.61
Employee benefits expenses	3,322,062.14	1,441,573.24	2,765,389.44	1,234,074.47
Unrealized (gain) loss on exchange rate	(67,769.59)	1,575,738.02	(116,199.47)	1,524,326.62
Gain from debt forgiveness	(793,730.00)	-	-	-
Interest income	(443,423.84)	(462,799.04)	(399,793.85)	(452,658.62)
Interest expense	2,652,657.10	3,321,982.02	2,652,657.10	3,321,982.02
Profit from operations before changes in operating assets and liabilities	66,633,818.12	84,433,995.48	70,543,548.00	88,723,845.30
Operating assets (increase) decrease				
Trade and other receivables	(32,675,687.02)	3,356,124.30	(28,921,593.90)	(1,880,381.12)
Inventories	(30,048,004.53)	4,850,821.45	(29,968,738.93)	7,736,045.26
Other non-current liabilities	(35,793.00)	12,000.00	-	12,000.00
Operating liabilities increase (decrease)				
Trade and other payables	38,600,997.37	(12,921,534.56)	36,771,384.26	(13,687,094.21)
Employee benefits paid	-	(8,103,400.00)	-	(8,103,400.00)
Other non-current liabilities	(40,000.00)	67,100.00	(40,000.00)	52,100.00
Cash from operating activities	42,435,330.94	71,695,106.67	48,384,599.43	72,853,115.23
Cash received from corporate income tax refund	174,551.20	864,915.99	-	-
Cash paid for corporate income tax	(10,235,712.21)	(14,253,673.55)	(9,957,337.50)	(14,221,493.35)
Net cash from operating activities	32,374,169.93	58,306,349.11	38,427,261.93	58,631,621.88

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash flows from investing activities:				
Payments for investment in subsidiaries	-	-	(13,596,655.00)	(4,173,970.00)
(Increase) decrease in loan to employees	(111,872.01)	(289,646.68)	68,641.35	(289,646.68)
Proceeds from sales of fixed assets	4,532.67	6,074.77	4,532.67	6,074.77
Acquisition of fixed assets	(2,819,711.87)	(4,916,460.36)	(2,158,324.91)	(3,074,690.23)
Acquisition of intangible assets	(105,800.00)	(1,147,750.00)	(105,800.00)	(1,147,750.00)
Interest received	443,423.84	462,799.04	399,793.85	452,658.62
Net cash used in investing activities	(2,589,427.37)	(5,884,983.23)	(15,387,812.04)	(8,227,323.52)
Cash flows from financing activities:				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(9,632,651.77)	29,185,938.86	(9,632,651.77)	29,185,938.86
Repayment of liabilities under long-term lease agreements	(337,920.66)	(1,757,396.72)	(337,920.66)	(1,757,396.72)
Repayment of long-term loans from financial institutions	(6,000,000.00)	(21,409,250.27)	(6,000,000.00)	(21,409,250.27)
Receipt of short-term loan from related party	25,194.01	-	-	-
Interest paid	(2,647,772.88)	(3,253,134.25)	(2,647,772.88)	(3,253,134.25)
Dividends paid	(26,445,981.22)	(35,075,826.00)	(26,445,981.22)	(35,075,826.00)
Increase in non-controlling interests	789,101.50	2,083,530.26	-	-
Net cash used in financing activities	(44,250,031.02)	(30,226,138.12)	(45,064,326.53)	(32,309,668.38)
Net increase (decrease) in cash and cash equivalents	(14,465,288.46)	22,195,227.76	(22,024,876.64)	18,094,629.98
Exchange differences on translating financial statements of foreign operation	(37,066.57)	25,496.46	-	-
Cash and cash equivalents at beginning of the year	46,122,577.54	23,901,853.32	41,910,652.13	23,816,022.15
Cash and cash equivalents at end of the year	31,620,222.51	46,122,577.54	19,885,775.49	41,910,652.13

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

Transfer raw materials and inventories to fixed assets	2,577,866.32	319,585.44	2,577,866.32	319,585.44
Office equipment obtained under hire purchase agreement	477,514.00	-	477,514.00	-
Transfer deposit for purchasing of fixed assets to fixed assets	-	311,000.00	-	311,000.00
Transfer intangible assets to property, plant and equipment - net	-	18,614.61	-	18,614.61
Transfer to inventory during period - net book value at transfer date	248,941.26	-	248,941.26	-
Stock dividend paid	26,999,986.00	-	26,999,986.00	-
Increase in payable for purchasing of fixed assets	-	134,500.00	-	134,500.00

Notes To Financial Statements

Phol Dhanya Public Company Limited and Its Subsidiaries

For The Year Ended December 31, 2014

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 4 subsidiaries company 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.
 - 1.4.4 Phol Water Co., Ltd. which was registered with Ministry of Commerce on March 17, 2014 to engage production and distribution of water supply in the form of concessions, both government and private sector. The Company held 99.99% 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 (%)	
			2014	2013
PD Genesis Engineering Co., Ltd.	Thailand	Water Treatment System	76.67	76.67
Phol Palladium Co., Ltd.	Thailand	Government bidding	99.99	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	70.70
Phol Water Co., Ltd.	Thailand	Production and distribution of water supply in the form of concessions, both government and private sector	99.99	-

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.

New and revised Thai Financial Reporting Standards

Below is a summary of accounting standards that became effective in the current accounting year and those that will become effective in the future.

Accounting standards that became effective in the current accounting year

- a. The Conceptual financial Reporting Standards (revised 2014)
- b. Thai Accounting Standards (“TAS”), Thai Financial Reporting Standards (“TFRS”), Thai Accounting Standard Interpretations (“TSIC”), Thai Financial Reporting Standard Interpretations (“TFRIC”) and Accounting Treatment Guidance 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 Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
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
TSIC 15	Operating Leases – Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29
TFRIC 10	Financial Reporting in Hyperinflationary Economies
	Interim Financial Reporting and Impairment

TAS/TFRS/TFRI/TI

TFRIC 12

TFRIC 13

TFRIC 17

TFRIC 18

Accounting Treatment Guidance for Stock Dividend

Topic

Service Concession Arrangements

Customer Loyalty Programmes

Distributions of Non-cash Assets to Owners

Transfers of Assets from Customers

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards.

