



ANNUAL REPORT 2017

PHOL DHANYA PUBLIC COMPANY LIMITED



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Vision Missions

Vision

“To be a leading and sustainable provider of Safety, Health, Environment (SHE) products and services in Thailand and ASEAN”

Missions

Be recognized in Thailand and ASEAN

Be a leading company offering high-quality products and services of Safety, Health, Environment with reasonable price, innovation and expertise

Be equipped with an efficient and modern work system for quickly respond and excellent service

Be desirable workplace with efficient human management system along with a good working culture

Create value to stakeholders equally for sustainable growth

As December 31
(Consolidated)

		2017	2016	2015 (Restated)
Financial Position				
Total Assets	million baht	787.48	960.95	667.40
Total Liabilities	million baht	553.36	609.95	346.10
Total Shareholders' equity of the Company	million baht	235.43	352.31	322.59
Financial Performance				
Revenue from Sales and Services	million baht	985.84	1,097.99	914.90
Cost of Sales and Services	million baht	846.56	861.34	674.62
Gross Profit	million baht	139.28	236.65	240.29
Net Profit (Loss) For Owner of The Parent	million baht	(117.48)	(15.25)	34.31
Financial Ratio				
Return On Equity	%	-39.98%	-4.52%	10.63%
Return On Assets	%	-13.92%	-0.65%	7.72%
Gross Profit Margin	%	14.13%	21.55%	26.26%
Net Profit Margin	%	-11.81%	-1.38%	3.74%
Current Ratio	times	1.19	1.44	1.58
Debt to Equity Ratio	times	2.35	1.73	1.07
Common Shares				
Par Value Per Share	baht	1.00	1.00	1.00
Book Value Per Share	baht	1.16	1.73	1.98
Dividend Per Share	baht	-	0.10	0.20
Dividend Payout Ratio	%	-	-	94.42%
Earnings (Loss) Per Share	baht	(0.58)	(0.08)	0.21

Note:

- In 2016, the Company increased registered capital from Baht 161,999,986 to Baht 250,999,978, by issuing 88,999,992 new ordinary shares with a par value of Baht 1 each, 40,499,996 shares to the existing shareholders of the Company according to their shareholding position (Rights Offering), 40,499,996 shares to support the exercise of warrants (PHOL-W1) and 8,000,000 shares to support the rights adjustment of ESOP warrant allotted to Board of Director and employee of the Company (ESOP-Warrant). As December 31, 2016, the Company had paid up capital of Baht 202,499,982.

- The consolidated statement of financial position as at December 31, 2015 have been restated, due to during the year 2016, the Company found the error due to un-recognition of change in the Company's ownership interest in subsidiary company. Therefore the Company made an adjustment by increasing the deficit from the change in the ownership interests in the consolidated financial statements.

Awards and Recognitions



- Excellent Corporate Governance Scoring (Excellent CG Scoring) in 2012-2013 and 2015-2017
- 2017 Annual General Meeting of Shareholders received 100 full scores for AGM Quality Assessment Project
- PHOL received a membership certificate of the Private Sector Collective Action Coalition against Corruption (CAC) on October 14, 2016
- Board of the Year Awards 2015 “The Honorable Mention-MAI”
- SET Awards 2014: SET Award of Honor “Corporate Governance Report”
- SET Awards 2012 and SET Awards 2013 “Top Corporate Governance Report”
- Board of the Year Awards 2013 “mai Special Encouragement”



Assoc. Prof. Dr. Ekachidd Chungcharoen

Chairman of the Board

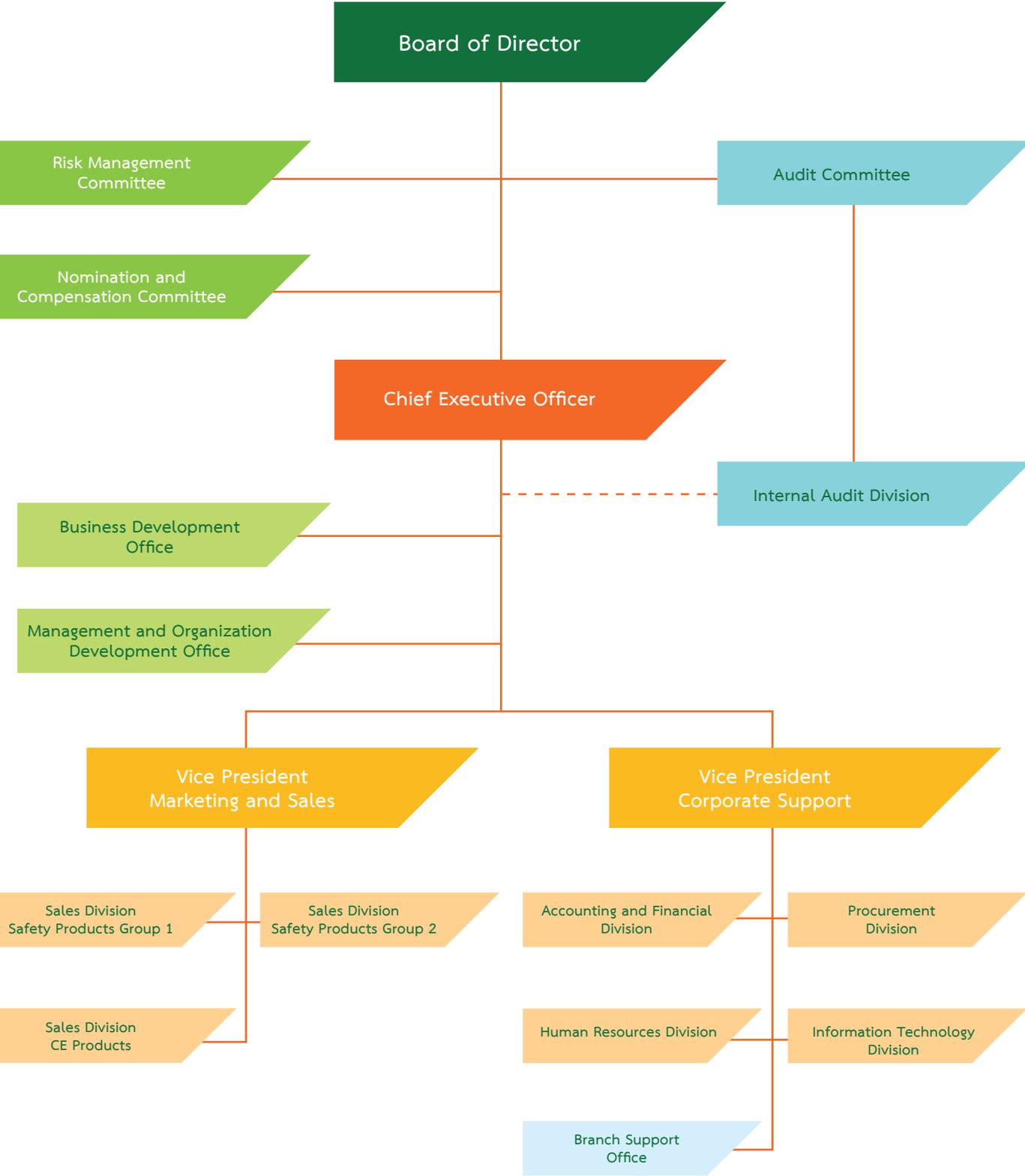
The overall outlook of the Thai economy has continuously improved in 2017, with facilitative factors on economic policy, government investment and economic recovery of several partner countries, enabling the expansion of the manufacturing factor for domestic consumption and export in almost every industrial group. This also had positive impact on the Company's core business in Occupational Safety, Health and Environment Products, coupled with the Company's strategy that can accommodate such an expansion. Thus, revenue generated from sales and service provision in Occupational Safety, Health and Environment Products grew by 4.05% in 2017 and that of the Control Environment Products grew by 25.74% compared with 2016.

However, 2017 was another year that the Company still encountered the impact from the delayed construction of the community tap water project that continued on from 2016, forcing the Company to bear the delay charges and additional cost in accelerating the completion of the project, leading to a loss in the consolidated financial statement of 117.48 million Baht, which the Company has taken corrective actions immediately. Besides, the Board of Directors together with the management have been closely monitoring the progress and declared the intention that the Company will not be taking on new water treatment projects until all the pending projects are completely delivered. Furthermore, the Company received kind cooperation from the Board of Directors, the management and employees in their efforts to reduce expenses so that the overall operating performance got affected as little as possible and the situation could be resumed to normal as soon as possible.

Apart from operating the business to generate economic returns, sustainable development is also a key focus, whereby the Company places great emphasis on operating the business under the principle of good governance, encouraging the Board of Directors, the management and employees to abide by the Corporate Governance and Anti-Corruption Policies. In 2017, the Company got assessed "Excellent" in the corporate governance rating for the third consecutive year from the Thai Institute of Directors (IOD).

On behalf of Phol Dhanya PCL, we would like to thank shareholders, customers, partners and all stakeholders for collaboratively supporting the Company's operations all along, and gratitude is also extended to the Board of Directors, the management and employees for their physical and mental dedication, getting through obstacles and supporting the achievement of success for the Company. Please be ensured that it is the Company's ultimate goal to achieve sustainable growth via sustainable development activities, under the principle of corporate governance for fair and maximum benefits of all stakeholders.

Organization Structure





1 **Assoc. Prof. Dr. Ekachidd Chungcharoen**
Chairman of the Board
Independent Director
Chairman of Nomination and Compensation Committee



2 **Mr. Noppadol Dheerabutrpongkul**
Independent Director
Chairman of Audit Committee
Nomination and Compensation Committee



3 **Mr. Santi Niamnil**
Independent Director
Audit Committee



4 **Dr. Pallapa Ruangrong**
Independent Director
Audit Committee



5 **Mr. Teeradej Jarutangtrong**
Director
Chairman of Risk Management Committee



6 **General Chaiwat Satondee**
Director
Nomination and Compensation Committee



7 **Mr. Boonchai Suwanvutthiwat**
Director
Risk Management Committee



8 **Mr. Pornsak Chunhajinda**
Director
Risk Management Committee



9 **Mr. Thanya Wangthamrong**
Director

Management Team



1 **Mr. Boonchai Suwanvutthiwat**
Chief Executive Officer



2 **Mr. Pornsak Chunjajinda**
Vice President Corporate Support
Chief Financial Officer



3 **Mr. Thanya Wangthamrong**
Vice President Marketing and Sales



4 **Miss Prapaipit Viriyabhupha**
Sales Director
Control Environment Products



5 **Miss Kamolphopphan Puapansakul**
Internal Audit Director



6 **Mr. Paradorn Parepatara**
Sales Director Occupational Safety
Health and Environment Products
(SAFETY) Group 1



7 **Mr. Nitipat Pedprasert**
Sales Director Occupational Safety
Health and Environment Products
(SAFETY) Group 2

Assoc. Prof. Dr. Ekachidd Chungcharoen¹ Age 55
 Chairman of the Board/Independent Director/
 Chairman of Nomination and Compensation Committee

Appointment as Director date: 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

Position in Listed Company at present : 2

2017 - Present	Chairman of the Board, Phol Dhanya Plc.
2011 - Present	Nomination and Compensation Committee, Phol Dhanya Plc.
2013 - Present	Independent Director /Audit Committee, BJC Heavy Industries Plc.
2007 - Present	Independent Director, Phol Dhanya Plc.

Other position at present : 1

2005 - Present	Associate Professor, Thammasat University
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Work Experiences

2014 - 2017	Committee of the Doctoral Program in Business Administration Program, Thammasat University
2010 - 2017	Director of Master of Business Administration Program, Thammasat University
2007 - 2017	Audit Committee, Phol Dhanya Plc.
2011 - 2013	Independent Director /Audit Committee, BJC Heavy Industries Co., Ltd.
2001 - 2007	Director of Bachelor of Business Administration (BBA) International Program, Thammasat University

Number of Shares Held as of December 31 , 2017 :

Personally : 0.01% (30,000 Shares)
 Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

¹ Appointed as Chairman of the Board to replace resigned Chairman of the Board and appointed as Chairman of Nomination and Compensation Committee and resigned from Chairman of Audit Committee, effective on September 19, 2017

Mr. Noppadol Dheerabutrpongkul² Age 51
 Independent Director/Chairman of Audit Committee/
 Nomination and Compensation Committee

Appointment as Director date: September 12, 2007

Educational Background

- Master of Science (Finance), University of Colorado at Denver
- Bachelor of Accounting, Thammasat University
- Certified Public Accountant (CPA) 4570

Training

- Training programs of Thai Institute of Directors (IOD)
 - National Director Conference 2017: Steering Governance in a Changing World (June 2017)
 - Audit Committee Forum "New Auditor's Report: What is it for you?" (June 2016)
 - 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

Position in Listed Company at present : 2

2017 - Present	Chairman of Audit Committee, Phol Dhanya Plc.
2016 - Present	Nomination and Compensation Committee, Phol Dhanya Plc.
2007 - Present	Independent Director /Audit Committee, Phol Dhanya Plc.
2013- Present	Independent Director /Audit Committee, BJC Heavy Industries Plc.

Other position at present : 1

2007 - Present	Executive Director IFAC Co., Ltd
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Work Experiences

2013- 2014	Audit Committee, Zemash Corporation Co., Ltd.
2011 - 2013	Independent Director /Audit Committee BJC Heavy Industries Co., Ltd
2005 - 2007	Business Controller, Siam City Cement Plc.

Number of Shares Held as of December 31 , 2017 :

Personally : 0.01% (30,000 Shares)
 Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

² Appointed as Chairman of Audit Committee to replace resigned Chairman of Audit Committee and resigned from Chairman of Nomination and Compensation Committee, effective on September 19, 2017

Mr. Santi Niamnil

Age 49

Independent Director/ Audit Committee

Appointment as Director date: May 10, 2016

Educational Background

- Bachelor of Laws, Ramkhamhaeng University
- Attorney-At-Law License 995/2537

Training

- Training programs of Thai Institute of Directors (IOD)
 - Audit Committee Forum: The Audit Committee's Role in Compliance and Ethical Culture Oversight (Oct 2017)
 - Director Accreditation Program (DAP) class 80/2009

Position in Listed Company at present : 2

- 2016 – Present Independent Director /Audit Committee, Phol Dhanya Plc.
- 2009 - Present Independent Director/Audit Committee, Sanko Diecasting (Thailand) Plc.

Other position at present : 1

- 2015 - Present Attorney-At-Law, B&P Law Ltd.

Work Experiences

- 2014 – 2015 Managing Director , Anek Advocate Co., Ltd.
- 2004 - 2015 Partner, Attorney-At-Law. Anek & Associates Lawyers Co., Ltd.
- 2003 – 2013 Director, Yusen Air & Sea Service Management (Thailand) Co., Ltd.
- 1995 - 2003 Attorney-At-Law. Anek & Associates Lawyers Co., Ltd.

Number of Shares Held as of December 31 , 2017 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Dr. Pallapa Ruangrong^{/3}

Age 64

Independent Director/ Audit Committee

Appointment as Director date: September 19, 2017

Educational Background

- Doctor of Philosophy (Energy Management & Policy), University of Pennsylvania, USA
- Master of Science (Energy Management & Policy), University of Pennsylvania, USA
- Master of Science (Economic Development), National Institute of Development Administration (NIDA)
- Bachelor of Arts (Economics), Chiang Mai University, Thailand

Training

- Leadership Development Program, Hay Group, Malaysia (2007)
- Public Management and Public Law, King Prajadhipok's Institute Class 6/2007
- Mini MBA, Thammasart University (2006)
- Improving Governance of Public Sector Enterprise, Asian Development Bank Institute: ADBI (Tokyo, Japan) (2006)
- Ministry of Finance Executive Program 2005 (The Kellogg School Management and the Maxwell School of Citizenship and Public Affairs)
- Modern Management Program in Logistics and Supply Chain Class3/2005, Srinakharinwirot University
- State Enterprise's CEO Development Program, National Institute of Development Administration (NIDA) (2005)
- Training programs of Thai Institute of Directors (IOD)
 - Audit Committee Forum: The Audit Committee's Role in Compliance and Ethical Culture Oversight (Oct 2017)
 - Director Certification Program (DCP) class 17/2002

Position in Listed Company at present : 1

- 2017 – Present Independent Director /Audit Committee, Phol Dhanya Plc.

Other position at present : 1

- 2017 – Present Member of Transportation State-owned Enterprise Problem Remedy Working Group
- 2016 – Present Member of State-owned Enterprise Performance Appraisal Committee
- 2016 – Present Chairperson of Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee Work Experiences
- 2013 - 2016 Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee Commissioner – Economics/Energy Management Energy Regulatory Commission
- 2006 - 2008 Director, State Enterprise Development Division State Enterprise Policy Office, Ministry of Finance
- 2006 - 2007 Board Member, State Railway of Thailand
- 2003 - 2011 Board Member, District Cooling System and Power Plant Co.,Ltd.
- 2001 - 2003 Board Member, Eastern Water Resources Development and Management Plc.
- 2000 - 2004 Board Member, Provincial Waterworks Authority

Number of Shares Held as of December 31 , 2017 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

^{/3} Appointed as Independent Director and Audit Committee to replace resigned Director, effective on September 19, 2017

Mr. Teeradej Jarutangtrong

Age 65

Director/Chairman of Risk Management Committee
(Authorized Signature)

Appointment as Director date: September 12, 2007

Educational Background

- Bachelor of Engineering, Chulalongkorn University

Training

- Seminar “Boards’ roles in mitigating Cyber Security Risks / Threats – Challenges and Solutions” by SEC (May 2017)
- Training programs of Thai Institute of Directors (IOD)
 - Seminar “The Current Issue Seminar 1/2017: Legal Update: Criminal Liabilities of Directors” (Mar 2017)
 - How to Develop a Risk Management Plan (HRP) Class 10/2016
 - Anti-Corruption for Executive Program Class 14/2015
 - Director Accreditation Program (DAP) Class 68/2008

Position in Listed Company at present : 1

2014 - Present Chairman of Risk Management Committee,
Phol Dhanya Plc.

2007 - Present Director, Phol Dhanya Plc.

Other position at present : 4**Subsidiaries company : 1**

2013 - Present Chairman of the Board, Phol Palladium Co., Ltd

Other Company : 3

2007 - Present Director, Aegle Safety Equipment (Shanghai) Co., Ltd

2006 - Present Director, Guzz Media Co., Ltd

2005 - Present Director, Aegle Alliance Pte., Ltd

Work Experiences

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

Number of Shares Held as of December 31 , 2017 :

Personally : 0.62% (1,250,000 Shares)

Spouse and minor children : 4.22% (8,551,250 Shares)

Family relationship among Director and Executive:

-None-

General Chaiwat Satondee⁴

Age 64

Director/Nomination and Compensation Committee

Appointment as Director date: October 12, 2015

Educational Background

- Bachelor of Science, Chulachomkiao Royal Military Academy
- Command and General Staff College Class 65
- National Defense College Class 2007

Training

- Tactical Intelligence, Combat Instructor Training, Joint Warfare course in Australia
- Peacekeeping for Decision Makers Course in USA
- Training programs of Thai Institute of Directors (IOD)
 - Nomination Director Event 1/2017 “Nomination Committee Best Practice Guideline” (Sep 2017)
 - Director Certification Program (DCP) Class 216/2016

Position in Listed Company at present : 1

2017 - Present Nomination and Compensation Committee,
Phol dhanya Plc.

2015 - Present Director / Business Strategic Planning Advisor,
Phol dhanya Plc.

Other position at present : 2**Subsidiaries company : 1**

2017 - Present Chairman of the Board, Phol Water Co.,Ltd

Other Company : 1

2015 - Present Advisor to Board of Security and Military Affairs,
The National legislative Assembly.

Work Experiences

2012 - 2014 Director General of War Veteran Organization of Thailand

2008 Deputy Director of Defence Industry and Energy Centre

2007 Chief of Military Affairs Co-ordinations Officers of
the National Security Council

2003 Chief of Staff in The Joint Security Council in Ache
Monitoring Mission in Indonesia

1998 - 2001 Defense Attach to The Royal Thai Embassy in Yangon

1991 - 1994 Assistance Army Attach to The Royal Thai Embassy
in Beijing

Number of Shares Held as of December 31 , 2017 :

Personally : 0.12% (248,250 Shares)

Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

⁴ Appointed as Nomination and Compensation Committee to replace resigned Director, effective on September 19,2017 and Appointed as Chairman of the Board of subsidiary (Phol Water Co.,Ltd) effective on December 19,2016

Mr. Boonchai Suwanvutthiwat

Age 55

Director/Risk Management Committee/
Chief Executive Officer

Appointment as Director date: April 30, 2013

Educational Background

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

Training

- Seminar “Creative Built Innovative Organization” Class 3 by Thailand Productivity Institute (Jun 2017)
- CEO CLUB “Formulating Corporate Strategy and Execution” by SET (May 2017)
- “2017 Quarterly Economic Wrap Up (quarter 2) Zoom In – Business Trends of Thailand through Big Data” by SET (Apr 2017)
- CEO Club 2017 “Change and how to cope with change” “ by SET (Mar 2017)
- Quarterly Economic “Year 2017 : Things to Watch Out for” “ by SET (Jan 2017)
- Capital Market Academy Leadership Program, Capital Market Academy (CMA) Class 20/2015
- Advanced Certificate Course in Public Economics Management for Executives, King Prajadhipok’s Institute Class 11/2013
- Training programs of Thai Institute of Directors (IOD)
 - Driving Company Success with IT Governance (ITG) class 3/2016
 - Successful Formulation and Execution of Strategy (SFE) class 26/2016
 - Anti-Corruption: The Practical Guide Program (ACPG) class 21/2015
 - Director Certification Program (DCP) Class 155/2012

Position in Listed Company at present : 1

2013 – Present Director/ Chief Executive Officer, Phol Dhanya Plc.
2014 - Present Risk Management Committee, Phol Dhanya Plc.

Other position at present : 2

Subsidiaries company : 2

2014 - Present Director, Phol Water Co.,Ltd.
2013 – Present Director, Pholdhanya (Cambodia) Co., Ltd

Work Experiences

2010 - 2017 Executive Director, Phol Dhanya Plc.
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

Number of Shares Held as of December 31 , 2017 :

Personally : None

Spouse and miner children : None

Family relationship among Director and Executive:

-None-

Mr. Pornsak Chunhajinda^{/5}

Age 51

Director/Risk Management Committee/
Vice President Corporate Support/Chief Financial Officer

Appointment as Director date: April 26, 2016

Educational Background

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

Training

- Training programs of Thai Institute of Directors (IOD)
 - Director Certification Program (DCP) Class 227/2016

Position in Listed Company at present : 1

2018 - Present Vice President Corporate Support, Phol Dhanya Plc.
2016 - Present Director, Phol Dhanya Plc.
2010 - Present Chief Financial Officer, Phol Dhanya Plc.

Other position at present : 4

Subsidiaries company : 1

2014 - Present Director, Phol Water Co., Ltd.

Other Company : 3

2015 - Present Director, BMS Audit Co., Ltd
2007 - Present Director, Nonsi Accounting Co., Ltd
2004 - Present Director, Rak Charoen Co., Ltd

Work Experiences

2016 - 2017 Managing Director, Phol Dhanya Plc.
2014 - 2017 Managing Director, Phol Water Co., Ltd.
2010 - 2017 Executive Director, Phol Dhanya Plc.
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

Number of Shares Held as of December 31 , 2017 :

Personally : 0.08% (168,582 Shares)

Spouse and miner children : 0.43% (875,646 Shares)

Family relationship among Director and Executive:

-None-

Note

^{/5} The BOD’s Meeting No. 3/2018 on February 28, 2018 had the resolution to approve the restructuring of the Company’s Organizational Chart and appointment of Executives and abrogated Executive Committee and the position of Managing Director. Mr. Pornsak Chunhajinda was appointed as Vice President Corporate Support, effective on February 28, 2018.

Mr. Thanya Wangthamrong⁶

Age 38

Director/Vice President Marketing and Sales
(Authorized Signature)

Appointment as Director date: April 30, 2013

Educational Background

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

Training

- Training programs of Thai Institute of Directors (IOD)
 - Director Certification Program (DCP) Class180/2013

Position in Listed Company at present : 1

2018 - Present Vice President Marketing and Sales ,
Phol Dhanya Plc.

2013 - Present Director, Phol Dhanya Plc.

Other position at present : 1**Subsidiaries company : 1**

2006 – Present Director, Guzz Media Co., Ltd

Work Experiences

2010 - 2017 Executive Director/ Chief Marketing Officer/,
Phol Dhanya Plc.

2011 - 2017 Director, Wilsiri Intertrade Co, Ltd.

2006 - 2017 Director, PDF Supply Co., Ltd

2015 Chief Information Technology Officer, Phol Dhanya Plc.

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.

Number of Shares Held as of December 31 , 2017 :

Personally : 7.46% (15,097,433 Shares)

Spouse and minor children : 2.61% (5,280,000 Shares)

Family relationship among Director and Executive:

Mr. Chavalit Wangthamrong's son

Note

⁶The BOD's Meeting No. 3/2018 on February 28, 2018 had the resolution to approve the restructuring of the Company's Organizational Chart and appointment of Executives and abrogated Executive Committee and the position of Managing Director. Mr. Thanya Wangthamrong was appointed as Vice President Marketing and Sales, effective on February 28, 2018.

Miss Prapaipit Viriyabhupha⁷

Age 49

Sales Director Control Environment Products

Educational Background

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

Training

None

Position in Listed Company at present : 1

2014 – Present Sales Director Control Environment Products,
Phol Dhanya Plc.

Other position at present : 2**Subsidiaries company : 2**

2018 - Present Managing Director, Phol Water Co., Ltd

2013 - Present Director, Phol Palladium Co., Ltd

Work Experiences

2010 - 2017 Chief Operation Officer, Phol Dhanya Plc.

2016 - 2017 Chief Information Technology Officer, Phol Dhanya Plc.

2007 - 2010 Chief Operation Officer, Phol Dhanya Plc.

1995 - 2007 Manager of Procurement Department, Phol Dhanya Plc.

1992 - 2004 Supervisor - Procurement Department, Phol Dhanya Plc.

Number of Shares Held as of December 31 , 2017 :

Personally : 0.37% (750,000 Shares)

Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

⁷Appointed as Managing Director of Phol Water Co.,Ltd. (subsidiary), effective on February 28,2018

Miss Kamolpoppphan Puapansakul Age 56
Internal Audit Director/Secretary of Audit Committee

Educational Background

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

Training

- "Anti-corruption: Synergy to Success" by The Institute of Internal Auditors of Thailand (Mar 2017)

Position in Listed Company at present : 1

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

Other position at present : None

Work Experiences

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

Number of Shares Held as of December 31 , 2017 :

Personally : None
Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Mr. Paradorn Parepatara^{/8} Age 40
Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 1

Educational Background

- Master of Business Administration, Khon Kaen University
- Bachelor of Engineering (Industrial Engineering), Rajamangala University of Technology Thanyaburi

Training

None

Position in Listed Company at present : 1

2018 - Present Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 1, Phol Dhanya Plc.

Other position at present : None

Work Experiences

2014 - 2017 Manager - Rayong Branch, Phol Dhanya Plc.
2008 - 2014 Sales Manager , Phol Dhanya Plc.
2004 - 2008 Assistant Sales Manager, Phol Dhanya Plc.
2001 – 2004 Sales Representative, Phol Dhanya Co., Ltd

Number of Shares Held as of December 31 , 2017 :

Personally : None
Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

^{/8} The BOD's Meeting No. 3/2018 on February 28, 2018 had the resolution to approve the restructuring of the Company's Organizational Chart and appointment of more additional Executives. Mr. Paradorn Parepatara was appointed as Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 1, effective on February 28, 2018.

Mr. Nitipat Pedprasert⁹

Age 37

Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 2

Educational Background

- Master of Business Administration (Marketing), Srinakharinwirot University
- Bachelor of Business Administration (Marketing), Kasetsart University

Training

None

Position in Listed Company at present : 1

2018 - Present Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 2, Phol Dhanya Plc.

Other position at present : None**Work Experiences**

2012 – 2017 Sales Manager , Phol Dhanya Plc.
 2007 – 2012 Assistant sales manager, Phol Dhanya Plc.
 2004 - 2006 Sales Representative, Phol Dhanya Co., Ltd
 2003 Marketing Straff, Phol Dhanya Co., Ltd

Number of Shares Held as of December 31 , 2017 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive:

-None-

Note

⁹ The BOD's Meeting No. 3/2018 on February 28, 2018 had the resolution to approve the restructuring of the Company's Organizational Chart and appointment of more additional Executives. Mr. Nitipat Pedprasert was appointed as Sales Director Occupational Safety, Health and Environment Products (SAFETY) Group 2, effective on February 28, 2018.

General Information

Company Name	: PHOL DHANYA PUBLIC COMPANY LIMITED
SET Symbol	: PHOL
Registered Capital	: THB 250,999,978.00 (250,999,978.00 common shares) with a par value of Baht 1.00
Paid-up Capital	: THB 202,499,982.00 (202,499,982.00 common shares) with a par value of Baht 1.00
Business Type	: A distribution of Occupational Safety, Health and Environment Products and Distribution, Construction, Production, and Service of Water Solution Systems
Head office	: 1/11 Moo 3, Lumlukka Road, 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 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 Tel 66(0)-5322-6811, Fax 66(0)-3803-4017 3) 1/127 Moo 3, Thepkasattri Road, Rasada sub-district, Muang district, Phuket Tel 66(0)-7621-5100, Fax 66(0)-7621-5714
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 Road, Ladsawai, Lumlukka, Pathumthani 12150 Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Shareholding :99.99% 2) Phol Water Co., Ltd. Head Office : 1/11 Moo 3, Lumlukka Road, Ladsawai, Lumlukka, Pathumthani 12150 Tel 66(0)-2791-0111-2, Fax 66(0)-2791-0100-3 Phuket Branch : 1/127 Moo 3, Thepkasattri Road, Rasada sub-district, Muang district, Phuket Tel 66(0)-7621-5100, Fax 66(0)-7621-5714 Shareholding :99.99% 3) Pholdhanya (Cambodia) Co., Ltd. No. 952D, Street 128, Khan Toul Kork, Phnom Penh, Cambodia Shareholding 70%

Other references

Registrar	: Thailand Securities Depository Co., Ltd. The Stock Exchange of Thailand Building 93 Ratchadaphisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel 66(0)-2009-9000, Fax 66(0)-2009-9991, Website : www.set.or.th/tsd
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 Univest Complex 15th Floor, Rachadapisek Road, 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, Please 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 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, the Company’s operation changed its business mission to the distribution of Occupational Safety, Health and Environment Products. Over 35 years, The Company is one of the leading comprehensive distributors.

In 2009, the Company has expanded into Water treatment business by selling water treatment equipment for home-use and industrial-use, by designing, manufacturing, construction 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. (SAFETY)

The product group used to create safety for workers or to enhance safety in the workplace. 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, KENEX, ENV-SAFE, and ENVO. The Company’s product distribution is divided into 2 groups as follows:

1.1 Personal Protective Equipment (PPE)

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



1.2 Safety and Environment Products

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

2. Control Environment Products (CE)

Control Environment Products are used to control the environment for the cleanliness and safety in the workplace, such as Cleanroom for Hospital, Cleanroom for electronic component manufacturing industry, Cleanroom for automobile components manufacturing industry, Cleanroom for Pharmaceutical industry, Cleanroom for medical devices manufacturing industry, and etc., which need to contamination control small particles and dust coming from workers, machinery, manufacturing process, and outside air. These can result in products or workpieces of no quality Products in this category includes clean room clothing and clean room suit, equipment for cleanroom such as wipes, clean room stationary, cleaning equipment, antistatic device, and etc.



3. Water Solution Products. (WATER)

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. The company has developed a water purifier product for house brand, Aquamex.

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, construction 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.

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

The water or wastewater treatment system that the company provides services to customers can be divided into 5 systems according to the demand and the required quality of water as follows.

- **Potable and drinking water system** Potable and drinking water system is a system for improving the quality of untreated water such as natural surface water (in canals, rivers, and groundwater) and contaminated water so that they can be used for consumption as well as in various industries including mobile tap water production.
- **Waste water treatment system** Waste water treatment system is a system for wastewater from the operations of factories, buildings and activities which needs to be treated before being released into the environment.
- **Waste water recycling system** Waste water recycling system is a waste water treatment system for the purpose of reuse in the operation by using a variety of treatment technologies to get the proper water quality after treatment, which is suitable to the usage purpose.
- **Purified water system** Purified water system is a pure water production system for high specification applications
- **Desalination System** Desalination system is a system that treats sea water through the purifying process to reduce saltiness, and it then could be used in general or for the industrial purpose.

Major brands that the company distributes in the range of Water Solution Products are GE, PENTAIR and ANDRITZ

The Company's Business Objective

With regards to the long-term business execution plan, the Company emphasizes on operating the business in alignment with the vision which is "To be a leading and sustainable provider of Safety, Health, Environment (SHE) products and services in Thailand and ASEAN". The key rationale behind this vision involves human resource development, grooming professionalism in safety, health and water business for staff members which is one of the critical factors driving business growth, as well as improvement of internal processes and utilization of the informational technology system to increase the speed of service delivery to customers.

The Company's core business is the distribution of Occupational Safety, Health and Environment Products, focusing on providing professional and comprehensive services, through continuous development of human resources in order to provide services professionally in the safety and occupational health businesses. The aim is to increase market share especially in industrial and government sector customers by enhancing variety of the product portfolio, developing new products and services that require techniques and expertise to add values to the products to be able to meet demands of existing and prospect customers to secure higher market share. Furthermore, it is the Company's goal to increase market share for products branded Synos, which is the house brand, both in Thailand and ASEAN countries, especially in the CLMV market, including the improvement of service provision to cover all areas of customers' requirements; equipment rental, safety equipment, consulting service, product training service, new innovation and technology related to safety and occupational health, and after-sales service centers.

With regards to Control Environment Product distribution business, the goal is to increase revenue by improving products, increasing variety of products and providing customized production service to meet unique demands of customers by collaborating with manufacturers to increase revenue generation from existing customer base in the electronics industry, and to expand customer base where the Company's market share in the CE market is still low, for instance, pharmaceutical production, hospital, automobile assembly plants, manufacturing plants and solar panel assembly business. Moreover, the focus is also on managing product cost and ensuring the appropriate amount of inventory to serve customers' needs on a continuous basis, which is an important factor for customers' production cycle, including the speed of service delivery and brand development for customers to realize the importance and difficulty of changes.

