



PHOL
DHANYA



Annual Report 2018

Phol Dhanya Public Co.,Ltd

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VISION

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

MISSIONS

1

Be recognized in Thailand and ASEAN

2

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

3

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

4

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

5

Create value to stakeholders equally for sustainable growth

Culture

PHOL-D

Professional Work professionally driving for success together

Honest and Integrity Having Ethic to themselves as well as to the public

Ownership Quotient Dedicated over a hundred and beyond what customers expectation

Learning and Continuous Improvement Dare to think, dare to do with aiming to create something better

Drive for Results and Achievement Focusing on the results of work for overall benefits of the public



Assoc. Prof. Dr. Ekachidd Chungcharoen
Chairman of the Board



Dear Shareholders,

2018 is a proud year of Phol Dhanya Public Company Limited for its 40th anniversary to be as a distributor of occupational safety, health, and environment products since 1978. Throughout 40 years, the Company has encountered with many obstacles and challenges from both internal and external environment. However, the Company could strongly go through various situations, and the business could sustainably be operated and grow. At present, Phol Dhanya Public Company Limited is the leading comprehensive distributor of occupational safety, health, and environment products. Although it is accepted at the national level, its goal is to grow into a leading company in ASEAN region in the future.

For the year 2018, the overall operation of the Company returned back to the normal situation. The net profit of the parent company, according to the consolidated financial statements, amounted to 36.51 million THB, equivalent to a net profit margin of 3.91%. After the past 2 years, the Company had the operating losses because the water business was affected by fines from the delayed construction of the community tap water projects. In 2018, the Company had its total revenue from sales and services amounting to 924.45 million THB, derived from safety, health and environment products for 715.73 million THB, from control environment products for 172.57 million THB, and from the water solution products for 36.16 million THB. The total revenue decreased compared to the previous year because in the previous year, the Company had the revenue from the community tap water projects while in 2018, the company had a policy not to accept any additional project relating to the water business in order to expedite the completion of all projects. Regarding the status of the construction in all projects, the Company has fully completed in 2018. For the legal proceedings with the contractors to compensate the fines as well as the request for the refund of fines with government agencies, the Board of Directors has been continuously monitoring together with suggestions for actions to reduce the impacts but maximize the most benefits to the Company.

Regarding the development for sustainable growth, the Company adheres to the code of business conduct with responsibility, fairness, transparency and accountability together with ethics and morality as well as social, community and environmental responsibilities. The Board of Directors, executives and employees have also been encouraging to follow the corporate governance policy, business ethics, and the anti-corruption policy. By the year 2018, it was the 4th consecutive year that the Company received the “Excellent” rating of good corporate governance assessment from the Thai Institute of Directors (IOD).

On behalf of Phol Dhanya Public Company Limited, 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.

Financial Highlight

As December 31

(Consolidated)

		2018	2017	2016
Financial Position				
Total Assets	million baht	652.12	787.48	960.95
Total Liabilities	million baht	379.14	553.36	609.95
Total Shareholders' equity of the Company	million baht	274.28	235.43	352.31
Financial Performance				
Revenue from Sales and Services	million baht	924.45	985.84	1,097.99
Cost of Sales and Services	million baht	696.84	846.56	861.34
Gross Profit	million baht	227.62	139.28	236.65
Net Profit (Loss) For Owner of The Parent	million baht	36.51	(117.48)	(15.25)
Financial Ratio				
Return On Equity	%	14.33%	-39.98%	-4.52%
Return On Assets	%	6.52%	-13.92%	-0.65%
Gross Profit Margin	%	24.62%	14.13%	21.55%
Net Profit Margin	%	3.90%	-11.81%	-1.38%
Current Ratio	times	1.41	1.19	1.44
Debt to Equity Ratio	times	1.38	2.35	1.73
Common Shares				
Par Value Per Share	baht	1.00	1.00	1.00
Book Value Per Share	baht	1.35	1.16	1.73
Dividend Per Share	baht	-	-	0.10
Dividend Payout Ratio	%	-	-	-
Earnings (Loss) Per Share	baht	0.18	(0.58)	(0.08)

Notes :

- In 2018, the Company had paid up capital of Baht 202,500,232 due to the company's shareholder exercised 250 warrant units on the last exercise date (October 31, 2018). The exercise ratio 1 warrant unit to 1 ordinary share at the exercise price of Baht 3 per share totaling Baht 750 and the Company has premium on share capital total Baht 500.

- 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.



Excellent Corporate Governance Scoring
(Excellent CG Scoring)
in 2012-2013 and 2015-2018



สมาคมส่งเสริมพลังกลุ่มไทย
THAI INVESTORS ASSOCIATION

2018 Annual General Meeting of Shareholders
received 100 full scores for the third consecutive
for AGM Quality Assessment Project



A membership certificate of the Private Sector
Collective Action Coalition against Corruption
(CAC)



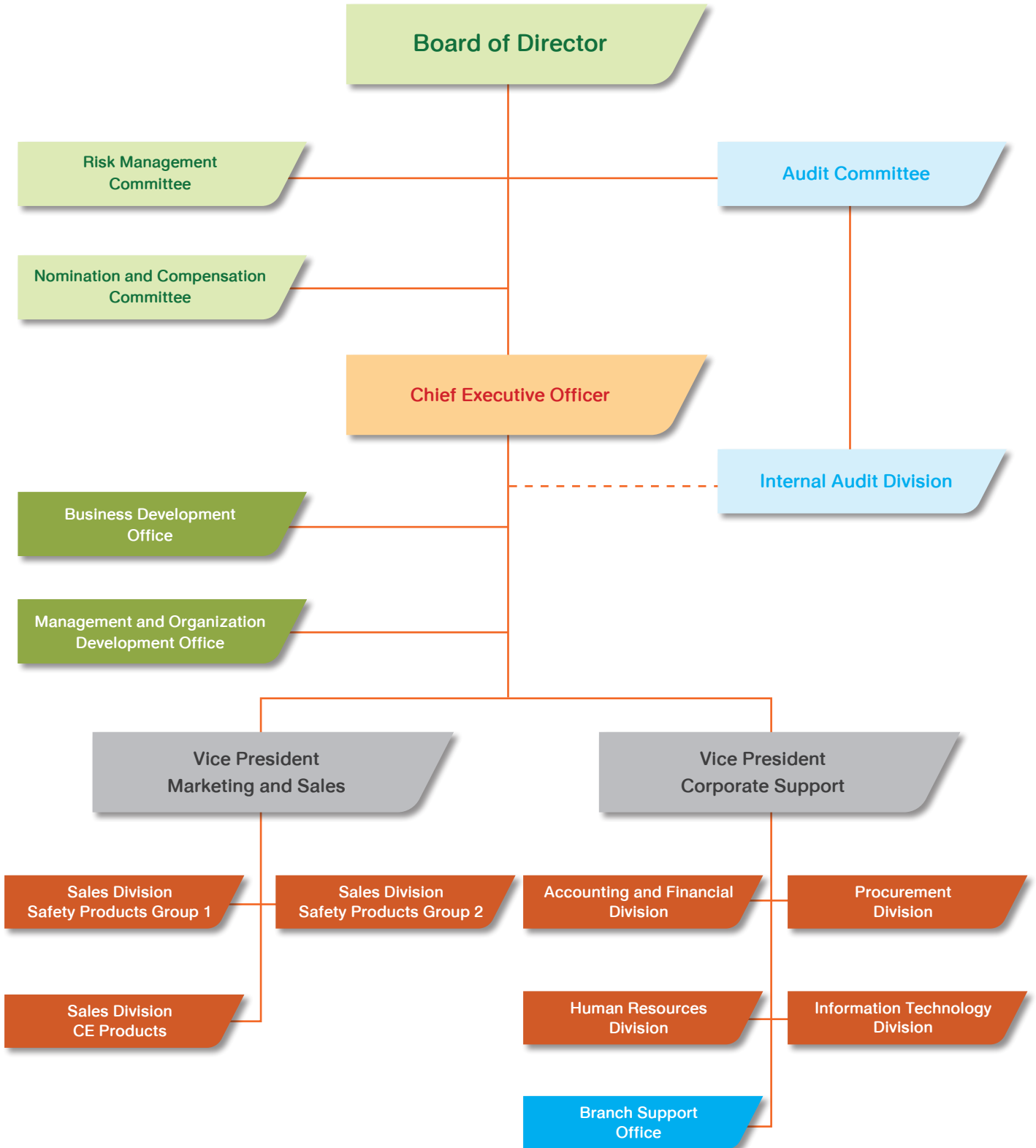
SET Awards 2014: SET Award of Honor
Corporate Governance Report



SET Awards 2012 and SET Awards 2013
"Top Corporate Governance Report"



Board of the Year Awards 2015
"The Honorable Mention-MAI"
Board of the Year Awards 2013
"mai Special Encouragement"





1

Assoc. Prof. Dr. Ekachidd Chungcharoen

Chairman of the Board
Independent Director
Chairman of Nomination and
Compensation Committee



2

Mr. Boonchai Suwanvutthiwat

Director
Risk Management Committee
Chief Executive Officer



3

Mr. Noppadol Dheerabutrongsul

Independent Director
Chairman of Audit Committee
Nomination and Compensation Committee



4

Mr. Santi Niamnil

Independent Director
Audit Committee



5

Dr. Pallapa Ruangrong

Independent Director
Audit Committee



6

General Chaiwat Satondee

Director
Nomination and Compensation Committee



7

Mr. Teeradej Jarutangrong

Director
Chairman of Risk Management Committee



8

Mr. Thanya Wangthamrong

Director

Management Team



1

Mr. Boonchal 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 Kamolphopphan Puapansakul
Internal Audit Director



5

Miss Prapaipit Viriyabhupha
Sales Director Control Environment
Products



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 Chungcharoen Age 56
**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

- "Enhance Efficiency and Growth through Process Innovation" by SET (August 2018)
- Training programs of Thai Institute of Directors (IOD)
 - Role of the Chairman Program (RCP) Class 42/2018
 - 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 : 3

2018 - Present	Independent Director /Audit Committee/ Chairman of Nomination and Compensation Committee, JSP Property Plc.
2017 - Present	Chairman of the Board/Chairman of Nomination and Compensation Committee, 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 , 2018 :

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

Family relationship among Director and Executive :

None

Mr. Boonchai Suwanvutthiwat Age 56
**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

- City Administration Training Program for Senior Executive Class 3, Navamindradhiraj University
- 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
- Senior Executive Program (SEP), Sasin Graduate Institute of Business Administration of Chulalongkorn University
- 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 : 3

Subsidiaries company : 3

2018 - Present	Director, Phol Palladium Co.,Ltd.
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, 2018 :

Personally : None
 Spouse and minor children : None

Family relationship among Director and Executive:

None

Mr. Noppadol Dheerabutrvoongkul

Age 52

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

- Security laws and Public Limited Company Act. for executive level and accountant by Dharmniti (December 2018)
- ProTalk@SET: "Economics outlook for second half of year 2018" by SET (June 2018)
- Training programs of Thai Institute of Directors (IOD)
 - Role of the Nominating and Governance Committee (RNG) Class 3/2012
 - Audit Committee Program (ACP) Class 23/2008
 - Director Accreditation Program (DAP) Class 68/2008

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.
2018- Present	Chairman of Audit Committee, BJC Heavy Industries Plc.
2013- Present	Independent Director /Audit Committee, BJC Heavy Industries Plc.

Other position at present : 2

2019 – Present	Independent Director /Chairman of Audit Committee/ Nomination and Compensation Committee, Sunshine International Company Limited
2007 - Present	Executive Director IFAC Co., Ltd

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, 2018 :

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

Family relationship among Director and Executive:

None

Mr. Santi Niamnil

Age 50

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.
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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, 2018 :

Personally : None
Spouse and minor children : None

Family relationship among Director and Executive :

None

Dr. Pallapa Ruangrong

Age 65

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

2019 – Present Chairperson of Agricultural and Natural Resources State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee

2018 – Present Chairperson of Revolving Funds Performance Appraisal Sub-committee

2017 – Present Member of Transportation State-owned Enterprise Problem Remedy Working Group

2016 – Present Member of State-owned Enterprise Performance Appraisal Committee

Work Experiences

2016 – 2019 Chairperson of Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee

2013 - 2016 Transportation State-owned Enterprise Memorandum of Understanding on Performance Appraisal Sub-committee

2008 - 2014 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, 2018 :

Personally : None

Spouse and minor children : None

Family relationship among Director and Executive :

None

General Chaiwat Satondee

Age 65

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"
 - 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, Phol dhanya Plc.

Other position at present : 3**Subsidiaries company : 1**

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

Other Company: 2

2019 - Present Director, The Thai-Myanmar Culture and Economic Cooperation Association

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, 2018 :

Personally : 0.12% (248,250 Shares)

Spouse and minor children : None

Family relationship among Director and Executive:

None

Mr. Teeradej Jarutangtrong

Age 66

Director/Chairman of Risk Management Committee
(Authorized Signature)

Appointment as Director date: September 12, 2007

Educational Background

- Bachelor of Engineering, Chulalongkorn University

Training

- [Training programs of Thai Institute of Directors \(IOD\)](#)
 - 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, 2018 :

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

Spouse and miner children : None

Family relationship among Director and Executive:

None

Mr. Thanya Wangthamrong

Age 39

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

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, 2018 :

Personally : 7.48% (15,147,433 Shares)

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

Family relationship among Director and Executive:

None

Mr. Pornsak Chunhajinda¹

Age 52

Vice President Corporate Support/Chief Financial Officer

Educational Background

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

Training

- Advanced Certificate Course Politics and Governance in Democratic for Executive Class 22 King Prajadhipok's Institute
- Impact of TFRS 15, Revenue from contracts with customer and TFRS 16, Leases to preparation of Financial Statement of Listed Companies by SET (September 2018)
- Agricultural Cost Accounting by Federation of Accounting Professions (September 2018)
- Chief Financial Officer Certification Program Class 11/2009 by Federation of Accounting Professions
- [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.

2010 - Present Chief Financial Officer, Phol Dhanya Plc.

Other position at present : 3**Subsidiaries company : None****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 - 2018 Director, Phol Dhanya Plc.

2016 - 2017 Managing Director, Phol Dhanya Plc.

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, 2018 :

Personally : 0.08% (168,582 Shares)

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

Family relationship among Director and Executive:

None

Note

¹ Mr. Pornsak Chunhajinda resigned from board of director and sub-committee member, effective on November 1, 2018.

Miss Kamolphopphan Puapansakul

Age 57

Internal Audit Director/Secretary of Audit Committee

Educational Background

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

Training

- Corruption and Fraud Audit in Accounting by Accounting Association of Kasetsart University (October 2018)
- Making paper for Anti-Corruption class 2/2018 by Federation of Accounting Professions (September 2018)
- Strategic CFO in Capital Markets" Class 1/2015 by SET

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, 2018 :

Personally : None

Spouse and miner children : None

Family relationship among Director and Executive:

None

Miss Prapaipit Viriyabhupha

Age 50

Sales Director Control Environment Products

Educational Background

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

Training

- Workshop “Process Innovation Management and Industry Transformation” by SET (August 2018)

Position in Listed Company at present : 1

2018 – Present Sales Director Control Environment Products,
Phol Dhanya Plc.

Other position at present : 1

Subsidiaries company : 1

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

Work Experiences

2013 - 2018 Director, Phol Palladium Co., Ltd
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, 2018 :

Personally : : 0.37% (750,000 Shares)
Spouse and minor children : None

Family relationship among Director and Executive:

None

Mr. Paradorn Parepatara

Age 41

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

- Workshop “Process Innovation Management and Industry Transformation” by SET (August 2018)
- “Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance” by SET (January 2018)

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, 2018 :

Personally : : None
Spouse and minor children : None

Family relationship among Director and Executive:

None

Mr. Nitipat Pedprasert

Age 38

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, 2018 :

Personally : : None

Spouse and minor children : None

Family relationship among Director and Executive:

None

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 202,500,232.00 (202,500,232.00 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 tShareholding 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 100/72, 22th Floor, 100/2 Vongvanij Building B, Rama 9 Road, Huaykwang, Bangkok, 10320 Thailand Tel 66(0)-2645-0109, Fax 66(0)-2645-0110 Website : www.ans.co.th
Legal Advisor	: Dherakupt Law Office Ltd. 546 Uninvest 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 Website : www.dherakupt-law.co.th

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.pdgh.com)



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 40 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 an exclusive distributor for such brands as King’s, Microgard, Ansell and Chemtex. 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

The Company has a long-term goal of operating in accordance with the Company's vision and mission continued from the previous year, namely "To be a leading and sustainable provider of Safety, Health, Environment (SHE) products and services in Thailand and ASEAN". This is to focus on the strategic implementation by using 4 of BSC principles including Budgeting Control Strategy: to target the revenue and profit with the efficient budget control; Customers Centric Strategy: to increase customers' satisfaction levels and domestic customers as well as to expand the market abroad; Speed Strategy: to improve the efficiency of internal processes by using the information technology innovation to develop systems in order to quickly provide services to customer for their highest satisfaction levels; Expert Strategy: to promote and develop the potential of personnel to become experts in both the occupational safety, health and water solution business with the potential competitiveness. Therefore, such strategies are the important factors for the sustainable growth of the Company

The Company's core business is the distribution of Occupational Safety, Health and Environment Products or "SAFETY", 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 or "CE", 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 Solution Products or "WATER", 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.

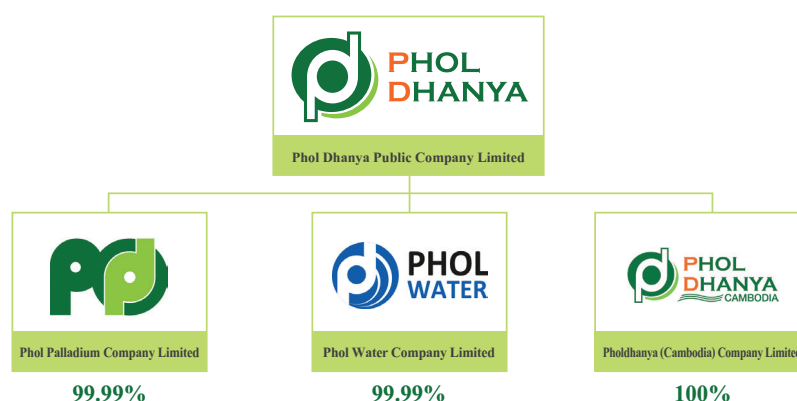
For the year 2019, the Company still focuses on its core strategies and mission by targeting the sales and services revenue growth at least 15%, compared to the previous year. The expected proportion of revenue from occupational safety, health and environment products or "SAFETY" would be at 72% while the revenue from control environment products or "CE" would be at 18%, and the revenue from water solution products or "WATER" would be at 10%. Moreover, the operation would be monitored to be in accordance with sales strategies with well-defined target customers for each business group. This also includes the improvement of internal operations by developing information technology systems to increase work efficiency, convenient and fast services, and cost management for the most benefits. Furthermore, the Company would continue the personnel development including corporate culture, knowledge and skills as well as succession plans to be able to respond to the strategies and support the future growth of the Company.

Important changes and Developments

Important changes and developments as follow;

1978	The Company started its business to the distribution of occupational safety, health, and environment products, managed by Mr.Chavalit Wangthamrong
2007	The Company had moved its office to the present office at Lumlukka, Pathumthani which consists of the headquarter building and the storage building.
2008	The Company became a public company limited and registered with an increase of capital of Baht 135 million and The Company also received the certificate of quality standard of ISO 9001: 2000 from UKAS & GLOBAL
2009	The Company expanded its business into environment, the water treatment system.
2010	The Company is a listed company on the MAI with the trading symbol of “PHOL” on December 9, 2010. And the Company had moved Rayong branch office to the present office at Muang District, Rayong province which consists of the headquarter building and the storage building. The Company also received the certificate of quality standard of ISO 9001: 2008 from UKAS & GLOBAL
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 and The company expanded its business into Myanmar by establishing Aekar Co., Ltd. as its authorized distributor in Myanmar The Company also received the certificate of occupational health and safety management systems OHSAS18001:2007
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 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 Company has ceased its operations due to no suitable business plans and to reduce the total operation expenses of the subsidiary
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% of its registered capital of 10 million baht. In 2017, the subsidiary increased the registered capital to 50 million baht. The company invested in the newly issued ordinary shares in the subsidiary company. The value of investments was accounted 99.99% of its registered capital of 50 million baht 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.
2016	The Company increase the registered capital to 251 million baht 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 2018, the last exercise date of warrants (PHOL-W1), the Company’s shareholder exercised 250 warrant units by exercise ratio 1 warrants unit to 1 ordinary share at the exercise price 3 baht per share, also the existing balance of 40.50 million units of PHOL-W1 which had expired on October 31, 2018 ESOP warrant allotted to Board of Director and employee of the Company (ESOP-Warrant), there are no warrant holders exercising their right during the exercise period, also the existing balance of 8 million units of ESOP-Warrant.
2017	The Company also received the certificate of quality standard of ISO 9001: 2015 from UKAS & GLOBAL

Business Structure of PHOL Group



Industry Condition and Competition

Office of the National Economic and Social Development Council announced the overall national economy for the year 2018 that it expanded by 4.1%, continuously improving from 4% growth of the previous year. This was the highest expansion in 6 years because of the rapid expansion of consumption and investments in the private sector as well as the continuous investment expansions of the government. Although the growth was lower than the previous year, the industrial sector which was the main customer of the Company would continue growing because of the needs of domestic consumption and exports. According to Office of Industrial Economics, Manufacturing Production Index for the year 2018 grew by 2.8%, mainly from motor vehicles, electronics, petroleum refining products, etc.

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

In 2018, the Company had its revenue from sales and services in occupational safety, health and environment products or "SAFETY" of 715.73 million THB, similar amount to the previous year. Such revenue grew from the constant orders of existing customers in major industries such as the automotive and petrochemical industries. In addition, in 2018, the Company has developed personnel, particularly, salespersons to be able to sell products or provide advice to customers via telephone. The focuses were on retail customers, customers who have purchased the Company's products, or customers with the low frequency of purchasing as well as the development of online channels through the Company's website, www.pholonline.com, and through other online service websites such as LAZADA and SHOPEE. Therefore, in 2018, the revenue from retail customers increased compared to last year. However, customers who had a one-time project purchase and the auction sales with government agencies decreased compared to last year. As a result, the overall growth in the SAFETY products was not as expected.

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

For the distribution business of control environment products or "CE", the main customers were in the electronics industry because control environment products would be required in the production processes in order to prevent workpieces and production from external or environmental effects. According to Office of Industrial Economics, in 2018, the manufacturing sector in the electronics industry increased by 4.5%, compared to the previous year, from the global expansion of demands in electronic products, together with 6.4% increasing in exports of electronic products.