The management of the Company has assessed that the above standards do not have any significant impacts on the financial statements.

Accounting standards that will become effective in the future

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. The management of the Company believes they will not have any significant impact on the financial statements in the year in which they are adopted. However, some of these accounting standards involve changes to key principles, as discussed below:

TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognise such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognise them gradually in profit or loss.

At present, the Company and its subsidiaries immediately recognize actuarial gains and losses in profit or loss in the period in which they occur. The assessment of the management of the Company and its subsidiaries is that when the revised standard is applied in 2015 and the method of recognizing those gains and losses is changed to immediately recognize them in other comprehensive income, there will be no impact to provision for long-term employee benefit liabilities and brought forward retained earnings in the financial statements.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

The management of the Company and its subsidiaries believes that the standards will not have any significant impact on the Company and its subsidiaries' financial statements.

TFRS 12 Disclosure of Interests in Other Entities

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact to the financial statements of the Company and its subsidiaries.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognised prospectively.

Based on the preliminary analysis, the management of the Company and its subsidiaries believes that this standard will not have any significant impact on the Company and its subsidiaries' financial statements.

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.

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>Useflife (years)</u>
Building 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>Useflife (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.

	<u>Useflife (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 recognized 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 currencies of the Company, PD Genesis Engineering Co., Ltd., Phol Palladium Co., Ltd., and Phol Water 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 year.

Related party transactions

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

They also include associated companies and individuals which directly or indirectly own a voting interest in the Group and the Company that gives them significant influence over the Group and the Company, key management personnel, directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

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

Provisions

Provisions are recognised when the Group 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.

Retirement employee benefits

The Group has commitments on retirement benefits to employees under the Thai Labour Law. The amount of provision presented in the statement of financial position represents the present value of employee benefit obligations which is determined on an actuarial basis using various assumptions. The assumptions used in determining the net period cost for employee benefits includes the discount rate, the rate of salary inflation and employee turnover and others. Any changes in these assumptions will impact the net periodic cost recorded for employee benefits. On an annual basis the Group determines those assumptions i.e. the appropriate discount rate, which should represent the interest rate that should be used to determine the present value of future cash flows currently expected to be required to settle the employee benefits. In determining the appropriate discount rate, the Group considers the current yields on long-term government bonds.

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 Related parties consist of:

Name	Country	Relationship	Status
Subsidiaries			
PD Genesis Engineering Co., Ltd.	Thailand	Shareholding	During of liquidation
Phol Palladium Co., Ltd.	Thailand	Shareholding	Operation - active
Phol Dhanya (Cambodia) Co., Ltd.	Cambodia	Shareholding	Operation - active
Phol Water Co., Ltd.	Thailand	Shareholding	Operation - active

4.2 The balances of the accounts between the Company and those related company as at December 31, 2014 and 2013 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade and other receivables-related parties – net				
Trade receivables - related parties				
Phol Palladium Co., Ltd.	-	-	21,884,913.77	2,520,844.52
Phol Dhanya (Cambodia) Co., Ltd.	-	-	1,841,857.31	3,938,956.39
Phol Water Co., Ltd.	-	-	90,932.88	-
Total trade receivables - related parties	-	-	23,817,703.96	6,459,800.91
Other receivables - related parties – net				
PD Genesis Engineering Co., Ltd.	-	-	126,278.09	126,278.09
Phol Dhanya (Cambodia) Co., Ltd.	-	-	1,474,365.63	-
Total other receivables - related parties	-	-	1,600,643.72	126,278.09
Less Allowance for doubtful accounts - accrued interest income receivable	-	-	(126,278.09)	(126,278.09)
Total other receivables - related parties - net	-	-	1,474,365.63	-
Trade and other receivables-related parties - net	-	-	25,292,069.59	6,459,800.91

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term loan to related party – net				
PD Genesis Engineering Co., Ltd.				
Loan principal	-	-	5,000,000.00	5,000,000.00
<u>Less Allowance for doubtful accounts</u>	-	-	(5,000,000.00)	(5,000,000.00)
Net	-	-	-	-
Trade payable - related party				
Phol Water Co., Ltd.				
	-	-	643,000.00	-
Trade payable - related party	-	-	643,000.00	-

4.3 During the year ended December 31, 2014, movements of short-term loan to related party were as follows:

	Unit: Baht			
	January 1, 2014	Movement during the year		December 31, 2014
		Increase	Decrease	
Short-term loan to related party – net				
<u>Separate financial statements</u>				
<u>Subsidiary</u>				
PD Genesis Engineering Co., Ltd.	5,000,000.00	-	-	5,000,000.00
<u>Less Allowance for doubtful accounts</u>	(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 KASIKORN BANK 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 accrued interest income during January 2012 - June 2012, of Baht 0.25 million. The Company has stopped to recognize interest income since July 2012.

4.4 During the year ended December 31, 2014, movements of short-term loan from related party were as follows:

	Unit: Baht			
	January 1, 2014	Movement during the year		December 31, 2014
		Increase	Decrease	
Short-term loan from related party				
<u>Consolidated financial statements</u>				
Mr. Meechai Lertjaturaphat	-	784,306.28	(759,112.27)	25,194.01
Total short-term loan from related party	-	784,306.28	(759,112.27)	25,194.01

Such short-term loan from related party represented the loan which subsidiaries, Phol Dhanya (Cambodia) Co., Ltd. lend from its director, Mr. Meechai Lertjaturaphat. This loan has no agreement and no interest charge.