In terms of water treatment system for consumption business, the Company still foresees the opportunity for growth both from private and industrial sectors where the water treatment system still remains significant and necessary for business operations, coupled with the fact that the government's budget still allows for continuous water management policy. The Company hereby focuses on human resource development, building teams with knowledge and expertise in the water treatment system, process improvement for effective project execution, in turn supporting the water treatment business to generate growth for the Company in the future.

For the overall operating performance in 2018, it is expected that the revenue generated from sales and service shall grow by no less than 10% compared to 2017, with key focuses on safety, occupational health and environment-related products and services or 'SAFETY' and control environment products or 'CE'. For products and services related to water treatment for consumption or 'WATER', the revenue has been projected to drop due to the fact that the amount of government projects taken on by the Company has become lower in order to accelerate completion of all the delayed projects. The impact from delayed delivery of projects will subside compared to the year before, thus it has been forecasted that the overall operating performance of the Company will likely to generate profit as usual.

Important changes and Developments

Important changes and developments as follow;

In 2008, the Company become a public company limited and registered with an increase of capital of Baht 135 million. 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, 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. And 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 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 of Baht 10 million.

The resolution of Annual General Meeting 2014 approved to 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 2015, the Company negotiated to acquire the Subsidiary, Pholdhanya (Cambodia) Co., Ltd. The remaining 30 percent of paid-up capital shares at a price of 1 baht, due to the operating result reported loss. The value of investments was accounted 100 percent. However, the operation of the subsidiary company has failed to meet the target; the Company has temporarily ceased its operations to reduce operation expenses of the subsidiary company and expected to cease its operations permanently in 2018, due to no suitable business plans and to reduce the total operation expenses of the subsidiary

In August 2016, The Extraordinary General Meeting no. 1/2016 has resolved to increase the Company’s registered capital to Baht 251 million by issuing new ordinary shares, 40.50 million shares to the existing shareholders of the Company according to their shareholding position (Rights Offering), 40.50 million shares to support the exercise of warrants (PHOL-W1) and 8 million shares to support the rights adjustment of ESOP warrant allotted to Board of Director and employee of the Company (ESOP-Warrant). In 2017, There are no warrant holders exercising their right during the exercise period, also the existing balance of 40.50 million units of PHOL-W1 and the existing balance of 8 million units of ESOP-Warrant.

Business Structure of PHOL Group



Industry Condition and Competition

Industry Condition and Competition

Occupational Safety, Health and Environment Products

The business that distributes products, which are in the field of Occupational Safety, Health and Environment 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 needs to get certified of the international quality standard in order to enhance the standard of production and business operations. Furthermore, occupational safety, health and environment are key issues that both industrial and general entrepreneurs place great emphasis on as they are related to the sustainability of the business. Being aware of the significance of occupational safety, health and environment is considered necessary for business development. A greater awareness of employees' and operators' safety and environment is a factor enabling a tendency for expansion of the occupational safety, health and work environment-related products.

The Office of the National Economic and Social Development Board reported that Thailand's overall economic outlook in 2017 grew by 3.9%, improving from the previous year when the economic expansion was 3.2%. Meanwhile, the Office of Industrial Economics reported that the industrial productivity index increased by 1.58% in 2017, whereby well-performing industries are electronics industry and food industry, which expanded in pursuit of the export sector's demand as the economy of key partner countries have begun to recover. In the meantime, the automotive industry has expanded in accordance with domestic demand, while expansion is prevalent in almost all other industrial groups, leading to higher demand for Occupational Safety, Health and Environment Products. Given this, the Company's warehouse system can accommodate such an increased demand, capable of consistent distribution of products, which is a critical factor for customers' production process. The Company also collaborates with customers and manufacturers in the development of products and services, especially technical products related to safety, which require specialized expertise. The Company has always been executing continuous sales training and development to provide services professionally. In 2017, revenue generated from Occupational Safety, Health and Environment Products (SAFETY) stood at 715.18 million Baht, increasing by 27.81 million Baht or 4.05% compared with the previous year, due to higher revenue generated from sales and service provision in technical safety products and higher revenue from government sector customers.

In 2018, the Office of the National Economic and Social Development Board forecasted that the Thai economy will expand by 3.6-4.6%, with facilitative factors from the spending stimulus initiative and the government's investment projects that have been expanding continuously from the year before, as well as the economic support policy and the Eastern Economic Corridor investment scheme 'EEC' and the growth of the export sector in relation to the expansion of the economy of key partner countries. Meanwhile, there is a tendency for the industrial production and private sector investment to pick up from 2017, thus it is expected that demand for the Company's products and services will grow. In this regard, the Company focuses on providing comprehensive services, selling and providing services like a professional, developing human resources to be experts in the products and services. The goal is also to increase the market share by improving existing products and increasing new products to satisfy the needs of existing and prospect customers where the Company's market share is still limited, as well as increasing the market share of house brand both for domestic and ASEAN markets.

The competitive landscape of safety, occupational health and environment products has gained higher intensity than before. Minor competitors have begun to enhance the variety of products especially for general safety products, where the key competitive mechanism is the price factor. With this, the Company can still be at an advantage in terms of cost management, warehouse and inventory management, bulk purchase, and that products are of quality and certified standards. The Company does not emphasize on competing with price but rather on quality products under reasonable price. Furthermore, being in this business for a long time, with satisfied operating performance, development and sourcing of new products especially technical products that require specialized expertise, has allowed for comprehensive service provision in safety, occupational health and environment aspects. The Company also emphasizes on creating maximum customer satisfaction on products and services, allowing the Company to maintain the viability of the market and good relationship with customers.

Control Environment Products

Key customers of control environment products are in the electronics industry. In 2017, the manufacturing of electronics industry expanded by 7.51% from the year before, marking the first occasion of growth in 2 years, supported by higher demand for electronics products in the overseas market as integrated circuit (IC) products are key components for the development of advanced technology products and smartphones, which have gained higher demand as well. The hard disk drive (HDD) electronics components have been improved to accommodate higher capacity to be used in the cloud storage industry, contributing another factor for the expansion of the electronics industry. The use of control environment products to prevent impact on the parts and manufacturing process is considered highly critical for the production of electronic parts.

In 2018, the electronics industry is likely to expand continuously from 2017, resulting from the recovery of the export sector that has higher demand for electronics products. Moreover, there is a possibility of investors moving manufacturing base to Thailand, given the government's investment promotion initiative and the Eastern Economic Corridor (EEC), thus allowing growth opportunity for the control environment product distribution and service provision.

There is a likelihood for higher competition, though the majority of competition is based on price factor. However, it is less likely for customers to change the products they use as doing so might impact production in certain ways but the focus is primarily on cost. Therefore, the Company emphasizes on managing product cost, the speed of service delivery, creation of brand awareness for customers to realize the importance of the products and the difficulty to change, and presentation of products according to special needs and unique utilization for certain customers, in order to increase market share and maintain existing potential customer base.

Water Solution Products

Water is an essential public utility for living and the economic system. The utilization of water for consumption and for several activities in the economic system such as agricultural, industrial and energy production sectors tends to increase in pursuit of the increase in the number of population and economic expansion. Also, the impact of natural disasters potentially leads to a number of problems related to water resources, for instance, water shortage, flood, deterioration of water quality, etc. With this, several organizations in the public and private sectors have been placing greater importance in the management of water resources.

Because the Company still suffers from the impact of the submission of the community water supply project that has been delayed from 2016, delay compensation and additional cost from accelerating the construction were incurred. The Company has taken corrective actions and gradually delivered the project, and temporarily ceased to take on new projects from the government. Thus, the revenue from water treatment business has dropped in 2017, and the revenue after deducting delay charges amounted to 77.59 million Baht, with unrealized revenue of approximately 28 million Baht as of December 31, 2017. For the industrial water treatment system business, the revenue increased slightly from projects that have started to generate revenue in 2017 and from the distribution of water treatment system equipment, as the majority of staff members were dedicated to the acceleration of the delayed government projects.

The Company foresees growth opportunities in 2018, focusing on industrial and the private sector customers, given the tendency of expansion and higher investment potential to increase production following continuous growth of the industrial economy. For government projects, the Company decided to hold taking on more projects in order to accelerate completion of pending projects.

For the competitive landscape of the water treatment system business, there are small, medium and large-sized entrepreneurs, and each has different service requirements. Given diverse customers, the water management market has a higher tendency for expansion. The competition is currently said to be in the medium level, and the Company's focus is on small and medium-sized systems. Thus, competitors are small and medium-sized entrepreneurs, and so the Company's advantage is its investment capability, collaboration with manufacturers on technological advancement, management system, and credibility, enabling competitiveness for the Company.

Revenue Structure

The company's consolidated revenue structure in 2015-2017, as follows:

Products and Services	Unit: MB					
	2017		2016		2015	
	Amount	%	Amount	%	Amount	%
1. Occupational Safety, Health and Environment Products (SAFETY)	715.18	71.90%	687.37	62.33%	715.45	77.94%
2. Control Environment Products (CE)	163.84	16.47%	130.29	11.81%	104.82	11.42%
3. Water Solution Products (WATER)	106.83	10.74%	280.34	25.42%	94.64	10.31%
4. Other revenue	8.83	0.89%	4.87	0.44%	3.04	0.33%
Total	994.68	100%	1,102.87	100%	917.94	100%

Overview

The consolidated financial statements as of December 31, 2017, Phol Dhanya Public Company Limited (The Company) recorded revenue from sales and services of 985.84 MB, decreasing 112.15 MB or 10.21% compared to the revenue from sales and services of 1,097.99 MB in the previous year. Revenue from sales and services of Occupational Safety, Health and Environment Products (SAFETY) and Control Environment Products (CE) were increase according to expansion of manufacturing industries. However, Water Solution Products (WATER) recorded revenue from construction contracting service of the community water supply projects decreased compared with the previous year. In addition, the reversal of penalties arising from delays of constructions was recorded as deduction of revenue from construction and service contracts. The result of delayed completion of the construction continuously, the Company had more penalties arising from the delay of projects and costs overrun. In 2017, the company estimated liabilities arising from the delay of this project for 156.18 MB, however the amount of 129.84 MB was reclaimable from the sub-contractors. The Company assessed its ability to reclaim the penalties from the sub-contractors and estimated that the Company cannot reclaim any penalties from the sub-contractors. The Company has during taking the legal action to the sub-contractor for the penalties, in accordance with the conservative principle, the Company records the penalties arising from construction delay incurred in 2017 as cost of construction and fully provision for doubtful of 59.65 MB. However, the Company will recognized penalties as revenue when reclaim penalties from the sub-contractors.

In addition, The Company used DCF for asset valuation, therefore, the impairment of assets for drilling machines are 10 MB in quarter 4/2017. In 2017, the Company's loss before income tax was 134.98 MB and income tax credit balance of 17.50 MB from deferred tax assets which's calculated from allowance for doubtful debts. The Company's consolidate net loss attributable to equity holders of 117.48 MB in 2017

Operating performance

	Unit : MB		
	2017	2016	% YoY
Revenue from sales	863.37	816.53	5.74%
Revenue from rendering of services	44.70	21.11	111.73%
Revenue from construction and service contracts	77.77	260.35	-70.13%
Other Revenue	8.83	4.87	81.35%
Total Revenue	994.68	1,102.87	-9.81%
Cost of sales	631.44	606.72	4.07%
Cost of rendering of services	43.16	21.88	97.29%
Cost of construction and service contracts	171.96	232.74	-26.12%
Total Costs	846.56	861.34	-1.72%
Gross Profit	139.28	236.65	-41.15%
Gross Profit (%)	14.13%	21.55%	-
Total Selling & Administrative Expenses	269.82	246.79	9.33%
Profit (Loss) before Finance Costs and Income Taxes Expense	(121.71)	(5.26)	2,212.05%
Profit (Loss) before Finance Costs and Income Taxes Expense (%)	(12.24%)	(0.48%)	-
Profit (Loss) attributable to equity holders	(117.48)	(15.25)	670.53%
Net Profit (Loss) (%)	(11.81%)	(1.38%)	-
Basic earnings per share (Baht)	(0.58)	(0.08)	622.19%
Weighted average number of ordinary shares (Million shares)*	202.50	189.80	-

*In 2016, The Company has increases, Issuance of the Capital Increase Ordinary Shares offered for the existing shareholder of the Company proportionately to their shareholding (RO) of 40,499,996 Shares

Revenue

Revenue structure	Unit : MB				
	2017		2016		% YoY
	Amount	%	Amount	%	
Occupational Safety, Health and Environment Products (SAFETY)	715.18	72.54%	687.37	62.60%	4.05%
Control Environment Products (CE)	163.84	16.62%	130.29	11.87%	25.74%
Water Solution Products (WATER)	106.83	10.84%	280.34	25.53%	-61.89%
Total revenue from sales and services	985.84	100%	1,097.99	100%	-10.21%

In 2017, the Company's sales and services were 985.84 MB, comprise 863.37 MB of revenue from sales, 44.70 MB of revenue from services and 77.77 MB of revenue from construction contracts. Total revenue decreased by 112.15 MB or 10.21%, compared with 1,097.99 MB in the previous year.

The overall of industrial economics outlook for the year 2017 has continued growth. Total manufacturing sector expanded by almost all industries, supported from both the export sector and domestic consumption demand. In particular, export-oriented production which is recovering in line with global economic. The company's customers which mostly in the key industries such as automotive industry and electronic industry and petrochemical have increased their demand for products and services of the Company. Revenue from sales and services of Occupational Safety, Health and Environment Products (SAFETY) was 715.18 MB, increasing by 27.81 MB, or 4.05%, from the previous year, mainly due to the revenue from sales and services of technical products. In addition, revenue from sales in government sector and new customers were increased.

Revenue earned from Control Environment Products or CE was 163.84 MB, increasing by 33.54 MB or 25.74% compared with the previous year. Major customers are in the electronics industry which has been growth according to market export growth.

Revenue from Water Solution Products or WATER equals 106.83 MB, decreasing by 173.50 MB or 61.89% compared with the previous year, due to revenue recognized from construction contracting service of the community water supply project was decreased and the reversal of penalties arising from delays of constructions was recorded as deduction of revenue from construction and service contracts. However, Revenue from services of water treatment systems in industrial customers were increase compared with previous year

Other revenues equals 8.83 MB comprise 5.06 MB of gain on exchange rate and 3.77 MB of income from properties rental and others

Cost of Sales and Services

The Company's cost of sales and services in 2017 were 846.56 MB, comprising of 631.44 MB cost of sales and 43.16 MB cost of services and 171.96 MB cost of construction. Cost of sales increased proportionally with more revenue from sales. Cost of services includes depreciation cost for services increased proportionally with more revenue from services. Cost of construction was high than revenue due to the extra cost to rush the project completion.

Total Cost was accounted for 85.87% of total sales and services revenue, in 2017 the Company's gross profit margin of 14.13% % which decreased compare with 21.55% of the previous year. However, gross profit margin from sales and services of SAFETY and CE products were increase, due to the increase of sales of high margin products and cost of goods decreased from the appreciation of baht.

Selling and Administrative Expenses

In 2017, selling and administrative expenses were 269.82 MB comprising 91.62 MB of selling expenses and 178.20 MB of administrative expenses. The mostly of sales and administrative expenses were decrease due to the policy to reduce unnecessary expenses of the Company in the second half. However, some of expenses such as transportation expenses and sales commission were increase according to revenue from sales. Administrative expenses included 59.65 MB of provision for doubtful debt for receivables for penalties arising from delays of construction, 10 MB of allowance for impairment of assets for drilling machines and 4.67 MB of penalties arising from delays of constructions

The company's financial cost was 13.27 MB, increasing due to the increase in loan from financial institution for working capital.

Net profit

In 2017, The Company's loss before income tax was 134.98 MB and income tax credit balance of 17.50 MB from deferred tax assets. The company's consolidate loss profit (attributable to equity holders of the Company) was 117.48 MB, accounted for net loss margin 11.81%

Financial Position

	Unit : MB				
	December 31, 2017		December 31, 2016		% Change
	Amount	%	Amount	%	
Current Assets	576.63	50.84%	770.07	80.14%	-25.12%
Non-Current Assets	210.85	18.59%	190.88	19.86%	10.46%
Current Liabilities	484.34	42.70%	534.12	55.51%	-9.32%
Non-Current Liabilities	69.02	6.09%	75.82	7.88%	-8.97%
Shareholder's Equity of the Company	235.43	20.76%	352.31	36.61%	-33.18%

Assets

As of December 31, 2017, the Company's total assets equaled 787.48 MB, decreasing by 173.47 MB or 18.05% from December 31, 2016. The decreased assets were mainly from current assets decreasing from 129.67 MB of other receivables from allowance for doubtful debt for receivables for penalties arising from delays of construction. And unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 160.69 MB. However, cash and cash equivalents were increase of 43.42 MB.

Non-current assets amount to 210.85 MB, mainly increase from 30 MB of restricted deposits with financial institution for short-term loan facility and deferred tax assets increased of 18.53 MB. However, property, plant and equipment – net decrease of 10 MB of allowance for impairment of assets for drilling machines and 6.96 MB of sales of vehicles.

Liabilities

As of December 31, 2017, the Company's total liabilities equaled 553.36 MB, decreasing by 56.59 MB or 9.28% from December 31, 2016. The decreased liabilities mainly due to the decreased of 27.09 MB in short-term loans from financial institutions and 52.11 MB of moving the penalties arising from construction delay to cost of construction. However, trade and other payables were increase by 39.91 MB.

Non-current liabilities were increase mainly due to the increase of 5.75 MB from liabilities under finance lease MB and 7.14 MB of the long-term loans from financial institution. Employee benefit obligations were increase 2.46 MB.

Shareholder's equity

As of December 31, 2017, Total shareholders' equity of the Company was 235.43 MB, decrease due to the resulting from 117.48 MB of net loss for the period.

Cash Flows

Cash Flows	Unit : MB	
	December 31, 2017	December 31, 2016
Cash flow from (used in) operating activities	132.73	(242.85)
Cash flow from (used in) investing activities	(31.23)	(14.54)
Cash flow from (used in) financing activities	(58.63)	242.47
Net increase (decrease) in cash and cash equivalents	42.87	(14.93)
Cash and cash equivalents at the end of the period	92.23	44.13

The Company's net cash acquired from the operating activities was 132.73 MB, with loss from operations before changes in operating assets and liabilities of 5.31 MB. The major reason for the change, due to the trade and other receivables increased 50.72 MB, and unbilled receivables and prepaid expenses to the subcontractors for the construction decreased of 160.69 MB and trade and other payable were increased of 39.16 MB.

Cash flow utilized in investment activities amounts to 31.23 MB, mainly from 30 MB of restricted deposits with financial institution for short-term loan facility and 4.84 MB was used to purchase fix assets and software, but proceeds from sales of fixed assets of 2.78 MB.

Cash flow utilized in financing activities amounts to 58.63 MB mainly from repayment of loans from financial institutions of 39.49 MB and debt settlement according to financial lease of 8.01 MB was arranged, with an interest expense of 11.12 MB.

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. The Risk Management Committee had been monitoring the corporate risk management plan to effectively manage and control the risk at the acceptable level in accordance with the company's risk management policy. In addition, the policy was regularly reviewed to cover various risks. The details of risk management are as follows;

1. Risk from fluctuation in foreign currency exchange rates

The company's products were imported directly from an overseas supplier. In 2015-2017, the company imported products accounted for 68%, 69%, and 68% 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. The company had considered the effects of the exchange rate and manages its risk by use forward contracts with financial institutions to protect itself against such risk, which covered all foreign trade payables for the period. As of December 31, 2017, the forward accounts stood at Baht 225 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 2015-2017 financials, where the profit (loss) from exchange rate was baht (0.68) million, baht 3.48 million and Baht 5.06 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 31% of the total sales revenue in 2017. 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 2017, the Company had its own brand of products is more than 200 items, representing revenues of approximately 13% of revenue from sales and services.

3. Risk from account receivables

The products distribution of the Company in 2016-2017 reported the credit sales at 93% 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. In 2017, bad debt accounted for 0.67% of trade receivables. (Not including bad water projects. 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, most of inventories are fast moving. 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 in subsidiary

Phol Dhanya (Cambodia) Co., Ltd.

Initially, the Company's investment in the common stocks of its subsidiary, Phol Dhanya (Cambodia) Co., Ltd., accounts for 70%, valuing 210,000 USD, an equivalent of 6.77 million Baht. In 2015, Phol Dhanya (Cambodia)'s operating performance was still in a state of continuous loss, urging the Company to negotiate with joint ventures in purchasing the remaining 30% shares for the price of 1 Baht per share since the amount of loss had surpassed the amount of capital.

From the 2016 execution plan, after the Company's 100% investment in Phol Dhanya (Cambodia) Co., Ltd., the Company aims to expand the market for safety, occupational health and environmental products since there is high potential for market growth in this segment, other than water purification system business, in anticipation of improving the operating performance. However, the operation of the subsidiary company has failed to meet the target so the Company has temporarily ceased its operations after the end 2016. The company is expected to cease its operations as the business is not worth the cost.

The Company had record of 6.77 million Baht for impairment reserve from the investment in Phol Dhanya (Cambodia) Co., Ltd., according to the separated financial statement.

6. Risks Arising from the Construction of Water Supply Systems

6.1 Risks Arising from Delayed Constructions

As a common practice, the contract in which the Company renders services to each employer will clearly specify the exact due date for delivery. Some projects might experience some delays due to the inability to manage the construction projects as committed or other uncontrollable external factors such as natural disasters. In case the cause of delays are borne of the Company as a contractor, the Company will have to bear additional expenses from possible fines charged by the employer as stated in the contract, which will affect the project's profitability.

The company had projects with the delayed completion against the contract in 2016 and 2017. This could result in additional expenses such as penalties and overrun costs. As the company has been aware of such issue, hedging was then focused by planning and scheduling the project based on the Critical Path Method (CPM). The company has been long delayed to delivery of the projects, due to many risk factors occurred also the board of director has resolved to slow down the bidding for future project of water supply system until the company has completed project on hand.

6.2 Risks Arising from Obligations after Delivery

The contract states that, for construction projects that have already been delivered, the Company is required to take responsibilities for any possible damages, deterioration and defects identified by the employer for a period of approximately 2 years after project delivery. Hence, the Company has to bear this obligatory risk during this particular period of time.

Nevertheless, the Company has prescribed the construction standards by way of assuring quality and compliance with the standards as well as the use of standardized materials and equipment. Also, the product warranty shall cover the warranty period of the projects in order to best minimize any potential risks arising from project warranties.

Securities and Shareholders Information

1. Registered capital and Paid-up Capital

As of December 31, 2017, The Company's registered capital of Baht 250,999,978 divided into 250,999,978 common shares with a par value of Baht 1.00 per share and paid-up capital of Baht 202,499,982

Company doesn't issue other shares except ordinary shares.

2. Shareholders

Top 10 major shareholders of the company as of December 31, 2017 are as follows:

No.	Shareholders Name	No. of Shares	%
1.	Group of Wangthamrong Family	77,231,178	38.14
	- Mrs. Naowarat Wangthamrong (The persons under Section 258 of Mr. Chavalit Wangthamrong)	19,626,661	9.69
	- Mr. Chavalit Wangthamrong	18,744,555	9.26
	- Miss. Thanthida Wangthamrong	17,854,779	8.82
	- Mr. Thanya Wangthamrong	15,097,433	7.46
	- Miss. Thanatsiri Siriworasit (The persons under Section 258 of Mr. Thanya Wangthamrong)	5,280,000	2.61
	- Mrs. Wannee Wangthamrong	627,750	0.31
2.	Group of Jarutangtrong Family	32,661,250	16.13
	- Mr. Apichart Jarutangtrong	22,860,000	11.29
	- Mrs. Ananya Jarutangtrong (The persons under Section 258 of Mr. Teeradej Jarutangtrong)	8,551,250	4.22
	- Mr. Teeradej Jarutangtrong	1,250,000	0.62
3.	Mr. Utain Pattananipol	4,200,000	2.07
4.	Mr. Chaipat Wijitsangrut	3,420,000	1.69
5.	Group of Chunjajinda Family	3,209,457	1.58
	- Mr. Pornchai Chunjajinda	1,648,129	0.81
	- Mrs. Saowanee Chunjajinda (The persons under Section 258 of Mr. Pornsak Chunjajinda)	875,646	0.43
	- Miss Siriporn Chunjajinda	517,100	0.26
	- Mr. Pornsak Chunjajinda	168,582	0.08
6.	Thai NVDR Co., Ltd.	2,611,136	1.29
7.	Mr. Kanit Peungjarurnkul	2,378,500	1.17
8.	Mr. Weerachai Dejamornthan	2,275,600	1.12
9.	Mr. Surachai Fongamornkul	1,859,150	0.92
10.	Mrs. Nanthiya Vongtanakiat	1,778,175	0.88
11.	Other	72,653,711	35.88
	Total	202,499,982	100.00

3. Summary of Changes in Percentage of Shareholding of Directors and Executives

As of December 31, 2017

No.	Name	December 31, 2017	December 31, 2016	Increase (Decrease)
Board of Director				
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	30,000	30,000	-
2	Mr. Noppadol Dheerabutrvingkul	30,000	30,000	-
3	Mr. Santi Niamnil	-	-	-
4	Dr. Pallapa Ruangrong	-	-	-
5	Mr. Teeradej Jarutangtrong	1,250,000	1,250,000	-
	Spouse and miner children	8,551,250	8,551,250	-
6	General Chaiwat Satondee	248,250	248,250	-
7	Mr. Boonchai Suwanvutthiwat	-	-	-
8	Mr.Pornsak Chunhajinda	168,582	168,582	-
	Spouse and miner children	875,646	875,646	-
9	Mr.Thanya Wangthamrong	15,097,433	15,097,433	-
	Spouse and miner children	5,280,000	5,280,000	-
Retired Directors during the year 2017				
1	Prof. Dr. Pornchai Chunhachinda	1,648,129	1,648,129	-
2	Mr. Chavalit Wangthamrong	25,812,055	18,744,555	(7,067,500)
	Spouse and miner children	19,626,661	19,626,661	-
3	Mr. Pramuk Vongtanakiat, M.D.	156,250	31,250	(125,000)
	Spouse and miner children	1,778,175	1,778,175	-
Executives				
1	Miss Prapaipit Viriyabhupha	750,000	750,000	-
2	Miss Kamolphopphan Puapansakul	-	-	-
3	Mr. Payotorn Mungthong	-	-	-

4. Distribution of Shareholding

The distribution of shareholding by Nationality as of December 29, 2017, 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	1,602	202,499,982	100	3	2,656,256	1.31	1,599	199,843,726	98.69
Foreign Shareholders	-	-	-	-	-	-	-	-	-
Total	1,602	202,499,982	100	3	2,656,256	1.31	1,599	199,843,726	98.69

The distribution of shareholding by proportion of shareholders as of December 29, 2017, 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	%
Shareholders more than 0.5%	27	143,705,178	70.97	1	2,611,136	1.29	26	141,094,042	69.68
Shareholders less than 0.5% but not less than one unit trade	1,397	58,790,796	29.03	2	45,120	0.02	1,395	58,745,676	29.01
Shareholders less than one unit trade	178	4,008	0.00	0	0	0.00	178	4,008	0.00
Total	1,602	202,499,982	100	3	2,656,256	1.31	1,599	199,843,726	98.69

Note: 1) The distribution data prepared by TSD, in case of multiple accounts and/or principle address will count as one shareholder.
2) Refer Article of Associations shareholders ratio for foreigner not exceeding 49% of the existing shares and paid-up capital.

5. Shareholders' Agreement regarding significant matters which shall be affected the securities holding and management.

- None -

6. 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 50,000,000 divided into 5,000,000 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	4,999,997	99.99%
2	Mr. Chavalit Wangthamrong	1	0.00%
3	Mr. Boonchai Suwanvutthiwat	1	0.00%
4	Mr. Pornsak Chunhajinda	1	0.00%
	Total	5,000,000	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. Phol Dhanya Public Company Limited holds 100%

7. Other Securities

- Warrants to Purchase the Ordinary Shares of Phol Dhanya Public Company Limited No.1 to be allotted to Existing Ordinary Shareholders of the Company (PHOL-W1)

The Extraordinary General Meeting of Shareholder No. 1/2016 which was held on August 29, 2016 has passed a resolution to increase registered capital of the Company with the allotment of new ordinary share not exceeding 40,499,996 shares at par value of Baht 1.00 to Company's existing shareholders proportionately to their shareholding (Rights Offering) at the subscription ratio of 4 existing shares to 1 new ordinary shares. The Offering price of the newly issued ordinary shares is 2.00 Baht per share. The issuance and offering of the warrants to purchase the Company's ordinary shares No. 1 with the allotment of new ordinary share not exceeding 40,499,996 shares to the Company's existing shareholders who subscribe for the capital increase ordinary shares proportionately to their shareholding (PHOL-W1). The warrants shall be offered to the existing shareholders who have subscribed for and been allocated the newly issued ordinary shares of the Company at an offering ratio of 1 new ordinary share to 1 unit of the warrants. Details of PHOL-W1 are as follow;

Type of the warrants	:	Warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No. 1 offered to the existing shareholders who have subscribed for and been allocated the shares
Category of the warrants	:	Named and transferable warrants to purchase the Company's ordinary shares
Term of the warrants	:	2 years from the issue and offering date
Number of warrants issued and offered	:	40,499,996 units
Number of underlying shares	:	40,499,996 shares
Issuance date:	:	November 1, 2016
Expiration Date:	:	October 31, 2018
Exercise Ratio:	:	1 unit of Warrant : 1 new ordinary shares
Exercise Price:	:	Baht 3.00 per share
Exercise Period and Period for the Notification of the Intention to Exercise the Right:	:	On the last Business Day of every April and October of each year throughout the term of the Warrants. The Warrant Holders shall declare the intention to exercise the rights within 5 Business Days prior to each Exercise Date.

In 2017, the Company determined exercise period for the notification of the intention to exercise the right of the warrants to purchase the ordinary shares of Phol Dhanya Public Company Limited No.1 (PHOL-W1) were 2 periods; No.1 on April 28, 2017 and No.2 on October 31, 2017. There are no warrant holders exercising their right during the exercise period, also the existing balance of 40,499,996 units. Whereas the exercise period of No.3 shall be April 30, 2018, and the last period of exercise is October 31, 2018.

Summary of PHOL-W1 holding of Directors and Executives

As of December 31, 2017

No.	Name	December 31, 2017 (unit)	December 31, 2016 (unit)	Increase (Decrease)
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	6,000	6,000	-
2	Mr. Noppadol Dheerabutvongkul	6,000	6,000	-
3	Mr. Santi Niamnil	-	-	-
4	Dr. Pallapa Ruangrong	-	-	-
5	Mr. Teeradej Jarutangtrong	250,000	-	(250,000)
6	General Chaiwat Satondee	49,650	-	(49,650)
7	Mr. Boonchai Suwanvutthiwat	-	-	-
8	Mr. Pornsak Chunchajinda	82	82	-
9	Mr.Thanya Wangthamrong	2,750,033	33	(2,750,000)
10	Miss Prapaipit Viriyabhupha	150,000	-	(150,000)
11	Miss Kamolphopphan Puapansakul	-	-	-
12	Mr. Payotorn Mungthong	-	-	-

Note: The decreased unit of PHOL-W1, due to sold out the such warrants as of December 31, 2017

- Warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to be allotted to Board of Director and employee of the Company (PHOL ESOP-Warrant)

The Company issue and allocate warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to Board of Director and employee of the Company and its subsidiaries (PHOL ESOP-Warrant) to motivate the directors and employees of the Company and its subsidiaries to engage in the Company's success and reward them for their hardworking and dedication to the Company in the long term, and as a means of retaining the talented and competent staff members which will ultimately benefit the Company. The Extraordinary General Meeting of Shareholders No. 1/2016 held on August 29, 2016 passed the resolution to approve the issuance and offering of the ESOP warrants. Details of ESOP-warrants are as follows;

Type of the warrants	:	Warrants to Purchase the Ordinary Shares of Phol Dhanya Public Company Limited Issued to Directors and Employees of the Company No.1 (ESOP-Warrant)
Category of the warrants	:	Registered certificate and non-transferable warrants
Term of the warrants	:	3 years from the issue and offering date
Number of warrants issued and offered	:	8,000,000 units
Number of underlying shares	:	8,000,000 shares
Issuance date:	:	December 1, 2016
Expiration Date:	:	November 30, 2019
Exercise Ratio:	:	1 unit of Warrant : 1 new ordinary shares
Exercise Price:	:	Baht 3.00 per share
Exercise Period and Period for the Notification of the Intention to Exercise the Right:	:	- First lot: November 30, 2017 exercise 30% of all Warrants allocated - Second lot: November 30, 2018 exercise 30% of all Warrants allocated - Third lot: November 29, 2019 exercise 40% of all Warrants allocated

In 2017, the Company determined the first exercise period for the notification of the intention to exercise the right of warrants to purchase ordinary shares of Phol Dhanya Public Company Limited No.1 to Board of Director and employee of the Company and its subsidiaries (PHOL ESOP-Warrant) on November 30, 2017 There are no ESOP-warrant holders exercising their right during the exercise period, also the existing balance of 8,000,000 units. Whereas the exercise period of No.2 shall be November 30, 2018, and the last period of exercise is November 29, 2019.

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	2017	2016	2015	2014	2013	2012	2011
Interim Dividend (Baht)	-	0.10	0.08	0.08	0.13	0.11	0.10
Annual Dividend Payment (Baht)	-	-	0.12	0.12	0.10	0.13	0.10
Stock Dividend	-	-	-	-	5 Existing share : 1 Stock dividend or 0.20 Baht	-	-
Earnings per share (Baht)	(0.58)	(0.08)	0.21	0.24	0.38	0.24	0.21
Dividend Payout (%)	-	-	94.42%	83.39%	114.39%	71.32%	93.54%

In 2017, the operating result of the Company has been loss, the Board of Directors deemed appropriate to propose the Annual General Meeting of Shareholders to suspension of dividend payment for the year 2017.

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.

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. 1/3 of the directors or not 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.

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.

