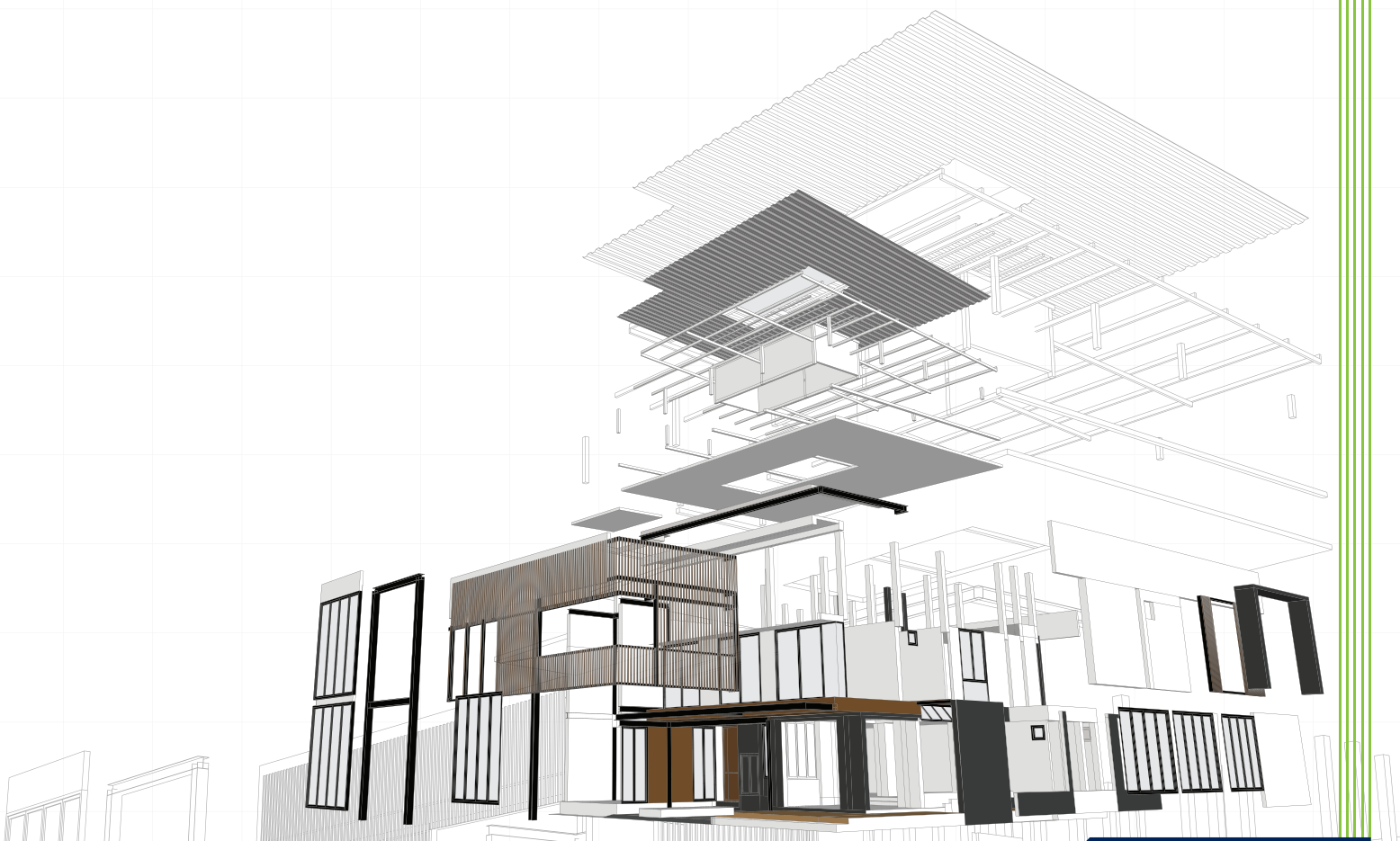
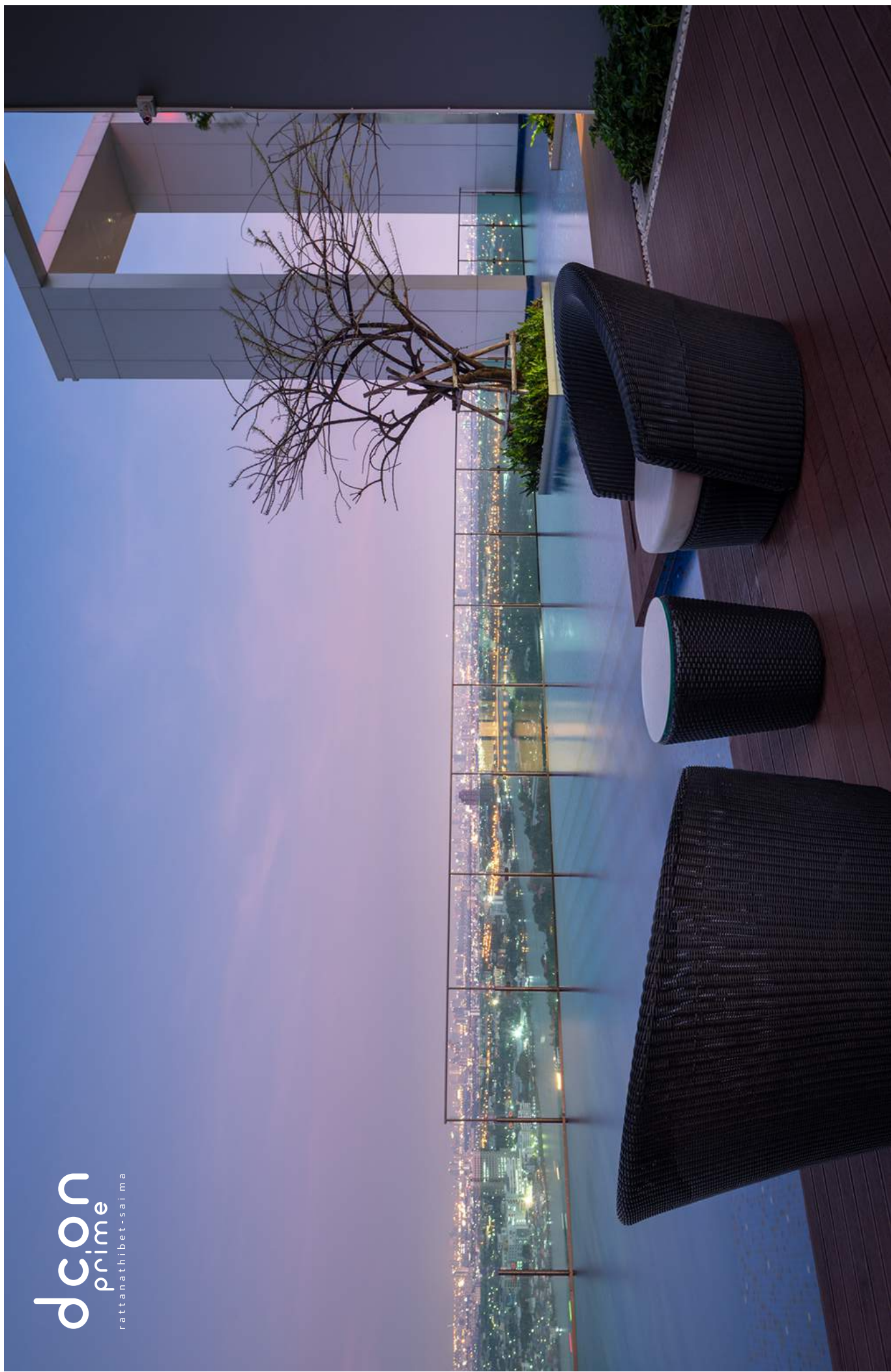


# DCON GROUP

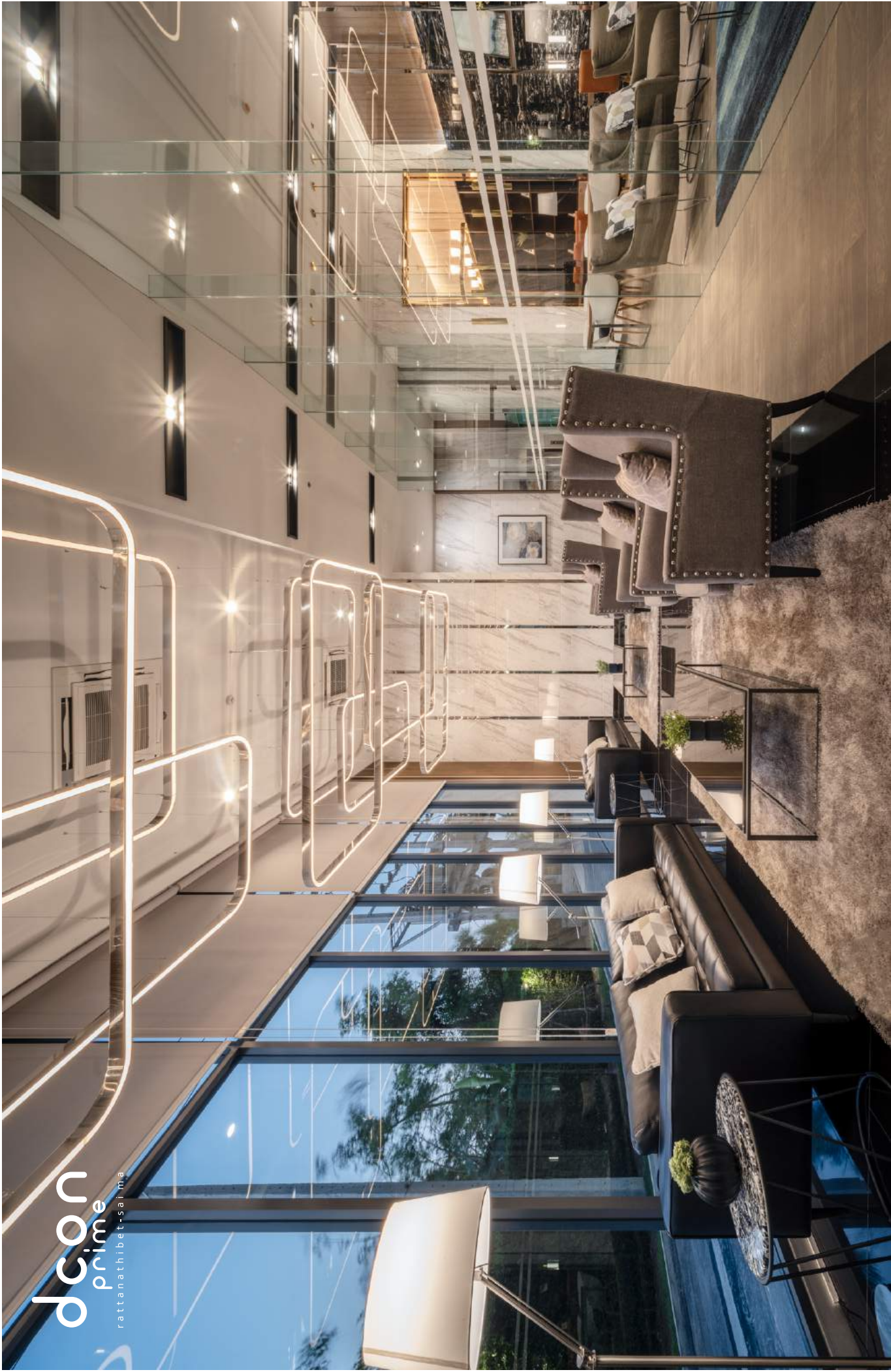


THE BLUEPRINT FOR LIVING CREATION



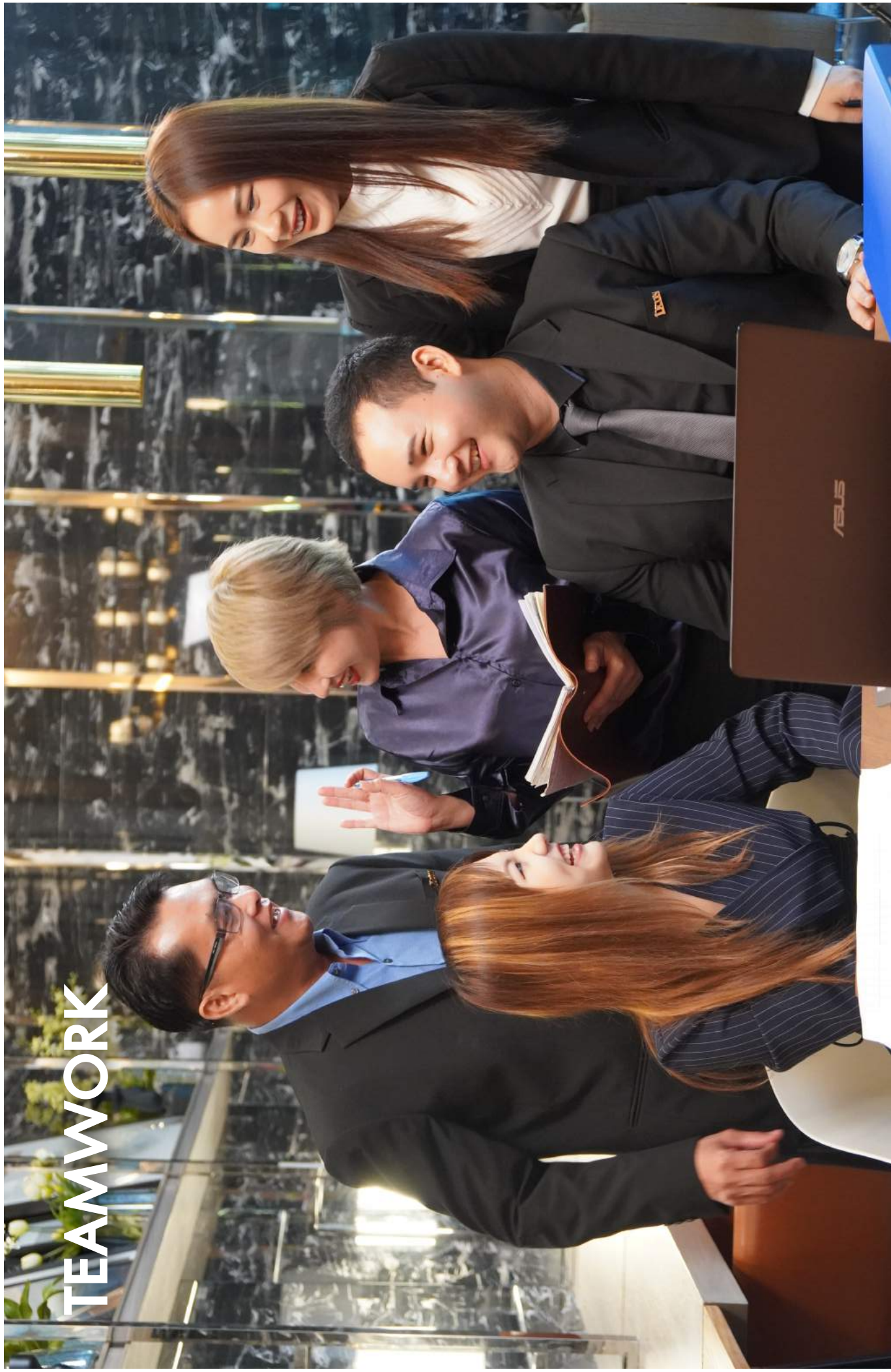








# TEAMWORK





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The Investors can study more details from “From 56-1” which disclosed in  
[www.sec.or.th](http://www.sec.or.th) or Company website at [www.dconproduct.com](http://www.dconproduct.com)

# Vision

“ We shall be a producer of the construction materials and developer of the leading property projects of Thailand.”

# Mission

We are committed to create the quality of the products and the best service with business ethics and resolved to create value with those individuals who are our business alliance with sustainability.

# Core Value

**D Dedication** We work with determination, dedication and unmitigated devotion in order to create the quality of our product and its global acceptability.

**C Consumer Centric** We take into account the need of the customers as the work centrality to maximize the satisfaction of the customers and the growth of the business.

**O Operational Excellence** We are skilled in the work we do and expect excellence of working results.

**N Novelty** We do not stop to create new things and espouse innovative thinking for sustainable development.

# Quality policy

We are the customer-focused company which emphasize on the product and service quality and ethic in conducting business. Therefore, our company has achieved the largest market share for the precast concrete plank and pile in the residential segment since the company was found.



## Message from the President



During the year 2018 and on the occasion of the 23<sup>rd</sup> anniversary of Dconproduct Plc, falling on 11<sup>th</sup> March 2019, it is a good opportunity that Dconproduct Plc was honored by Dr. David A. Lange, the chairman of the American Concrete Institute –ACI, who visited the Company to lecture on the theme: “The Future of the Construction of Concrete Work with the 3-dimension Printer”( The Future of 3-D Printing of Concrete Structures.”

By virtue of the fact that Dcon Products Plc, which played a part in bringing in concrete to be developed into diverse construction materials, has created usefulness to Thai construction circle throughout for a long time and the company has a policy to develop new products continually undiminished. It is regarded that on the occasion of Professor Dr. David A. Lange, an important personality in the international concrete organization, to give a lecture in Thailand, it is propitious that for the company it will be a beginning point in the farsighted vision of the company to step forward towards the development of the world of concrete in a new era in the future.

The Board of Directors of the Company wishes to affirm to the shareholders once again that the company adheres to the principle of doing a business in accordance with good corporate governance with comprehensive internal control in every system of management and quality control of the products and there is application of the risk management principle according to strict actual technical principle throughout. With the heart-felt conviction that with sincerity towards the customers and the shareholders, it will have good result towards investment of every shareholder certainly on a long-term basis.

Sincerely Yours

A handwritten signature in blue ink, appearing to read "Tortrakul Yomnak".

Associate Professor Dr. Tortrakul Yomnak  
Chairman of the Board

## Message from the Executive Managing Directors



Attention : Dear shareholders

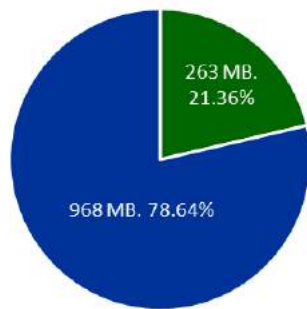
Since 2015, the demand for property sector business has far exceeded the demand, therefore there is a need to drain off the houses-condominium in stock which would take about 4-5 years' time for the situation to unravel; while the construction of new condominiums will be reduced during this period. Based on a survey in late 2018, it was found that the volume of supply was overwhelming the demand considerably. This means that the economy of the construction sector is still on the downward trend continually indefinitely.

In 2018, we scored the total sales of 1,231 million Baht, out of which 163 million Baht was operating profit with the ratio of 968 million Baht came from revenues from construction materials and the 263 million Baht from the development of the real estate. It was expected that in 2019 the income from construction materials will be approximately 1,000 Baht with the new products to supplement, namely, Hollow Core Floor Sheets being used in the abutment exceeding 4.50 meters in length and the new precast products being set up in the name of DSC Products Co., Ltd., the income from which would be recognized from the 4<sup>th</sup> quarter of 2019 onwards.



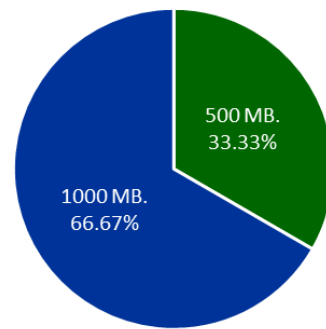
As regards the property development, it was estimated that the income from the DCON PRIME-Project - Rattana Thibet, BTS Sai Ma Station, would be approximately 440 million Baht and earning from the detached houses DZIO- Rajapruk and Orada House, Lam Lukka, of another 60 million Baht, tallying up the income from the property projects of 500 million Baht.

Net Profit 2018 (1,231 Million Baht)



■ Real estate ■ Construction materials

Estimate 2019 (1,500 Million Baht)



■ Real estate ■ Construction materials

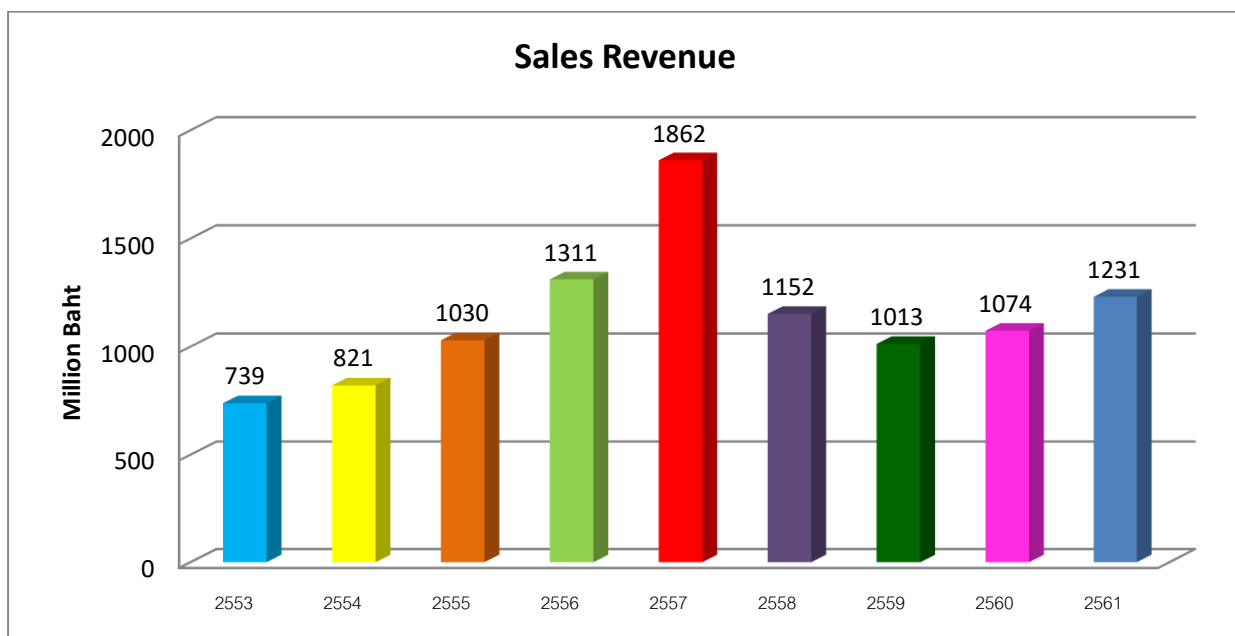
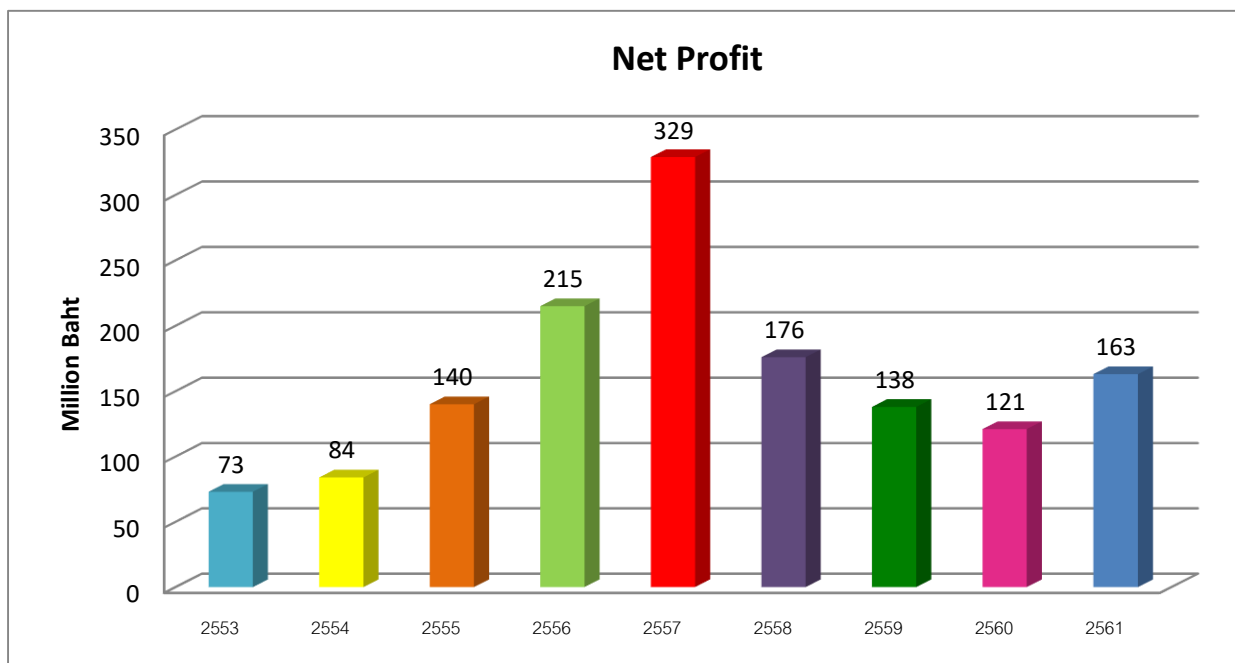
The Company considering paying the dividends to shareholders from profitability of 2018 totalling 79,497,558.84 Baht or accounted for 48.76 % of net profit at 1.50 Baht per share of the dividend and the remaining profit will be invested in buying new parcels of land for new horizontal projects.