4.5 The transactions with related parties for the year ended December 31, 2014 and 2013, with related parties were as follows:

	Unit: Baht				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2014	2013	2014	2013	
Subsidiaries					
PD Genesis Engineering Co., Ltd.					
Purchases of fixed asset	-	-	-	10,500.00	Market price
Phol Palladium Co., Ltd.					
Sale of goods	-	-	50,010,342.51	4,871,547.00	Cost plus margin 5 -15% (year 2013: 5 -20%)
Phol Dhanya (Cambodia) Co., Ltd.					
Sale of goods	-	-	743,766.89	3,860,360.31	Cost plus margin 5 - 15%
Return of goods	-	-	(184,036.59)	-	Cost plus margin 5 - 15%
Phol Water Co., Ltd.					
Cost of service for water treatment system	-	-	643,000.00	-	Cost plus margin 15 %
Sale of goods	-	-	84,984.00	-	Cost plus margin 10 %
Related person					
Mr. Meechai Lertjaturaphat					
Sale of goods	-	-	-	39,719.62	Market price

4.6 Key management personnel compensation

Key management personnel compensation for the year ended December 31, 2014 and 2013 consisted of:

	Unit : Baht			
	Consolidate financial statements		Separate financial statements	
	2014	2013	2014	2013
Short-term benefits	23,406,184.62	23,507,368.65	20,707,828.09	23,507,368.65
Post-employment benefits	807,214.79	574,650.92	807,214.79	574,650.92
Total key management personnel compensation	24,213,399.41	24,082,019.57	21,515,042.88	24,082,019.57

4.7 Guarantee commitments for related parties

As at December 31 2014, 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 of Baht 20 million credit limit. This credit facility has been used by 5.12 million.

5. CASH AND CASH EQUIVALENTS

As at December 31, 2014 and 2013, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2557	2556	2557	2556
Cash on hand	759,340.16	1,770,205.80	438,612.57	559,391.44
Saving deposits	12,809,426.16	14,612,446.97	4,167,834.12	11,691,493.30
Current deposits	19,920,743.94	24,709,590.98	17,148,616.55	24,629,433.60
Checks received but not yet deposited	1,715,874.40	8,682,454.68	1,715,874.40	8,682,454.68
Outstanding checks	(3,585,162.15)	(3,652,120.89)	(3,585,162.15)	(3,652,120.89)
Total	31,620,222.51	46,122,577.54	19,885,775.49	41,910,652.13

6. TRADE AND OTHER RECEIVABLES - NET

6.1 As at December 31, 2014 and 2013, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade receivables				
Trade receivables - other parties	133,212,743.00	108,654,511.39	106,474,762.85	103,565,576.00
Trade receivables - related parties	-	-	23,817,703.96	6,459,800.91
Total trade receivables	133,212,743.00	108,654,511.39	130,292,466.81	110,025,376.91
Less Allowance for doubtful accounts	(6,303,575.55)	(6,320,267.55)	(2,456,610.55)	(2,473,302.55)
Trade receivables - net	126,909,167.45	102,334,243.84	127,835,856.26	107,552,074.36

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Other receivables				
Other receivable - related parties	-	-	1,600,643.72	126,278.09
Advance payment for inventories - other parties	4,606,149.50	7,243,297.68	4,606,149.50	7,243,297.68
Prepaid expenses	1,089,315.26	871,708.04	1,062,073.62	719,335.03
Prepaid maintenance system	1,698,419.42	-	1,698,419.42	-
Prepaid consultant fee	5,150,000.00	3,600,000.00	5,150,000.00	3,600,000.00
Prepaid for water quality analysis	200,000.00	-	-	-
Prepaid for survey and analysis project	620,000.00	-	-	-
Prepaid trade fair fee	-	342,850.00	-	342,850.00
Prepaid insurance	674,468.17	579,200.63	674,468.17	579,200.63
Undue input Value Added Tax	841,196.71	722,915.18	841,196.71	722,915.18
Withholding Tax	35,086.36	209,637.56	-	-
Deposit for customs duty	614,296.75	592,409.75	614,296.75	592,409.75
Refundable import duty	9,606,717.63	4,215,093.48	9,606,717.63	4,215,093.48
Revenue department receivable	903,898.17	-	852,416.83	-
Others	1,341,211.50	1,027,316.96	1,148,237.29	1,025,309.82
Total other receivables	27,380,759.47	19,404,429.28	27,854,619.64	19,166,689.66
Less Allowance for doubtful accounts	-	-	(126,278.09)	(126,278.09)
Other receivables - net	27,380,759.47	19,404,429.28	27,728,341.55	19,040,411.57
Trade and other receivables - net	154,289,926.92	121,738,673.12	155,564,197.81	126,592,485.93

6.2 As at December 31, 2014 and 2013, 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	
	2014	2013	2014	2013
Trade receivables - other parties				
Not yet due	72,860,241.29	63,953,457.95	65,607,576.95	63,728,080.43
Over due:				
1-60 days	47,188,870.35	37,343,496.21	34,444,667.59	36,330,113.34
61-120 days	4,858,199.73	865,776.96	2,578,611.50	862,566.96

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
121-180 days	1,593,006.22	46,943.90	986,069.40	46,943.90
Over 180 days	6,712,425.41	6,444,836.37	2,857,837.41	2,597,871.37
Total trade receivables - other parties	133,212,743.00	108,654,511.39	106,474,762.85	103,565,576.00
Less Allowance for doubtful accounts	(6,303,575.55)	(6,320,267.55)	(2,456,610.55)	(2,473,302.55)
Trade receivables other parties - net	126,909,167.45	102,334,243.84	104,018,152.30	101,092,273.45
Trade receivables - related parties				
Not yet due	-	-	19,165,956.24	4,520,563.22
Over due:				
1-60 days	-	-	2,869,918.32	59,019.06
61-120 days	-	-	44,857.81	1,880,218.63
121-180 days	-	-	479,528.62	-
Over 180 days	-	-	1,257,442.97	-
Total trade receivables - related parties	-	-	23,817,703.96	6,459,800.91
Total trade receivables - net	126,909,167.45	102,334,243.84	127,835,856.26	107,552,074.36

7. INVENTORIES - NET

As at December 31, 2014 and 2013, this account consisted of:

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Finished goods	191,707,569.43	177,338,599.80	188,922,380.47	174,591,746.08
Goods in transit	33,032,642.35	19,967,635.93	33,032,642.35	19,967,635.93
Consignment goods	14,145.01	97,115.52	-	97,115.52
Work in process	342,528.58	1,240.00	342,528.58	1,240.00
Raw materials	33,174.42	36,389.07	-	-
Total	225,130,059.79	197,440,980.32	222,297,551.40	194,657,737.53
Less Allowance for diminution in value of inventories	(9,251,541.17)	(8,139,410.18)	(9,251,541.17)	(8,139,410.18)
Inventories - net	215,878,518.62	189,301,570.14	213,046,010.23	186,518,327.35

Movements of allowance for diminution in value of inventory for the year ended December 31, 2014 and 2013, are as follows:

	Unit:Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Balance as at January 1,	8,139,410.18	8,281,948.06	8,139,410.18	7,708,482.36
Increase during the year	5,164,546.59	3,954,783.78	5,164,546.59	3,954,783.78
Reversal	(4,052,415.60)	(4,097,321.66)	(4,052,415.60)	(3,523,855.96)
Balance as at December 31,	9,251,541.17	8,139,410.18	9,251,541.17	8,139,410.18

8. INVESTMENT IN SUBSIDIARY COMPANIES - NET

As at December 31, 2014 and 2013, this account consisted of:

	Unit: Baht				
	Separate financial statements				
	As at December 31 2014				
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	6,770,685.00	(3,385,000.00)	3,174,000.00	
Phol Water Co., Ltd.	99.99	9,999,970.00	-	9,999,970.00	
Total		29,270,625.00	(14,885,000.00)	14,385,625.00	

	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	

The board of director meeting No.3/2014 held on February 27, 2014, approved to incorporate a subsidiary, Phol Water Co., Ltd. which engages in production and distribution of water supply in the form of concessions, both government and private sector with its authorized share capital of Baht 10 million (1,000,000 shares Baht 10 each). Such subsidiary has already registered with Ministry of Commerce on March 17, 2014 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 9.99 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 6.77 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. As at December 31, 2013, the Company partly paid for its portion in amount of US Dollar 0.10 million (approximately Baht 3.17 million). Subsequently, during the six-month periods ended June 30, 2014, the Company has fully paid the remaining balance.

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.

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.

9. OTHER LONG-TERM INVESTMENT - NET

As at December 31, 2014 and 2013, this account consisted of:

	Share Holding %	Unit: Baht	
		Consolidated and separate financial statements	
		2014	2013
N&P Holding Company Limited			
Cost	2	1,000,000.00	1,000,000.00
<u>Less Allowance for impairment</u>		<u>(1,000,000.00)</u>	<u>(1,000,000.00)</u>
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, 2014 and 2013, this account consisted of:

Unit: Baht				
Consolidated and separate financial statements				
	Balance as at December 31, 2013	Movement during the year		Balance as at December 31, 2014
		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	15,775,856.09	477,675.95	-	16,253,532.04
Total Accumulated depreciation	15,775,856.09	477,675.95	-	16,253,532.04
Net book value	8,655,626.39			8,177,950.44

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

Unit: Million Baht						
Net book value						
Location	Investment properties	Leasehold right	Total	Appraisal value	Independent appraisers	Appraisal reports dated
1	3.20	-	3.20	5.00	Noble Property Valuation Co., Ltd	October 31, 2014
2	2.60	-	2.60	5.00	Phet Siam Appraisal Co., Ltd.	February 6, 2012
3	2.02	-	2.02	6.38	Noble Property Valuation Co., Ltd	October 28, 2014
4	0.36	2.37	2.73	3.94	Noble Property Valuation Co., Ltd	October 28, 2014
	8.18	2.37	10.55			

The appraisal value of investment property no.4 in the amount of Baht 3.94 million has been appraised by inclusive of leasehold right as described in Note 13 which has net book value of Baht 2.37 million.

The appraisal prices have been appraised by using Market Comparison Approach for investment properties no. 1-3 and income approach for investment property no. 4.

Depreciations for the year ended December 31, 2014 and 2013, have been charged to statements of comprehensive income of consolidated and separate financial statements amounted to Baht 0.48 million.

As at December 31, 2014 and 2013, 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, 2014 and 2013, investment property, at net book value of Baht 7.81 million and Baht 8.24 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, 2014 and 2013, this account consisted of:

Unit: Baht						
Consolidated financial statements						
Movement during the year						
	Balance as at December 31, 2013	Increase	Decrease	Reclassify	Exchange differences on translating financial statements	Balance as at December 31, 2014
Cost						
Land	32,384,486.00	-	-	-	-	32,384,486.00
Building and improvement	99,354,522.21	363,965.88	-	-	15,011.02	99,733,499.11
Furniture and equipment	20,011,707.84	2,817,273.02	(308,650.00)	-	10,922.44	22,531,253.30
Tools	67,526.23	9,520.00	-	-	-	77,046.23
Demonstration goods	15,704,565.98	2,608,118.34	(8,411.21)	(293,297.49)	-	18,010,975.62
Vehicles	15,161,026.25	-	-	-	3,731.91	15,164,758.16
Utility system	14,684,729.53	76,214.95	-	-	-	14,760,944.48
Assets under water sales agreement	6,562,129.80	-	-	-	-	6,562,129.80
Total Cost	203,930,693.84	5,875,092.19	(317,061.21)	(293,297.49)	29,665.37	209,225,092.70
Accumulated depreciation						
Building and improvement	24,915,799.39	3,500,977.36	-	-	6,214.43	28,422,991.18
Furniture and equipment	15,839,007.79	1,865,323.12	(305,703.91)	-	2,323.22	17,400,950.22
Tools	20,784.05	839.84	-	-	-	21,623.89
Demonstration goods	10,661,541.05	1,219,267.14	(2,477.27)	(44,356.23)	-	11,833,974.69
Vehicles	8,076,515.01	1,238,139.80	-	-	1,751.40	9,316,406.21
Utility system	7,123,358.29	1,465,494.27	-	-	-	8,588,852.56
Assets under water sales agreement	2,903,234.79	1,566,927.30	-	-	-	4,470,162.09
Total Accumulated depreciation	69,540,240.37	10,856,968.83	(308,181.18)	(44,356.23)	10,289.05	80,054,960.84
Net book value	134,390,453.47					129,170,131.86