In 2018, the Company had the sales revenue from control environment products or "CE" of 172.57 million THB, increasing by 5.33% compared to the previous year when sales revenue was 163.84 million THB. Apart from the overall industry expansion, the Company focused on providing services to existing customers including product presentations, cost management, and on-time product deliveries as these also impacted the production processes of customers. It also included the push of new products that would meet the customers' needs. Therefore, the control environment products or "CE" expanded.

There is 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

Due to the delayed delivery of public water system during the past 2 years until the year 2018, the Company slowed down to receive projects relating to water treatment system business in order to expedite the completion of all projects in which they were all completed in 2018. In 2018, the Company had the revenue from water treatment products and services of 36.16 million THB, decreasing from the previous year. The decreasing was from the slowdown in receiving additional work as mentioned above. However, compared to last year, the Company had the higher revenues from sales of products and services for installation of water system for industrial customers compared to last year. Examples of projects for industrial customers that the Company operated in 2018 included the installation of 50,000-liter of water storage tank for Natural Beverage Company Limited and the material replacement for waste water treatment system for Seafresh Industry Public Company Limited.

The Company foresees growth opportunities in water treatment business because 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. In addition, the business sector would focus on the operations with social and environmental responsibilities. Therefore, the water resource management and the use of water in the most valuable way would be the important issue for both industrial and general entrepreneurs in which the Company's business of water treatment system could respond to such issue.

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 2016-2018, as follows:

Products and Services	Unit: MB					
	2018		2017		2016	
	Amount	%	Amount	%	Amount	%
1. Occupational Safety, Health and Environment Products (SAFETY)	715.73	76.65%	715.18	71.90%	687.37	62.33%
2. Control Environment Products (CE)	172.57	18.48%	163.84	16.47%	130.29	11.81%
3. Water Solution Products (WATER)	36.16	3.87%	106.83	10.74%	280.34	25.42%
4. Other revenue	9.35	1.00%	8.83	0.89%	4.87	0.44%
Total	933.80	100%	994.68	100%	1,102.87	100%

Overview

Phol Dhanya Public Company Limited (the Company) consolidated financial statement of the year, ending December 31, 2018 reported the revenue from sales and service of 924.45 MB, decreasing by 61.39 MB or 6.23%, compared to the revenue from sales and services of 985.84 MB in previous year. The reduction has mainly been due to the fact that there have no new project of the community water supply. The revenue reported was realized from completed portions of projects in execution. Nevertheless, revenue from Occupational Safety, Health and Environment Products and Control Environment Products were increase. Total casts were decrease due to cost overrun for the community water supply construction projects was decrease by 87.66 MB compare to previous year, leading to gross profit of 227.62 MB in 2018, increasing by 88.34 MB or 63.42%, compared to gross profit of 139.28 MB in the previous year. In addition, selling and administrative expenses have decreased. The results in net profit attributable to equity holders of 36.51 MB in 2018, accounted for net profit margin of 3.91%, increased from the previous year with net loss attributable to equity holders of 117.48 MB.

Operating performance

	2018	2017	Unit : MB % YoY
Revenue from sales	882.21	863.37	2.18%
Revenue from rendering of services	25.35	44.70	-43.28%
Revenue from construction and service contracts	16.89	77.77	-78.28%
Other Revenue	9.35	8.83	5.79%
Total Revenue	933.80	994.68	-6.12%
Cost of sales	651.68	631.44	3.21%
Cost of rendering of services	21.74	43.16	-49.63%
Cost of construction and service contracts	23.42	171.96	-86.38%
Total Costs	696.84	846.56	-17.69%
Gross Profit	227.62	139.28	63.42%
Gross Profit (%)	24.62%	14.13%	-
Total Selling & Administrative Expenses	192.74	269.82	-28.57%
Reversal penalties arising from delays of constructions	2.67	-	-
Profit (Loss) before Finance Costs and Income Taxes Expense	46.90	(121.71)	138.53%
Profit (Loss) before Finance Costs and Income Taxes Expense (%)	5.02%	-12.24%	-
Profit (Loss) attributable to equity holders	36.51	(117.48)	131.08%
Net Profit (Loss) (%)	3.91%	-11.81%	-
Basic earnings per share (Baht)	0.18	(0.58)	131.08%
Weighted average number of ordinary shares (Million shares)	202.50	202.50	-

Revenue

Revenue structure	Unit : MB				
	2018	%	2017	%	% YoY
Occupational Safety, Health and Environment Products (SAFETY)	715.73	77.42%	715.18	72.54%	0.08%
Control Environment Products (CE)	172.57	18.67%	163.84	16.62%	5.33%
Water Solution Products (WATER)	36.16	3.91%	106.83	10.84%	-66.15%
Total revenue from sales and services	924.45	100%	985.84	100%	-6.23%

In 2018, the Company's sales and services were 924.45 MB, comprise 882.21 MB of revenue from sales, 25.35 MB of revenue from services and 16.89 MB of revenue from construction contracts.

Revenue from Occupational Safety, Health and Environment Products or SAFETY was reported at 715.73 MB, similar to the previous year. Revenue from existing customers in industrial sector were increase, however, revenues from new customers have slightly increased and revenue from sales in government sector customers were decrease, affected by the enforcement of the new Procurement Act, with this, government institutions are in the process of getting ready to execute the new Act in the first half of the year, leading to a smaller number of projects compared to the previous year. Revenue from rendering of services from services of installation of safety products which decreased compared to the previous year.

The revenue from Control Environment Products or CE was reported at 172.57 MB, rising by 8.73 MB or 5.33% compared to the previous year, due to the addition of new products for the existing customer base. Furthermore, the electronics industry sector customers were continuous growth.

Revenue from Water Solution Products or WATER was reported at 36.16 MB, reducing by 70.67 MB or 66.15% compared to the previous year, due to lower revenue from the community water supply construction projects. There have been no new assignments from the government sector in 2018 so far, while the revenue generated has been realized from delivered portions of projects that are currently in execution, furthermore, revenue from drilling ground water were decrease. However, revenue from sales and services in industrial project sector were increase compare to the previous year.

Cost of Sales and Services

The Company's total costs in 2018 were 696.84 MB, comprising of 651.68 MB costs of sales, 21.74 MB cost of services and 23.42 MB cost of construction. Total costs decreased by 149.42 MB or 17.69%, cost of sales increase proportionally with revenue from sales. Cost of service decrease proportionally with revenue from services and cost of construction decreased proportionally with revenue recognized from construction contracting service and cost overrun for the construction projects was decrease. The result for costs of sales and services accounted for 75.38% of revenue from sales and services. The Company's gross profit was 227.62 MB, accounted for gross profit margin of 24.62%, which increase, compare with gross profit of 139.28 MB, accounted for gross profit margin of 14.13% in the previous year.

Selling and Administrative Expenses

In 2018, selling and administrative expenses were 192.74 MB comprised 85.38 MB of selling expenses and 104.85 MB of administrative expenses. Selling and administrative expenses decreased by 77.09 MB or 28.57%, mainly due to the recorded 60.50 MB of allowance for doubtful debt for receivables for penalties arising from delays of construction and recorded 10 MB of allowance for impairment of assets for drilling machines in previous year. And in 2018, penalties arising from delays of constructions were decrease; the Company recorded 2.67 MB of reversal of penalties arising from delays of construction. In addition, selling and administrative expenses were decreased according to effective management expenses policy, however, some of expenses has been increased such as sales commission were increase according to revenue from sales and the legal fee of

abandoned sub-contractor and the recorded of 2.51 MB of allowance for impairment of asset of water treatment project which evaluation cost of the project compare with return on investment.

In 2018, the company's financial cost was 8.17 MB which decreased due to the decrease in loan from financial institution, compared with 13.27 MB of financial cost of previous year.

Net profit

In 2018, the Company's net profit attributable to equity holder was 36.51 MB, representing net profit margin of 3.91% which increased compared to net loss attributable to equity holders of 117.48 MB of previous year.

Financial Position

	Unit : MB				
	December 31, 2018		December 31, 2017		% Change
	Amount	%	Amount	%	
Current Assets	457.87	70.21%	576.63	73.22%	-20.60%
Non-Current Assets	194.24	29.79%	210.85	26.78%	-7.88%
Total Assets	652.12	100%	787.48	100%	-17.19%
Current Liabilities	325.30	49.78%	484.34	61.40%	-32.84%
Non-Current Liabilities	53.83	8.24%	69.02	8.75%	-22.00%
Total Liabilities	379.14	58.02%	553.36	70.15%	-31.48%
Shareholder's Equity of the Company	274.28	41.98%	235.43	29.85%	16.50%

Assets

As of December 31, 2018, the Company's total assets equaled 652.12 MB, decreasing by 135.37 MB or 17.19% from December 31, 2017. The decreased assets were mainly from current assets decreasing from 56.64 MB of unbilled receivables and prepaid expenses for the construction, 35.06 MB of cash and cash equivalents, 17.27 MB of net-inventories, 5.94 MB of trade and other current receivables and 4.05 MB of current tax assets. In addition, non-current assets were decrease, mainly from 18.71 MB of depreciation and amortization of the period and 2.51 MB of allowance for impairment of assets, while, deferred tax assets increased by 3.28 MB.

Liabilities

As of December 31, 2018, the Company's total liabilities equaled 379.14 MB, decreasing by 174.22 MB or 31.48% from December 31, 2017. The decreased liabilities were mainly due to the decreased of 152.39 MB in short-term loans from financial institution, 8.23 MB of trade and other payables and 2.29 MB of the recorded provision for expected loss on constructions contracts, however, accrued income tax increased by 4.15 MB.

Shareholder's equity

As of December 31, 2018, Shareholders' equity was 274.28 MB, increased from the resulting from net profit for the period of 36.51 MB.

Cash Flows

Cash Flows	Unit : MB	
	December 31, 2018	December 31, 2017
Cashflow from (used in) operating activities	139.15	132.73
Cashflow from (used in) investing activities	(1.28)	(31.23)
Cashflow from (used in) financing activities	(172.97)	(58.63)
Net increase (decrease) in cash and cash equivalents	(35.10)	42.87
Cash and cash equivalents at the end of the period	57.12	92.27

The Company's net cash acquired from the operating activities was 139.15 MB, with operating profits prior to changes in the operating assets and liabilities of 79.55 MB and cash flow received from 56.64 MB of unbilled receivables and prepaid expenses for the construction. Trade and other receivables-net decreased 6.02 MB and net-inventories decreased 6.73 MB. While, cash flow used for trade and other payable of 7.87 MB.

Cash flow utilized in investment activities was 1.28 MB mainly used to purchase fix assets and intangible assets of 1.50 MB. While, cash flow from loan to employees of 0.44 MB and interest received of 0.65 MB.

Cash flow utilized in financing activities was 172.97 MB mainly used to repayment of loans from financial institutions of 159.93 MB and repayment of liabilities under lease agreement of 5.27 MB and interest expense of 8.17 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 Company has analyzed internal and external factors including economic, social, political, technological, industrial, competitive and other trends to determine important risk factors of the organization. The Risk Management Committee had been monitoring the corporate risk management plan to effectively manage and control the risk at the acceptable. The Company focuses on enhancing the risk culture throughout the organization according to 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 2016-2018, the company imported products accounted for 69%, 68%, and 69% of the total sales order, respectively. The purchase orders and payments are mainly made in US dollar and Singapore dollar, while all products were sold locally. Therefore, the company may be subject to the risk of fluctuations in foreign exchange rate. 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, 2018, the forward accounts stood at Baht 220 million and USD 1.15 million. The company bought forward contracts and monitored the exchange rates regularly to limit its exposure to exchange rate risk. The results of this risk management were apparent in the 2016-2018 financials, where the profit (loss) from exchange rate was baht 3.48 million, baht 5.06 million and Baht 2.22 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 40-year period. The top 3 brands made up 36% of the total sales revenue in 2018. 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 2018, the Company had its own brand of products is more than 200 items, representing revenues of approximately 18% of revenue from sales.

3. Risk from account receivables

The products distribution of the Company in 2016-2018 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 2016-2017, bad debt accounted for 0.37%, 0.67% of trade receivables, in 2018 no doubtful accounts (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. Risks Arising from the Construction of Water Supply Systems

5.1 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 2018. 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.

However, for the project which has incurred fine for late amount over than 10% of total contract value, the company has proceed to file for prosecution to the Administrative Court requesting of excessive amount refunding back. For those prosecution cases which are still under the Court determination, the company expects a refund back for portion of.

5.2 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. In addition, the company has well setup budget as reservation for repairing cost which may arised as warrantee expenses based on the actual cost incurred from the past record.

Registered capital and Paid-up Capital

As of December 31, 2018, 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 202,500,232

Company doesn't issue other shares except ordinary shares.

Shareholders

Top 10 major shareholders of the company as of December 31, 2018 are as follows:

No.	Shareholders Name	No. of Shares	%
1.	Group of Wangthamrong Family	77,242,378	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	18,015,979	8.90%
	- Mr. Thanya Wangthamrong	15,147,433	7.48%
	- Miss. Thanatsiri Siriworasi (The persons under Section 258 of Mr. Thanya Wangthamrong)	5,280,000	2.61%
	- Mrs. Wannee Wangthamrong	427,750	0.21%
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 Pattanani	4,200,000	2.07%
4.	Mr. Chaipat Wijitsangrut	3,553,500	1.75%
5.	Thai NVDR Co., Ltd.	3,404,966	1.68%
6.	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%
7.	Mr. Kanit Peungjarunkul	2,026,900	1.00%
8.	Mr. Surachai Fongamornkul	1,960,000	0.97%
9.	Mr. Panlert Suntharach	1,749,800	0.86%
10.	Miss Tanaporn Imjai	1,648,055	0.81%
11.	Other	70,843,926	34.98%
	Total	202,500,232	100.00%

Summary of Changes in Percentage of Shareholding of Directors and Executives

as of December 31, 2018

No.	Name	December 31, 2017		December 31, 2018		Change	
		No. of share	%	No. of share	%	No. of share	%
Board of Directors							
1	Assoc. Prof. Dr. Ekachidd Chungcharoen	30,000	0.01%	30,000	0.01%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
2	Mr. Teeradej Jarutangtrong	1,250,000	0.62%	1,250,000	0.62%	-	-
	Spouse and miner children	8,551,250	4.22%	8,551,250	4.22%	-	-
3	Mr. Thanya Wangthamrong	15,097,433	7.46%	15,147,433	7.48%	50,000	0.33%
	Spouse and miner children	5,280,000	2.61%	5,280,000	2.61%	-	-
4	Mr. Noppadol Dheerabutrvingkul	30,000	0.01%	30,000	0.01%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
5	Mr. Santi Niarnnil	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
6	Dr. Pallapa Ruangrong	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
7	General Chaiwat Satondee	248,250	0.12%	248,250	0.12%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
8	Mr. Boonchai Suwanvutthiwat	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
Executives							
9	Mr. Pomsak Chunhajinda ^{/1}	168,582	0.08%	168,582	0.08%	-	-
	Spouse and miner children	875,646	0.43%	875,646	0.43%	-	-
10	Miss Prapaipit Viriyabhupha	750,000	0.37%	750,000	0.37%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
11	Miss Kamolphopphan Puapansakul	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
12	Mr. Paradorn Parepatara	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-
13	Mr. Nitipat Pedprasert	-	0.00%	-	0.00%	-	-
	Spouse and miner children	-	0.00%	-	0.00%	-	-

Note:

^{/1} Mr. Pomsak Chunhajinda resigned from board of director and sub-committee member, effective on November 1, 2018.

Distribution of Shareholding

The distribution of shareholding by Nationality as of December 28, 2018, 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	1,480	202,500,232	100	3	3,455,086	1.71	1,477	199,045,146	98.29
Foreign Shareholders	-	-	-	-	-	-	-	-	-
Total	1,480	202,500,232	100	3	3,455,086	1.71	1,477	199,045,146	98.29

The distribution of shareholding by proportion of shareholders as of December 28, 2018, 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%	28	143,738,558	70.98	1	3,404,966	1.68	27	140,333,592	69.30
Shareholders less than 0.5% but not less than one unit trade	1,282	58,757,683	29.02	2	50,120	0.03	1,280	58,707,563	28.99
Shareholders less than one unit trade	170	3,991	0.00	0	0	0.00	170	3,991	0.00
Total	1,480	202,500,232	100	3	3,455,086	1.71	1,477	199,045,146	98.29

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.

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

- None -

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 Share	%
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 Share	%
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%. However, the Company has ceased its operations due to no suitable business plans and to reduce the total operation expenses of the subsidiary.

Other Securities

1) 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.

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.3 on April 30, 2018 and the last exercise period on October 31, 2018, the warrant holder exercised 250 warrant units, also the existing balance of 40,499,746 units and expired on the date.

In this regard, there are unallocated shares of 40,499,746 shares at par value of Baht 1.00 remained from ordinary shares reserved for the rights of warrants to purchase the ordinary shares of the company no.1 (PHOL-W1). The Board of Directors deemed it appropriate to propose to the 2019 Annual General Shareholders' Meeting on April 24, 2019, to consider and approved the decreasing of the capital registration amount of Baht 40,499,746.00 by cancellation of 40,499,746 unallocated shares at par value of Baht 1.00 from the capital registration Baht 250,999,978.00 to be Baht 210,500,232.00.฿

2) 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

The Company determined the second 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, 2018 There are no ESOP-warrant holders exercising their right during the exercise period, also the existing balance of 8,000,000 units. Whereas the last exercise period shall be 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	2018	2017	2016	2015	2014	2013
Interim Dividend (Baht)	-	-	0.10	0.08	0.08	0.13
Annual Dividend Payment (Baht)	-	-	-	0.12	0.12	0.10
Stock Dividend	-	-	-	-	-	5 Existing share : 1 Stock dividend or 0.20 Baht
Earnings per share (Baht)	0.18	(0.58)	(0.08)	0.21	0.24	0.38
Dividend Payout (%)	-	-	-	94.42%	83.39%	114.39%

For the year 2018, the company has no dividend payment because there still the deficit from operation. Also the company still unable to pay dividend according to Section 51 of the Public company regulations and the Company's articles of association and no appropriate to allocate of legal reserved. The Board of Directors deemed appropriate to propose the 2019 Annual General Meeting of Shareholders to suspension of dividend payment.

Dividend payment policy of its subsidiaries

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

Management structure of the Company comprises of the Board of Directors, Sub-committee and management team as follows;

1. 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.

The Board of Directors comprises 8 members as follows:

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

Resigned Director during the year 2018

1	Mr. Pornsak Chunhajinda ¹	Director	Executive Director	April 30, 2016
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Note: /1 Mr. Pornsak Chunhajinda resigned from board of director and sub-committee member, effective on November 1, 2018.

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

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 and Responsibilities 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 under the Securities and Exchange Act (No. 5) B.E. 2559.

The resolution of the Board of Directors' meeting No.1/2019 on January 18, 2019 has reviewed and approved the scope Authority and responsibility as follows;

1. The Board of Directors must abide by the laws, objectives and regulations of the Company, as well as the shareholders' meeting's resolutions. They must perform duties honestly and be cautious of shareholders' benefits based on the principle of good governance, while disclosing the information in an adequate, correct and transparent manner towards all stakeholders.
2. Identify or change the Company's authorized signatory.
3. The Board of Directors must take part in considering important matters related to the Company's business operations in order to create added values for the business in a fair and continuous manner as follows:
 - 3.1 The Company's vision, mission, strategies, financial plans, risks, execution plans and budgeting, etc. of the previous year shall be considered and signed off.
 - 3.2 The management should ensure that the policies, strategies and scheduled plans are being followed up effectively and efficiently, as well as the reporting system against the target, obstacles and problem resolutions.
 - 3.3 The internal control and risk management systems, including the mechanisms for filing complaints in case of whistleblowing, are readily available.
 - 3.4 It is to be ensured that the business operations can be conducted sustainably over the long run, with staff member development plan and the continuity of managerial roles (Succession Plan).
4. The Chief Executive Officer's and high-level executives' performance evaluation criteria shall be identified in a way that resonates with the objectives and execution plan, with appropriate remuneration package that reflects the operating performance, benchmarked against the same type of business.
5. The policies concerning governance and anti-corruption shall be developed in writing. The policies should be approved at least once a year and it is to be ensured that compliance is observed, while cultivating organizational values that reflect good governance that they become the organizational culture.
6. It is to be encouraged that the Business Code of Conduct is available in writing, so that executives and staff members understand the ethical standard employed by the Company in operating the business. It is to be ensured that compliance with such Code of Conduct is strictly observed.
7. Transactions that may involve conflicts of interest are handled with care, with prime concern on the Company's and shareholders' benefits, while stakeholders should take part in making decisions, and compliance with regulations should be ensured, while the information related to potential conflicts of interest shall be comprehensively disclosed.
8. The internal control system is adequately available to ensure that transactions get approved by the authorized persons, with correct verification and preparation of accounting reports, and that the auditing process is credible, with different systems that can prevent inappropriate use of the Company's assets.
9. The Board of Directors, with the input of the Audit Committee, should provide opinions on the adequacy of the internal control and risk management systems, which are to be disclosed in the Annual Report.
10. Allocate the mechanism to control and monitor subsidiaries to ensure that the Company's investment capital is well taken care of. In this regard, the individuals assuming the director position in subsidiaries shall have appropriate qualifications to ensure compliance with the Company's policy and that the transactions are conducted lawfully in accordance with the securities and exchange laws, as well as the Stock Exchange's announcement.
11. Appoint the Company Secretary to provide information on rules and regulations that directors should be aware of, as well as coordinate with other parties to ensure compliance with the Board's resolutions.

12. Execute performance evaluation for the Board of Directors and sub-committees on an annual basis.
13. Report the Board of Director's responsibility in preparing the statement of financial position, to be attached with the auditor's report in the Annual Report. The statement should cover key matters based on good practices required of directors of listed companies in the Stock Exchange of Thailand.
14. The Board of Directors are eligible to invite an expert(s) to be the advisor(s), whereby the invitee(s) does not have the voting right in the Board of Directors' meeting.
15. The Board of Directors may appoint any individuals to operate the Company's business, under the control and supervision of the Board. The Board may also authorize such person and/or for a certain period of time deemed appropriate, and can terminate, withdraw, change or amend such authority.
16. Consider and approve inter-related transactions that may involve conflicts of interest, benefits or losses from the Company or subsidiaries, except for transactions that involve normal business activities and follow general commercial conditions, as authorized by the Board of Directors of the Company and/or subsidiaries. These are executed under the principle, conditions and methods that govern inter-related transactions and acquisition or divestment of assets of the Company according to the Stock Exchange of Thailand's or the Securities and Exchange Commission's announcement, in order to ensure that such transactions are reasonable and contribute to the Company's maximum benefits.