The Executives Board will be dedicated, resolved to ensure the success of the company according to its vision: “ We shall be a producer of the construction materials and developer of the leading property projects of Thailand.”

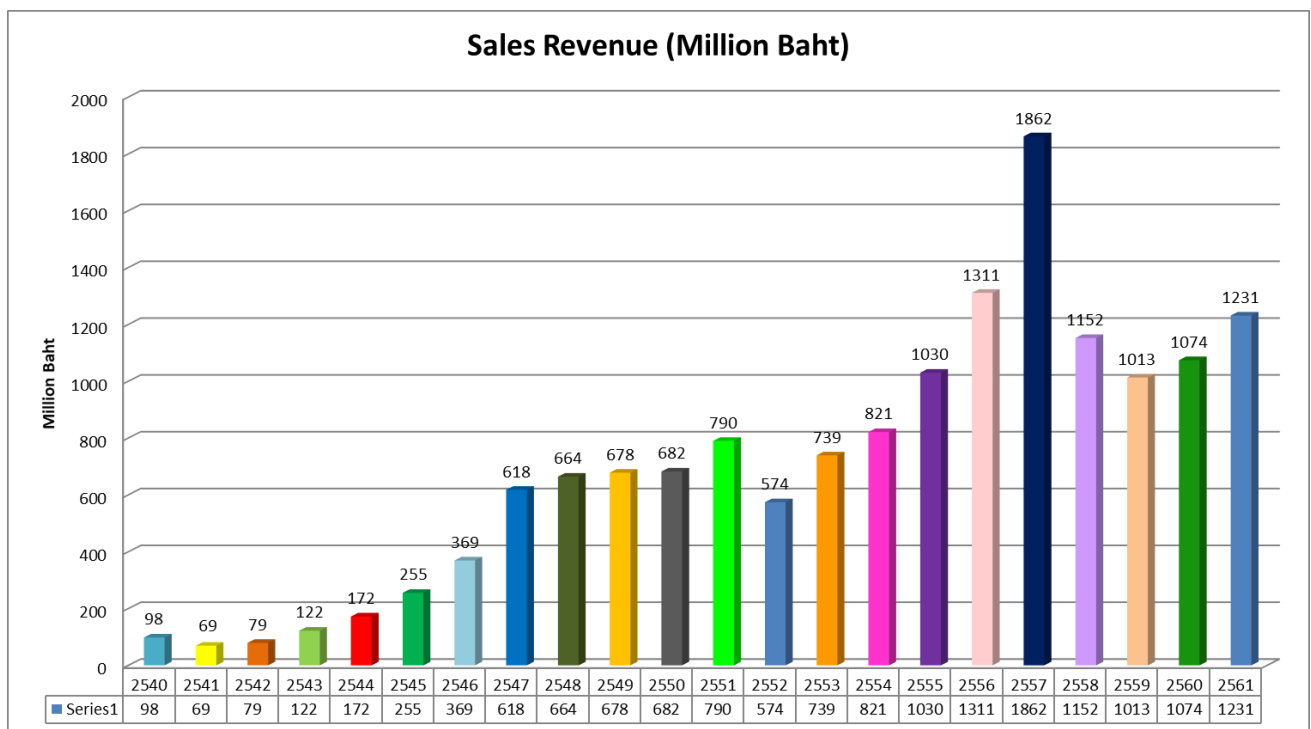
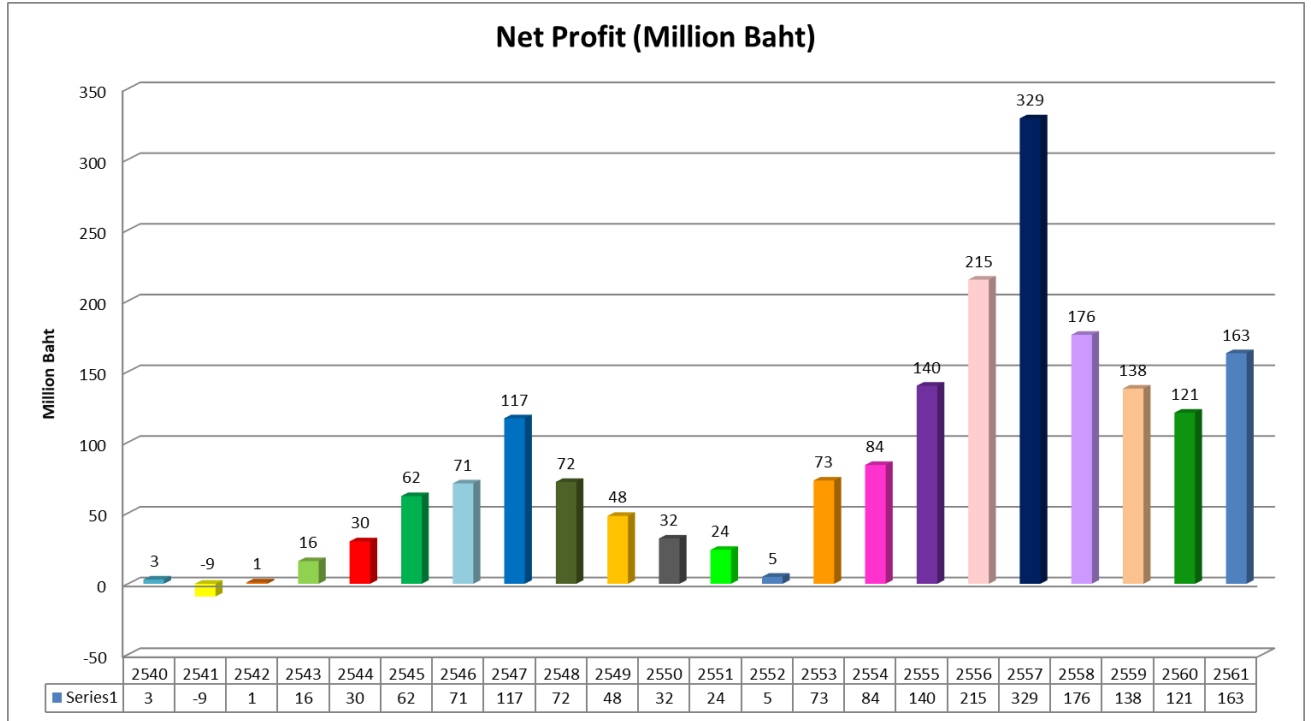
Yours sincerely

Wittawat Pornkul

Executive Managing Director







## Company Profile

### Dcon Products Public Company Limited

Address	Dcon Products Public Co., Ltd. 3300/57 Elephant Building, Tower B 8 <sup>th</sup> FL. Phaholyotin Road, Chatujak, Bangkok 10900 Thailand. Tel. (66) 02-937-3312-7
Juristic Person License No.	0107547000303
Registered Capital	THB 557,000,342.90 (Paid Up) THB 520,435,078.60
Telephone	02-937-3312 (Automatic)
Facsimile	02-937-3328
Homepage	Website: <a href="http://www.dconproduct.com">www.dconproduct.com</a> E-mail: <a href="mailto:dcon@dconproduct.com">dcon@dconproduct.com</a>
Lopburi Factory 1	33 Moo 8 Chongsarika Phattananikom, Lopburi 15140
Telephone	+66-36-436-413
Lopburi Factory 2	280 Moo 1 Chongsarika Phattananikom, Lopburi 15140
Telephone	+66-36-705-057
Surat Thani Factory	39/3 Moo 7 Natai Sub-District, Baan Nakhem Surat Thani 84240
Telephone	+66-81-822-5972
Maharakham Factory	236 Moo 11 Goh Sum Tha Phra Road, Paeng Kosumphisai Maharakham 44140
Telephone	+66-43-706-890-2
Rayong Factory	567 Moo 1 Makhamkhu Nikhompattana Rayong 21180
Telephone	+6638-029-162-4

### Type of Operations

Production and distribution of construction materials, concrete products, namely, concrete reinforced piles, reinforced concrete floor slabs, light weight concrete (CLC) and a variety of finished product parts for buildings, beams, piles, walls, fences, etc.

### Number of Company Employees & Subsidiaries

As of 31 December 2018, the company had a total of 230 employees.



## Subsidiaries

**Orrada Co. Ltd., (Shareholding: 99.99%)**



Address	3300/59 Elephant Building, Tower B 10 <sup>th</sup> FL, Phaholyotin Road, Chatujak, Bangkok 10900
Registered Capital	THB 400 million
Telephone	+66-2-937-3312
Facsimile	+66-2-937-4337
Homepage	<a href="http://www.orrada.com">www.orrada.com</a>
E-mail	<a href="mailto:orrada@orrada.com">orrada@orrada.com</a>
Real Estate Development Projects	<ul style="list-style-type: none"><li>- Factory Land Building</li><li>- Orrada Land</li><li>- Baan Orrada – Lamlukka Khlong 8</li><li>- Baan Orrada – Dzio Project (Ratchapruerk)</li><li>- Condominium – Dzio Condo Project (Ngam Wong Wan)</li><li>- Condominium – Dcon Prime Project (Rattanathibet)</li></ul>
Future projects Condominium	<ul style="list-style-type: none"><li>- Dcon Prime Project (Praksa)</li><li>- Baan Orrada – Dzio Project (Bang Kruai)</li></ul>

## Type of Operations

Doing the real estate business for Demonstration projects for using DCON products.

## Rompo Products Co. Ltd., (Shareholding: 99.99%)

Address	170 Moo.4, Pasak District, A. Meaung, Lampoon, 51000
Registered Capital	THB 35 million
Telephone	+66-53-537-030
Facsimile	+66-53-802-4306

## Type of Operations

Production and distribution of construction materials concrete products in the north of Thailand.





## **DSC Product Co. Ltd., (Shareholding: 70%)**

Address	3300/97 Elephant Building, Tower B 8 <sup>th</sup> FL, Phaholyotin Road, Chatujak, Bangkok 10900
Registered Capital	THB 100 million
Telephone	+66-2-937-4337
Facsimile	+66-2-937-3326

### **Type of Operations**

To manufacture and distribute fabricated walls which is a factory to manufacture modern concrete parts with semi- automatic machines from Germany Which will start production Recognized revenue in the fourth quarter of 2019 onwards.

### **Auditor**

Miss. Somjintana Polhirunrat  
Registration No. 5599  
DIA International Auditing  
316/32 Sukhumvit 22 Road (Soi Sainumthip) Klongtoey Bangkok 10110  
Tel : +66-2259-5300  
Fax : +66-2260-1553

### **Securities Registration**

Thailand Securities Depository Co., Ltd.  
62 The Stock Exchange of Thailand Building,  
Rachadapisek Road, Klongtoey,  
Bangkok 10110, Thailand  
Tel : +66-2229-2800 , 0-2654-5599  
Fax : +66-2359-1259  
Website : [www.tsd.co.th](http://www.tsd.co.th)  
E-mail : [contact.tsd@set.or.th](mailto:contact.tsd@set.or.th)

## Board of Directors

1 January 2019



1. Assoc. Prof. Dr. Tortrakul Yomnak **President**
2. Mrs. Pisamai Boonyakiat **Independent Director \ Chairman of the audit Committee**
3. Mr. Wittawat Pornkul **Chief Executive Officer**
4. Mr. Dhanit Charinsarn **Independent Director \ Chairman of the nomination and remuneration Committee \ Director to the audit Committee**
5. Mr. Chana Towan **Director \ Director to the nomination and remuneration Committee**
6. Mr. Wanchai Tantikul **Independent Director \ Director to the audit Committee \ Director to the nomination and remuneration Committee**
7. Dr. Tanai Charinsarn **Director**
8. Mr. Nirut Intarathachang **Director**
9. Dr. Kawin Worakanchana **Director**

## Details on the management and control of the Company.

Name	qualifications	Shareholding	Career History
Position	Highest Education	in company (%)	
Assoc.Prof.Dr.Tortrakul Yomnak President	<ul style="list-style-type: none"> <li>- Engineering Chulalongkorn University</li> <li>- M.S.C.E. Master of Science in Civil Engineering (University of Washington U.S.A)</li> <li>- D.B.A.( Doctor of Business Administration) Nova Southeastern University</li> <li>- National Defence College # 4111</li> <li>- Director Accreditation Program (DAP # 16)</li> </ul>	0.00	<ul style="list-style-type: none"> <li>- President at Dconproduct PLC.</li> <li>- President at TACE LTD.</li> <li>- Former Chairman, good governance at AOT .</li> <li>- Former member of the National Economic and Social Advisory Council # set one.</li> <li>- Former President of the Engineering Institute of Thailand Nationals</li> <li>- Advisor to the Governor</li> <li>- Consulting services, design and construction of the federation. (FEDCON)</li> <li>- Professor doctoral program "Development of good governance". Chankasem University</li> <li>- The founder of a national network of anti-corruption</li> </ul>
Mr.Dhanit Charinsarn Vice President	<ul style="list-style-type: none"> <li>-achelor - Industrial Engineering Chemistry. Chulalongkorn University</li> </ul>	0.00	<ul style="list-style-type: none"> <li>- Vice Chairman and Chairman of the Remuneration Committee. Directors and Management at Dcon products PLC</li> </ul>
Mr.Wittawat Pornkul CEO	<ul style="list-style-type: none"> <li>- Bachelor - Industrial Engineering. Chulalongkorn University</li> <li>- Director Accreditation Program (DAP #16)</li> <li>- Director Certification Program (DCP # 46)</li> </ul>	29.22	<ul style="list-style-type: none"> <li>- CEO at Dcon products PLC</li> </ul>



Name	qualifications	Shareholding	Career History
Position	Highest Education	in company (%)	
Mr.Chana Towan Director	- Bachelor - Civil Engineering Chulalongkorn University - Master - Civil Engineering Asian Institute of Technology - Director Accreditation Program (DAP #16)	8.97	- Director at Dcon products PLC
Mrs.Pisamai Boonyakiat Chairman of Audit Committee	- BA – Bachelor Chulalongkorn University - Master - Master of Commerce. Thammasat University	0.00	- Chairman of Audit Committee at Dcon products PLC - Nonthaburi Provincial Court Judge Department of Juvenile and Family - President of New Wave
Mr.Wanchai Tantikul Audit Committee	- Bachelor – Law Thammasat University - Director Accreditation Program (DAP # 8)	0.044	- Audit Committee at Dcon products PLC - Audit Committee Areeya Property PLC - CEO at Khanit Aunchan Company
Dr.Tanai Charinsarn Director	-PhD - Information Technology / University of New South Wales , Australia - Director Accreditation Program (DAP #16)	0.00	- Director at Dcon products PLC
Mr.Nirut Intarathachang Director	- Bachelor – Accounting Thammasat University	0.00	- Director at Dcon products PLC - CFO at Dcon products PLC
Dr.Kawin Worakanchana Director	Bachelor - Civil Engineering Chulalongkorn University Masters - Engineering structures Asian Institute of Technology Doctoral degree - Civil Engineering University of Tokyo Japan	0.036	- Research Project - University of Tokyo. Asian Institute of Technology - Structural engineers - the company North Sea Engineering Limited. - Deputy Managing Director Operations Department o at Dcon products PLC.

<b>Name</b>	<b>qualifications</b>	<b>Shareholding</b>	<b>Career History</b>
<b>Position</b>	<b>Highest Education</b>	<b>in company (%)</b>	
Miss Pentipa Yimpayak Consultant	High school	0.00	at Dcon products PLC.
Miss Pradittha Woracart Manager	Bachelor - Business Administration in advertising and public relations. Ramkhamhaeng university	0.00	at Dcon products PLC.
Miss Noppamas Alipariyakul Manager	Bachelor - Accounting Dhurakij Pundit University	0.00	at Dcon products PLC.
Miss Chulaorn Raungkarat Manager	Bachelor - Business Administration in Finance University	0.00	at Dcon products PLC.
Mrs.Siriporn Leetavekulsomboon Manager	Bachelor - Education Chulalongkorn University	0.00	at Dcon products PLC.

## Details about the Company Secretary

Name	qualifications	Shareholding	Career History
Position	Highest Education	in company (%)	
Mr.Nirut Intarathachang	- Bachelor – Accounting	0.00	- Director at Dcon products PLC
Company Secretary	Thammasat University		- CFO at Dcon products PLC

## Details of the directors of the subsidiaries.

### Orrada Company

Name	qualifications	Career History
Position	Highest Education	
Mr.Nirut Intarathachang	- Bachelor – Accounting	- Director at Dcon products PLC
Director	Thammasat University	- CFO at Dcon products PLC
Dr.Kawin Worakanchana	-Bachelor - Civil Engineering	- Deputy Managing Director Operations
Director	Chulalongkorn University	Department
	-Masters - Engineering structures	
	Asian Institute of Technology	
	-Doctoral degree - Civil Engineering	
	University of Tokyo Japan	
Miss Wisara Pornkul	- Bachelor – Accounting	- Assistant to Managing Director
Director	Thammasat University	

	-Masters - advertising and marketing University of Leed	
Miss Rattha Kersiri Director	- Bachelor -Arts Silpakorn University	- Secretary to MD at Dconproduct PLC.

## Details of the directors of the subsidiaries.

### Rompo product PLC.

Name	qualifications	Career History
Position	Highest Education	
Mr.Wittawat Pornkul President	- Bachelor - Industrial Engineering. Chulalongkorn University - Director Accreditation Program (DAP #16) - Director Certification Program (DCP #46)	- MD at Dconproduct PLC.
Mr.Chana Towan Director	- Bachelor - Civil Engineering Chulalongkorn University - Master - Civil Engineering Asian Institute of Technology - Director Accreditation Program (DAP # 16)	- Director at Dconproduct PLC.
Mr.Nirut Intarathachang Director	- Bachelor - Accounting Thammasat University	- Director at Dcon products PLC - CFO at Dcon products PLC



Miss Natthakanyawee Vorrapan	- Commercial Marketing.	- Rompopproduct PLC.
Director	Chiang High School Administration	
Miss Namonrat Sridechotum	- BBA - Finance	- Rompopproduct PLC.
Director	Northwestern University	
	- MBA - Accounting	
	Northwestern University	

## Details of the directors of the subsidiaries.

### DSC product PLC.

Name	qualifications	Career History
Position	Highest Education	
Mr.Wittawat Pornkul	- Bachelor - Industrial Engineering.	- MD at Dconproduct PLC.
President	Chulalongkorn University	
	- Director Accreditation Program (DAP #16)	
	- Director Certification Program (DCP #46)	
Mr.Nirut Intarathachang	- Bachelor - Accounting	- Director at Dcon products PLC
Director	Thammasat University	- CFO at Dcon products PLC
Dr.Kawin Worakanchana	- Bachelor - Civil Engineering	- Deputy Managing Director Operations
Director	Chulalongkorn University	Department
	- Masters - Engineering structures	
	Asian Institute of Technology	
	- Doctoral degree - Civil Engineering	
	University of Tokyo Japan	

Mr.Decha Apiromdet Director	- Bachelor – Marketing Assumption University	- APE Service Co.,Ltd. - MD at Sinudom Concrete co., Ltd.
Mr.Chranchai Apiromdet Director	- Bachelor - Civil Engineering Chulalongkorn University - Masters - MBA Pfeiffer University	- Vice MD at Sinudom Concrete co., Ltd.
Mr.Monsak Upaiboon Director	-Marketing University of the Thai Chamber of Commerce	- MD at Chusin Concrete Co.,Ltd.
Miss Wasinee Upaiboon Director	- Bachelor - Civil Engineering Chulalongkorn University - Masters - MBA Sasin School of Management	- Engineer at Chusin Concrete Co.,Ltd.

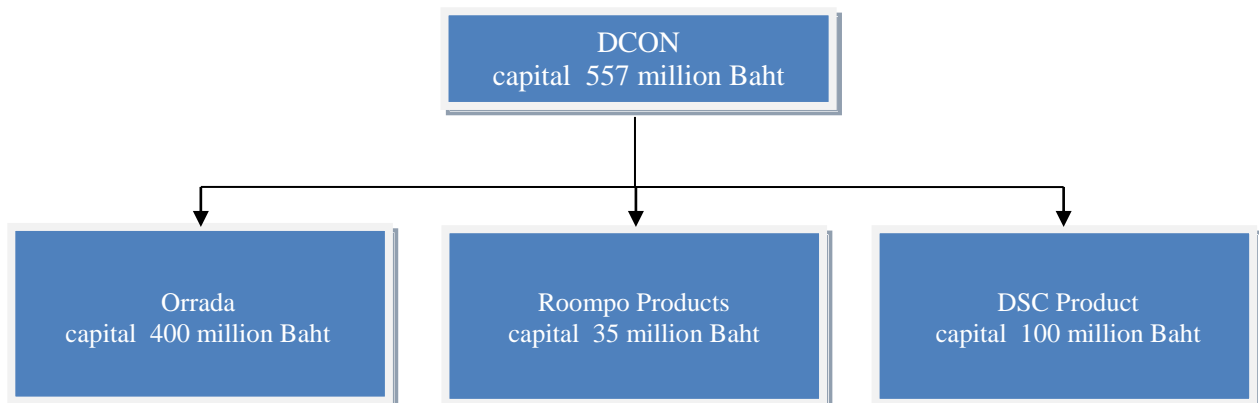
## Nature of Business

### Category of business of the Company and its Subsidiaries

The Company manufactures and distributes construction materials, produces concrete, and develops real estate through the Company and its Subsidiaries.

- DCON Products Public Company Limited has registered capital worth 557,000,342.90 million Baht and paid-in capital worth 520,435,078.60 million Baht. The Company operates a business that manufactures and distributes construction materials and produces concrete including high-pressured concrete pillars, high-pressured concrete floor panels, high-pressured concrete fences, and cellular lightweight concrete (CLC) as well as various ready-made building parts such as beams, pillars, walls, fences, etc.
- ORRADA Company Limited has registered capital worth 400 million Baht. Its business operation is real estate development which serves as product demonstrations for DCON. There are 5 projects under its management including ORRADA Factory Land, ORRADA Land, Bahn ORRADA-Lam Luk Ka Khlong Luang 8, Bahn ORRADA-DZIO, whereby the Company holds 99.99% of the shares with paid-in capital.
- Roompo Product Company Limited has registered capital worth 35 million Baht. It manufactures and distributes construction materials, produces concrete products such as ready-made floor panels in the northern region, whereby the Company holds 99.99% shares with paid-in capital.
- DSC Product Company Limited has registered capital worth 100 million Baht and paid-in capital worth 25 million Baht. to manufacture and distribute fabricated walls at its modern concrete parts factory with the use of semi-automatic machinery imported from Germany. Production for distribution will begin in the forth quarter of 2019 in order to recognize its earning .whereby the Company holds 70% shares with paid-in capital.

## Shareholder Structure





## Type of business and products of the Company and its Subsidiaries

- The business of manufacturing and distributing construction materials and concrete products are divided into 4 types of products including:

### 1. Concrete floor panels

Ready-made concrete floor panels of DCON are a flat like a board, 35 cm. wide and 5 cm. thick. When placed next to each other and concrete is poured on top, the DCON concrete floor panels will serve as both a model and a weight bearer for the building, functioning as one with the concrete that was poured on top. In addition, the Company provides services of producing concrete floor panels that are 30 cm. wide and 5 cm. thick for some customers with special needs.

Ready-made concrete floor panels of DCON are suitable for the construction of classrooms, condominiums, offices, schools, townhouses, and single homes for residence, helping to speed up construction work and saving costs while providing strength and attractive appearance.

Ready-made concrete floor panels of DCON are divided into:

- 1.1 Ready-made flat surface floor panels - suitable for the construction of structures with wide spans between beams to place floor panels of less than 4.20 m.
- 1.2 Square surface floor panels - created to be used in structures with spans of between 4.20 – 5.00 m. with special properties of being able to support a longer span, which makes it possible to be used in structures that are inconvenient to have support.

Ready-made DCON floor panels have received ISO 9001:2015 certification by SGS Thailand Co., Ltd. as a stamp of certification of international standards.



## Rights or limitations to operating the business

### Benefits from investment promotion

The Company has received the BOI promotion certificate No. 1089/2540 from the Board of Investment (BOI) and receives benefits according to the Investment Promotion Act B.E. 2520. The Company received 100% tax waivers since 19 January, 1996 to 18 January, 2005. Thereafter, the Company received 50% tax waivers from 19 January, 2005 to 18 January, 2010. Therefore, in 2010, the Company did receive any tax waivers due to the expiration of investment promotion benefits.