Unit: Baht

Separate financial statements					
Movement during the year					
	Balance as at December 31, 2013	Increase	Decrease	Transfer to inventory	Balance as at December 31, 2014
Cost					
Land	32,384,486.00	-	-	-	32,384,486.00
Building and improvement	98,018,748.34	209,000.00	-	-	98,227,748.34
Furniture and equipment	19,815,052.93	2,320,371.94	(308,650.00)	-	21,826,774.87
Demonstration goods	15,669,099.17	2,608,118.34	(8,411.21)	(293,297.49)	17,975,508.81

Unit: Baht					
Separate financial statements					
	Balance as at December 31, 2013	Movement during the year			Balance as at December 31, 2014
		Increase	Decrease	Transfer to inventory	
Cost					
Vehicles	14,747,309.53	-	-	-	14,747,309.53
Utility system	14,684,729.53	76,214.95	-	-	14,760,944.48
Assets under water sales agreement	9,869,352.50	-	-	-	9,869,352.50
Total Cost	205,188,778.00	5,213,705.23	(317,061.21)	(293,297.49)	209,792,124.53
Accumulated depreciation					
Building and improvement	24,852,203.59	3,205,838.24	-	-	28,058,041.83
Furniture and equipment	15,824,073.40	1,739,853.34	(305,703.91)	-	17,258,222.83
Demonstration goods	10,829,989.91	1,298,721.78	(2,477.27)	(44,356.23)	12,081,878.19
Vehicles	8,060,682.47	1,156,228.80	-	-	9,216,911.27
Utility system	7,132,899.46	1,465,494.27	-	-	8,598,393.73
Assets under water sales agreement	3,392,582.89	2,145,366.18	-	-	5,537,949.07
Total Accumulated depreciation	70,092,431.72	11,011,502.61	(308,181.18)	(44,356.23)	80,751,396.92
Allowance for impairment					
Assets under water sales agreement	1,213,432.32	-	(1,213,432.32)	-	-
Total Allowance for impairment	1,213,432.32	-	(1,213,432.32)	-	-
Net book value	133,882,913.96				129,040,727.61

Depreciations for the year ended December 31, 2014 and 2013, have been charged to statements of comprehensive income of consolidated financial statements amounted to Baht 11.53 million and Baht 10.19 million, respectively, and have been charged to statements of comprehensive income of separate financial statements amounted to Baht 11.01 million and Baht 9.56 million, respectively.

As at December 31, 2014 and 2013, land, including buildings and structure thereon at net book value of Baht 92.54 million and Baht 95.23 million respectively, has been mortgaged to secure its short-term loan and long-term loan with a financial institution.

As at December 31, 2014 and 2013, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets are Baht 25.59 million and Baht 24.35 million, respectively.

13. LEASEHOLD RIGHT - NET

As at December 31, 2014 and 2013, this account consisted of:

				Unit: Baht
Consolidated and separate financial statements				
	Balance as at December 31, 2013	Movement during the year		Balance as at December 31, 2014
		เพิ่มขึ้น	ลดลง	
Cost	5,600,000.00			5,600,000.00
Amortization	(2,999,714.78)	(225,315.46)	-	(3,225,030.24)
Net	2,600,285.22			2,374,969.76

Amortization for the year ended December 31, 2014 and 2013, have been charged to statements of comprehensive income of consolidated and separate financial statement amounted to Baht 0.23 million.

14. INTANGIBLE ASSETS – NET

As at December 31, 2014 and 2013, this account consisted of:

				Unit: Baht
Consolidated and separate financial statements				
	Balance as at December 31, 2013	Movement during the year		Balance as at December 31, 2014
		Increase	Decrease	
Cost	10,512,862.40	105,800.00	-	10,618,662.40
Amortization	(8,309,002.63)	(909,638.84)	-	(9,218,641.47)
Net	2,203,859.77			1,400,020.93

Amortization for the year ended December 31, 2014 and 2013, have been charged to statements of comprehensive income of consolidated and separate financial statement amounted to Baht 0.91 million and Baht 1.05 million, respectively.

As at December 31, 2014 and 2013, certain intangible assets 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 6.36 million and Baht 5.99 million, respectively.

15. DEFERRED TAX

Deferred tax as at December 31, 2014 and 2013 were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Deferred tax assets	5,172,209.70	4,299,000.15	5,071,165.84	4,541,686.61
Deferred tax liabilities	-	-	-	-

Movements in deferred tax assets during year ended December 31, 2014 and 2013 were as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at January 1, 2014	Profit (loss)	As at December 31, 2014	As at January 1, 2014	Profit (loss)	As at December 31, 2014
Deferred tax assets						
Allowance for doubtful accounts	494,660.51	(3,338.40)	491,322.11	494,660.51	(3,338.40)	491,322.11
Allowance for devaluation of inventories	1,627,882.04	222,426.21	1,850,308.25	1,627,882.04	222,426.21	1,850,308.25
Allowance for impairment of assets	-	-	-	242,686.46	(242,686.46)	-
Employee benefit obligations	2,176,457.60	654,121.74	2,830,579.34	2,176,457.60	553,077.89	2,729,535.48
Total	4,299,000.15	873,209.50	5,172,209.70	4,541,686.61	529,479.23	5,071,165.84

	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
Employee benefit obligations	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

16. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2014 and 2013, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2014	2013
Bank overdrafts	-	6,643,919.75
Short-term loan - Promissory note	-	10,000,000.00
Short-term loan - Trust receipt	40,949,651.27	33,883,930.15
Total	40,949,651.27	50,527,849.90

During the year ended December 31, 2014 and 2013, the interest rate of bank overdrafts and short-term loans from financial institutions, were as follows:

	Interest rate per annum	
	2014	2013
Bank overdrafts (Year 2014 and 2013, with 3 and 4 local commercial banks, respectively.)	MOR to MOR+0.5 (7.38% to 7.88%)	MOR to MOR+0.5 (7.13% to 7.88%)
Short-term loan - Promissory note (Year 2014 and 2013, with a local commercial bank.)	MLR-1.50 (5.25%)	MLR-1.25 (5.50%)
Short-term loan - Trust receipt (Year 2014 and 2013, with 3 and 2 local commercial banks, respectively.)	MMR and MLR-1 (4.28% to 5.10%)	MMR and MLR-1 (4.30% to 6.00%)