Termination of position

- 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 9 members as follows:

No.	Name	Position	Type	Start Date
1	Assoc. Prof. Dr. Ekachidd Chungcharoen ^{/1}	Chairman of The Board	Independent Director	September 12, 2007
2	Mr. Noppadol Dheerabutvongkul	Independent Director	Independent Director	September 12, 2007
3	Mr. Santi Niamnil	Independent Director	Independent Director	May 10, 2016
4	Dr. Pallapa Ruangrong ^{/1}	Independent Director	Independent Director	September 19, 2017
5	Mr. Teeradej Jarutangtrong	Director	Executive Director	September 12, 2007
6	General Chaiwat Satondee	Director	Director	October 12, 2015
7	Mr. Boonchai Suwanvutthiwat	Director	Executive Director	April 30, 2013
8	Mr.Pornsak Chunhajinda	Director	Executive Director	April 26, 2016
9	Mr.Thanya Wangthamrong	Director	Executive Director	April 30, 2013

Retired Directors during the year 2017

1	Prof. Dr. Pornchai Chunhachinda	Chairman of The Board	Director	September 12, 2007
2	Mr. Chavalit Wangthamrong	Director	Executive Director	September 12, 2007
3	Mr. Pramuk Vongtanakiat , M.D.	Independent Director	Independent Director	January 13, 2014

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

Note:

^{/1} The resolution of the Board of Directors meeting No.9/2017, Assoc. Prof. Dr. Ekachidd Chungcharoen was appointed as Chairman of the Board and Dr. Pallapa Ruangrong was appointed as Director to replacement of Prof. Dr. Pornchai Chunhachinda who resigned effective on September 19, 2017.

Authorized Directors

Authorized signatories are Mr. Teeradej Jarutangtrong signing together with Mr. Thanya Wangthamrong 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.

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 3 members as follows:

No.	Name	Position
1	Mr. Noppadol Dheerabutrvoᅁkul ²	Chairman of Audit Committee/Independent Director
2	Mr. Santi Niamnil	Audit Committee/Independent Director
3	Dr. Pallapa Ruangrong ²	Audit Committee/Independent Director

Audit Committee No.1 has adequate knowledge and experience to review reliability of the Company's financial statements.

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

Note:

²Mr. Noppadol Dheerabutrvoᅁkul was appointed as Chairman of Audit Committee and Dr. Pallapa Ruangrong was appointed as Audit Committee to replacement of Assoc. Prof. Dr. Ekachidd Chungcharoen who resigned from the positions of Audit Committee, effective on September 19, 2017

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. 2/2018, held on February 26, 2018, reviewed and approved to determine the scope, authority and responsibility of the Audit Committee as follows:

1. To ensure that the Company has fairly presented financial reports and fully disclosed information.
2. To ensure that the Company has the appropriate and effective internal control and internal audit systems maintains the independence of the internal audit system, approves the appointment, transfer, terminate the employment of the Chief of the Internal Audit Unit and other departments responsible for internal audit.
3. To ensure the Company's compliance with the Laws related to the Securities and Stock Exchange, the Requirements of the Stock Exchange of Thailand and the business of the Company.
4. To verify the correctness and completeness of the related matters or the matters which could cause conflict of interest.
5. To verify and give comments on preventive anti-corruption measures in line with the company's anti-corruption policy. Make sure that these measures are efficient and effective.
6. To verify the Company's risk management.
7. To consider, select, propose, appoint and terminate the employment of any independent person and auditor approved by the Office of Securities and Exchange Commission to perform duty of auditing the company's account and to offer the consideration of the auditor including attending the meeting with the auditor without the meeting organizing department at least once a year.
8. To prepare and disclose the report of corporate governance of the Audit Committee publicly in the annual report of the Company signed by the Chairman of the Audit Committee.
9. To carry out any other tasks assigned by the Board of the Director as approved by the Audit Committee.
10. To review the Charter of the Audit Committee as necessary and appropriate at least once a year.
11. To review the report about the violation of business ethics and company's regulation

3 Nomination and Compensation Committee

The Nomination and Compensation Committee consists of 3 members, at least 2 persons and Chairman of Nomination and Compensation Committee shall be independent directors. The Nomination and Compensation Committee comprises three (3) members as follows:

No.	Name	Position
1	Assoc. Prof. Dr. Ekachidd Chungcharoen ^{/3}	Chairman of Nomination and Compensation Committee
2	Mr. Noppadol Dheerabutrvingkul	Nomination and Compensation Committee
3	General Chaiwat Satondee ^{/4}	Nomination and Compensation Committee

Miss Siriporn Ondee is a Nomination and Compensation Committee's secretary.

Note:

^{/3} Assoc. Prof. Dr. Ekachidd Chungcharoen was appointed as Chairman of Nomination and Compensation Committee to replacement of Mr. Noppadol Dheerabutrvingkul who resigned from the position of Chairman of Nomination and Compensation Committee, effective on September 19, 2017

^{/4} General Chaiwat Satondee was appointed as Nomination and Compensation Committee to replacement Mr.Pornsak Chunhajinda who resigned from the position of Nomination and Compensation Committee, effective on September 19, 2017

Nomination and Compensation Committee's Term on Board

Members of the Nomination and Compensation 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 Nomination rules and procedures. In addition to vacating office on expiration of term of office, a member of the Nomination and Compensation Committee shall vacate office upon death, resignation and dispossession of qualifications.

Duties and Responsibilities of the Nomination and Compensation Committee

According to the Charter of the Nomination and Compensation 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. 2/2018, held on February 26, 2018, reviewed and approved to determine the scope, authority and responsibility of the Nomination and Compensation Committee as follows:

1. Nomination
 - 1.1 To consider the appropriateness of structures and compositions of the Board of Directors and Sub-Committee.
 - 1.2 To consider criteria and procedures for recruiting qualified candidates to a director and the executive management positions, comply with Corporate Governance best practice.
 - 1.3 To consider the selection of qualified directors according to the criteria and procedure of nomination of directors, sub-committee and executive management proposed to the Shareholders' Meeting or the Board of Director, depending on the composition of the Board, knowledge, ability and experience that are beneficial to the company business.
 - 1.4 To provide development plan, knowledge and skill in directorship continuous, provide an orientation new director to know deeply information related to business operation and related regulatory.
 - 1.5 To review the succession plan for the board and top management.
2. Compensation
 - 2.1 Stipulate regulations and review remuneration structure of the Board of Directors, the Sub-Committees by proposing to the Board of Directors to approve and proposed to the meeting of the shareholders for approval.
 - 2.2 Determine the evaluation regulations and remuneration for top management by proposing to the Board of Directors to approve
 - 2.3 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 receive the aforementioned allotted securities more than (five) 5%.
3. Evaluation of its own performance, the Nomination and Compensation Committee 1 time per year for presentation to the Board of Directors.
4. Annually prepare performance yearly report to the Board of Directors and shareholders' meeting.
5. To revise the Charter of the Nomination and Compensation Committee 1 time per year as necessary and appropriate
6. To perform other duties as assigned by the Board of Directors and law regulations or as necessary and appropriate.

4 Risk Management Committee

Risk Management Committee members included Chairman of Risk Management Committee, Directors, and Executive and/or external scholars who was appointed by Board of Director. The total membership of not less than five (5) members.

Risk Management Committee comprises 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 Chunhajinda	Risk Management Committee
4	Asst.Prof.Dr.Suluck Pattarathammas ⁵	Risk Management Committee

Miss. Saowapa Choorujiporn is a Risk Management Committee's secretary.

Note:

⁵ Asst. Prof. Dr. Suluck Pattarathammas was appointed to be Risk Management Committee-external scholar

Risk Management Committee's Term on Board

Members of the Risk Management Committee are subject to a three-year term beginning from the date of appointment. In addition to vacating office on expiration of term of office, a member of the Risk Management Committee shall vacate office upon death, resignation and dispossession of qualifications.

Duties and Responsibilities of the Risk Management Committee

The Board of Directors' Meeting No. 10/2017, held on October 28, 2017, reviewed and approved to determine the scope, authority and responsibility of the Risk Management Committee as follows:

1. The Risk Management Committee, whose term in the office is no longer than 3 years from upon the date receiving the appointment.
2. Apart from the vacancy upon the completion of the office term, a member shall vacate office upon death, resignation, or disqualified or prohibited as prescribed under the Public Limited Company Law.
3. When the vacancy is from other reasons, apart from the completion of the office term, Chairman of the Risk Management Committee shall select a candidate with aforementioned qualification to fill the vacancy. Any person so appointed shall retain his office during such time only the remaining term of the vacating member.

5 Management Team

The Board of Director's Meeting No. 3/2017 on February 28, 2017 had the resolution to approve the restructuring of the Company's Organizational Chart. The resolution to abrogated Executive Committee and the position of Managing Director and appointment of Executives, Mr. Pornsak Chunhajinda as Vice President Corporate Support, Mr. Thanya Wangthamrong as Vice President Marketing and Sales, Mr. Paradorn Parepatara and Mr. Nitipat Pedprasert as Sales Directors.

Management Team^{/6} comprises 7 members as follows:

No.	Name	Position
1	Mr. Boonchai Suwanvutthiwat	Chief Executive Officer
2	Mr. Pornsak Chunhajinda	Vice President Corporate Support/Chief Financial Officer
3	Mr. Thanya Wangthamrong	Vice President Marketing and Sales
4	Miss Prapaipit Viriyabhupha	Sales Director Control Environment Products
5	Miss Kamolphophon Puapansakul	Internal Audit Director
6	Mr. Paradorn Parepatara	Sales Director SAFETY Products Group 1
7	Mr. Nitipat Pedprasert	Sales Director SAFETY Products Group 2

Note:

^{/6} 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 February 28, 2018

Chief Executive Officer's Scope of Duties and Responsibilities

1. To identify vision, direction, strategy, policies and corporate plans with covering potential risk issued.
2. Convey the company direction and strategies to the management to effectively implement the results.
3. Monitor supervise and implementation of key strategies and policies, Including objectives Financial goals, corporate plans and budgeting, reporting to the Board of Director.
4. Support and provide effective and efficient internal control an Audit system.
5. Resolve the conflicts of interest and connected transactions.
6. Coordination of comprehensive Risk Management ensure that effectively risk management system or procedure.

Authorized Level of the Company as follow:

Transactions	Board of Directors	Authorized Directors	CEO
1. Approval Annual Plan Budget Plan and Manpower	✓	-	-
2. Loan and issued Bond per time	✓	-	-
3. The documents signing; debt instruments, cheque and important issued related financial statement as stated in the company's Director of Authority table.	✓	✓	-
4. Certified the Company's Financial Report	✓	-	-
5. Approval Investment:			
5.1 Annual Investment Plan/ Invesment for Joint venture or Subsidiaries	✓	-	-
5.2 Invesment in Annual Investment Plan	✓ Over 4 MB	✓ Not Over 4 MB	✓ Not Over 2 MB
5.3 Invesment outside Annual Investment Plan	✓ Over 4 MB	✓ Not Over 4 MB	✓ Not Over 2 MB
6. Approval the connected transaction of the Company and its subsidiaries which has been approved by the Audit Committee.	✓ Over 4 MB	✓ Not Over 4 MB	-
7. Asset Disposal	✓ Over 2 MB	-	✓ Not Over 2 MB
8. Write-off Debt	✓ Over 1 MB	-	✓ Not Over 1 MB
9. Approval Selling proposes per purchase order/Customer Credit Approval	✓ Over 40 MB	✓ Not Over 40 MB	✓ Not Over 4 MB
10. Approved Requisition Order and Purchase Order	✓ Over 40 MB	✓ Not Over 40 MB	✓ Not Over 4 MB
11. Authorized under Budget	✓ Over 1 MB	✓ Not Over 1 MB	✓ Not Over 0.5 MB
12. Approval for Purchase Order for operate and maintenance property.	✓ Over 4 MB	✓ Not Over 4 MB	✓ Not Over 2 MB

In this regard, the approvals of the above transactions are in accordance with the notification of the authority of the Company and its subsidiaries which was approved by Board of Director. And the aforementioned transactions are not inclusive of those in which the Board of Directors, Chief Executive Officer, or any individuals might possibly have stakes or conflicts of interest of any kinds (if any) with the Company or its subsidiaries (as defined in the announcement of the Securities and Exchange Commission), unless the transactions are in accordance with the policies and criteria indicated by the Board of Directors. Such transactions must be declared to the Audit Committee Meeting and the Board of Directors' Meeting and/or the Shareholders' Meeting (where appropriate) in order to obtain approvals as stated in the Company's regulations or relevant laws.

6. Criteria for Directors and Management's Nomination

6.1 Criteria for Directors and Management's Nomination

The Company appointed Nomination and Compensation 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.

Nomination and Compensation 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.

6.2 Qualifications of Candidates for Directors

Nomination and Compensation 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. Nomination and Compensation 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, Nomination and Compensation 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.

6.3 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 Nomination and Compensation Committee and propose the lists to the Board of Directors and present to the shareholders' meeting to get approval
5. In the nomination process, Nomination and Compensation 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 Nomination and Compensation 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, Nomination and Compensation 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 Nomination and Compensation Committee

9. In the process of director nomination, Nomination and Compensation Committee should nominate candidates in a sufficient number to allow the Company's directors a chance to select from the candidate pool and propose the selected candidates to the shareholders' meeting in the number equal to the number of directors needed
10. Nomination and Compensation 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, Nomination and Compensation 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:

Director

Nomination and Compensation 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 benefit of the Company. 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 he 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 in 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, Nomination and Compensation 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.

Additional information related to the Company's directors and executives

In 2017, 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

7. Compensating of Directors and Executives

The Company determines compensation packages that are appropriate and comparable to those of other companies in the same industry. Nomination and Compensation Committee will determine the compensation policy for directors and top executives, including CEO and executive director, 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

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

Nomination and Compensation Committee is responsible for reviewing compensation in the form of monthly compensation, bonuses and management fee for presenting to the Board of Directors for approval. Such compensation shall have been reviewed by Nomination and Compensation Committee, who structures the compensation packages that are linked with the responsibilities and the Company's performance as well as 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 ended December 31, 2017

The Company clearly determines the compensation policy for directors. Nomination and Compensation Committee is responsible for determining compensations for directors, considering the appropriateness of the good practice according to the Company's compensation practices and survey of director compensation 2016 published by Thai Institute of Directors and responsibilities of the directors, the Company's Performance as well as practices of other companies in the same industry. In 2017, the Meeting of shareholders approved monetary compensation as follows:

- a) 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	Directors
Board of Directors	22,500	15,000
Sub-Committee	18,000	12,000

Sub-Committees include Audit Committee, Risk Management Committee, Nomination and Compensation Committee and Executive Committee.

2. Director's Bonus

It is the Company's policy to pay bonus to directors, based upon the Company's operating performance. In 2017, the Company has proposed the adjustment of bonus payment criteria for directors to the Annual General Meeting of Shareholders in order to establish motivation in creating value-added features to the Company. The criteria can be categorized into 2 parts:

Part 1: 2.5% of dividend paid to shareholders

Part 2: 10% of profit margin, in case the net profit exceeds that of 2015

Nonetheless, meeting attendance fees and directors' bonuses combined must not exceed 6 million Baht.

In this regard, the payment criteria are similar to that of the previous year; 1.5 portions are allocated to the Chairman of the Board and every individual director will be allocated 1 portion each. The calculation is proportional upon the tenure of directorship as appointed by the Annual General Meeting of Shareholders or in case where directors are appointed during the year in replacement of resigned directors. The exception applies when directors whose term of office is less than two months, whereby there will be no bonus payment.

3. Other Compensation

-None-

In 2017, the total amount of directors' compensation is 2.03 MB, comprising of meeting attendance fees of Board of Director and Sub-Committee and omit to pay director's bonus 2016. The total amount does not exceed the budget of 6 million Baht as regulated by the resolution of the Annual General Meeting of Shareholders 2017.

In 2017, the Company has been performance loss problems occurred, to mitigate the impact of such loss, the Board of Director has been proposed to reduce the expense, resolved unanimously to reduced 20% of the meeting allowance for the board of directors' meeting and sub-committees, therefore the executive director of the company and subsidiaries express their intention to receive the meeting allowances, which effective from July to December 2017. As a result, the meeting allowance for the Board of Directors sub-committees for the year 2017 decreased by 0.53MB, together no bonus payment in year 2017.

In 2017, the individual compensation of directors are as follows:

		2017						
		Meeting allowances (Baht)					Director's	Total
No.	Name	Board of Director	Audit Committee	NC Committee	Risk Management Committee	Executive Committee	Bonus (Baht)	(Baht)
1	Asso. Prof. Dr. Ekachidd Chungcharoen	180,000	68,400	21,600	-	-	-	270,000
2	Mr. NoppadolDheerabutrvongkul	162,000	74,400	32,400	-	-	-	268,800
3	Mr. Santi Niamnil	162,000	64,800	-	-	-	-	226,800
4	Dr. Pallapa Ruangrong ⁷	36,000	19,200	-	-	-	-	55,200
5	Mr. Teeradej Jarutangtrong	147,000	-	-	79,200	-	-	226,200
6	General Chaiwat Satondee	150,000	-	-	-	-	-	150,000
7	Mr. Boonchai Suwanvutthiwat	90,000	-	-	24,000	36,000	-	150,000
8	Mr.Pornsak Chunhajinda	90,000	-	-	24,000	24,000	-	138,000
9	Mr.Thanya Wangthamrong	90,000	-	-	-	36,000	-	126,000
10	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	60,000	-	-	60,000
Total		1,107,000	226,800	54,000	187,200	96,000	-	1,671,000
Retired Directors during the year 2017								
1	Prof. Dr. Pornchai Chunhachinda	189,000	-	-	-	-	-	189,000
2	Mr. Chavalit Wangthamrong	60,000	-	12,000	-	54,000	-	126,000
3	Mr. Pramuk Vongtanakiat , M.D.	30,000	-	-	12,000	-	-	42,000
Total		279,000	-	12,000	12,000	54,000	-	357,000
Total		1,386,000	226,800	66,000	199,200	150,000	-	2,028,000

Note:

⁷ Dr. Pallapa Ruangrong was appointed as Independent Director and Audit Committee to replacement of resigned director, effective on September 19, 2017. Firstly, attendance Board of Directors meeting No.10/2017 in October.

Details on the Meeting attendance of Board of Director and sub-Committee presented in topic “Corporate Governances; Board of Directors’ Meeting”

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

In 2017, the Company has paid monetary compensation to 6 top executives of the Company and its subsidiaries, totaling 10.30 MB.

Executive Compensation	Unit: MB			
	2017		2016	
	No. of person	Amount	No. of person	Amount
Salary	6	9.81	6	9.39
Bonus and Management Fee	6	-	6	3.75
Contribution to Provident Fund	6	0.49	6	0.47
Total	6	10.30	6	13.61

In 2016, The Company has granted to issue and allocate warrants to purchase ordinary shares of Phol Dhanya Public Company Limited to Board of Director and employee of the Company and its subsidiaries (ESOP-Warrant) with no value for the purposed of motivated and engage in the company's success and rewards them for their hard working and dedication in long term and to motivated talented and competent staffs work for the Company in the long term.

List of Directors and Executives who have been allocated ESOP-Warrants are as follows:

No.	Name	No. of Allocated (Units)	% of issuing and offering
1	Asso. Prof. Dr. Ekachidd Chungcharoen	114,285	1.43%
2	Mr. Teeradej Jarutangtrong	114,285	1.43%
3	Mr. NoppadolDheerabutrtrongkul	114,285	1.43%
4	General Chaiwat Satondee	114,285	1.43%
5	Mr. Boonchai Suwanvutthiwat	400,000	5.00%
6	Mr.Pornsak Chunchajinda	400,000	5.00%
7	Miss Prapaipit Viriyabhupha	290,434	3.63%
8	Mr. Payotorn Mungthong	272,286	3.41%
9	Miss Kamolphopphan Puapansakul	270,565	3.38%
10	Mr. Thanya Wangthamrong	219,240	2.74%
11	Supervisor staffs	5,347,475	66.85%
12	Un allocate ESOP-Warrants ^{/8}	342,860	4.29%
	Total	8,000,000	100.00%

Note:

^{/8} Un-allocate ESOP-Warrants remain from Directors and staffs who resigned during the year, which will propose to Nomination and Compensation Committee consider further.

In 2017, there are no ESOP-warrant holders exercising their right during the exercise period, also the existing balance of 8,000,000 units.

The compensation of Directors and Executives who was appointed as Directors in subsidiaries in the form of meeting allowance, summarized as follows:

No.	Name	2017		Total (Baht)
		Subsidiaries		
		Phol Palladium	Phol Water	
1	Mr. Teeradej Jarutangtrong	162,000	-	162,000
2	General Chaiwat Satondee	-	150,000	150,000
3	Mr. Boonchai Suwanvutthiwat	-	60,000	60,000
4	Mr.Pornsak Chunhajinda	-	60,000	60,000
5	Mr. Chavalit Wangthamrong	-	108,000	108,000
6	Miss Prapaipit Viriyabhupha	60,000	-	60,000
7	Mr. Payotorn Mungthong	60,000	-	60,000
Total		282,000	378,000	660,000

9 Personnel

Number of personnel of the Company and its subsidiaries as of December 31, 2017 amounts to total 216 as follows:

Department	Number of personnel	
	2017	2016
1. Management	6	6
2. Internal Audit	1	1
3. Quality Management	2	2
4. Secretary Office	3	3
5. Sales	81	76
6. Operating	43	43
7. Accounting and Finance	22	19
8. Marketing	12	16
9. Human Resource	6	7
10. Information Technology	6	5
Personnel of the Suusidiaries		
Phol Palladium Co. Ltd.	6	6
Phol Water Co., Ltd.	28	37
Pholdhanya (Cambodia) Co., Ltd.	-	3
Total	216	224

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 2017, the Company provided monetary compensation and non-monetary compensation for 87.35 MB and in 2015, the Company provided such compensation for 101.32 MB.

Changes in the number of employees in the past 3 years

In 2017, 48 employees left the Company and 40 new employees joined the Company

In 2016, 61 employees left the Company and 66 new employees joined the Company

In 2015, 35 employees left the Company and 41 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. Human resource development of the Company can see more detail in the Sustainability Report 2017

Corporate Governances

The Board of Directors has always been determined and abided by the principle of corporate governance, with the prescription of corporate governance policy as criteria and guideline for the organization, directors, executives and employees to ensure responsible business operations towards the society and all stakeholders in a fair and equal manner. The focus lies on the creation of business values over the long term for sustainable growth, following up on the work execution of the Board of Directors and executives to ensure that the Company's policy is being observed. The policy has been announced and disseminated on the Company's website, which coheres with the Stock Exchange of Thailand's (SET) corporate governance initiative, the Securities and Exchange Commission's regulations, the Capital Market Supervisory Board and the ASEAN CG Scorecard Standard.

Compliance with Corporate Governance Policy

The Company has 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. This regards directors, executives, and employees of Phol Dhanya Pcl. and its subsidiaries consistently comply with such policy and constantly monitor the compliance results. In 2017, there was no issue or non-compliance situation with the aforesaid policy.

In 2017, with its devotion to strictly and strong commitment to comply with the good corporate governance, PHOL has resulted achievement of good corporate governance assessment and awards for its CG recognition as follows:

- The Company was given 100 full scores 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). The average score of 618 listed companies was 91.97 scores
- The Company was received one of 110 Listed Companies awarded "Excellent CG Scoring" or "5 Stars" (90-100 scores) according to the Corporate Governance Report of Thai Listed Companies 2017, the Survey of Corporate Governance assessment of total 620 Listed Companies, an overall average score of 80%, as well as 1 of the 32 Top Quartile Listed Companies by lower than 1,000 MB. Market Capitalization.
- The Company received a membership certificate of the Private Sector Collective Action Coalition against Corruption (CAC) on October 14, 2016 by CAC Council.

Adoption of Corporate Governance Principle for Listed Companies 2017

The Board of Directors has been exercising the principle of corporate governance for listed companies in 2012 initiated by the Stock Exchange of Thailand on a continuous basis, with the prescription and annual review of the corporate governance policy or at least once a year. From the review in 2017, the Securities and Exchange Commission had announced the new corporate governance policy or Corporate Governance Code (CG Code) for listed companies to appropriately incorporate with their operations, to sustainably create values to the business for good operating performance in the long run. In this regard, the Board of Directors has considered the adoption of the CG Code and appropriately applied it to suit the nature of business operations or to seek other alternative protocols. However, the Company will be utilizing the topics under the CG Code that have not been put into practice as developmental guidelines as follows:

In 2017, topics that have not been put into practice and have appropriate alternative protocols are as follows:

Topics not exercised	Reasons for not exercising/Substitute measures
1 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 and non-executive directors have more than 66 percent.	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
2 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	The Board of Directors has not determined the longest period of office for an independent director, director and sub-committee to assume, as it is believed by the Board of Directors that every director has knowledge, ability, experience and an understanding in the business operations, with independence in expressing opinions deemed beneficial for the Company, and does not have any involvement with major shareholders, does not have controlling authority, is not persuaded or influenced by the management, thus has the qualifications to assume the independent director's position as stated in the regulations of the SET and the SEC.
3. The Board of Directors should determine the maximum length that directors and members of committees can assume their positions	
4 Nomination and Compensation Committee should comprise of all independent members	Nomination and Compensation Committee comprises of 3 members, 2 of whom are independent members. Chairman of the Committee must be independent director
5 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.
6 Individually Self-Assessment	The Board's opinion that it is a group parties. There is no individual assessment.

In this regard, the Company has disseminated the corporate governance policy and the Business Code of Conduct on the Company's website, available in two languages (Thai and English), under the topic "Corporate Governance" in order to keep shareholders, investors and all stakeholders well informed, by electronic internal communication to all employee.

The Board of Directors believes that the adherence to the principle of corporate governance, morality and ethics in business operations will help add value to the business over the long run. The Company is determined to improve its corporate governance performance according to the principle of the new CG Code and ASEAN Scorecard, with following-up activity and report to monitor the corporate governance operations in 2017 with the following key takeaways:

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 dividend, the rights to get significant Information, timely and equitable, and the right to attend or proxy 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 and inquiries freely in the meeting. 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 2017, the Company administered annual general shareholders' meeting on April 28, 2017 at Conference Room of the Company address 1/11 Moo3 Lamlukka Rd, Ladsawai, Lamlukka, Pathumthani 12150. The meeting was attended by all directors, including Chairman of the Board, Chairman of Audit Committee, Chairman of Nomination and Compensation Committee, Chairman of Risk Management Committee, Chairman of Executive Committee, Chief Executive Officer, Independent directors and executive to attended the meeting (100%). In the shareholders meeting, the company was arranged in accordance with AGM Checklist issued by Thai Investors Association and Listed Company Association, for reliability, transparency, check-balance according to the mission assigned by the Securities and Exchange Commission (SEC) as individual shareholders representative organization, as 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 allows opportunities for shareholders to propose meeting agendas and for the Annual General Meeting 2017 and name of qualified candidate to be nominated as Director, 90 days ahead of time, from October 1, 2017 to December 31, 2017 in order to allow plenty of time for the Board of Directors to consider with reference to the Company's criteria and inform the shareholder making such proposal in the meeting, and if the agenda is not incorporated. The Company has published criteria for shareholders through SET community portal and the Company's website under the menu "Investor Relations" since September 19, 2016 when the proposal period has been ended, there are no any shareholders proposing agendas or a nominees' name of qualified candidate to be elected as the Company's director for this meeting.
2. The Company informed press via SET Community Portal to disseminate to shareholders immediately after the Board has approved the Annual General Meeting of Shareholders date, time and meeting take place, Meeting Agenda and relevant information, Record date by closing register book; name list of shareholders to attend the Shareholders' Meeting and received the dividend payment to notify shareholders of their rights so that shareholders prepared themselves to attend the meeting.
3. The Company has published invitation letter and relevant documents both Thai-English version on the Company's website in advance 30 days before meeting date since March 27, 2017. The 2017 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.
4. The Company assigns Thailand Securities Depository Co., Ltd "TSD" the Company's securities custodian to distribute the invitation letter with relevant documents of each agenda to shareholders prior the meeting date within 23 days (since April 5, 2017), which exceeds what is required by law and follows the principle of corporate governance. Listed companies are to distribute the meeting invitation letter to shareholders at least 7 days and 21 days in advance respectively, 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 27, 2017 before distributing printed letters to the shareholders to allow them to study meeting material before receiving hard copies.

Meanwhile, the meeting invitation letter was sent to the registrar in advance since April 5, 2017 (not less than 7 days as required by law) and to the Company's auditor on the same day.

5. The Company publicized the meeting invitation in the newspaper on April 2, 3 and 4, 2017 for 3 consecutive days and not less than 7 days prior to the meeting date as required by law and the Company's regulations so that shareholders have enough time to study the information beforehand.
6. The Company informed details regarding supporting evidence prior to the meeting; the power of attorney letter and the method of proxy designation. In case shareholders cannot attend the meeting by themselves, they may assign independent directors of the Company or any other individuals as proxies to attend the meeting and cast vote on their behalf, or they can bestow authority upon the Company's independent directors using the power of attorney letter Form B that was sent together with the invitation letter. In this regard, shareholders can download 3 forms of power of attorney letter (Form A, B, and C) via the Company's website, whereby the Company has prepared the revenue stamp for shareholders to put on the power of attorney letter on the meeting day.
7. The Company allowed shareholders to submit questions beforehand in case clarification on any particular agendas are required within April 21, 2017.
8. 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.
9. The Company arranges channels for contact or queries by e-mail via cs@pdgth.com or ir@pdgth.com or fax no. 02-791-0100 for shareholders' maximum benefits from the meeting.

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. The Chairman of the Board performed the role of the Meeting Chairman according to the Company's regulations, starting from informing the meeting quorum, assigning the Company Secretary to take meeting minute and introducing directors, executives, auditors and legal advisors attending the meeting to provide further information and answer shareholders' questions. The Chairman of the Board, Board of Directors and all sub-committees participated in the shareholders' meeting, with 100% attendance of the required participants. The Chairman of the Board, Chairmans of sub-committees and the Chief Executive Officer all attended the meeting.
2. Facilitate and encourage shareholders/investors to attend the meeting, with the following actions:
 - Sharing the map displaying location of the meeting venue that is convenient to commute to and from (expressway) and allocating sufficient parking spaces
 - Transportation service provided to taking care the shareholders to the shareholders' meeting (BTS-PHOL)
 - Properly identifying the point of registration for shareholders and proxies (document inspection kiosk), with the Company's officers providing reception and facilitation to shareholders.
 - Preparing duty stamps in case the shareholder assigns the proxy to attend the meeting, without any additional costs.
 - The registration can be completed 2 hours (2.00pm – 4.00pm.) before the meeting and shareholders arriving after the meeting commences can also register and attend the meeting and cast vote on agendas (for agendas that have not been voted yet).
 - Using the meeting assistance program and the barcode system in the registration and vote counting processes, for better effectiveness, faster results and transparency
 - Providing impressive reception for shareholders attending the meeting for convenience and comfort.
3. Notify shareholders of how to cast votes in each agenda as well as the vote counting methods to reach a resolution, vote processing and announcing; demonstrating transparency in all the processes.
4. The Company will normally go through meeting agendas in specific order as stated in the meeting invitation letter distributed to shareholders beforehand. The agendas shall reflect the background, rationale, necessity and advices to the meeting without changing orders of the agendas or increasing the number of agendas or altering

- any important information without prior notice to shareholders, whereby the Board is aware of the significance and the necessity of shareholders' requiring enough time to study the information prior to making decisions, thus no actions were conducted that might violate or prevent shareholders from exercising their rights in every meeting.
5. The dividend payment policy has been prescribed and informed to shareholders of the interim dividend payment, with the dissemination of the dividend payment information of the past 3 years. It was proposed to the meeting to omit the dividend payment for the operating performance of the second half of 2017 (June-December) due to the loss, whereby reasons and supporting information for approval were informed to the shareholders' meeting.
 6. Appoint directors whose tenure is going to cease. Brief background information of individuals nominated to assume/resume the director position for another term of office will be provided, as well as other relevant information that is beneficial for the consideration. Anyhow, prior to the consideration of appointment, directors whose tenure is terminating or those who are nominated to assume the position for another term of office must leave the room in order to allow shareholders to express opinions and vote independently. The Company will be collecting ballots from every shareholder attending the meeting, only those that disagree or refrain from voting on an individual basis and will be collecting the remaining all ballots after the meeting to reference, accuracy and transparency.
 7. The agenda concerning directors' remuneration features an explanation provided to shareholders of the budgets and remuneration packages for each type of director. The remuneration can be categorized into meeting attendance fees and directors' bonuses, including compensation in case the person gets appointed the committee. Policies and criteria utilized in the remuneration consideration have been provided in details in the annual report.
 8. The agenda concerning the appointment of an accounting auditor and identification of remuneration features a list of nominated individuals deemed appropriate to be the accounting auditor/resume the position, the duration of service as well as other relevant information that is of benefits to shareholders' consideration.
 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. The Company informed the meeting of the resolution of each agenda upon completion of vote-counting. Votes can be classified into "agree", "disagreed" and "abstained" or "void".
 11. The Company has involved the legal advisor "Dherakupt Law Office Co., Ltd." and the accounting auditor "ANS Audit Co., Ltd." and other volunteered shareholders all 3(three) to act as intermediary "inspectors", to ensure that the Shareholders' Meeting is carried out with transparency, in accordance with laws and the Company's regulations on the following matters:
 - Document inspection process exercised upon shareholders or proxies who are eligible to attend the meeting.
 - The quorum, voting casting and vote counting approaches are coherent with the Company's regulations.
 - Ballot collection from shareholders, verification of resolution and vote results as appeared on the ballots.
 - Signing to certify the accuracy and validity of vote results in each agenda once the meeting is over.

For the AGM 2017, after finished the meeting there were 37 shareholders, 21 shareholders to attend the meeting in person and 16 shareholders by proxies, representing 118,215,048 shares, which accounted for 58.38 percent of the total issued shares. In 2016, there were 60 shareholders to attend the meeting and by proxies, representing 111,238,930 shares 68.67 percent of the total issued shares.