## 2. Concrete pillars

Pillars are a construction material that is used to support the weight of a building or structure by the mechanism of (1) friction caused by the surface of the pillar coming in contact with the dirt surrounding the pillar and (2) the bearing capacity at the ends of the pillars, whereby the weight of the building is transferred down to the pillar, which sits on a firm foundation of land.

A market survey and efforts to reach out to the same customers as those of floor panels, the Company chose to manufacture only pillars for residential homes of 3 sizes including:

1. I18 shape for single homes or fences or 2-story homes such as low-cost government housing projects, with a maximum production capacity of 1,800 m. per day
2. I22 shape for 2-story homes, with a maximum production capacity of 5,100 m. per day
3. I26 for 3-story townhouses or commercial buildings (or factories), with a maximum production capacity of 2,100 m. per day
4. S22 for 2 storey house (Industry Standard 396-2549). There is capacity of 216 meters per day at Rayong Factory and 228 meters per day at Surat Thani Factory
5. S26 for 3-story townhouse, Commercial buildings or factory buildings (Industry Standard 396-2549). There is capacity of 216 meters per day at Rayong Factory and 228 meters per day at Surat Thani Factory.
6. S-40 for the construction of large buildings (Industry Standard 396-2549). There is capacity of 912 meters per day at Surat Thani Factory.

The Company's concrete pillars have received ISO 9001:2015 certification by SGS Thailand Co., Ltd. as well.



### 3. DCON lightweight bricks

#### 3.2 DCON's Gray lightweight bricks

The gray lightweight bricks lightweight CLC brick (Cellular Lightweight Concrete) produced by inconsistently adding air bubbles with high stability into the concrete of the bricks. They are in the form of closed cells to achieve good water resistance preventing the growth of fungi that are dangerous to health, protect against heat, sound proof, and allows for regular concrete to be used to spread on top, suitable for health-conscious users.

The Company has developed products to support the variety of needs and uses. For example, the Company has developed the D815 formula which gives the DCON's gray lightweight bricks their lightweight and convenient use, but maintains its strength allowing for heavy items to be hung on them. The Company has also developed 2-centimeter bricks that prevents heat as an energy-saving feature for high-end homes, adding another dimension to its attractive appearance.

DCON's gray lightweight bricks have received ISO 9001:2008 certification by SGS Thailand Co., Ltd. as well.



#### 3.2 AAC's white lightweight bricks

The white lightweight brick are white lightweight AAC (Autoclaved Aerated Concrete) bricks produced by adding chemicals that causes air bubbles and underwent steaming using manufacturing technology and underwent quality control by the G4 standard system. They have lightweight making them easier to work with. They can be used to hang heavy items, suitable for users who desire lightweight and attractive bricks before covering with concrete.

Both of DCON's lightweight bricks are suitable for the construction of classrooms, condominiums, offices, schools, townhouses, and single homes for residence. They speed up construction work and are cost saving, while providing strength and attractive appearance.

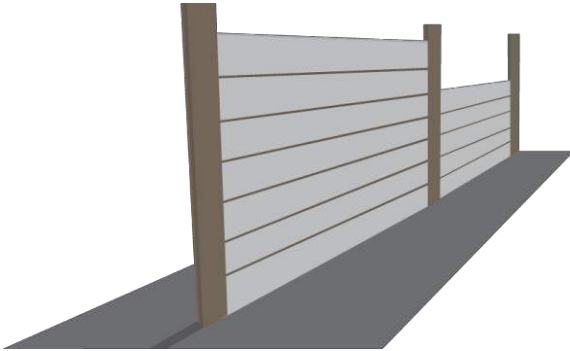




## 4. DCON fences

### 4.1 DCON fences

DCON's opaque fences are ready-made opaque fences with high-pressured concrete comprising fence panels, pillars, and back cover to provide strength, attractive appearance, and saves costs, suitable for users who desire strong fences that are attractive and provide privacy.



### 4.2 DCON's cowboy fences

DCON's cowboy fences are transparent high-pressured concrete fences comprising fence panels and pillars that are strong but focuses on transparency to allow the view of scenery. They are also used for dividing home properties, giving them an open feel, suitable for users who desire strength and transparency or those who want to mark the borders of their property.

Both of DCON's fences are suitable for various uses such as residential homes, government complexes, open-air restaurants, or fences marking the borders of a property to allow for a clear viewing as they provide strength, attractive appearance, saves cost, and are easy to install and convenient.



- **Real-estate development business**

The Company sells and rents out ready-made mini-factories and finished single-home projects before selling them through its Subsidiaries which is ORRADA Co., Ltd. which include 2 types including:

### **1. ORRADA Factory Land**

This is a project with ready-made factories which include the factory, offices, and residences in the same unit on a 200-square-wa property with a usable area of 720 square meters, with an emphasis on a systematic layout, ready with standard utilities. One unit comprises:

Floors	Usable area	Size
1	Factory park Offices	16 X 24 = 384 square meters 12 X 7.5 = 90 square meters
2	Offices	16 X 7.5 = 120 square meters
3	Residences	16 X 7.5 = 120 square meters

The project is located on Phahonyothin-Lam Luk Ka Rd., Khlong 8, Lam Luk Ka District, Pathum Thani Province. The project comprises 3 phases of electrical power and 4 telephone lines, groundwater, steel-supported concrete roads, along with drainage systems and 16-meter wide footpaths, with a 24-hour security system.

The Company has asked for the Department of Land's permission for land subdivision for industrial use. The project's customers can lease or purchase the units. The Company will file for permission to operate a factory business from the Ministry of Industry soon.

### **2. ORRADA Co., Ltd.'s residential projects**

#### **ORRADA Project – Lam Luk Ka Khlong 8**

The project is located on Liab Khlong 8 Rd., Lam Luk Ka District, Pathum Thani Province. The Company received a land subdivision permit No. 36/2549 comprising single-homes for residence and homeoffices on a 23-rai plot of land. More than 90% of the project has been sold.

#### **DZIO-Ratchaphruek (ORRDA-Ratchaphruek)**

A two-story single-home project comprising 94 units on a 20-rai 2-ngarn piece of land around Ratchaphruek Rd., Nonthaburi Province. The project allows for the demonstration of DCON's products with a permit No. 91/2554 and 90% of the project has been sold.

An 8-story condominium project comprising 4 buildings with 792 units on offer on a plot of land of more than 7 rai around Ngamwongwan Soi 2 (Soi Duangmanee) behind the Ministry of Public Health in Nonthaburi Province. The entire project was sold and transferred to a real-state developer in Quarter 4 of 2014.

### **DCON Prime**

A 38-story high-rise condominium offering 641 units on a 2-rai 1-ngarn and 16-square-wa plot of land located on Rattanathibet Rd. near Phra Nang Khlaio Bridge near Saima MRT Station of the Purple Line of the metropolitan's subway near Chao Phraya River. It is 100 meters away from the Purple Line MRT Station (800 meters) and 800 meters from the Chao Phraya River. It was approved by the EIA on October 6, 2015. It is expected to be completed and transferred to customers in May 2018. The sale of the project is Bt. 1,648.38 million and net profit is 252.15 million baht or 15.3% of sales.

## **The Policy and Overview of Company's Business Operation**

### **DCON Products PublicCo.,Ltd.,**

#### **Competitive strategy**

- The Company has the ability to produce quality products under lower cost than competitors as the Company places great importance on continuous research and development.
- For the pillars business, the Company selected 3 sizes of pillars including the I18, I22, and I26 sizes for mass production, keeping production costs per unit lower than competitors.
- The business is managed closely by professional executives who understand the business and customers.
- The location of its factory is in the area where raw materials are found, lowering logistics costs and keeping factory land price cheap.
- The Company has a good relationship with the owner of the raw materials, allowing it to purchase raw materials at a lower cost.
- The Company has a comprehensive logistics system to transport its finished goods, giving it flexibility, ability to manage its own logistics, as well as saving on logistics cost.
- The Company expanded its factory business to the North in Lamphun Province, to the South in Surat Thani Province in 2013. The Company has also expanded to another major city to support business growth in the Northeast in Maha Sarakhram Province and in the East in Rayong Province. The expansion will lower logistics costs and facilitate convenience of sales and distribution, as well as expanding its customer base.

## Customers groups

Customers can be grouped into the following

Customer groups	Sales ratios in 2018
1. Real-estate developers	63%
2. Construction contractors	27%
3. Construction materials agents and/or producers	7%
4. Others	3%
Total	100%

## Target customers

Target customers are in Bangkok and the Metropolitan area, various provinces in the northern, central, northeastern, and eastern regions. At present, the company. There are factories in all sectors as follows: Northern - Company Rompin Products Co., Ltd., Central - Lopburi Factory, South - Surat Thani Factory, Northeast - Maha Sarakham Factory And East - Rayong Plant

## Pricing policy

The Company sets its prices according to market supply and demand preventing lead time from the purchase to when products are received or avoiding overpricing, causing the Company to lose customers. In addition, the Company also takes into consideration the sales volume, customers' credit terms, and the industry's competition as the main factors. This has led to the Company having to constantly update its prices to align with the market and its competitors.

## ORRADA Co., Ltd.

### Competitive strategy

- The Factory Land Project is located in the Purple Land area, which allows for factories to be constructed and is situated near residential areas, giving it sufficient the purchasing power and labor manpower it needs to support the businesses that are customers of the project. Moreover, it is located near the coast, making logistics and transportation convient via the Kanchanaphisek Out Ring Rd.
- The DZIO-Ratchaphruek Housing Project is located conveniently in a fast-growing area and is of high-demand in the target customer group with an electric rail line to facilitate customers' commute, which is the Purple Line. In addition, it was designed to stand out and satisfy the needs of all customer groups.



- DCON Prime-Rattana Thibet (DCON Prime) is a condominium located on Rattana Thibet Rd. 100 m. away from the Saima MRT Station. It is a 38-story highrise offering 638 units. Its main feature is its locale, as it is located in the fast-growing suburban of Nonthaburi near Central Westgate. It offers a convenient commute through the electric rail downtown, while also being near the Chao Phraya River, giving a unique view of the river. The condominium also sports an Infinity Edge pool system on the 37<sup>th</sup> floor, allowing residence to enjoy the freedom and openair swim that will leave them completely relaxed, together with a high-angle view of the Chao Phraya River. In addition, all units have been fully furnished with built-in furniture and air conditioners. The Company has a competitive advantage with lower construction costs as it used materials that were produced by its own mother company including floor panels, pillars, and DCON lightweight bricks.

### **Characteristics of customers and target customers**

- Customer groups of the ORRADA Factory Land Project are small and medium sized businesses (SMEs) operating nearby and the Company's target customers will be maintained.
- The DZIO-Ratchaphruek Residential Project targets middle-income customers around Nonthaburi Province and those working in Bangkok and the Metropolitan area with income of more than 50,000 Baht, age between 35-50.
- The DZIO Condo-Ngamwongwan Project targets customers in the middle-lower income bracket living nearby in Nonthaburi and adjacent parts of Bangkok's northern and western zones with income of at least 25,000 Baht, age between 25-45.
- DCON Prime-Rattana Thibet targets middle-income customers living nearby in Nonthaburi and adjacent parts of Bangkok's northern and western zones with income of at least 25,000 Baht, age between 25-45.

### **Pricing policy**

- For the DCON Factory Land Project, the Company set the price and rent at a competitive level. The Company will offer 3-year rental contract to all tenants.
- The DZIO-Ratchaphruek Residential Project sets the price at between 4-6 million Baht.
- The DZIO Condo Project developed a new design and attractive features, while the price was set at a considerably competitive rate compared to competitors in the nearby area, highlighting the project's value-for-money feature, with a starting price of 1.2 million Baht.
- The DCON Prime Project developed with a new design and attractive features, as well as construction materials that are better than nearby competitors. The selling price is considerably cheaper than competitors in the area, highlighting its feature of value-for-money. Prices start at 1.65 million Baht for a 1-bedroom 26.58-square-meter unit.

## **Distribution and distribution channel**

- For the ORRADA Factory Land Project, other than direct contact to customers, most customers approach the Company through the Project's contact information on advertisements, receiving news through various channels, referred by a friend, and the Company's website.
- The DZIO and DCON Prime projects will be advertised on billboards, signs, magazines, newspapers, radio spots, exhibition booths, various department stores, the internet, social media, and websites.

## **Raw materials**

Raw materials for the construction of all projects including land and construction materials such as floor panels, pillars, lightweight bricks, concrete, steel rods, เหล็กรูปพรรณ, roof tiles, back-up power system, utilities system, paint, doors and windows are all procured through an auction of contractors both in terms of wages and construction materials, except for floor panels, pillars, and lightweight bricks, which are from the Company itself. Over the years, the main contractor with experience and credibility continued to work with.

## **Environmental impact**

- For the ORRADA Factory Land Project, each factory owner sets up a wastewater management system in each unit according to the level of wastewater from each factory, whereby they must meet the factory's criteria. In addition, the project has a sanitation system for each unit according to the Land Development Act.
- For residential home projects, a grease trap is installed for each unit and a wastewater management system is installed at each of the projects in compliance with the Land Development Act.

## **Coming profit**

DCON Prime projects had Customers reserve and transfer in 2018 worth 49 units total value of about Baht 98 million.

## Important assets of the Company

Assets that are used to operate the business of the Company and its Subsidiaries as of 31 December 2018 are as follows:

### DCON Products Co., Ltd.

Type / characteristics of assets	Book value (Baht)	Type of ownership	Obligations
Land in Pattananikom District, Lopburi Province			
- Area for factory 119 rai 1 ngarn and 94 sq.wa	26,533,967	Owner	
- Product storage area of 23 rai 2 ngarn and 38 sq.wa	5,055,384	Owner	None
- Area bought for groundwater for production 24 rai 2 ngarn and 92 sq. wa	2,124,547	Owner	None
Land bought for the construction of factories and product storage - aerated concrete factory 166 rai, 18 sq. wa	26,806,766	Owner	Mortgage 3 plots of land for a combined area of 63 rai 3 ngarn and 17 square wa as guarantee for overdraft, short term loans, longterm loans, or debts that may be incurred as one bank is asked to issue a guarantee document for raw materials and guarantee for power utilities with a local bank.
Land for the construction of factories in Surat Thani Province, 57 rai 334 sq.wa	16,870,519	Owner	None
Land for the construction of factories in Rayong Province, 36 rai 168 sq.wa	20,525,996	Owner	None
Land for the construction of factories in Mahasarakham Province, 34 rai 99 sq.wa	18,022,373	Owner	None
Building / furniture / decorations	81,677,729	Owner	Mortgage the factory building for the construction of aerated concrete with a credit line of 35 million Baht and machinery worth 60 million Baht as guarantee for overdraft, short term loans, longterm loans, or debts that may be incurred as one bank is asked to issue a guarantee document for raw materials and guarantee for power utilities with a local bank.
Vehicles	102,777,362	Owner	None
Tools / machineries / equipment	81,216,130	Owner	None
Contruction work	-	Owner	None

## ORRADA Co., Ltd.

Type / characteristics of assets	Book value (Baht)	Type of ownership	Obligations
Land in Pattananikom District, Lopburi Province	57,985,474	Owner	None
Land waiting to be developed	19,933,324	Owner	Mortgage as guarantee for overdraft, short term loans, longterm loans, or debts that may be incurred as one bank is asked to issue a guarantee document for raw materials and guarantee for power utilities with a local bank.
Developed land for sale, ORRADA Housing Project and DCON Prime Condo	1,603,693,300	Owner	None

## Investments in Subsidiaries

As of 31 December 2018

Type / characteristics of assets	Book value (Baht)	Type of ownership	Obligations
Orrada	Real estate development is also focused on the business of selling and renting small factories.	400 million Baht	99.99
Roompo Products	Production of finished flooring and lightweight concrete in the northern area.	35 million Baht	99.99
DSC Product	To manufacture and distribute fabricated walls	25 million Baht	70.00

The Company has a policy to invest in its core business that is the floor panels and high-pressured concrete pillars, as well as selling ready to move-in single homes and sale / rent of ready-made small factories through its Subsidiary. The Company does not have a policy to invest in other businesses that are unrelated. For any investments, the Company considers yield from an appropriate investment. In addition, the management policy of ORRADA will be set and implemented by the Company's Board of Directors.

## Risk Factors

Regarding the business operation of DCON Products Public Co., Ltd., and subsidiaries, there are risk factors affecting the Company's business operation, as follows

1. Risk from Volatility of Prices of Fuels and Main Raw Materials;

Fuel oils are main costs in transport of goods and are regarded as the second largest amount of expenditures following the cost of raw materials; but the volatility of fuel oil prices is an out-of-control factor because it is in connection with several other events such as the world economic condition, problems of international politics, resulting in volatility of fuel oil prices. The Company has managed the risk by purchasing new trucks to replace the old ones with low efficiency and maintaining good efficiency of trucks at all times. Moreover, the Company has regularly organized correct driving training for its truck drivers for safety and saving; and has installed GPS system in all trucks to control speeds and to prevent fuel oil frauds of truck drivers.

Prices of raw materials are highly volatile due to economic changes, including changes of demand and supply, particularly prices of cement, steel bar, PC-wire, stones and sand which are main raw materials used in the production process and having both positive and negative impacts on the Company's business. The Company has to closely monitor and evaluate the situations and to determine proper risk management strategies such as management of procurement of raw materials to reduce price risks, researches and development for alternative raw materials, effective control and management of stocks.

2. Risk from Volatility of Domestic Economic Conditions and Competition;

In the previous year, Thailand has still encountered problems of economic slowdown; as a result, there were severe competitions in the construction materials market to accelerate the release of goods; therefore, in order to increase its competitiveness, the Management has given the importance to researches and development of goods, quality control, service, stock management, personnel development, delivery and transport management for more effective management and maintaining its leadership in this business. And for the real estate business, in order to reduce the financial risk and reduce the risk of marketing expenses



## Dividend Payment Policy

The Company had a policy to distribute dividends at the rate of not less than 25 per cent of net profit after corporate income tax in each year. In distributing dividends the following factors were taken into consideration, e.g. operating results and financial position of the Company, liquidity of the Company, business expansion and other factors relating to work the Company's management. The dividend distribution referred to above would be subject to approval of shareholder meeting as appropriate and approval of the Board of Directors.

In 2018, the Company had 163.11 million Baht profit for the year, and the Board of Directors resolved to propose to the shareholder ordinary meeting on 25 April 2019 to approve distribution of dividends at the rate of 0.015 Baht per share, representing 48.76 per cent of the profit for the year under the consolidated financial statement.

### Dividend distribution rates from business operation in each year of the past 5 years

	2018	2017	2016	2015	2014
Basic profit per share (Baht)	0.03	0.04	0.03	0.08	0.16
Dividend per share (Baht)	**0.015	0.045	0.008	0.04	0.154
Dividend rate per net profit ratio* (%)	48.76	104.9	27.50	97	99
Par value (Baht)	0.10	0.10	0.10	0.10	0.10

Year	Cash	Stock dividend	Operating result period
2018	0.015 Baht per share	-	01/01/2018 - 31/12/2018
2017	0.045 Baht per share	-	01/01/2017 - 31/12/2017
2016	0.008 Baht per share	-	01/01/2016 - 31/12/2016
2015	0.04 Baht per share	-	01/01/2015 - 31/12/2015
2014	0.15 Baht per share	25 existing ordinary shares : 1 stock dividend	01/01/2014 - 31/12/2014

**Note:** Distribution of dividends in 2018 for operating results from 1 January to 31 December 2018 was still uncertain, depending on resolution of shareholder ordinary meeting on 25 April 2019.

\* Net profit means net profit for the year in respect of parent company shareholders' equity.

\*\* The Board of Directors resolved to propose to shareholder ordinary meeting on 25 April 2019 to approve dividend distribution for 2018 at 0.015 Baht per share.

# Organizational Chart



## Management

### Board of Directors

As of 31 December 2018, the Board of Directors consisted of 9 members.

: 3 independent directors

: 3 members of the Remuneration Committee

: 3 members of the Executive Committee

No.	First-Last Name		Position
1	Assoc.Prof.Dr. Tortrakul	Yomnak	President, Independent Director
2	Mr. Dhanit	Charinsarn	Independent Director, Vice President & Audit Director
3	Mrs. Pisamai	Boonyakiat	Independent Director , Nomination and Compensation Committee, Chairman of Audit Committee
4	Mr. Wanchai	Tantikul	Independent Director Nomination and Compensation Committee, Audit Committee, Independent Director
5	Mr. Wittawat	Pornkul	Executive Committee Chairman
6	Mr. Chana	Towan	Independent Director , Nomination and Compensation Committee,
7	Dr. Tanai	Charinsarn	Director
8	Mr. Nirut	Intarathachang	Director
9	Dr. Kawin	Worakanchana	Director

The authorized signatories of the company are Mr. Witawat Pornkul, the Company's authorized signatory and Mr.Chana Towan, Mr.Tanai Charinsarn, Mr.Nirut Intarathachang, and Mr.Kawin Worakanchana. These four sign together and seal the company.

### Board of Directors Scope, Authority and Duties

1. Plan and set policies, directions, strategies, organizational plans The management structure of the Company.  
In line with the economic situation and market competition. To propose to the Board of Directors for approval.
2. Determine the main policy of the business. Financial policy Fundraising Policy Capital Management The Company's policy on risk management.
3. Approve budget and investment projects. Supervise the implementation of the project as planned.
4. Supervise the Company's operation to meet or exceed the target. And if there are obstacles to achieving that goal.
5. To make accurate and timely disclosure of general information and financial information of the Company to shareholders and stakeholders.
6. Acknowledged the major audit report. And the guidelines for improvement. The case where the defect is found to be material.
7. To review the adequacy and appropriateness of the Company's internal control system and risk management.
8. Create a Succession Plan (Succession Plan).

9. Monitor and monitor the daily performance of the company. The business plan approved by the Board of Directors.
10. Determine the core business policy. Financial policy Fundraising Policy Capital Management and Policy Company Risk Management
11. Plan and set up a business plan. Annual budget The Company's Board of Directors is responsible for overseeing and monitoring the Company's operations. Consider approval
12. Board of Directors Set policy, guidelines for considering transactions that may or may have conflicts of interest between shareholders, directors, executives and other potential conflicts of interest. Direct and indirect In the case of connected transactions, which are under the authority of the shareholders' approval, the Board of Directors has passed the scrutiny by the Audit Committee. To ensure that the transaction is fair. Be reasonable This is to benefit the shareholders and comply with the laws and regulations of the Securities and Exchange Commission.
13. Board of Directors Ensure that procedures are followed carefully, within the principles of rationality and independence. There is a transparent process for approving transactions. And take the maximum benefit of the company. Completed in accordance with the rules of the Securities and Exchange Commission
14. The interested parties will not participate in decision making on entering into the transaction. He will inform the meeting of the board of directors. To follow the policy to consider transactions that may cause conflict of interest. Report to the meeting. To abstain from voting or abstain from comment on related agenda or interests.
15. Board of Directors To supervise the disclosure of information that may cause conflict of interest to be accurately and completely disclosed in the annual report and Form 56-1.
16. Board of Directors Prioritize and provide an internal control system. To ensure reasonable assurance of efficiency and effectiveness of operations. And reliability of financial reports. And compliance with rules and policies. The establishment of an independent internal audit unit. Responsible for ensuring the adequacy and effectiveness of the Company's internal control system to report to the Audit Committee. And the Board of Directors, respectively.
17. Board of Directors Review the appropriateness and adequacy of the five internal control systems, namely, the Control Environment, Risk Assessment, Control Activities, Information and Communication, (Monitoring) once a year to ensure the achievement of the Company's objectives and objectives. As well as continuous improvement of the internal control system.
18. Board of Directors Provide a transparent and transparent system. To maintain relationships with external and internal auditors. The Audit Committee is a link.
19. Audit Fees And other fees paid to the auditor. It is disclosed in the annual report. To increase transparency in the independence of auditors.

## Executive Committee

As of 31 December 2018

No.	First-Last Name		Position
1	Mr. Wittawat	Pornkul	Executive Committee Chairman
2	Mr. Chana	Towan	Executive Committee Vice Chairman
3	Mr. Nirut	Intarathachang	Executive Director
4	Mr. Kawin	Worakanchana	Executive Director
5	Miss Pradittha	Worachart	Executive Director
6	Miss Somnuek	Raksanit	Executive Director
7	Mrs.Siriporn	Leetaveekulsomboon	Executive Director
8	Mr.Samak	Sritsombut	Executive Director
9	Miss Noppamas	Alipariyakul	Executive Director

The persons with signatory authority to sign on behalf of the company are Mr. Wittawat Pornkul, who is authorized to place his signature and affix the company's official seal, or Mr. Chana Towan, Tanai Charinsarn, Ph.D., Mr. Nirut Intarathachang and Mr. Kawin Worakanchana, in which two of the four directors are authorized to sign together and affix the company's official seal.