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, 2014 and 2013, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables				
Trade payables-other parties				
- Domestic	20,608,242.45	20,785,951.76	19,271,157.56	19,665,436.26
- Foreign	105,489,394.44	58,578,369.02	103,039,385.73	56,176,790.18
Trade payable - related party	-	-	643,000.00	-
Total trade payables	126,097,636.89	79,364,320.78	122,953,543.29	75,842,226.44

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Trade payables				
Value added tax and withholding tax payable	597,306.75	872,650.03	387,692.09	858,927.07
Accrued commission expense	3,536,336.77	4,065,797.74	3,035,744.92	4,001,507.30
Accrued bonus expense	9,181,254.18	13,799,381.20	8,380,350.00	13,542,645.25
Management remuneration	2,560,000.00	4,848,800.00	2,560,000.00	4,848,800.00
Advance receive from customer	2,118,274.52	4,139,216.26	2,098,024.52	4,139,216.26
Accrued import expenses	986,130.91	1,223,600.44	986,130.91	1,223,600.44
Penalty for delayed goods Delivery	848,191.00	848,191.00	929,249.92	848,191.00
Accrued expenses	4,359,322.83	3,396,082.66	3,583,645.43	3,135,353.31
Others	1,433,137.42	1,485,590.65	868,513.64	722,780.12
Total other payables	25,619,954.38	34,679,309.98	22,829,351.43	33,321,020.75
Total trade and other payables	151,717,591.27	114,043,630.76	145,782,894.72	109,163,247.19

18. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

As at December 31, 2014 and 2013, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2014	2013
Long-term loans from financial institutions as at January 1,	30,000,000.00	43,409,250.27
Addition	-	-
Repayment	(14,000,000.00)	(21,409,250.27)
Less Current portion of long-term loans	(6,000,000.00)	(6,000,000.00)
Net	10,000,000.00	16,000,000.00

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:

<u>Installment period</u>	<u>Interest rate (per annum)</u>
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.

19. EMPLOYEE BENEFIT OBLIGATIONS

Employee benefits liabilities in the statements of financial position as at December 31, 2014 and 2013, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Post-employment benefit plan</u>				
Present value of obligation	14,411,848.89	11,089,786.75	13,647,677.42	10,882,287.98
Unrecognized actuarial gains (losses)	-	-	-	-
Unrecognized past service costs	-	-	-	-
Employee benefits liabilities - net	14,411,848.89	11,089,786.75	13,647,677.42	10,882,287.98

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, 2014 and 2013, as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Post-employment benefit plan</u>				
Employee benefit obligation				
as at January 1,	11,089,786.75	17,751,613.51	10,882,287.98	17,751,613.51
Benefits paid	-	(8,103,400.00)	-	(8,103,400.00)
Current service cost	3,012,481.67	1,050,440.62	2,455,808.97	842,941.86
Interest cost	309,580.47	391,132.62	309,580.47	391,132.61
Actuarial (gains) losses	-	-	-	-
Employee benefit obligation				
as at December 31,	14,411,848.89	11,089,786.75	13,647,677.42	10,882,287.98

Employee benefit expenses in the statements of comprehensive income for the year ended December 31, 2014 and 2013, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Post-employment benefit plan</u>				
Current service cost	3,012,481.67	1,050,440.62	2,455,808.97	842,941.86
Interest from obligation	309,580.47	391,132.62	309,580.47	391,132.61
Net actuarial (gains) losses recognized in the year	-	-	-	-
Total employee benefits expenses	3,322,062.14	1,441,573.24	2,765,389.44	1,234,074.47

Employee benefit expenses for the year ended December 31, 2014 and 2013 as shown in the statements of comprehensive income as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<u>Employee benefit expenses</u>				
Selling expenses	1,662,106.54	586,978.42	1,229,586.49	379,479.64
Administrative expenses	1,659,955.60	854,594.82	1,535,802.95	854,594.83
Total employee benefits expenses	3,322,062.14	1,441,573.24	2,765,389.44	1,234,074.47

Principal actuarial assumptions as at December 31, 2014 and 2013, (expressed as weighted averages) as follows:

	Unit: Baht	
	Consolidated and separate financial statements	
	2014	2013
Discount rate at December 31,		
- 10 years average work duration period until retirement	2.83%	3.98%
- 20 years average work duration period until retirement	3.65%	4.36%
- 30 years average work duration period until retirement	3.86%	4.54%
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.

20. SHARE CAPITAL

The Annual General Meeting of the Company's shareholders No. 1/2014 held on April 23, 2014 approved to increase its ordinary share capital 27,000,000 shares at par value of Baht 1 each from the existing share capital of Baht 135,000,000 to Baht 162,000,000 in order to reserve for the stock dividend to the shareholders in the ratio 5 current shares per 1 dividend share. The Company has already registered the increase of registered capital with the Ministry of Commerce on April 25, 2014.

Subsequently, the Company allocated the stock dividend to existing shareholders for 26,999,986 shares at par value of Baht 1 each and registered the change of paid-up share capital into Baht 161,999,986 with the Ministry of Commerce on May 21, 2014.

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 2014

The minute of the board of directors meetings of the Company No.9/2014 held on August 13, 2014 approved the payment of interim dividend of Baht 0.08 per share from the six-month period operation ended June 30, 2014, in the total amount of Baht 12.96 million on September 10, 2014.