After the Meeting

1. The Company distributes resolutions of the shareholders' meeting via SET Community Portal within the same day of meeting date (April 28, 2017) with full details as per good corporate governance standard. The vote results of each agenda were displayed as "agree", "disagreed" and "abstained" or "void", with clear display of vote results in each category.
2. The Company prepares the minute of general shareholders' meeting 2017, which was held on April 28, 2017, 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 resolutions and number of vote with agreement, disagreement, abstained and void results for every agenda that requires voting. Voting results must be verifiable after the meeting.
 - Shareholders' questions, Board of Directors' and the management's instruction, and suggestions from meeting participants were clearly summarized.
3. The Company has published the minute of annual general shareholders' meeting both in Thai and English via SET Community Portal and the Company's website (www.pdgeth.com menu Investor Relation) within 14 days since the meeting date on May 12, 2017, allow shareholders to review and propose correction if any content of such minute is imprecise within 30 days without having to wait until the next meeting. After the end of period, there was no shareholders inform to amendment. In addition, it also has a system to maintain minutes of shareholders' meeting to allow review and reference.
4. The minute of meeting that has been signed in approval by the Chairman was submitted to the Stock Exchange of Thailand, the Securities and Exchange Commission and the registrar (Department of Business Development) to inspect and make references since May 12, 2017 as required by law to submit within 14 days after the date of the shareholders' meeting.
5. 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.
6. 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.
7. The Company has conducted shareholders' satisfaction survey regarding the Annual General Meeting of Shareholders 2017 using the Company's evaluation form. The satisfaction rating was 100% compared to the year before and all the suggestions and comments have been gathered regarding the quality of meeting invitation letters, annual report, shareholders' facilitation, meeting execution and the preparation of minute of meeting from the evaluation forms as guideline for continuous improvement of the shareholders' meeting arrangement in the future.

From continuous improvement of the shareholders' meeting arrangement, the Company got evaluated 'outstanding' on the quality of the AGM arrangement 2017 from the Thai Investors Association (TIA) with 100 full scores in the AGM Quality project 2017, which marks the first year that the updated evaluation criteria were put into practice.

Site Visit and Knowledge Sharing for Shareholders and Investors

In 2017, the company was not arranged the site visit activity after the shareholders meeting, due to timely limitation and shareholders' convenience. However, before the meeting, the company granted this opportunity to meet with the executives for better understanding of the business operation and provided marketing officer to demonstration products feature or equipment and service details as their appropriate.

(For details on the Company's treatment towards stakeholders, please refer to Section 3 "Roles of Stakeholders" and "Sustainability Report 2017")

Section2: The Equitable Treatment of Shareholders

The Board of Directors places emphasis on shareholders' rights and equality, which has been clearly stated in the corporate governance policy in terms of equal and fair treatment for all individual shareholders; major, minor, or institutional shareholders, Thai or foreign nationalities. Every shareholder has foundational eligibility as a security investor and as a shareholder or an owner of the Company via standardized, acceptable and credible means. They have the rights to obtain information that is comprehensive, timely and appropriate for decision making, to attend meetings and cast votes for meeting agendas, and to consider and jointly make decision in the Company's key matters, as well as get involve in making important transactions that can impact the Company's business operations. In this regard, every shareholder is eligible to cast vote according to the number of shares held, whereby one share is equivalent to one vote and no particular shareholders have special privilege over other shareholders.

In 2017, there were no any incidents or actions that violate or prevent shareholders from exercising their rights.

Besides, the Board of Directors also put forth its efforts in various aspects to assure shareholders of the Company's equal treatment towards minority shareholders and prescription of policies regarding equal treatment, apart from what has been regulated by laws, as follows:

1. The Company allowed opportunities for minor shareholders to propose issues to be incorporated as meeting agendas and propose names of suitable candidates to be considered for the director's position in the AGM 2017 in advance since October 1, 2017 to December 31, 2017; for a period of 90 days altogether. Selection criteria were available on the Company's website, in the category of "Investor Relations, Corporate Governance/Shareholders' Information/AGM 2017" and the information was informed to shareholders via the SET Community Portal. If any shareholders propose the meeting agendas or names of candidates, such proposals will be presented to the Board of Directors to consider the incorporation of such agendas. The Chairman of the Board would be informing the results in the AGM and had the information recorded in the minute of meeting. Upon completion of such period, there were no any proposals of meeting agendas and names of candidates from shareholders.
2. The Company preserved the rights of all shareholders and no agenda item would be added at the shareholders' meeting without prior notice to ensure that the shareholders had adequate information at ahead of time in order to make any decisions.
3. The Company encourages shareholders to use the proxy (Form B) in a format that can direct how votes are casted (with reference to the Ministry of Commerce). This form will be sent together with the meeting invitation letter and 3 independent directors will be nominated, as well as their background information, as alternatives for shareholders to act on their behalf, consist of
 - From A General proxy
 - From B Power of Attorney Letter that determines the direction of vote casting, with details clearly written out.
 - From C Power of Attorney Letter used only for foreign investors and in case a custodian is appointed in Thailand In this regard, shareholders can download 3 forms of Power of Attorney Letter from the Company's website or other formats of the letter can also be used as deemed appropriate.
4. Regarding vote casting, the ballots must be used to cast votes in the AGM, using the computer system to process vote results. Legal advisors or shareholders' representatives will serve as volunteers to ensure the accuracy in counting votes, especially for the agenda that involves the election of directors, in that case an individual vote is required (1 share is equivalent to 1 vote) and all the ballots must be collected for inspection and reference to ensure accuracy and transparency.
5. For minority shareholders can also express an opinions or file complaints to independent directors via ind_dir@pdgth.com. Independent directors will investigate these issues and figure out appropriate solutions, and they might as well propose the matters to the Board of Director's meeting, in case the issues are critical to the benefits of overall stakeholders or might affect the Company's business operations, in order to consider whether or not to incorporate into the AGM's agendas. (refer to the Company's Complaint Manual)

6. The Company designated various communication channels for shareholders to equally receive information, with the SET Community Portal as a major channel and the persons appointed to disclose the Company's information are the Chief Executive Officer and Chief Financial Officer. Furthermore, communication and public relations channels have been arranged via the Company's website and the responsible departments are the Company Secretary and Investor Relations, in order for shareholders to be able to equally gain access to the Company's information.
7. The Company prescribed the written policy that prevents inappropriate utilization of internal information as part of the corporate governance policy. It prohibits directors, the management and employees working with the information from using it to inappropriately seek personal benefits or benefits of both direct and indirect stakeholders until such information has already been disclosed to the public (No.7, 8 and 9 as detailed in the Annual Report Section 4. Information Disclosure and Transparency on "Monitoring Internal Information Utilization Policy").
8. The Board of Directors regulated that directors and the management are obliged to report any changes in ownership of one's own company, spouse and children who have not yet become sui juris to the Securities and Exchange Commission according to Section 59 of the Securities and Exchange Act B.E.2535.
9. The Board of Directors has identified criteria and approaches in reporting the stakes of directors and executives in writing and shall be regarded as standard practices. In case directors or executives appear to have critical stakes that are of particular significance, the said directors shall refrain from voting and participating in the consideration of the relevant agenda, and this shall be recorded in the meeting minute.
10. The Company regulated and announced the "Information System Security Policy" for the computer network system in order to enhance the Company's information system security to be of international standard, with reference to the ISO/IEC 27001 framework via internal communication channels to align with the regulations and Act on computer crime. The scope is also on impact minimization for any incidents, speedy system recovery right after the attack, and continuous prevention of network threats, to serve as guidelines for effective utilization of the network and computer system and for maximum benefits, as summarized below:
 - Access authority is prescribed using passwords, which shall be kept confidential.
 - Employees are to use the Internet to facilitate ones' works, and shall not disseminate inappropriate information that goes against the tradition, morality and the laws.
 - Use e-mail, the Internet and computer equipment authorized by the Company, according to the regulations and instruction for safety, for the Company's benefits only.
 - Inspect, seek for, follow up, interrogate and control the use of information system to ensure safety and appropriateness.
11. The Board of Directors has regulated protocols and procedures in making connected transactions as determined by law and standards prescribed by the Securities and Exchange Commission and the Stock Exchange of Thailand. In case there are connected transactions, approvals must be sought after from the Shareholders' meeting prior to making transactions. Details regarding connected transactions will be disclosed in the notice letter invitation. In 2017, there were no reports of connected transactions (Please refer to the "Procedures of the Approval of the Related Transaction").

Section3: The Role of Stakeholders in Corporate Governance

The Company is aware of stakeholders' basic rights as prescribed by law and is thereby determined to operate with equality for sustainable mutual benefits for shareholders, employees, customers, partners, commercial competitors, creditors, society, general public and the environment (the community in which the Company is located). These guidelines are detailed in the corporate governance manual and the Code of Business Conduct, that directors, management and staff members have to acknowledge, understand and strictly abide by.

The Board of Directors ensures that the management system acknowledges rights of each group of stakeholders and that they are all protected and treated with equality in a strict manner. The Code of Business Conduct has been reviewed, revised and announced to all stakeholders and the public on the Company's website, with the following directions.

• Shareholders	<p>The Company is determined to operate the business under the principle of good governance, intending to fairly create value-added features and returns to shareholders for maximum benefits, with an awareness of returns received and benefits generated. Apart from basic rights according to laws and regulations, shareholders are entitled to express opinions with regards to business operations as one of the owners of the Company via independent directors, who are responsible for taking care of minority shareholders. Each and every opinion will be consolidated and proposed to the Board of Directors. Shareholders' rights are explained in "Section 1: Shareholders' Rights".</p>
• Employee	<p>The Company always emphasizes on the importance of employees as they are invaluable assets of the Company, by way of equipping knowledge, ability and potential to compete. The Company aims to promote quality of work life, job satisfaction, pride and organizational engagement, as seen from fair remuneration and welfare package that are in accordance with individual performance and the Company's operating performance, while at the same time match with the market average in the same industry. Welfares and benefits are inclusive of provident fund, medical treatment welfare, personal accident insurance, financial aid in case of death of employees' or employees' family members' death, loan in case of necessity that are beyond legal regulations, as well as the emphasis on maintenance of occupational health and appropriate work environment. With respect the employee care by organized employee relations activities to ensure that engagement towards the company, employee satisfaction evaluation twice a year and results for activities development, supports its people to continuously enhance knowledge and capabilities through internal and external training, relevant knowing sharing including Kaizen principles as a tool to improve work processing for standardization and valuable their work.</p> <p>Also, the Employees' Code of Conduct is present in the Business Code of Conduct and disclosed on the Company's website (www.pdgth.com)</p>
• Clients	<p>The Company is firmly determined to deliver products and services with the best quality and in reasonable prices. It also places emphasis on; the provision of accurate information in a sufficient and timely manner; strict compliance with different terms and conditions towards clients; development and maintenance of sustainable relationship; creating satisfaction and engagement with clients; provision of systems and channels for clients to lodge complaints with regards to quality, quantity, safety and service; allocation of a dedicated function responsible for providing advices or instructions on how to use to products and services in order for maximum effectiveness and benefits for clients; provision of consulting service for any issues for clients' maximum satisfaction in products and services that are of international standards; keeping clients' information strictly confidential and never to use it for one's own benefits. The Company has prescribed policies and practices with regards to responsibilities towards clients which are detailed in the Business Code of Conduct and are also disclosed on the website (www.pdgth.com).</p>
• Business Partners	<p>The Company is ethical in the purchasing and procurement processes and treats business partners with fairness under the principle of honest competition. The Company always ensures to keep commitments given to clients and partners and strictly abide by the contracts made with business partners in order to build trust, good relationship and collaboration, for purposes of uplifting potential and effectiveness in mutual business operations in the long run. It is the Company's policy to deliver goods on time while maintaining good quality. Policies and practices on responsibilities towards business partners are displayed in the Business Code of Conduct and on the Company's website (www.pdgth.com).</p>
• Commercial Opponents	<p>The Company strictly abides by the principle of honest competition, with firm adherence to ethical and lawful business operations with regards to commercial competition. It will never conduct breach of confidentiality or attempt to obtain opponents' confidential information via deceptive means, but instead strictly abide by practices regulated in the Business Code of Conduct. In the previous year, there were no any disputes relevant to commercial opponents and the Company has prescribed policies and practices regarding treatment and responsibilities towards commercial opponents which are displayed in the Business Code of Conduct and on the Company's website (www.pdgth.com).</p>

• Creditors	The Company always keeps commitments and strictly follows terms and conditions of the contract with regards to its responsibilities towards creditors, both for creditors in the business sector and financial institutions. The Company will never be deceptive, conceal information or facts that will cause damages to creditors. Moreover, the Company participates in different activities/campaigns arranged by creditors in order to build good relationship and avoid any incidents that are prone to conflicts of interest. The Company has regulated policies and practices with regards to treatment and responsibilities towards creditors which are displayed in the Business Code of Conduct and on the Company’s website (www.pdgth.com).
• Society and General Public	<p>The Company operates the business with moral and ethical values towards all stakeholders and always adhere to the ideology in business operations, by way of arranging activities that improve quality of lives and benefits for the society and the environment as a whole; in business premises, communities and vicinities, for instance, knowledge sharing sessions on safety, products, and services to clients in private and public sectors, as well as assistance given to institutes or communities in alleviating distress from floods or public hazards.</p> <p>Furthermore, the Company encourages employees and relevant bodies to serve as good citizens, contributing benefits to the communities and the society to mutually exist and grow in a sustainable manner. In spite of economic crisis, the Company still continues its social activities, putting key focus on creativity, knowledge and ability to enhance effectiveness in managing the campaign and maximize benefits for the society.</p>
• Environment	The Company encourages every department in the organization to realize the significance of using resources effectively and anticipate development and growth simultaneously with quality of lives of citizens, as well as safe, clean and hygienic environment for employees and all groups of stakeholders.

More details are displayed on section “Corporate Social Responsibilities” which appears on “Sustainability Report 2017”.

Contacts for stakeholders

The Company allowed opportunities for employees and stakeholders to propose suggestions and opinions via different channels to collect and compile information in order to propose to the high-level executives and the Board of Directors in future occasions.

Company Secretary	Tel: 02-7910151	Email: cs@pdgth.com
Investor Relation	Tel: 02-7910206	Email: ir@pdgth.com

Furthermore, there are whistle-blowing and complaint filing channels on the Company’s website. Employees and all stakeholders can contact, propose suggestions or report any inappropriate conduct with the procedures below.

- 1) Employees or stakeholders can report any clues, complaints or suggestions via identified channels by contacting the Internal Audit Division by oneself or sending the letter of notification via the complaint mailbox, or sending the letter by post to the Internal Audit Division, via telephone at 02-791-0115 or the Company’s website www.pdgth.com or email ind_dir@pdgth.com. The information received will be treated confidentially, whereby there is a protection measure for the whistle-blowers or in case of rights violation, as specified in the Corruption Prevention and Prohibition policy and practices and/or the Company’s Business Code of Conduct.
- 2) Internal Audit Division: Receive complaints and consider the cases using the “Complaints Handling Manual”. Complaints can be classified into 3 main categories as follows:
 - 1) Dishonesty
 - 2) Conducts that are against the laws/rules/regulations of the Company
 - 3) Violation of ethics/morality/Code of Conduct, policy and practices regarding Prevention and Prohibition of Corruption of the Company and subsidiaries.
- 3) Execution Procedures: Inspect initial information and seek additional information from credible sources. In case the wrongdoing is deemed valid, the case is to be considered according to each category of the conduct; employees-borne cases are to be handled by the Human Resource or Legal divisions, while executive-level cases are to be considered by the Board of Directors or the Audit Committee. In case the alleged person is the Internal Audit Director or the

Internal Audit staff members, the Audit Committee will appoint a committee to consider the case. If the case involves the Chief Executive Officer or directors, the Board of Directors will appoint the committee to collect information and work on the case in a hierarchical manner.

- 4) Following-up and Evaluation: The Complaints Consideration Board will be executing following-up and evaluation activities until the resolution is reached or the corrective measures are identified, and will notify the person filing complaint within 7 working days after arriving at a resolution.
- 5) In case stakeholders would like to contact the Board of Directors directly (without an involvement of the management) to file complaints in case of rights violation, act of dishonesty, prohibition of laws or the Code of Business Conduct that involves high-level executives, they can do so via the facilitation of independent directors by sending e-mail to ind_di@pdgth.com or the Company Secretary via cs@pdgth.com.

Section 4: Disclosure and Transparency

The Board of Director highly values communication and disclosure of material financial and non-financial information, account-based reporting and information revealed by the event in a sufficient, complete, and timely manner to accurately reflect the Company's true operating performance, financials status, and future trend, as well as discloses other material information that may influence the price of its securities and investment decisions. 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 Company emphasize to the disclosure of important informations. The Board of Directors and Management team have strictly monitored and adhered to the following principles and regulations through the following channels:

1.1 Disclosure through SET Community Portal and the Company's website

The Company discloses the information as required by the Stock Exchange of Thailand's regulations and notifies important news to shareholders, investors and stakeholders via SET Community Portal, with the Company Secretary and Investor Relations officers preparing the information to be disclosed, both in Thai and English versions. The Chief Executive Officer and Chief Financial Officer will be signing off the information to be disclosed in SET Community Portal. The information is also available on the Company's website www.pdgth.com, whereby the information is the same as what is disclosed in SET Community Portal. Furthermore, significant matters of the Company such as key business documents, organizational structure, business operations, policies and practices in different areas, shareholders' information, quarterly/annual statements of financial position, Management Discussion and Analyses (MD&A) and press releases are also disclosed on the Company's website. The Company ensures that the information on the website is regularly being reviewed and updated for accuracy.

1.2 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 to represent information regarding the Company's business conducts and performance in the past year that is useful to shareholders and stakeholders, according to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET)

1.3 Investor Relation Division

The Company establishes Investor Relation Division to represent the Company in the disclosure of the Company's information, press releases or press conference and 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 Company Secretary

The Board of Director appointed Company Secretary to be responsible for administration of The Board of Director meetings, meetings of Committees, and shareholders' meeting. It is also responsible for prepare to disclose the Company's information which approved by authorized director or authorized person to be accurate, complete and transparent information, according to the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). Company Secretary to be responsible for monitoring and ensuring that the Company, the BOD, and the Company's executives comply with regulations, as well as collaborating with SEC, SET, shareholders, stakeholders and 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 Board of Directors 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 adopted appropriate accounting policies and consistently. Used carefully discretion, disclosed in reasonable reporting is sufficiently disclosed in the notes to financial statements. The BOD reports responsibilities of the BOD to financial statements alongside with the auditor's report for the benefit of shareholders and investors. The sub-committees' report their operating in the past year, propose to the shareholders in the company's 2017 annual report.

In 2017, 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 (amendment) and Securities and Exchange Commission and did not receive any notification for correction from the SEC and SET 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:

4.1. 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, 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. 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. Herewith published on the company's website (website: http://www.pdpth.com/ir_index.php/corporate_governance/cg_principle/guidelines_on_conflict_of_interest)

In 2017, the Company did not engage in activity that violates or is inconsistent with criteria of related transactions specified by the SEC and the SET.

4.2. 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 inspection and reference.

In 2017, Mr. Chavalit Wangthamrong, major shareholder transfer of 5,000,000 shares or 2.47% to Miss. Thanthida Wangthamrong, become sui juris, with the remaining 18,744,555 shares or 9.26%, respectively, which the summarizing changed in securities holding of director and executive management reporting to the Board of Director by quarterly basis. The summary of directors and executives' holding of the company's securities as of December 31, 2017 as shown under Section "Capital Shareholders".

4.3 Preparation of Report on Interests of Directors, Management, and Related Persons

The Board of Directors has regulated the directors, executives (according to words of appreciation of the Securities and Exchange Commission) and relevant parties to enforce Section 89 of the Securities and Exchange Act in preparing and submitting the stakeholder report in order to keep the Company informed of directors', executives' or any related parties stakes (including all the changes in those stakes), that are relevant to management and administration of the Company or its subsidiaries. The Company Secretary will be compiling and submitting copies of these documents to the Chairman of the Board, who will then examine, verify and summarize all the changes and movements to the Board of Directors every 6 months. This endeavor is considered a way to urge directors and executives to perform duties with honesty, based upon the following criteria and procedures:

- Report when assuming director or management position for the first time.
- Report every time that the information on interests change or every 6 months.
- 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. Monitoring the Use of Internal Information

The Company places emphasis on the disclosure of information and transparency, declaration of financial and operational information in a timely, accurate, complete and reliable manner to shareholders, investors, security analysts and the general public. The Board of Directors is determined to monitor legal compliance, observation of relevant regulations, disclosure of information and transparency in accordance with Section 59 of the Securities and Exchange Act. (amendment) and/or the Securities and Exchange Commission. The Company has identified individuals with direct and indirect relevance to the information or assigned delegates who can provide accurate and factual information with cautions.

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 and 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.
2. 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.
3. 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).
4. 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.
5. 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.

Herewith published on the company's website (website: http://www.pdpth.com/ir_index.php/corporate_governance/cg_principle/internal_information_control_policy)

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 section Investor Relation (http://www.pdpth.com/ir_index.php/corporate_governance/anti-corruption_policy_and_guidelines)

Whistle Blowing and Notice of Complaint

1. Email to Audit Committee: ind_dir@pdpth.com
2. Mailing directly to:

Channels	Email	Tel
Board of Director	cs@pdpth.com	02-7910111 ext.151
Audit Committee through Chief Internal Audit Officer	ind_dir@pdpth.com	02-7910111 ext.115
Independent Director	ind_dir@pdpth.com	02-7910111 ext. 115
Company Secretary	cs@pdpth.com	02-7910111 ext.151

Mailing address:

Phol Dhanya Public Company Limited.

No. 1/11 Moo. 3, Lamlukka Road, Ladsawai, Lamlukka, Pathumthani 12150

or website channel: www.pdgth.com/ir_index.php

If you have another question or concern about corporate governance policy or anti-corruption policy, Please contact: Company Secretary by Tel. or email above.

The Company Secretary is responsible for receiving documents sent to the Board and then forwarding them to the Board of director or relevant persons. Issues and recommendations will be summarized and submitted to the Board on quarterly basis, except for documents addressing the Audit Committee which will be directly forwarded to the Audit Committee without screening, in accordance with the guidelines to Anti-Corruption Policy of the Company and its subsidiaries.

In this regard, the Company follows up on the whistle-blowing cases and complaints via different channels on a regular basis. From the report prepared by the Internal Audit Division in 2017, there were no incidents that imply acts of corruption. However, there was a case where the supervisory-level staff member did not abide by such policy, which the Company had already appointed the committee to examine the facts and proceed according to the complaints handling procedures and exercise appropriate disciplinary actions as stated in the Company's regulations.

7. Investor Relation

The Company has disclosed the information as regulated by the Securities and Exchange Commission and the Stock Exchange of Thailand, together with an arrangement of investor relation staff members to cautiously perform duties in providing accurate, complete and timely information to shareholders, minority investors, institutional investors, securities analysts and/or government agencies with equality and fairness. The Investor Relation division is also in charge of providing an explanation to any rumors, incorrect news or information to shareholders via different channels, hosting a meeting with executives and site visits, attending to queries via phone calls or e-mails, publishing information via the media, preparing press releases and disclosing current affairs for each accounting period and the quarterly MD&A on the Company's website (www.pdgth.com), Investor Relation menu, in order to equally keep all stakeholders informed.

The Company also emphasizes on information disclosure via investor relations activities. The executives have participated in the activities by presenting information and meeting with investors in order to create a good understanding towards the Company's management, good relationship with investors as well as encourage continuous exchange of opinions. In 2017, the main activities as follows:

IR Activities	No. of Activities (time)
• Opportunity Days through SET's channel	1 (March)
• Exhibition "mai Forum 2017" present company's products and services to public investors, corporate by mai and Co-Host of Listed Company mai Association.	1 (July)
• Summary Company Snapshot by Quarterly basis, under the Project mai Company Snapshot by mai	4
• Press Release, Trend of business, Operating results and the Company's image through mass media	continuous
• Thanks Press and organized Press conference by annual plan	1 (February)
• Welcome the shareholders for the AGM meeting	1

In addition, the Company 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.pdpth.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@pdpth.com or through the Company's website.

The Board of Director had prescribed Investor Relations Ethics as a guideline for oversight practices Section 4: "Equitable Treatment of Shareholders and Disclosure and Transparency" which shown on the Company's website: www.pdpth.com "Investor Relation"

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

5.1 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, Strategy and collaborating with the top executives in making operating plans, both short-term and long-term cover the overview of Corporate Governance Policy, Internal Control system, Risk Management as well as review monitoring and evaluate the management performance in according strategic plan.

In 2017, the Board of Directors is formed of 9 directors; comprising of 4 independent directors, 1 non-executive director and 4 executive directors. The proportion of independent directors is higher than that prescribed by law that the number of independent directors is one-third of the total number of directors or at least three persons, counted 44.44% of the total number of directors. The names and definition of independent director are explained in section "Management Structure".

During the year, a resolution was arrived at in the Board of Directors' Meeting No.9/2017 on September 19, 2017, that the structure of committee and subcommittee is to be adjusted in accordance with the qualifications, roles and responsibilities, in replacement of directors and Chairman of the Board who had resigned to assume other important roles. The Board of Directors had appointed Dr. Pallapa Ruengrong to assume the independent director position in replacement of the resigned director and also to assume the Audit Committee member position that is now vacant. In this regard, the consideration was made by the Nomination and Compensation Committee, which the incumbent has suitable qualifications according to the criteria and laws on securities and exchange, as well as qualifications required of independent directors as specified in the legal definition of the Company's independent director. The incumbent's tenure is equivalent to the remaining tenure of the previous director, with details displayed in the "Management Structure" topic.

Leadership and Vision

The Board of Directors has a critical role in prescribing vision, strategies and objectives of the organization for sustainable growth. In the Board of Directors' Meeting on December 18, 2017 and January 22, 2018, the Company's vision and mission were reviewed, together with the meeting to identify organizational strategies and objectives among high-level executives. Constructive suggestions were proposed in the process of preparing strategic plan, thus the vision and mission statements were revised to be clearer and more coherent with the changing scenario, which is "to become Thailand's and ASEAN's leading company with sustainable business, products, and services related to safety, occupational health and environment." The Company's policy was also revised, with more focus on "the creation of stable growth with the increase in net profit of not less than 15% per year", with the strategic plan that links with the sustainable development guidelines in 3 dimensions; economy, society and environment. Additional key performance indicators regarding "organizational culture" were also identified in order for the management to adopt the policy in developing the strategic plan both for short-term and long-term periods, execution plan, budgets, KPIs for the upcoming year to be proposed to the Board of Directors for approval in the meeting held in January 2018. The suggestion was made to incorporate the information technology in developing new innovations and improve core operational procedures that will enhance the quality of customer service, partner and stakeholder support, as well as the operational system that is effective and efficient for sustainable growth.

In the organizational strategy workshop, the Board of Directors allowed opportunities for high-level executives from different divisions to propose the strategic framework that will be aligned with the organizational strategic plan for initial agreement prior to considering the approval of the annual budget for 2018 in the next Board of Directors' meeting.

In this regard, in the Board of Directors' Meeting on October 16, 2017, there was an orientation session for newly appointed director in 2017; Dr. Pallapa Ruengrong, Independent Director and Audit Committee Member. This was also held as an opportunity to review regulations related to the Board of Directors, whereby the Chairman of the Meeting extended greetings and introduced directors and executives, and offered the Director Manual to the new director on this occasion.

5.2 Sub Committees

The Board has further established sub-committees, namely, the Executive Committee, Audit Committee, Nomination and Compensation 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. (More details of the Board's responsibilities have been disclosed at the annual report under Section "Management Structure").

5.2.1 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. Mr.Noppadol Dheerabutvongkul, independent director is 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.

In 2017, the Company hired outsource internal audit from Internal Audit Dharmniti Co., Ltd. responsible to audited internal control to ensure that it was conducted in compliance and policy, sufficient to achievement the company's goal, there have Chief Internal Audit Officer coordinated with monitoring and reporting directly to Audit Committee. 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 2017, there were 6 (six) Audit Committee meeting, each of which was fully attended.

5.2.2 Nomination and Compensation Committee

The Nomination and Compensation Committee is comprised of 3 directors and at least 2 independent directors. The Chairman of the Committee must be an independent director in order to; consider, review Board's Structure, identify qualified individuals, Board Skill Matrix for director improvement and selection the qualified person to appointment or replacement of directors whose tenure is terminating, monitor market changes and trends with regards to remuneration package for director and executive in order to compatible with same industrial standard by utilized the Director Compensation Survey Report conducted by the Thai Institute of Directors as a guidelines.

A director resigned during the year, and the Nomination and Compensation Committee had considered recruiting a qualified individual according to the selection criteria and encouraged the corporate governance policy by incorporating a female director. Thus, the Committee proposed to the Board to appoint Dr. Pallapa Ruangrong to assume the Independent Director and Audit Committee Member positions in replacement of the previous incumbent, performing duties for the remaining tenure.

In 2017, there were 2(two) Nomination and Compensation Committee meeting, each of which was fully attended.

5.2.3 Risk Management Committee

The Risk Management Committee is made up of no more than 5 non-executive committee members and qualified individuals who are outsiders or related institutions, comprising of 3 executive committee members and 1 honorary committee member, with Mr. Theeradech Jarutangtrong as the Chairman of the Risk Management Committee. Pramuk Wongthanakiat, M.D., an Independent Director whose tenure ended on the day of the AGM 2017, thus the tenure of the Risk Management Committee Member also came to an end, with no appointment of the new committee member in replacement. In this regard, he was to continue the risk management operations in relations to the organization's strategic plan in order to ensure that risk management procedures are properly put into practice.

In 2017, the Risk Management Committee operated according to the risk management plan as assigned, summarized the operating performance and supporting activities and proposed to the Board of Directors and the Audit Committee for acknowledgement on a quarterly basis. The Committee is also responsible for reviewing potential risk factors that might affect goal achievement of the Company, as well as preparing appropriate risk prevention protocols to suit the changing environment and improving the risk management execution plan to align with the target. Last but not least, the focus is on reviewing the Risk Management Committee's charter as appropriate and it was concluded that the charter is still comprehensively up-to-date, with no need for changes at the moment.

In 2017, there were 5(five) Risk Management Committee meeting, most of which were fully attended.

5.3 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 Chief Executive Officer are not the same person. Executives 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.

5.4 Recruitment of Directors and Executives

The Board of Directors had arranged for the transparent recruitment and selection procedures for directors and high-level executives, with the Nomination and Compensation Committee specifying qualifications and selection criteria to be proposed to shareholders, the Board of Directors and top-level executives assuming the leadership roles. The procedures follow the criteria and recruitment approaches, with required qualifications and no prohibited characteristics. The candidate must possess diverse attributes from the Borad Matrix evaluation of the whole group of the Board as part of the consideration process, and knowledge relevant to the Company's core business for outstanding performance (details and criteria for recruitment of directors are displayed in the Management Structure topic; Recruitment of Directors and Executives).

In 2017, with the discretion of the Nomination and Compensation Committee, the Board of Directors appointed a female independent director and the Audit Committee member in replacement of the previous incumbent who resigned during the year.

In 2017, the Board of Directors also reviewed the appropriateness of the organizational structure in order to ensure that the authority is distributed to each level of executives to enable agile business operations, to be able to cope with the rapidly changing situations. Therefore, it is deemed appropriate to adjust the organizational structure, by terminating the Executive Committee and the Managing Director position, appointing the Executive Vice President – Sales & Marketing and Executive Vice President – Corporate Affairs to help alleviate burdens of the Chief Executive Officer in supervising the overall business operations of the Company and subsidiaries. Top-level executives were appointed to assume the Managing Director positions of the 2 subsidiaries, in pursuit of the Human Resource Management policy that encourages career advancement and consistent growth alongside the Company (details of the new organizational structure are displayed in the "Management Structure" topic).

5.5 Board of Directors' Meeting

The Board of Directors encourages every director to attend meetings on a regular basis, as the annual meeting schedule is planned in advanced, and informed to directors so that they can allocate their time to attend the meetings to acknowledge information and make decisions on important and urgent matters that might affect business opportunities and that require agreement from the Chairman of the Board on a case-by-case basis. (The Board of Directors' Meeting is arranged in accordance with the Company's regulations).

The Chairman of the Board and the Chief Executive Officer will be collaboratively considering the meeting agendas, informative matters, issues to be followed up and considered. Directors are allowed to propose matters (if any) to be incorporated as the meeting agendas. The Company Secretary will be distributing the meeting invitation letters together with the agendas and supporting documents with complete information to directors in not less than 7 days prior to the meeting so that directors have enough time to study the information beforehand and they can request for additional information from the management.

In 2017, there were 12 Board of Directors' Meetings held altogether. There was one meeting with no attendance of the executives and 6 special sessions (no meeting incentives provided). The directors' attendance was 100%, which coincides with the policy that encourages each director's attendance rate to be more than 75% of the total number of meetings in order to comply with the corporate governance guideline. The Company had adjusted the meeting attendance guideline and agenda identification in the corporate governance policy, prescribing that not less than two-thirds of the total number of directors should attend each meeting in order for the quorum to be achieved. The minimum quorum for vote-counting to be valid is that three quarters of the attending directors are required.

In 2017, details on the Board of Director and sub-Committee meeting attendance are as follows:

		2017					
		No. of Meeting Attendance /Total No. of Meeting					
No.	Name	Board of Director	Audit Committee	NC Committee	Risk		2017 AGM Attending
					Management Committee	Executive Committee	
1	Asso. Prof. Dr. Ekachidd Chungcharoen	12/12	4/4	2/2	-	-	1/1
2	Mr. NoppadolDheerabutrvongkul	12/12	6/6	2/2	-	-	1/1
3	Mr. Santi Niamnil	12/12	6/6	-	-	-	1/1
4	Dr. Pallapa Ruangrong	3/3	2/2	-	-	-	-
5	Mr. Teeradej Jarutangtrong	12/12	-	-	5/5	-	1/1
6	General Chaiwat Satondee	12/12	-	-	-	-	1/1
7	Mr. Boonchai Suwanvutthiwat	12/12	-	-	5/5	3/3	1/1
8	Mr. Pornsak Chunchachinda	12/12	-	1/1	5/5	2/3	1/1
9	Mr. Thanya Wangthamrong	12/12	-	-	-	3/3	1/1
10	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	5/5	-	-
Retried Director and Director who resigned during the year 2017							
1	Prof. Dr. Pornchai Chunchachinda	9/9	-	-	-	-	1/1
2	Mr. Chavalit Wangthamrong	4/4	-	1/1	-	3/3	1/1
3	Mr. Pramuk Vongtanakiat , M.D.	2/4	-	-	1/2	-	0/1

Notes:

- Asso. Prof. Dr. Ekachidd Chungcharoen was appointed as Chairman of the Board to replace resigned Chairman of the Board and was appointed as Chairman of Nomination and Compensation Committee and resigned from Chairman of Audit Committee, effective on September 19, 2017
- Mr. NoppadolDheerabutrvongkul was appointed as Chairman of Audit Committee to replace resigned Chairman of Audit Committee and resigned from Chairman of Nomination and Compensation Committee, effective on September 19, 2017.
- Dr. Pallapa Ruangrong was appointed as Independent Director and Audit Committee to replace resigned Director, effective on September 19, 2017. Firstly, attendance Board of Director meeting No.10/2017 in October 2017.
- General Chaiwat Satondee was appointed as Nomination and Compensation Committee to replace resigned Director, effective on September 19, 2017.
- Prof. Dr. Pornchai Chunchachinda resigned from the position of Director and Chairman of the Board, effective on September 19, 2017.
- Mr. Chavalit Wangthamrong and Mr. Pramuk Vongtanakiat , M.D. retired directors were no longer to renewal their tenure, effective on April 28, 2017.