## Executive Committee Scope, Authority and Duties

1. Makes plans and set policy, directions, strategy, work plans, organizational chart and management charts for the company's performance in concurrence with economic and competitive conditions on the market for presentation to the company's board of directors for consideration and approval.
2. Makes plans and sets business plans, annual budgets and administrative authority in various aspects of the company's work for presentation to the company's board of directors for consideration and approval.
3. Checks and monitors performance in line with various aspects of administrative policies and guidelines set forth by the company with efficiency and in line with business conditions.
4. Employs and terminates the employment of company employees at the executive level, except for executives holding the position of company director.
5. Oversees and monitors the company's daily performance in compliance with the business plans approved by the company's board of directors.
6. Performs other duties as assigned by the company's board of directors on a case-per-case basis.
7. Considers approval and actions in relation to the company's financial transactions within a limit not to exceed THB twenty million.
8. Considers approval and any action in or associated with related transactions which are routine in trading, transactions involving receipt or distribution of the company's relevant assets and/or transactions or matters in which persons holding authority have conflicts of interest, stakes or potential conflicts of interest of any other type to be carried out with the company and the company's subsidiaries (if any) with a reference market price within a limit not to exceed THB twenty million and which must be presented to the meeting of the company's board of directors at the meeting following acknowledgment of the aforementioned matter.



## Audit Directors

As of 31 December 2018

No.	First-Last Name		Position
1	Mrs. Pisamai	Boonyakiat	Chairman of Audit Committee, Independent Director
2	Mr. Wanchai	Tantikul	Audit Director, Independent Director
3	Mr. Dhanit	Charinsarn	Audit Director, Independent Director

## Audit Committee Scope, Authority and Duties

1. Checks whether or not the company has submitted financial reports with sufficient accuracy and disclosure by coordinating with the external auditors and executives responsible in preparing both quarterly and annual financial reports. The Audit Committee might make recommendations to have auditors reconcile or check any transactions as deemed necessary and relevant during the company's accounting audits.
2. Checks whether or not the company has suitable and effective internal control systems and internal audits by checking together with external and internal auditors.
3. Considers the selection and proposes the appointment of the company's auditors, together with consideration in proposing auditor's remuneration by taking into account the reliability, sufficiency of resources and amount of auditing work for the auditing officers to handle, including the experience of the personnel appointed the task of auditing the company's accounts.
4. Considers the disclosure of company information in cases involving the occurrence of related transactions or transactions with potential conflicts of interest to ensure accuracy and completeness.
5. Any other actions as appointed by the company's board of directors and approved by the Audit Committee, such as review of financial management and risk management policies, reviewing practice in compliance with good corporate governance by executives, reviewing and overseeing the company's management in significant reports requiring public disclosure as declared by law, namely, management reports and analysis, etc.
6. Prepares reports on the activities of the Audit Committee by disclosing in the company's annual report. The aforementioned report will be signed by the Chairman of the Audit Committee and the aforementioned should include the following information:
  - 6.1 Opinions about the process of preparing and disclosing information in the company's financial reports concerning accuracy, completeness and reliability.
  - 6.2 Opinions about the sufficiency of the company's internal control system.
  - 6.3 Reasons for believing the company's auditors are suitable for appointment for subsequent terms.
  - 6.4 Opinions about compliance with the law with the laws governing securities and securities exchanges, the specifications set forth by the Stock Exchange of Thailand or laws associated with the company's businesses.
  - 6.5 Any other reports deemed suitable for disclosure to the shareholders and general investors under the scope of the duties and responsibilities assigned by the company's board of directors.

## The Nomination and Compensation Committee.

As of 31 December 2018

No.	First-Last Name		Position
1	Mr. Dhanit	Charinsarn	Chairman of Nomination and Compensation Committee, Independent Director
2	Mr. Wanchai	Tantikul	Nomination and Compensation Committee, Independent Director
3	Mr.Chana	Towan	Nomination and Compensation Committee ,Independent Director

### Nomination and Compensation Committee , Authority and Duties

1. To review the Company The financial reporting is accurate and adequate disclosure by coordinating with the external auditors and executives responsible. Preparation of financial reports and quarterly and annual Audit Committee may suggest that the external auditor review or examine any transaction which is considered necessary and significant during the audit of the Company.
2. To review the Company A control system And an internal investigation is appropriate and effectiveness review with the external auditor. And Internal Audit
3. Consider And appoint the auditors of the Company. Including the remuneration of the auditors with regard to reliability. The adequacy of resources and workloads audit of the Audit Office. The experience of the personnel assigned to the audit of the Company.
4. Disclosure of the Company. In the event of a transaction Or transactions that may have conflicts of interest to ensure accuracy and completeness.
5. Perform any other duties assigned by the Board of Directors and Audit Committee approved the revised policy, such as financial management and risk management. Review of the implementation of the code of conduct of the management. Review with management of the Company. In the report that must be presented to the public by law, including the Management Discussion and Analysis and so on.
6. To report the activities of the Audit Committee. Be disclosed in the annual report of the Company. The report signed by the Chairman of the Audit Committee. Such items should include the following.
  - 6.1 Commenting on the preparation and disclosures in the financial statements of the Company as to the accuracy, completeness and reliability.
  - 6.2 Comments on the adequacy of the internal controls of the Company.
  - 6.3 Reasons to believe The auditor of the Company The right to be appointed to another term.
  - 6.4 Commenting on the lawfulness of the Securities and Exchange Commission. Terms of the Stock Exchange of Thailand Or the laws relating to the Company's business.
  - 6.5 Any other reports that shareholders and investors should know under the scope of duties and responsibilities as assigned by the Board of Directors.

## Shareholders

The company's authorized capital 557,000,342.90 Baht. And Paid up 520,435,078.60 Baht divided into ordinary shares 5,204,350,786 shares at Par 0.10 Baht (as at 28 March 2018)

10 Major shareholders (as of 28 March 2018)

Total Shareholders : 9,713  
Shares in Scripless Holding : 97.83 %

### 9 largest shareholders in the company

Name -Surname	Number of share	% of total shares
1. Mr.Wittawat Pornkul	1,520,519,608	29.22
2. Miss Wisara Pornkul	1,135,000,000	21.81
3. Mr.Chana Towan	466,530,100	8.97
4. Miss Asama Towan	174,500,000	3.35
5. Miss Arisara Towan	174,500,000	3.35
6. Mr.Itsada Pornkul	80,000,000	1.54
7. Thai NVDR Co.,Ltd.	37,829,349	0.73
8. Mr.Vichean Trisutthacheep	35,000,000	0.67
9. Sarasin Co.,Ltd.	32,801,207	0.63
10. Mr. Chaiyasit Wiriyaemttakul	31,108,000	0.60
<b>Total</b>	<b>3,687,788,264</b>	<b>70.87</b>

Issuing other securities  
- No -

## Corporate Governance

### Company's business supervision policy

The Board of Directors recognizes the importance of good corporate governance and establishes policy encouraging continuous good corporate governance in the organization because it is considered necessary to business operation and instrumental for creation of sustainability of the business in the long run, thus generating optimal benefits and confidence to all shareholders and investors of the Company, and enables shareholders and the public to be aware of and review the Company's business operation conveniently, expeditiously, equally and efficiently. The Company emphasizes on compliance with policy on good governance of listed companies by stressing on rights of shareholders, equitable and fair treatment to shareholders, roles of stakeholders, including responsibility to the environments, disclosure of information and transparency and responsibilities of the Board of Directors, and intends to comply with the Good Corporate Governance Policy. The Company established the Good Corporate Governance Policy in writing with such contents and essences as to create development comparable to international standards, consistent with guidelines and recommendations of regulatory and related agencies by disseminating it to all directors, executives and personnel of the Company for their information and compliance therewith, and also to all shareholders of the Company and the general public for their information through the Company's website. The Company established corporate business operation ethics for all directors, executives and personnel at all levels to comply with and implement in a uniform basis. The Company has "Good Corporate Governance Policy" in accordance with good governance principles of listed companies prescribed by the Stock Exchange of Thailand and disclosed at the Company's website [www.dconproduct.com](http://www.dconproduct.com) for study by and information of all shareholders, investors and stakeholders.

The Company is confident that with good management system, Board of Directors and executives with vision and responsibility to their duties, controlling mechanism, balance of power and business supervision process which are essential and necessary for operation of business towards sustainable growth, the business operation shall be achieved proficiently and effectively in accordance with the organization's mission and vision, which cover the following primary principles.

1. The Board of Directors emphasizes on leadership, vision, appointment elements and independency, by determining qualifications, scope of power, duties and responsibilities to create good management.
2. Equitable and fair treatment to shareholders and stakeholders.
3. Full, sufficient, reliable and timely disclosure of information to all parties.

4. Encouragement to have internal control, internal audit and risk management systems to reduce risks which may occur.

In 2018, the Company continuously complied with the good governance principles of listed companies, divided into 5 sections as follows.

## **1. Rights of shareholders**

The Company has a policy in supporting and protecting all shareholders to fully enjoy their basic rights prescribed by law, including:

1. The right to purchase, sell, transfer shares and take transfer of shares including the right to receive share certificates. All shareholders have the right to freely purchase, sell, transfer shares or take transfer of shares. Moreover, they have the right to receive share certificates and prescribed by law and the Company's Articles of Association. The Company has Thailand Securities Depository Co., Ltd. (TSD) acting as the Company's security registrar to facilitate shareholders in taking action relating to the Company's shares and security registration.

2. The right to vote on various agendas in shareholder meetings where all shareholders of the Company who have the right to attend may vote to resolve equally based on the number of shares respectively held by them. The Articles of Association stipulate that 1 share shall have 1 vote in any voting and shareholders may vote freely without restriction regardless of whether they shall attend the meeting personally or authorize an independent director or a third party to attend the meeting on their behalves.

3. The right to attend shareholder meetings or authorize a third party to attend and vote on their behalves. Shareholders can travel to attend meetings conveniently because the meeting venue is in a locality with convenient transportation and near public transportation systems, i.e. Bangkok Mass Transit System (BTS), Mor Chit Station, and Mass Rapid Transit (MRT), Chatuchak Station and Phahonyothin Station.

4. The right to equal profit sharing and dividends. All shareholders of the company have the right to the Company's profit sharing in the form of dividends which the Company shall distribute proportional to number of shares held by each shareholder.

5. The right to equal treatment in the Company's share repurchasing. The Articles of Association prohibit the Company from owning or taking its shares in pledge, except:

- 5.1 To protect the rights of shareholders who vote against the shareholder meeting resolution approving amendment to the Articles of Association regarding the rights to vote and the entitlements to dividends and consider that they are not fairly treated; or

- 5.2 For the purpose of financial management in case the Company has excessive retained earnings and liquidity, and such share repurchasing does not cause the Company to face with financial problems.



However, such shares repurchased by the Company shall not be counted as quorum, shall not have voting right and shall not be entitled to dividends, and the Company shall dispose of the repurchased shares within such time as fixed in the share repurchasing program. In case the Company fails to dispose of the repurchased shares within such time, the Company shall reduce the paid-up capital by canceling the registered capital not disposed of.

6. The right to determine directors' remunerations

Shareholders of the Company have the right to determine directors' remunerations in all forms, both in monetary and other remunerations, for example, meeting allowances, bonuses and other privileges, proposed by the Company for consideration and approval by shareholders regularly on annual basis. In determining the above-mentioned directors' remunerations the Company has clear policy and rules in considering and presenting the matter for consideration by shareholders by also presenting policy on determining directors' remunerations in support of consideration by shareholders in addition to categories and amount of the remunerations.

7. The right to appoint and remove directors

The Articles of Association stipulate that at every annual ordinary meeting of shareholders, one-third (1/3) of directors at the time being shall retire and new directors shall be elected to replace those vacating office at the end of their term. Directors vacating office at the end of their term may be re-elected. Shareholders have the right to elect directors to hold office in the Company through ordinary shareholder meeting. Moreover, shareholders have the right to remove any director from office before the end of his/her term with votes of at least three-fourths (3/4) of the number of shareholders present at the meeting with the right to vote and holding shares, in aggregate, not less than one half of the total number of shares held by shareholders present at the meeting with the right to vote.

8. The right to grant approval for appointment of auditor and determination of auditor's remuneration

The Company shall present an agenda on appointment of auditor and determination of auditor's remuneration for approval by annual ordinary shareholder meeting. The Company shall give full details on the auditor(s) nominated for appointment including details on their remunerations for shareholders to consider making appointment. The Company shall take into consideration independence of the nominated auditor(s) to ensure that they have no interest or conflict of interest in auditing for the Company.

9. The right to stipulate or amend the Articles of Association and/or Memorandum of Association

Shareholders of the Company have the right to stipulate or amend the Articles of Association and/or Memorandum of Association as prescribed by the Articles of Association by a vote of not less than three-fourths (3/4) of the total number of votes of shareholders present at the meeting with the right to vote.

10. The right to grant approval for special transaction, related transaction or transaction on acquisition or disposal of asset with such transaction size as prescribed in applicable law and rules, or for any other matter with material impact upon the Company.

Moreover, the Company grants shareholders more rights than prescribed by law and standard rules of good corporate governance, for example, facilities provided for shareholders in annual extraordinary shareholder meetings, emphasis on fast and adequate awareness of updated information of the Company by providing news and essential updated information through the website [www.dconproduct.com](http://www.dconproduct.com) of the Company.

## **2. Equitable and fair treatment to shareholders**

The Company recognizes the importance for protection of rights of all shareholders and launches a policy on equitable and fair treatment to all groups of shareholders. All shareholders, major, minor, institution including alien, are equitably treated in exercising their rights as shareholders and their interests are fairly taken care of to protect shareholders from being taken advantage of by those with controlling power as follows.

1. Proposal to add meeting agendas and nomination of qualified candidates for election to director office in advance of a meeting

To promote good corporate governance the Company designated the Company's secretary to inform shareholders through SET information dissemination system and the Company's website at least 1 month in advance of the meeting date to give minor shareholders or minority shareholders of the Company with the right to vote, which may be one or several shareholders holding, in aggregate, at least 200,000 shares (0.004 per cent of the current total number of shares) opportunity to add agendas to be taken up for consideration in ordinary shareholder meeting, including nomination of candidates with full qualifications and without incompatibility under rules prescribed by law and the Articles of Association for consideration by the ordinary shareholder meeting for election to director office in advance. The Company announced for information of shareholders rules on the right and method of proposal through SET information dissemination system and the Company's website. Shareholders may propose additional meeting agendas and nominating candidates with proper qualifications for election to office of director to the Company in advance of the meeting during the period from 13 November 2017 to 31 January 2018, but no shareholder proposed any additional meeting agenda or nominated any candidate with proper qualifications for election to office of director and submitted any question to the Company in advance.

## 2. Submission of questions in advance of the meeting

The Company recognizes the rights and equality of shareholders as per good corporate governance principles and gives shareholders opportunity to submit questions to the Company at least 1 month in advance of ordinary shareholder meeting date to enquire on information relating to each agenda of the general meeting or other significant information of the Company. Shareholders may send the questions via post to the Company's secretary or the investor relations department, DCON Products Public Company Limited, No. 3300/57, Elephant Building B, Floor 8, Phahonyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, or via e-mail at [ir@dcomproduct.com](mailto:ir@dcomproduct.com) or facsimile No. 02-9373328.

## 3. Shareholder meeting agendas

In a shareholder meeting the Company clearly specifies meeting agendas and convene shareholder meeting in accordance with the agendas specified in the invitation to the meeting and there shall be no other agenda to be taken up for consideration of the meeting without notifying shareholders in advance. However, the Company does not restrict legitimate rights of shareholders, who are present at the meeting and hold shares, in aggregate, of not less than one-third of the total number of shares already subscribed, to request the meeting to consider any matter other than those specified in the letter of invitation to the meeting.

## 4. Letter of invitation to shareholder meeting and meeting documents

The Company treats each shareholder equally without regard as to the shareholder being a major, minority or foreign shareholder. All shareholders shall receive meeting agenda supporting information in advance. The Company prepared letter of invitation to shareholder meeting and related documents in 2 languages, i.e. Thai and English versions, to facilitate Thai and foreign shareholders, and sent the letter of invitation and the supporting documents at least 14 days in advance of the meeting adequately for shareholders to study them beforehand. The English version of the letter of invitation to shareholder meeting shall be disseminated simultaneously with the Thai version thereof. The Company specified shareholder meeting attendance rules and procedures for information of shareholders and gave adequate information on each meeting agenda for decision making.

In 2018 the Company sent the letter of invitation to meeting to shareholder on 5 April 2018 and held the shareholder meeting on 26 April 2018.

## 5. Explanation on steps and rules adopted in the meeting

The Company has a policy to convene shareholder meeting in accordance with steps which are easy to understand, not confusing or duplicating and give all shareholders opportunity to become thoroughly aware of the information and take part in the meeting. Every time before a meeting enters an agenda to be taken up for consideration, the Company's secretary shall introduce directors, executives as well as certified auditor of the Company to all shareholders for convenience in making enquiries. The Company shall explain steps for exercising of rights of shareholders in all shareholder meetings to enable shareholders to know steps for exercising of rights to make enquiries or comment to directors, director's explanation in each agenda, including vote casting, vote counting and voting result display, before convening the meeting.

#### 6. Voting, vote counting and vote checking in shareholder meeting

Besides notifying on voting steps and methods in meeting agendas for information of all shareholders before convening all meetings, in voting and vote counting, the Company provides ballots for all agendas and the Company shall promptly display votes of shareholders in all agendas for which a resolution is passed for information of shareholders, and for the sake of transparency, the Company shall invite shareholders as representatives to witness the voting and vote counting in all shareholder meetings.

#### 7. Announcement of resolution results

Upon completion of a meeting the Company shall announce the resolution results through SET information dissemination system and website [www.dconproduct.com](http://www.dconproduct.com) of the Company within the same day after adjournment of the shareholder meeting, or not later than 9.00 hours of the next working day at the latest.

In 2018, the Company disseminated meeting resolutions and voting results on 26 April 2018 for all shareholders to review.

#### 8. Invitation to the auditor to participate in shareholder meeting

The Company invited the certified auditor of the company to attend all shareholder meetings to respond to queries and questions relating to the Company's financial statement by giving shareholders opportunity to make inquiries directly. Moreover, during the meeting, all shareholders may express their opinions and make any query relating to meeting agendas or significant information of the Company, and the Company shall record significant queries and opinions in the minutes of the meeting.

#### 9. Shareholder meeting broadcast

The Company arrange for meeting to be broadcasted live and videotaped for dissemination in clip files through the website [www.dconproduct.com](http://www.dconproduct.com) of the company for information of shareholders, investors and interested parties not participating in the meeting.

#### 10. Authorization for a third party to attend meeting

The Company publicizes for information of shareholders that in case any shareholder is unable to personally participate in a meeting, the shareholder may use the letter of authorization form B, whereby the shareholder can direct the voting as agreeing, disagreeing or abstaining, in each agenda, attached to the letter of invitation to the meeting, or may download the form from the website [www.dconproduct.com](http://www.dconproduct.com) of the company, or may authorize one of the independent directors whose names and descriptions are given in the list attached to the letter of invitation to the meeting, or any other person as required by the shareholder, to participate and vote in the meeting on the shareholder's behalf. Moreover, to ensure properness and get rid of problems in the proxy's participation in the meeting, the Company specifies documents and evidences required in the authorization in the letter of invitation to the meeting and the Company's website without stipulating conditions or rules requiring certification of documents by government agencies or other rules which cause problems to shareholders in making such authorization, and the Company facilitates shareholders by providing service in pasting stamp duties on the letters of authorization for

proxies participating in the meeting free of charge at the registration point to reduce the burden of shareholders.

#### 11. Shareholder meeting minutes preparation and dissemination

For information of and review by shareholders of details of shareholder meeting within reasonable time and enable equitable receipt of information between Thai and foreign shareholders, the company has a policy to disseminate shareholder minutes in full, comprising significant information, i.e. content and essence of the meeting agenda, meeting resolutions together with the votes for, against and abstention, queries, explanations and opinions made in the meeting, on the Company's website [www.dconproduct.com](http://www.dconproduct.com) within 14 days of the meeting date, as a channel for shareholders to review without waiting for the next meeting, and to forward it to the Ministry of Commerce within such time as required by law.

#### 12. Access to information and communication with the Company

The Company give all shareholders access to information of the Company and provides various clear and equitable channels for communications with the Company through the Company's website or other channels such as telephone, facsimile, mail or e-mail by making available "Investor relation" agency as a central agency in communicating with shareholders, investors, supervising agency including provision of general information to interested parties and stakeholders, which can be reached at DCON Products Public Company Limited, 3300/57, Elephant Building B, Floor 8, Phahonyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, 10900, tel. 02-9373312 or at [ir@dconproduct.com](mailto:ir@dconproduct.com).

#### 13. Policy governing safekeeping and prevention against utilization of inside information

The Company has a policy on and adhere to ethics, integrity and honesty in business operation with all stakeholders and counter corruption, especially regarding safekeeping and prevention against utilization of inside information, and keep business information not yet disclosed to the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) Office for information of and access by authorized persons only. Directors, executives and personnel are also prohibited from utilizing essential inside information of the Company not yet disclosed to the public, and from utilizing opportunity or information obtained from their being directors, executives or personnel for benefits of their own or of other parties, or from operating a business competing with the Company or a related business, even if the Company may not lose any benefit, as follows.



#### 13.1 The first 4 directors and executives must report

- Their first holding of the Company's securities and report on changes to holding of securities as per the Securities and Exchange Act;
- All trading of the Company's securities thereafter, including spouse and *non sui juris* children as well as related persons as per the Securities and Exchange Act;
- Preparation and disclosure of report on holding of the Company's securities as well as report on changes to holding of securities every time the securities are purchased, sold, transferred taken transfer within 3 days of such purchase, sale, transfer or taking transfer to the Securities and Exchange Commission (SEC) Office.

The Company notified directors and executives concerned of their role and duties in reporting the holding of securities as per notification of the Securities and Exchange Commission (SEC) Office and regulations of the Stock Exchange of Thailand since their entering their office.

#### 14. Policy on related transactions and disclosure of information

To ensure transparency in business operation to prevent taking advantage, directly or indirectly, by directors, executives and shareholders with controlling power and to prevent conflicts of interest as well to protect the rights of minority shareholders for the sake of equality and optimal benefits to the Company and all stakeholders, the Company has a policy on related transactions and disclosure of information as follows.

- 14.1 In case the Company desires to transact with any related party, that must be mainly for benefits of the Company's business and can be checked that the transaction is made in a fair and at arm's length manner under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information regarding names and relationships of related parties, policy on pricing and value of the transaction, including opinions of the Audit Committee and the Board of Directors in connection with such transaction. The price and conditions must be the same as if transacted on an arm's length basis and avoid related party transaction in such manner as providing financial assistance. In granting approval for each transaction, the Management shall present information to the Audit Committee, which shall be primary agency in reviewing appropriateness and suitability of the related transaction before entering, to consider making comments for the Board of Directors and/or shareholder meeting to consider granting approval as per the transaction size every time before entering a related transaction, with disclosure of information as per rules prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand. The Company shall present related transactions in annual report certified by the auditor to ensure that there is no conflict of interest in such related transaction.

- 14.2 In case no market prices can be obtained for comparison, the Company shall find at least 3 independent experts approved by the Securities and Exchange Commission (SEC) Office to appraise the market prices to arrive at appropriate price and conditions not exceeding the average value given by all independent appraisers to ensure optimal benefits to the Company and shareholders. The Company shall propose for the Audit Committee to consider making comments on reasonableness of the transaction and appropriateness of the price in granting approval for the related transaction before presenting for approval from the Board of Directors or shareholders, as the case may be.
- 14.3 For all related transactions, the Company shall comply with laws, relevant notifications of the Stock Exchange Commission and notifications of the Capital Market Supervisory Board, including disclosure of information to all shareholders through SET information dissemination system and in the annual report.