The minute of board of directors meetings of the Company No.8/2013 held on August 9, 2013, the minute of the board of directors meetings of Company No.3/2014 held on February 27, 2014 and the Annual General Meeting of the shareholders No. 1/2014 held on April 23, 2014, approved interim dividend payment, allocation of the profit and dividend payment for the operation period of the year 2013 in the amount of Baht 0.43 per share, totaling Baht 58.05 million equivalent to 114.39 percent of net profit for the year 2013 as follows:

- 1) approved to pay the interim dividend payment of Baht 0.13 per share from the six-month period operation ended June 30, 2013, totaling Baht 17.55 million on September 6, 2013.
- 2) approved to pay the dividend by ordinary shares of 27,000,000 shares in the ratio 5 current shares per 1 dividend share, totaling not exceeding Baht 27 million, equivalent to Baht 0.20 per share. In case that any shareholders hold the indivisible share remaining after such allocation, the dividend shall be paid by cash in the amount of Baht 0.20 per share on May 21, 2014.
- 3) approved to pay the dividend payment by cash at the rate of Baht 0.10 per share, equivalent to Baht 13.50 million on May 21, 2014.
- 4) approved to allocate the profit to the legal reserve for the year 2013 in the amount of Baht 2.70 million, to complete the legal reserve 10% of the new registered share capital amount of Baht 162 million.

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. The total dividend payment was Baht 32.40 million equivalent to 72.43 percent of net profit for the year 2012.

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2014 and 2013 were as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changes in finished goods and work in progress	27,689,079.47	(6,016,359.69)	27,736,929.39	(8,769,602.48)
Purchase of goods	610,101,954.12	533,892,026.27	606,646,549.35	532,860,617.15
Depreciation and amortization	12,469,599.08	11,934,857.29	12,624,132.86	11,304,859.04
Salary, wages and other employee benefits	107,606,921.53	99,240,997.25	95,747,036.28	96,918,018.84
Loss from impairment of investment in subsidiary company	-	-	3,385,000.00	-

24. INCOME TAX EXPENSE

Income tax expense for the year ended December 31, 2014 and 2013 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current tax expense				
Current period	11,597,947.05	12,678,982.47	11,157,629.26	12,678,982.47
Deferred tax expense				
Movements in temporary differences	(873,209.55)	2,028,778.52	(529,479.23)	1,786,092.06
Total	10,724,737.50	14,707,760.99	10,628,150.03	14,465,074.53

Reconciliation of effective tax rate

	Consolidated financial statements			
	2014		2013	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit before income tax		45,034,830.89		64,366,260.39
Income tax using the corporate tax rate	20.00	9,006,966.18	20.00	12,873,252.08
Expenses not deductible for tax purposes	4.39	1,975,609.84	0.93	598,117.65
Expenses that are deductible at a greater amount from actual expenses	(0.53)	(237,207.62)	(0.42)	(272,538.72)
Current year losses for which no deferred tax assets was recognized	1.04	470,681.23	2.34	1,508,929.98
Prior year losses which no deferred tax assets was recognized but used to reduce current tax expenses	(0.58)	(259,145.40)	-	-
Prior year temporary differences which no deferred tax assets was recognized	(0.09)	(41,496.75)	-	-
Effect from eliminate transactions	(0.42)	(190,669.98)	-	-
Income tax expenses	23.81	10,724,737.50	22.85	14,707,760.99

	Separate financial statements			
	2014		2013	
	Tax rate(%)	Unit: Baht	Tax rate(%)	Unit: Baht
Profit before income tax		49,746,007.89		72,128,922.46
Income tax using the corporate tax rate	20.00	9,949,201.59	20.00	14,425,784.49
Expenses not deductible for tax purposes	1.84	916,156.06	0.43	311,828.76
Expenses that are deductible at a greater amount from actual expenses	(0.48)	(237,207.62)	(0.38)	(272,538.72)
Income tax expenses	21.36	10,628,150.03	20.05	14,465,074.53

The deferred tax asset is not recognized in the statement of financial position; consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Unused tax losses				
Expire in next 1 year	-	195,808.66	-	-
Expire in 2 - 5 years	10,752,329.27	9,693,813.38	-	-
Temporary differences	258,952.17	207,498.75	-	-
Total	11,011,281.44	10,097,120.79	-	-

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 20% on net profit for the two consecutive accounting periods beginning on January 1, 2013 and according to the Royal Decree No. 577 B.E. 2557 dated November 10, 2014, the corporate income tax rate will be continue at 20 % on net profit for the accounting periods beginning on January 1, 2015 to December 31, 2015.

Foreign subsidiary company

A foreign subsidiary company, Phol Dhanya (Cambodia) Co., Ltd. which was established in Cambodia, is obliged to pay corporate income tax either at the tax rate of 20% of taxable profit or at the minimum tax rate of 1% of total revenue, whichever is the higher.

25. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the net profit for the year by the weighted average number of ordinary shares in issue during the year, after adjusting the number of ordinary shares in proportion to the change in the number of shares as a result of the increase in share capital arising from the issue of a stock dividend of 27 million shares on May 21, 2014. The number of ordinary shares of the prior year has been adjusted as if the stock dividend had been issued at the beginning of the earliest period reported.

The number of ordinary shares and the paid-up share capital are restated as follows:

Issued and paid-up share capital (Restated)

	Unit: Baht
As at December 31, 2012	135,000,000.00
Increase in capital from a payment of stock dividend at May 21, 2014	26,999,986.00
As at December 31, 2013 (Restated)	161,999,986.00

The following table sets forth the computation of basic earnings per share:

Consolidated financial statements

Net profit		Weighted average number of ordinary shares		Earnings per share	
2014	2013	2014	2013	2014	2013
(Million Baht)	(Million Baht)	(Million shares)	(Millio shares) (Restated)	(Baht)	(Baht) (Restated)

Basic earnings per share

Net income attributable to equity holders

For the year ended December 31,	39.86	50.83	162	162	0.24	0.31
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Separate financial statements

Net profit		Weighted average number of ordinary share		Earnings per share	
2014	2013	2014	2013	2014	2013
(Million Baht)	(Million Baht)	(Millio shares)	(Millio shares) (Restated)	(Baht)	(Baht) (Restated)

Basic earnings per share

Net income attributable to equity holders

For the year ended December 31,	39.12	57.66	162	162	0.24	0.36
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26. PROVIDENT FUND

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries 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 three-month and nine-month periods ended December 31 2014, the Company, and its subsidiaries contributed Baht 2.54 million (2013: Baht 2.33 million).