In consideration of different matters, the Chairman of the Board, who also performs the role of the Chairman of the Meeting, is expected to lead and control the meeting to be smooth and effective, allocate enough time for the discussion of key matters, and encourage all directors to independently express their opinions in the meeting. Top-level executives or related parties such as executives or Managing Directors of subsidiaries, might be invited along to attend the meeting to explain, share information in support of decision-making on certain matters (if any). In this regard, in case of voting, it is to be held that the majority's votes are final, whereby one director can cast one vote and directors with potential benefits or losses will not be attending the meeting or will be refraining from casting vote on that particular matter. If the vote results turn out to be equal, the Chairman of the Meeting will cast one extra vote to be the decisive vote. The minimum quorum for voting shall not be less than three quarters of the number of attending directors.

Once the meeting is drawn to a close, the Company Secretary is responsible for preparing the meeting minute and the information on key matters shall be recorded comprehensively and proposed to the Board of Directors for verification in the next meeting. The Chairman of the Meeting is to sign in approval of the accuracy and the signed document is to be kept and held as important document of the Company. It is to be stored in an electronic format via Google Site for security and convenience to be retrieved and referred to. The originals are kept in the folder for at least 5 years at the Company Secretary Office, Corporate Management and Development Division.

The Board of Directors has constantly been monitoring organizational strategies and operating performance report in comparison with targets on a quarterly basis. Suggestions that are beneficial to the improvement of strategies are then duly made. For months that do not have the Board of Directors' meeting, directors will receive a summary report of the Company's and subsidiaries' operating performance (if any). These documents together with important news and updates of the Company, including criteria or regulations related to the Stock Exchange of Thailand and the Securities and Exchange Commission are sent to directors via electronic mail by the Company Secretary.

Nevertheless, the Company Secretary also performs the role of the Board Secretary in taking actions with regards to the arrangement of Board of Directors' meetings and Shareholders' meetings, as well as provision of supports to the Board of Directors activities on any matters relevant to rules of law and regulations.

Directors' Meeting without Presence of Executive Directors

The Board of Directors had once arranged a meeting among directors without the presence of executive directors held on December 18, 2017 in order to discuss general issues with regards to management and administration of the business, as well as consultations of various matters related to corporate governance or improvement of various aspects. Results of discussion and any actions taken shall be reported to the Chief Executive Officer and the Board of Directors' meeting in due occasion.

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)

5.6 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. (4th Amendment) 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 complies 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. B.E.2551 (amendment), 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 Management and Organization Development Office, the department that is responsible to ensuring that secretary work is in compliance with laws, regulations, and the principle of corporate governance.

Brief Profile of Company Secretary

Miss Saowapa Choorujiporn

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 Training programs of Thai Institute of Directors (IOD)
- Enhancing Good Corporate Governance based on CGR Scorecard (Sep 2017)
- IOD-Open House: Role of Corporate Secretary in promoting corporate governance for the organization. (Feb 2017)
- 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:

- 2011 - 2012 Secretary of Nominating and Compensating 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.

In 2017, the Company Secretary attended the seminar to get informed of the changes in relevant criteria of the regulatory body in charge of listed companies in order to improve the Company Secretary Office's operations and more effectiveness of the corporate governance execution.

5.7 Performance Assessment and Knowledge Development

5.7.1 Directors' Performance Assessment

The Board of Directors regularly conduct self-assessment on yearly basis to consider their previous performance and problem for further improvement of the Board's performance efficiency.

In 2017, The Board was approved the entire board assessment form refer to approached practice by SET same as previously, the evaluation criteria are categorized into 6 topics namely: (1) Structure and qualifications of the Board; the sufficient of knowledge and experience, the appropriateness of independent director, the appropriateness of executive director and qualifications of sub-committee (2) The Board's role, duties and responsibilities; consider policy, vision & mission, the strategic plan, conflict of interest, corporate governance policy revision and implementation, Code of Conduct, performance appraisal and remuneration (3) The Board's meetings; agenda setting and completeness of documents (4) Board of Directors' performance; regulars meeting attendance and participants (5) The relationship with the management; freely opinion and (6) directors and executives' self-improvement; succession plan for executive.

In this regards, Total score shall be use all average percentage for performance. The results also confirmed the appropriateness of the structure and composition of the Board of Directors, qualification are qualified and accountable in accordance with good practices, and assigned CEO to arranged the succession plan for executives shall be more comprehensive and training roadmap to support future business expansion. The overall performance with average scored is 98.33 excellent same as last year. The criteria are as follows:

- | | |
|--------------|----------------------|
| 1. Excellent | score between 90-100 |
| 2. Very Good | score between 80-89 |
| 3. Good | score between 70-79 |
| 4. Moderate | score below 69 |

In this regard, the Board of Directors is of the view that self-assessment features a holistic approach for the whole group, therefore individual assessment of directors has not been made effective as part of the Corporate Governance guideline.

5.7.2 Committee Performance Assessment

Audit Committee

The Audit Committee has conducted performance evaluation annually, using the self-evaluation form for the whole group as suggested in the Audit Committee evaluation manual, guideline by the Securities and Exchange Commission, which is categorized into 2 parts:

Part 1. The act of the Audit Committee; Structure, general environment, duties as prescribed in the Audit's Committee Charter assigned by the Board of Directors. The policy prescribes that each director may assume the director position in no more than 5 listed companies, however, the number of years that the Independent Director may stay in the position has not been identified to exceed 9 years.

Part 2. Specific their duties are to review the Company's financial reporting is accurate and adequate and no lawsuit obligations.

The Audit Committee has reported the self-evaluation form for the year 2017 to the Board of Directors in the meeting no.2/2018, dated February 26, 2018. It has been summarized that the composition, qualifications and performance of the Audit Committee were in line with the requirements stated in SET guidelines, perform duties as prescribed in the Audit's Charter and uncomfortable item bring to develop a monitoring plan for next year.

The Audit Committee's report 2017 has been prepared and declared together with the auditor's report which were proposed to shareholders in the topic "Report of Audit Committee".

Nomination and Compensation Committee

The Nomination and Compensation Committee has carried out the performance evaluation activity every year, using the self-evaluation form suggested by the Stock Exchange of Thailand as a guideline. The criteria are categorized into 3 main topics (1) structure and qualifications of the Committee (2) the Nomination and Compensation Committee's meetings and (3) roles, duties and responsibilities of the Nomination and Compensation Committee.

The Board of Directors ratified the self-evaluation conducted by the Nomination and Compensation Committee that the structure and qualifications are satisfied, as evident from the group's success in carrying out assigned responsibilities as regulated in the Committee's Charter. The performance score is 96%, which is considered excellent and the Nomination and Compensation Committee report 2017 has been compiled and displayed under the topic "Report of Nomination and Compensation Committee".

Risk Management Committee

The Risk Management Committee has conducted performance evaluation activity every year, using a self-evaluation form that is inclusive of the structure and qualifications of the committee members, meetings and performance of the Committee. The Board of Directors has approved of the Risk Management Committee's satisfactory performance according to the Charter, with the full score of 100. The Risk Management Committee's report 2017 has been presented under the topic "Report of Risk Management Committee".

5.7.3 CEO and Top Executive Performance Assessment

The Board of Directors is comprised of non-executive directors, who will be responsible for evaluating performance of top executives on an annual basis; Chief Executive Officer and staff members in the Director position and above. The policy and criteria used for the evaluation are aligned with the KPIs (Key Performance Indicators), which are cascaded from the Company every year. KPIs are the reflection of the Company's goals and operating performance, with consideration of the burdens, individual responsibilities and the Company's operating performance under clear, transparent and fair criteria, which have been reviewed and considered by the Nomination and Compensation Committee before being proposed to the Board of Directors for approval. The Chairman of the Board will be notifying the evaluation results and directors' opinions to the Chief Executive Officer for future improvement.

(Detail of compensation of Top Executive has been presented under the topic "Management Structure; Compensation")

5.8 Directors Orientation

The Company prescribed that there will be an orientation session for new directors every time there is a change of incumbents, whereby the Director Manual is distributed, comprising of 1) important documents; the Company's business registration certificate, Memorandum of Association, the Company's regulations, SEC and SET regulations, Corporate Governance Manual, Business Code of Conduct, and the Company's policy and practices 2) general knowledge of the business operations and other useful information necessary for the new directors' performance in preparation for the role assumption. The documents are to be sent prior to the first meeting or within 1 month after the appointment, meeting with the Chairman of the Board, Board of Directors, or the Chief Executive Officer and inquiring in-depth information on business operations, with the Company Secretary as the coordinator in different matters.

For new directors who have not attended the directors' training course, the Company will be arranging the course held by the Thai IOD or other suitable institutes. For new directors who have attended either the DAP or DCP courses, the Company will be providing other relevant courses that will help enhance the quality of performance on a continuous basis. Courses will be arranged in rotation, whereby experiences will be shared in the meeting.

5.9 Knowledge Development for Directors and Company's Secretary

The Board of Directors encourages and supports the development of knowledge for every director to attend relevant training courses for their roles and duties for more than 75% of the total number of directors. Courses are normally held by the Thai Institute of Directors (IOD), the Stock Exchange of Thailand, the Securities and Exchange Commission or other institutes, in order to enhance knowledge and understanding in the roles and duties of the Company's directors in managing the business, incorporating new-approach managerial innovation and identifying appropriate applications in accordance with the principle of corporate governance. Directors will be applying for the IOD membership in order to receive news and knowledge. Currently, 5 directors have been trained on roles and duties of directors in the Director Certification Program (DCP) course and 4 directors have been trained in the Directors Accreditation Program (DAP) course as follows:

		Thai Institute of Director																
No.	Thai Institute of Director	Director Certificate Program	Director Accreditation Program	Audit Committee Program	Role of the Chairman Program	Role of the Compensation Committee	Role of the Nominating & Governance Committee	Anti-Corruption for Executive Program	Anti-Corruption: The practical Guide	Risk Management Program for Corporate Leader	Successful Formulation & Execution of Strategy	Driving Company Success with ITG Governance	How to Develop Risk Management Plan	Company Reporting Program	Board Reporting Program	Effective Minute Taking	Other	
		DCP	DAP	ACP	RCP	RCC	RNG	ACEP	ACPG	RCL	SFE	ITG	HRP	CRP	BRP	EMT		
1.	Assoc.Prof.Dr.Ekachidd Chungcharoen Chairman of the Board/Independent Director Chairman of Nomination and Compensation Committee		68/2008	23/2008	42/2018*	18/2014												
2.	Mr.Noppadol Dheerabutrongsul Independent Director/Chairman of Audit Committee Nomination and Compensation Committee		68/2008	23/2008		3/2012												
3.	Mr.Santi Niamnil Independent Director/Audit Committee		80/2009															
4.	Dr.Pallapa Ruangrong Independent Director/Audit Committee	17/2002																
5.	Gen.Chaiwat Satondee Director/Nomination and Compensation Committee	216/2016																
6.	Mr.Teeradej Jarutangtrong Director/Chairman Risk Management Committee		68/2008					14/2015					10/2016					
7.	Mr.Boonchai Suwanutthiwat Director/Risk Management Committee Chief Executive Officer	155/2012							21/2015		26/2016	3/2016					CMA20/2015	
8.	Mr.Pornsak Chunhajinda Director/Risk Management Committee	227/2016																
9.	Mr.Thanya Wangthamrong Director	180/2013																
10.	Ms.Saowapa Choorujiporn Company Secretary								17/2015					2/2011	5/2011	19/2011	FPCS19/2008	
Resigned Director in 2017																		
1.	Prof.Dr. Pornchai Chunhachinda Chairman	36/2003		4/2005	31/2012	12/2011												CMA11/2010 DCPU/2015 ELP/2015
2.	Dr.Pramuk Vongtanakiat, M.D. Independent Director/Risk Management Committee	186/2014								2/2015			10/2016					

Remarks: * Course: Role of the Chairman Program (RCP) calss no. 42/2018 attending period of 20-21 March, 2018

In order to build an awareness and understanding to directors on a continuous basis and to have it as guidelines in risk management and effective cyber crime prevention, the Chairman of the Risk Management Committee was the representative in attending the seminar on cyber risk, which is one type of enterprise risk. The seminar featured cyber risk management approaches according to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and relevant legal risks.

The Board of Directors encourages executives and the Company Secretary to attend courses related to their role performance on a regular basis, as well as seminars held by the Stock Exchange of Thailand, the Securities and Exchange Commission and relevant institutes. Details on training history of directors are available in “Details of Directors and Executives” section.

Part 1. Director Training IOD’s Course in year 2017, as follow:

No.	Director Name		Course and Seminar
1	Mr.Teeradej Jarutangtrong	Director	<ul style="list-style-type: none"> Seminar: “The Current Issue Seminar 1/2017: Legal Update: Criminal Liabilities of Directors” (IOD/CAC) Seminar: “Role of Listed Companies in reduce Cyber Risk, Challenges and Solutions” (SEC) Workshop for the BOD: Cybercrime threat Lanscape in Thailand and Risk to Listed Companies (SEC)
2	Mr.Noppadol Dheerabutrvongkul	Independent Director	<ul style="list-style-type: none"> National Director Conference 2017: Steering Governance in a Changing World (IOD)
3	Mr.Boonchai Suwanvutthiwat	Director/ Chief Executive Officer	<ul style="list-style-type: none"> Seminar: 2017 Quarterly Economic Wrap Up (quater2) Zoom In-Thailand business trend through Big Data” (SET) Seminar: Quarterly Economic “Year 2017 : Things to Watch Out for” (SET) CEO Club: Trend to Changes: Change and how to cope with change (SET) CEO Club: Formulating Corporate Strategy and Execution (SET) Seminar: Creative built Innovative Organization....class no. 3 (National Productivity Institute)
4	Gen. Chaiwat Satondee	Director	<ul style="list-style-type: none"> Nomination Director Event 1/2017 “Nomination Committee Best Practice Guideline” (IOD)
5	Mr.Santi Niamnil	Independent Director	<ul style="list-style-type: none"> Audit Committee Forum: The Audit Committee’s Role in Compliance and Ethical Culture Oversight
6	Dr.Pallapa Ruangrong	Independent Director	<ul style="list-style-type: none"> Audit Committee Forum: The Audit Committee’s Role in Compliance and Ethical Culture Oversight IOD Briefing /2018: Burning Issues Directors Need o Hear in the Year of the Dog” (IOD)

Part 2. Others Seminar to participate of Company Secretary and related in 2017, as follow:

No.	Director Name	Course and Seminar
1	Ms.Saowapa Choorujiporn Company Secretary	<ul style="list-style-type: none"> Joint the activity: “CG Reporting Technique Based on Corporate Governance Principles” (Speaker, SET) The 2017 Annual General Meeting Assessment Program (AGM Program by TIA) IOD-Open House: The Role of Company Secretary to promoting corporate governance of the organization”(IOD) Enhancing Good Corporate Governance based on CGR Scorecard (IOD) Preparation the New CG Code for Listed Company (SET) Attend th meeting to exchange ideas for impvment “Measure to warning Investors” (SEC) Seminar Topic “The New COSO 2017 ERM Framework”, Faculty of Commerce and Accountancy, Dhammasart University
2	Mr.Kamolhoppa Puapansakul Chief Internal Audit Officer	<ul style="list-style-type: none"> Seminar Topic “The New COSO 2017 ERM Framework” , Faculty of Commerce and Accountancy, Dhammasart University
3	Person in charge/Department IT Head ACD Head HR and Risk Officer	<ul style="list-style-type: none"> Cyber Security : How to prepare for and respond to a cyber-attack ?” (SET) Seminar “PrepareSupports changes in financial reporting standards on financial instruments” (SET) Seminar “Employee Fraud and Labour Law in Actions” (PWC)

Part 3. In-House Training for Exeuctive Management, as follow:

No.	Director Name	Course and Seminar
1	In-house Training Executive Managemet Executive Management and Department Head	<ul style="list-style-type: none"> Course: Strategic Management Course: DATA Mining Analyzised Course: Writig Smart JD and Functional Job description Course: New Skill Modern Supervisor (part 1) “Management and Administration” Course: New Skill Modern Supervisor (part 2) “HR Heart” Course: Risk Management for Executive level SD Reporting “PHOL’s CSV”

Furthermore, the Company arranged for accounting staff members under the supervision of the CFO to participate in the training course to prepare for financial readiness and the financial reporting standard regarding the new “financial tools” that are expected to be effective in 2019. The activity was sponsored by the Stock Exchange of Thailand.

5.10 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 Nomination and Compensation Committee has assigned the Human Resource division to execute human resource management plan continuously from the previous year. The development of smart JD core competency, functional competency and job value analysis have already been completed, as well as the preparation of human resource development plan for career advancement along with the organizational growth. In 2018, the plan is to incorporate the Performance Management System (PMS) in the annual performance evaluation.

- 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.

5.11 Directorship in Other Listed Companies

The Board of Directors is attentive to the director's performance of duties and responsibilities in order to ensure that their time is fully dedicated to the execution of corporate governance. Thus, directorship policies have been adjusted as below:

5.11.1 Assumption of Director Position in Other Listed Companies of the Company's Directors

The Board of Directors has reviewed the policy regarding the assumption of the director position in other listed companies in order to enhance effectiveness in performance as the Company's directors, and thus prescribed "policies" in regulating that directors shall not assume the position in more than 5 other listed companies and not more than 5 subsidiaries that are not listed for each director for maximum benefits of the Company's future business growth.

5.11.2 Assumption of Director Position in Subsidiaries or Affiliates of High-Level Executives

The Board of Directors has prescribed the policy on the assumption of the director position in subsidiaries or affiliates of high-level executives/Chief Executive Officer, conditional upon the Board of Directors' approval, unless it is the case where the individual has been delegated by the Board of Directors to assume the director position in the Company's subsidiaries or affiliates according to shareholding proportions or as assigned by the Board of Directors.

At present, of the 9 directors, none of them are assuming the director position in other listed and non-listed companies in excess of specified criteria.

5.12 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. Follow up on the subsidiaries' operating performance on a regular basis and report the status/key incidents to the Board of Directors or provide suggestions and resolutions in case of incidents (if any).
4. Consider critical matters that need approval before proceeding or seek approval from the mother company according to the authorization structure of the Company, e.g. the appointment and withdrawal of directors, identification of Managing Directors' remuneration package, capital injection or reduction, strategic plan and business directions or the expansion of business scope that goes beyond core businesses, etc.
5. Arrange for the internal audit activities conducted by the mother company's Internal Audit Division to ensure that the internal control system is appropriately adequate and coheres with the legal compliance and related regulations.

5.13 Corporate Governance Division

The Board of Directors has appointed sub-committees to supervise different aspects of operations, for instance, the Audit Committee is in charge of the investigation process to ensure legal compliance and the regulations of the Stock Exchange of Thailand and other relevant bodies, including the corporate governance operations that are coherent with policies and practices, covering 5 categories; shareholders' rights, equal treatment towards shareholders, roles of stakeholders, disclosure of information and transparency and the Board of Directors' accountability. The Company Secretary is responsible for providing information and coordinating with the management with regards to comments and/or improvement of criteria by the Good Governance Development Department, the Stock Exchange of Thailand, the Securities and Exchange Commission, and other relevant bodies that have been adjusted to better suit the business operations. The management has been assigned to execute the corporate governance policy for sustainable growth and reliability in the views of investors or external 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.

In 2016, the Board of Directors had revised the Code of Business Conduct to align with the anti-corruption policy and be suitable for the Company's business operations. Directors, executives and employees, as well as all groups of stakeholders collaborate to comply with the Code of Business Conduct with determination, creating values for the business in the long run for sustainable growth, with communication to staff members via the internal electronic communication system. The information is also compiled in a report format and distributed to the directors, executives and staff members under the topic "Corporate Governance" so that shareholders, investors and interested individuals can conveniently access the information (website: http://www.pdgth.com/ir_index.php/corporate_governance/code_of_conducts).

Summarized details 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. Summarized; Conflicts of interest, Responsibilities to shareholders, Labor policy and treatment, Customer policy and treatment, Trading partner policy and treatment, Competitor policy and treatment, Policy on Social and Public Responsibilities and Monitoring and strictly confident for best practice. Such policy is published on the website under the topic "Policy on Corporate Governance and Business Morality" (website: http://www.pdgth.com/ir_index.php/corporate_governance/corporate_governance_policy)

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 guideline for oversight practices as disclosed in Section 4. Disclosure and Transparency "Disclosure Report on Conflicts of Interest and Related Transactions".

- 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 personnel 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 great attention to the business operations with honesty, fairness and transparency and thus has developed the anti-corruption policies, prohibiting directors, executives and employees to support or accept all sorts of corruption both directly and indirectly. The policy was launched for the first time on July 16, 2014 and has later on been reviewed to ensure that it covers cases of violation of rights. The policy has been announced, including scope of whistle blowing and filing complaints, protection mechanism for whistle blowers or the persons filing complaints, on the Company's website. (As disclosed in Section 2: Disclosure of Information "Whistle Blowing and Filing Complaints or Violation of Rights).

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”

In 2017, the Board of Directors went through a review of the second revision of the policy and practices on corruption prevention and prohibition of the Company, subsidiaries and affiliates, dated February 23, 2016, which have already been reviewed by the Risk Management Committee. It was agreed that the policy and practices are still suitable for the business operations and the need for change is not necessary for the time being. Key points of the protocols and practices can be summarized as follows:

1. Political assistance: Employees shall not side with any particular political party and the Company forbids employees of all levels to command or influence others, by any means, which might evoke internal conflicts.
2. Charitable donation and provision of financial aid: Transparency, control procedures and evidence shall be readily available for accurate bookkeeping.
3. Payment and receipt of money relevant to gifts or reception: This must be in accordance with common practices, appropriateness and opportunities and not against the laws or regulations. Strict compliance with the Business Code of Conduct is key.
4. Accepting customers' discounts: This must be in line with general business practices.
5. Risk assessment: This is regarded as the foundation of anti-corruption endeavors.
6. Control: An effective control system has been implemented throughout the whole organization.
7. Purchasing and procurement: There are no such policies as calling for, receiving or proposing financial interests or any other benefits to suppliers or providers of services.
8. Accounting audit and maintenance of information: Procedures on accounting audit and approvals are put in place to ensure they follow the accounting standard, policies or relevant rules imposed by regulatory bodies.
9. Human Resource Management: This is considered part of the Company's human capital management.
10. Training and communication: A training program on anti-corruption has been provided as part of the new staff orientation session, including an arrangement of annual training program on a continuous basis.

In this regard, policies and practices that have been signed off by the Chairman of the Board are also available on the Company's website under the topic “Company Governance”. The management shall cascade such policies down to all divisions and employees of the Company and its subsidiaries as guidelines to refer to.

Measure that the Company took to prevent corruption activities can be shown below:

1. The Company communicates the anti-corruption policy to directors, executives, and employees to acknowledge and strictly abide by via internal e-communication channels, as well as the quarterly risk news journal, which is placed on the public relations board and communicated to external parties and investors via the Company's website.
2. The Company arranged for the whistle-blowing channels. If violations or corrupt acts are witnessed, protection protocols for the person filing complaints will take effect. The person witnessing such acts shall report to the Audit Committee via the Internal Audit Director as specified in the whistle-blowing channel guideline.
3. The Company ensures that the reporting system and corruption inspection are in place and are proposed to the Board of Directors for consideration and comments via the facilitation of the Audit Committee.
4. The Company will be proposing to the Board of Directors to review the appropriateness of the anti-corruption policy on an annual basis.
5. Corruption risk management manual was developed and is to be used as part of the practices that align with the “Policy and Practices on Prevention and Prohibition of Corruption” of the Company, which has been announced on the website.
6. The anti-corruption policy is communicated, prohibiting giving and receiving gifts or premiums of any kinds to or from the persons dealing businesses with the Company; customers, partners, direct and indirect suppliers, as well as domestic and international suppliers. These parties, the Company's employees included, should all be acknowledged of this policy for strict compliance.
7. The anti-corruption activities were organized internally under the concept “New Government! The Existence of Corruption?” and the Company's representatives were sent to participate in Anti-Corruption Day event on September 6, 2017, held by the Anti-Corruption Organization (Thailand).

Internal Control System and Risk Management

Internal Control System

The Board of Directors places significant focus on the internal control and risk management systems that are key mechanisms to build confidence for the management to operate the business effectively, achieving goals and aligning with the laws and regulations guided by the SEC and the SET, under the framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO), covering 5 dimensions; organizational and control environment, risk management, management control, information and communication and monitoring system.

Roles, responsibilities and authority of the executives are prescribed to ensure that asset utilization is being controlled for maximum benefits and that assets are not improperly used without the required authority. The focus is also on preventing assets from potential leakages, loss or dishonest acts, with classification of duties, responsible parties, controllers/authorized persons, so that the monitoring mechanism is in place and that balance is maintained. Besides, the financial reporting system has been arranged in a complete, accurate and timely manner to be proposed to the person with the highest authority of each line of operations.

The Board of Directors assigned the Audit Committee, which has been appointed upon resolution of the Board of Directors' meeting, as guided by the Stock Exchange of Thailand, comprising of 3 independent directors, to assume the duties of inspecting the statement of financial position, information disclosure in financial reports, inter-related transactions or conflicts of interest between the Company and subsidiaries to ensure completion, accuracy and credibility of the information, with the Internal Audit Director, who is also the Audit Committee Secretary, as the coordinator between the auditor and the Company's management, in inspecting the adequacy of the internal control system, the appropriateness of the risk management measures, as well as the supervision of operations to comply with relevant laws and regulations. The Committee is also responsible for considering and signing off the execution plans, evaluating performance and remuneration of the Internal Audit division head, selecting and proposing the appointment of the auditor and identifying the auditors' annual remuneration package, and performing other duties as assigned by the Board of Directors. Self-assessment of the Audit Committee is to be executed to ensure that the Committee performs duties as assigned in a comprehensive and effective manner. Performance reports shall be submitted to the Board of Directors on a quarterly basis and to shareholders on an annual basis, with the information disclosed in the annual information listing (form 56-1) and the Company's Annual Report (form 56-2).

In the Board of Directors' Meeting No.2/2018 on February 26, 2018, there was an evaluation of the adequacy of the internal control system in 2017 using the evaluation form guided by the Securities and Exchange Commission and the Stock Exchange of Thailand. The evaluation was led by the Audit Committee and the management, focusing on the adequacy of the internal control system in 5 components; organizational and control environment, risk management, management control, information and communication and monitoring system, which have already been reviewed by the Audit Committee. The Board of Directors' view is the same as that of the Audit Committee, that the Company has in place adequate internal control system that is suitable for business operations in different areas as follows:

1. Organizational and Control Environment

The Company is to ensure an adequate amount of personnel to operate the system effectively as well as to monitor the internal control system and the operational supervision of the Company and subsidiaries to prevent wrongful and unauthorized use of assets. This can be done by way of specifying the scope of authority and command, clear classification of Directors' and the management's roles, including the announcement of written policies and practices, for instance, corporate governance policy, ethics and code of conduct in business operations, honesty and transparency, as well as the compilation of appropriate practices and code of conduct required of the Directors, the management and staff members, and protocols governing transactions with relevant individuals who might have potential conflicts of interest, with proper inspection of related-party transactions.

2. Risk Assessment

The risk management system has been prescribed with the focus on the development of a comprehensive risk management system according to the principle of good corporate governance. The risk management activities are to be systematically executed in a continuous manner. The risk management structure is comprised of the top executives of each division as a working team, while every staff member shall be accountable for potential risk factors associated with their functions that relate to the organizational objectives and ensure they are in the acceptable level.

The objectives of assessing risks have been identified in order to specify, evaluate, analyze, follow up and report potential risks to the Risk Management Committee and the Board of Directors on a quarterly basis, while proper assessment on adequacy of the internal control system is to be ensured.

Details regarding organizational risk assessment and management are displayed in the topic “Risk Factors”.

3. Management Control

Control measures have been identified to minimize risks that prevent the organization from achieving its objectives and to maintain potential risks in the acceptable level, with appropriate control measures, inspection and following up of compliance, for instance, prescription of authority which is to be regularly reviewed, clear classification of roles and responsibilities to encourage balance of power, regulations of making related-party transactions to be in accordance with the Securities and Exchange Commission, while relevant stakeholders are not involved in authorizing the transactions, disclosure of information that follows the securities and exchange laws, regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand and relevant laws, as well as the monitoring of the operating performance via the Chief Executive Officer and/or Managing Directors of subsidiaries or the authorized representative directors.

4. Information and Communication

It has been regulated that the provision of information must be accurate, complete, adequate and in time for internal and external users, such as committee and sub-committee meetings, directors meeting for non-management directors, Audit Committee and CPA meeting without the involvement of the management and/or independent consulting, the disclosure of information via different channels of the Stock Exchange of Thailand to investors or outsiders, as well as identification of whistle blowing and complaint filing channels and protection measures for the person filing complaints and other practices as displayed in the topic “Anti-Corruption”, in the Corporate Governance section as appeared on the website www.pdgt.com, Investor Relations section.

5. Monitoring

The Board of Directors has arranged a comprehensive reporting system that covers every dimension in order to ensure that the internal control system can be effectively executed, for instance, accounting and finance, operations, legal and regulations compliance, asset protection, following up of operating outcomes against the targets in a hierarchical manner; from the Directors and the management level and below, following up of targets and strategic directions, work execution plan and outstanding projects that have been approved of by the Board of Directors, with regular crosschecks against the operating performance on a regular basis. The reports are to be presented to the Board of Directors on a quarterly basis, while the Internal Control Division is to inspect the operations and report to the Audit Committee in every quarter.

In the previous year, the Audit Committee and the Board of Directors did not receive any reports specifying significant mistakes or shortcomings from the CPAs and the Internal Audit Division. In this regard, the Audit Committee’s performance in 2017 was reported in the “Report of Audit Committee”.

Internal Audit

In order to implement good governance procedures, the Board of Directors has determined the Internal Audit division to report directly to the Audit Committee and to the Chief Executive Officer. In this regard, the Director of Internal Audit shall take the role of the Audit Committee’s Secretary in performing the annual internal audit activities of the Company and its subsidiaries that have been approved by the Audit Committee to achieve targets. However, the Internal Audit Department should report operating performance and present advices or significant short coming to Audit Committee on a quarterly basis and also report to the quarterly audit results to the Board of Directors, and lastly monitor management to improve and correct those outstanding shortcomings.

The Head of Internal Audit Department

In the Audit Committee’s meeting No. 2/2014 held on 27 February, 2014 has appointed Miss. Kamolpobphan Puapansakul, Internal Audit Director, as the head of Internal Audit Division and Audit Committee Secretary. She had been appointed as the Head of Internal Audit Unit since April 2008. With her experience in our internal operation for more than 10 years and usually internal and external seminars related the internal audit to improve her performance i.e.; Anti-Corruption: Synergy to Success and The New COSO 2017 ERM Framework held by Faculty of Commerce and Accountancy, Dhammasart University.

In addition, consideration and approval the audit plan, an appointment, deprivation and evaluation and compensation 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 'Detail of Directors and Management Team'.

In 2017, The Company uses internal auditor services from the Company "Internal Audit Dharmniti Co., Ltd." continued for the second year, to enter the internal audit work under the scope of internal audit operations covering all dimensions of the Company and its subsidiaries and coordinated by Miss. Kamolphobphan Puapansakul, Internal Audit Director. The company's internal audit department Coordinate with Internal Audit Dharmniti Co., Ltd. Meeting with executives before arrange the report to the Audit Committee for their acknowledgement. For the 2016 the Internal Audit Dharmniti has concluded its opinion on the effectiveness and adequate of internal control and performed their duties comprehensively.

Risk Management

The Board of Directors places significant focus on a systematic risk management scheme, which forms an important part of corporate governance, and is a strategy for the annual business plan that will enable goal achievement for the organization, ultimately for sustainable growth. The Risk Management Committee has been appointed to take charge of and manage potential risks that might impact goal achievement of the organization, and to consider the adequacy of the risk management protocols to be in an acceptable level as specified in the risk management manual, to be proposed to the Board of Directors on a quarterly basis. The risk management working team is comprised of the Chief Executive Officer as the Chairman of the group and executives of every relevant department, whereby supporting activities under the risk management plan will be executed and reported to the Risk Management Committee in every quarter.

The risk management plan in 2017 has been executed, with the following key takeaways:

1. The project that incorporates risk management to be part of the organizational culture, encouraging and educating employees to have an understanding of risk management. It is to be held as part of everyone's work as they are owners of potential divisional risks.
2. The project that improves risk management procedures, risk assessment, monitoring and reporting of risk management outcomes in the form of risk dashboard that clearly displays the level of risk; high, medium or low.
3. Incorporation of risk management as part of the annual execution plan which is cascaded down to departmental execution risk management plan throughout the organizational.
4. It is to be ensured that the level of risk is being monitored to be in an acceptable level, with the incorporation of the information system as the supporting tools in evaluating and reporting outcomes. The risk management report is to be submitted to the Board of Directors/the Audit Committee on a quarterly basis.
5. The policy and practices on the prevention and prohibition of corruption are reviewed at least once a year to ensure that they are aligned with the current situation. They are to be announced and shared on the Company's website.
6. Development of risk management knowledge is continuously encouraged, whereby the Chairman of the Risk Management Committee participated in the "Board's Role in Monitoring and Prevention of Cyber Risks" seminar, held by the Securities and Exchange Commission, as well as the risk management framework 'COSO ERM2017' as the guideline in preparing for the risk management plan 2018.
7. Reviewed the Risk Management Committee's Charter is consistent, have no changed

(The Company has disclosed the "Risk Management Committee's Charter" on the website www.pdgth.com, Investor Relation section).