15. Regarding prevention of conflicts of interest of directors and executives, the Company has the following policy.

- 15.1 Directors, executives and personnel are prohibited from utilizing their being directors, executives or personnel in the Company to seek benefits of their own or their families or close persons, whether being financial or any other business aspects.
- 15.2 Avoid making transaction related to oneself except if necessary for benefits of the Company under rules and regulations prescribed by the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand, for example, disclosure of information on names and relationships of related persons, policy on pricing and value of the transaction, including opinions of the Board of Directors on such transaction, and avoid related party transaction in such manner as providing financial assistance, such as lending money, guaranteeing credit for a company other than its own affiliate.
- 15.3 Refraining from operating any private business which affect the work performance and working time for the Company or operating any business with the Company in the name of their own, their families or any juristic person in which they are interested, or operating any business competing with that of the Company.
- 15.4 If there is any transaction which may involve conflict of interest and related transaction, the Board of Directors shall always cautiously consider its appropriateness and also comply with rules of the Securities and Exchange Commission (SEC) Office and the Stock Exchange of Thailand with price and conditions thereof shall be on an arm's length basis. Details on the transaction value, the parties, justification or requirements shall be disclosed in the annual report.

- 15.5 In case any director or executive is interested under any meeting agenda, the Company requires the director or executive to abstain from participating in that agenda to allow other non-interested directors or executives to consider the matter.

#### 16. Disclosure of the Company's shareholding structure

The Company has a policy on the matter and has been disclosing shareholding structure, whether being a list of major shareholders, shareholders with business controlling power, institution investor shareholders by disclosing only the top 10 shareholders with highest shareholding proportion, including proportion of minor shareholders (free float) of the Company by maintaining proportion of free float in accordance with rules of the Stock Exchange of Thailand.

### 3. Roles of stakeholders

The Board of Directors established a policy to treat all groups of stakeholders taking into account the rights of stakeholders provided by laws or agreements made with the Company for the Board of Directors, executives and personnel at all levels to comply with to ensure that the Company has undertaken to have such rights well protected and treated. The Company has a policy to receive complaints. To listen to comments, suggestions, questions, or complaints regarding corporate governance or operational oversight. From every stakeholder, whether it comes from within the organization. Or from a third party Whistle blowing policy details will be provided on the topic, Whistle Blowing. "Complaint Policy" to promote cooperation between the Company and stakeholders in creating financial wealth and stability, strength of the business, environmental and social conservation towards sustainable development. The Company recognized support from various groups of stakeholders in their roles and duties to enable well and stable business operation of the Company and yield fair benefits to all concerned. Roles played by the Company to customers, personnel, business partners, shareholders, business competitors and the society are disclosed as follows.

#### 1. Policy and treatment to shareholders

The Company is committed to being a good representative of all shareholders in operating the business with integrity and good ethics with a view to developing the business towards growth and stability, complying with obligations made with shareholders to create optimal satisfaction, taking into consideration creation of good yields to shareholders on a continuous and equitable basis, including transparent and reliable disclosure of information to shareholders, as follows.

- 1.1 To perform duties with integrity and to decide to take any action in good faith with care, cautiousness and fairness to major and minor shareholders for optimal benefits of shareholders as a whole.
- 1.2 To prevent assets of the Company from undue impairment or loss.
- 1.3 To report on the Company's status by notifying all shareholders thereof regularly, equally and fully as per facts currently and potentially, in both positive and the negative aspects, and give shareholders opportunity to exercise the right to propose additional meeting agendas or to nominate qualified persons for election to director office before the meeting, and to submit questions in advance to the Company through website [www.dconproduct.com](http://www.dconproduct.com) of the Company.
- 1.4 To manage the Company in such manner as enabling it to have high level of competency to achieve objectives of the Company, in both the short- and the long-term, proficiently and effectively and with competitiveness.
- 1.5 To ensure that no director, executive and personnel seek benefit for themselves, their families or close persons from any essential information of the Company not yet disclosed to the public by disclosing it to any third party and/or taking any action which may cause conflicts of interest with the Company.

## **2. Policy and treatment to customers**

The Company has a policy regarding fair and responsible treatment to customers on a clear and concrete manner, taking into account health and safety of customers, and is committed to create satisfaction and confidence to customers which shall effect success of the business. The Company, therefore, always seek ways and means to proficiently and effectively respond to customers' requirements. To maintain good relationships on a long-term basis, guidelines are established as follows.

### **2.1 Goods and services aspect**

- (1) To construct immovable properties employing business partners who are contractors which meet the required standards and responsibilities.
- (2) To deliver goods and services with qualities which meet or exceed customers' requirements at fair prices.
- (3) To provide accurate, adequate and timely information to customers to prevent their mistaking on quality, quantity or any condition of such goods or service without derogating the facts.

(4) To deal with customers in a polite, proficient and reliable manner, provide a system and process for customers' complaints appropriately and expeditiously respond to customers' requirements and shall spare no efforts to ensure optimal satisfaction to customers.

## 2.2 Confidentiality of customers' information

Directors, executives and personnel at all levels shall keep confidential customers' information and shall not make use thereof for undue benefits of their own or of related persons, and shall not disclose customers' information without prior permission from the customers or authorized person of the Company, except for information required to be disclosed to any third party concerned for explanation or execution required by law.

## 2.3 After-sales service to customers

With commitment to create satisfaction and confidence to customers with a view to developing the business towards sustainable growth, the Company also emphasizes on caring for customers by providing after-sales service system to create good relationships by enquiring on customers' satisfaction and monitoring the work on a continuous basis with a team of engineers to provide consultations and 20-year warranty for goods quality.

# 3. Policy and treatment to personnel

Personnel are considered most valuable resources and a key success factor of the Company. The Company, therefore, emphasizes on developing good corporate culture and working environments, promoting teamwork and creating love and unity within the Company. Activities were organized in 2018 for executives to meet with personnel, for example, the Songkran Festival etc. Personnel's remunerations, welfare and dividend fund are also taken into account. Guidelines are established as follows.

3.1 To treat personnel with politeness and respect to their individuality.

3.2 To make appointments and transfers, including provision of awards or consideration of merits and penalization in good faith and based on knowledge, capabilities and suitability of personnel and Articles of Association.

3.3 To listen to comments and suggestions based on professional know-how of personnel.

3.4 To establish grievance procedures as a channel to prevent unfair treatment to personnel at all levels.

3.5 To emphasize on development of knowledge and capabilities of personnel by giving opportunities on a thorough and regular basis, with continuous training for personnel, both inside and outside the Company, for example, provision of relevant technical know-how or welfare or sending personnel for training at various agencies outside the Company to enhance the work performance proficiency by using the knowledge gained in the work performance or enhancing the work performance, including stipulation and promotion of teamwork, maintenance of relationships among fellow workers and between supervisors and workers, from both training and activities organized within the Company.



#### Average number of hours of employee training per year

To increase the efficiency of staff training and to comply with the Skill Development Act. The training is not less than 6 hours per year. In 2018, the company has trained staff of 80% of the average number of employees in the year.

3.6 To maintain work environments to ensure safety to life and properties of personnel and good sanitation in the workplace at all times. A policy on safety, welfare and privileges of personnel, for example, the provident fund, medical treatment, marriage allowance, funeral allowance, adversity allowance, life insurance, accident insurance etc., is clearly and concretely established in personnel manual and continuously communicated to personnel to enable them to make use of their welfare to maintain good health of all personnel.

3.7 To strictly comply with all laws and regulations pertaining personnel. Moreover, the Company has a policy and guidelines on development of personnel's knowledge and potential on other aspects by emphasizing on developing skills and concepts to improve all aspects of work performance on a continuous basis and encouraging initiatives and inventive value addition for the Company.

The Company deems that personnel are most valuable resources of the organization and, therefore, determines to provide care and development for personnel in a systematic and continuous manner to enhance the value of personnel and thoroughly create their morale.

#### **4. Personnel management policy**

4.1 To find and select personnel with knowledge and expertise to join the Company as required and appropriate to each unit taking into consideration employment of human resources to the optimal benefits.

4.2 To promote personnel progress by clearly determine personnel development direction and ensure that personnel at all levels are developed in that direction on a systematic and continuous basis to enable them to perform their current duties proficiently with preparedness to assume higher responsibilities in the future.

4.3 To manage wages, salaries and welfare in a just and comparable manner with that of leading companies.

4.4 To adopt the merit system in salary increment and upgrading by taking into consideration knowledge, capabilities, performance and potential of each personnel.

4.5 To consider selecting personnel with knowledge and capabilities within the Company to fill higher positions before recruiting outside applicants.

4.6 To promote teamwork for personnel to cooperate and confederate in performing their duties as if they were members of the same family.

The Company deems that supervisors at all levels have significant responsibilities in supervising their subordinates to have good morale, developing personnel to gain knowledge and capabilities to perform their work proficiently, and must conduct themselves in such manner as setting a good example to their subordinates.

## **5. Policy on remunerations and welfare of personnel**

### **5.1 Provident fund**

With a view to saving and creating securities for personnel and their families and tax privilege. Contributions by personnel shall be made voluntarily and based on their respective years of service.

### **5.2 Social security fund**

In case of non-work-related illnesses and accidents, the sources of the fund come from personnel contributions, company and government subsidies.

5.3 Allowances, such as in case of marriage, adversity, wreath, funeral hosting and funeral allowances, which cover the personnel, their parents, spouses and children, etc.

## **6. Policy and treatment to creditors**

The Company has a policy regarding fair and responsible treatment to creditors, whether being trade creditors or financial institution creditors, in timely performance of obligations as agreed or contracted without default to maintain the Company's reliability to creditors and financial institutions which rank the Company excellent customer at all times of the Company's business operation, including strictly compliance with conditions prescribed by creditors. Guidelines for treatment to creditors to ensure mutual fairness are as follows.

6.1 To provide information of the Company which are accurate and adequate for creditors to properly analyze granting of any credit.

6.2 To utilize credit granted by a creditor or financial institution in accordance with objectives of the Company expressed to the creditor or financial institution.

6.3 To repay debts to creditors timely and in accordance with the conditions prescribed.

6.4 To notify creditors upon occurrence of any significant incident which may material affect the financial status and may affect the debt payable, to jointly find preventive or corrective action to prevent damage.

6.5 To strictly comply with conditions prescribed by the creditors or financial institutions.

## **7. Policy and treatment to business partners**

The Company establishes policy and procedures on selection of and treatment to business partners equitably and fairly taking into consideration reputation, compliance with

laws, rules, regulations and traditional practices, including obligations with business partners to provide fairness to business partners and benefits to all parties concerned as follows.

7.1 The Company shall establish a committee to select business partners who are contractors from those submitting their offers.

7.2 To give new business partners opportunity to participate.

7.3 To provide truthful information and accurate reports.

7.4 Not to demand, accept or give any commercially dishonest benefit from or to business partners.

7.5 To encourage business partners of the Company to cooperate in preventing and countering corruption by not giving bribes of all types to government officers or personnel of the Company for undue benefits in all cases.

7.6 To strictly comply with all conditions agreed upon.

7.7 To urgently notify business partners in case any condition cannot be complied with to jointly consider finding remedial action based on business relationships.

7.8 To hold meetings with contractor business partners every month to create proper understanding in the work performance for benefits of all concerned.

7.9 To support business partners to enable them to operate their business in line with the Company's business without taking commercial advantages on them.

## **8. Policy and treatment to trade competitors**

Fair competitions with competitors are policy and ethics in business operation emphasized and practiced regularly by the Company. The Company stressed on operating business fairly and transparently by observing good competition governance in accordance with principles of law, business traditions and good practices consistent with international principles under the legal frame governing trade competition practices, as follows.

8.1 To practice under the generally-accepted competition rules.

8.2 To support and promote free and fair trade without monopolizing or requiring business partners to deal with the Company alone.

8.3 Not to violate obligations of confidentiality or seek trade secrets of competitors by dishonest, illegal or unethical means.

8.4 Not to defame trade competitors by ways of calumny.

8.5 Not to enter into trade agreement or commit any act implicitly which may cause unfair competition or exclusive dealing.

8.6 Not to commit trade competition by means of calumny, defamation or derogation of facts of competitors.

## **9. Policy on fair practices and responsibilities to the society**

Fair business operation without greed for other benefits which may be obtained unethically shall create confidence to stakeholders of the Company, which depicts attention of the Company towards the society and shall lead to good results to the business operation in a long run. Consequently, the Company recognizes and holds fast to it as principle of the Company at all times that the Company shall progress, develop and grow sustainably and survive in the society only if it offers quality goods, is honest in operating the business and responsible to enhance the society development, and determines guidelines as follows.

9.1 To avoid any exercise which may cause conflict of interest, or if any conflict of interest is found, a fair mediation process should be established with full disclosure of essential information.

9.2 To promote free trade competitions, avoid acts of favoritism or conspiracy.

9.3 Not to support any act of infringement of intellectual properties.

9.4 To make available management system which can prevent bribery and corruption or which can detect such act without delay should there occur any such case.

9.5 To campaign for personnel to recognize the significance of the process to counter corruption including all forms of blackmails and bribery.

9.6 The Company shall, every time before commencing any business, survey and familiarize itself with relevant regulations and provisions of law to prevent the Company's business operation from affecting ways of that society of community.

9.7 The Company implants conscious and creates awareness of responsibilities to the society and the environment to personnel at all levels continuously, and favors trade partners which adhere thereto and with fair treatment and responsibilities to the society.

9.8 Should there be any incident or news relating to the Company, the Company would urgently communicate explaining facts and status of the Company to the society and communities at the first opportunity without concealing or derogating so that the society would comprehend the Company's situation on a timely basis.

## **4. Disclosure of information and transparency**

The Board of Directors recognizes and emphasizes on quality of information and disclosure of information equitably, transparently and fairly via channels which can access the information easily and reliably, by determining policy and supervising to ensure that preparation and disclosure of information, both financial and non-financial, can be made easily, adequately, reliably and timely. The information to be disclosed shall be prepared concisely, luminously, consciously, clearly, accurately, transparently and can be checked. Essential information, in both positive and negative aspects, are disclosed regularly to enable stakeholders of the Company to be confident and receive the information equitably as per provisions of laws, regulations of the Company and state agencies concerned. The Board of

Directors may, however, designate the audit committee and/or the management, as the case may be, to take such action on its behalf.

The Company emphasizes on facilitating investors and parties concerned to access the Company's information conveniently by disclosing accurate, complete, transparent, thorough information on financial aspect, operation results and other information relating to the Company's business operation, equitably and timely on a regular basis, for investors and related parties to review in support of their decision to invest. Such disclosures are made through various information dissemination channels and media of the Stock Exchange of Thailand, meetings with analysts, road show launching, annual report as well as the website of the Company, in both the Thai and the English versions, for example, the nature of the Company's business operation, financial statement of the Company, public relations news of the Company, shareholding structure, organizational and executive structures, information on investor relations, annual report, letters of invitation to shareholder meeting.

In 2018, the Company had no record of delay in submission of financial reports, both quarterly and annually, to regulatory agencies.

#### 4.1 Disclosure about auditor and certification of statements by auditor

In electing auditor the Company shall consider employing auditor who can perform the work appropriately, completely, independently and with no relationship or interest with the Company, any subsidiary company, associated company, executives, major shareholders or persons related thereto, and is approved by the Securities and Exchange Commission (SEC) Office to ensure independency in auditing, opining and certifying financial statement of the Company.

Remunerations of the auditor, including the auditing fee, in 2018 was 1,580,000 Baht, more than rate of 2017 amounting to 70,000 baht, and the Board of Directors already considered the appropriateness thereof.

#### **Information on the auditor's remuneration compared to the previous year**

(Unit : Baht)

<b>The remuneration of the auditor</b>	<b>Y 2019</b> (Proposed Year)	<b>Y 2018</b>	<b>Y 2017</b>	<b>Y 2016</b>	<b>Y 2015</b>
Audit fee	1,580,000	1,580,000	1,510,000	1,510,000	1,510,000
Other service fees	None	None	None	None	None

#### 4.2 Availability of various communication channels

To enable shareholders or investors to access the Company's information conveniently, thoroughly and equitably, the Company communicated information of the Company through various channels, for example, annual report, annual registration statement (56-1 form), quarterly report on operation results and meeting with analysts.

#### 4.3 Annual registration statement (56-1 form) and annual report of the Company

The Board of Directors prepared the annual registration statement (56-1 form) and the annual report of the Company in accordance with rules of the Securities and Exchange Commission (SEC) Office and requirements of the Stock Exchange of Thailand as one of the channels for disclosure of clear, accurate and complete information of the Company relating to the business operation and the results thereof in the previous year for information and benefits of shareholders, stakeholders, investors or the general public and for use in support of their decision. Disclosure was made on information such as shareholding structure, information on shareholding of directors and executives, policy and operation regarding good corporate governance, visions and the Company's business operation targets, both short- and long-term, financial status and operation results, report on responsibilities of the Board of Directors to financial report, nature of business operation and competition condition, business group structure, primary risks in business operation, dividend distribution policy, whistle blowing policy and histories of directors.

#### 4.4 Disclosure of information through SET Community Portal (SCP) and the website [www.set.or.th](http://www.set.or.th) of the Stock Exchange of Thailand

Apart from disclosure of information of the Company through channels provided by the Company, to comply with rules on information reporting and disclosure of the Stock Exchange of Thailand, the Company disclosed information and news of the Company, in both the English and the Thai versions, to shareholders, stakeholders, investors and the general public for their information and convenient, thorough and equitable access to the Company's information through SET Community Portal (SCP) and the website [www.set.or.th](http://www.set.or.th) of the Stock Exchange of Thailand every time when material information was disclosed.

#### 4.5 Availability of website [www.dconproduct.com](http://www.dconproduct.com) of the Company

The Company developed website [www.dconproduct.com](http://www.dconproduct.com) of the Company in both the Thai and the English versions to disseminate and present information of the Company to shareholders or investors for their timely awareness thereof, for example, information on investor relations, annual report and letter of invitation to shareholder meeting which are downloadable.

#### 4.6 Investor relations agency

The Company makes available investor relations agency with which shareholders can contact conveniently. The agency has advance investor relations plan to provide information, advertise activities of the Company which are beneficial to investors, shareholders, analysts and the general public, including declaration of turnovers and operation results to analysts, financial institution investors, financial institutions and mass media on a quarterly basis, press conference and disclosure of information to the Stock Exchange of Thailand to ensure that the Company has complied with all legal regulations and rules relating to listed companies in full.

Interested parties may obtain information from the investor relations agency at DCON Products Public Company Limited, No. 3300/57, Elephant Building B, Floor 8,



Phahonyothin Road, Khwaeng Jompol, Khet Chatuchak, Bangkok, or via e-mail at [ir@dcomproduct.com](mailto:ir@dcomproduct.com) or search for the information at website [www.dconprodudct.com](http://www.dconprodudct.com) of the Company.

#### 4.7 Financial report of the Company

The Company prepares financial report, financial statement, financial status analysis and Management Discussion and Analysis (MD&A), both quarterly and annually, and disclose them through the information and report disclosing system of the Stock Exchange of Thailand in respect of quarterly financial report, financial statement, financial status analysis and Management Discussion and Analysis (MD&A), including those disclosed additionally in the annual registration statement (56-1 form) and the annual report for information of and review by interested parties updated financial information of the Company at all times.

#### 4.8 Company performance indicators Non-financial

The company has conducted a customer satisfaction survey. To improve product quality, service and sales to increase efficiency. The topic is to evaluate 14 items as follows.

1. The company is reliable and reliable.
2. Easy contact information.
3. Sales staff are ready to serve.
4. Sales staff provide accurate and fast customer information.
5. The product has a reasonable price.
6. Purchase conditions are not complicated.
7. Payroll tracking staff are happy to serve.
8. The quality of the product meets the requirements.
9. The product is beautiful to use.
10. Delivery to meet the appointment.
11. The driver is ready to serve.
12. Welcome to the after-sales service team.
13. Promotion The customer pleases.
14. Customers are encouraged to use DCON products.

##### Customer Satisfaction Survey in 3 years

	Y 2014	Y 2015	Y 2016	Y 2017	Y 2018
Customer Satisfaction (%)	83.50	85.08	86.16	86.60	89.00

#### 4.9 Site visit

For transparency and confidence in the Company's operation, the Company allowed customers and suppliers to do site visit.

#### 4.10 Information on participation in meetings of the Board of Directors and the Audit Committee

In 2018 the Board of Directors held 5 Board meetings, 4 Audit Committee meetings, 1 ordinary general shareholder meeting and 0 EGM. Participation of each director could be summarized as follows.

Name	Term of office	Total participation in meetings (times)			
		BOD	AC	AGM	EGM #1
1. Ass. Prof. Tortrakul Yomnak	26 Apr 2007-31 Mar 2010 23 Apr 2010-31 Mar 2013 24 Apr 2013-31 Mar 2016	4/5	-	1/1	-
2. Mrs. Pitsamai Boonyakiat	26 Apr 2007-31 Mar 2010 23 Apr 2010-31 Mar 2013 24 Apr 2013-31 Mar 2016	5/5	4/4	1/1	-
3. Mr. Dhanit Charinsarn	31 Mar 2006-31 Mar 2009 23 Apr 2009-31 Mar 2012 26 Apr 2012-31 Mar 2018	5/5	4/4	1/1	-
4. Mr. Wittawat Pornkul	21 Apr 2008-31 Mar 2011 21 Apr 2011-31 Mar 2014 24 Apr 2014-31 Mar 2017	5/5	-	1/1	-
5. Mr. Chana Towan	21 Apr 2008-31 Mar 2011 21 Apr 2011-31 Mar 2014 24 Apr 2014-31 Mar 2017	5/5	-	1/1	-
6. Dr. Thanai Charinsarn	21 Apr 2007-31 Mar 2011 21 Apr 2011-31 Mar 2013 24 Apr 2013-31 Mar 2017	5/5	-	1/1	-
7. Mr. Wanchai Tantikul	31 Mar 2006-31 Mar 2009 23 Apr 2009-31 Mar 2012 26 Apr 2012-31 Mar 2018	5/5	4/4	1/1	-
8. Mr. Nirut Intarathachang	15 May 2007-31 Mar 2009 23 Apr 2009-31 Mar 2011 26 Apr 2012-31 Mar 2018	5/5	4/4	1/1	-
5. Dr. Kawin Worakanchana	01 Jul 2018-31 Mar 2019	5/5	4/4	1/1	-

#### 4.11 Remunerations of directors and high-level executives

The Board of Directors administered on determination of remunerations of directors and high-level executives by designating a Compensation Sub-committee comprising 2 directors of the company and 1 independent director, namely:

1. Mr. Dhanit Charinsarn      Independent Director \ Chairman of the nomination and remuneration Committee \ Director to the audit Committee
2. Mr. Chana Towan      Director \ Director to the nomination and remuneration Committee
3. Mr. Wanchai Tantikul      Independent Director \ Director to the audit Committee \ Director to the nomination and remuneration Committee

#### Determination of meeting allowances of the Board of Directors

##### - Meeting allowances

Chairman of the Board	15,000 Baht/meeting/person
Director	10,000 Baht/meeting/person

##### - Directors' bonuses

The ordinary general meeting of shareholders No. 1/2556 resolved to pay bonuses in accordance with the Company's profits by distributing among the Board of Directors based on responsibilities of directors.

Net profit	Directors' bonus (total)
Less than or equal to 100 million Baht	500,000 Baht
10 million Baht to 200 million Baht	1,000,000 Baht
201 million Baht to 300 million Baht	2,000,000 Baht
301 million Baht to 400 million Baht	3,000,000 Baht

In 2018 the Company had a total net profit of 163.11 million Baht and paid bonus of 1,000,000 Baht in total to the Board of Directors by proposing that the bonus be distributed among the directors based on their respective responsibilities.

As for 2017 the Company had a total net profit of 223.28 million Baht and paid bonus of 2,000,000 Baht in total to the Board of Directors and paid meeting allowances in the same amounts as those for 2017.

#### Determination of meeting allowances of the Audit Committee

##### - Meeting allowances

Chairman of the Audit Committee	7,500 Baht/meeting/person
Audit Director	5,000 Baht/meeting/person

##### - Other allowances

- None-

## Directors' remuneration

(Unit : Baht)

Recommendation for Directors	Position	Y 2019 (Proposed Year)	Y 2018	Y 2017	Y 2016	Y 2015
<b>Meeting allowance</b> (Only Directors attending the meeting) (Person/Meeting)	- Chairman of the Board of Directors	15,000	15,000	15,000	15,000	15,000
	- Directors	15,000	10,000	10,000	10,000	10,000
	- Executive Director	10,000	10,000	10,000	10,000	10,000
	- Chairman of the Audit Committee	10,000	7,500	7,500	7,500	7,500
	- Directors (Audit Committee)	7,500	5,000	5,000	5,000	5,000
<b>Bonus</b>	- Chairman of the Board of Directors	1 percent of the total net profit, paid a maximum of 3 million baht	444,444.44	222,222.22	222,222.22	666,666.66
	- Directors		222,222.22	111,111.11	111,111.11	333,333.33
	- Chairman of the Audit Committee		444,444.44	222,222.22	222,222.22	666,666.66
	- Directors (Audit Committee)		222,222.22	111,111.11	111,111.11	333,333.33
<b>Other Remuneration</b>	- Chairman of the Board of Directors	None	None	None	None	None
	- Directors	None	None	None	None	None
	- Chairman of the Audit Committee	None	None	None	None	None
	- Directors (Audit Committee)	None	None	None	None	None

**Remark :** The amount of bonus stipulated may be subject to change by the Nomination and Remuneration Committee consideration. Notwithstanding the forgoing, the 2018 bonus for director shall not be exceeding the amount approved by the 2019 AGM of Shareholders.