27. 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, 2014 and 2013 was as follows:

	Unit: Thousand Baht							
	Trading business in Health and Safety Products		Water Treatment System		Elimination of inter-segment revenues		Consolidation	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from sales and rendered services	776,374	740,753	26,636	33,125	-	-	803,010	773,878
Intersegment revenues	50,010	4,872	1,288	3,860	(51,298)	(8,732)	-	-
Cost of sales and rendered services	(611,774)	(518,371)	(25,452)	(30,316)	52,061	8,610	(585,165)	(540,077)
Segment gross profit	214,610	227,254	2,472	6,669	763	(122)	217,845	233,801
Unallocated income and expenses:								
Gain (loss) on exchange rate – net							2,059	(2,095)
Reversal allowance for loss on impairment							-	658
Other income							2,422	2,137
Selling expenses							(88,085)	(79,985)
Administrative expenses							(83,193)	(86,827)
Finance costs							(2,653)	(3,322)
Income tax							(10,725)	(14,708)
Profit for the year							37,670	49,659

The Group's business segment information and reconciliation of reportable segment total assets to the Group's assets as at December 31, 2014 and 2013 as follow:

Unit: Thousand Baht

Investment property – net
 Property plant and equipment – net
 Unallocated assets
Total assets

Consolidated financial statements	
2014	2013
8,178	8,655
129,170	134,390
413,024	368,407
550,372	511,452

Geographical segments information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers. However, the Group has insignificant assets located in foreign countries.

The Group's Geographical segments information for the year ended December 31, 2014 and 2013 was as follows:

Unit: Thousand Baht

Thailand
 Other countries
Total

Revenues	
2557	2556
796,456	767,145
6,554	6,733
803,010	773,878

Major customer

The Group has no revenues from transactions with single customer amount to 10 percent or more of the Group's revenues.

28. COMMITMENTS AND CONTINGENT LIABILITIES

Commitments

Operating lease commitments

Parent company

The Company has entered into lease agreement of office building. As at December 31, 2014, the Company is committed to pay the rental as follows:

<u>Payable</u>	<u>Unit: Baht</u>
Within 1 year	432,000.00

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 September 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.

Subsidiary company

A subsidiary company, Phol Dhanya (Cambodia) Co., Ltd., has entered into lease agreement of office building. As at December 31, 2014, a subsidiary is committed to pay the rental in the amount of Bath 2.23 million (US Dollar 67,500).

Commitments and contingent liabilities with financial institutions

As at December 31, 2014, there are outstanding commitments and contingent liabilities with financial institutions as follows:

	<u>Unit: Million Baht</u>		
	<u>Credit arrangement</u>	<u>Used</u>	<u>Unused</u>
1.) Letters of credits and trust receipt	238.00	42.42	195.58
2.) Promissory notes	65.00	-	65.00
3.) Letters of guarantee	30.70	8.01	22.69
4.) Bank overdraft	56.50	-	56.50
5.) Forward exchange contracts	270.00	-	270.00
6.) Forward exchange contracts USDOLLAR 1.15 million of credit arrangement and as at December 31, 2014, USDOLLAR 0.29 million were used.			

The above facilities were secured by mortgaging its land and building.

Contingent liabilities

Litigations

PD Genesis Engineering Co., Ltd.

The first case

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. During the first quarter of year 2014, the subsidiary and the creditor had reached a compromise agreement to let the subsidiary pay by cash in amount of Baht 0.25 million and by goods in amount of Baht 0.03 million, totally Baht 0.28 million. The subsidiary has already paid such amount according to the compromise agreement.

The second case

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. The subsidiary lodged a rejoinder statement to the court, currently, the court fixed the date to conciliate the case and take evidence on March 6, 2014. Subsidiary offered to pay in 10% of total debt but the creditor dissent from this offering. However, the subsidiary and creditor appoint for the compromise on May 20, 2014 and July 7, 2014 but could not agree on the settlement.

On July 25, 2014, the subsidiary lodged the supplementary defence with the court that the above creditor's plaint shall be civil action related to international purchase-sale so this case is under the jurisdiction of the Intellectual Property and International Trade Court.

On August 18, 2014, the court considered such supplement defence of the subsidiary as whether this case are the civil action related to international purchase-sale under the Act on the Establishment of and Procedure for Intellectual Property and International Trade Court, B.E. 2539 Section 7(5) which shall be under the jurisdiction of the Intellectual Property and International Trade Court or not, so the court temporarily suspended the proceeding of this case and submitted to President of the Supreme Court to rule the court jurisdiction. The court fixed the date for the ruling of President of the Supreme Court or settlement of issue on August 28, 2015, the result of this case is still uncertain.

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.

In addition, 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.

29. 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, 2014, 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, 2014 are summarized as below:

Phol Dhanya Public Company Limited

Currency	Foreign current	Baht equivalent
EURO	7,969.12	321,595.43
US DOLLAR	2,263,607.12	74,955,275.29
SINGAPORE DOLLAR	834,546.11	20,969,973.92
POUND STERLING	12,481.45	642,838.36

PD Genesis Engineering Co., Ltd.

Currency	Foreign current	Baht equivalent
US DOLLAR	76,448.10	2,531,441.22

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.

30. CAPITALMANAGEMENT

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 2014, the Group's debt-to-equity ratio was 0.71: 1 (2556: 0.65: 1) and the Company's was 0.68: 1 (2556: 0.64: 1)

31. RECLASSIFICATION

Certain amounts in the financial statements as at December 31, 2013, have been reclassified to conform to the current period's classification but with no effect to previously reported net income or shareholders' equity. The reclassifications are as follows:

Account	Unit: Baht		
	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statements of comprehensive income</u>			
Administrative expenses	85,581,265.69	1,246,115.98	86,827,381.67
Bad debt and doubtful debt	1,246,115.98	(1,246,115.98)	-
Account	Unit: Baht		
	Separate financial statements		
	As previously reported	Reclassified amount	As reclassified
<u>Statements of comprehensive income</u>			
Administrative expenses	81,847,986.44	721,095.31	82,569,081.75
Bad debt and doubtful debt	721,095.31	(721,095.31)	-

32. APPROVAL OFF INANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 16, 2015.



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