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 Dheerabutrvongkul	Chairman of Audit Committee/Independent Director
2	Mr. Santi Niarnil	Audit Committee/Independent Director
3	Dr. Pallapa Ruangrong	Audit Committee/Independent Director

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

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

Audit Committee's Term on Board

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

Scope of Authority and Responsibilities of the Audit Committee

The Board of Directors' Meeting No. 1/2019, held on January 18, 2019, 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	Chairman of Nomination and Compensation Committee
2	Mr. Noppadol Dheerabutrvongkul	Nomination and Compensation Committee
3	General Chaiwat Satondee	Nomination and Compensation Committee

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

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.

Scope of Authority 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. 2/2019, held on February 21, 2019, 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 Board of Directors, 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 3 members as follows:

No.	Name	Position
1	Mr. Teeradej Jarutangtrong	Chairman of Risk Management Committee
2	Mr. Boonchai Suwanvuttivat	Risk Management Committee
3	Asst.Prof.Dr.Suluck Pattarathammas ²	Risk Management Committee

Note:

² Asst. Prof. Dr. Suluck Pattarathammas was appointed to be Risk Management Committee-external scholar

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

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.

Scope of Authority and Responsibilities of the Risk Management Committee

The Board of Directors' Meeting No. 12/2018, held on November 13, 2018, reviewed and approved to determine the scope of 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. 3/2018 on February 28, 2018 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 Team³ 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 Kamolphopphan Puapansakul	Internal Audit Director
5	Miss Prapaipit Viriyabhupha	Sales Director Control Environment Products
6	Mr. Paradorn Parepatara	Sales Director SAFETY Products Group 1
7	Mr. Nitipat Pedprasert	Sales Director SAFETY Products Group 2

Note:

³ 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.

Criteria for Directors and Management's Nomination

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 (4th Amendments) B.E. 2551 and Securities and Exchange Act (5th Amendments) B.E. 2559 as well as in the Notification of Securities and Exchange Commission Gor Jor 3/2560, Re: Determination of Untrustworthy Characteristics of Company Directors and Executives which became effective since February 16, 2017 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 ¾ of the shareholders who attend the meeting and have the rights to vote and with the collective shares of no less than ½ of the total shares held by the shareholders who attend the meeting and have the rights to vote.

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 including accounting and finance, holistic management, risk management and crisis management, determine vision and strategies, other specialization as well as knowledge related to the business of the company, etc.

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.

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 allows the Company's directors a chance to select from the candidate pool and propose the selected candidates to the shareholders' meeting in the number equal to the number of directors needed
10. 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 be replaced. Such resolution of the Board of Directors must be supported by votes not less than three-fourths of number of the remaining directors.
6. The Shareholders' Meeting may pass a resolution to remove any director prior to the expiration of his term of office with votes not less than three-fourths of number of shareholders attending the meeting and having the right to vote and the total number of shares being of not less than one half of number of shares held by shareholders attending the meeting and having the right to vote.

Independent Directors

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

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

Qualifications of Independent Directors

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

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

The term “business relationship” in the first paragraph includes any normal business transactions in real estate renting and leasing, asset-related or sevice-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.

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 2018, 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.

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, 2018

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 2018, 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

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

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

2. Director's Bonus

It is the Company's policy to pay bonus to directors, based upon the Company's operating performance. In 2018, 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 5 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 2018, the total amount of directors' compensation is 1.81 MB, comprising of meeting attendance fees of Board of Director and Sub-Committee and omit to pay director's bonus 2017. The total amount does not exceed the budget of 5 million Baht as regulated by the resolution of the Annual General Meeting of Shareholders 2018.

For Director's Bonus 2018, according to the criteria part 2; incentive 10% of the additional profit of the 2018 operating results (36.51 MB) compared to 2015 (34.28 MB) amounts 2.23 MB, bonus 10% commission of amount 223,010 Baht, which will propose for approval to the 2019 Annual General Meeting of Shareholders on April 24, 2019

In 2018, the individual compensation of directors are as follows:

		2018						
		Meeting allowances (Baht)				Risk Management Committee	Director's Bonus (Baht)	Total (Baht)
No.	Name	Board of Director	Audit Committee	NC Committee	Board of Director			
1	Asso. Prof. Dr. Ekachidd Chungcharoen	256,500	-	32,400	-	-	-	288,900
2	Mr. Boonchai Suwanvutthiwat	75,000	-	-	36,000	-	-	111,000
3	Mr. Teeradej Jarutangtrong	171,000	-	-	97,200	-	-	268,200
4	Mr.Thanya Wangthamrong	75,000	-	-	-	-	-	75,000
5	General Chaiwat Satondee	159,000	-	21,600	-	-	-	180,600
6	Mr. NoppadolDheerabutrtrongkul	171,000	97,200	21,600	-	-	-	289,800
7	Mr. Santi Niamnil	171,000	64,800	-	-	-	-	235,800
8	Dr. Pallapa Ruangrong	171,000	64,800	-	-	-	-	235,800
9	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	72,000	-	-	72,000
Total		1,249,500	226,800	75,600	205,200	-	-	1,757,100
No.	Resigned Director during the year 2018	Board of Director	Audit Committee	NC Committee	Risk Management Committee	Director's Bonus (Baht)	Total (Baht)	
1	Mr.Pornsak Chunhajinda	45,000	-	-	12,000	-	-	57,000
Total		45,000	-	-	12,000	-	-	57,000
Total		1,294,500	226,800	75,600	217,200	-	-	1,814,100

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 2018, the Company has paid monetary compensation to 8 top executives of the Company and its subsidiaries, totaling 12.66 MB.

Executive Compensation	Unit: MB			
	2018		2017	
	No. of person	Amount	No. of person	Amount
Salary	8	12.06	6	9.81
Bonus and Management Fee	8	-	6	-
Contribution to Provident Fund	8	0.60	6	0.49
Total	8	12.66	6	10.30

Note: In 2018, the company appointed 2 additional executives according to the new organizational structure effective on February 28, 2018.

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 on issuance date and additional allocations during the year 2018 from ESOP-Warrants remain from Directors and staffs who resigned. Summary as of December 31, 2018 as follows:

No.	Name	No. of Allocated (Units)	% of issuing and offering and offering
1	Asso. Prof. Dr. Ekachidd Chungcharoen	135,445	1.69%
2	Mr. Teeradej Jarutangtrong	135,445	1.69%
3	Mr. NoppadolDheerabutrvingkul	135,445	1.69%
4	General Chaiwat Satondee	135,445	1.69%
5	Mr. Boonchai Suwanvutthiwat	400,000	5.00%
6	Mr. Thanya Wangthamrong	259,832	3.25%
7	Mr.Pornsak Chunhajinda	400,000	5.00%
8	Miss Prapaipit Viriyabhupha	344,206	4.30%
9	Mr. Payotorn Mungthong	323,172	4.04%
10	Miss Kamolphopphan Puapansakul	320,659	4.01%
11	Supervisor staffs	5,008,907	62.61%
12	Retired Directors	228,570	2.86%
13	Retired Staffs	172,874	2.16%
	Total	8,000,000	100%

The Company determined 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), the first exercise period on November 30, 2017 and the second exercise period on November 30, 2018. 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:

		2018				
		Subsidiaries				
		Phol Palladium Co., Ltd.		Phol Water Co., Ltd.		
No.	Name	Meeting attendance	Meeting Allowance	Meeting attendance	Meeting Allowance	Total (Baht)
1	Mr. Teeradej Jarutangtrong	12/12	162,000	-	-	162,000
2	General Chaiwat Satondee	-	-	12/12	162,000	162,000
3	Mr. Boonchai Suwanvutthiwat	12/12	60,000	12/12	60,000	120,000
4	Mr. Chavalit Wangthamrong	-	-	3/3	24,000	24,000
5	Miss Prapaipit Viriyabhupha	-	-	9/9	60,000	60,000
6	Mr. Payotorn Mungthong	12/12	60,000	-	-	60,000
Total			282,000		306,000	588,000

Personnel

Number of personnel of the Company and its subsidiaries as of December 31, 2018 amounts to total 207 as follows:

Department	Number of personnel	
	2018	2017
1. Management	8	6
2. Internal Audit	1	1
3. Management and Organization Development Office	5	5
4. Sales	63	87
5. Marketing	14	12
6. Procurement and Warehouse	39	43
7. Accounting and Finance	26	22
8. Human Resource	4	6
9. Information Technology	4	6
10. Branch Support Office	11	-
11. Sales and engineering	32	28
Total	207	216

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 2018, the Company provided monetary compensation and non-monetary compensation for 104.41 MB and in 2017, the Company provided such compensation for 87.35 MB.

Changes in the number of employees in the past 3 years

In 2018, 27 employees left the Company and 42 new employees joined the Company

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

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 2018

The Board of Directors has always been determined and abided by the principle of corporate governance and ethics, business ethics of the company continuously, formulating polities, rules and guidelines 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, aiming to be improved and enhance corporate governance in accordance with the CG Code and the ASEAN CG Scorecard, following up on the work execution of the Board of Directors and executives to ensure that the Company's policy is being observed. To ensure that it has been used to work effectively which the company has published all policies on the Company's website.

Adhering to the business practice by adhering to the principles of good corporate governance and ethics, business ethics of the company continuously, formulating policies, rules and guidelines within the organization.

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 2018, there was no issue or non-compliance situation with the aforesaid policy.

In 2018, 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 the third consecutive years 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 657 listed companies was 92.42 scores
- The Company was received one of 142 Listed Companies awarded "Excellent CG Scoring" or "5 Stars" (90-100 scores) according to the Corporate Governance Report of Thai Listed Companies 2018, the Survey of Corporate Governance assessment of total 657 Listed Companies, as well as 1 of the 29 Top Quartile Listed Companies by lower than 1,000 MB. Market Capitalization.
- The Company is in process of preparing to renew a membership certificate of the Private Sector Collective Action Coalition against Corruption (CAC) within quarter 2/2019.

Adoption of Corporate Governance Principle for Listed Companies

The Securities and Exchange Commission has issued the Corporate Governance Code 2017 or CG Code in replacement of the Good Governance Principle for Listed Companies 2012, with the objective of enhancing the corporate governance operations. The previous rationale was based on the 'comply or explain' approach, while the new one is orientated more towards the 'apply or explain' approach, in order to ensure appropriate conduct and benefits for sustainable value creation of the organization.

The Board of Directors is aware of the roles and duties as the organization's leader in creating sustainable values for the business, and is fully aware of the benefits of adopting the 8 CG Code practices to align with the Company's business operations or else other measures shall be applied as alternatives. With this, the Board of Directors has assigned the Chief Executive Officer to study and compare the good governance principles to use as guidelines in developing the CG Code to replace the current one that suits the business context, as well as to ensure appropriate compliance of the CG Code, leading to sustainable value creation for the business and good operating performance over the long run.

In 2018, several policies and practices were improved for more suitability, for instance, the review of directors' roles and duties, the Board of Directors' charter, utilization of the internal information, trading of the Company's securities, policies and practices on conflicts of interest, criteria, preparation and disclosure of directors' and executives' ownership of securities in accordance with Section 59 of the Securities and Exchange Act B.E. 2559 and the announcement of the Securities and Exchange Commission that regulates the change of reporting approach via the electronic channels, etc.

In 2018, 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 <u>Board of Directors or delegated persons about their transaction (buy and sell) of the Company's shares</u> 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 and person related information, 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.

To following-up overall activity of the implementation and monitor of the principles of good corporate governance in the year 2018 is as follows:

Section1: The Rights of Shareholders

The Company has recognizes and keeping in mind the importance of basic rights of shareholders both as investors and owners of the Company. It treats shareholders with well-accepted and reliable practices, encouraging shareholders to freely exercise their rights, including fundamental legal rights such as the right to buy, sell and transfer their shares, the right to receive the allocate profit sharing (dividend), 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 the participation in decision making on important matters of the company such as amendment to the memorandum of association, the articles of association, capital increase / capital reduction etc. covering the rights to get significant information, timely and equitable through easy access channel. Encouraging shareholders to fully exercise their voting rights through the shareholders' meeting (the company has only one common stock in which one ordinary share equals one vote), this is to allow shareholders to participate in decision making or important issues that affect the company directions or relate to their rights and interests.

Aside from basic legal rights aforementioned, the Company also promoted the protection of the rights of shareholders to facilitate in exercising their rights, summarized as follows:

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.

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 for the Shareholders' Meeting and name of qualified candidate to be nominated as Director in advance, 90 days ahead of time, from October 1, 2017 to December 31, 2017. The Company has published criteria for shareholders through SET community portal and the Company's website under the menu "Investor Relations" since September 18, 2017 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. The matter or nominated person will be considered in accordance with the criteria set by the company and is related to business, as for the selection of qualified person through screening by the Nomination and Compensation Committee present to the Board of Directors for consideration and inform the resolution to the shareholders in the 2018 Annual Shareholder Meeting. There was no shareholder proposed any matter agenda or qualified person for an appointment to a director in the Shareholders' Meeting.
2. The Company has disclosed the date of the 2018 Annual General Meeting, agenda item and fix record date to entitle rightful shareholders to attend the meeting in advance 2 months. By notifying immediately once the Board of Directors has a resolution to set the meeting date from February 28, 2018, published via the SET's information reporting system to allow shareholders to acknowledge the rights and plan to attend the shareholders' meeting as scheduled.
3. The Company has published invitation letter and relevant documents both Thai-English version on the Company's website in advance 31 days before meeting date since March 29, 2018. To allow the shareholder have enough times to study information. By invitation letter the agenda for shareholders' meeting consisting of The 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, clarification of background, directors' opinion on eah agenda and the rights of shareholders to attend and vote in the Meeting.
4. The Company assigned 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 25 days (since April 5, 2018), 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. The invitation letter specified details; date time venue of the meeting, map location and complete set of documents.

Meanwhile, the meeting invitation letter was sent to the registrar and the Company's Auditor on the same date: April 5, 2018 (not less than 7 days as required by law).

5. The Company publicized the meeting invitation in the newspaper for 3 consecutive days on April 2, 3 and 4, 2018 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 at least 1 working day or before start the meeting approx. 2hours (within April 30, 2018)
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 Company held the Annual General Meeting for 2018 on April 30, 2018 at Conference Room of the Company address 1/11 Moo3 Lamlukka Rd, Ladsawai, Lamlukka, Pathumthani 12150. Facilitate and encourage shareholders 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.
2. The Chairman, Chief Executive Officer and all sub-committee participated in the shareholders' meeting such as The Chairman of the Board of Directors, Chairman of the Audit Committee, Chairman of the Nominating and Compensation Committee and Chairman of the Risk Management Committee, total 8 members were present to the meeting accounted 88.88% of all directors (one independent director not attend the meeting) executives, auditors and legal advisors attending the meeting. The Chairman has performed his role of the Meeting according to the Company's regulations, starting from informing the meeting quorum, portion of shareholders to attend the meeting in person and by proxies, 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. There have volunteer rights protection and shareholder who are volunteers acted as a witness in the vote counting.

3. The Company of the meeting will conduct the meeting go through the meeting agenda as stated in the invitation letter distributed to shareholders beforehand, shall be reflect the background, necessity, rationale and proposal to the meeting without adding agenda or changing altering any important information specified in the invitation letter, allocate time appropriately for the meeting and grant an opportunity for the shareholders to ask question or express any opinion related to the agenda item, before voting the resolution. Being assign company secretary to notify shareholders of how to cast votes in each agenda as well as the vote counting methods to reach a resolution by using barcodes to counting the vote with accurate, demonstrating transparency, verifiable and announcing the resolution of each agenda item.
4. The dividend payment policy has been prescribed, in 2017 can not pay dividend because the operation results have accumulated losses. Therefore proposed the meeting to approve the omission of dividend payment from the year 2017 as well as explaining the reasons and supporting information for the shareholders' meeting.
5. 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.
6. 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.
7. 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.
8. 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.
9. The Company informed the meeting of the resolution of each agenda upon completion of vote-counting. Votes can be classified into "agree", "disagreed" and "abstain" or "void".
10. The Company has involved the legal advisor "Dherakupt Law Office Co., Ltd." and the auditor's representative "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, vote 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 2018, after finished the meeting there were 35 shareholders, 16 shareholders to attend the meeting in person and 19 shareholders by proxies, representing 115,641,617 shares, which accounted for 57.11 percent of the total issued shares. In 2017, there were 37 shareholders to attend the meeting and by proxies, representing 118,215,048 shares 58.38 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 30, 2018) with full details as per good corporate governance standard. The vote results of each agenda were displayed as "agree", "disagreed" and "abstain" or "void", with clear display of vote results in each category.
2. The Company prepares the minute of general shareholders' meeting 2018, which was held on April 30, 2018 with correct and complete significant matters both Thai and English, 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.pdgh.com menu Investor Relation) within 14 days since the meeting date on May 9, 2018, 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 9, 2018 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 surveyed the satisfaction of evaluating the meeting quality regarding the Shareholders' Meeting, get a good average score equivalent to last year and 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 2018 from the Thai Investors Association (TIA) with excellent of 100 full scores, the third consecutive from the AGM Checklist Project 2018.

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 2018, there were no any incidents or actions that violate or prevent shareholders from exercising their rights.

The Company has clearly disclosed the shareholding structure of the company and subsidiaries, including the top 10 major shareholders and the controlling person to ensure that the company has a transparent operational structure that can be verified without cross shareholding or pyramid shareholding.

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 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.
2. 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 ThailandIn 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.
3. 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.
4. 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 and Investor Relations. To public relations channels have been arranged via the Company's website (www.pdgth.com/ir) or directly to Investor Relation (ir@pdgth.com)
5. 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").
6. 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.

7. 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.
8. 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.
9. 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 2018, there were no reports of connected transactions (Please refer to the “Procedures of the Approval of the Related Transaction”).

Visit to the Premise

The Company does not normally arrange for a visit to the premise after the Shareholders’ Meeting due to the time limitation and shareholders’ convenience. However, shareholders who attend the meeting are allowed opportunities to inquire about the products and services, as well as visit the product showroom, where there are the representatives to cater to shareholders’ inquiries. Shareholders also have the chance to meet and discuss with the executives as the time may allow. Furthermore, the Company also utilizes one of the investor relations activities “Opportunity Day” organized by the Stock Exchange of Thailand to explain the Company’s business operations to investors and the media who attend the session upon the announcement of the statement of financial position.

(For details on the Company’s treatment towards stakeholders, please refer to Section 3 “Roles of Stakeholders” and “Sustainability Report 2018”)

Section3: The Role of Stakeholders in Corporate Governance

The Company is aware of the basic rights of internal and external stakeholders, thus ensures that those rights are well protected and exercised, in order to create the right understanding and obtain cooperation between the Company and all stakeholders, which will be of benefits to the business operations and the general public, creating trust for the Company and stakeholders over the long run.

The Board of Directors supervises and ensures that each group of stakeholders is protected and treated with equality and fairness, as specified in the Code of Conduct that is used as a guideline in operating the business, which is disseminated on the Company's website for stakeholders and relevant parties to acknowledge, as follows:

• Shareholders	<p>The Company is aware of and emphasizes on shareholders' rights as they are the owners of the Company, hence ensures that all shareholders are treated with equality and fairness. Suitable communication channels are arranged for, with accurate, transparent and timely disclosure of information, aiming to create added values and maximum returns to shareholders over the long run, with an awareness of stakeholders' benefits, rights of proposing suggestions or opinions regarding the Company's business operations as the owners via independent directors, who are responsible for protecting minor shareholders' rights, compiling and proposing essential information to the Board of Directors for consideration. <i>Shareholders' rights are displayed in Section 1 "Shareholders' Rights" and Section 2 "Equal Treatment of Shareholders".</i></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 Provide 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. Arrange for the welfare and safety measures for staff members, with basic welfare and benefits as regulated by laws; working days, working hours, holidays, vacation, leaves, social security, workmen's compensation fund, provident fund, with consistent communication on staff benefits. Arrange for other welfares that are not regulated by laws; annual health check-up, health insurance that covers the OPD, IPD and dental care, life and accident insurance, basic first aid provision during working hours, and different types of financial aid, e.g. for funeral of close relatives, employee loans, marriage, maternity leave, ordination, etc. Arrange for 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 knowledge sharing including Kaizen principles as a tool to improve work processing for standardization and valuable their work. Provide channels for receiving complaints, suggestion and opinion from employee etc.</p> <p><i>Also, the Employees' Code of Conduct is present in the Business Code of Conduct and disclosed on the Company's website (www.pdgt.com)</i></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; as well as maintaining strictly confidential or personal information of clients' with care, prudence and not being used for wrongful benefits. Apart from contacting with customers via the Company's staff members, there are several other communication channels such as online marketplace on the Company's website www.pholonline.com, product launch promotion, knowledge on safety, occupational health and the Company's activities via online channels; thai-safetywiki.com, Facebook Fan Page "PHOL" and Line@ application. Furthermore, the Company has arranged for the seminar to share knowledge on safety, occupational health and proper ways to use safety equipment for customers from public and private sector organizations, including educational institutes.</p> <p><i>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.pdgt.com).</i></p>

<ul style="list-style-type: none"> • Business Partners 	<p>The Company is ethical in the purchasing and procurement processes and treats business partners with fairness and equitable treatment under the principle 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. The standard protocols regarding suppliers' operations are, for instance, visiting suppliers' premises, regular arrangement of supplier evaluation in order to enhance the standard of business operations and ensure stability and sustainability between the Company's and suppliers. Moreover, the Company also communicates with target customers in writing to reiterate and express the Company's determination to develop towards stability and sustainability, treating all stakeholders according to the corporate governance principle. The Company has explicitly declared the intention to guard against and prevent corruption that aligns with the government policy, as seen from the Company's implementation of the policy and practices against corruption and the Company has been certified of the CAC's membership, encouraging customers with common intention to sign the ethical agreement and work together to prevent and guard against corruption between the Company and suppliers</p> <p><i>Policies and practices on responsibilities towards business partners are displayed in the Business Code of Conduct and on the Company's website (www.pdgh.com).</i></p>
<ul style="list-style-type: none"> • 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.</p> <p><i>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.pdgh.com).</i></p>
<ul style="list-style-type: none"> • Creditors 	<p>The Company always keeps commitments and strictly follows terms and conditions of the contract with regards to its responsibilities fairness and transparency towards creditors, both for creditors in the business sector and financial institutions covering principal repayment, interest and fees, maintaining financial ratios and other conditions etc. 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. In the past company has no cause of default.</p> <p><i>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.pdgh.com).</i></p>
<ul style="list-style-type: none"> • 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 cooperation with agencies or communities in participating in mitigating floods and disasters as appropriate. 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>
<ul style="list-style-type: none"> • Environment 	<p>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. The Company is determined to take responsibility towards the society and environment, by devising the environmental policy and coping with the climate change, identifying ways to minimize utilization of resources and energy, as well as reduce the amount of waste in order to prevent and control activities that might impact the society, community and environment, for instance, optimizing energy consumption (consumption of water, electricity and paper), encouraging the use of information technology system in meetings or training via electronic media to reduce the use of paper, which will subsequently reduce the emission of carbon dioxide, etc.</p> <p><i>This is part of the sustainable development policy, which is available in the corporate governance section and on the Company's website (www.pdgh.com)</i></p>

More details are displayed on section “Corporate Social Responsibilities” which appears on “Sustainability Report 2018”.