### 4.12 Changes in shareholding, directors and senior management

Results from the survey of 9 directors and the first four executives. The change in shareholding had found of two directors as follow:

Name	Date	Stock type	number (share)	Average price (baht)	Transfer of securities
1.Mr.Chana Towan	5 Mar 2018	Ordinary share	buy 82,100	0.65	-
	6 Mar 2018	Ordinary share	buy 316,100	0.65	-
	7 Mar 2018	Ordinary share	buy 6,957,300	0.65	-
	8 Mar 2018	Ordinary share	buy 141,300	0.65	-
	14 Mar 2018	Ordinary share	buy 2,000,000	0.71	-

	16 Mar 2018	Ordinary share	buy 3,600,000	0.72	-
	22 Mar 2018	Ordinary share	buy 10,000,000	0.72	-
	23 Mar 2018	Ordinary share	buy 3,000,000	0.72	-
	21 May 2018	Ordinary share	buy 65,500	0.60	-
	23 May 2018	Ordinary share	buy 2,934,500	0.60	-
	25 May 2018	Ordinary share	buy 469,900	0.60	-
	14 Aug 2018	Ordinary share	buy 2,271,200	0.57	-
	15 Aug 2018	Ordinary share	buy 295,900	0.57	-
	16 Aug 2018	Ordinary share	buy 114,200	0.57	-
	17 Aug 2018	Ordinary share	buy 501,000	0.57	-
	20 Aug 2018	Ordinary share	buy 17,000	0.57	-
	21 Aug 2018	Ordinary share	buy 328,100	0.57	-
	22 Aug 2018	Ordinary share	buy 700,200	0.57	-
	29 Aug 2018	Ordinary share	buy 2,007,900	0.57	-
	5 Sep 2018	Ordinary share	buy 3,322,200	0.57	-
	24 Sep 2018	Ordinary share	buy 23,600	0.56	-
	1 Oct 2018	Ordinary share	buy 76,000	0.56	-
	4 Oct 2018	Ordinary share	buy 60,700	0.56	-
	8 Oct 2018	Ordinary share	buy 1,0520,000	0.56	-
	11 Oct 2018	Ordinary share	buy 7,425,700	0.56	-
	12 Oct 2018	Ordinary share	buy 2,551,100	0.56	-
	17 Oct 2018	Ordinary share	buy 1,042,000	0.55	-
	18 Oct 2018	Ordinary share	buy 1,811,900	0.55	-
	19 Oct 2018	Ordinary share	buy 40,000,000	0.53	-
	18 Dec 2018	Ordinary share	buy 4,670,800	0.49	-
	19 Dec 2018	Ordinary share	buy 739,100	0.49	-
	21 Dec 2018	Ordinary share	buy 399,600	0.49	-
	24 Dec 2018	Ordinary share	buy 349,600	0.49	-
	25 Dec 2018	Ordinary share	buy 1,723,200	0.49	-
	26 Dec 2018	Ordinary share	buy 2,313,300	0.49	-
	27 Dec 2018	Ordinary share	buy 436,500	0.49	-

	28 Dec 2018	Ordinary share	buy 544,300	0.49	-
2.Dr.Kawin Worakanchana	9 Mar 2018	Ordinary share	buy 1,000,000	0.66	-

**Remark:** Other directors and the first four management had no change in shareholding.

#### 4.13 Development and Training of Directors in 2018

ชื่อกรรมการ/ผู้บริหาร	ตำแหน่ง	หัวข้อการฝึกอบรม
1. Associate Prof,Dr.Tortrakul Yomnak	President	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
2. Mrs.Pisamai Boonyakiat	Chairman of the audit Committee	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
3. Mr.Wittawat Pornkul	Chief Executive Office	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
4. Mr.Dhanit Charinsarn	Director of the audit Committee	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
5. Mr.Wanchai Tantikul	Director of the audit Committee	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
6. Mr.Chana Towan	Director	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
7. Dr.Tanai Charinsarn	Director	1. Strategy
8. Mr.Nirut Intarathachang	Director	1. Strategy 2. OKR: OBJECTIVES AND KEY RESULTS
9. Dr.Kawin Worakanchana	Director	1. Strategy

		2. OKR: OBJECTIVES AND KEY RESULTS
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## 5. Responsibilities of the Board of Directors

To assure shareholders and investors that the Company, by the Board of Directors, establishes visions, obligations, direction and strategies for business operation, with a system to monitor and evaluate performance of executives who are proficient and independent from the Management, and responsible for their performance of duties as per good governance principles in the following matters.

### 5.1 Transactions which may have conflict of interest

- (1) The Board of Directors establishes a policy and guidelines on consideration of transactions which have, or may have, conflict of interest between shareholders, directors, executives and individuals who may have other conflicts, directly and indirectly, in case of related transactions which are under the approval power of shareholders, to be screened by the Audit Committee to ensure that the entering into such transactions is fair, reasonable and beneficial to shareholders and is in compliance with law and requirements of the Securities and Exchange Commission Office.
- (2) The Board of Directors ensures compliance with steps established deliberately within the principle of reasons and independency, with transparent process in granting approval to enter into the transaction and taking into consideration optimal benefits of the Company fully and properly in accordance with rules of the Securities and Exchange Commission Office.
- (3) Stakeholders shall not take part in making decision in the consideration to enter into a transaction. In every meeting of the Board of Directors, the Chairman shall inform the meeting seeking cooperation to require directors of the Company to comply with the policy on consideration of transactions with possible conflict of interest, by requiring directors of the Company to inform the meeting to abstain from voting or commenting on agendas to which they are concerned or interested.
- (4) The Board of Directors ensures that information on transactions with possible conflict of interest are disclosed properly and fully in the annual report and the 56-1 form.

### 5.2 Internal control and audit systems

- (1) The Board of Directors emphasizes on and makes available internal control system to create reasonable confidence on proficiency and effectiveness of the operation and reliability of the financial report and compliance with rules, regulations and policies, by establishing an internal audit agency which is independent in performing its duties, to be responsible for checking on adequacy and proficiency of the internal



control system on activities of the Company for reporting to the Audit Committee and the Board of Directors, respectively.

- (2) The Board of Directors reviews appropriateness and adequacy of all 5 elements of the internal control system, i.e. Control Environment, Risk Assessment, Control Activities, Information and Communication, and Monitoring, regularly once a year to ensure achievement of objectives and targets of the Company, including improvement of the internal control system on a continuous basis.
- (3) The Board of Directors makes available a system which is neutral and transparent in maintaining relationships with external and internal auditors through connection of the Audit Committee.
- (4) Auditing fees and other fees payable to the auditor are disclosed in the annual report to enhance transparency in the independency of the auditor.

## **Complaint Consideration Policy**

DCON Products Public Company Limited is determined to listen to comments, recommendations, questions or complaints relating to business supervision or work performance supervision from stakeholders in all sectors, whether from personnel within the organization or outsiders.

The Company wishes to covenant that it shall consider all comments, recommendations, questions or complaints transparently, honestly, fairly and equitably, and shall also keep confidential, safeguard and implement measures to protect honest complainants, witnesses concerned with the complaints, both during and after investigations on the complaints.

### **1. Objectives**

1.1 To ensure more efficient operation of the Company's business consistent with the good corporate governance and efficient work performance supervision.

1.2 To emphasize on listening to complaints from personnel within the organization or outsiders, which is deemed an instrument of the Company in monitoring, pursuing or auditing the operation of the business of DCON Products Public Company Limited.

1.3 To prevent risks and increase the efficiency of precaution mechanism which shall lead to prevention of damage which may occur to stakeholders and enhancement of the Company's business operation proficiency.

### **2. Definitions**

“Company” means DCON Products Public Company Limited.

“Subsidiaries” means:

- (a) A company whose voting stock is more than fifty per cent held by the issuer.
- (b) A company whose voting stock is more than fifty per cent held by a company under (a).
- (c) A company whose stock is held in tiers, starting from a company under (b), and the shareholding of the company in each tier is more than fifty per cent of the total number of voting stock of that company.
- (d) A company whose voting stock is more than fifty per cent is held, directly or indirectly, by the issuer or the companies under (a), (b) or (c), in aggregate.
- (e) A company whose control power in determining financial policy and business operation is owned by the issuer or the companies under (a), (b), (c) or (d) to benefit from activities of that company.

Shareholding of the issuer or the companies under (a), (b), (c) or (d) shall include shares held by parties concerned.

“DCON Products Public Company Limited” means the DCON Products Public Company Limited.

“Board of Directors” means the Board of Directors of DCON Products Public Company Limited.

“Executives” means the executives of DCON Products Public Company Limited.

“Personnel” means personnel of DCON Products Public Company Limited.

“Complainant” means a person or persons affected by operation of DCON Products Public Company Limited, including a person or persons who detect any improper conduct which is contradictory to business ethics, good corporate governance policy or policy on work performance supervision to ensure compliance with laws, rules and regulations of DCON Products Public Company Limited.

### 3. Scope of complaints

A complainant who detects, faces or has evidences and information relating to any director, executive, personnel or attorney of DCON Products Public Company Limited in connection with improper conduct which is contradictory to business ethics, good corporate governance policy or policy on work performance supervision to ensure compliance with laws, rules and regulations.

Upon receipt of a complaint, the Company shall forward it through a channel or agency considered appropriate by the Company, and shall notify the complainant thereof.

However, the Company shall not accept for consideration any complaint which falls under the following cases.

- ☐ A matter finally resolved by the Board of Directors or the Chief Executive Officer.
- ☐ A matter pending in court or finally adjudged or ordered by court.
- ☐ A matter finally resolved by the Audit Committee.
- ☐ An anonymous letter or a complaint or accusation without the real name and address of the complainant or the accuser.

#### 4. Complaints

A complaint shall be made in writing with the following details.

- (1) Name and surname, home or office address, telephone number and E-mail address of the complainant;
- (2) Name and surname and address (if any) of the respondent;
- (3) Date of the complaint;
- (4) Date and venue where the complainant detected the conduct or the incident;
- (5) Facts and action of the respondent considered by the complainant as being under the scope of complaints;
- (6) Supporting documentary evidences (if any);
- (7) Or use the complaint form downloaded from the Company's website and fill out the form in full details;
- (8) Submit or pursue the complaint as follows:
  - (8.1) Submit via the system (Whistleblower) provided in the Company's Internet; or
  - (8.2) Submit via E-Mail: <http://www.dconproduct.com>; or
  - (8.3) Send via mail to:
 

The Secretary of the Company  
Company Organization Supervision and Secretary Agency  
DCON Products Public Company Limited  
No. 3300/57, Elephant Building, Tower B, 8<sup>th</sup> Floor, Phaholyotin Road, Chompol, Chatuchak, Bangkok 10900; or
  - (8.4) Send via other channel (if any) provided by the Company.

When there is any reasonable suspicion, the Company may consider taking action as deemed appropriate in compliance with relevant rules, regulations or criteria, subject to the

principles/concealment and security measures and/or no-retort or complainant protection prescribed in this Policy, or as the Company deems appropriate.

## 5. Concealment of names or personal information

The Company shall require information of the complainant or parties concerned to be protected by keeping the name or the personal information confidential as per the Company's requirements governing secret classification and security relating to documents.

In principles, when the complainant has given information on the complaint completely at all steps, the complainant shall receive registration number and code number for use in identification and communicating with the Company. Said registration number and code number shall be used in place of name or personal information of the complainant in the investigation steps up to finality of the process, which is a concealment and security measure. However, such principles are subject to change as the Company deems appropriate.

## 6. No-retort/complainant protection

The Company has a policy to encourage complaints made in good faith, which shall be fairly treated.

## 7. Response to complainants

The Company shall consider responding to complainants via the given channels in the following cases:

- ☐ Response on complaint acknowledgement or registration;
- ☐ Response to request additional details and information;
- ☐ Response to report on complaint consideration progress;
- ☐ Response to notify on the complaint consideration results;
- ☐ Response in other cases as deemed appropriate.

## 8. False complaints

Complainants are well aware and comprehensive that complaints shall be made in good faith without intention to persecute the organization or any person, or with dishonest, unfair intention. If any complainant made a false, untrue complaint or with an intention to persecute the organization or any person, the Company shall take steps of the Company or relevant laws against the complaint as appropriate to the case.

## **Corporate Social Responsibilities:**

### **Overview of the Policies**

The Company has had its continuous growth and development; meanwhile, its creation of business opportunities and excellent preparedness to cope with situations could not be made without its strong foundation; therefore, the Company has been aware of and has given the importance to its business operation with corporate social responsibilities such as fair business operation, anti-corruption, respect of human rights, fair treatment to labour, responsibility to consumers, environmental protection, community or social development, creation and dissemination of innovation obtained from operation with social and environmental responsibility, thus, for sustainability of its businesses and the society as a whole.

### **Operation and Provision of Reports**

The Company has determined its guidelines for corporate social responsibilities, as follows:

1. **Fair Business Operation:** The Company has adhered to the principles of good corporate governance with continuous action plans thereunder; whereas, the Company has supported the organization of activities that promoted and implanted the moral and ethical integrity to its executives and employees; and the Company has also given the importance to communication and dissemination of code of ethics and code of practices under the principles of good corporate governance to all stakeholders in a fair manner and to be acknowledged and complied by its employees; and has notified the disciplinary actions in the work rules and regulations to its employees;
2. **Anti-Corruption:** The Company has given the importance to the correctness and transparency; and the Company has also implanted the principles of transparency and conformity with the principles of laws, morals, rules and regulations to its employees in addition to its policy of business operation in conformity with the laws. Therefore, the Company has determined its guidelines for control and prevention of corruption in its anti-corruption policy and its code of ethics which have been approved by the Board of Directors;
3. **Respect of Human Rights:** The Company has been aware of and has taken account of human rights, respect of individualism and human dignity, equality, non-discrimination to all stakeholders and commitment to management for better living of all business-related groups;
4. **Fair Treatment to Labour:** As human resources are valuable to its business operation, therefore, the Company has prescribed its policy of fair treatment to labour accordingly;
5. **Responsibility to Consumers:** The Company has given the utmost importance to its responsibility to customers; therefore, the Company has controlled the quality of goods in accordance with the quality policy and the international standards; and has strictly complied with the terms and conditions agreed with its customers in a transparent, equal and fair manner, thus, for the highest satisfactions of its customers;

6. **Environmental Protection:** The Company has realized the importance of active roles in environmental protection by taking account of impacts on natural resources and the environment; and has launched campaigns for its employees to use resources with highest efficiency without any unnecessary loss or wastefulness;

7. **Community or Social Development:** The Company has supported regular organization of activities and active roles in community and social development, including in localities where its factories are located in all regions of the country;

8. **Creation and Dissemination of Innovation Obtained from Operation with Social and Environmental Responsibility:** The Company has realized that innovation is a key factor to the development and enhancement of its competitiveness in the changing condition of industries and under the volatility of the economic condition; therefore, the Company has determined its policy to organize activities to urge its employees to create innovation and to improve their work efficiency and effectiveness on a continuous and regular basis;

## **Operation on Safety, Occupational Health and Environment:**

### **Environmental Quality:**

In 2018, the Company has emphasized the management of good quality of work environment in factories so that employees shall have their good and proper work environment; and the Company has measured the environmental quality and has prepared reports of environmental quality measurement in accordance with the environmental impact control measures and health impact monitoring measures for its factory workers with objectives, as follows:

1. To monitor the environmental quality of the Company, including:
  - Measuring of pollutants in the compound of worksites;
  - Measuring of average loudness of noise in 8 hours in the compound of worksites;
  - Measuring of heat in the compound of worksites;
  - Measuring of light intensity in the compound of worksites;
2. To use the data of results of environmental quality monitoring in the determination of environmental impact control measures in factories and vicinity;
3. To use the results of monitoring of the Company in comparison with the standard value prescribed by the authorities as guidelines for environmental management;
4. To use the results of compliance with the environmental impact control measures for review of the operational efficiency under ISO14001 standard;



## **Energy Conservation:**

The Company has realized the importance of effective use of energy resources; therefore, the Company has emphasized the provision of guidelines for energy conservation operations to its employees so that all employees shall have their active roles in energy conservation with the same directions of practices and with an aim of reduction of expenses of the Company and energy saving as per the Government's policies; whereas, the Energy Management Working Group has divided its duties and responsibilities since 2<sup>nd</sup> September 2015 by emphasizing the compliance with the energy management guidelines under the Energy Conservation Promotion Act B.E.2550 for effective energy conservation within the organization, as follows:

1. To provide energy management in conformity with the energy conservation policy and energy management method of the Company;
2. To coordinate with related agencies to ask for cooperation in compliance with the energy conservation policy and the energy management method; and to organize training and energy conservation activities to be proper to employees in each unit;
3. To supervise effective operations under the energy management method of the Company and in accordance with the energy conservation policy and the energy management method;
4. To report the results of energy conservation to the Management;
5. To regularly review the energy conservation policy and the energy management method and to gather recommendations on the energy conservation policy and the energy management method to be proposed to the Top Management;
6. To support the Management's operation on energy management as prescribed by laws;

## Community and Social Development Activities:

### Merit-making Activity at Ban Rajawadee (Home for Mentally Handicapped Children):

On October 30, 2018, Dcon Products Public Company Limited held a stage play. Lunch for the younger And donating things to disabled children at the mentally and mentally disabled children home "Ban Rachawadee", Bang Talad Subdistrict, Pak Kret District, Nonthaburi Province which will organize activities like this every year. As of October 30, is the birthday of Mr. Witawat Pornkun, Chairman of the Executive Committee. Which you see the importance of the problem of underprivileged children Because he saw that the problem of underprivileged children is another problem of society and the origin of other social problems followed. The society gives more opportunities to children, it will be another way to help society. And is considered part of the important encouragement for children to step into society in the future

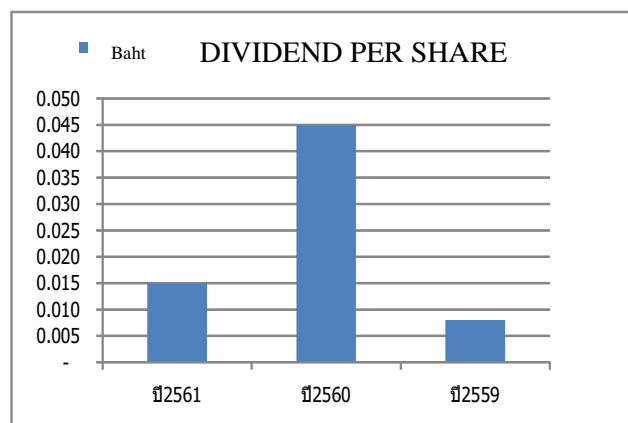
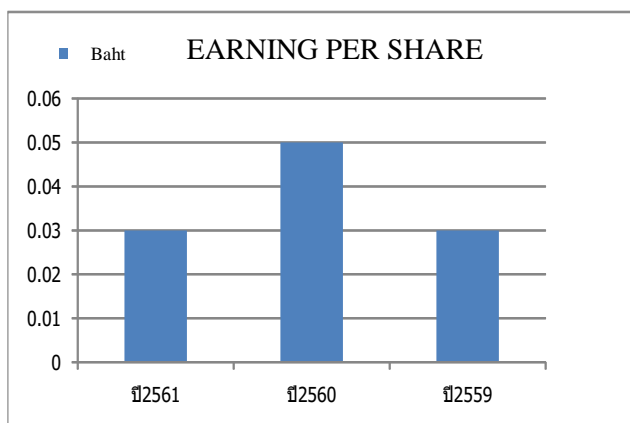
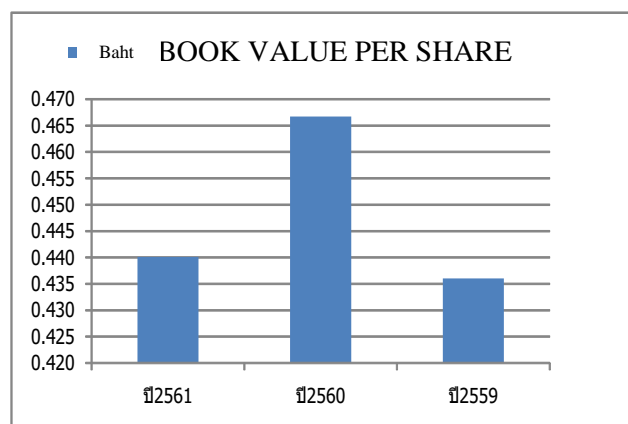
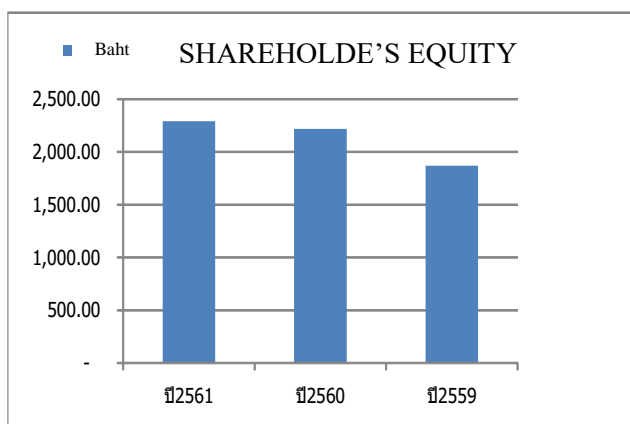
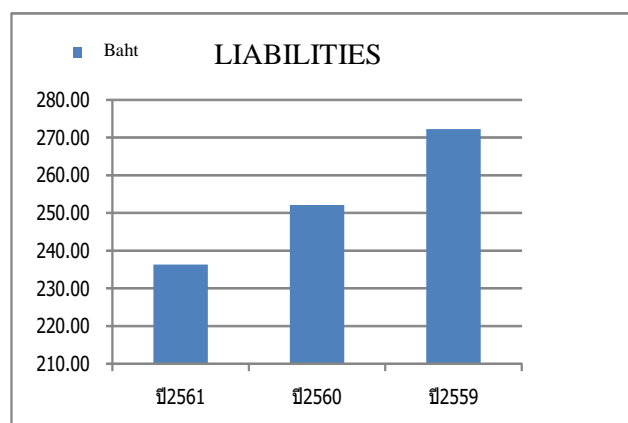
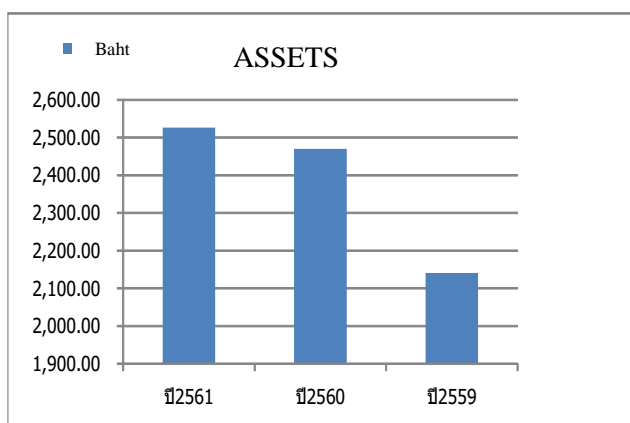
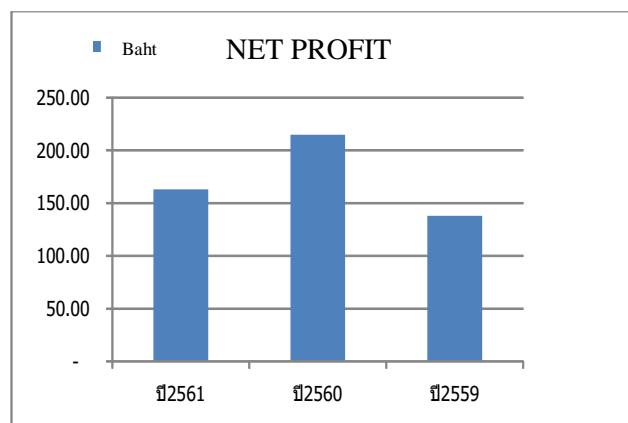
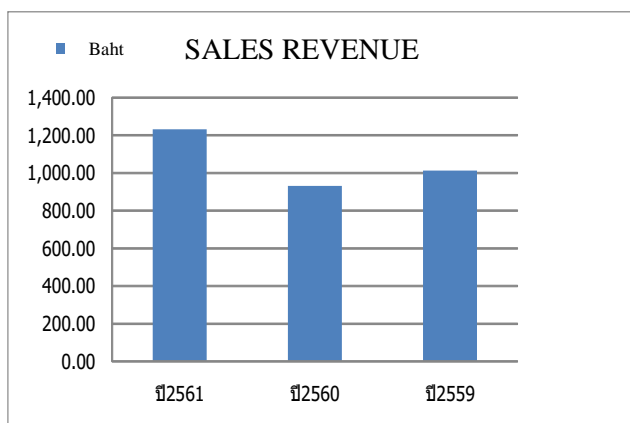