Compliance with other Good Corporate Governance Principle

The Director, Executive and Employee of the company and subsidiaries has complied with the corporate governance policy and strictly consistent comply and monitoring to implementation plan. In 2017 there was no issue or situation of non-compliance with the aforesaid policy.

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 Securities and Exchange Commission (SEC), 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 2017, the Company has reviewed and comments by Miss Kulthida Pasurakul Certified Public Accountant Number 5946 from the Auditor "ANS Audit Co., Ltd." is the company's auditor and second time consecutive year to certified the financial statement. The remuneration of the audit fee of the Company and its subsidiaries for the fiscal year 2016 and 2017 amounted 1,270,000 Baht and 1,422,500 Baht respectively, which including audit fee of subsidiary company amounted 470,000 Baht and 497,500 Baht respectively.

Non Audit Fee

In 2017, the Company and its subsidiaries do not pay for other services, Non-audit.

Comparison of the Audit Fee

Audit Fee	Unit: Baht		
	2017	2016	2015
Audit Fee			
1. Phol Dhanya Public Company Limited	925,000	800,000	700,000
2. PD Genesis Engineering Company Limited	20,000	30,000	30,000
3. Phol Palladium Company Limited	205,000	185,000	180,000
4. Phol Water Company Limited.	240,000	110,000	115,000
5. Pholdhanya (Cambodia) Co., Ltd.	32,500	145,000	110,000
Non Audit Fee	-	-	-
Total	1,422,500	1,270,000	1,135,000

Connected Transactions

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2016	2017	
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 The Audit Committee's opinion The transaction was the normal trading transaction.
	- The Company sold goods to the Subsidiary			The Company sold goods to the Subsidiary as normal business operation with the policy of selling goods to the Subsidiary at the cost price with an additional profit of margin 5-15%
	Sale of goods	23,452,364	21,055,042	The Audit Committee's opinion The transaction was the normal trading transaction.
	Trade receivables in the Subsidiary	6,126,344	2,719,271	The Company purchased goods from 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%
	- The Company purchased goods from the Subsidiary			The Audit Committee's opinion The transaction was the normal trading transaction.
	Purchases of goods	851,422	809,930	The Company purchased goods from 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%
	Trade payables in the Subsidiary	25,466	34,974	The Audit Committee's opinion The transaction was the normal trading transaction.
	The company provided short-term loans to the Subsidiary.			The company provided short-term loans to the Subsidiary by issuing a promissory note to use for working capital in operation, which is repayable at call and with interest rate 4.70% per annum.
	Short-term loans	5,000,000	-	The Audit Committee's opinion The transaction was reasonable; the Company needs to provide finance to the subsidiary for working capital.
	Interest	182,849	70,822	The Company charges management fee from subsidiaries from use of personnel in the support departments of the Company for its operation, such as accounting, finance, human resources, information technology including the equipment of the Company. The Company charges management fee amount to 50,000 Baht per month.
- Other income			The Audit Committee's opinion The transaction was reasonable; it represents the actual operating costs.	
Management fee income	600,000	600,000		
Management fee receivable	53,500	53,500		

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2016	2017	
	- Other receivable	-	253,640	The subsidiary's operating expenses that the Company paid and collects from subsidiaries to normal operation. The Audit Committee's opinion The transaction was the normal trading transaction.
2. Phol Water Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	9,999,970	9,999,970	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 the Subsidiary to operate in water business by providing an all-rounded services.
	Capital increase	-	40,000,000	The subsidiary reported loss earnings and also additional investments in water business assets. The subsidiary lack of financial liquidity, therefore, the Board of Directors has approved to increase of share capital in subsidiary to enhance financial liquidity for subsidiaries. The Audit Committee's opinion The Audit Committee agreed with the resolution of the Board of Director to increase of share capital in subsidiary to enhance financial liquidity for subsidiaries.
	Allowance for impairment	-	35,800,000	The subsidiary reported loss earnings. Thus, in order to be in accordance with the accounting standard, the Company provided allowance for impairment of such investment in subsidiary amount of 35.80 MB The Audit Committee's opinion The Audit Committee opined that the provision was in accordance with the accounting standard.
	Net-investment in the Subsidiary	9,999,970	14,199,970	
	- 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% The Audit Committee's opinion The transaction was the normal trading transaction.
	Sale of goods	3,846,759	3,640,523	
	Trade receivables in the Subsidiary	2,195,683	2,435,583	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2016	2017	
	- The Company purchased goods and services from the Subsidiary			The company hired the Subsidiary to operate the water treatment as normal business operation with the policy of selling goods and services to the Subsidiary at the cost price with an additional profit of margin 5-30%
	Purchase of goods	381,778	92,431	The Audit Committee's opinion
	Cost of service for water treatment system	331,509	-	The transaction was the normal trading transaction.
	Cost of construction for water project	16,195,435	5,665,205	
	Commission expenses	65,306	-	
	Trade and other payables in the Subsidiary	2,716,341	2,808,023	
	The company provided a short-term loans to the Subsidiary.			The company provided short-term loans to the Subsidiary by issuing a promissory note to use for working capital in operation, which is repayable at call and with interest rate 4.70% per annum.
	Short-term loans	27,000,000	4,000,000	The Audit Committee's opinion
	Interest	337,271	1,093,490	The transaction was reasonable; the Company needs to provide finance to the subsidiary for working capital.
	- Other income			The Company charges management fee from subsidiaries from use of personnel in the support departments of the Company for its operation, such as accounting, finance, human resources, information technology including the equipment of the Company. The Company charges management fee amount to 50,000 Baht per month.
	Management fee income	600,000	600,000	The Audit Committee's opinion
	Management fee receivable	53,500	53,500	The transaction was reasonable; it represents the actual operating costs.
	Rental income for water treatment system	600,000	720,000	The Company charges rental for water treatment system from subsidiaries amount to 60,000 Baht per month.
	Rental receivable	64,200	64,200	The Audit Committee's opinion
	- Cash advances receivable	106,772	206,437	The transaction was reasonable; it represents the actual operating costs.
				The subsidiary's operating expenses that the Company paid and collects from subsidiaries to normal operation.
				The Audit Committee's opinion
				The transaction was the normal trading transaction.

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2016	2017	
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	The Company holds 76.67% of shares	11,500,000	11,500,000	The Company saw an opportunity in the business operation concerning environment, the Company expanded its business to water treatment products. However, the earnings of the Company reported loss. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance of impairment and allowance for doubtful accounts following the loss earnings over capital. The Audit Committee's opinion The Audit Committee opined that the provision was in accordance with the accounting standard.
	- Investment in the Subsidiary	11,500,000	11,500,000	
	Allowance for Impairment	-	-	
	Net investment in the Subsidiary	5,000,000	5,000,000	
	- Short-term loan to the subsidiary	5,000,000	5,000,000	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	Less Allowance for doubtful accounts	-	-	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. As of December 2015, The Board of Director approved to the acquisition 30% of shares of a subsidiary from the partner in the total amount of 1 baht, The Company holds 100%. However, the Company reported loss earnings over capital. Thus, in order to be in accordance with the accounting standard, there was a necessity to have an allowance of impairment. The Audit Committee's opinion The provision was in accordance with the accounting standard.
	Net Short-term loan to the subsidiary	126,278	126,278	
	- Interest income	126,278	126,278	
	Less Allowance for doubtful accounts	126,278	126,278	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	Net Interest income	-	-	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% The Company reported loss earnings over capital and the Subsidiary has temporarily ceased its operations. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance for doubtful accounts. The Audit Committee's opinion The provision was in accordance with the accounting standard.
	- Investment in the Subsidiary	6,770,686	6,770,686	
	Allowance for Impairment	6,770,686	6,770,686	
	Net investment in the Subsidiary	-	-	
	- The Company sold goods to the Subsidiary	1,179,828	(1,917,929)	
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	Sale of goods	6,024,292	3,589,778	The Company reported loss earnings over capital and the Subsidiary has temporarily ceased its operations. Thus, in order to be in accordance with the accounting standard, there was a necessity to have a full allowance for doubtful accounts. The Audit Committee's opinion The provision was in accordance with the accounting standard.
	Trade receivables in the Subsidiary	6,024,292	3,589,778	
	Less Allowance for doubtful accounts	-	-	
	Trade receivables in the Subsidiary-net	-	-	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2016	2017	
	- Other receivable	3,783,641	3,630,997	<p>The Subsidiary lend from the Company to working capital, which is repayable at call and no interest charge.</p> <p>The Company reported loss earnings over capital and the Subsidiary has temporarily ceased its operations. Thus, in order to be in accordance with the accounting standard, there was a necessity to have an full allowance for doubtful accounts.</p> <p>The Audit Committee's opinion</p> <p>The provision was in accordance with the accounting standard.</p>
	Less Allowance for doubtful accounts	3,783,641	3,630,997	
	Other receivable-net	-	-	

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.

The Board of Directors is well aware of the significance of good governance and strict compliance with moral and ethical values as the guiding principles and encourage sustainable growth to develop the company's sustainable management approach cover it's economic, social and environmental as well as the developing "Sustainability Report" base on the framework, produced a separate Sustainability Report from the Annual Report. To ensure that all stakeholders are aware of the management approach and the operating results of corporate social responses and environment. The report format follow the guidelines of Global Report Initiative version 4.0 (GRI G4) in accordance to disclosed the operating approach as a sustainable report, for more details provided on the 2017 Sustainable Report which publicized on the company's website: www.pdgth.com

Report of Board of Director's Responsibilities to Financial Statement

Dear Shareholders,

The Board of Directors is responsible for the financial statements of Phol Dhanya Public Company Limited and its subsidiaries which were prepared in consistent with the financial reporting standards. The financial statements were prepared in accordance with generally accepted accounting standards by consistently adopting appropriate accounting policies and practices, careful discretion, and rational reporting in the preparation. Furthermore, the significant information was disclosed in the notes to the financial statements according to the auditor's report for the benefits of shareholders and investors.

The Board of Directors maintained good corporate governance as well as the effective risk management and internal control systems to ensure that accounting records are accurate, completed, and adequate to maintain the assets of the company. Moreover, the Audit Committee was appointed and shown in the report, consisting of independent directors who were in charge of financial reports, internal control system and relevant comments from the Audit Committee.

The Board of Directors opined that the internal control system and internal audit which could relate to the reliability of the consolidated financial statements of Phol Dhanya Public Company Limited and its subsidiaries for the year ended December 31, 2017 in which the auditors have audited and provided the comments in the auditor's report of which was also shown in the annual report.



Prof. Dr. Ekachidd Chungcharoen
Chairman of the Board



Mr. Boonchai Suwanvutthiwat
Chief Executive Officer

Dear Shareholders,

Phol Dhanya Public Company Limited is fully aware of the significance of risk management, which is the factor that will allow consistent and sustainable business operations, as well as the development of risk management system that is capable of managing potential risks that might have impact on the Company's core businesses. The Risk Management Committee operates in accordance with the Risk Management Committee's charter, under the organizational risk management framework that coheres with the international risk management standard 'COSO ERM Framework' in order to form guidelines in risk management for executives and employees to ensure adoption as part of the organizational culture.

Risk Management Committee is comprised of 4 members. Mr. Teeradej Jarutangtrong, Chairman of Risk Management Committee, Asst. Prof. Dr. Suluck Pattarathammas, Mr. Boonchai Suwanvuttivat and Mr. Pornsak Chunhajinda are member of Risk Management Committee. For the 2017 Annual General Meeting, Mr. Pramuk Vongtanakiat M.D., independent director and risk management committee, was no longer to renew their tenure committee and no replacement for the Risk Management Committee.

There were 5 meetings held altogether in 2017, with key agendas and progress as follows:

1. Risk Management Plan, Risk Assessment and Risk Management

The Risk Management Committee has considered and reviewed risk evaluation activities that cover strategic, financial, operational, regulatory dimensions, as well as additional risks that may impact organizational goal achievement on a continuous basis. The Committee also considered to approve and proposed suggestions in different matters regarding the risk management plan to suit the situation and coincide with the organization's strategic plan, to be proposed to the Board of Directors.

2. Risk Management Monitoring

The Risk Management Committee has been following up on the progress of risk management plan and activities, as well as providing suggestions for operational improvement in order to execute them appropriately and effectively. Also, monitoring and the reports of risk management outcomes have regularly been presented to the Board of Directors on a quarterly basis.

3. Instilling Risk Management Culture in the Organization

The Risk Management Committee encourages employees to be aware of and realize the significance of risk management. Every level of staff members take part in managing risks and evaluate risks involved in work processes of each division; new staff orientation, risk management training for organizational members, and continuous communication of news and information related to risk management.

4. Anti-Corruption

The Company is well aware of the significance of operating the business according to the principle of good governance, with transparency and verifiability, by way of prescribing policies and practices that are against corruption, including the internal control system. In 2017, the Company communicated with customers and suppliers using written documents that declare the Company's intention of anti-corruption in a more concrete manner.

From the aforementioned operations, the Risk Management Committee has been performing duties as stated in the Risk Management's charter assigned by the Board of Directors. The Risk Management Committee is confident that the Company's risk management is relevant and appropriate, with an adequate internal control system, as well as good governance that will allow the business to achieve targeted objectives and results.

(Mr. Teeradej Jarutangtrong)
Chairman of Risk Management Committee

Report of Nomination and Compensation Committee

Dear Shareholders,

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

At present, The Nomination and Compensation Committee comprise of 3 members as follows:

- | | |
|---|--|
| 1. Assoc. Prof. Dr. Ekachidd Chungcharoen | Chairman of Nomination and Compensation Committee/
Independent Director |
| 2. Mr. Noppadol Dheerabutrvingkul | Nomination and Compensation Committee/Independent Director |
| 3. General Chaiwat Satondee | Nomination and Compensation Committee |

Nomination and Compensation Committee has performed their duties assigned by the Board of Director, as shown on the Charter of Nomination and Compensation, responsible for searching for qualified candidates to assume the position of directors and top executives, determining remuneration for directors and top executives, 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 top executives, 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.

In 2017, there were 2(two) meetings of Nomination and Compensation 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 90 days, starting October 1, 2017 to December 31, 2017. No candidates for directors were nominated by shareholders in the Annual General Meeting of Shareholder 2017.

In 2017, there are 4 directors to retired by their rotation, however, there are 2 directors didn't renewal a director, also the existing of Board's Structure were 9 persons which the Nomination and Compensation Committee reviewed the Board's composition and structure was appropriated to the size of company business, proposed the Board to consider no. of the board of director was 9 persons.

Nomination and Compensation Committee has considered to appoint the replacement for Prof. Dr. Pornchai Cuunhachinda Director and Chairman of the Board, who resigned by namely; Dr. Pallapa Ruangrong was appointed to the Independent Director and Audit Committee as the remaining term according to the director nomination process. In addition, to suppose the Board of Director to consider a resolution of the sub-committee's structure in place of the vacancies.

2. To create the Board Matrix that provides an individual director assessment form by using information from skills, knowledge, and experience of each individual director to provide a guideline for the development of training program for the director that is not yet completed.

3. Determination of frameworks of compensation, meeting allowances, and other benefits for the Company's directors and members of committees, including Audit Committee, Nomination and Compensation Committee, Risk Management Committee, and Executive Committee, 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 2017, which Nomination and Compensation Committee accepted as suitable for their respective roles and responsibilities and in accordance with policy and criteria proposed by Nomination and Compensation Committee and approved by the Board of Directors.
4. Nomination and Compensation 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 Nomination and Compensation Committee

Report of Audit Committee

Dear Shareholders,

The Audit Committee was appointed by the Board of Directors consists of three (3) independent directors namely;

- | | |
|-----------------------------------|-----------------------------|
| 1. Mr. Noppadol Dheerabutrpongkul | Chairman of Audit Committee |
| 2. Mr. Santi Niamnil | Audit Committee |
| 3. Dr. Pallapa Ruangrong | 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.

In 2017, the Audit Committee held six (6) Meetings with the external auditors, Chief Financial Officer and Chief Internal Audit Officer attending the Meeting in related agenda item, which is summarized as follows:

1. Reviewed the quarterly and annual financial statements of 2017, 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. Review the results of internal audit performance by Internal Audit Division, the independently audit team according to internal audit annual plan, to internal control results more efficient and effectiveness. Overview, the results of the adequate assessment of internal control system of the company was adequacy.
4. Regulated the internal audit by reviewed the internal audit charter, a manual on internal audits, internal audit key performance indicators, according to internal audit annual plan 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. To consider, select, and propose the appointment of the external auditor, and propose the auditor's remuneration for the year 2017 to the Board of Directors to propose the 2017 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 Miss Kultida Pasurakul, Certified Public Accountant No. 5946, or Mr. Atipong Atipongsukul, Certified Public Accountant No. 3500, or Mr. Wichai Rujitanon, Certified Public Accountant No. 4054, or Mr. Yuthtapong Chuamuangpan, Certified Public Accountant No. 9445 of ANS Audit Co. Ltd., as the Company's auditors for the year 2016.

The Audit Committee is of the view that over the course of 2017, the Company's corporate governance and internal control systems have been properly implemented and the financial reports disclosing truthful information have been completely prepared in accordance with the financial report standard and lawful disclosure of information as directed by relevant regulations. Also, it has been ensured that risk management measures are adequately implemented, and that compliance with the law, regulations and commitments are fulfilled. Connected transactions have been accurately disclosed and all aspects of operations are coherent with the corporate governance system, without identification of any significant errors that potentially affect the Company's financial position. Additionally, work systems and procedures have constantly been developed to improve quality and better suit the business landscape.



Mr. Noppadol Dheerabutrsvongkul
Chairman of Audit Committee

Independent Auditor's Report

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

Opinion

I have audited the consolidated and separate financial statements of Phol Dhanya Public Company Limited and its subsidiaries, and of Phol Dhanya Public Company Limited, respectively, which comprise the consolidated and separate statements of financial position as at December 31, 2017, the consolidated and separate statements of profit or loss and other comprehensive income, statements of changes in shareholders' equity and statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements referred to above present fairly, in all material respects, the consolidated and separate financial position of the Phol Dhanya Public Company Limited and its subsidiaries, and of Phol Dhanya Public Company Limited, respectively, as at December 31, 2017, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Revenue Recognition of Construction of Water Supply System for Villages Using the Percentage of Completion Method

Risk

The Company and its subsidiary recognized "revenue from construction of water supply systems for village" using the percentage of completion method for the year ended December 31, 2017 of Baht 77.77 million. The percentage of completion of work depended on the surveys the completion of each stage of work performed by Engineers. The determination of the completion of each state based on value of construction cost allocated to each state which determined by the Group's management.

The appropriateness of assessment the stage of each work completion and value of construction cost allocated each state are estimation requires Management's judgment.

Auditor's Response

I considered the appropriateness of the percentage of completion used, I inquired with the Group's Engineers to obtain understanding of the percentage of completion method, performed calculation testing for tested the calculations used to determine the value of work at each stage of completion, and also assessed the appropriateness of Management's total estimated construction cost by verification with reliable external and internal audit evidence. In addition, I also conducted site visits for certain significant projects in order to assess whether the percentages of completion were in accordance with the percentages estimated by the Group.

*Provision for devaluation of inventories**Risk*

According to Notes to Financial Statement No. 8, the Group had inventories as at December 31, 2017 of Baht 223.08 million. Inventories are stated at the lower of cost or net realizable value. I focused on this area because the determination of the appropriateness of the provision for devaluation of inventories involves significant judgment by Management.

Auditor's Response

I assessed the appropriateness of the assumptions used by the Management for the determination of the provision for devaluation of inventories by:

- Observing annual physical inventory counts to determine the slow-moving and obsolete inventory items;
- Testing the report on long outstanding inventory;
- Analyzing the quantity of slow-moving inventories; and
- Considering the appropriateness of the allowance for devaluation in value of inventories.

Other information

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

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of Financial Statements

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

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

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

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

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

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



Kultida Pasurakul

Certified Public Accountant
Registration Number 5946

ANS Audit Company Limited
Bangkok, February 28, 2018

Statement of Financial Position

Phol Dhanya Public Company Limited and Its Subsidiaries

As at December 31, 2017

		Unit: Baht				
		Consolidated financial statements		Separate financial statements		
Notes		2017	2016	2017	2016	
Assets						
Current assets						
	Cash and cash equivalents	5	92,269,829.03	48,852,418.95	81,485,751.17	39,112,329.32
	Trade and other current receivables	4, 6	170,800,851.43	250,061,529.47	159,035,754.79	237,508,087.48
	Unbilled receivables	7	67,401,831.53	149,823,580.07	66,311,399.84	147,308,226.25
	Short-term loans to related parties - net	4	-	-	4,000,000.00	32,000,000.00
	Current portion of long-term loans to employees	12	1,099,086.02	1,493,835.59	1,025,886.02	1,162,982.45
	Inventories - net	8	235,383,232.88	235,085,665.00	222,934,389.47	214,679,744.54
	Current tax assets		4,339,729.25	1,144,340.80	3,626,120.64	-
	Advance payments for constructions	7	5,339,386.99	83,611,097.23	5,339,386.99	83,260,325.07
	Total current assets		576,633,947.13	770,072,467.11	543,758,688.92	755,031,695.11
Non-current assets						
	Restricted deposits with financial institution	9	30,086,968.33	-	30,086,968.33	-
	Investment in subsidiaries company - net	10	-	-	15,199,940.00	10,999,940.00
	Other long-term investment - net	11	-	-	-	-
	Long-term loans to employees - net	12	373,784.58	370,699.76	354,084.58	347,499.66
	Investment properties - net	13	6,744,922.59	7,222,598.54	6,744,922.59	7,222,598.54
	Property, plant and equipment - net	14	131,978,382.76	159,124,760.56	115,544,669.91	130,848,159.94
	Leasehold right - net	15	1,723,946.02	2,099,338.84	1,698,946.02	1,924,338.84
	Intangible assets - net	16	1,924,477.15	1,984,531.64	1,796,026.94	1,806,573.73
	Deferred tax assets	17	36,998,045.26	18,468,742.89	34,636,425.77	18,027,923.29
	Other non-current assets		1,020,073.00	1,610,373.71	541,523.00	22,100.00
	Total non-current assets		210,850,599.69	190,881,045.94	206,603,507.14	171,199,134.00
	Total assets		787,484,546.82	960,953,513.05	750,362,196.06	926,230,829.11

Statement of Financial Position

Annual Report 2017

Phol Dhanya Public Company Limited and Its Subsidiaries

As at December 31, 2017

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2017	2016	2017	2016
Liabilities and shareholders' equity					
Current liabilities					
	18	286,484,497.45	313,574,317.99	286,059,699.05	312,527,751.91
	4, 19	180,790,590.62	144,608,686.78	168,762,484.80	129,259,509.52
	20	5,260,447.15	5,971,585.52	1,228,798.94	1,958,342.37
	21	7,140,000.00	11,140,000.00	7,140,000.00	11,140,000.00
		370,276.68	2,423,412.09	-	2,231,339.25
	7	4,291,366.52	56,405,732.75	4,281,987.28	55,499,695.75
Total current liabilities		484,337,178.42	534,123,735.13	467,472,970.07	512,616,638.80
Non-current liabilities					
	20	12,990,853.10	18,735,562.76	1,099,312.01	2,568,869.75
	21	29,175,000.00	36,315,000.00	29,175,000.00	36,315,000.00
	22	22,099,522.00	19,642,067.00	20,465,437.00	18,344,006.00
		4,755,405.20	1,131,769.59	3,567,788.72	70,000.00
Total non-current liabilities		69,020,780.30	75,824,399.35	54,307,537.73	57,297,875.75
Total liabilities		553,357,958.72	609,948,134.48	521,780,507.80	569,914,514.55
Shareholders' equity					
	23				
		250,999,978.00	250,999,978.00	250,999,978.00	250,999,978.00
		202,499,982.00	202,499,982.00	202,499,982.00	202,499,982.00
		137,843,439.03	137,843,439.03	137,843,439.03	137,843,439.03
	25	16,200,000.00	16,200,000.00	16,200,000.00	16,200,000.00
		(119,513,492.34)	(2,037,818.82)	(127,961,732.77)	(227,106.47)
		(1,600,697.82)	(2,197,580.87)	-	-
Total shareholders' equity of the Company		235,429,230.87	352,308,021.34	228,581,688.26	356,316,314.56
		(1,302,642.77)	(1,302,642.77)	-	-
Total shareholders' equity		234,126,588.10	351,005,378.57	228,581,688.26	356,316,314.56
Total liabilities and shareholders' equity		787,484,546.82	960,953,513.05	750,362,196.06	926,230,829.11

Statement of Profit or Loss and Other Comprehensive Income

Phol Dhanya Public Company Limited and Its Subsidiaries
For the Year ended December 31, 2017

Unit: Baht

	Notes	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Revenues	4, 31				
Revenue from sales		863,372,965.14	816,529,160.52	817,048,567.51	785,880,566.50
Revenue from rendering of services		44,699,350.85	21,111,804.64	19,727,467.14	15,805,464.46
Revenue from construction and service contracts		77,770,000.85	260,352,959.28	75,344,023.48	254,710,882.18
Total revenues		985,842,316.84	1,097,993,924.44	912,120,058.13	1,056,396,913.14
Costs					
Cost of sales		(631,443,718.39)	(606,721,556.73)	(601,879,416.25)	(590,299,934.54)
Cost of rendering of services		(43,158,725.42)	(21,876,128.72)	(14,609,624.15)	(10,777,631.79)
Cost of construction and service contracts		(171,960,824.45)	(232,742,880.99)	(170,451,465.30)	(240,870,040.49)
Total costs		(846,563,268.26)	(861,340,566.44)	(786,940,505.70)	(841,947,606.82)
Gross profit		139,279,048.58	236,653,358.00	125,179,552.43	214,449,306.32
Gain on exchange rate - net		5,061,931.22	3,477,539.85	5,061,931.22	4,197,109.72
Other income		3,772,872.60	1,394,219.32	6,677,779.19	3,096,748.23
Selling expenses		(91,619,118.13)	(92,295,481.82)	(79,816,142.49)	(77,759,381.51)
Administrative expenses	7	(163,534,316.40)	(97,982,302.70)	(148,115,457.05)	(91,777,022.65)
Loss on impairment of investment in subsidiary	10	-	-	(35,800,000.00)	-
Loss on impairment of assets	14	(10,000,000.00)	-	-	-
Penalties arising from delays of constructions	7	(4,670,695.50)	(56,511,506.75)	(4,281,987.28)	(55,499,695.75)
Finance costs		(13,265,727.64)	(11,007,199.81)	(13,248,804.80)	(10,964,850.24)
Loss before income tax		(134,976,005.27)	(16,271,373.91)	(144,343,128.78)	(14,257,785.88)
Income tax income expenses	29	17,500,331.75	1,017,888.57	16,608,502.48	1,588,663.32
Loss for the year		(117,475,673.52)	(15,253,485.34)	(127,734,626.30)	(12,669,122.56)
Other comprehensive income					
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translating financial statements of foreign operation		596,883.05	(47,403.09)	-	-
Other comprehensive income (loss) for the year		596,883.05	(47,403.09)	-	-
Total comprehensive loss for the year		(116,878,790.47)	(15,300,888.43)	(127,734,626.30)	(12,669,122.56)
Loss attributable to:					
Equity holders of the Company		(117,475,673.52)	(15,246,171.63)	(127,734,626.30)	(12,669,122.56)
Non-controlling interests		-	(7,313.71)	-	-
		(117,475,673.52)	(15,253,485.34)	(127,734,626.30)	(12,669,122.56)
Total comprehensive loss attributable to:					
Equity holders of the Company		(116,878,790.47)	(15,293,574.72)	(127,734,626.30)	(12,669,122.56)
Non-controlling interests		-	(7,313.71)	-	-
		(116,878,790.47)	(15,300,888.43)	(127,734,626.30)	(12,669,122.56)
Loss per share	26				
Basic loss per share (Baht)		(0.58)	(0.08)	(0.63)	(0.07)
Weighted average number of ordinary shares (shares)		202,499,982	189,797,244	202,499,982	189,797,244
Diluted loss per share (Baht)		(0.58)	(0.08)	(0.63)	(0.06)
Weighted average number of ordinary shares for diluted earnings per share		202,499,982	194,977,476	202,499,982	194,977,476

Statement of Changes in Shareholders' equity

Phol Dhanya Public Company Limited and Its Subsidiaries
For the Year ended December 31, 2017

Unit: Baht

		Consolidated financial statements										
		Equity attributable to shareholders' equity of the Company					Other component of shareholders' equity					Total
		Retained earnings (Deficit)	Appropriated for legal reserve	Premium on share capital	Issued and paid-up share capital	Translating financial statements	Change in the ownership interests in subsidiary	Deficit from the	Other comprehensive income (loss)	Total other component of shareholders' equity	Non-controlling interests	Total Shareholders' Equity
	Balance as at January 1, 2017	(2,037,818.82)	16,200,000.00	137,843,439.03	202,499,982.00	(10,344.61)	(2,187,236.26)	(2,197,580.87)	(2,197,580.87)	(1,302,642.77)	351,005,378.57	
	Changes in equity for the year											
	Total comprehensive loss for the year	(117,475,675.52)	-	-	-	596,883.05	-	596,883.05	(116,878,790.47)	-	(116,878,790.47)	
	Balance as at December 31, 2017	(119,513,492.34)	16,200,000.00	137,843,439.03	202,499,982.00	586,538.44	(2,187,236.26)	(1,600,697.82)	235,429,230.87	(1,302,642.77)	234,126,588.10	
	Balance as at January 1, 2016	48,848,349.73	16,200,000.00	97,693,443.03	161,999,986.00	37,058.48	(2,187,236.26)	(2,150,177.78)	322,591,600.98	(1,295,329.06)	321,296,271.92	
	Changes in equity for the year											
	Increasing of share capital	-	-	40,149,996.00	40,499,996.00	-	-	-	80,649,992.00	-	80,649,992.00	
	Dividend paid	(35,639,996.92)	-	-	-	-	-	-	(35,639,996.92)	-	(35,639,996.92)	
	Total comprehensive loss for the year	(15,246,171.63)	-	-	-	(47,403.09)	-	(47,403.09)	(15,293,574.72)	(7,313.71)	(15,300,888.43)	
	Balance as at December 31, 2016	(2,037,818.82)	16,200,000.00	137,843,439.03	202,499,982.00	(10,344.61)	(2,187,236.26)	(2,197,580.87)	352,308,021.34	(1,302,642.77)	351,005,378.57	

Statement of Changes in Shareholders' equity

Phol Dhanya Public Company Limited and Its Subsidiaries
For the Year ended December 31, 2017

	Separate financial statements					Unit: Baht	
	Notes	Issued and paid-up share capital	Premium on share capital	Retained earnings (Deficit)			Total
				Appropriated - statutory reserve	Unappropriated		
Balance as at January 1, 2017		202,499,982.00	137,843,439.03	16,200,000.00	(227,106.47)	356,316,314.56	
Changes in equity for the year							
Total comprehensive loss for the year		-	-	-	(127,734,626.30)	(127,734,626.30)	
Balance as at December 31, 2017		202,499,982.00	137,843,439.03	16,200,000.00	(127,961,732.77)	228,581,688.26	
Balance as at January 1, 2016		161,999,986.00	97,693,443.03	16,200,000.00	48,082,013.01	323,975,442.04	
Changes in equity for the year							
Increasing of share capital	23	40,499,996.00	40,149,996.00	-	-	80,649,992.00	
Dividend paid	27	-	-	-	(35,639,996.92)	(35,639,996.92)	
Total comprehensive loss for the year		-	-	-	(12,669,122.56)	(12,669,122.56)	
Balance as at December 31, 2016		202,499,982.00	137,843,439.03	16,200,000.00	(227,106.47)	356,316,314.56	

Statement of Cash Flows

Annual Report 2017

Phol Dhanya Public Company Limited and Its Subsidiaries

For the Year ended December 31, 2017

	Unit: Baht			
	Consolidated financial statement		Separate financial statements	
	2017	2016	2017	2016
Cash flows from operating activities:				
Loss before income tax	(134,976,005.27)	(16,271,373.91)	(144,343,128.78)	(14,257,785.88)
Adjustment to reconcile loss to net cash by (used in) operating activities				
Bad debt	1,013,825.02	564,649.53	1,013,825.02	564,649.53
Doubtful accounts	133,235,065.90	68,998.95	129,398,750.16	7,751,169.01
Reversal allowance for doubtful accounts - trade and other receivables	(3,638,625.78)	(1,456,555.58)	(3,638,625.78)	(1,206,393.32)
Other receivables and deposit written-off	4,159.85	2,273,932.38	-	2,273,932.38
Loss on diminution in value of inventories	6,919,692.07	4,719,373.84	4,337,429.32	4,719,373.84
Reversal of allowance for diminution in value of inventories	(3,842,886.52)	(2,636,803.51)	(2,534,002.36)	(2,636,803.51)
Loss from inventories written-off	816,961.80	-	816,961.80	-
Loss on impairment of investment in subsidiary	-	-	35,800,000.00	-
Depreciation and amortisation	20,475,132.78	19,990,836.12	16,328,891.91	18,375,472.49
Loss on impairment of assets	10,000,000.00	-	-	-
Loss on disposal of fixed assets	504,943.50	956,346.79	64,780.71	311,975.71
Employee benefits expenses	3,164,855.00	2,697,887.01	2,828,831.00	2,519,196.88
Unrealized gain on exchange rate	618,717.45	(347,603.28)	614,570.35	(343,095.84)
Penalties arising from delays of construction	4,291,366.52	56,405,732.75	4,281,987.28	55,499,695.75
Reversal of penalties arising from delays of construction	(56,405,732.75)	-	(55,499,695.75)	-
Reversal of penalties arising from delays of construction	(242,612.60)	-	-	-
Provision for project warranty	-	69,444.59	-	-
Interest income	(519,054.03)	(737,764.52)	(1,631,797.61)	(1,190,705.25)
Interest expense	13,265,727.64	11,007,199.81	13,248,804.80	10,964,850.24
Profit (loss) from operations before changes in operating assets and liabilities	(5,314,469.42)	77,304,300.97	1,087,582.07	83,345,532.03
Operating assets (increase) decrease				
Trade and other receivables	(50,724,769.30)	(73,129,986.19)	(48,821,139.71)	(60,930,208.53)
Unbilled receivables	82,421,748.54	(127,741,472.07)	80,996,826.41	(127,502,339.25)
Inventories	(4,191,335.23)	(13,944,333.18)	(10,875,033.69)	(1,051,939.26)
Advance payments for constructions	78,271,710.24	(61,078,439.72)	77,920,938.08	(63,576,181.35)
Other non-current liabilities	(190,550.00)	(1,021,750.60)	100.00	-
Operating liabilities increase (decrease)				
Trade and other payables	39,164,121.65	(26,085,287.16)	42,489,340.19	(41,481,668.10)
Other non-current liabilities	125,846.89	(89,600.00)	-	(89,600.00)
Cash received from operating activities	139,562,303.37	(225,786,567.95)	142,798,613.35	(211,286,404.46)

Statement of Cash Flows

Phol Dhanya Public Company Limited and Its Subsidiaries

For the Year ended December 31, 2017

	Unit: Baht			
	Consolidated financial statement		Separate financial statements	
	2017	2016	2017	2016
Employee benefits paid	(707,400.00)	-	(707,400.00)	-
Cash received from income tax return	1,296,213.86	-	-	-
Cash paid for corporate income tax	(7,421,835.28)	(12,348,856.33)	(5,857,459.89)	(11,585,122.10)
Net cash from (used in) operating activities	132,729,281.95	(238,135,424.28)	136,233,753.46	(222,871,526.56)
Cash flows from investing activities:				
Increase restricted deposits with financial institution	(30,086,968.33)	-	(30,086,968.33)	-
Repayment from short-term loans to related parties	-	-	45,000,000.00	10,000,000.00
Increase in short-term loans to related parties	-	-	(17,000,000.00)	(32,000,000.00)
Increase in loan to employees	391,664.75	113,898.71	130,511.51	226,190.17
Proceeds from sales of fixed assets	2,784,596.47	1,557,009.36	2,552,803.74	1,557,009.36
Acquisition of fixed assets	(4,170,320.19)	(15,896,042.53)	(1,373,376.42)	(7,800,075.38)
Acquisition of intangible assets	(665,062.35)	(1,054,000.00)	(665,062.35)	(1,054,000.00)
Payments of investment in subsidiary	-	-	(40,000,000.00)	-
Interest received	519,054.03	737,764.52	1,631,797.61	1,190,705.25
Net cash used in investing activities	(31,227,035.62)	(14,541,369.94)	(39,810,294.24)	(27,880,170.60)
Cash flows from financing activities:				
Increase (decrease) in short-term loans from financial institutions	(28,351,218.38)	169,096,274.83	(27,729,450.70)	168,049,708.75
Receipt of long-term loans from financial institutions	-	50,000,000.00	-	50,000,000.00
Repayment of long-term loans from financial institutions	(11,140,000.00)	(12,545,000.00)	(11,140,000.00)	(12,545,000.00)
Repayment of liabilities under long-term lease agreements	(8,012,704.29)	(3,929,322.06)	(3,408,550.97)	(2,792,684.10)
Interest paid	(11,124,303.33)	(5,162,502.74)	(11,772,035.70)	(5,261,068.97)
Proceeds from increase in share capital	-	80,649,992.00	-	80,649,992.00
Dividend paid	-	(35,639,996.92)	-	(35,639,996.92)
Net cash from (used in) financing activities	(58,628,226.00)	242,469,445.11	(54,050,037.37)	242,460,950.76
Net increase (decrease) in cash and cash equivalents	42,874,020.33	(10,207,349.11)	42,373,421.85	(8,290,746.40)
Exchange differences on translating financial statements of foreign operation	543,389.75	(77,220.77)	-	-
Cash and cash equivalents at beginning of the year	48,852,418.95	59,136,988.83	39,112,329.32	47,403,075.72
Cash and cash equivalents at end of the year	92,269,829.03	48,852,418.95	81,485,751.17	39,112,329.32
Supplemental cash flow information				
Non-cash transactions				
Fixed assets obtained under finance leases	890,932.00	23,528,339.23	890,932.00	2,841,930.00

Phol Dhanya Public Company Limited and Its Subsidiaries
For the Year ended December 31, 2017

1. General Information

- 1.1 Phol Dhanya Public Company Limited (“the Company”) was incorporated and domiciled in Thailand on January 4, 1961 and became 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: 1/127 Moo 3 Tambol Rasada, Muang Phuket, Phuket.
- 1.3 The Company engages in a trading business, i.e. distribution of occupational safety, health and environmental products and the distribution, production and servicing of water treatment systems.
- 1.4 The Company has the following four subsidiaries:
 - 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 100% 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”) and applicable rules and regulations of the Thai Securities and Exchange Commission.