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

which has an investor relations overseeing the provision of information and answering questions from shareholders, investors, financial and non-financial information, including the accurately reflect of the Company’s true operating performance 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 information. 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, signing off by authorized person to be disclosed both in Thai and English versions, disclosed via SET Community Portal and the Company’s website www.pdgh.com. Furthermore, ensured that significant matters always update by accuracy 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 financial information is compiled and verified by the Company’s CPA, and has been signed off by the Audit Committee and the Board of Directors prior to disseminating to shareholders or submitting to the Stock Exchange of Thailand and the Securities and Exchange Commission. The information disclosed to shareholders or investors can be used to accompany their investment decision-making. The statement of financial position is compiled according to the financial reporting standard and appropriate accounting policy, which is consistently held in practice, with prudent consideration, reasonable financial report and sufficient disclosure of significant information in the remark section.

In 2018, the Company disclosed the statement of financial position on a quarterly and annual basis, available in Thai and English via the Stock Exchange of Thailand’s news portal and the Company’s website, which can be downloaded. The Company’s statement of financial position was verified unconditionally and submitted to the Stock Exchange of Thailand and the Securities and Exchange Commission on a timely manner, without being returned for correction or for failure to properly disclose the information

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@pdgh.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. Report of Performance of the Board of Directors and Committee

The Board of Directors appreciates the significance of preparing an accurate and complete financial statement in accordance with accounting standards. The disclosure of such date have been reviewed by Independent auditors and approved by the Audit Committee and Board of Directors before a report on the responsibilities. Also in order to secure confidence, the Board of Directors has prepared a report on the responsibility of the Board of Directors to the financial statements in the Annual Report together 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 2018 annual report. Thus, investors are able to rely on such data when making decisions.

3. 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:

3.1 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.pdgt.com/ir_index.php/corporate_governance/cg_principle/guidelines on conflict of interest](http://www.pdgt.com/ir_index.php/corporate_governance/cg_principle/guidelines_on_conflict_of_interest))

In 2018, the Company did not engage in activity that violates or is inconsistent with criteria of related transactions specified by the SEC and the SET.

3.2 Preparation of Report on Securities Holding and Change of Securities Holding

The Board of Directors have reviewed rules criteria for the preparation and disclosure of securities holding reports of directors and executives of the company to comply with Section 59 of the Securities and Exchange Act, 2016 (no.5) and issues regulations Notification of the Office of the Securities and Exchange Commission refer to preparation of report on changes to the securities and derivatives holding of director and executive, required directors and executives of listed companies holding securities or derivatives including the amount of securities held by relevant persons under Section 59 of the Securities and Exchange Act. (covering Spouse or person who’s cohabit as husband and wives, children who’ve not yet attained legal age and juristic persons in which they and their spouses or children hold more than 30% of the total voting rights of such juristic persons), responsibilities to reporting securities holding and future contract in electronic system to the SEC’s office within 3 working days from the date of purchase, sale or transfer.

Company Secretary is responsible for reporting the changes in securities holding submit 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 by quarterly basis, and maintaining reports on securities holding and reports on interest that directors and executives submit to inspection and reference.

In 2018, there is no significant change in the securities holding of directors and executive management, which disclosed the report of securities holding of directors and executives, summarized the number of shares compared yearly increasing and decreasing between 31 December 2017 and 31 December 2018 as shown under Section “Capital Shareholders”.

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

The Board of Directors has regulated the directors, executives (according to definitions 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).

4. Monitoring the Use of Internal Information

The Company places great emphasis on the utilization of internal information of the Company as subsidiaries, with the determination in treating all shareholders with transparency and fairness, base on the principle of good governance, in accordance to comply with the Securities and Exchange Act, 2016 (no.5) refer to insider trading and issues regulations Notification of the Office of the Securities and Exchange Commission refer to preparation of report on changes to the securities and derivatives holding of Director and Executive, Auditor, Plan paper and Plan Administrator. Therefore had reviewed the Internal Information Utilization and Securities Trading Policies to cover related person. The Company has identified individuals with direct and indirect relevance non-public information that not yet disclosure to use by personal benefits, preventing inappropriate use of internal information as follows:

1. It is regulated that the Company's directors and executives are required to prepare reports on changes of one's securities ownership, including that of spouses and children who have not attained legal age within 3 working days after the purchase, selling, transfer or receiving of securities, according to the Securities and Exchange Act Section 59 to the Securities and Exchange Commission and the Stock Exchange of Thailand, using means regulated by the SEC.
2. Directors, executives and staff members who are aware of the Company's internal information must keep it strictly confidential and not disclose it to the public or seek benefits by trading such securities for oneself or for benefits of others both directly and indirectly, regardless of whether or not the benefits are obtained from doing so.
3. Directors, executives and staff members or those who are associated with the internal information are prohibited from buying or purchasing the Company's securities during the 30-day blackout period prior to the disclosure of the quarterly and annual financial statements or internal information to the public, and during the 24-hour period after the financial statement or internal information is disclosed to the public and has been notified to the Stock Exchange of Thailand, and other periods as identified by the Company.
4. Directors, executives and staff members, those who are associated with the internal information and staff members who already resigned are prohibited from disclosing the internal information or the Company's confidential information, as well as partners' confidential information that one is aware of from performing duties to seek benefits for outsiders or other companies in which one is a shareholder, director, executive or staff member, even though such disclosure is not going to cause any adverse impact on the Company and the Company's partners. The exception applies to when the information is required by law to be disclosed.
5. With regards to the safety of the information system, the Company controls and/or prevents access to the Company's information from outsiders and allows rights of access to the information to different levels of staff members, based on authorized duties and responsibilities.

The Company Secretary, there was communication within the organization to alert all directors, executives and employees, to acknowledgment the 30-days period of the Blackout Period before every quarter and annual financial statements are disclosed.

The punishment is stated in the Company's work regulations, whereby disciplinary actions will be considered on case by case basis; verbal warning, written warning, probation, dismissal or termination from employment, as the case may be, with the possibility of criminal and civil liabilities to the Securities and Exchange Act.

Person in charge of directors, executives and auditor, the punishment in accordance with the section 275 of the Securities and Exchange Act B.E.2016 (including endorsements), both imprisonment and fine or may have both criminal and civil liability.

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

5. Whistleblower and complainant or in case of Infringement

The Company has provided whistleblower channel or notice of complainant or in case of infringement including express an opinion, as following:

1. Electronic Mail directly to:

Channels	Email
Board of Director	board@pdgth.com
Audit Committee	ind_dir@pdgth.com
Company Secretary	cs@pdgth.com
or Company's website: www.pdgth.com/ir_index.php	

2. Mailing address:

Audit Committee (through Internal Audit Director)

Phol Dhanya Public Company Limited.

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

Tel: 02-71 0111

In the event that the stakeholders would like to contact directly to the Board of Directors (without an involvement of executive level) to report or file complaints in case of infringement report fraud doing illegal or business ethics that involves high level-executives, including suggestions an opinion, email directly to the Board: board@pdgth.com

In any doubt concern about corporate governance policy or anti-corruption policy, could inquire further direct via electronic mail to Company Secretary: cs@pdgth.com Tel. 02-7910111 ext.151 or Internal Audit Director: ia@pdgth.com Tel. 02-7910111 ext. 115

Whistleblower Procedure

1) Employees or stakeholders can report any clues, complaints or suggestions via identified channels provided. 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. The Internal Audit shall be prepared the summarized report to Audit Committee and Board of Directors by quarterly basis respectively.

The Company has follow-up reports of clues or complaints through the specified channels. In the year 2018, the company did not get any incidents and indicating the corruption.

6. 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.pdgh.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 2018, the main activities as follows:

IR Activities	No. of Activities (time)
• Opportunity Days through SET's channel	2 (March and September)
• Exhibition "mai Forum 2018" 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
• Welcome the shareholders for the AGM meeting (2018)	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 appointed by the shareholders' meeting and committees are comprised of individuals with knowledge, ability, skills and experiences that are deemed beneficial for the Company. They are responsible for different areas of operations to ensure shareholders' trust that the Company takes a prudent approach in operating the business. The major groups are the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee and the Risk Management Committee.

The Board of Directors has clearly identified the scope of authority and responsibility of each committee in the committees' charters. The chairman of each committee is responsible for monitoring the operations to align with the Board of Directors' policy and reporting the operating outcomes to the Board of Directors on a regular basis.

According to the Company's regulations, the number of directors shall not be less than 5, to be elected by the shareholders' meeting and no less than half of the total number of directors shall have residential address in the Kingdom of Thailand. In 2018, there were 8 directors comprising of;

Managerial directors*	3 persons, accounting for 37.50%
Non-managerial directors	1 person, accounting for 12.50%
Non-managerial and independent directors	4 persons, accounting for 50.00%

*During the year, one of the directors; Mr. Pornsak Chunchachinda, the managerial director, resigned from the position, effective from November 1, 2018 onwards. Thus, there were 3 managerial directors and the Nomination and Remuneration Committee has started to identify the new incumbent with the right qualifications to propose in the AGM 2019.

The number of independent directors must be one-third of the whole Board of Directors, but no less than 3 persons, with the qualifications required by laws and regulations. At least one director must possess the knowledge and experience in verifying the credibility of the financial statements. In this regard, Mr. Noppadol Dheerabutrongsakul, independent director with knowledge and experience in financial audit, as required in the definition of the independent director, which is equivalent to the regulations of the Securities and Exchange Commission. (Details are displayed in the topic "Management Structure").

The Nomination and Remuneration Committee incorporates good practices in recruitment and selection of directors as guided by the Thai Institute of Directors. The candidates are selected based on knowledge, ability, a wide array of experiences; accounting, finance, management, risk management and crisis management, with knowledge relevant to the Company's business operations. Ones must have the vision, moral and ethical values, responsibility, be able to express opinions independently and abide by the listed company's principles as follows:

1. Fiduciary Duties
2. Duty of Care
3. Duty of Loyalty
4. Accountable

Directors' Term on Board

The Board of Directors has been elected by the shareholders' meeting according to the Company's Articles of Association, one-third of the directors shall retire in accordance with the Public Limited Company Act., and once time has expired may be elected for another term. In the event that the position of directors is vacant due to other reasons except retired by their rotation, assigned the Nomination and Compensation Committee to select any person who has qualifications according to the criteria and proposed to the Board of Director for approval and appointment the director for the remaining term.

In the Annual General Meeting of Shareholders, proposed to consider and appointment of directors from one-thirds of the total number of director, revealing the director's information, date of appointment to director, number of director's time, attendance the meeting position, shareholders portion, conflict of interest and director position of other companies.

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, resolved with the vote of not less than three-fourth of total number of votes of the shareholders attending the meeting and have voting rights.

(Board composition, scope of duties and responsibilities of the board of directors and sub-committees are shown in the section "Management Structure")

5.2 Leadership and Vision

The Board of Directors plays significant roles in devising the vision, strategy and organizational objectives for sustainable growth, in collaboration with top-level executives, as well as provides useful suggestions in developing the strategic plan that aligns with the organizational vision and mission, with the aim of generating growth, in accordance with the Company's policy "to foster consistent growth with no less than 15% increase in net profit", and maintaining the original vision of "being the leading company in Thailand and ASEAN with sustainability in products and services related to safety, occupational health and environment". The Board of Directors' meeting, held on December 18, 2018, has approved the strategic plan and the annual budget for 2019, following the strategic direction employed in 2018 that integrates with the Company's sustainable development guideline. The focus is placed on the use of information technology system to develop new innovation and improve core operational procedures that will enhance service quality for customers, partners and all groups of stakeholders, in order to encourage effective and efficient operational systems for sustainable growth. This will also be used as the organizational performance indicators in 2019, urging the management to execute the "PHOL-D" strategy as part of the organizational culture. In this regard, the Company has disseminated the information to the Company's and subsidiaries' staff members to acknowledge and practice since September 27, 2018 onwards.

5.3 Sub Committees

The Board has further established three of sub-committees, namely; Audit Committee, Nomination and Compensation Committee and Risk Management Committees to be responsible for their specific areas, to perform the duty of studying the details, tracking and control operations and scrutinize the work assigned specifically propose to the Board of Directors to consider or acknowledgement, with clearly defined scope of authority and responsibility. 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").

5.3.1 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 Dheerabutrungkul, an Audit Committee who have knowledge and graduated in accounting and financing, sufficient experience to review the financial statements of the company, review the adequacy of the internal control system and risk management, review financial transactions, reviewing compliance with relevant policies and regulations as well as the laws

and regulations of the supervisory authorities, to promote the development of financial and accounting reporting systems to align with international standards, including reviewing the internal control system, Internal audit and appropriate and effective risk management.

In 2018, the Company hired outsource the independent 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 2018, there were 6 (six) Audit Committee meeting, each of which was fully attended.

5.3.2 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, reviewing 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.

In 2018, there were 2(two) Nomination and Compensation Committee meeting, each of which was fully attended.

5.3.3 Risk Management Committee

The Risk Management Committee consisting of; Director Executive and/or Expert from external parties has been appointment by the Board, not more than 5 persons comprising of two-executive and one-members from expert, with Mr. Teeradej Jarutangtrong as the Chairman of the Risk Management Committee. In 2018, there have Mr.Pornsak Chunhajinda, risk management committee resigned from the position of director, therefore resulting in the resignation of the members' risk management committee at the same time and is of the opinion that it is not necessary to appoint a new member to replacement.

In 2018, 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, as well as reviewing and proposing policies and guidelines on prevention and anti-corruption. 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 2018, there were 6(six) Risk Management Committee meeting, most of which were fully attended.

5.4 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, therefore, Chairman of the Board and Chief Executive Officer are not the same person, no authority to bind, no involvement in the administration and no relationship with the management. To prevent either one executive having the unlimited authorities, able to check and balance and not interfere with the management's duties, except that it will participate in considering and resolving problems that significant affect the business plan of the company.

Chief Executive Officer must be considered and appointed by the Board of Directors, which may be an outside, non-executive persons, in order to obtain the most qualified persons to assume the roles of leaders who will steer the Company to sustainable growth.

The Board of Directors is the one who devises the policy and the overall objectives, as well as monitors and controls the performance of the top-level management, led by the Chief Executive Officer. The Chief Executive Officer is responsible for managing the business under the authority framework assigned by the Board of Directors and executing the activities to achieve the target. The Board of Directors will be following up with the outcomes on a quarterly basis, whereby the management is required to report the operating results in comparison with the execution plan and the annual target, together with the explanation in case the outcomes do not turn out as planned, including potential solutions.

5.5 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 Board 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. In this regard, the Board of Directors appointed a female independent director Dr. Pallapa Ruangrong as Independent Director and Audit Committee member in the Shareholders' Meeting of the year 2018.

(details and criteria for recruitment of directors are displayed in the Management Structure topic; Recruitment of Directors and Executives).

5.6 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 yearly basis, 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 related to the Company's Memorandum Associations.

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.

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)

In 2018, there were 13 Board of Directors' Meetings held altogether (including special of 3times) and one time of Directors' Meeting without presence of executive directors. The directors' attendance was 92.31% of total number of meeting, 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, 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 2018, details on the Board of Director and sub-Committee meeting attendance are as follows:

		2018						
		No. of Meeting Attendance /Total No. of Meeting					Directors' Meeting	
		Board of Directors					without Presence	
No.	Name	Meeting Attendance	%	Audit Committee	NC Committee	Risk Committee	of Executive Directors	2018 AGM Attending
1	Asso. Prof. Dr. Ekachidd Chungcharoen	13/13	100%	-	2/2	-	1/1	1/1
2	Mr. Boonchai Suwanvutthiwat	13/13	100%	-	-	6/6	-	1/1
3	Mr. Teeradej Jarutangtrong	13/13	100%	-	-	6/6	-	1/1
4	Mr. Thanya Wangthamrong	13/13	100%	-	-	-	-	1/1
5	General Chaiwat Satondee	12/13	92.31%	-	2/2	-	1/1	1/1
6	Mr. NoppadolDheerabutrvingkul	13/13	100%	6/6	2/2	-	1/1	1/1
7	Mr. Santi Niamnil	13/13	100%	6/6	-	-	1/1	1/1
8	Dr. Pallapa Ruangrong	13/13	100%	6/6	-	-	1/1	-
9	Asst.Prof.Dr.Suluck Pattarathammas	-	-	-	-	6/6	-	-
Director who resigned during the year 2018								
1	Mr. Pornsak Chunchachinda	11/11	100%	-	-	4/4	-	1/1

Note: Mr. Pornsak Chunchachinda resigned from board of director and sub-committee member, effective on November 1, 2018.

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; covering matters, resolution of the meeting, name of director to attending the meeting, comments, the answer or relevant explanation, 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.

5.7 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, 2018, there have 5 non-executive directors to participate the meeting, 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.

5.8 Secretary of the Board of Directors and Company Secretary

Company Secretary

The Company agreed to appoint Miss Saowapa Choorujiporn to be Secretary of the Board and Company Secretary to perform duties specified under Securities and Exchange Act.(4thAmendment) B.E. 2551. She was to perform the roles defined in a responsible, careful, and honest manner, as well as to serve as Secretary of the Board and other committees as assigned including the activities of the commission and Board's resolutions duties are:

1. Prepare and maintain the following document:
 - a. Director registration.
 - b. Letter of invitation to the meeting of directors, minutes of the meeting of directors, the Company's annual reports.
 - c. Letter of invitation to the shareholders' meeting and minutes of the meeting of directors.
2. Maintain reports on interests that are submitted by directors or executives and submit copies of such reports according to Chapter 89/14 to Chairman of the Board and Chairman of Audit Committee within 7 days since the date that the Company receives such reports.
3. Perform any other functions stipulated by Capital Market Supervisory Board.

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

- Administer the meetings of the Board of Directors, Executive Committee, and other Committees
- Administer the shareholders' meeting and prepare minutes of the shareholders' meeting
- Ensure that the Board of Directors 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 2018)
- 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

In 2018, 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. (Detail of training and seminar has been presented under the topic "5.9 Knowledge Development for Directors and Company's Secretary")

5.9 Performance Assessment and Knowledge Development

1. Directors' Performance Assessment

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

In 2018, 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.

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 2018 to the Board of Directors in the meeting no.2/2019, dated February 21, 2019. 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 2018 has been prepared and declared together with the auditor's report which was 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 97.37%, which is considered excellent and the Nomination and Compensation Committee report 2018 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 2018 has been presented under the topic "Report of Risk Management Committee".

3. CEO and Top Executive Performance Assessment

The Board of Director has determine the performance evaluation of the Chief Executive Officer and senior management, by assigning the Nomination and Remuneration Committee evaluation of the Chief Executive Officer and senior management as per the company's format. The criteria used in the assessment, main performance indicators approved since the beginning of the year, divided into evaluation from the main performance indicators, 80% proportion and the performance assessment, the proportion of 20% that is consistent with the corporate's goals 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")

5.10 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.

In 2018, there were no any orientation sessions for new directors held because the directors who were appointed for another term of office were the same persons who have participated in the session. However, the Board of Directors' meeting did have an agenda that informed the change in relevant criteria from the regulatory bodies or in regulations related to directors' roles for directors' acknowledgement in every meeting, with the information provided by the Company Secretary.

5.11 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. In 2018, Assoc. Prof. Dr. Ekachidd Chungcharoen, Chairman of the Board attended the training course related to the duty of the Chairman in the Role of the Chairman Program (RCP) course.

Summaries of IOD's program for Director as follows:

		Thai Institute of Director															
No.	Director Name	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 Dheerabutrivongkul Independent Director/Chairman of Audit Committee Nomination and Compensation Committee		68/2008	23/2008		3/2012											
3.	Mr.Santi Niannil 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 Jarutangrong Director/Chairman of Risk Management Committee		68/2008					14/2015					10/2016				
7.	Mr.Boonchai Suwanvuthiwat Director/Risk Management Committee Chief Executive Officer	155/2012							21/2015		26/2016	3/2016					CMA20/2015
8.	Mr.Thanya Wangthamrong Director	180/2013															
9.	Ms.Saowapa Choorujiporn Company Secretary								17/2015					2/2011	5/2011	19/2011	FPCS19/2008
Resigned Director in 2018																	
1.	Mr.Pornsak Chunhajinda Director	227/2016															

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

In order to continually enhance knowledge and understanding of new CG Code guidelines for directors, the Board has held a training course "Good corporate governance to be the foundation of sustainable business development" for corporate governance practices, society and the environment, which is integrated into the business processing for the business sustainability, by CG expert, good governance development & alliance department from SET, both the Board of Directors and senior executives to attending together.

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.