## Legal Disputes

- N/A -

## Financial Highlight

	2018	2017	2016
<b>Consolidated income statement</b> (million Baht)			
Income from sale	1,232	932	1,013
Costs and expenses	805		859
Earnings before interest, taxes, depreciation and amortization (EBITDA) including dividend receivables from subsidiaries		201	255
Profit for the year*	163	222	138
<b>Consolidated statement of financial position</b> (million Baht)			
Assets	2,527	2,470	2,141
Liabilities	236	252	272
Shareholders' equity	2,290	2,218	1,869
Parent company shareholders' equity	2,290	2,218	1,869
<b>Financial ratio</b>			
Number of shares issued (million shares)**	5,204	4,752	4,285
Book value per share (Baht)	0.44	0.47	0.44
Profit per share (Baht)	0.03	0.05	0.03
Dividend payable per share (Baht)	***0.015	0.045	0.008
Liquidity ratio (times)	9.28	9.42	5.86
Gross profit rate (%)	35%	35%	38%
Net profit rate (%)	13%	24%	14%
Shareholders' return rate (%)	7.2%	10.9%	9.8%
Total rate of return from assets (%)	6.5%	12.3%	10.1%
Debt to equity ratio (times)	0.10	0.11	0.15



## Audit Committee Report

### Dear Shareholders of DCON Products Public Company Limited

Audit Committee of DCON Products Public Company Limited comprised of three Independent Directors who are knowledgeable in accounting - finance, law and administration. The Audit Committee are not executives of the Company and have no conflict of interest in the Company. They are as follow;

Mrs. Pisamai	Boonyakiat	Independent Directors and Chairman of Audit Committee
Mr. Dhanit	Charinsarn	Independent Directors and Member of Audit Committee
Mr. Wanchai	Tantikul	Independent Directors and Member of Audit Committee

In the year 2018, the Audit Committee had performed the duty independently and completely complying with the scope, duties and responsibilities as assigned by the Board of Directors, according to the Stock Exchange of Thailand's requirements including audit financial statements, review corporate governance, inspect internal control system and internal audit. The Committee conducted three meeting with senior management of the Company, managing partner of the auditor and internal auditor. The meeting can be summarized as follows:

1. To review the accuracy of the Company's Quarterly and Annual Financial Statement of year 2016 and provide suggestions and recommendations to ensure that the financial report was prepared with sufficient disclosure and in accordance with generally accepted Accounting Principles as well as to review disclosure of related transactions between the Company and its subsidiaries to ensure that the Company has followed normal business and commercial operation as prescribed by the Stock Exchange of Thailand;

2. Reviewed the Company's compliance with the securities and exchange laws, Stock Exchange of Thailand's requirement and laws related to the Company's business as well as corporate governance; the Audit Committee concluded that directors and employees have strictly adhered to the requirement, especially on related transactions and transactions that may have conflict of interests emphasizing that they have complied with amendment of laws and regulations relating to business practices and good corporate governance;

3. Coordinated with internal auditors to review and supervised internal control process on quarterly basis; the Audit Committee found that the Company has adequate internal control and appropriate to the nature of the Company's business. The Audit Committee's opinions were consistent with the internal auditors and found no significant issues regarding the non-compliance which may affect the financial statement. In addition, the Committee also gave some suggestions to improve and increase efficiency of the Company's internal control system;

4. Considered appointment and remuneration for Company's Auditors to be proposed for approval from the shareholder's meeting. Regarding this, the Audit Committee has proposed DIA International Auditing Co., Ltd. to be the Auditor for 2019;

5. Reviewed and monitored the Company's projects which required high investments in order to propose and remind the Board of Directors to manage the project efficiently and effectively under close monitor and transparency.

The Audit Committee would like to inform that, in 2018, the Committee had performed assignments under due diligence, using all the knowledge and skills of the Committee members, independently and freely as well as provided comments to all parties honestly for benefits of the Company, shareholders and other stakeholders as appropriate.

On behalf of Audit Committee



(Mrs. Pisamai Boonyakiat)  
Chairman of the Audit Committee



## Report of the Board of Director's Accountability to Financial Report

Financial statements of DCON Products Public Co., Ltd., and subsidiaries, included in the consolidated financial statements, have been provided as per the Requirements of the Securities and Exchange Commission (SEC) under the Securities and Exchange Act B.E.2535, with details as per the Announcement of the Department of Business Development, Ministry of Commerce, dated 28<sup>th</sup> September 2011 and in compliance with the standard of financial reporting prescribed by the Federation of Accounting Professions.

The Board of Directors shall be responsible for the provided financial reports of DCON Products Public Co., Ltd., and subsidiaries, to ensure that financial position, operating performances and cash flow have been displayed correctly and materially with correct and complete recording of accounting data by using proper accounting policy which has been regularly complied with and in accordance with the standard of financial reporting and that significant data has been adequately disclosed in Notes to Financial Statements.

The Board of Directors has provided proper and effective internal control system to ensure that the accounting data shall be correct, complete and enough to maintain assets and prevention of malfeasance and unusual operations. For this purpose, the Board of Directors has appointed the Audit Committee to review the accounting policy, financial reports, internal control system and internal audit; whereby, opinions of the Audit Committee relating to this matter are included in the Audit Committee's Report shown in the Annual Report.

Financial reports of DCON Products Public Co., Ltd., and subsidiaries, have been audited by the Company's auditor, i.e., D.I.A. International Audit Co., Ltd. Regarding the audit, the Board of Directors has support all data and documents so that the auditor shall be able to perform its audit in accordance with the audit standard and to independently express its opinions on the financial statements; whereas, the auditor has expressed its opinions on the financial statements of DCON Products Public Co., Ltd., and subsidiaries, in the Auditor's Report.



(Assoc.Prof.Dr. Tortrakul Yomnak)  
Chairman of the Board of Directors



(Mr. Wittawat Pornkul)  
Managing Director

## Management Discussion and Analysis (MD&A)

### Management Discussion and Analysis for the 2018 operating results (consolidated financial statement)

#### DCON Products Public Company Limited and Subsidiaries

#### 1. Operating result analysis for 2018 consolidated financial statement compared with the 2016

##### 1.1 Income from sale and service provision

In the year 2018 and 2017, the Company had revenues from sales and services of Baht 1,231.53 million and Baht 932.11 million, respectively. The total revenue was down by Baht 299.42 million or 32.1%. The segment of construction materials business decreased by Baht 106.78 million or 12.4%. Real estate business decreased Baht 192.63 million or 270.9%. The decline in construction materials was due to a decrease in sales volume of 10% and an average selling price of 2%. The decrease in real estate sales was due to the economic downturn. The real estate sector has slowed.

In 2018, the Company had revenue from sales of unused land. Amounting to Baht 192.63 million

	2018	2017	Difference	
			Increase (decrease)	%
1.1. Income from sale and service provision				
1.1.1 Construction materials	967.78	861.00	106.78	12.4
1.1.2 Real estate business	263.75	71.11	192.63	270.9
1.1.3 Total income	1,231.53	932.11	299.42	32.1

Proportions of incomes between construction material business and real estate business

	Unit : Per cent	
	2018	2017
Income from construction material business	79	92
Income from real estate business	21	8
Total income	100	100

##### 1.2 Costs of sale and service provision

Cost of sales and services in 2018 was Baht 805.37 million and Baht 604.33 million in 2017, a increase of Baht 201.05 million or 33.3% due to lower revenue from sales and services. Meanwhile, raw material cost increased, especially for cement and PC wire. Cost of sales of construction materials business increased by Baht 84.22 million or a increase 14.8% and the cost of sales of the real estate segment decreased by Baht 116.82 million or 333.1%

	2018	2017	Difference	
			Increase (decrease)	%
1.2 Cost of sale and service provision				
1.2.1 Construction material business	653.48	569.26	84.22	14.8
1.2.2 Real estate business	151.89	35.07	116.82	333.1
1.2.3 Total cost of sale and service provision	805.37	604.33	201.05	33.3

### 1.3 Gross profit

The gross profit margin of the year 2018 was Baht 426.16 million, a increase of Baht 98.37 million or equivalent to Baht 327.79 million in 2017 due to the increase in sales and service income. Increased cost of sales. The gross margin was Baht 314.30 million and the real estate business was Baht 11.86 million.

In 2018, the gross margin of the construction materials segment decreased from 32.50% in the previous year. In the year 2017, the gross margin was 33.90%, due to the high price of Cement. Up 7%. For real estate segment, the gross margin was 42.40% higher than last year. In 2017, the gross margin was at 50.70%.

	2018	2017	Unit : Million Baht	
			Difference	
			Increase (decrease)	%
1.3 Gross profit				
1.3.1 Construction material business	314.30	291.74	22.56	7.7
1.3.2 Real estate business	111.86	36.05	75.81	210.3
1.3.3 Total gross profit	426.16	327.79	98.37	30.0

Gross profit rate to total income from sale and service provision

	Unit : Per cent	
	2018	2017
Gross profit rate of construction material business	32.5	33.9
Gross profit rate of real estate business	42.4	50.7
Total gross profit	34.6	35.2

### 1.4 Selling expenses

Selling expenses were Baht 157.56 million and Baht 127.48 million for the year 2018 and 2017, respectively, increased by Baht 30.08 million or 23.6%. Because of new reporting categorization. The selling expenses of the construction materials business increased by Baht 16.74 million or 14.30% and the selling expenses of the real estate business increased by Baht 13.34 million or 126%.

Selling expenses were 13.8% and 13.6%, respectively, for sales of construction materials and services for the year 2018 and 2017, respectively, and for the real estate segment was 9.1% 2518 and 14.9 percent in 2017

	2018	2017	Unit : Million Baht	
			Difference	
			Increase (decrease)	%
1.4 Selling expenses				
1.4.1 Construction material business	133.64	116.90	16.74	14.3
1.4.2 Real estate business	23.92	10.58	13.34	126.0
1.4.3 Total selling expenses	157.56	127.48	30.08	23.6

## Selling expense rate compared with income from sale and service provision

	Unit : Per cent	
	2018	2017
Selling expenses compared with income from sale		
Selling expenses of construction material business	13.8	13.6
Selling expenses of real estate business	9.1	14.9
Total selling expenses	12.8	13.7

### 1.5 Administrative Expenses

Administrative expenses were Baht 79.76 million and Baht 78.47 million for the year 2018 and 2017, respectively, increased by Baht 1.29 million or 1.6%.

### 1.6 Financial costs

The financial cost in 2018 was Baht 2.66 million and in the year 2017 was Baht 0.29 million, a increase of Baht 2.37 million or 820%

### 1.7 profit for the year

In 2017, the company has income from the sale of land that is not used in the operation. Amounting to 132.59 million baht, which is part of the land of Lopburi 2 factory

## 2. Analysis of financial position for the consolidated financial statements of 2018 and 2017

### 2.1 Assets

As at 31 December 2018 the Company and subsidiaries had total assets of 2,526.81 million Baht, increasing by 57.01 million Baht or 2.3 per cent from 2017. Significant changes to the assets were:

	Unit : Million Baht			
	2018	2017	Difference	
			Increase (decrease)	%
Cash and cash equivalents, temporary investment	131.92	498.14	(366.22)	-73.5
Trade and other account receivables	156.18	141.95	14.23	10.0
Inventories	1,646.48	1,266.97	379.51	30.0
Property, plant and equipment	466.12	445.70	20.42	4.6

1. Cash and cash equivalents, short-term investments decreased by Baht 366.22 million due to cash flow from financing activities of Baht 91.69 million derived from investment activities of Baht 360.34 million and used in operating activities. THB 270.26 million

2. Inventories increased by Baht 379.51 million or 30%. An increase of Baht 0.44 million and an increase in inventories of Baht 379.08 million was due to the investment in the new condominium.

3. Investment property decreased by Baht 2.63 million due to depreciation of building, mini factory for rent

4. Property, plant and equipment increased by Baht 20.42 million in 2018. The purchase of machinery and equipment totaled Baht 73.79 million and depreciation of Baht 53.38 million.

## 2.2 Liabilities

As at 31 December 2018 the Company and subsidiaries had total liabilities of 236.28 million Baht, decreasing by 15.83 million Baht or 6.3 per cent from 2017. Material transactions were as follows.

	2018	2017	Unit : Million Baht	
			Difference	
			Increase (decrease)	%
Short-term loans from financial institutions	2.03	1.12	0.91	81.4
Trade and other account payables	183.30	185.90	(2.60)	-1.4
Accrued income tax	20.05	15.42	4.63	30.0

## 2.3 Shareholders' equity

As at the end of 2018, the Company and its subsidiaries had total shareholders' equity of Baht 2,290.53 million, an increase of Baht 72.84 million from the end of 2017 due to the increase in net profit of Baht 163.04 million, dividend payment of Baht 234.16 million. Due to the issuance of capital increase shares and the exercise of DCON-W1 amounting to Baht 42.28 million and the share premium from the share capital increase of Baht 98.70 million.

On April 27, 2017, the Annual General Meeting of Shareholders No. 1/2560 passed a resolution. Capital increase 142,450,000 shares Under the ESOP #2 scheme Offering to directors and employees at the ratio of 1 existing share to 1 new ordinary share. The offering price is Baht 0.59 per share.

## **3. Liquidity, asset manageability and profitability**

As at 31 December 2018 the Company and subsidiaries had current assets of 1,934.59 million Baht and current liabilities of 208.50 million Baht, hence a liquidity ratio of 9.28 times and a liquidity quick ratio of 1.38 times, average debt collection time of 33 days and average debt repayment time of 84 days.

The decrease of 163.11 million Baht in the income from sale and service provision in 2018 compared with that in 2017, the Company having the return on total assets ratio of 6.5 per cent, decreasing from 9.7 per cent in 2017. The tangible asset turnover ratio was 2.70 times, increasing from 1.98 times in 2017, and the total asset turnover ratio was 0.49 time, decreasing from 0.40 time in 2017.

At the end of 2018 the Company and subsidiaries had total debt to equity ratio of 0.10 time, nearly from at the end of 2017 which was 0.11 time.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

## **AUDITOR'S REPORT**

### **To The Shareholders of DCON PRODUCTS PUBLIC COMPANY LIMITED**

#### **Opinion**

I have audited the accompanying consolidated and separate financial statements of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES (the Group) and of DCON PRODUCTS PUBLIC COMPANY LIMITED (the Company), which comprise consolidated and separate statements of financial position as at December 31, 2018, consolidated and separate statements of comprehensive income, consolidated and separate statements of changes in shareholders' equity, and consolidated and separate statements of cash flows for the year then ended, and notes to financial statements including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES and of DCON PRODUCTS PUBLIC COMPANY LIMITED as at December 31, 2018, and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### **Basis for Opinion**

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and Separate 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 consolidated and separate 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 judgement, were of most significance in my audit of the consolidated and separate financial statements of the current period. 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.



### **Recognition of revenues from sales of goods**

The Company and subsidiaries have revenues from sales and services for the year ended December 31, 2018 amount of Baht 1,231.53 million. Most of revenue is derived from sales of construction materials amount Baht 967.79 million which is material amount in the financial statements as described in notes 31 to financial statements. Such revenues from sales of construction materials comprise normal sales of goods and sales of goods with installation services with different in revenue recognition. Accordingly, I have addressed the accuracy of recognition of revenues from sales of goods as key audit matter.

I have obtained an assurance relating to the accuracy of recognition of revenues from sales, by included;

- Obtained an understanding of internal control system relating to recognition of revenues from sales of goods.
- Tested the significant internal control relating to the accuracy of recognition of revenues from sales of goods.
- Checked documents supporting revenues incurred during the year.
- Checked documents supporting subsequent revenues incurred after the end of period and also checked the revenues recognition in conformity with policy of the Company and subsidiaries.

### **Assessment of impairment of non-operating assets**

As stated in notes 16 to financial statements, as at December 31, 2018 the Company has material amount of unused operating assets of Baht 32.82 million (net of provision for impairment of assets amount of Baht 35.84 million) in the financial statements and there is an indicator that impairment of assets incurred. In determining impairment of assets, the Management must make significant substantive judgment to estimate recoverable value of assets to compare with carrying value of such assets. Accordingly, I have addressed the accuracy of recoverable value estimation of non-operating assets as key audit matter.

I have obtained an assurance relating to the accuracy of recoverable value estimation of non-operating assets, by included;

- Obtained an understanding of information and assumptions used in recoverable value estimation of unused operating assets by the Management.
- Evaluated the competence, knowledge of experts of the Management that they have sufficient ability to correctly estimate recoverable value of non-operating assets.
- Checked significant information and assumptions used in recoverable value estimation of unused operating assets with the external information and in the Company as conformed truly.

## **Other Information**

Management is responsible for the other information. The other information comprise the information included in annual report of the Group (but does not include the consolidated and separate financial statements and my auditor's report thereon). The annual report is expected to be made available to me after the date of this auditor's report.

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

When I read the annual report of the Group, 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 Consolidated and Separate Financial Statements**

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

In preparing the consolidated and separate financial statements, management is responsible for assessing the Group's and the Company'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 the Consolidated and Separate 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 Thai Standards on Auditing 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 Thai Standards on Auditing, I exercise professional judgement 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 and the Company 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 consolidated and separate 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.

D I A International Audit Co., Ltd.

(Miss Somjintana Polhirunrat)

C.P.A. (Thailand)

Registration No. 5599

February 28, 2019

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2018

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2018	2017	2018	2017
Assets					
Current assets					
Cash and cash equivalents	5	131,919,479.52	103,529,849.61	102,209,899.92	36,036,756.91
Current investment	6	0.00	394,613,676.34	0.00	394,613,676.34
Trade and other current receivables	7	156,184,801.19	141,945,738.38	143,557,383.67	118,379,930.63
Short-term loans	8, 26	0.00	0.00	1,139,000,000.00	736,000,000.00
Inventories	9	1,646,481,517.32	1,266,968,197.81	65,229,544.94	64,182,560.13
Total current assets		1,934,585,798.03	1,907,057,462.14	1,449,996,828.53	1,349,212,924.01
Non-current assets					
Land held for development	10	19,933,323.78	19,933,323.78	0.00	0.00
Investment in subsidiaries	11	0.00	0.00	459,163,495.71	459,163,495.71
Investment properties	12	48,794,864.94	46,460,033.86	0.00	0.00
Property, plant and equipment	13	466,116,936.68	445,699,015.87	383,169,928.36	404,095,799.98
Other intangible assets	14	2,274,167.82	1,125,590.53	70,001.45	725,995.85
Deferred tax assets	15	8,383,041.22	9,537,813.31	7,810,129.01	8,775,429.28
Non-operating assets	16	32,819,911.89	35,768,652.15	32,819,911.89	35,768,652.15
Other non-current assets		13,904,370.01	4,218,816.02	7,853,700.77	2,541,816.02
Total non-current assets		592,226,616.34	562,743,245.52	890,887,167.19	911,071,188.99
Total assets		2,526,812,414.37	2,469,800,707.66	2,340,883,995.72	2,260,284,113.00

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION (Continued)

AS AT DECEMBER 31, 2018

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	17	2,033,884.35	1,119,185.73	2,033,884.35	1,119,185.73
Trade and other current payables	18	183,301,435.63	185,897,384.96	108,348,254.39	108,477,627.38
Current portion of long-term debt	19	3,111,974.89	108,405.57	3,111,974.89	108,405.57
Current income tax payable		20,048,772.85	15,420,031.39	14,252,814.96	11,474,435.97
Total current liabilities		208,496,067.72	202,545,007.65	127,746,928.59	121,179,654.65
Non-current liabilities					
Financial lease liabilities	19	5,100,170.93	0.00	5,100,170.93	0.00
Deferred tax liabilities	15	5,736,944.36	5,199,651.58	5,736,944.36	5,199,651.58
Non-current provisions for					
employee benefit	20	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58
Other non-current liabilities		1,551,000.00	28,274,991.27	0.00	0.00
Total non-current liabilities		27,785,572.76	49,566,709.36	23,449,399.41	17,843,984.16
Total liabilities		236,281,640.48	252,111,717.01	151,196,328.00	139,023,638.81

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF FINANCIAL POSITION (Continued)**

AS AT DECEMBER 31, 2018

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2018	2017	2018	2017
Liabilities and shareholders' equity (Cont'd)					
Shareholders' equity					
Share capital	21				
Authorized share capital					
5,570,003,429 common shares					
of Baht 0.10 each		557,000,342.90	557,000,342.90	557,000,342.90	557,000,342.90
Issued and paid-up share capital					
5,204,350,786 common shares					
of Baht 0.10 each		520,435,078.60		520,435,078.60	
4,751,599,991 common shares					
of Baht 0.10 each			475,159,999.10		475,159,999.10
Share premium on common shares		1,286,265,070.15	1,187,565,885.12	1,286,265,070.15	1,187,565,885.12
Retained earnings					
Appropriated					
Legal reserve	22	55,700,034.29	55,700,034.29	55,700,034.29	55,700,034.29
Unappropriated	23	433,766,499.51	504,834,878.80	332,691,448.44	408,238,519.44
Other components of equity		(12,966,618.73)	(12,966,618.73)	(5,403,963.76)	(5,403,963.76)
Total owners of the Company		2,283,200,063.82	2,210,294,178.58	2,189,687,667.72	2,121,260,474.19
Non-controlling interests		7,330,710.07	7,394,812.07	0.00	0.00
Total shareholders' equity		2,290,530,773.89	2,217,688,990.65	2,189,687,667.72	2,121,260,474.19
Total liabilities and shareholders' equity		2,526,812,414.37	2,469,800,707.66	2,340,883,995.72	2,260,284,113.00

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED DECEMBER 31, 2018

	Note	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
		2018	2017	2018	2017
Sales and services		1,231,534,012.72	932,113,400.14	891,950,279.75	777,891,001.00
Cost of sales and services		(805,372,395.69)	(604,327,367.32)	(605,423,864.37)	(519,025,402.23)
<b>Gross profit</b>		<b>426,161,617.03</b>	<b>327,786,032.82</b>	<b>286,526,415.38</b>	<b>258,865,598.77</b>
Other income					
Gain on sale of non-operating land	16	0.00	132,594,002.79	0.00	132,594,002.79
Gain on sale of investment properties		0.00	7,222,722.48	0.00	0.00
Dividend received		0.00	0.00	31,498,191.00	24,498,593.00
Others		20,639,861.86	22,685,931.49	56,887,284.68	41,977,461.50
Distribution costs		(157,562,753.10)	(127,486,265.78)	(132,668,262.31)	(115,164,009.65)
Administrative expenses		(79,765,819.42)	(78,471,764.70)	(50,445,851.81)	(56,587,608.17)
Finance costs		(2,658,662.24)	(289,419.76)	(2,462,014.68)	(235,316.76)
<b>Profit before income tax expense</b>		<b>206,814,244.13</b>	<b>284,041,239.34</b>	<b>189,335,762.26</b>	<b>285,948,721.48</b>
Tax expense	24	(43,771,402.35)	(59,922,854.02)	(30,709,319.19)	(51,061,429.72)
Profit for the year from continuing operations		163,042,841.78	224,118,385.32	158,626,443.07	234,887,291.76
Loss for the year from discontinued operations	3	0.00	(2,247,104.53)	0.00	0.00
<b>Profit for the year</b>		<b>163,042,841.78</b>	<b>221,871,280.79</b>	<b>158,626,443.07</b>	<b>234,887,291.76</b>
Other comprehensive income					
Components of other comprehensive income					
that will not be reclassified to profit or loss					
- Gains (losses) on remeasuelements of					
defined benefit plans	20	0.00	(8,717,767.63)	0.00	(6,754,954.70)
- Income tax relating to components of the					
comprehensive income that will not be					
reclassified to profit or loss	24	0.00	1,743,553.53	0.00	1,350,990.94
Other comprehensive income (expense) for the year					
- net of tax		0.00	(6,974,214.10)	0.00	(5,403,963.76)
<b>Total comprehensive income for the year</b>		<b>163,042,841.78</b>	<b>214,897,066.69</b>	<b>158,626,443.07</b>	<b>229,483,328.00</b>

Notes to financial statements are parts of these financial statements



DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF COMPREHENSIVE INCOME (Cont'd)**