The presentation of the financial statements has been made in compliance with the stipulations of the Notification of the Department of Business Development dated October 11, 2016, issued under the Accounting Act B.E. 2543.

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

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.

Basis of preparation of consolidation financial statements

a. The consolidated financial statements include 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 (%)	
			2017	2016
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	100.00	100.00
Phol Water Co., Ltd.	Thailand	Production and distribution of water supply in the form of concessions, both government and private sector	99.99	99.99

b. The Company is deemed to have control over an investee or subsidiary if it has rights to, or is exposed to, variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.

c. Subsidiaries are fully consolidated as from the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

d. The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

e. Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.

f. Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

New Thai Financial Reporting Standards

a. Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2017. These financial reporting 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 standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

b. Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

3. Summary of Significant Accounting Policies

Revenue and expenses recognition

Sales of goods

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

Revenue and cost of water supply systems for villages and the water treatment system construction contracts

Revenue and cost of water supply systems for villages and the water treatment system contracts are recognized using the percentage of completion. The stage of completion is assessed by using the best estimate from Management based on work performed. The gross amount due from customers for the contracts pertaining to the excess of costs incurred plus recognized profits (less recognized losses) over progress billing are presented as "Unbilled receivables" under current assets in the statements of financial position. The gross amount due to customers for long-term contracts pertaining to the excess of progress billings over cost incurred plus recognized profits (less recognized losses) are presented as "Deferred construction revenue and deferred service revenue" under current liabilities in the statements of financial position.

Revenue of water supply systems for villages and the water treatment system contracts may decrease as a result of penalties arising from delays caused by the Group.

Cost of water supply systems for villages and the water treatment system contracts comprises the costs of materials, labor, subcontractors' charges, other services and overheads. Construction contracts under which incurred construction cost exceeds calculated cost of construction under percentage of completion, and cost of project for which revenue has not yet been recognized are presented as "Advance payments for constructions/Advance payments for services" under current assets in the statement of financial position. Contracts under which calculated costs of construction exceeds incurred cost of construction are presented as "Accrued construction costs/Accrued service costs" under current liabilities in the statement of financial position.

The Group recognizes expected losses on uncompleted contracts and penalties arising from delays that the Group not seeks to collect from subcontractors as expenses in the period immediately.

Other services revenue

Other 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 profit or loss 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 current receivables and allowance for doubtful accounts

Trade and other current 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).

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount. The impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged to profit or loss. When disposing of part of the Group's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

Property, plant and equipment

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

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

	<u>Useful life(years)</u>
Building and building improvements	20 – 30
Utility system	10
Demonstration goods and tools	5
Furniture and equipments	3 – 5
Vehicles	5
Water well drillings machines	5
Assets under water sales agreement	periods of agreements, 5 years
Safety equipment for rent	periods of agreements, 3 years

Investment property

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

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

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

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

Depreciation

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

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

Repairs and maintenance are charged to profit or loss 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 life 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 profit or loss.

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

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

Impairment of assets

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

An impairment loss is recognised in profit or loss.

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 profit or loss 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 profit or loss 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 other comprehensive income 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 profit or loss 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 profit or loss 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 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 (loss) and presented in the exchange differences as a separate component of shareholders' equity until the disposal of the foreign operation.

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 (loss).

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 utilized. 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.

Earnings (loss) per share

The calculations of basic earnings (loss) per share for the year were based on the profit (loss) for the year attributable to equity holders divided by the weighted average number of ordinary shares held by outsiders outstanding during the year. The calculations of diluted earnings (loss) per share for the year were based on the weighted average number of ordinary shares on the assumption that all dilutive potential ordinary shares have been converted to ordinary shares.

Fair value measurement

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

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.

Investment properties, and property plant and equipment/Depreciation

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

In addition, the management is required to review investment properties, and 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.

Construction contracts

The Group recognizes construction revenue by reference to the stage of completion of construction contract activities, when the group of a construction contract can be estimated reliably. The stage of completion is measured by reference to surveys of work and estimates performed by project management. Management is required to make judgments and estimates based on past experience and information obtained from the project management.

Estimated construction project costs

The Group estimates costs of construction projects based on details of the construction work, taking into account the volume and value of construction materials to be used in the project, labor costs and other costs to be incurred to complete the construction service, and any changing trends in these costs. Estimates are reviewed regularly or whether actual costs differ significantly from the figures used in the original estimates.

Estimated expenses for construction projects

In determining estimated expenses for construction projects, Management is required to use judgment and fact information to estimate losses that may be incurred from warranties and claims on the construction contract works. The estimates are made through a combination of specific reviews of construction projects, analysis of actual claims incurred and historical statistic information, among others. However, the use of different estimates and assumptions could affect the amounts of estimated expenses for construction projects.

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 transactions with related parties for the year ended December 31, 2017 and 2016, with related parties were as follows:

					Unit: Baht
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
Subsidiaries					
Phol Palladium Co., Ltd.					
Purchases of goods	-	-	809,930.00	851,422.00	Cost plus margin 5 - 15%
Sales of goods	-	-	21,055,041.55	23,422,530.97	Cost plus margin, as mutually agreement
Services income	-	-	-	30,833.00	Cost plus margin 5 - 15%
Management fee income	-	-	600,000.00	600,000.00	Mutually agreed price
Interest income	-	-	70,821.92	182,849.32	Interest rate 4.7% per annum
Phol Dhanya (Cambodia) Co., Ltd.					
Sales of goods	-	-	-	1,179,828.24	Cost plus margin 5 - 15%
Goods return	-	-	1,917,928.86	-	Cost plus margin 5 - 15%
Phol Water Co., Ltd.					
Purchases of goods	-	-	92,431.00	381,778.00	Mutually agreed price
Cost of services for water treatment system	-	-	-	331,509.00	Cost plus margin 15%
Cost of construction for water project	-	-	5,665,205.00	16,195,435.33	Cost plus margin 15 - 30 %
Commission expenses	-	-	-	65,306.47	Mutually agreed price
Sales of goods	-	-	3,640,523.33	3,846,759.22	Cost plus margin 5 - 15%
Management fee income	-	-	600,000.00	600,000.00	Mutually agreed price
Rental income	-	-	720,000.00	600,000.00	Mutually agreed price
Interest income	-	-	1,093,490.42	337,271.24	Interest rate 4.7 - 5% per annum

4.3 The balances of the accounts between the related parties as at December 31, 2017 and 2016 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade and other current receivables-related parties				
Trade receivables - related parties				
Phol Palladium Co., Ltd.	-	-	2,719,271.25	6,126,343.85
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,589,777.54	6,024,291.53
Phol Water Co., Ltd.	-	-	2,435,583.22	2,195,683.01
Total trade receivables - related parties	-	-	8,744,632.01	14,346,318.39
<u>Less</u> Allowance for doubtful accounts	-	-	(3,589,777.54)	(6,024,291.53)
Total trade receivables - related parties - net	-	-	5,154,854.47	8,322,026.86
Other receivables - related parties				
PD Genesis Engineering Co., Ltd.	-	-	126,278.09	126,278.09
Phol Palladium Co., Ltd.	-	-	53,500.00	53,500.00
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,630,997.16	3,783,641.42
Phol Water Co., Ltd.	-	-	117,700.00	117,700.00
Total other receivables - related parties	-	-	3,928,475.25	4,081,119.51
<u>Less</u> Allowance for doubtful accounts	-	-	(3,757,275.25)	(3,909,919.51)
Total other receivables - related parties - net	-	-	171,200.00	171,200.00
Trade and other current receivables-related parties	-	-	5,326,054.47	8,493,226.86
Short-term loans to related parties – net				
PD Genesis Engineering Co., Ltd.	-	-	5,000,000.00	5,000,000.00
Phol Palladium Co., Ltd.	-	-	-	5,000,000.00
Phol Water Co., Ltd.	-	-	4,000,000.00	27,000,000.00
Total short-term loans to related parties	-	-	9,000,000.00	37,000,000.00
<u>Less</u> Allowance for doubtful accounts	-	-	(5,000,000.00)	(5,000,000.00)
Short-term loans to related parties – net	-	-	4,000,000.00	32,000,000.00
Trade and other current payables - related parties				
Trade payable - related parties				
Phol Palladium Co., Ltd.	-	-	34,974.02	25,466.00
Phol Water Co., Ltd.	-	-	228,498.50	306,069.22
Accrued cost of construction for water project – related party	-	-	2,460,342.02	2,291,090.00
Total trade payable - related party	-	-	2,723,814.54	2,622,625.22
Other payable - related party				
Phol Water Co., Ltd.	-	-	119,182.20	119,182.20
Total other payable - related party	-	-	119,182.20	119,182.20
Trade and other current payables - related parties	-	-	2,842,996.74	2,741,807.42

4.4 During the year ended December 31, 2017, movements of short-term loans to related parties were as follows:

	Unit: Baht			
	As at January 1, 2017	Movement during the year		As at December 31, 2017
		Increase	Decrease	
Short-term loans to related parties – net				
Separate financial statements				
Subsidiaries				
PD Genesis Engineering Co., Ltd.	5,000,000.00	-	-	5,000,000.00
Phol Palladium Co., Ltd.	5,000,000.00	-	(5,000,000.00)	-
Phol Water Co., Ltd.	27,000,000.00	17,000,000.00	(40,000,000.00)	4,000,000.00
Total short-term loans to related parties	37,000,000.00	17,000,000.00	(45,000,000.00)	9,000,000.00
<u>Less</u> Allowance for doubtful accounts	(5,000,000.00)	-	-	(5,000,000.00)
Total short-term loans to related parties – net	32,000,000.00	17,000,000.00	(45,000,000.00)	4,000,000.00

- 4.4.1 The Company provided a short-term loan to its subsidiary company, Phol Palladium Co., Ltd., by issuing a promissory note, which is repayable at call and with an interest rate 4.70% per annum. During the second quarter of 2017, the Company has already received a short-term loan in the full amount.
- 4.4.2 The Company provided a short-term loan to its subsidiary company, Phol Water Co., Ltd., by issuing a promissory note, which is repayable at call and with an interest rate 4.70% per annum.
- 4.4.3 The Company provided a short-term loan to its subsidiary company, PD Genesis Engineering Co., Ltd., by issuing a promissory note, which is repayable at call and with an interest rate set at the MLR of KASIKORN BANK plus 3% per annum (10.13% - 10.25%).

The subsidiary had been in default of principal and interest since January 2012. As such, the Company provided allowance for doubtful account in the full amount of both the principal of Baht 5 million and accrued interest income during January 2012 - June 2012, of Baht 0.25 million. The Company has stopped recognising interest income since July 2012.

4.5 Compensation for directors and key management personnel

Compensation for directors and key management personnel for the year ended December 31, 2017 and 2016 consisted of:

	Unit: Baht			
	Consolidate financial statements		Separate financial statements	
	2017	2016	2017	2016
Short-term benefits	18,244,020.16	22,054,050.62	16,314,887.64	20,135,764.29
Post-employment benefits	543,640.00	489,686.00	543,640.00	489,686.00
Total compensation for directors key management personnel	18,787,660.16	22,543,736.62	16,858,527.64	20,625,450.29

4.6 Guarantee commitments for related parties

As at December 31, 2017, the Company has guarantee commitments for related parties were as follows:

- Letter of guarantee with a financial institution for the subsidiary, Phol Palladium Co., Ltd. in the amount of 10 million. As of this report, Baht 4.57 million of this credit facility has been used.
- Promissory notes with a financial institution for the subsidiary, Phol Palladium Co., Ltd. in the amount of 10 million, they have been unused.
- Letter of guarantee with a financial institution for the subsidiary, Phol Water Co., Ltd. under a joint credit facility with a Baht 10 million credit limit. As of this report, Baht 1.10 million of this credit facility has been used.
- Letters of credits and trust receipt with a financial institution for the subsidiary, Phol Water Co.,Ltd. under a joint credit facility with a Baht 10 million credit limit, , Baht 0.42 million of this credit facility has been used.
- Guarantee payment of finance lease for the subsidiary, Phol Water Co., Ltd., with the leasing company in amount Baht 21.68 million.

5. Cash and Cash Equivalents

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	430,413.00	543,660.51	210,545.72	282,873.17
Saving deposits	54,607,588.99	26,389,735.51	47,681,666.43	19,636,587.73
Current deposits	34,986,554.33	19,699,871.51	31,663,570.70	17,218,409.29
Checks received but not yet deposited	2,245,272.71	3,692,607.00	1,929,968.32	2,896,924.26
Outstanding checks	-	(1,473,455.58)	-	(922,465.13)
Total cash and cash equivalents	92,269,829.03	48,852,418.95	81,485,751.17	39,112,329.32

6. Trade and Other Current Receivables

6.1 As at December 31, 2017 and 2016, this account consisted of :

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade receivables				
Trade receivables - other parties	152,448,381.86	151,550,831.30	135,451,407.14	131,708,392.37
Trade receivables - related parties	-	-	8,744,632.01	14,346,318.39
Total trade receivables	152,448,381.86	151,550,831.30	144,196,039.15	146,054,710.76
<u>Less</u> Allowance for doubtful accounts	(5,181,890.59)	(5,256,214.45)	(4,859,566.40)	(7,433,540.98)
Trade receivables - net	147,266,491.27	146,294,616.85	139,336,472.75	138,621,169.78
Other receivables				
Other receivables - related parties	-	-	3,928,475.25	4,081,119.51
Other receivables	3,016,350.38	-	1,832,329.62	-
Advance payment for inventories - other parties	2,209,094.94	9,323,162.01	1,725,589.18	8,755,636.22
Receivables for penalties arising from delays of constructions	59,651,400.46	60,499,246.20	59,651,400.46	60,499,246.20
Receivables for construction materials	58,236,112.43	-	58,236,112.43	-
Advance payments	19,818,593.91	15,744,382.76	19,702,093.91	15,672,324.76
Prepaid expenses	1,951,598.94	1,879,944.25	1,614,407.51	1,453,582.07
Input Value Added Tax not yet due	2,678,416.04	4,706,454.01	1,384,098.15	2,884,399.05
Withholding tax receivable	1,130,762.94	-	-	-
Refundable import duty	3,112,338.71	4,126,982.11	3,112,114.71	4,126,982.11
Revenue Department receivable	622,080.37	5,170,041.00	-	3,849,995.51
Others	778,375.02	2,316,700.28	756,679.29	1,473,551.78
Total other receivables	153,205,124.14	103,766,912.62	151,943,300.51	102,796,837.21
<u>Less</u> Allowance for doubtful accounts	(129,670,763.98)	-	(132,244,018.47)	(3,909,919.51)
Other receivables - net	23,534,360.16	103,766,912.62	19,699,282.04	98,886,917.70
Trade and other current receivables	170,800,851.43	250,061,529.47	159,035,754.79	237,508,087.48

6.2 As at December 31, 2017 and 2016, 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	
	2017	2016	2017	2016
<u>Trade receivables - other parties</u>				
Not yet due	91,246,636.40	86,589,771.91	85,641,286.17	79,006,315.04
Over due:				
1-60 days	46,468,711.40	46,951,793.75	43,034,650.96	40,483,460.53
61-120 days	2,302,646.59	2,735,497.47	1,434,298.93	2,083,462.27
121-180 days	546,372.48	788,562.67	322,636.03	783,113.07
Over 180 days	11,884,014.99	14,485,205.50	5,018,535.05	9,352,041.46
Total trade receivables - other parties	152,448,381.86	151,550,831.30	135,451,407.14	131,708,392.37
<u>Less</u> Allowance for doubtful accounts	(5,181,890.59)	(5,256,214.45)	(1,269,788.86)	(1,409,249.45)
Trade receivables other parties – net	147,266,491.27	146,294,616.85	134,181,618.28	130,299,142.92
<u>Trade receivables - related parties</u>				
Not yet due	-	-	2,227,231.75	8,322,026.86
Over due:				
1-60 days	-	-	762,606.12	5,316.73
61-120 days	-	-	2,165,016.60	42,459.65
121-180 days	-	-	-	120,329.55
Over 180 days	-	-	3,589,777.54	5,856,185.60
Total trade receivables - related parties	-	-	8,744,632.01	14,346,318.39
<u>Less</u> Allowance for doubtful accounts	-	-	(3,589,777.54)	(6,024,291.53)
Total trade receivables - related parties	-	-	5,154,854.47	8,322,026.86
Total trade receivables – net	147,266,491.27	146,294,616.85	139,336,472.75	138,621,169.78

7. Construction Contracts

Balances of accounts in relation to water supply systems for villages and the water treatment system construction contracts for the year ended December 31, 2017 and 2016 comprised:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Contract costs to date	412,863,157.63	275,665,662.40	419,886,664.23	291,496,239.54
Recognised profit (loss) to date	(79,459,029.80)	42,632,562.77	(93,011,920.35)	16,814,765.04
Contract costs incurred and recognised profit (loss) to date	333,404,127.83	318,298,225.17	326,874,743.88	308,311,004.58
Less Progress billings	(273,829,224.33)	(178,276,187.72)	(268,252,543.48)	(170,639,765.09)
Unbilled contract revenue	59,574,903.50	140,022,037.45	58,622,200.40	137,671,239.49
Value Added Tax	7,826,928.03	9,801,542.62	7,689,199.44	9,636,986.76
Unbilled receivables	67,401,831.53	149,823,580.07	66,311,399.84	147,308,226.25

As at December 31, 2017 and 2016, the Group estimated the provision for penalties arising from construction delays of water supply systems for village projects and groundwater well drilling projects for the consolidated financial statements in the amounts of Baht 156.18 million and Baht 97.11 million, respectively, and for the separate financial statements in the amounts of Baht 152.08 million and Baht 96.48 million, respectively. However, the Group has the right to charge a portion of penalties back to sub-contractors for the consolidated financial statements in the amounts of Baht 129.84 million and Baht 80.39 million, respectively and for the separate financial statements in the amounts of Baht 125.96 million and Baht 79.80 million, respectively. The Group assessed its ability to reclaim the penalties from the sub-contractors and estimated provisions as at December 31, 2016, for the consolidated and the separate financial statements in the amounts of Baht 51.69 million, in the event the Group cannot reclaim such penalties from the sub-contractors including the liabilities of the Group for its portion of penalties for the consolidated financial statements in the amount of Baht 4.72 million and for the separate financial statements in the amounts of Baht 3.81 million which recorded as a provision for penalties arising from delays of construction.

Currently, the Group's management is in the process of taking the legal action against the sub-contractor to claim for the penalties arising from construction delay. In accordance with the conservative principle, the management records the penalties arising from construction delay incurred after January 1, 2017 in cost of construction. In addition, the management of the group fully provide provision for doubtful debt for receivables for penalties arising from delays of construction as at January 1, 2017 of Baht 59.65 million which presented in administrative expenses.

However, the Group will recognized such penalties as revenue when reclaim such penalties from the sub-contractors.

As at December 31, 2017 and 2016 the Company had rendered advance payments to sub-contractors for the several contracts which have been in consolidated financial statements amounting to Baht 5.34 million and Baht 83.61 million, respectively, and have been in separate financial statement amounting to Baht 5.34 million and 83.26 million, respectively

[Advance payments for constructions](#)

Movements of advance payments for constructions for the year end December 31, 2017 and 2016 are as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at January 1,	83,611,097.23	22,532,657.51	83,260,325.07	19,684,143.72
Increase	128,625,726.96	283,038,862.53	122,822,127.96	275,899,122.95
Decrease	(206,897,437.20)	(221,960,422.81)	(200,743,066.04)	(212,322,941.60)
Balance as at December 31	5,339,386.99	83,611,097.23	5,339,386.99	83,260,325.07

[Provision for penalties arising from delays of constructions](#)

Movement of penalties arising from delays of construction for the year ended December 31, 2017 and 2016 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at January 1,	56,405,732.75	-	55,499,695.75	-
Increase	4,291,366.52	56,405,732.75	4,281,987.28	56,405,732.75
Decrease	(56,405,732.75)	-	(55,499,695.75)	-
Balance as at December 31	4,291,366.52	56,405,732.75	4,281,987.28	55,499,695.75

8. Inventories - Net

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	223,088,550.98	226,935,535.34	211,777,061.98	209,317,519.97
Goods in transit	26,591,826.38	17,421,541.10	25,391,831.78	17,421,541.10
Consignment goods	-	371,760.80	-	371,760.80
Work in progress	1,210,738.40	2,787,905.09	-	-
Total inventories	250,891,115.76	247,516,742.33	237,168,893.76	227,110,821.87
<u>Less Allowance for diminution in value of inventories</u>	<u>(15,507,882.88)</u>	<u>(12,431,077.33)</u>	<u>(14,234,504.29)</u>	<u>(12,431,077.33)</u>
Inventories - net	235,383,232.88	235,085,665.00	222,934,389.47	214,679,744.54

Movements of allowance for diminution in value of inventory for the year ended December 31, 2017 and 2016 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Balance as at January 1,	12,431,077.33	10,348,507.00	12,431,077.33	10,348,507.00
Increase	6,919,692.07	4,719,373.84	4,337,429.32	4,719,373.84
Decrease	(3,842,886.52)	(2,636,803.51)	(2,534,002.36)	(2,636,803.51)
Balance as at December 31,	15,507,882.88	12,431,077.33	14,234,504.29	12,431,077.33

9. Restricted Deposits with Financial Institution

As at December 31, 2017, the fixed deposit of the Company amounted to Baht 30 million have been pledged with a financial institution as collateral for short-term loan facility (Note 33).

10. Investment in Subsidiary Companies - Net

As at December 31, 2017 and 2016, this account consisted of:

Company	Unit: Baht							
	Share Holding %		Separate financial statements					
	2017	2016	2017			2016		
			Amount	Allowance for impairment	Net	Amount	Allowance for impairment	Net
PD Genesis Engineering Co., Ltd.	76.67	76.67	11,500,000.00	(11,500,000.00)	-	11,500,000.00	(11,500,000.00)	-
Phol Palladium Co., Ltd.	99.99	99.99	999,970.00	-	999,970.00	999,970.00	-	999,970.00
Phol Dhanya (Cambodia) Co., Ltd.	100.00	100.00	6,770,686.00	(6,770,686.00)	-	6,770,686.00	(6,770,686.00)	-
Phol Water Co., Ltd.	99.99	99.99	49,999,970.00	(35,800,000.00)	14,199,970.00	9,999,970.00	-	9,999,970.00
Total			69,270,626.00	(54,070,686.00)	15,199,940.00	29,270,626.00	(18,270,686.00)	10,999,940.00

In July 2017, the Company invested in the increased ordinary shares capital of Phol Water Co., Ltd. of 4 million shares at the par value of Baht 10 per share to be totaling Baht 40 million. As a result investment in subsidiary increase from Baht 9.99 million to Baht 49.99 million. The Company paid for such share capital in the entire amount.

As at December 31, 2017 the Company's management considered providing additional allowance for loss on impairment of investment in the subsidiary company, Phol Water Company Limited because Phol Water Company Limited was operating at a loss. The Company provided allowance for impairment of such investment in subsidiary company in the amount of Baht 35.80 million.

11. Other Long-term Investment - Net

As at December 31, 2017 and 2016, this account consisted of:

	Share Holding %	Unit: Baht	
		Consolidated and separate financial statements	
		2017	2016
N&P Holding Company Limited			
Cost	2	1,000,000.00	1,000,000.00
Less Allowance for impairment		1,000,000.00	1,000,000.00
Net		-	-

12. Long-term Loan to Employees

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

13. Investment Properties - Net

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated and separate financial statements			
	Balance as at December 31, 2016	Movement during the year		Balance as at December 31, 2017
Increase		Decrease		
Cost				
Land	1,370,160.00	-	-	1,370,160.00
Building and building improvements	23,061,322.48	-	-	23,061,322.48
Total Cost	24,431,482.48	-	-	24,431,482.48
Accumulated depreciation				
Building and building improvements	17,208,883.94	477,675.95	-	17,686,559.89
Total Accumulated depreciation	17,208,883.94	477,675.95	-	17,686,559.89
Net book value	7,222,598.54			6,744,922.59

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

Unit: Million Baht

Location	Net book value			Appraisal value	Independent appraisers	Appraisal reports dated
	Investment properties	Leasehold right	Total			
1	2.74	-	2.74	5.00	Noble Property Valuation Co., Ltd	February 13, 2018
2	2.20	-	2.20	7.80	Noble Property Valuation Co., Ltd	December 27, 2016
3	1.60	-	1.60	6.38	Noble Property Valuation Co., Ltd	October 28, 2014
4	0.20	1.70	1.90	3.94	Noble Property Valuation Co., Ltd	October 28, 2014
	6.74	1.70	8.44			

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 15 which has net book value of Baht 1.70 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.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on the inputs to the valuation technique used.

Depreciations for the year ended December 31, 2017 and 2016, have been charged to profit or loss of consolidated and separate financial statements amounted to Baht 0.48 million for both years.

As at December 31, 2017 and 2016, 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 for both years.

As at December 31, 2017 and 2016, investment property, at net book value of Baht 6.55 million and Baht 6.97 million, respectively, has been mortgaged to secure its short-term loan and long-term loan with 2 financial institutions.

14. Property, Plant and Equipment - Net

As at December 31, 2017 and 2016, this account consisted of:

	Consolidated financial statements				Unit: Baht
	Movement during the year				
	Balance as at December 31, 2016	Increase	Decrease	Exchange differences on translating financial statements	Balance as at December 31, 2017
Cost					
Land	32,384,486.00	-	-	-	32,384,486.00
Building and building improvements	100,737,957.37	118,450.00	-	-	100,856,407.37
Furniture and equipment	30,552,876.42	778,806.33	(1,134,663.77)	(32,496.67)	30,164,522.31
Demonstration goods and tools	21,958,632.09	303,321.22	(5,242.06)	-	22,256,711.25
Vehicles	11,603,195.92	1,049,626.16	(6,956,181.11)	(23,898.49)	5,672,742.48
Utility system	15,115,988.14	114,719.63	-	-	15,230,707.77
Water well drilling machines	21,865,389.70	-	-	-	21,865,389.70
Assets under water sales agreement	6,576,979.80	9,275,258.45	-	-	15,852,238.25
Safety equipment for rent	14,953,898.46	-	-	-	14,953,898.46
Assets under installation	6,702,058.90	2,696,328.85	(9,275,258.45)	-	123,129.30
Total Cost	262,451,462.80	14,336,510.64	(17,371,345.39)	(56,395.16)	259,360,232.89
Accumulated depreciation					
Building and building improvements	34,628,462.84	3,464,479.40	-	-	38,092,942.24
Furniture and equipment	21,438,459.07	2,829,594.27	(1,006,853.47)	(19,725.00)	23,241,474.87
Demonstration goods and tools	15,475,385.36	1,799,560.58	(3,698.00)	-	17,271,247.94
Vehicles	5,224,451.12	965,849.56	(3,795,995.51)	(15,527.30)	2,378,777.87
Utility system	11,604,596.62	1,329,584.96	-	-	12,934,181.58
Water well drilling machines	850,523.76	3,046,732.08	-	-	3,897,255.84
Assets under water sales agreement	7,889,195.00	474,416.17	-	-	8,363,611.17
Safety equipment for rent	6,215,628.47	4,986,730.15	-	-	11,202,358.62
Total Accumulated depreciation	103,326,702.24	18,896,947.17	(4,806,546.98)	(35,252.30)	117,381,850.13
Less Allowance for impairment	-	10,000,000.00	-	-	10,000,000.00
Net book value	159,124,760.56				131,978,382.76

Unit: Baht

	Separate financial statements			Balance as at December 31, 2017
	Balance as at December 31, 2016	Movement during the year		
		Increase	Decrease	
Cost				
Land	32,384,486.00	-	-	32,384,486.00
Building and building improvements	100,226,310.58	118,450.00	-	100,344,760.58
Furniture and equipment	29,654,578.98	695,355.86	(645,142.06)	29,704,792.78
Demonstration goods	21,734,924.47	163,027.47	(3,700.00)	21,894,251.94
Vehicles	10,625,566.53	1,049,626.16	(6,002,412.35)	5,672,780.34
Utility system	14,989,796.82	114,719.63	-	15,104,516.45
Assets under water sales agreement	9,884,202.50	-	-	9,884,202.50
Safety equipment for rent	14,953,898.46	-	-	14,953,898.46
Assets under installation	-	123,129.30	-	123,129.30
Total Cost	234,453,764.34	2,264,308.42	(6,651,254.41)	230,066,818.35
Accumulated depreciation				
Building and building improvements	34,511,506.96	3,291,847.36	-	37,803,354.32
Furniture and equipment	20,851,815.75	2,670,069.69	(643,251.69)	22,878,633.75
Demonstration goods	15,778,368.03	1,766,145.01	(3,698.00)	17,540,815.04
Vehicles	5,189,823.95	917,513.04	(3,386,720.27)	2,720,616.72
Utility system	11,210,532.62	1,287,525.41	-	12,498,058.03
Assets under water sales agreement	9,847,928.62	30,383.34	-	9,878,311.96
Safety equipment for rent	6,215,628.47	4,986,730.15	-	11,202,358.62
Total Accumulated depreciation	103,605,604.40	14,950,214.00	(4,033,669.96)	114,522,148.44
Net book value	130,848,159.94			115,544,669.91

Depreciations for the year ended December 31, 2017 and 2016, have been charged to profit or loss of consolidated financial statements amounted to Baht 18.90 million and Baht 18.51 million, respectively, and have been charged to profit or loss of separate financial statements amounted to Baht 14.95 million and Baht 17.09 million, respectively.

As at December 31, 2017 and 2016, land, including buildings and structure thereon at net book value of Baht 85.56 million and Baht 88.42 million respectively, has been mortgaged to secure its short-term loan and long-term loan with a financial institution (Note 21 and 33).

As at December 31, 2017 and 2016, certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets are Baht 49.69 million and Baht 38.71 million, respectively.

As at December 31, 2017 and 2016, the Group had water well drilling machines, equipment and motor vehicles under financial lease agreements with a net book value in consolidated financial statements in the amount of Baht 10.47 million and Baht 27.48 million and separate financial statements in the amount of Baht 3.95 million and Baht 6.51 million, respectively.