Training courses held by IOD or other institutes in 2018 are as follows:

Part 1. Director Training IOD's Course in year 2018, as follow:

No.	Name	Course and Seminar
1	Assoc.Prof.Dr.Ekachidd Chungcharoen Independent Director	<ul style="list-style-type: none"> Course: Role of the Chairman Program (RCP) class 42/2018 (IOD) Seminar: Enhance Efficiency and Growth through Process Innovation (SET)
2	Mr.Noppadol Dheerabutrvingkul Independent Director	<ul style="list-style-type: none"> Protalk @SET: "Economics Outlook for second half of year 2018" (SET)
3	Mr.Boonchai Suwanvutthiwat Director Chief Executive Officer	<ul style="list-style-type: none"> Course: City Administration Training Program for Senior Executive Class 3, Navamindradhiraj University
4	Dr.Pallapa Ruangrong Independent Director	<ul style="list-style-type: none"> IOD Briefing /2018: Burning Issues Directors Need o Hear in the Year of the Dog" (IOD)
5	Dr.Pallapa Ruangrong Independent Director	<ul style="list-style-type: none"> Seminar: Roundtable Discussion 2018
6	Mr.Thanya Wangthamrong Director	<ul style="list-style-type: none"> Seminar Topic: "Driving business value & sustainability through active investors" (SEC)
7	Board of Directors	<ul style="list-style-type: none"> Follow FacebookLive SEC Seminar: Inaugural Corporate Governance Conference 2018 "Building Trust in a Transforming Economy-Confidential of the Changing World" (SEC)

Part 2. Others Seminar to participate of Company Secretary and related in 2018, as follow:

No.	Name	Course and Seminar
1	Ms.Saowapa Choorujiporn Company Secretary	<ul style="list-style-type: none"> CG Workshop: Assist your BOD in leading through disruptions with CG perspective code workshop (Deloitte Audit) Seminar: Rehearsing understanding 'C' of investor warning measures (SET) Sharing session: CG Code Disclosure Guidelines to comply or explain (TLCA) Enhancing Good Corporate Governance based on CGR Scorecard (IOD) Seminar: C-Certify Seminar- Road to Certify ๓๓ C-Certify Seminar 4/2018 (IOD) Course: How to protech your organization and yourself against cyber and IT Risk (RIC-TLCA) Seminar: "QR Code Shareholder Meeting Standard Form (Letter of Invitation)" URL and QR Code for Listed Company Solution, TSD
2	Ms.Siriporn Ondee Investor Relation	<ul style="list-style-type: none"> IR Talk 1: IR Challenge and Opportunity in era of rising interest rates (SET) IR Talk series #3 "Cracking the Secrets of IR Success for Mid-small Cap" (SET) AGM Cheklist of Shareholders' Meeting 2019 Project (TIA)
3	Mr.Pornsak Chunhajinda Chief Financial Officer	<ul style="list-style-type: none"> Seminar: Agricultural Cost Accounting- Agricultural (FAP) Course: Impact of TFRS 15, Revenue from contracts with customer and TFRS 16, Leases to preparation of Financial Statement of Listed Companies by SET
4	Ms.Kamolpoppa Puapansakul Internal Audit Director	<ul style="list-style-type: none"> Seminar: "Corruption and Fraud Audit in Accounting by Accounting Association of Kasetsart University" (Kasetsart University Accounting Association) Seminar : "Working sheet for Anti-Corruption measurer in the organization" class no. 2/2018 (by FAP: Federation of accounting Professions)

No.	Name	Course and Seminar
5	In-house Training	
	Executive Management	<ul style="list-style-type: none"> Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance (SET) Workshop: “Process Innovation Management and Industry Transformation” (SET)
	Accounting Seciton Head	<ul style="list-style-type: none"> Course: Strategic CFO in Capital Market Program, class no. 7/2018 (SET) Seminar Topic: Key issues in the implementation of financial reporting standards (Dhammaniti Institute)
	Risk Management Officer	<ul style="list-style-type: none"> Updated COSO Enterprise Risk Management: Integrating with Strategy and Performance

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

No.	Name	Course and Seminar
1	In-house Training	
	Board of Directors and Company Secretary and Executive Management	<ul style="list-style-type: none"> Seminar: “Enhancing Corporate Governance for Business Sustainability” Corporate Governance Developmet Dept. (SET)
	Executive Management	<ul style="list-style-type: none"> Course: Performance Management System (PMS) Seminar: Risk Managemet and Changing of COSO ERM 2017 Team Buulding, NY Training Center
	Management and Manager level	<ul style="list-style-type: none"> General course; KAIZEN Processing, Risk Management and ISO Context (ISO 9001: 2015), Annually fire extinguishing and evacuation and Web Application IT Request etc.

5.12 Succession Plan

The Board of Directors places emphasis on the preparation of the succession plan and development plan for top-level executives, to equip individuals with high potential with readiness to assume critical positions in a continuous manner. In 2018, the Human Resource department has continued to implement the execution plan from the year before, completing the job value analyses and incorporating the performance management system (PMS) as part of staff evaluation and remuneration on an annual basis.

- 1) Company’s recruitment and selection process or employees to take charge of and responsible for key management position levels as appropriate, promoted a potential employee up to the executive level ; two Sales Directors to enhance the business growth.
- 2) The Company’s senior executive shall be performed the CEO work if the President is unable to perform their duties.

5.13 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:

1. Assumption of Director Position in Other Listed Companies of the Company’s Directors

The Board of Directors has determined the policy regarding the assumption of the director position in other listed companies in regulating that directors shall not assume the position in more than 5 other listed companies for each director in order to enhance effectiveness in performance as the Company’s directors and to maximum benefits of the Company’s future business growth.

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.

Detail on assumption of director position in other companies for each director has been presented under the topic “Detail of Directors and Management Team” At present, of the 8 directors, none of them are assuming the director position in other listed and non-listed companies in excess of specified criteria.

5.14 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.

5.15 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. 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 and proposes to adjust for 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.

5.16 Business Morality and Code of Conduct

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 as well as treating all stakeholders. Those action is not against the law, policy and corporate culture with acceptable by society, does not cause damage to the reputation of the corporate image and affect seriously to stakeholders, as show in the business code of conduct, which published on the company's website (website: [http://www.pdpth.com/ir_index.php/corporate governance/corporate governance policy](http://www.pdpth.com/ir_index.php/corporate%20governance/corporate%20governance%20policy))

5.17 Information Technology and Communication

The Company is aware of the significance of using the information technology and communication, which are important factors that will enhance the effectiveness of business operations and work performance. It is the mutual responsibility of all staff members to abide by, under the rules of laws and the announcement of the information technology policy, whereby the access or control have been identified, in terms of access to the network, operating systems, applied programs or applications used in the operations.

Every employee is responsible for protecting and maintaining the Company's information technology system and communication from violation and unpermitted distribution of internal information to access, do not discloses important information of the business to unrelated person which may be directly or indirectly affect the company.

(By the guideline of practices are displayed in the Business Code of Conduct, published on the Company's website (www.pdpth.com))

5.18 Respects 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.

By focusing the operation of the Board of Directors, executives and all employees must treat each other with respect, to protection of human rights by persistent surveillance the business of the Company to be involved in human rights, dignity, freedom, equality such as physical or verbal actions towards others based on human rights including race, color, sex, religion, language, political beliefs, political opinion or do not support force labor support against the use of child labor, provide safety system in the workplace properly to be safe from harm that may be caused either by accidents and disease, employees receive proper compensation, encourage employees to balance in life between work life and personal life, using the sufficiency economy philosophy and encourage the opportunity for their benefits, doing good thing for society compliance with the principles of various religions equally, provide whistle blowers, including the management and employees of the company shall not act in any that violate or threaten the rights whether it is physical or verbal actions towards others based on human rights.

5.19 Guidelines for Non-violation of Intellectual Property Rights

The Company have the policy and guidelines, 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., encourage employees to respect and not violate intellectual property rights such as the operating results under their duties as hold the intellectual property of the company, after employment termination must be deliver such intellectual property to the Company whether the data stored in any format, including employee use of company computers must be used under permission of the copyright owner software and allowed to be used, to prevent the abuse of intellectual property, for prevent intellectual property infringement.

5.20 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, has regularly reviewed such policies in accordance with the environment and corruption risks, to be able to set preventive measures and respond to such risks at acceptable levels with covering cases of infringement, which has announced the policy scope of notification of complaints including protection mechanism of whistle blowers or file complaints or cases of abuse and published 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 change”

In 2018, the Board of Directors went through a review of the third revision of the policy and practices on corruption prevention and prohibition of the Company dated December 18, 2018 which has already reviewed by the Risk Management Committee. There was improvement to be suitable for the business model taking into various factors both inside and outside and internal communicate to all employees, emphasizing the awareness of anti-corruption to all employees, including communication through the stakeholders and external through various channels, Key point of protocols and practices can be summarized as follows:

1. Corruption Prevention Protocols:

- 1.1 Risk Management The basis of corruption prevention protocols. Hence, directors, executives and staff members are required to understand the Company's business processes and assess potential risks that may arise from corruption, and identified measures to minimize them, in case the existing internal control measures are insufficient.
- 1.2 Development of Policy and Practices on Anti-Corruption including suitable internal control measures for core activities that may induce corruption such as; Political Aid, Donation for Charitable Causes, Provision of Financial Aid, Giving and Receiving of Gifts, Reception & Other Expenses, such activities must be conducted with transparency not a path for corruption, have proof of operation in accordance with the guidelines set by the company. Also in addition, human resource management, as well as the main operations of the organization that must be consistent and supporting such Anti-Corruption Policy. The company required training communication to director, management and employee at all level, to enhance knowledge, understanding and awareness of the importance of policy compliance resolution strictly related work regulations.

2. Protocols of Detection of Corruption To detect and report outcomes that may be fraudulent in a timely manner, as followings:

- 2.1 Whistleblowing and Complaint Filing Mechanisms. The Company has arranged for credible and independent channels for filing complaints and whistleblowing, protection measures for informers with a mechanism to be ensure that whistleblowers to confidence for the complainant, by communicating to employees, stakeholders, relevant person and the third party to acknowledge the such complaint mechanisms.
- 2.2 Reporting Dishonesty. The Company requires a summary report of complaints divided by the type of complaint for corruption, requiring the internal audit department reporting to the Audit Committee and the Board of Directors on a quarterly basis. (Whistleblower and complaint channel are disclosed in Section 4 "Disclosure and Transparency").

3. Protocols on Handling Corruption

To correct the effects including finding ways to prevent corruption, the same type occurs again. The response to the fraud caused by the investigation, punishment and corrective measures and information disclosure.

In addition, The Policy and Guidelines with Chairman's signature has published on the company website, section Investor Relation title "Good Corporate Governance" and the management will apply such policies to all departments, all employees of the company and subsidiaries to acknowledge for these practices accordingly.

Measure that the company took to prevent corruption activities, can be shown are as follows:

1. Review: The Board of Director reviews the anti-corruption policy and guidelines every year.
2. Assessment: regularly review corruption risks determine measures to reduce risk if the existing internal control is not enough, including the preparation of a manual to manage corruption and corruption risks considered as part of the guidelines that are consistent with "Policies and guidelines to prevent and combat corruption.
3. Communication: both internal and external, as follows:
 - Internal communication to director, management and employee to acknowledge and strictly adhered, through electronic communication channels within the organization, including quarterly risk news journals and public on the boards.
 - All director, management and employee to be signed and accept the policies and guidelines to prevent and combat corruption.
 - External communication sent notice of anti-corruption policy to customers, partners, refrain from receiving and giving and receiving of gifts reception or others expenses in any form and disseminated through the company's website.
4. Channel: the company has provided channels for reporting clues and complaints through various channels, there is a mechanism to protect those who report clues or appropriate complaints, and if there are any violations or acts of corruption requiring the internal department to follow the complaint handling process and summarize the complaints report to the Audit Committee and the Board of Directors on a quarterly basis.

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, based on the internal standard: COSO 2013 – integrated issued by the Committee of Sponsoring Organizations of the Treadway Commission. By assigning the duties and responsibilities of the operations and executives have been identified, to properly ensure that the operations are effective and efficient, and that the resources are wisely utilized, preventing the assets from getting lost, damaged or caught up in dishonesty. Roles and responsibilities of the operators, controllers/approvers are clearly separated, in order to ensure mutual cross-check and audit, both for financial and non-financial transactions. This is to ensure credibility and timely execution, with sufficient quality of information to be utilized internally and externally, while guaranteeing compliance with the law, rules, regulations, policy and practices regulated by the organization.

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. 2/2019 on February 21, 2019, there was an evaluation of the adequacy of the internal control system in 2018 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 opinion as 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 as well as overseeing the effectiveness of the company-wide risk management, assessed all risks related to our business, including fraud risk of the risk which may arise as a result of significant changes within the Company, to appropriately manage such risks in a timely 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

The Company has adequate control activities which are able to mitigate risks to acceptable levels for the respective business environments or business units 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, disclose information and transaction were the connected transaction in accordance with the regulations of Securities and Exchange Commission and relevant law, while relevant stakeholders are not involved in authorizing the transactions, to encourages employees to be constantly aware of the importance of conformity to the control activities and compliance with related law and regulations to ensure that our internal control system is as effective as designed, 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

The Board of Directors has arranged for the information and communication systems for internal and external uses, with appropriate data processing system that is sufficient for the operations and decision-making, to ensure the accuracy, comprehensiveness, updatedness, easy access, security and verifiability, for instance, the identification of access authority to prevent unauthorized users from getting hold of the confidential information. The system that prevents dissemination of information, reporting system and operations, including the Board of Directors' meeting, non-managerial directors' meeting, Audit Committee and the CPA's meeting, without the management's participation and/or independent consulting session, the disclosure of information via the Stock Exchange of Thailand's channels to investors/outside, as well as identification of whistle blowing channels, and the measures to protect the whistle blowers and other practices as stated in the topic "Anti-Corruption" in the Corporate Governance section as appeared on the website www.pdgh.com , Investor Relations section.

5. Monitoring

The Board of Directors has regularly been following up with the internal control operations, both for the operating performance, strategic goals, execution plan and projects in execution in comparison with the plan. The outcomes will be reported to the authorized persons according to the line of supervision. This is to ensure that the internal control operations are effective and appropriate for the changing environment. If the shortcomings are identified, the Company has prescribed the improvement plan and responsible persons to take action accordingly in a timely manner. The audit is performed and suggestions provided by the Internal Audit department, who conducts the inspection on the operations and follow-up activities, together with reporting the outcomes to the Audit Committee on a quarterly basis, and to subsequently propose to the Board of Directors.

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 2018 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. Kamolphobphan 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 responsibilities to improve her performance i.e.; Corruption and Fraud Audit in Accounting by Accounting Association of Kasetsart University and Working sheet for Anti-Corruption measurer in the organization" class no. 2/2018, by Federation of accounting Professions.

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 2018, The Company uses internal auditor services, independently from the company “Internal Audit Dharmniti Co., Ltd.” continued for the third 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, in addition, the Audit Committee has concluded its opinion on the effectiveness and adequate of internal control and performed their duties as assigned 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 2018 has been executed, summarized as following:

1. Reviewed the Risk Management Committee’s Charter is update and consistently, by focusing on risk management cover all access risk of the company-wide risk management and risk culture to occurred at all level.
2. To cultivating risk management into corporate culture, encouraging and educating employees at all levels to have understanding of risk management, to be held as part of everyone’s work as they are owners of potential divisional risks, including provide new employee’s orientation, provide in-house training by expert speaker with covering internal communication; E-mail and Risk News etc.
3. Provide risk management in corporation as a part of the annual execution plan which is cascaded down to departmental execution all risk management to integrate throughout the organization.
4. To follow-up and monitoring the results of risk management, using the information technology system as the supporting tools in evaluating and reporting outcomes. The Risk working group was reporting by quarterly basis to Risk Management Committee and Board of Directors.
5. Arranged to review the policy and practices on the prevention and prohibition of anti-corruption, appropriate for the current situation, at least once a year. The revision policy has announcement on January 18, 2018 and published on the company’s website, including review the regularly access corruption risk.

(The Company has disclosed the “Risk Management Committee’s Charter” on the website www.pdgh.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 2018 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 2018, the Company has reviewed and comments by Mr. Sathien Vongsnan Certified Public Accountant Number 3495 from the Auditor "ANS Audit Co., Ltd." is the company's auditor for the first year from the previous year to certified the financial statement. The remuneration of the audit fee of the Company and its subsidiaries for the fiscal year 2018 and 2017 amounted 1,490,000 Baht and 1,422,500 Baht respectively, which including audit fee of subsidiary company amounted 515,000 Baht and 497,500 Baht respectively.

Non Audit Fee

In 2018, the Company and its subsidiaries do not pay for other services, Non-audit.

Comparison of the Audit Fee

Audit Fee	Unit: Baht		
	2018	2017	2016
Audit Fee			
1. Phol Dhanya Public Company Limited	975,000	25,000	800,000
2. PD Genesis Engineering Company Limited	20,000	20,000	30,000
3. Phol Palladium Company Limited	240,000	205,000	185,000
4. Phol Water Company Limited.	230,000	240,000	110,000
5. Pholdhanya (Cambodia) Co., Ltd.	25,000	32,500	145,000
Non Audit Fee	-	-	-
Total	1,490,000	1,422,500	1,270,000

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 its 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 2018 Sustainable Report which publicized on the company's website: www.pdgth.com

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2017	2018	
I. Phol Palladium Co., Ltd. (Subsidiary)	The Company holds 99.99% of shares	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	21,055,042	16,582,529	
	Trade receivables in the Subsidiary	2,719,271	9,923,185	The Audit Committee's opinion The transaction was the normal trading transaction.
	- The Company purchased goods from the Subsidiary			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%
	Purchases of goods	809,930	936,402	
	Trade payables in the Subsidiary	34,974	150	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. In quarter 2/2017, the Company received repayment of the loan.
	Short-term loans	-	-	
	Interest	70,822	-	The Audit Committee's opinion The transaction was reasonable; the Company needs to provide finance to the subsidiary for working capital.
	- Other income			The Company charges management fee from subsidiary 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.
	Management fee income	600,000	850,000	
	Management fee receivable	53,500	53,500	The Company charges management fee amount to 50,000 Baht per month. The Audit Committee's opinion The transaction was reasonable; because it is the expense of the subsidiary which the company holds 99.99% of shares.
	- Other receivable	253,640	-	The subsidiary's operating expenses that the Company paid and collects from subsidiary 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
		2017	2018	
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. 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.
	Capital increase	40,000,000	40,000,000	
	Allowance for impairment	35,800,000	41,566,624	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 in 2017 and increased by 41.57 MB in 2018.
	Net-Investment in the Subsidiary	14,199,970	8,433,346	
				The Audit Committee's opinion The Audit Committee opined that the provision was in accordance with the accounting standard.
	- 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	3,640,523	1,185,106	
	Trade receivables in the Subsidiary	2,435,583	343,328	The Audit Committee's opinion The transaction was the normal trading transaction.
	- 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	92,431	178,640	
	Cost of service for water treatment system	5,665,205	971,003	The Audit Committee's opinion
	Trade and other payables in the Subsidiary	2,808,023	121,969	The transaction was the normal trading transaction.
	-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	4,000,000	3,000,000	
	Interest	1,093,490	186,970	The Audit Committee's opinion The transaction was reasonable; the Company needs to provide finance to the subsidiary for working capital.

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2017	2018	
	- Other income			
	Management fee income	600,000	600,000	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.
	Management fee receivable	53,500	53,500	The Company charges management fee amount to 50,000 Baht per month. The Audit Committee's opinion The transaction was reasonable; because it is the expense of the subsidiary which the company holds 99.99% of shares.
	Rental income for water treatment system	720,000	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 The transaction was reasonable; it represents the actual operating costs.
	- Cash advances receivable	206,437	-	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.
3. PD Genesis Engineering Co., Ltd. (Subsidiary)	- Investment in the Subsidiary	11,500,000	11,500,000	he 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.
	Allowance for Impairment	11,500,000	11,500,000	The Audit Committee's opinion The Audit Committee opined that the provision was in accordance with the accounting standard.
	Net investment in the Subsidiary	-	-	
	- Short-term loan to the subsidiary	5,000,000	5,000,000	
	Less Allowance for doubtful accounts	5,000,000	5,000,000	
	Net Short-term loan to the subsidiary	-	-	
	- Interest income	126,278	126,278	
	Less Allowance for doubtful accounts	126,278	126,278	
	Net Interest income	-	-	

Persons with possible conflict of interest	Relationship / Transaction	Transaction Value (Baht)		Necessity and reasonability of the transaction
		2017	2018	
4. Pholdhanya (Cambodia) Co., Ltd. (Subsidiary)	The Company holds 100% of shares	6,770,686	6,770,686	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.
	Net investment in the Subsidiary	-	-	
		(1,917,929)	-	The Audit Committee's opinion The provision was in accordance with the accounting standard.
	- The Company sold goods to the Subsidiary	3,589,778	3,564,680	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 (Credit note)	3,589,778	3,564,680	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.
	Trade receivables in the Subsidiary	-	-	The Audit Committee's opinion The provision was in accordance with the accounting standard.
	Less Allowance for doubtful accounts	3,630,997	3,632,632	The Subsidiary lend from the Company to working capital, which is repayable at call and no interest charge.
	Trade receivables in the Subsidiary-net	3,630,997	3,632,632	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.
	- Other receivable	-	-	The Audit Committee's opinion The provision was in accordance with the accounting standard.
	Less Allowance for doubtful accounts	-	-	
	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.

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, 2018 in which the auditors have audited and provided the comments in the auditor's report of which was also shown in the annual report.



(Assoc. Prof. Dr. Ekachidd Chungcharoen)

Chairman of the Board



(Mr. Boonchai Suwanvutthiwat)

Chief Executive Officer

Dear Shareholders,

Phol Dhanya Public Company Limited emphasizes on the important of risk management and business operation with ethic, good governance, transparency and equity in accordance with Business Ethics, Risk Management Committee Charter under the risk management framework that is aligned with COSO ERM Framework as a reference for a guidance of risk management for executives and employees to apply as company's corporate culture and to improve the risk management system in order to achieve the target and increase creditability and confidence for investors and stakeholders of business.

Risk Management Committee is comprised of 3 members as follows:

- | | |
|--|---------------------------------------|
| 1. Mr. Teeradej Jarutangtrong, | Chairman of Risk Management Committee |
| 2. Asst. Prof. Dr. Suluck Pattarathammas | Risk Management Committee |
| 3. Mr. Boonchai Suwanvuttivat | Risk Management Committee |

Risk management committee reviews Risk Management Committee Charter and defines the risk management framework to be suitable for business operation and in line with the direction of business scenarios as well as to support and develop the risk management system in all functions. There were 6 meetings held altogether in 2018, with key agendas and progress as follows:

1. Risk Management Plan, Risk Assessment and Risk Management

Risk management committee evaluates and does all risk assessments covering all risk factors for business operation such as corporate strategy, finance, business operation, rules and regulation. Also, the committee reviews and suggests to edit and add the risk management framework that has impacts on business objectives and are in line with the change in current situations for proposal to Broad of the direction.

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 emphasize the importance of business conduct under good governance, transparency, accountability. The company set the rule and policy of anti-corruption in comply with law and regulation in order to avoid the corruption that has impacts on business. There are the appropriate internal control and review for the improvement of the anti-corruption policy to be in line and appropriate with the business operation. Also, we communicate with customers, partners, sellers and receivers regarding to the company's anti-corruption policy as well as sign MOU of anti-corruption policy with partners.

Risk management committee works in accordance with Risk Management Committee Charter as assigned by Broad of Director and also improve the risk management system to sufficiently cover all risk factors in order to control the risk to be in the acceptable level.

(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.

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 Dheerabutrvongkul | Nomination and Compensation Committee/Independent Director |
| 3. General Chaiwat Satondee | Nomination and Compensation Committee |

The Nomination and Compensation Committee performed duties as assigned by the Board of Directors under the duties and responsibilities specified in the Nomination and Compensation Committee Charter in determining criteria and processes of recruiting qualified persons to serve as directors and senior executives by considering qualifications, knowledge, abilities, experiences, expertise and leadership as well as visions and attitudes towards the organization. This would lead to the effective business operations and management and to be consistent with good corporate governance guidelines as well as the consideration of the criteria and the compensation structure review of the Board of Directors and sub-committees plus guidelines for the performance evaluation and compensation determination of the Chief Executive Officer and senior executives to be presented to the Board of Directors.

In 2018, 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. Nomination of directors who would retire by rotation by providing opportunities for minority shareholders to propose qualified persons to be appointed as directors in advance, but by the deadline, no shareholder nominated any person to be as directors. Therefore, the Nomination and Compensation Committee proposed to consider re-appointing the directors who would retire by rotation in the year 2018 to be as the directors for another term. There were 3 directors, namely, Mr. Teeradej Jarutangtrong to be as a director, Assoc. Prof. Dr. Ekachidd Chungcharoen to be as an independent director and Dr. Pallapa Ruangrong, to be as an independent director. The general meeting of shareholders approved the appointment of 3 directors to be re-elected as directors for another term as proposed.
2. Consideration of compensation, meeting allowance and other benefits for the Board of Directors and sub-committees consisting of the Audit Committee, the Nomination and Compensation Committee and the Risk Management Committee in order to propose for the approval by the Board of Directors at the Annual General Meeting of Shareholders as well as the consideration of compensation for the senior executives to be proposed for the approval by the Board of Directors. The Nomination and Compensation Committee considered that it was appropriate and consistent with responsibilities and in accordance with the Company's policies and guidelines in which the Company disclosed information on compensation for the Board of Directors and senior executives in this 2018 annual report.
3. Annual review of the Nomination and Compensation Committee Charter. In 2018, there were additional amendments regarding duties and responsibilities of the Nomination and Compensation Committee as well as the compensation with clear responsibility segregation of recruitment and compensation. However, it was added with duties and responsibilities for determining the development plans for directors and succession plans for directors and senior executives in accordance with the best practices of the Nomination and Compensation Committee together with good corporate governance guidelines.
4. Consideration for the appointment of senior executives in order to be consistent with the organizational structure that has been modified for the higher management efficiency and business expansion supports.

5. 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.



(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 Dheerabutrtrongkul | Chairman of Audit Committee |
| 2. Mr. Santi Niannil | 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 information disclosure are correctly and completely done. While performing its tasks, Audit Committee must maintain its independency.

In 2018, 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 2018, 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 2018 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 2018 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 2018 to the Board of Directors to propose the 2018 Annual General Meeting of Shareholders for approval. The Audit Committee has considered the performance, independence, and appropriateness of remuneration, deemed it appropriate the appointment of Mr. Sathien Vongsnan Certified Public Accountant No.3495, or Mr. Atipong Atipongsukul, Certified Public Accountant No. 3500, or Mr. Wichai Rujitanon, Certified Public Accountant No. 4054, or Miss Kultida Pasurakul, Certified Public Accountant No. 5946, or Mr. Yuthapong Chuamuangpan, Certified Public Accountant No. 9445 of ANS Audit Co. Ltd., as the Company's auditors for the year 2018. The Audit Committee also reviewed the financial statements, internal control 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,

The Audit Committee is of the view that over the course of 2018, 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 Dheerabutrpongkul)
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, 2018, 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, 2018, 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.

Provision for devaluation of inventories

Risk

According to Notes to Financial Statement No. 8, the Group had inventories as at December 31, 2018 of Baht 210.46 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 Matter

The consolidated and separate financial statements of Phol Dhanya Public Company Limited and its subsidiaries for the year ended December 31, 2018, which have been presented herewith for comparative information were audited by another auditor of our firm, whose report dated February 28, 2019, expressed an unqualified opinion.

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.



(Sathien Vongsnan)

Certified Public Accountant

Registration Number 3495

ANS Audit Company Limited

Bangkok, February 21, 2019

Statement of Financial Position

Annual Report 2018

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

		Unit: Baht				
		Consolidated financial statements		Separate financial statements		
Notes		2018	2017	2018	2017	
Assets						
Current assets						
	Cash and cash equivalents	5	57,212,946.19	92,269,829.03	48,328,800.86	81,485,751.17
	Trade and other current receivables - net	4, 6	164,864,302.37	170,800,851.43	153,904,270.85	159,035,754.79
	Unbilled receivables	7	16,104,343.38	67,401,831.53	16,104,343.38	66,311,399.84
	Short-term loans to related party - net	4	-	-	3,000,000.00	4,000,000.00
	Current portion of long-term loans to employees	12	1,287,359.12	1,099,086.02	1,250,319.08	1,025,886.02
	Inventories - net	8	218,117,489.31	235,383,232.88	208,067,155.49	222,934,389.47
	Current tax assets		287,160.73	4,339,729.25	-	3,626,120.64
	Advance payments for constructions	7	-	5,339,386.99	-	5,339,386.99
	Total current assets		457,873,601.10	576,633,947.13	430,654,889.66	543,758,688.92
Non-current assets						
	Restricted deposits with financial institution	9	30,251,126.66	30,086,968.33	30,251,126.66	30,086,968.33
	Investment in subsidiaries company - net	10	-	-	9,433,315.90	15,199,940.00
	Other long-term investment - net	11	-	-	-	-
	Long-term loans to employees - net	12	623,017.77	373,784.58	569,317.82	354,084.58
	Investment properties - net	13	6,267,246.64	6,744,922.59	6,267,246.64	6,744,922.59
	Property, plant and equipment - net	14	113,276,481.59	131,978,382.76	104,389,928.63	115,544,669.91
	Leasehold right - net		1,473,546.02	1,723,946.02	1,473,546.02	1,698,946.02
	Intangible assets - net		1,496,316.15	1,924,477.15	1,417,373.64	1,796,026.94
	Deferred tax assets	15	40,281,154.53	36,998,045.26	37,203,243.18	34,636,425.77
	Other non-current assets		574,115.00	1,020,073.00	574,115.00	541,523.00
	Total non-current assets		194,243,004.36	210,850,599.69	191,579,213.49	206,603,507.14
	Total assets		652,116,605.46	787,484,546.82	622,234,103.15	750,362,196.06

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
	Short-term loans from financial institutions	134,094,915.63	286,484,497.45	134,094,915.63	286,059,699.05
	Trade and other current payables	172,563,834.31	180,790,590.62	161,816,417.12	168,762,484.80
	Current portion of long-term liabilities under finance leases	4,987,902.68	5,260,447.15	806,703.77	1,228,798.94
	Current portion of long-term loan from financial institution	7,140,000.00	7,140,000.00	7,140,000.00	7,140,000.00
	Current income tax payable	4,515,770.69	370,276.68	4,515,770.69	-
	Provision for constructions project	2,000,149.55	4,291,366.52	2,000,149.55	4,281,987.28
	Total current liabilities	325,302,572.86	484,337,178.42	310,373,956.76	467,472,970.07
Non-current liabilities					
	Long-term liabilities under finance leases - net	7,994,140.19	12,990,853.10	283,798.01	1,099,312.01
	Long-term loan from financial institution - net	22,035,000.00	29,175,000.00	22,035,000.00	29,175,000.00
	Non-current provisions for employee benefits	22,359,699.00	22,099,522.00	20,819,163.00	20,465,437.00
	Other non-current liabilities	1,445,185.50	4,755,405.20	1,437,185.50	3,567,788.72
	Total non-current liabilities	53,834,024.69	69,020,780.30	44,575,146.51	54,307,537.73
	Total liabilities	379,136,597.55	553,357,958.72	354,949,103.27	521,780,507.80
Shareholders' equity					
Share capital					
Authorized share capital					
	250,999,978 ordinary shares, Baht 1 par value	250,999,978.00	250,999,978.00	250,999,978.00	250,999,978.00
Issued and paid-up share capital					
	202,500,232 ordinary shares, Baht 1 par value (2017: 202,499,982 ordinary shares, Baht 1 par value)	202,500,232.00	202,499,982.00	202,500,232.00	202,499,982.00
Premium					
	Premium on share capital	137,843,939.03	137,843,439.03	137,843,939.03	137,843,439.03
Deficit from the change in the ownership interests					
	in subsidiaries	(2,187,236.26)	(2,187,236.26)	-	-
Retained earnings (deficit)					
	Appropriated to legal reserve	16,200,000.00	16,200,000.00	16,200,000.00	16,200,000.00
	Unappropriated	(80,706,494.94)	(119,513,492.34)	(89,259,171.15)	(127,961,732.77)
	Other component of shareholders' equity	632,210.85	586,538.44	-	-
	Total shareholders' equity of the Company	274,282,650.68	235,429,230.87	267,284,999.88	228,581,688.26
	Non-controlling interests	(1,302,642.77)	(1,302,642.77)	-	-
	Total shareholders' equity	272,980,007.91	234,126,588.10	267,284,999.88	228,581,688.26
	Total liabilities and shareholders' equity	652,116,605.46	787,484,546.82	622,234,103.15	750,362,196.06

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes		2018	2017	2018	2017
	4, 26				
Revenues					
		882,210,799.06	863,372,965.14	834,978,538.39	817,048,567.51
		25,354,792.82	44,699,350.85	14,513,150.80	19,727,467.14
		16,888,668.40	77,770,000.85	16,841,044.15	75,344,023.48
		924,454,260.28	985,842,316.84	866,332,733.34	912,120,058.13
Costs					
		(651,683,357.05)	(631,443,718.39)	(620,146,105.09)	(601,879,416.25)
		(21,740,536.20)	(43,158,725.42)	(8,575,968.53)	(14,609,624.15)
		(23,415,243.32)	(171,960,824.45)	(25,007,181.30)	(170,451,465.30)
		(696,839,136.57)	(846,563,268.26)	(653,729,254.92)	(786,940,505.70)
		227,615,123.71	139,279,048.58	212,603,478.42	125,179,552.43
		2,218,726.22	5,061,931.22	2,387,179.60	5,061,931.22
		7,127,791.75	3,772,872.60	9,076,022.37	6,677,779.19
		(85,375,428.49)	(91,619,118.13)	(78,530,416.55)	(79,816,142.49)
		(104,848,848.46)	(163,534,316.40)	(95,030,023.61)	(148,115,457.05)
	10	-	-	(5,766,624.10)	(35,800,000.00)
	14	(2,513,266.70)	(10,000,000.00)	-	-
	7	2,672,740.07	(4,670,695.50)	2,672,740.07	(4,281,987.28)
		(8,168,922.21)	(13,265,727.64)	(8,092,640.46)	(13,248,804.80)
		38,727,915.89	(134,976,005.27)	39,319,715.74	(144,343,128.78)
	24	(2,216,086.49)	17,500,331.75	(2,677,667.72)	16,608,502.48
		36,511,829.40	(117,475,673.52)	36,642,048.02	(127,734,626.30)
Other comprehensive income (loss)					
<i>Items that may be reclassified subsequently to profit or loss</i>					
		45,672.41	596,883.05	-	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent year</i>					
		2,295,168.00	-	2,060,513.60	-
		2,340,840.41	596,883.05	2,060,513.60	-
		38,852,669.81	(116,878,790.47)	38,702,561.62	(127,734,626.30)

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

		Unit: Baht			
		Consolidated financial statements		Separate financial statements	
Notes	2018	2017	2018	2017	
Profit (loss) attributable to:					
Equity holders of the Company	36,511,829.40	(117,475,673.52)	36,642,048.02	(127,734,626.30)	
Non-controlling interests	-	-	-	-	
	36,511,829.40	(117,475,673.52)	36,642,048.02	(127,734,626.30)	
Total comprehensive income (loss) attributable to:					
Equity holders of the Company	38,852,669.81	(116,878,790.47)	38,702,561.62	(127,734,626.30)	
Non-controlling interests	-	-	-	-	
	38,852,669.81	(116,878,790.47)	38,702,561.62	(127,734,626.30)	
Earnings (loss) per share					
Basic earnings (loss) per share (Baht)	0.18	(0.58)	0.18	(0.63)	
Weighted average number of ordinary shares (shares)	202,500,024	202,499,982	202,500,024	202,499,982	

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

Statement of Changes in Shareholder's Equity

Annual Report 2018

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

Unit: Baht												
Consolidated financial statements												
Equity attributable to shareholders' equity of the Company												
Notes	Issued and paid-up share capital	Premium on share capital	Change in the ownership interests in subsidiary	Deficit from the Change in the ownership interests in subsidiary	Retained earnings (deficit)		Translating financial statements	Other comprehensive income (loss)	Other component of shareholders' equity		Total Shareholders' Equity	
					Appropriated for legal reserve	Unappropriated			shareholders' equity	component of shareholders' equity		
Balance as at January 1, 2018	202,499,982.00	137,843,439.03	-	(2,187,236.26)	(119,513,492.34)	16,200,000.00	586,538.44	-	586,538.44	235,429,230.87	(1,302,642.77)	234,126,588.10
Changes in equity for the year												
Increase share capital	250.00	500.00	-	-	-	-	-	-	-	750.00	-	750.00
Total comprehensive income for the year	-	-	-	36,511,829.40	2,295,168.00	45,672.41	2,295,168.00	2,295,168.00	2,340,840.41	38,852,669.81	-	38,852,669.81
Transfer to retained earnings	-	-	-	2,295,168.00	(2,295,168.00)	-	-	(2,295,168.00)	(2,295,168.00)	-	-	-
Balance as at December 31, 2018	202,500,232.00	137,843,939.03	-	(2,187,236.26)	(80,706,494.94)	16,200,000.00	632,210.85	-	632,210.85	274,282,650.68	(1,302,642.77)	272,980,007.91
Balance as at January 1, 2017	202,499,982.00	137,843,439.03	-	(2,187,236.26)	(2,037,818.82)	16,200,000.00	(10,344.61)	-	(10,344.61)	352,308,021.34	(1,302,642.77)	351,005,378.57
Changes in equity for the year												
Total comprehensive loss for the year	-	-	-	-	(117,475,673.52)	-	596,883.05	-	596,883.05	(116,878,790.47)	-	(116,878,790.47)
Balance as at December 31, 2017	202,499,982.00	137,843,439.03	-	(2,187,236.26)	(119,513,492.34)	16,200,000.00	586,538.44	-	586,538.44	235,429,230.87	(1,302,642.77)	234,126,588.10

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

	Unit: Baht							
	Separate financial statements							
	Notes	Issued and paid-up share capital	Premium on share capital	Appropriated - statutory reserve	Retained earnings (deficit)		Total other component of shareholders' equity	
Unappropriated					Other component of shareholders' equity			
					Actuarial gains - net		Total	
Balance as at January 1, 2018		202,499,982.00	137,843,439.03	16,200,000.00	(127,961,732.77)	-	-	228,581,688.26
Changes in equity for the year								
Increase share capital	21	250.00	500.00	-	-	-	-	750.00
Total comprehensive income for the year		-	-	-	36,642,048.02	2,060,513.60	2,060,513.60	38,702,561.62
Transfer to retained earnings		-	-	-	2,060,513.60	(2,060,513.60)	(2,060,513.60)	-
Balance as at December 31, 2018		202,500,232.00	137,843,939.03	16,200,000.00	(89,259,171.15)	-	-	267,284,999.88
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

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from operating activities:				
Profit (loss) before income tax	38,727,915.89	(134,976,005.27)	39,319,715.74	(144,343,128.78)
Adjustment to reconcile profit (loss) to net cash by				
(used in) operating activities				
Bad debt	-	1,013,825.02	-	1,013,825.02
Doubtful accounts	4,445,003.65	133,235,065.90	4,003,848.48	129,398,750.16
Reversal allowance for doubtful accounts - trade and other receivables	(1,401,674.13)	(3,638,625.78)	(832,173.52)	(3,638,625.78)
Other receivables and deposit written-off	-	4,159.85	-	-
Withholding tax written-off	(153,760.48)	-	-	-
Loss on diminution in value of inventories	12,345,824.60	6,919,692.07	12,115,419.49	4,337,429.32
Reversal of allowance for diminution in value of inventories	(1,807,034.63)	(3,842,886.52)	(1,320,871.73)	(2,534,002.36)
Loss from inventories written-off	-	816,961.80	-	816,961.80
Loss on impairment of investment in subsidiary	-	-	5,766,624.10	35,800,000.00
Depreciation and amortisation	18,712,731.53	20,475,132.78	13,530,655.37	16,328,891.91
Loss on impairment of assets - net	2,513,266.70	10,000,000.00	-	-
Loss on disposal of fixed assets	95,633.33	504,943.50	95,633.33	64,780.71
Employee benefits expenses	3,129,137.00	3,164,855.00	2,929,368.00	2,828,831.00
Unrealized (gain) loss on exchange rate	(746,574.05)	618,717.45	(752,074.58)	614,570.35
Penalties arising from delays of construction	360,055.56	4,291,366.52	360,055.56	4,281,987.28
Reversal of penalties arising from delays of construction	(4,638,157.91)	(56,405,732.75)	(4,628,778.67)	(55,499,695.75)
Reversal of payable for warranties	(1,398,087.20)	-	(1,192,922.20)	-
(Reversal) expected loss on construction contracts	26,885.38	(242,612.60)	26,885.38	-
Increase in provision for project warranty	1,960,000.00	-	1,960,000.00	-
Interest income	(785,694.34)	(519,054.03)	(956,309.57)	(1,631,797.61)
Interest expense	8,168,922.21	13,265,727.64	8,092,640.46	13,248,804.80
Profit (loss) from operations before changes in operating				
assets and liabilities	79,554,393.11	(5,314,469.42)	78,517,715.64	1,087,582.07
Operating assets (increase) decrease				
Trade and other current receivables	6,016,369.25	(50,724,769.30)	5,389,995.93	(48,821,139.71)
Unbilled receivables	51,297,488.15	82,421,748.54	50,207,056.46	80,996,826.41
Inventories	6,726,953.60	(4,191,335.23)	4,072,686.22	(10,875,033.69)
Advance payments for constructions	5,339,386.99	78,271,710.24	5,339,386.99	77,920,938.08
Other non-current liabilities	445,958.00	(190,550.00)	(32,592.00)	100.00
Operating liabilities increase (decrease)				
Trade and other current payables	(7,866,752.41)	39,164,121.65	(6,169,108.25)	42,489,340.19
Other non-current liabilities	(854,914.20)	125,846.89	(763,417.72)	-
Cash received from operating activities	140,658,882.49	139,562,303.37	136,561,723.27	142,798,613.35
Employee benefits paid	-	(707,400.00)	-	(707,400.00)
Cash received from income tax return	982,596.16	1,296,213.86	-	-
Cash paid for corporate income tax	(2,494,344.31)	(7,421,835.28)	(1,243,842.84)	(5,857,459.89)
Net cash from operating activities	139,147,134.34	132,729,281.95	135,317,880.43	136,233,753.46

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

Phol Dhanya Public Company Limited and Its Subsidiaries
For The Year Ended December 31, 2018

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash flows from investing activities:				
Increase restricted deposits with financial institution	(164,158.33)	(30,086,968.33)	(164,158.33)	(30,086,968.33)
Repayment from short-term loan to related party	-	-	1,000,000.00	45,000,000.00
Increase in short-term loans to related parties	-	-	-	(17,000,000.00)
Increase (decrease) in loan to employees	(437,506.29)	391,664.75	(439,666.30)	130,511.51
Proceeds from sales of fixed assets	40,000.00	2,784,596.47	40,000.00	2,552,803.74
Acquisition of fixed assets	(1,271,485.47)	(4,170,320.19)	(1,197,674.17)	(1,373,376.42)
Acquisition of intangible assets	(232,144.00)	(665,062.35)	(232,144.00)	(665,062.35)
Payments of investment in subsidiary	-	-	-	(40,000,000.00)
Interest received	785,694.34	519,054.03	956,309.57	1,631,797.61
Net cash used in investing activities	(1,279,599.75)	(31,227,035.62)	(37,333.23)	(39,810,294.24)
Cash flows from financing activities:				
Decrease in short-term loans from financial institutions	(152,389,581.82)	(28,351,218.38)	(151,964,783.42)	(27,729,450.70)
Repayment of long-term loans from financial institutions	(7,140,000.00)	(11,140,000.00)	(7,140,000.00)	(11,140,000.00)
Repayment of liabilities under long-term lease agreements	(5,269,257.38)	(8,012,704.29)	(1,237,609.17)	(3,408,550.97)
Interest paid	(8,172,136.67)	(11,124,303.33)	(8,095,854.92)	(11,772,035.70)
Proceeds from increase in share capital	750.00	-	750.00	-
Net cash used in financing activities	(172,970,225.87)	(58,628,226.00)	(168,437,497.51)	(54,050,037.37)
Net (increase) decrease in cash and cash equivalents	(35,102,691.28)	42,874,020.33	(33,156,950.31)	42,373,421.85
Exchange differences on translating financial statements of foreign operation	45,808.44	543,389.75	-	-
Cash and cash equivalents at beginning of the year	92,269,829.03	48,852,418.95	81,485,751.17	39,112,329.32
Cash and cash equivalents at end of the year	57,212,946.19	92,269,829.03	48,328,800.86	81,485,751.17
Supplemental cash flow information				
Non-cash transactions				
Fixed assets obtained under finance leases	-	890,932.00	-	890,932.00

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

Phol Dhanya Public Company Limited and ITS Subsidiaries
For The Year Ended December 31, 2018

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 Moo 2 Tambol Thupma, Muang Rayong, Rayong.
 - 1.2.3 Chiangmai branch: 47/55-57 Moo 2 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, distribution and servicing of water treatment systems. 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 (%)	
			2018	2017
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 2018, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

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

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

TFRS 15 Revenue from Contracts with Customers

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

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

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

The management of the Company and its subsidiaries has made an assessment of the potential impact of adopting and initially applying TFRS 15 on the consolidated and separate financial statements and there will be no material impact on the consolidated and separate financial statements in the period of initial application.

c. Financial reporting standards related to the set of financial instruments that will become effective for fiscal years beginning on or after 1 January 2020

During the year 2018, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

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

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

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 assets under installation.

The Group has reviewed and adjusted residual value and expected useful lives of the asset, if appropriate, at the end of each reporting period.

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 live and tested for impairment whenever there is an indication that the intangible assets may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end.

The amortisation expense is charged to the statement of 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 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 are approximate the exchange rates at the dates of transactions; and
- Share capital is translated at historical rates.