15. Leasehold Right - Net

As at December 31, 2017 and 2016, this account consisted of:

				Unit: Baht
Consolidated financial statements				
	Balance as at December 31, 2016	Movement during the year		Balance as at December 31, 2017
		Increase	Decrease	
Cost	6,050,000.00	-	-	6,050,000.00
Amortization	(3,950,661.16)	(375,392.82)	-	(4,326,053.98)
Net book value	2,099,338.84			1,723,946.02

				Unit: Baht
Separate financial statements				
	Balance as at December 31, 2016	Movement during the year		Balance as at December 31, 2017
		Increase	Decrease	
Cost	5,600,000.00	-	-	5,600,000.00
Amortization	(3,675,661.16)	(225,392.82)	-	(3,901,053.98)
Net book value	1,924,338.84			1,698,946.02

Amortization for the year ended December 31, 2017 and 2016, have been charged to profit or loss of consolidated financial statements amounted to Baht 0.38 million for both years, and have been charged to profit or loss of separate financial statements amounted to Baht 0.23 million for both years.

16. Intangible Assets - Net

As at December 31, 2017 and 2016, this account consisted of:

				Unit: Baht
Consolidated financial statements				
	Balance as at December 31, 2016	Movement during the year		Balance as at December 31, 2017
		Increase	Decrease	
Cost	12,546,537.75	665,062.35	-	13,211,600.10
Amortization	(10,562,006.11)	(725,116.84)	-	(11,287,122.95)
Net book value	1,984,531.64			1,924,477.15

Unit: Baht

	Separate financial statements			Balance as at December 31, 2017
	Balance as at December 31, 2016	Movement during the year		
		Increase	Decrease	
Cost	12,298,997.75	665,062.35	-	12,964,060.10
Amortization	(10,492,424.02)	(675,609.14)	-	(11,168,033.16)
Net book value	1,806,573.73			1,796,026.94

Amortization for the year ended December 31, 2017 and 2016, has been charged to profit or loss of consolidated financial statements amounted to Baht 0.73 million and Baht 0.63 million, respectively and charged to profit or loss of separate financial statements amounted to Baht 0.68 million and Baht 0.58 million, respectively.

As at December 31, 2017 and 2016, 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 amounted to Baht 9.37 million and Baht 8.95 million, respectively.

17. Deferred Tax

Deferred tax as at December 31, 2017 and 2016 were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	36,998,045.26	18,468,742.89	34,636,425.77	18,027,923.29
Deferred tax liabilities	-	-	-	-

Movements in deferred tax assets during year ended December 31, 2017 and 2016 were as follows:

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at January 1, 2017	Profit (loss)	As at December 31, 2017	As at January 1, 2017	Profit (loss)	As at December 31, 2017
Deferred tax assets						
Allowance for doubtful accounts	281,849.89	25,682,483.87	25,964,333.76	281,849.89	25,669,456.52	25,951,306.41
Allowance for devaluation of inventories	2,486,215.46	360,685.40	2,846,900.86	2,486,215.46	360,685.40	2,846,900.86
Depreciation of safety equipment for rent	491,117.59	397,616.05	888,733.64	491,117.59	397,616.05	888,733.64
Non-current provisions for employee benefits	3,928,413.40	491,491.00	4,419,904.40	3,668,801.20	424,286.20	4,093,087.40
Provision for penalties arising from delays of constructions	11,281,146.55	(10,402,973.95)	878,172.60	11,099,939.15	(10,243,541.69)	856,397.46
Provision for penalties arising from delays of delivery inventory	-	2,000,000.00	2,000,000.00	-	-	-
Total	18,468,742.89	18,529,302.37	36,998,045.26	18,027,923.29	16,608,502.48	34,636,425.77

	Unit: Baht					
	Consolidated financial statements			Separate financial statements		
	As at January 1, 2016	Profit (loss)	As at December 31, 2016	As at January 1, 2016	Profit (loss)	As at December 31, 2016
Deferred tax assets						
Allowance for doubtful accounts	566,186.41	(284,336.52)	281,849.89	516,153.96	(234,304.07)	281,849.89
Allowance for devaluation of inventories	2,069,701.40	416,514.06	2,486,215.46	2,069,701.40	416,514.06	2,486,215.46
Depreciation of safety equipment for rent	94,058.38	397,059.21	491,117.59	94,058.38	397,059.21	491,117.59
Non-current provisions for employee benefits	3,388,835.99	539,577.41	3,928,413.40	3,164,961.82	503,839.38	3,668,801.20
Provision for penalties arising from delays of constructions	-	11,281,146.55	11,281,146.55	-	11,099,939.15	11,099,939.15
Total	6,118,782.18	12,349,960.71	18,468,742.89	5,844,875.56	12,183,047.73	18,027,923.29

18. Short-term Loans from Financial Institutions

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Bills of Exchange	-	200,000,000.00	-	200,000,000.00
Less discount	-	(1,261,397.84)	-	(1,261,397.84)
Bills of Exchange – net	-	198,738,602.16	-	198,738,602.16
Short-term loan - Promissory notes	200,000,000.00	75,000,000.00	200,000,000.00	75,000,000.00
Short-term loan - Trust receipts	86,484,497.45	39,835,715.83	86,059,699.05	38,789,149.75
Total short-term loans from financial institutions	286,484,497.45	313,574,317.99	286,059,699.05	312,527,751.91

During the period the second quarter of 2017, the Company redeemed Bills of Exchange in the entire amount.

As at December 31, 2017 and 2016, the interest rate of bank overdrafts and short-term loans from financial institutions, were as follows:

	Interest rate per annum	
	2017	2016
Bills of Exchange	-	Discount rate 3.45%
Promissory notes	Interest rate of a bank announcement (3.45% to 3.67%)	Interest rate of a bank announcement (3.15% to 3.50%)
Trust receipts	Interest rate of a bank announcement and MRR (2.90%)	Interest rate of a bank announcement and MRR (2.50% to 3.00%)

19. Trade and Other Current Payables

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables				
Trade payables-other parties				
- Domestic	54,029,120.41	30,317,488.26	47,745,161.93	23,795,547.33
- Foreign	90,214,367.76	74,016,601.43	86,547,374.56	70,444,070.77
Trade payable - related parties	-	-	263,472.52	331,535.22
Accrued cost of constructions for water project - related party	-	-	2,460,342.02	2,291,090.00
Total trade payables	144,243,488.17	104,334,089.69	137,016,351.03	96,862,243.32
Other payables				
Payables for penalties arising from delays of constructions	4,462,291.79	-	3,543,471.54	-
Output VAT not yet due and withholding tax payable	9,184,030.17	11,590,537.93	8,701,460.07	10,326,548.07
Accrued commission expenses	4,471,385.75	4,542,487.45	3,771,019.90	3,611,099.44
Accrued bonus expenses	-	1,429,534.88	-	1,205,082.33
Management remuneration	-	500,000.00	-	500,000.00
Advance received from customers	1,900,561.83	3,152,265.63	858,641.83	543,730.63
Unearned rental and service revenue	9,691,650.90	7,764,839.70	9,691,650.90	7,764,839.70
Accrued import expenses	895,581.66	682,259.00	895,581.66	682,259.00
Accrued expenses	5,363,150.91	9,160,164.68	3,771,778.69	6,457,167.08
Others	578,449.44	1,452,507.82	393,346.98	1,187,357.75
Other payable - related party	-	-	119,182.20	119,182.20
Total other payables	36,547,102.45	40,274,597.09	31,746,133.77	32,397,266.20
Total trade and other current payables	180,790,590.62	144,608,686.78	168,762,484.80	129,259,509.52

20. Long-term Liabilities under Finance Lease - Net

As at December, 2017 and 2016, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Liabilities under finance lease				
- Within 1 year	5,835,737.77	6,820,045.86	1,289,119.45	2,135,343.54
- Over 1 year but not over 5 years	13,650,863.98	20,043,982.66	1,132,110.08	2,725,456.44
Less Deferred interest expenses	(1,235,301.50)	(2,156,880.24)	(93,118.58)	(333,587.86)
Present value of liabilities under finance lease	18,251,300.25	24,707,148.28	2,328,110.95	4,527,212.12
Less Current portion of liabilities under finance lease	(5,260,447.15)	(5,971,585.52)	(1,228,798.94)	(1,958,342.37)
Net	12,990,853.10	18,735,562.76	1,099,312.01	2,568,869.75

Liabilities under finance lease of subsidiary were guaranteed payment by the Company in the entire amount.

21. Long-term Loans from Financial Institutions - Net

As at December 31, 2017 and 2016, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial statements	
	2017	2016
Long-term loans from financial institutions as at January 1,	47,455,000.00	10,000,000.00
Addition	-	50,000,000.00
Repayment	(11,140,000.00)	(12,545,000.00)
Less Current portion of long-term loans	(7,140,000.00)	(11,140,000.00)
Net	29,175,000.00	36,315,000.00

On July 18, 2012, the Company entered into the long-term loan agreement facilities of Baht 30 million with a local commercial bank. The Company has a commitment to repay the principal in 60 monthly installments in the amount of Baht 0.5 million each. The first principal installment was September 2012, with an interest rate of 3% per annum. The first interest installment was August 2012 and during the Third quarter of 2017, the Company paid for the entire principal amount under this loan agreement.

On January 26, 2016, the Company entered into the long-term agreement facility of Baht 50 million with the same local commercial bank for supporting its Core-Trading Asset such as inventories of the Company. The Company has a commitment to repay the loan principal in 84 monthly installments, of which the 1st – 83rd installments are Baht 595,000 each and the 84th installment is the remaining loan principal amount. The loan bearing interest rate of THBFIX plus 1.85% per annum (4.7%) or in case of the interest rate of THBFIX less than 0.5% per annum, the Company has to use the rate of 0.5% per annum. The first principal and interest installment was February 2016.

Under the term of such long-term agreement facility for supporting its Core-Trading Asset, the Company has committed to comply with following certain conditions:

- Maintain a Debt to Equity Ratio not more than 2 but not less than zero.
- Maintain a Debt-Service Coverage Ratio (DSCR) not less than 2.

As at December 31, 2017, the Company did not comply with the loan agreement relating to maintaining the Debt Service Coverage Ratio. However, the Company refers to the consent letter from the bank, dated November 8, 2017, granting a waiver of the event of default of the loan agreement in September 2017. The Company considers that there will be no significant impact.

Land and structure thereon has been mortgaged to secure its long-term loan with a financial institution.

22. Non-Current Provisions for Employee Benefits

Movement of the present value of employee benefit obligations for the years ended December 31, 2017 and 2016 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Non-current provisions for employee benefits as at January 1,	19,642,067.00	16,944,179.99	18,344,006.00	15,824,809.12
Included in profit or loss:				
Current service cost	2,734,879.00	2,348,307.01	2,428,911.00	2,174,060.88
Interest cost	429,976.00	349,580.00	399,920.00	345,136.00
Included in other comprehensive income:				
Actuarial (gains) losses arising from Financial assumptions changes	-	-	-	-
Benefit paid during the year	(707,400.00)	-	(707,400.00)	-
Non-current provisions for employee benefits as at December 31,	22,099,522.00	19,642,067.00	20,465,437.00	18,344,006.00

Employee benefit expenses in profit or loss for the year ended December 31, 2017 and 2016, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Selling expenses	1,473,136.00	1,124,922.11	1,261,507.00	1,155,483.00
Administrative expenses	1,691,719.00	1,572,964.90	1,567,324.00	1,363,713.88
Total employee benefit expenses	3,164,855.00	2,697,887.01	2,828,831.00	2,519,196.88

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.

Principal actuarial assumptions as at December 31, 2017 and 2016 (represented by the weighted-average) consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.18% - 2.38%	2.18% - 2.38%	2.18%	2.18%
Future monthly salary increase rate	5.00%	5.00%	5.00%	5.00%
Mortality rate	100% of Mortality Tables of 2008		100% of Mortality Tables of 2008	

The result of sensitivity analysis for significant assumptions that affect the present value of non-current provisions for employee benefits as at December 31, 2017 are summarised below:

	Unit: Baht			
	Change of the present value of non-current provisions for employee benefits			
	Consolidated financial statements		Separate financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,786,206.00)	3,333,143.00	(2,554,288.00)	3,054,997.00
Salary increase rate	3,402,899.00	(2,891,178.00)	3,119,477.00	(2,651,289.00)
Turnover rate	(2,925,802.00)	1,354,185.00	(2,681,716.00)	1,235,949.00

As at December 31, 2017, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Over 1 and up to 5 years	3,259,609.00	3,259,609.00
Over 5 years	157,735,858.00	133,320,600.00

23. Share Capital

Board of Directors' Meeting of the Company No. 7/2016, held on July 20, 2016 and Extraordinary Shareholders' Meeting No. 1/2016 held on August 29, 2016 had approved the decrease, increase and allotment of share capital as follows:

- 1) Decrease the Company's registered share capital from the existing registered capital of Baht 162,000,000 to Baht 161,999,986 by way of eliminating 14 unissued shares at the par value of Baht 1. (The Company registered the decrease of share capital with the Ministry of Commerce on September 7, 2016)
- 2) Issue and allot 40,499,996 new ordinary shares to the existing shareholders of the Company in proportion to their shareholding (Rights Offer) at a ratio of 4 existing shares to 1 new ordinary share, at an offer price of Baht 2 per share. (Total amount of the subscription shares is Baht 80,999,992. Share capital premium of Baht 40,499,996 and their direct transaction costs of Baht 350,000 are presented net in premium on share capital account. The Company received all of such subscription shares and registered the paid-up share capital with the Ministry of Commerce on October 7, 2016)

24. Warrants

Features of Warrants (PHOL-W1) allotted to existing shareholders

(Issue and allotment of warrants (PHOL-W1) were approved by the Board of Directors' Meeting of the Company No. 7/2016, held on July 20, 2016 and Extraordinary Shareholders' Meeting No. 1/2016, held on August 29, 2016)

Type:	Registered and transferable warrants for the purchase of ordinary shares
Offering units:	40,499,996 warrants
Offering price per unit:	Baht 0 (Baht Zero)
Term:	2 years from the issue date
Exercise ratio:	1 warrant: 1 ordinary share.
Exercise price:	One warrant unit is entitled to purchase one ordinary share at Baht 3 per share
Exercise of Warrants:	Warrant Holders shall be entitled to exercise their rights under Warrants on the last Business Day of every April and October of each year throughout the term of the Warrants.

The Market for Alternative Investment (mai) has granted a listing of certificates representing the rights to purchase shares (warrants) of the Company from November 11, 2016. As at December 31, 2017, there is no exercise of such warrants.

For the year ended December 31, 2017, there are no diluting effects from converting warrants because the exercise price exceeds the fair value of ordinary shares.

25. Legal Reserve

Pursuant to the Public Limited Companies Act B.E. 2535, the Company must appropriate annual net profit as a reserve fund of not less than 5 % of the annual net profit deducted by the total deficit brought forward (if any) until reserve reaches an amount no less than 10 % of the registered capital. This legal reserve is not available for dividend distribution.

26. Earnings (Loss) Per Share

Basic loss per share is calculated by dividing the net loss attributable to shareholders by the weighted average number of ordinary shares in issue and paid-up during the year.

Basic loss per share for the years ended December 31, 2017 and 2016, are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net loss attributable to ordinary shares (Baht)	(117,475,673)	(15,246,172)	(127,734,626)	(12,669,123)
Weighted average ordinary shares (shares)	202,499,982	189,797,244	202,499,982	189,797,244
Diluted loss per share (Baht)	(0.58)	(0.08)	(0.63)	(0.07)

Diluted loss per share for the years ended December 31, 2017 and 2016, are as follows:

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net loss attributable to ordinary shares (Baht)	(117,475,673)	(15,246,172)	(127,734,626)	(12,669,123)
Weighted average ordinary shares (shares)	202,499,982	189,797,244	202,499,982	189,797,244
Adjustment for:				
Assumed conversion of warrants	-	5,180,232	-	5,180,232
Weighted average number of ordinary shares for diluted earnings per share	202,499,982	194,977,476	202,499,982	194,977,476
Diluted loss per share (Baht)	(0.58)	(0.08)	(0.63)	(0.06)

27. Dividend Paid

Year 2016

Board of Directors' Meeting of the Company No. 8/2016, held on August 10, 2016 approved the payment of interim dividend of Baht 0.10 per share from the six-month period operation ended June 30, 2016, in the total amount of Baht 16.20 million. The dividends paid on September 7, 2016.

Board of Directors Meetings No. 2/2016 held on February 23, 2016, and Annual General Meeting of the shareholders No. 1/2016 held on April 26, 2016, approved the last payment of dividend for the year 2015 on May 23, 2016 of Baht 0.12 per share, of the total number of shares 161.99 million, in the amount of Baht 19.44 million. The total dividend payment was Baht 32.40 million equivalent to 94.42 percent of net profit for the year 2015.

28. Expenses by Nature

Significant expenses by nature for the years ended December 31, 2017 and 2016 were as follow:

	Consolidated financial statements		Separate financial statements		Unit: Baht
	2017	2016	2017	2016	
Changes in finished goods and work in progress	(3,374,373.43)	(13,944,333.18)	(10,058,071.89)	(1,051,939.26)	
Purchase of goods	682,101,562.26	581,164,856.09	632,378,013.96	552,536,507.17	
Sub-contractor payments	44,700,490.25	201,805,350.62	42,634,695.86	200,021,846.52	
Depreciation and amortization	20,475,132.78	19,990,836.12	16,328,891.91	18,375,472.49	
Salaries, wages and other employee benefits	97,653,653.79	114,932,429.41	85,862,339.29	99,597,053.84	
Advertising and promotion expenses	4,764,784.37	6,024,803.67	4,039,050.50	5,696,453.47	
Delivery expenses	9,414,397.84	7,791,589.78	9,163,094.67	7,683,944.68	
Utility expenses	3,838,160.06	4,044,381.51	3,703,331.51	3,953,706.22	
Doubtful accounts	133,235,065.90	68,998.95	129,398,750.16	7,751,169.01	
Provision for penalties arising from delays of constructions	4,670,695.50	56,511,506.75	4,281,987.28	55,499,695.75	
Loss on impairment of investment in subsidiary	-	-	35,800,000.00	-	
Loss on impairment of assets	10,000,000.00	-	-	-	

29. Income Tax

Income tax for the year ended December 31, 2017 and 2016 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Current tax expense				
Current period	1,028,970.62	11,332,072.14	-	10,594,384.41
Deferred tax expense				
Movements in temporary differences	(18,529,302.37)	(12,349,960.71)	(16,608,502.48)	(12,183,047.73)
Income tax income	(17,500,331.75)	(1,017,888.57)	(16,608,502.48)	(1,588,663.32)

Reconciliation of effective tax rate for the year ended December 31, 2017 and 2016 as follows:

	Consolidated financial statements			
	2017		2016	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Loss before income tax		(134,976,005.27)		(16,271,373.91)
Income tax using the corporate tax rate	20.00	(26,995,201.05)	20.00	(3,254,274.78)
Effect from eliminate transactions	5.11	(6,903,245.85)	8.96	(1,457,041.32)
Expenses not deductible for tax purposes	(5.11)	6,895,086.04	(12.73)	2,071,224.94
Expenses that are deductible at a greater amount from actual expenses	1.07	(1,444,298.33)	4.91	(798,967.64)
Current year losses for which no deferred tax assets was recognized	(8.11)	10,947,327.44	(15.20)	2,472,960.66
Prior year temporary differences which no deferred tax assets was recognized	-	-	0.32	(51,790.43)
Income tax income	12.97	(17,500,331.75)	6.26	(1,017,888.57)

	Separate financial statements			
	2017		2016	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Loss before income tax		(144,343,128.78)		(14,257,785.88)
Income tax using the corporate tax rate	20.00	(28,868,625.76)	20.00	(2,851,557.18)
Expenses not deductible for tax purposes	(4.60)	6,637,653.98	(14.46)	2,061,861.50
Expenses that are deductible at a greater amount from actual expenses	0.36	(526,099.22)	5.60	(798,967.64)
Prior year losses which no deferred tax assets was recognized but used to reduce current tax expenses	(4.26)	6,148,568.52	-	-
Income tax income	11.51	(16,608,502.48)	11.14	(1,588,663.32)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Unused tax losses				
Expire in 2 - 5 years	61,138,031.52	7,560,372.96	30,742,843.61	-

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.

30. Provident Fund

The Company, its subsidiaries, and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, its subsidiaries and the staff will contribute the same amount at 3% to 5% of staff salary to this fund. Staff will receive payment from the provident fund upon retirement based on the rules of the fund.

During the year ended December 31, 2017 and 2016, the Company, and its subsidiaries contributed Baht 2.52 million and Baht 2.87 million, respectively.

31. 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, 2017 and 2016 was as follows:

	Unit: Thousand Baht									
	Trading in Health and Safety Products		Water Treatment System		Water supply systems for villages		Elimination of inter-segment revenues		Consolidation	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Revenue from sales and rendered services	879,010	817,658	29,242	28,327	77,590	252,009	-	-	985,842	1,097,994
Intersegment revenues	22,293	25,058	1,387	8,952	5,665	12,895	(29,345)	(46,905)	-	-
Cost of sales and rendered services	(666,203)	(629,469)	(33,250)	(38,472)	(177,938)	(240,555)	30,828	47,155	(846,563)	(861,341)
Segment gross profit (loss)	235,100	213,247	(2,621)	(1,193)	(94,683)	24,349	1,483	250	139,279	236,653
Penalties arising from delays of constructions			-	(1,012)	(4,671)	(55,500)			(4,671)	(56,512)
Unallocated income and expenses:										
Gain on exchange rate – net									5,062	3,478
Other income									3,773	1,394
Selling expenses									(91,619)	(92,295)
Administrative expenses									(163,534)	(97,982)
Loss on impairment of assets									(10,000)	-
Finance costs									(13,266)	(11,007)
Income tax income									17,500	1,018
Loss for the year			(2,621)	(2,205)	(99,354)	(31,151)			(117,476)	(15,253)

The Group's business segment information and reconciliation of reportable segment total assets to the Group's assets as at December 31, 2017 and 2016 as follow:

	Unit: Thousand Baht	
	Consolidated financial statements	
	2017	2016
Investment properties – net	6,745	7,223
Property plant and equipment – net	131,978	159,125
Unallocated assets	648,762	794,606
Total assets	787,485	960,954

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 based on location of customer for the year ended December 31, 2017 and 2016 was as follows:

	Unit: Thousand Baht	
	Revenues	
	2017	2016
Thailand	976,457	1,086,454
Other countries	9,385	11,540
Total	985,842	1,097,994

Major customer

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

32. Major Suppliers

The Group has major suppliers as the subcontractors of water supply systems for villages project as follows:

- Max Water Shop Co., Ltd.
- Khon Kaen Watertech Co., Ltd.
- Song Khwae Water Co., Ltd.
- Nakornping Enterprise Co., Ltd.
- C. Gold Limited Partnership
- Asia Metal Sheet and Steel Limited Partnership

32.1 The balances of the accounts between the Group and those major suppliers as at December 31, 2017 and 2016 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade and other receivables				
Other receivables				
Max Water Shop Co., Ltd.	41,565,339.45	30,051,819.34	41,565,339.45	29,908,439.34
Khon Kaen Watertech Co., Ltd.	8,436,370.30	5,611,035.48	8,436,370.30	5,536,502.77
Song Khwae Water Co., Ltd.	343,288.72	359,288.72	343,288.72	359,288.72
Nakornping Enterprise Co., Ltd.	16,566,510.55	6,133,582.20	16,566,510.55	6,133,582.20
C. Gold Limited Partnership	37,079,856.00	17,265,687.85	36,669,955.40	16,855,787.25
Asia Metal Sheet and Steel Limited Partnership	10,977,298.67	7,453,673.30	10,977,298.67	7,453,673.30
Total other receivables	114,968,663.69	66,875,086.89	114,558,763.09	66,247,273.58
Advance payments for constructions				
Max Water Shop Co., Ltd.	1,191,404.66	17,632,476.23	1,191,404.66	17,632,476.23
Khon Kaen Watertech Co., Ltd.	-	2,824,209.15	-	2,824,209.15
Song Khwae Water Co., Ltd.	-	758,807.30	-	758,807.30
Nakornping Enterprise Co., Ltd.	-	11,823,560.23	-	11,823,560.23
C. Gold Limited Partnership	2,256,402.03	10,274,520.30	2,256,402.03	10,684,420.90
Asia Metal Sheet and Steel Limited Partnership	1,169,101.82	11,067,252.87	1,169,101.83	11,067,252.87
Total advance payments for constructions	4,616,908.51	54,380,826.08	4,616,908.52	54,790,726.68
Trade and other payables				
Trade payables				
Max Water Shop Co., Ltd.	1,070,410.34	173,796.27	1,070,410.34	173,796.27
Khon Kaen Watertech Co., Ltd.	275,020.82	165,325.82	275,020.82	165,325.82
C. Gold Limited Partnership	1,725,397.79	-	1,666,052.00	-
Total trade payable	3,070,828.95	339,122.09	3,011,483.16	339,122.09

32.2 The transactions with major supplier for the year ended December 31, 2017 and 2016 were as follows:

					Unit: Baht
	Consolidated financial statements		Separate financial statements		Transfer pricing policy
	2017	2016	2017	2016	
Cost of construction					
Max Water Shop Co., Ltd.	25,161,714.75	68,867,009.25	25,161,714.75	68,299,626.81	Mutually agreed price
Khon Kaen Watertech Co., Ltd.	4,696,531.20	29,495,398.56	4,696,531.20	28,724,370.52	Mutually agreed price
Song Khwae Water Co., Ltd.	6,033,415.48	11,613,967.11	6,033,415.48	11,613,967.11	Mutually agreed price
Nakornping Enterprise Co., Ltd.	17,915,353.80	19,944,696.17	17,915,353.80	19,944,696.17	Mutually agreed price
C. Gold Limited Partnership	30,781,825.35	41,406,568.60	24,645,715.82	40,682,743.24	Mutually agreed price
Asia Metal Sheet and Steel Limited Partnership	19,788,258.88	16,320,336.96	19,788,258.88	16,320,336.96	Mutually agreed price

33. Commitments and Contingent Liabilities

Commitments

Operating lease commitments

Phol Dhanya Plc.

Leasehold right of the Company consists of the following two agreements:

- On August 22, 1995, the Company entered into the building leasehold right agreement with a company by paying the amount of Baht 2,800,000, for a lease period of 30 years. The rental fees will be paid yearly, in the amount of Baht 12,000 to Baht 24,000 throughout the lease period.
- On June 4, 2004, the Company entered into a agreement transferring 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

Phol Water Co., Ltd.

On March 1, 2015, the subsidiary company entered into a building leasehold right agreement with a company by paying the amount of Baht 450,000, for the lease period of 3 years. The rental fees will be paid monthly, in the amount of Baht 12,500 and such subsidiary company has right to extend the lease period for another 3 years by paying the additional amount of Baht 522,000 and monthly rental fee in the amount of Baht 12,500 throughout the lease period.

Commitments and contingent liabilities with financial institutions

As at December 31, 2017, there are outstanding commitments and contingent liabilities with financial institutions as follows:

	Unit: Million Baht					
	Consolidated financial statements			Separate financial statements		
	Credit arrangement	Used	Unused	Credit arrangement	Used	Unused
1) Letters of credits and trust receipts	148.00	86.48	61.52	148.00	86.06	61.94
2) Promissory notes	210.00	200.00	10.00	200.00	200.00	-
3) Letters of guarantee	70.70	41.88	28.82	60.70	36.20	24.50
4) Bank overdrafts	56.50	-	56.50	56.50	-	56.50
5) Forward exchange contracts	225.00	23.51	201.49	225.00	23.51	201.49
6) Forward exchange contracts US Dollars 1.15 million of credit arrangement and as at December 31, 2017, they have been used US Dollars 0.42 million.						

The above facilities were secured by mortgaging the Company's fixed deposit, land and building (Note 9 and 14).

The subsidiary guarantees letters of credits and trust receipt credit facilities of the parent company within the limit of Baht 10 million.

Letters of guarantee

As at December 31, 2017, the Group has outstanding letters of guarantee issued by financial institutions as follows:

	Unit: Baht	
	Consolidated financial statements	Separate financial statements
Letters of guarantee		
Guarantee for the construction contracts	29,194,446.50	28,414,121.50
Guarantee for the performance contract	3,198,448.17	-
Guarantee for bidding	2,538,050.00	1,161,700.00
Guarantee for electricity usage and Other	6,950,009.00	6,627,543.00
Total	41,880,953.67	36,203,364.50

Contingent liabilities

Litigations

PD Genesis Engineering Co., Ltd.

On September 13, 2013, such subsidiary was sued by a foreign creditor on grounds of breach of sale and purchase agreement Black Case No. Por.741/2556. As the subsidiary defaulted in payment for the purchase of inventory in the amount of US Dollars 76,448.10, it filed a rejoinder statement with the court. The Court set March 6, 2014 as the date of case conciliation and taking of evidence. The subsidiary later offered to pay 10% of total debt, but the creditor rejected this offer. The subsidiary and creditor set May 20, 2014 and July 7, 2014 as dates to discuss a compromise. Ultimately, they could not agree on a settlement.

On October 27, 2015, the creditor sued the subsidiary in the Central Intellectual Property and International Trade Court under Black Case No. Gor Kor. 223/2558. On January 5, 2016, the subsidiary filed a rejoinder statement with the Court. The Court conducted several rounds of conciliation for the case up until the present time. On February 2, 2017, counsel for both plaintiff and defendant informed the Court that they cannot agree to settle the case and, as such, will return the case to the Court for its consideration. Late on July 25, 2017, counsel for plaintiff informed the Court that plaintiff's director is under the process of consideration of condition of negotiation between plaintiff and defendant in the stage of conciliation. This consideration is possible to be settled and plaintiff will file the statement to withdraw the Case. As such, further processing of the case was postponed. The Court considered that the Case can be settled to the mutual benefit of the parties. As such, the Court postponed appointment in order to allow or withdraw the Case to be February 21, 2018. On that day, both counsel for plaintiff and defendant intend to make negotiation and postpone appointment in order to allow or withdraw the Case to be May 21, 2018.

The Company considered that these cases might not significantly affect the Company's financial statements because the Company provided the allowance for doubtful accounts of loan and provided the allowance for impairment of investment in this subsidiary in the whole amount.

34. 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, 2017, the Company hedged the foreign currency on accounts payable and part of its anticipated purchases.

However, the balances of financial assets and liabilities denominated in foreign currencies as at December 31, 2017 and 2016 are summarized below.

Unit: Thousand Baht						
As at December 31, 2017						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at December 31, 2017	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	(Baht per foreign currency unit)	
					Buying rate	Selling rate
Euro	0.39	778.26	0.39	778.26	38.6607	39.3938
US Dollars	3,661.48	132,830.36	3,661.48	132,405.57	32.5146	32.8472
Singapore Dollars	24.17	37,790.63	24.17	37,790.63	24.1711	24.7294
Pound Sterling	-	1,107.60	-	1,107.60	43.5198	44.4531
Yen	-	525.03	-	525.03	0.2860	0.2936
Renminbi	12.49	-	12.49	-	4.9518	5.0771
Vietnamese Dong	0.33	-	0.33	-	0.0014	0.0014

Unit: Thousand Baht						
As at December 31, 2016						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at December 31, 2016	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	(Baht per foreign currency unit)	
					Buying rate	Selling rate
Euro	67.66	2,408.55	67.66	1,361.99	37.3791	38.1362
US Dollars	8,775.12	32,094.90	14,760.72	30,972.38	35.6588	36.0025
Singapore Dollars	51.63	18,201.47	51.63	18,201.47	24.5265	25.0755
Pound Sterling	-	61.15	-	61.15	43.5937	44.4775
Yen	-	257.93	-	257.93	0.3046	0.3113
Renminbi	22.99	-	22.99	-	5.0831	5.2165
Malaysian Ringgit	7.50	-	7.50	-	7.8867	8.0925
Vietnamese Dong	0.84	-	0.84	-	0.0016	0.0016

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.

35. Capital Management

The primary objective of the Group's capital management is to ensure that it has an appropriate financing structure and to preserve the ability to continue its business as a going concern.

According to the statement of financial position as at December 31, 2017, the Group's debt-to-equity ratio was 2.36: 1 (2016: 1.74: 1) and the Company's was 2.28: 1 (2016: 1.60: 1).

36. Reclassification

Certain amounts in the financial statements for the year ended December 31, 2016, have been reclassified to conform to the current year's classification but with no effect to previously reported net loss or shareholders' equity. The reclassifications are as follows:

Account	Consolidated financial statements		
	As previously reported	Reclassified amount	As reclassified
Unit: Baht			
Statement of financial position			
Trade and other current receivables	201,943,401.49	48,118,127.98	250,061,529.47
Current tax assets	-	1,144,340.80	1,144,340.80
Advance payments for constructions	132,873,566.01	(49,262,468.78)	83,611,097.23
Statement of cash flow			
Reversal allowance for doubtful accounts – trade receivables	817,304.31	(817,304.31)	-
Reversal allowance for doubtful accounts – other receivables	639,251.27	(639,251.27)	-
Reversal allowance for doubtful accounts – trade and other receivables	-	1,456,555.58	1,456,555.58
Trade and other receivables	(23,867,517.41)	(49,262,468.78)	(73,129,986.19)
Advance payments for constructions	(110,340,908.50)	49,262,468.78	(61,078,439.72)

Unit: Baht

Account	Separated financial statements		As reclassified
	As previously reported	Reclassified amount	
Statement of financial position			
Trade and other current receivables	188,245,618.70	49,262,468.78	237,508,087.48
Advance payments for constructions	132,522,793.85	(49,262,468.78)	83,260,325.07
Statement of cash flow			
Reversal allowance for doubtful accounts – trade receivables	567,142.05	(567,142.05)	-
Reversal allowance for doubtful accounts – other receivables	639,251.27	(639,251.27)	-
Reversal allowance for doubtful accounts – trade and other receivables	-	1,206,393.32	1,206,393.32
Trade and other receivables	(11,667,739.75)	(49,262,468.78)	(60,930,208.53)
Advance payments for constructions	(112,838,650.13)	49,262,468.78	(63,576,181.35)

37. Approval of Financial Statements

These financial statements were authorized for issue by the Company's Board of Directors on February 28, 2018.



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