Exchange differences on translating financial information are recognized in the other comprehensive income (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 financial reporting standards at times requires management to make subjective judgments and estimates regarding matters that are inherently uncertain. These judgments and estimates affect reported amounts and disclosures and actual results could differ. 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:

<u>Name</u>	<u>Country</u>	<u>Relationship</u>	<u>Status</u>
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, 2018 and 2017, with related parties were as follows:

	Unit: Baht				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2018	2017	2018	2017	
Subsidiaries					
Phol Palladium Co., Ltd.					
Purchases of goods	-	-	936,402.00	809,930.00	Cost plus margin 5 - 15%
Sales of goods	-	-	16,852,529.13	21,055,041.55	Cost plus margin, as mutually agreement
Management fee income	-	-	850,000.00	600,000.00	Mutually agreed price
Interest income	-	-	-	70,821.92	Interest rate 4.7% per annum

	Unit: Baht				Transfer pricing policy
	Consolidated financial statements		Separate financial statements		
	2018	2017	2018	2017	
Phol Dhanya (Cambodia) Co., Ltd.					
Goods return	-	-	-	1,917,928.86	Cost plus margin 5 - 15%
Phol Water Co., Ltd.					
Purchases of goods	-	-	178,640.00	92,431.00	Mutually agreed price
Cost of construction for water project	-	-	971,002.66	5,665,205.00	Cost plus margin 15 - 30 %
Sales of goods	-	-	1,185,105.78	3,640,523.33	Cost plus margin 5 - 15%
Management fee income	-	-	600,000.00	600,000.00	Mutually agreed price
Rental income	-	-	720,000.00	720,000.00	Mutually agreed price
Interest income	-	-	186,970.47	1,093,490.42	Interest rate 4.7 – 5% per annum

4.3 The balances of the accounts between the related parties as at December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade and other current receivables-related parties				
Trade receivables - related parties				
Phol Palladium Co., Ltd.	-	-	9,923,185.35	2,719,271.25
Phol Dhanya (Cambodia) Co., Ltd.	-	-	3,564,679.97	3,589,777.54
Phol Water Co., Ltd.	-	-	343,327.69	2,435,583.22
Total trade receivables - related parties	-	-	13,831,193.01	8,744,632.01
<u>Less</u> Allowance for doubtful accounts	-	-	(3,564,679.97)	(3,589,777.54)
Total trade receivables - related parties - net	-	-	10,266,513.04	5,154,854.47

Unit: Baht

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
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.	-	-	3,632,631.60	3,630,997.16
Phol Water Co., Ltd.	-	-	117,700.00	117,700.00
Total other receivables - related parties	-	-	3,930,109.69	3,928,475.25
<u>Less</u> Allowance for doubtful accounts	-	-	(3,758,909.69)	(3,757,275.25)
Total other receivables - related parties - net	-	-	171,200.00	171,200.00
Trade and other current receivables-related parties	-	-	10,437,713.04	5,326,054.47
Short-term loans to related parties – net				
PD Genesis Engineering Co., Ltd.	-	-	5,000,000.00	5,000,000.00
Phol Water Co., Ltd.	-	-	3,000,000.00	4,000,000.00
Total short-term loans to related parties	-	-	8,000,000.00	9,000,000.00
<u>Less</u> Allowance for doubtful accounts	-	-	(5,000,000.00)	(5,000,000.00)
Short-term loans to related parties – net	-	-	3,000,000.00	4,000,000.00
Trade and other current payables - related parties				
Trade payable - related parties				
Phol Palladium Co., Ltd.	-	-	149.80	34,974.02
Phol Water Co., Ltd.	-	-	2,787.16	228,498.50
Accrued cost of construction for water project – related party				
Phol Water Co., Ltd.	-	-	-	2,460,342.02
Total trade payable - related party	-	-	2,936.96	2,723,814.54
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	-	-	122,119.16	2,842,996.74

4.4 During the year ended December 31, 2018, movements of short-term loans to related parties were as follows:

	Unit: Baht			As at December 31, 2018
	As at January 1, 2018	Movement during the year		
		Increase	Decrease	
	2018	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 Water Co., Ltd.	4,000,000.00	-	(1,000,000.00)	3,000,000.00
Total short-term loans to related parties	9,000,000.00	-	(1,000,000.00)	8,000,000.00
<u>Less Allowance for doubtful accounts</u>	<u>(5,000,000.00)</u>	<u>-</u>	<u>-</u>	<u>(5,000,000.00)</u>
Total short-term loans to related parties – net	4,000,000.00	-	(1,000,000.00)	3,000,000.00

4.4.1 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.

4.4.2 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, 2018 and 2017 consisted of:

	Unit: Baht			
	Consolidate financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term benefits	25,049,240.87	18,244,020.16	20,854,194.89	16,314,887.64
Post-employment benefits	694,300.00	543,640.00	624,132.00	543,640.00
Total compensation for directors				
key management personnel	25,743,540.87	18,787,660.16	21,478,326.89	16,858,527.64

4.6 Guarantee commitments for related parties

As at December 31, 2018, 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 6.90 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 1.44 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. As at December 31, 2018 they have been unused.
- 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, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	346,692.06	430,413.00	133,637.89	210,545.72
Saving deposits	23,111,695.33	54,607,588.99	21,312,563.59	47,681,666.43
Current deposits	31,693,408.67	34,986,554.33	25,171,411.46	31,663,570.70
Checks received but not yet deposited	2,061,150.13	2,245,272.71	1,711,187.92	1,929,968.32
Total cash and cash equivalents	57,212,946.19	92,269,829.03	48,328,800.86	81,485,751.17

6. TRADE AND OTHER CURRENT RECEIVABLES - NET

6.1 As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade receivables				
Trade receivables - other parties	151,602,830.71	152,448,381.86	129,552,586.05	135,451,407.14
Trade receivables - related parties	-	-	13,831,193.01	8,744,632.01
Total trade receivables	151,602,830.71	152,448,381.86	143,383,779.06	144,196,039.15
<u>Less Allowance for doubtful accounts</u>	<u>(5,339,979.76)</u>	<u>(5,181,890.59)</u>	<u>(4,927,527.82)</u>	<u>(4,859,566.40)</u>
Trade receivables - net	146,262,850.95	147,266,491.27	138,456,251.24	139,336,472.75
Other receivables				
Other receivables - related parties	-	-	3,930,109.69	3,928,475.25
Other receivables	5,424,064.88	3,016,350.38	4,455,084.87	1,832,329.62
Advance payment for inventories - other parties	1,338,905.03	2,209,094.94	790,955.03	1,725,589.18
Receivables for penalties arising from delays of constructions	59,409,246.20	59,651,400.46	59,409,246.20	59,651,400.46
Receivables for construction materials	55,622,247.92	58,236,112.43	55,622,247.92	58,236,112.43
Advance payments	18,344,999.71	19,818,593.91	18,322,153.47	19,702,093.91
Prepaid expenses	1,929,804.83	1,951,598.94	1,650,732.16	1,614,407.51
Input Value Added Tax not yet due	2,190,341.73	2,678,416.04	1,243,887.00	1,384,098.15
Withholding tax receivable	4,803,754.32	1,130,762.94	3,626,120.64	-
Refundable import duty	1,236,337.00	3,112,338.71	1,236,337.00	3,112,114.71
Others	857,754.12	1,400,455.39	508,877.63	756,679.29
Total other receivables	151,157,455.74	153,205,124.14	150,795,751.61	151,943,300.51
<u>Less Allowance for doubtful accounts</u>	<u>(132,556,004.32)</u>	<u>(129,670,763.98)</u>	<u>(135,347,732.00)</u>	<u>(132,244,018.47)</u>
Other receivables - net	18,601,451.42	23,534,360.16	15,448,019.61	19,699,282.04
Trade and other current receivables	164,864,302.37	170,800,851.43	153,904,270.85	159,035,754.79

As at December 31, 2018, the Company had receivables for penalties arising from delays of constructions in amount of Baht 59.41 million, receivables for construction materials in the amount of Baht 55.62 million, advance payments in the amount of Baht 18.29 million and other receivables in the amount of Baht 3.52 million for sub-contractors engaged by the Company, who breached contracts for the construction of water supply systems for village projects.

During the year 2018, the Company gradually filed lawsuits against each of such sub-contractors. Currently, these cases are under consideration by the Civil Court.

However, the management of the Company had fully provided provision for doubtful debt for above receivables for penalties arising from delays of construction, advance payments, construction material and other receivable.

6.2 As at December 31, 2018 and 2017, 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	
	2018	2017	2018	2017
<u>Trade receivables - other parties</u>				
Not yet due	89,296,894.07	91,246,636.40	83,683,426.94	85,641,286.17
Over due:				
1-60 days	50,321,797.25	46,468,711.40	38,187,464.76	43,034,650.96
61-120 days	1,839,578.72	2,302,646.59	1,587,529.57	1,434,298.93
121-180 days	110,183.25	546,372.48	63,820.15	322,636.03
Over 180 days	10,034,377.42	11,884,014.99	6,030,344.63	5,018,535.05
Total trade receivables - other parties	151,602,830.71	152,448,381.86	129,552,586.05	135,451,407.14
<u>Less</u> Allowance for doubtful accounts	(5,339,979.76)	(5,181,890.59)	(1,362,847.85)	(1,269,788.86)
Trade receivables other parties – net	146,262,850.95	147,266,491.27	128,189,738.20	134,181,618.28
<u>Trade receivables - related parties</u>				
Not yet due	-	-	10,193,941.36	2,227,231.75
Over due:				
1-60 days	-	-	72,571.68	762,606.12
61-120 days	-	-	-	2,165,016.60
Over 180 days	-	-	3,564,679.97	3,589,777.54
Total trade receivables - related parties	-	-	13,831,193.01	8,744,632.01
<u>Less</u> Allowance for doubtful accounts	-	-	(3,564,679.97)	(3,589,777.54)
Total trade receivables - related parties	-	-	10,266,513.04	5,154,854.47
Total trade receivables – net	146,262,850.95	147,266,491.27	138,456,251.24	139,336,472.75

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, 2018 and 2017 comprised:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Contract costs to date	436,278,400.95	412,863,157.63	444,893,845.53	419,886,664.23
Recognised loss to date	(85,985,604.72)	(79,459,029.80)	(101,178,057.50)	(93,011,920.35)
Contract costs incurred and recognised loss to date	350,292,796.23	333,404,127.83	343,715,788.03	326,874,743.88
Less Progress billings	(336,919,579.57)	(273,829,224.33)	(330,342,571.37)	(268,252,543.48)
Unbilled contract revenue	13,373,216.66	59,574,903.50	13,373,216.66	58,622,200.40
Value Added Tax	2,731,126.72	7,826,928.03	2,731,126.72	7,689,199.44
Unbilled receivables	16,104,343.38	67,401,831.53	16,104,343.38	66,311,399.84

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

As at December 31, 2018 and 2017, the Group estimated the provision for penalties arising from construction delays of water supply systems for village projects and groundwater well drilling projects payable to their customer as follows:

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accumulated provision for penalties arising from construction delays payable to customer				
- net with revenue from construction and service contracts as the percentage of completion	157.89	151.89	153.79	147.80
- penalties and provision for penalties arising from construction delays for the estimated remaining period to completion	0.01	4.29	0.01	4.28
Total	157.90	156.18	153.80	152.08
Actual penalties	(153.63)	(127.67)	(149.53)	(126.61)
Provision for penalties netted with unbilled receivables	(4.26)	(24.22)	(4.26)	(21.19)
Total provision for penalties arising from delays of constructions	0.01	4.29	0.01	4.28

Movement of penalties arising from delays of construction for the year ended December 31, 2018 and 2017 as follows:

	Unit: Million Baht							
	Consolidated financial statements			Separate financial statements				
	As at	Movement during the year		As at	As at	Movement during the year		As at
	January 1,	Increase	Decrease	December	January	Increase	Decrease	December
	2018		31, 2018	1, 2018			31, 2018	
Provision for penalties arising from delays of constructions	4.29	0.36	(4.64)	0.01	4.28	0.36	(4.63)	0.01
Provision for warranties	-	3.02	(1.06)	1.96	-	3.02	(1.06)	1.96
Provision for expected loss on construction contracts	-	4.32	(4.29)	0.03	-	4.32	(4.29)	0.03
Total	4.29	7.70	(9.99)	2.00	4.28	7.70	(9.98)	2.00

	Unit: Million Baht							
	Consolidated financial statements			Separate financial statements				
	As at	Movement during the year		As at	As at	Movement during the year		As at
	January 1,	Increase	Decrease	December	January	Increase	Decrease	December
	2017		31, 2017	1, 2017			31, 2017	
Provision for penalties arising from delays of constructions	56.41	4.29	(56.41)	4.29	55.50	4.28	(55.50)	4.28
Total	56.41	4.29	(56.41)	4.29	55.50	4.28	(55.50)	4.28

In addition, as at December 31, 2018 and 2017, the Group has the right to charge the penalties back to sub-contractors in accumulated amount of which, such penalties incurred after January 1, 2017, the Group has not recognized in the financial statements due to its inability to reclaim from sub-contractors as following table.

	Unit: Million Baht			
	Consolidated financial statements		Separate financial statements	
	As at	As at	As at	As at
	December 31,	December 31,	December	December
	2018	2017	31, 2018	31, 2017
Right of reclaimed penalties to sub-contractors in accumulated amount:				
- net with cost from construction and service contracts	60.50	60.50	60.50	60.50
- net recognized due to its inability to reclaim	71.10	69.34	67.22	65.46
Total	131.60	129.84	127.72	125.96

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. However, the Group will recognize such penalties as revenue when reclaiming such penalties from the sub-contractors.

8. INVENTORIES - NET

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	210,457,655.55	223,088,550.98	201,679,465.37	211,777,061.98
Goods in transit	31,988,779.43	26,591,826.38	31,415,609.92	25,391,831.78
Work in progress	1,708,722.59	1,210,738.40	1,132.25	-
Total inventories	244,155,157.57	250,891,115.76	233,096,207.54	237,168,893.76
<u>Less</u> Allowance for diminution in value of inventories	(26,037,668.26)	(15,507,882.88)	(25,029,052.05)	(14,234,504.29)
Inventories – net	218,117,489.31	235,383,232.88	208,067,155.49	222,934,389.47

Movements of allowance for diminution in value of inventory for the year ended December 31, 2018 and 2017 are as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Balance as at January 1,	15,507,882.88	12,431,077.33	14,234,504.29	12,431,077.33
Increase	12,345,824.60	6,919,692.07	12,115,419.49	4,337,429.32
Decrease	(1,807,034.63)	(3,842,886.52)	(1,320,871.73)	(2,534,002.36)
Exchange differences on translating financial	(9,004.59)	-	-	-
Balance as at December 31,	26,037,668.26	15,507,882.88	25,029,052.05	14,234,504.29

9. RESTRICTED DEPOSITS WITH FINANCIAL INSTITUTION

As at December 31, 2018 and 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 27).

10. INVESTMENT IN SUBSIDIARY COMPANIES - NET

As at December 31, 2018 and 2017, this account consisted of:

Company	Unit: Baht							
	Share Holding %		Separate financial statements					
	2018	2017	2018			2017		
			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	(41,566,624.10)	8,433,345.90	49,999,970.00	(35,800,000.00)	14,199,970.00
Total			69,270,626.00	(59,837,310.10)	9,433,315.90	69,270,626.00	(54,070,686.00)	15,199,940.00

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, 2018 and 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 41.57 million and Baht 35.80 million, respectively.

11. OTHER LONG-TERM INVESTMENT - NET

As at December 31, 2018 and 2017, this account consisted of:

	Share Holding %	Unit: Baht	
		Consolidated and separate financial statements	
		2018	2017
N&P Holding Company Limited			
Cost	2	1,000,000.00	1,000,000.00
<u>Less</u> 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, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated and separate financial statements			
	Balance as at	Movement during the year		Balance as at
	December 31, 2017	Increase	Decrease	December 31, 2018
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	17,686,559.89	477,675.95	-	18,164,235.84
Total Accumulated depreciation	17,686,559.89	477,675.95	-	18,164,235.84
Net book value	6,744,922.59			6,267,246.64

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

Location	Unit: Million Baht				Appraisal value	Independent appraisers	Appraisal reports dated
	Net book value			Appraisal			
	Investment properties	Leasehold right	Total				
1	2.59	-	2.59	5.00	Noble Property Valuation Co., Ltd	February 13, 2018	
2	2.07	-	2.07	7.80	Noble Property Valuation Co., Ltd	December 27, 2016	
3	1.46	-	1.46	6.38	Noble Property Valuation Co., Ltd	October 28, 2014	
4	0.15	1.43	1.58	3.94	Noble Property Valuation Co., Ltd	October 28, 2014	
	6.27	1.43	7.70				

The appraisal value of investment property no.4 in the amount of Baht 3.94 million has been appraised by inclusive of leasehold right which has net book value of Baht 1.43 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, 2018 and 2017, 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, 2018 and 2017, 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, 2018 and 2017, investment property, at net book value of Baht 6.12 million and Baht 6.55 million, respectively, has been mortgaged to secure its short-term loan and long-term loan with 2 financial institutions (Note 19 and 27).

14. PROPERTY, PLANT AND EQUIPMENT - NET

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht					
	Consolidated financial statements					
	Balance as at December 31, 2017	Movement during the year		Exchange differences on translating financial statements		Balance as at December 31, 2018
		Increase	Decrease			
Cost						
Land	32,384,486.00	-	-	-	32,384,486.00	
Building and building improvements	100,856,407.37	8,300.00	-	-	100,864,707.37	
Furniture and equipment	30,164,522.31	970,729.82	(149,454.59)	(90.13)	30,985,707.41	
Demonstration goods and tools	22,256,711.25	37,633.59	-	-	22,294,344.84	
Vehicles	5,672,742.48	-	-	-	5,672,742.48	
Utility system	15,230,707.77	50,000.00	(25,000.00)	-	15,255,707.77	
Water well drilling machines	21,865,389.70	35,200.00	-	-	21,900,589.70	
Assets under water sales agreement	15,852,238.25	-	-	-	15,852,238.25	
Safety equipment for rent	14,953,898.46	-	-	-	14,953,898.46	
Assets under installation	123,129.30	169,622.06	-	-	292,751.36	
Total Cost	259,360,232.89	1,271,485.47	(174,454.59)	(90.13)	260,457,173.64	
Accumulated depreciation						
Building and building improvements	38,092,942.24	3,348,518.86	-	-	41,441,461.10	
Furniture and equipment	23,241,474.87	2,567,892.46	(33,954.94)	45.90	25,775,458.29	
Demonstration goods and tools	17,271,247.94	1,532,866.03	-	-	18,804,113.97	
Vehicles	2,378,777.87	495,873.51	-	-	2,874,651.38	
Utility system	12,934,181.58	720,551.67	(4,866.32)	-	13,649,866.93	
Water well drilling machines	3,897,255.84	3,052,789.46	-	-	6,950,045.30	
Assets under water sales agreement	8,363,611.17	1,855,051.72	-	-	10,218,662.89	
Safety equipment for rent	11,202,358.62	3,750,806.87	-	-	14,953,165.49	
Total Accumulated depreciation	117,381,850.13	17,324,350.58	(38,821.26)	45.90	134,667,425.35	
Less Allowance for impairment	10,000,000.00	3,993,885.11	(1,480,618.41)	-	12,513,266.70	
Net book value	131,978,382.76				113,276,481.59	

	Unit: Baht				
	Separate financial statements				
	Balance as at December 31, 2017	Movement during the year			Balance as at December 31, 2018
		Increase	Decrease		
Cost					
Land	32,384,486.00	-	-	32,384,486.00	
Building and building improvements	100,344,760.58	8,300.00	-	100,353,060.58	
Furniture and equipment	29,704,792.78	932,118.52	(149,454.59)	30,487,456.71	
Demonstration goods	21,894,251.94	37,633.59	-	21,931,885.53	
Vehicles	5,672,780.34	-	-	5,672,780.34	
Utility system	15,104,516.45	50,000.00	(25,000.00)	15,129,516.45	
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	169,622.06	-	292,751.36	
Total Cost	230,066,818.35	1,197,674.17	(174,454.59)	231,090,037.93	
Accumulated depreciation					
Building and building improvements	37,803,354.32	3,293,608.10	-	41,096,962.42	
Furniture and equipment	22,878,633.75	2,463,937.07	(33,954.94)	25,308,615.88	
Demonstration goods	17,540,815.04	1,504,807.29	-	19,045,622.33	
Vehicles	2,720,616.72	495,873.51	-	3,216,490.23	
Utility system	12,498,058.03	707,749.28	(4,866.32)	13,200,940.99	
Assets under water sales agreement	9,878,311.96	-	-	9,878,311.96	
Safety equipment for rent	11,202,358.62	3,750,806.87	-	14,953,165.49	
Total Accumulated depreciation	114,522,148.44	12,216,782.12	(38,821.26)	126,700,109.30	
Net book value	115,544,669.91			104,389,928.63	

Depreciations for the year ended December 31, 2018 and 2017, have been charged to profit or loss of consolidated financial statements amounted to Baht 17.32 million and Baht 18.90 million, respectively, and have been charged to profit or loss of separate financial statements amounted to Baht 12.22 million and Baht 14.95 million, respectively.

As at December 31, 2018 and 2017, land, including buildings and structure thereon at net book value of Baht 83.29 million and Baht 85.56 million respectively, has been mortgaged to secure its short-term loan and long-term loan with a financial institution (Note 19 and 27).

As at December 31, 2018 and 2017 certain plant and equipment items have been fully depreciated but are still in use. The original cost of those assets in consolidated financial statements are Baht 52.58 million and Baht 49.55 million, respectively, and separate financial statements are Baht 51.87 million and Baht 49.55 million, respectively.

As at December 31, 2018 and 2017, 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 8.13 million and Baht 10.47 million and separate financial statements in the amount of Baht 2.02 million and Baht 3.95 million, respectively.

15. DEFERRED TAX

Deferred tax as at December 31, 2018 and 2017 were consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	40,281,154.53	36,998,045.26	37,203,243.18	34,636,425.77
Deferred tax liabilities	-	-	-	-

Movements in deferred tax assets during year ended December 31, 2018 and 2017 were as follows:

	Unit: Baht							
	Consolidated financial statements				Separate financial statements			
	As at January 1, 2018	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2018	As at January 1, 2018	Profit (loss)	Other comprehensive income (loss)	As at December 31, 2018
Deferred tax assets								
Allowance for doubtful accounts	25,964,333.76	845,470.06	-	26,809,803.82	25,951,306.41	639,027.62	-	26,590,334.03
Allowance for devaluation of inventories	2,846,900.86	2,204,990.57	-	5,051,891.43	2,846,900.86	2,158,909.55	-	5,005,810.41
Depreciation of safety equipment for rent	888,733.64	154,502.58	-	1,043,236.22	888,733.64	154,502.58	-	1,043,236.22
Non-current provisions for employee benefits	4,419,904.40	625,827.40	(573,792.00)	4,471,939.80	4,093,087.40	585,873.60	(515,128.40)	4,163,832.60
Provision for penalties arising from delays of constructions	878,172.60	(875,519.76)	-	2,652.84	856,397.46	(853,744.62)	-	2,652.84
Provision for warranties	-	393,600.00	-	393,600.00	-	392,000.00	-	392,000.00
Provision for expected loss on construction contracts	-	5,377.08	-	5,377.08	-	5,377.08	-	5,377.08
Allowance for impairment of asset	2,000,000.00	502,653.34	-	2,502,653.34	-	-	-	-
Total	36,998,045.26	3,856,901.27	(573,792.00)	40,281,154.53	34,636,425.77	3,081,945.81	(515,128.40)	37,203,243.18

	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
Allowance for impairment of asset	-	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

16. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Short-term loan - Promissory notes	60,000,000.00	200,000,000.00	60,000,000.00	200,000,000.00
Short-term loan - Trust receipts	74,094,915.63	86,484,497.45	74,094,915.63	86,059,699.05
Total short-term loans from financial institutions	134,094,915.63	286,484,497.45	134,094,915.63	286,059,699.05

As at December 31, 2018 and 2017, the interest rate of short-term loans from financial institutions, were as follows:

	Interest rate per annum	
	2018	2017
Promissory notes	Interest rate of a bank announcement (3.45%)	Interest rate of a bank announcement (3.45% to 3.67%)
Trust receipts	Interest rate of a bank announcement (2.90%)	Interest rate of a bank announcement (2.90%)

17. TRADE AND OTHER CURRENT PAYABLES

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Trade payables				
Trade payables-other parties				
- Domestic	45,260,681.94	54,029,120.41	41,390,448.75	47,745,161.93
- Foreign	93,960,662.36	90,214,367.76	90,943,332.25	86,547,374.56
Trade payable - related parties	-	-	2,936.96	263,472.52
Accrued cost of constructions for water project - related party	-	-	-	2,460,342.02
Total trade payables	139,221,344.30	144,243,488.17	132,336,717.96	137,016,351.03
Other payables				
Payables for penalties arising				
from delays of constructions	3,483,150.23	4,462,291.79	3,483,150.23	3,543,471.54
Output VAT not yet due	2,731,126.72	7,896,466.60	2,731,126.72	7,689,199.44
Revenue department payable	2,119,491.25	1,287,563.57	1,717,500.99	1,012,260.63
Accrued commission expenses	2,423,393.01	4,471,385.75	2,068,927.29	3,771,019.90
Accrued bonus expenses	8,700,042.00	-	8,162,917.00	-
Management remuneration	1,914,100.00	-	1,676,600.00	-
Advance received from customer	1,003,267.01	1,900,561.83	580,767.01	858,641.83
Unearned rental and service revenue	-	9,691,650.90	-	9,691,650.90
Accrued import expenses	826,995.63	895,581.66	826,995.63	895,581.66
Payable for warranties	4,875,518.06	-	4,444,040.96	-
Accrued expenses	4,570,425.53	5,363,150.91	3,119,510.45	3,771,778.69
Others	694,980.57	578,449.44	548,980.68	393,346.98
Other payables - related party	-	-	119,182.20	119,182.20
Total other payables	33,342,490.01	36,547,102.45	29,479,699.16	31,746,133.77
Total trade and other current payables	172,563,834.31	180,790,590.62	161,816,417.12	168,762,484.80

18. LONG-TERM LIABILITIES UNDER FINANCE LEASE - NET

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Liabilities under finance lease				
- Within 1 year	5,507,738.04	5,835,737.77	961,119.72	1,289,119.45
- Over 1 year but not over 5 years	8,263,016.89	13,650,863.98	290,881.31	1,132,110.08
<u>Less</u> Deferred interest expenses	(788,712.06)	(1,235,301.50)	(161,499.25)	(98,118.58)
Present value of liabilities under finance lease	12,982,042.87	18,251,300.25	1,090,501.78	2,328,110.95
<u>Less</u> Current portion of liabilities under				
finance lease	(4,987,902.68)	(5,260,447.15)	(806,703.77)	(1,228,798.94)
Net	7,994,140.19	12,990,853.10	283,798.01	1,099,312.01

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

19. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS - NET

As at December 31, 2018 and 2017, this account consisted of:

	Unit: Baht	
	Consolidated and separate financial	
	statements	
	2018	2017
Long-term loans from financial institutions as at January 1,	36,315,000.00	47,455,000.00
Addition	-	-
Repayment	(7,140,000.00)	(11,140,000.00)
<u>Less</u> Current portion of long-term loans	(7,140,000.00)	(7,140,000.00)
Net	22,035,000.00	29,175,000.00

On January 26, 2016, the Company entered into the long-term agreement facility of Baht 50 million with a 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 or in case of the interest rate of THBFIX less than 0% per annum, the Company has to use the rate of 1.85% per annum. The Company also entered into an interest rate swap agreement with a lender bank, whereby the Company agreed to swap interest rate of THBFIX plus 1.85% per annum to a fixed annual interest rate (4.7%), as detailed in Note 28. The first principal and interest installment were 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 Debt to Equity Ratio not more than 2 but not less than zero.
- Maintain Debt-Service Coverage Ratio (DSCR) not less than 2.

The Company has mortgaged its land, including buildings and structure thereon recorded in investment properties – net account and property, plant and equipment – net to secure its long-term loan facilities with financial institutions (Note 13, 14).

20. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFITS

Movement of the present value of employee benefit obligations for the years ended December 31, 2018 and 2017 were as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Non-current provisions for employee				
benefits as at January 1,	22,099,522.00	19,642,067.00	20,465,437.00	18,344,006.00
Current service cost	2,583,969.00	2,734,879.00	2,425,180.00	2,428,911.00
Interest cost	545,168.00	429,976.00	504,188.00	399,920.00
Included in other comprehensive income:				
Actuarial (gains) losses arising from				
financial assumptions changes	(2,868,960.00)	-	(2,575,642.00)	-
Benefit paid during the year	-	(707,400.00)	-	(707,400.00)
Non-current provisions for employee				
benefits as at December 31,	22,359,699.00	22,099,522.00	20,819,163.00	20,465,437.00

Employee benefit expenses in profit or loss for the year ended December 31, 2018 and 2017, consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Selling expenses	1,178,995.00	1,473,136.00	1,088,164.00	1,261,507.00
Administrative expenses	1,950,142.00	1,691,719.00	1,841,204.00	1,567,324.00
Total employee benefit expenses	3,129,137.00	3,164,855.00	2,929,368.00	2,828,831.00

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, 2018 and 2017 (represented by the weighted-average) consisted of:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	2.82% - 3.04%	2.18% - 2.38%	2.82%	2.18%
Future monthly salary increase rate	5.00%	5.00%	5.00%	5.00%
Mortality rate	100% of Mortality Tables of 2017	100% of Mortality Tables of 2008	100% of Mortality Tables of 2017	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, 2018 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	(2,595,182.00)	3,074,064.00	(2,421,420.00)	2,873,066.00
Salary increase rate	2,974,382.00	(2,568,423.00)	2,779,412.00	(2,396,155.00)
Turnover rate	(2,732,258.00)	1,115,365.00	(2,550,032.00)	1,107,276.00

As at December 31, 2018, the maturity analysis of undiscounted cash flows of benefit payments was as follows:

	Unit: Baht	
	Consolidated	Separate
	financial statements	financial statements
Over 1 and up to 5 years	9,418,935.00	9,418,935.00
Over 5 years	208,372,791.00	198,082,019.00

On December 13, 2018, The National Legislative Assembly passed a resolution approving the draft of a new Labour Protection Act, which is in the process being published in the Royal Gazette. The new Labour Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment and the Group has additional liabilities for long-term employee benefits of Baht 7.08 million. The Group will reflect the effect of the change by recognising past services costs as expenses in the income statement of the period in which the law is effective.

21. 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.

On October 31, 2018, the Company's shareholders exercised 250 warrant units (the last exercise date). The exercise ratio 1 warrant to 1 ordinary share at the exercise price of Baht 3 per share totaling Baht 750 and the Company has premium on share capital total Baht 500. The Company registered the change of its issued and paid-up share capital of Baht 250 with the Ministry of Commerce on November 5, 2018.

Movements of share warrants during year ended December 31, 2018 are as follows:

	<u>Unit</u>
Warrant issued at January 1, 2018	40,499,996.00
<u>Less</u> Exercised during the year	(250.00)
<u>Less</u> Expired	(40,499,746.00)
Warrant issued at December 31, 2018	-

Characteristics of warrants allotted to the directors and/or the employees of the Company and/or its subsidiaries (ESOP-Warrant)

Type:	Registered and non-transferable warrants to purchase ordinary shares
Offering unit:	8,000,000 Units
Offering price per unit:	Baht 0 (Baht Zero)
Term:	3 years from the issue and offer date.
Exercise ratio:	1 warrant: 1 ordinary share. (warrant right adjustment is reserved)
Exercise of Warrants:	One warrant unit is entitled to purchase one ordinary share at Baht 3 per share (warrant right adjustment is reserved)

The Market for Alternative Investment (mai) has granted a listing of certificates representing the rights to purchase shares (warrants) of the Company from December 1, 2016. As at December 31, 2018, there is no exercise of such warrants.

22. 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.

23. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2018 and 2017 were as follow:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in finished goods and work in progress	12,132,911.24	(3,374,373.43)	10,096,464.36	(10,058,071.89)
Purchase of goods	712,503,398.75	682,101,562.26	672,657,225.25	632,378,013.96
Sub-contractor payments	-	44,700,490.25	-	42,634,695.86
Depreciation and amortization	18,712,731.53	20,475,132.78	13,530,655.37	16,328,891.91
Salaries, wages and other employee benefits	117,070,698.89	97,653,653.79	108,040,740.74	85,862,339.29
Advertising and promotion expenses	4,239,107.89	4,764,784.37	3,891,882.72	4,039,050.50
Delivery expenses	9,311,950.01	9,414,397.84	9,271,850.71	9,163,094.67
Utility expenses	3,736,291.40	3,838,160.06	3,640,146.97	3,703,331.51
Doubtful accounts - net	3,043,392.52	129,596,440.12	3,171,674.96	125,760,124.38
Reversal (penalties arising from delays of constructions)	(2,291,216.97)	4,670,695.50	(2,281,837.73)	4,281,987.28
Loss on impairment of investment in subsidiary	-	-	5,766,624.10	35,800,000.00
Loss on impairment of assets - net	2,513,266.70	10,000,000.00	-	-

24. INCOME TAX

Income tax for the year ended December 31, 2018 and 2017 as follows:

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense				
Current year	6,072,987.76	1,028,970.62	5,759,613.53	-
Deferred tax expense				
Movements in temporary differences	(3,856,901.27)	(18,529,302.37)	(3,081,945.81)	(16,608,502.48)
Tax expense (income)	2,216,086.49	(17,500,331.75)	2,677,667.72	(16,608,502.48)

Reconciliation of effective tax rate for the year ended December 31, 2018 and 2017 as follows:

	Consolidated financial statements			
	2018		2017	
	Tax rate (%)	Unit: Baht	Tax rate (%)	Unit: Baht
Profit (loss) before income tax		38,727,915.89		(134,976,005.27)
Income tax using the corporate tax rate	20.00	7,745,583.18	20.00	(26,995,201.05)
Effect from eliminate transactions	(2.55)	(986,060.19)	5.11	(6,903,245.85)
Expenses not deductible for tax purposes	3.31	1,281,019.32	(5.11)	6,895,086.04
Expenses that are deductible at a greater amount from actual expenses	(1.61)	(624,156.95)	1.07	(1,444,298.33)
Prior year losses for which no deferred tax assets were recognized, but were used to reduce current tax expenses	(14.99)	(5,806,756.40)	-	-
Current year losses for which no deferred tax assets was recognized	2.18	843,261.68	(8.11)	10,947,327.44
Prior year temporary differences which no deferred tax assets was recognized	(0.61)	(236,804.15)	-	-
Tax expense (income)	5.73	2,216,086.49	12.97	(17,500,331.75)

	Separate financial statements			
	2018		2017	
	Tax rate	Tax rate	Tax rate	Unit: Baht
	(%)	(%)	(%)	
Profit (loss) before income tax		39,319,715.74		(144,343,128.78)
Income tax using the corporate tax rate	20.00	7,863,943.15	20.00	(28,868,625.76)
Expenses not deductible for tax purposes	3.17	1,244,637.92	(4.60)	6,637,653.98
Expenses that are deductible at a greater amount from actual expenses	(1.59)	(624,156.95)	0.36	(526,099.22)
Prior year losses which no deferred tax assets was recognized but used to reduce current tax expenses	-	-	(4.26)	6,148,568.52
Prior year losses for which no deferred tax assets were recognized, but were used to reduce current tax expenses	(14.77)	(5,806,756.40)	-	-
Tax expense (income)	6.81	2,677,667.72	11.51	(16,608,502.48)

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

	Unit: Baht			
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Unused tax losses				
Expire in 2 - 5 years	39,053,192.87	61,138,031.52	-	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.

25. 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, 2018 and 2017, the Company, and its subsidiaries contributed Baht 3.11 million and Baht 3.01 million, respectively.

26. 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.

The Group's business operations involve four principal segments: (1) Trading in Health and Safety Products (2) Water Treatment System and (3) Water supply systems for villages. These operations are mainly carried on in Thailand. Below is the consolidated financial information for the years ended December 31, 2018 and 2017 of the Group segment.

Business segment information

The Group's business segment information and reconciliation of reportable segment profit or loss for the year ended December 31, 2018 and 2017 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	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Revenue from sales and rendered services	888,293	879,010	19,272	29,242	16,889	77,590	-	-	924,454	985,842
Intersegment revenues	18,633	22,293	1,259	1,387	657	5,665	(20,549)	(29,345)	-	-
Cost of sales and rendered services	(672,283)	(666,203)	(21,399)	(33,250)	(24,426)	(177,938)	21,269	30,828	(696,839)	(846,563)
Segment gross profit (loss)	234,643	235,100	(868)	(2,621)	(6,880)	(94,683)	720	1,483	227,615	139,279
Reversal (penalties arising from delays of constructions)			-	-	2,673	(4,671)			2,673	(4,671)
Loss on impairment of assets			(2,513)	(10,000)	-	-			(2,513)	(10,000)
Unallocated income and expenses:										
Gain on exchange rate – net									2,219	5,062
Other income									7,128	3,773
Selling expenses									(85,376)	(91,619)
Administrative expenses									(104,849)	(163,534)
Finance costs									(8,169)	(13,266)
Income tax income									(3,485)	(2,216)
Profit(loss) for the year			(3,381)	(12,621)	(4,207)	(99,354)			36,512	(117,476)

The Group's business segment information and reconciliation of reportable segment total assets to the Group's assets as at December 31, 2018 and 2017 as follow:

	Unit: Thousand Baht	
	Consolidated financial statements	
	2018	2017
Investment properties – net	6,267	6,745
Property plant and equipment – net	113,276	131,978
Unallocated assets	532,574	648,762
Total assets	652,117	787,485

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, 2018 and 2017 was as follows:

	Unit: Thousand Baht	
	Revenues	
	2018	2017
Thailand	918,636	976,457
Other countries	5,818	9,385
Total	924,454	985,842

Major customer

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

27. 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 an 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, 2018, the subsidiary entered into a building leasehold right agreement with a company by paying the leasehold right fee in the amount of Baht 174,000. Such payment will be made by monthly installment of Baht 14,500 per month totalling 12 months. In addition, the rental fees will be paid on a monthly basis, in the amount of Baht 12,500 thru the lease period of 3 years. Such subsidiary has right to extend the lease period for another 3 years by paying the additional leasehold right fee in the amount of Baht 2,000 per month 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, 2018, there are outstanding commitments and contingent liabilities with financial institutions as follows:

		Unit: Million Baht					
		Consolidated financial statements			Separate financial statements		
		Credit			Credit		
		arrangement	Used	Unused	arrangement	Used	Unused
1)	Letters of credits and trust receipts	183.00	76.13	106.87	183.00	76.13	106.87
2)	Promissory notes	175.00	60.00	115.00	165.00	60.00	105.00
3)	Letters of guarantee	70.70	41.17	29.53	60.70	34.26	26.44
4)	Bank overdrafts	56.50	-	56.50	56.50	-	56.50
5)	Forward exchange contracts	220.00	7.41	212.59	220.00	7.41	212.59
6)	Forward exchange contracts US Dollars 1.15 million of credit arrangement and as at December 31, 2018, they have been unused.						

The above facilities were secured by pledged bank deposit and mortgaging certain land and building of the Company recorded in investment properties - net account and property, plant equipment - net (Note 9, 13 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, 2018, 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	26,755,306.50	26,755,306.50
Guarantee for the performance contract	3,593,121.00	956,761.00
Guarantee for bidding	4,619,905.00	352,400.00
Guarantee for electricity usage and Other	6,200,000.00	6,200,000.00
Total	41,168,332.50	34,264,467.50

Contingent liabilities**Litigations****PD Genesis Engineering Co., Ltd.**

On September 13, 2013, the subsidiary was sued by a foreign creditor on grounds of breach of a Sales and Purchase Agreement under Black Case No. Por. 741/2556. According to the claim, the subsidiary defaulted in payment for the purchase of inventory in the amount of US Dollars 76,448.10. Subsequently, the Supreme Court determined that the case falls under the jurisdiction of the Central Intellectual Property and International Trade Court (“CIPIT Court”). Therefore, the Court struck this case from its docket and then remanded complaint to the Court of competent jurisdiction.

On October 27, 2015, the creditor sued the subsidiary in the CIPIT Court under Black Case No. Gor Kor. 223/2558. On January 5, 2016, the subsidiary filed a rejoinder with the CIPIT Court. The CIPIT Court has since been conducting several rounds of conciliation between the parties. On February 2, 2017, counsel for both plaintiff and defendant informed the CIPIT Court that they cannot agree to settle the case and, as such, will return the case to the CIPIT Court for its consideration.

On July 25, 2017, counsel for plaintiff informed the CIPIT Court that plaintiff’s director is considering the terms of negotiation between it and the defendant. According to counsel for plaintiff, if settlement is possible, the plaintiff would file a statement to withdraw the Case. As such, according to counsel for both plaintiff and defendant, both parties wished to postpone further adjudication of the Case. The CIPIT Court agreed. As such, on February 21, 2018, the CIPIT Court postponed further processing of the case, and scheduled settlement, and then withdrawal, of the Case for May 21, 2018 both counsel for plaintiff and defendant could not arrive at a settlement.

On September 12, 2018, counsel for plaintiff informed the CIPIT Court that they have no additional evidence to present. On this same date, counsel for defendant informed the CIPIT Court that they would not like to take additional evidence. For these reasons, the case was finalized. On November 8, 2018, the CIPIT Court issued its judgment that the subsidiary purchased two items from the creditor, but the prescription period for one item has expired. The subsidiary has to pay the

creditor in amount of USD 9,806.14, along with interest calculated at the rate of 7.5% per annum, as from January 2, 2012 for its claim in connection with the other item for which the prescription period is still valid. However, the plaintiff did not agree with the CIPIT Court's judgment and willing to appeal by filling the request to extend the appeal period as the third time. The CIPIT Court made permission to the plaintiff for extension appeal period as the last time by filing the appeal to the CIPT Court within February 22, 2019. Counsel for the subsidiary will consider the plaintiff's appeal and resolve the appeal accordingly.

The management of the Company considered that these cases would unlikely significantly affect the Company's financial statements because the Company provided allowance for doubtful accounts of loans and provided allowance for impairment of investment in this subsidiary in the whole amount.

28. FINANCIAL INSTRUMENTS

Credit risk

Credit risk refers to the risk that counterparty will default on its agreement and conditions resulting in collection losses to the Company and its subsidiaries. Credit limit is granted for specific credit amount and is being monitored regularly. Furthermore, the Company manages the risk by adopting the policy of only dealing with creditworthy counterparty and obtaining sufficient collateral or other security where appropriated, as a means of mitigating the risk of financial losses from defaults.

In the case of recognized financial assets, the carrying amount of the assets recorded in the statements of financial position, net of a portion of allowance for the doubtful account, represents the company maximum exposure to credit risk.

Interest rate risk

The Company has loans from banks, and interest rate is referred at the market rate (MOR rate and MLR rate), therefore, interest rate risk arises from the potential for a change in interest rate.

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.

As at December 31, 2108, the Company had outstanding interest rate swap agreement as detailed below:

Contract date	Due date	Notional amount	Interest rate in the original loan agreement	Interest rate in the swap agreement
		(Million Baht)	(Percent per annum)	(Percent per annum)
January 2016	January 2022	29.18	THBFIX+1.85	4.7

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, 2018, 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, 2018 are summarised below.

Unit: Thousand Baht						
As at December 31, 2018						
Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at December 31, 2018	
	Financial assets	Financial liabilities	Financial assets	Financial liabilities	Buying rate	Selling rate
					(Baht per foreign currency unit)	
Euro	0.37	654.94	0.37	654.94	36.7620	37.4884
US Dollars	257.10	137,821.25	3,799.67	137,821.25	32.2848	32.6148
Singapore Dollars	23.10	26,166.47	23.42	26,166.47	23.4165	23.9720
Pound Sterling	-	21.34	-	21.34	40.6118	41.5216
Yen	-	373.41	-	373.41	0.2892	0.2970
Renminbi	0.11	-	0.11	-	4.6636	4.7838
Vietnamese Dong	0.33	-	0.33	-	0.0014	0.0014

Fair values of financial instruments

Fair value means the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The methods and assumptions are used by the Company and its subsidiaries in estimating fair value of financial instruments are as follows:

Financial assets and liabilities held for the short-term maturities, such as cash on hand and deposits at financial institutions, account receivable and payable, short-term loans to and borrowing, the carrying amounts in the statements of financial position approximate at their fair value.

Long-term loans, which have the fixed interest rate, the carrying value approximate at their fair values, calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position. Borrowings at fair value, which have the variable interest rate or the nearly interest rate applied at that time by the market to instruments, the carrying value, presented in the statements of financial position.

Leases, which fair values calculated by the present value of the contractually determined stream of future cash flow discounted at the rate of interest applied at that time by the market to instruments, presented as at the statements of financial position.

29. CAPITAL MANAGEMENT

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

According to the statement of financial position as at December 31, 2018, the Group's debt-to-equity ratio was 1.39: 1 (2017: 2.36: 1) and the Company's was 1.33: 1 (2017: 2.28: 1).

30. RECLASSIFICATION

Certain amounts in the financial statements for the year ended December 31, 2017, 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:

Unit: Baht			
Consolidated financial statements			
Account	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Provision for penalties arising from delays of constructions	4,291,366.52	(4,291,366.52)	-
Provision for expected loss on constructions project contracts	-	4,291,366.52	4,291,366.52
Unit: Baht			
Separated financial statements			
Account	As previously reported	Reclassified amount	As reclassified
Statement of financial position			
Provision for penalties arising from delays of constructions	4,281,987.28	(4,281,987.28)	-
Provision for expected loss on constructions project contracts	-	4,281,987.28	4,281,987.28

31. EVENTS AFTER THE REPORTING PERIOD

Board of Directors' Meeting of the Company No. 2/2019, held on February 21, 2019, resolved as follows:

- 1) To approve the transfer of legal reserve in the amount of Baht 16,200,000 and premium on ordinary shares in the amount of Baht 73,059,171.15, totalling Baht 89,259,171.15 million, to compensate the deficits of the Company.
- 2) To decrease the Company's registered share capital in the amount of Baht 40,499,746 from the existing registered share capital of Baht 250,999,978 to Baht 210,500,232 by way of cancelling the remain unsubscribed shares reserved for the exercise of right under the warrant No. 1 (PHOL-W1) in the amount of 40,499,746 ordinary shares at a par value of Baht 1.

32. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on February 21, 2019.



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