FOR THE YEAR ENDED DECEMBER 31, 2018

		Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	Note	2018	2017	2018	2017
Profit (loss) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		163,105,134.78	224,204,587.56	158,626,443.07	234,887,291.76
Loss for the year from discontinued operations		0.00	(898,841.81)	0.00	0.00
Total		163,105,134.78	223,305,745.75	158,626,443.07	234,887,291.76
Non-controlling interests					
Loss for the year from continuing operations		(62,293.00)	(86,202.24)	0.00	0.00
Loss for the year from discontinued operations		0.00	(1,348,262.72)	0.00	0.00
Total		(62,293.00)	(1,434,464.96)	0.00	0.00
Grand total		163,042,841.78	221,871,280.79	158,626,443.07	234,887,291.76
Total comprehensive income (expense) attributable to :					
Owners of the Company					
Profit for the year from continuing operations		163,105,134.78	217,230,530.49	158,626,443.07	229,483,328.00
Loss for the year from discontinued operations		0.00	(898,841.81)	0.00	0.00
Total		163,105,134.78	216,331,688.68	158,626,443.07	229,483,328.00
Non-controlling interests					
Profit for the year from continuing operations		(62,293.00)	(86,359.27)	0.00	0.00
Loss for the year from discontinued operations		0.00	(1,348,262.72)	0.00	0.00
Total		(62,293.00)	(1,434,621.99)	0.00	0.00
Grand total		163,042,841.78	214,897,066.69	158,626,443.07	229,483,328.00
Earnings per share					
Basic earnings per share	25	0.03	0.05	0.03	0.05
Weighted average number of					
common shares	25	5,158,214,612	4,702,681,025	5,158,214,612	4,702,681,025
Diluted earnings per share	25	0.03	0.04	0.03	0.05
Weighted average number of					
common shares	25	5,242,501,031	4,998,683,939	5,242,501,031	4,998,683,939

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2018

Consolidated financial statements (Baht)											
Note	Owners of the Company										
	Issued and paid-up share capital	Share premium	Retained earnings		Other components of shareholders' equity			Total owners of the Company	Non-controlling interests	Total shareholders' equity	
					Other comprehensive income						
			Appropriated	Unappropriated	Different of change in proportion of investment in subsidiary	Gains (losses) on remeasurements of defined benefit plans	Total other comprehensive income				
Beginning balance as at December 31, 2016	428,549,539.80	1,067,908,344.29	54,631,610.80	320,583,247.95	(5,992,404.63)	0.00	(5,992,404.63)	1,865,680,338.21	2,937,361.88	1,868,617,700.09	
Changes in shareholders' equity for the year 2017 :											
Common shares from exercise of warrants	21	46,610,459.30	119,657,540.83	0.00	0.00	0.00	0.00	0.00	166,268,000.13	0.00	166,268,000.13
Common shares increase	21	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10,500,025.00	10,500,025.00
Dividend paid	23	0.00	0.00	0.00	(37,985,691.41)	0.00	0.00	0.00	(37,985,691.41)	(1,407.00)	(37,987,098.41)
Legal reserve	22	0.00	0.00	1,068,423.49	(1,068,423.49)	0.00	0.00	0.00	0.00	0.00	0.00
Profit for the year		0.00	0.00	0.00	223,305,745.75	0.00	0.00	0.00	223,305,745.75	(1,434,464.96)	221,871,280.79
Other comprehensive expense for the year		0.00	0.00	0.00	0.00	0.00	(6,974,214.10)	(6,974,214.10)	(6,974,214.10)	0.00	(6,974,214.10)
Decrease in non-controlling interests	11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	(4,606,702.85)	(4,606,702.85)
Ending balance as at December 31, 2017		475,159,999.10	1,187,565,885.12	55,700,034.29	504,834,878.80	(5,992,404.63)	(6,974,214.10)	(12,966,618.73)	2,210,294,178.58	7,394,812.07	2,217,688,990.65
Changes in shareholders' equity for the year 2018 :											
Common shares from exercise of warrants	21	45,275,079.50	98,699,185.03	0.00	0.00	0.00	0.00	0.00	143,974,264.53	0.00	143,974,264.53
Dividend paid	23	0.00	0.00	0.00	(234,173,514.07)	0.00	0.00	0.00	(234,173,514.07)	(1,809.00)	(234,175,323.07)
Profit for the year		0.00	0.00	0.00	163,105,134.78	0.00	0.00	0.00	163,105,134.78	(62,293.00)	163,042,841.78
Ending balance as at December 31, 2018		520,435,078.60	1,286,265,070.15	55,700,034.29	433,766,499.51	(5,992,404.63)	(6,974,214.10)	(12,966,618.73)	2,283,200,063.82	7,330,710.07	2,290,530,773.89

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

FOR THE YEAR ENDED DECEMBER 31, 2018

Note	Separate financial statements (Baht)					
					Other components of	Total
					shareholders' equity	shareholders'
					Other comprehensive	equity
	Issued and paid-up share capital	Share premium	Retained earnings		income	
					Gains (losses)	
			Appropriated	Unappropriated	on remeasurements of defined benefit plans	
Beginning balance as at December 31, 2016	428,549,539.80	1,067,908,344.29	54,631,610.80	212,405,342.58	0.00	1,763,494,837.47
Changes in shareholders' equity for the year 2017 :						
Common shares from exercise						
of warrants	21	46,610,459.30	119,657,540.83	0.00	0.00	166,268,000.13
Dividend paid	23	0.00	0.00	0.00	(37,985,691.41)	(37,985,691.41)
Legal reserve	22	0.00	0.00	1,068,423.49	(1,068,423.49)	0.00
Profit for the year		0.00	0.00	0.00	234,887,291.76	234,887,291.76
Other comprehensive expense for the year		0.00	0.00	0.00	0.00	(5,403,963.76)
Ending balance as at December 31, 2017	475,159,999.10	1,187,565,885.12	55,700,034.29	408,238,519.44	(5,403,963.76)	2,121,260,474.19
Changes in shareholders' equity for the year 2018 :						
Common shares from exercise						
of warrants	21	45,275,079.50	98,699,185.03	0.00	0.00	143,974,264.53
Dividend paid	23	0.00	0.00	0.00	(234,173,514.07)	(234,173,514.07)
Profit for the year		0.00	0.00	0.00	158,626,443.07	158,626,443.07
Ending balance as at December 31, 2018	520,435,078.60	1,286,265,070.15	55,700,034.29	332,691,448.44	(5,403,963.76)	2,189,687,667.72

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CASH FLOWS**

FOR THE YEAR ENDED DECEMBER 31, 2018

	<u>Consolidated financial statements (Baht)</u>		<u>Separate financial statements (Baht)</u>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash flows from operating activities				
Profit before income tax	206,814,244.13	284,041,239.34	189,335,762.26	285,948,721.48
Loss for the year from discontinued operations	0.00	(2,247,104.53)	0.00	0.00
Adjustment				
Unrealized gain on changes in value	0.00	(1,948,070.72)	0.00	(1,948,070.72)
Doubtful accounts	54,112.00	76,340.30	0.00	0.00
Allowance for obsolete goods	187,423.69	0.00	187,423.69	0.00
Depreciation	53,377,846.40	60,046,133.04	46,869,374.70	52,572,227.79
Gain on disposal of investment in subsidiary	0.00	(928,864.77)	0.00	0.00
Gain on disposal of investment properties	0.00	(7,222,722.48)	0.00	0.00
Amortized goodwill	0.00	314,776.80	0.00	0.00
(Gain) loss on write off equipment	(319,175.91)	209.04	(319,182.75)	0.00
(Gain) loss on sale of non-operating land	0.00	(132,594,002.79)	0.00	(132,594,002.79)
Amortized other intangible assets	696,827.40	685,416.38	655,994.40	655,994.40
Employee benefits provisions	1,266,142.42	449,566.00	982,043.28	371,581.00
Dividend received	0.00	0.00	(31,498,191.00)	(24,498,593.00)
Interest expenses	2,501,171.96	289,419.76	2,462,014.68	235,316.76
	<u>264,578,592.09</u>	<u>200,962,335.37</u>	<u>208,675,239.26</u>	<u>180,743,174.92</u>
(Increase) Decrease in portion of operating assets				
Trade and other current receivables	(14,293,174.81)	29,964,271.39	(25,177,453.04)	534,637.50
Inventories	(384,308,301.20)	(455,428,930.25)	(1,234,408.50)	(3,091,630.59)
Other intangible assets	(1,845,404.69)	(520,786.86)	0.00	0.00
Other non-current assets	(5,679,434.75)	(1,881,000.00)	(5,311,884.75)	(204,000.00)
Increase (Decrease) in portion of operating liabilities				
Trade and other current payables	(56,796,805.58)	(10,856,121.02)	(129,372.99)	22,971,840.01
Other non-current liabilities	<u>(4,000.00)</u>	<u>26,719,991.27</u>	<u>0.00</u>	<u>0.00</u>

Notes to financial statements are parts of these financial statements.

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2018

1. GENERAL INFORMATION

1.1 The Company was registered as a company limited on August 6, 1996 with registration No. (1) 1955/2539. On March 24, 2004, the Company has changed its status to public company limited with registration No. 0107547000303.

1.2 The Company's office is located at 3300/57 Chang Tower B Building, 8th floor, Phaholyothin Road, Ladyao, Bangkok and the factories are located as follows :

1st factory : 33 Moo 8, Phaholyothin Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

2nd factory : 280 Moo 1, Leing Mueng Road, Tambon Chong Sarika, Amphur Pattananikom, Lopburi.

3rd factory : 39/3 Moo 7, Tambon Natai, Amphur Ban Naduam, Suratthani.

4th factory : 236 Moo 11, Tambon Phang, Amphur Kosumpisai, Mahasarakham.

5th factory : 567 Moo 1, Tambon Makhanku, Amphur Nikhompattana, Rayong.

1.3 Business engagement

1.3.1 The Company engaged in business of manufacturing and selling of construction supplies (precast floor, concrete post and others).

1.3.2 The subsidiaries engaged in business of manufacturing and selling of construction supplies (precast floor and other), and sales of land and lease of real estate. The real estate project in progress as follows :

1) The project which had sales volume

	2018	2017
<u>Bann Orrada Project</u>		
Contract value (Baht)	223,611,496.00	223,611,496.00
% of total sales value	90.73	90.73
<u>Orrada Ratchapruak Project</u>		
Contract value (Baht)	378,356,550.00	351,443,000.00
% of total sales value	83.79	77.83
<u>Dcon Prime Condominium Project</u>		
Contract value (Baht)	267,465,067.22	167,366,867.00
% of total sales value	16.81	10.61

2) "Orrada Land Project" starts to operate in 2009 but had no sales volume.

## 2. PREPARATION OF FINANCIAL STATEMENTS BASIS

2.1 The Group's financial statements have been prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP) and the regulation of The Stock Exchange of Thailand (SET) dated January 22, 2001 regarding the preparation and submission of financial statements and reports for the financial performance of the listed companies B.E. 2544. The format of presentation of the financial statements is not significantly different from the Notification of the Department of Business Development regarding the condensed form should be included in the financial statements (No. 2) B.E. 2559 dated October 11, 2016.

The financial statements have been prepared under the historical cost convention, except as transaction disclosed in related accounting policy.

### 2.2 New Financial Reporting Standards

#### 2.2.1 Financial report standards that became effective in the current year

During the year, the Company and subsidiaries have adopted a number of revised financial reporting standards and interpretations (revised 2017) which are effective for the financial statements for the year beginning on or after January 1, 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 those financial reporting standards does not have any significant impacts on the Company and subsidiaries' financial statements.

#### 2.2.2 Financial reporting standards that will become effective in the future

- 1) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2019.

TFRS 15 Revenue from Contracts with Customers, establishes the principles that the information about the nature, amount, timing and uncertainty of revenue and cash flows from a contract with a customer, is to be reported to the users of financial statements. The entity recognizes revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The entity applies a five-step model to account for revenue and exercise judgement, taking into consideration when applying each step of the model.

TFRS 15 Revenue from Contracts with Customers supersedes the Thai Accounting Standards, Thai Standing Interpretations Committee and Thai Financial Reporting Interpretations Committee as detailed below :

Thai Accounting Standards

TAS 11 (Revised 2017) Construction contracts

TAS 18 (Revised 2017) Revenue

Thai Financial Reporting Standards Interpretations

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

Thai Standing Interpretations Committee

TSIC 31 (Revised 2017) Revenue - Barter Transactions Involving Advertising Services

At present, the Management of the Company and subsidiaries has assessed that there is no impact of the above Thai Financial Reporting Standards on the financial statements which will become effective in the future.

- 2) Thai Financial Reporting Standards which will become effective for the financial statements for the accounting period beginning on or after January 1, 2020.

In during the year, the Federation of Accounting Professions has announced for adoption Thai Financial Reporting Standards relating to Financial Instruments which comprise five issues of accounting standards and interpretations as below :

Thai Financial Reporting Standards

TFRS 7 Financial Instruments: Disclosures

TFRS 9 Financial Instruments

Thai Accounting Standards

TAS 32 Financial Instruments: Presentation

Thai Financial Reporting Standards Interpretations

TFRIC 16 Hedges of a Net Investments in a Foreign Operation

TFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

DCON PRODUCTS PUBLIC COMPANY LIMITED AND SUBSIDIARIES

**STATEMENTS OF CASH FLOWS (Continued)**

FOR THE YEAR ENDED DECEMBER 31, 2018

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash generated (paid) from operation	(198,348,528.94)	(211,040,240.10)	176,822,119.98	200,954,021.84
Employee benefit paid	(2,341,343.00)	(510,710.00)	(1,355,526.00)	(510,710.00)
Interest paid	(2,120,580.42)	(37,827.76)	(2,120,580.42)	(37,827.76)
Income tax paid	(37,450,596.02)	(58,776,522.55)	(26,428,347.15)	(50,902,569.84)
Net cash provided by (used in) operating activities	(240,261,048.38)	(270,365,300.41)	146,917,666.41	149,502,914.24
Cash flows from investing activities				
(Increase) decrease in current investment	394,613,676.34	49,567,809.14	394,613,676.34	49,567,809.14
Proceeds from sales of investment properties	0.00	12,000,000.00	0.00	0.00
Proceeds from short-term loans	0.00	0.00	139,000,000.00	0.00
Payments for short-term loans	0.00	0.00	(542,000,000.00)	(431,000,000.00)
Payments for acquire of ordinary share of subsidiary	0.00	0.00	0.00	(19,499,975.00)
Proceeds from sales of investment in subsidiary	0.00	974,246.41	0.00	4,000,000.00
Dividend received from subsidiary	0.00	0.00	31,498,191.00	24,498,593.00
Payments for fixed assets acquisition	(36,158,430.04)	(7,158,737.45)	(14,051,295.28)	(5,224,791.21)
Proceeds from sales of fixed assets	1,882,724.54	0.00	1,880,388.09	0.00
Gain on sales of non-operating land	0.00	96,838,192.50	0.00	96,838,192.50
Net cash provided by (used in) investing activities	360,337,970.84	152,221,510.60	10,940,960.15	(280,820,171.57)
Cash flows from financing activities				
Increase (Decrease) in bank overdrafts and				
short-term borrowings from financial institutions	914,698.62	356,771.30	914,698.62	356,771.30
Payments for financial lease liabilities	(2,400,932.63)	(599,781.62)	(2,400,932.63)	(599,781.62)
Proceeds from non-controlling interests	0.00	10,500,025.00	0.00	0.00
Dividend paid	(234,175,323.07)	(37,987,098.41)	(234,173,514.07)	(37,985,691.41)
Proceeds from exercise right of warrants				
to purchase of common share	143,974,264.53	166,268,000.13	143,974,264.53	166,268,000.13
Net cash provided by (used in) financing activities	(91,687,292.55)	138,537,916.40	(91,685,483.55)	128,039,298.40
Net increase (decrease) in cash and cash equivalents	28,389,629.91	20,394,126.59	66,173,143.01	(3,277,958.94)
Cash and cash equivalents as at January 1	103,529,849.61	83,135,723.02	36,036,756.91	39,314,715.84
Cash and cash equivalents as at December 31	131,919,479.52	103,529,849.61	102,209,899.92	36,036,756.91

Notes to financial statements are parts of these financial statements.



The above set of Thai Financial Reporting Standards (TFRSs) sets out the requirements for the classification and measurement of financial instrument at the fair value or amortized cost by considering from the type of instruments, contractual cash flow characteristics and the entity's business model, including the impairment methodology by using the expected credit loss, and the general hedge accounting, as well as the presentation and disclosures of financial instrument. When this set of TFRSs are effective, as a result, some currently effective accounting standards, interpretations and guidance will be cancelled.

At present, the Management of the Company and subsidiaries is being assessed the impacts of those financial reporting standards on the financial statements which will be effective in the future.

### 3. CONSOLIDATED FINANCIAL STATEMENTS PREPARATION BASIS

The consolidated financial statements of Dcon Products Public Company Limited and its subsidiaries in which the Company has ability to control in making financial and operating decisions as follows:

	Percentage of shareholding		Type of business
	2018	2017	
Orrada Co., Ltd.	99.99	99.99	Sales and lease real estate
Rompo Products Co., Ltd.	99.99	99.99	Manufacturing and selling of precast floor
DSC Product Co., Ltd.	70.00	70.00	Manufacturing and distribute of construction material, precast wall and other precast partition

The consolidated financial statements have been prepared in conformity with the same accounting policy for the same accounts and accounting events of the Company and subsidiaries.

The balance of accounts and transactions between Dcon Products Public Company Limited and its subsidiaries unrealized gain between of the Company and net assets of subsidiaries have been eliminated from the consolidated financial statements.

On October 4, 2017, the Company entered into disposal agreement of investment in Dcon Panel Co., Ltd. to such company shareholder at the price of Baht 4 million. Therefore, in the statements of financial position have not been included assets and liabilities of Dcon Panel Co., Ltd. but the statements of comprehensive income included the results of profit (loss) of Dcon Panel Co., Ltd. since January 1, 2017 to September 30, 2017 by presenting in profit (loss) from discontinued operations.

#### 4. SUMMARY SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Revenues and expenses recognition

4.1.1 Revenues and expenses are recognized on an accrual basis.

4.1.2 Revenue from the sales of goods are recognized as income whenever the goods, the significant risks and rewards have been transferred to the buyer.

4.1.3 Revenue from real estate for lease of subsidiary are recognized as income on a straight-line basis over the period of the lease.

4.1.4 Revenues from sales of goods with installation services are recognized when the installation services are rendered.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents included cash on hand and at banks of which the maturity is less than three months from the deposit date and without restriction on withdrawal.

##### 4.3 Trade and other receivables

Trade and other receivables are stated at the rights to receive amount / invoice amount less allowance for doubtful accounts.

The Company and subsidiaries provided allowance for doubtful accounts by considering the overdue period of the accounts receivable from the abilities to repay the debts of each accounts receivable.

##### 4.4 Inventory

Inventories are valued at the lower of cost on a first-in first-out (FIFO) basis or net realizable value.

Cost of land development is stated at cost which consist of cost of land acquisition, land development and expenses directly related to the project including interest.

##### 4.5 Investment

Investments in securities for trading are stated at fair value. Gain or loss on changes in fair value is recognized as income or expenses in the statements of comprehensive income.

Investment in subsidiaries are stated at cost less provision for impairment (if any).

##### 4.6 Investment properties

4.6.1 Investment properties are properties held to earn rental or for capital appreciation or both.

4.6.2 Subsidiaries are stated land at cost, building at cost less accumulated depreciation and devaluation of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the subsidiaries incur.

4.6.3 Subsidiaries calculated depreciation on a straight-line basis over the estimated useful lives of assets and the depreciation charge has to be determined separately for each significant parts of assets item with the cost that is significant in relation to the total cost of the assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of building is 20 years

Land and assets under construction were not depreciated.

4.7 Property, plant and equipment

4.7.1 Land is stated at cost. Building and equipment are stated at cost less accumulated depreciation and provision for impairment of assets (if any). Cost is included initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs.

4.7.2 Building and equipment are depreciated on a straight-line basis over the estimated useful lives of the assets and the depreciation charge has to be determined separately for each significant parts of assets with the cost that is significant in relation to the total cost of assets item. In addition, the entity is required to review the useful lives, residual value and depreciation method at least at each financial year-end.

The estimated useful lives of the assets are follows :

	Number of years
Building and building improvement	5, 10 and 20
Machinery and equipment	5, 10 and 15
Underground well	5 and 10
Furniture, fixtures and office equipment	5
Vehicles	5 and 10

Land and assets under construction were not depreciated.

4.8 Other intangible assets

Other intangible assets are valued at cost less accumulated amortization and provision for impairment of assets (if any).

Amortization is calculated on a straight-line basis as follows :

	Number of years
Computer software	10
Research and development costs	15

4.9 Impairment of assets

The Company and subsidiaries have assessed the impairment of assets whenever events or changes indicated that the carrying amount of an assets exceeds its recoverable value (net selling price of the assets under current operation or its utilization value whichever is higher). The Company will consider the impairment for each asset item or each asset unit generating cash flows, whenever is practical. In case of the carrying amount of an asset exceeds its recoverable value, the Company will recognize an impairment in the statements of comprehensive income. The Company will reverse the impairment loss whenever there is an indication that there is no longer impairment or reduction in impairment.

4.10 Financial instruments

Financial instruments are presented in statements of financial position, consist of cash and cash equivalents, current investment, trade and other current receivables and short-term loans, bank overdrafts and short-term borrowings from financial institutions, trade and other current payables and financial lease liabilities. The basis of recognition and measurement of each item is separately disclosed in the related transactions.

4.11 Long-term lease

The Company and subsidiaries recorded vehicles under financial lease agreement/hire purchase agreement as assets and liabilities in an amount equal to the fair value at the leased assets or the present value of minimum payments under agreement. Interest expenses are recorded on over the term of agreement.

4.12 Employee benefits

4.12.1 Provident Fund

The Company and subsidiaries have established provident fund under the defined contribution plan. The fund's assets are separated entities which are administered by the outsider fund manager. The Company and employees made contribution into such provident fund. The Company's contribution payments to the provident fund were recorded as expenses in statements of comprehensive income in the period in which they are incurred.

#### 4.12.2 Post-employee benefits

The Company and subsidiaries provide for post-employment benefits, payable to employees under the Thai Labor Law. The present value of employee benefit liabilities recognized in the statements of financial position is estimated on an actuarial basis using Projected Unit Credit Method of which calculated by the Independent Actuary by using Actuarial Technique. The calculation was made from determining the present value of future cash flows expected to be required to settle and determines discount rate by reference to market yield of government bonds should have terms to maturity approximately equal to the terms of such obligations. In determine the future cash flows expected to be required to settle is used from employees' salaries, turnover, length of services and other factors. Changes in actuarial gains or losses are recognized in the period in which they are incurred in other comprehensive income. Expenses related to employee benefits shall be recorded in profit or loss for sharing such expenses throughout the period of services rendering.

On December 13, 2018, the National Legislative Assembly passed the resolution to approve the draft of net Labour Protection Act which determined the additional rate of severance pay in the case of termination of employment for a terminated employee who has worked for 20 consecutive years or more and shall be entitled to receive payment not less than the last rate of wages for 400 days. However, new Labour Protection Act is being announced in the Government Gazette. The Company and subsidiaries, therefore, shall record the effects of new Labour Protection Act when it becomes effective.

#### 4.13 Income tax and deferred tax

1. Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in other comprehensive income

- Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
- Deferred tax is recognized 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 recognized that it is probable that they will not utilize in the foreseeable future.

2. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they adjust, using tax rates enacted or substantively enacted at the reporting date.
3. In determining the amount of current and deferred tax, the Company and subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be settled. The Company and subsidiaries believe 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 judgments about future events. New information may become available that causes the Company and subsidiaries to change its judgment 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.
4. 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 the Company and subsidiaries intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.
5. 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 each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### 4.14 Provisions

The Company and subsidiaries recognize a provision when an entity has a present legal or constructive obligation as a result of a past event. It is probable that an outflow of economic benefits resources will be required to settle the obligation and reliable estimate can be made of the amount of the obligation. If some or all the expenditure is required to settle a provision, is expected to be reimbursed when it is virtually certain that reimbursement will be received if the Company settles the obligation. The amount recognized should not exceed the amount of the provisions.

#### 4.15 Measurement of fair values

The Company and subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuation should be classified.

When measuring the fair value of an asset or a liability, the Company and subsidiaries use market observable data as fair as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows :

- Level 1 : quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 : inputs other than quoted prices included in Level 1 that are observable for the asset or liabilities, either directly (i.e. as prices) or indirectly (i.e. observable prices).
- Level 3 : inputs are unobservable for the asset or liability.

If the inputs used to measure the fair value of an asset or liability might be categorized in different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company and subsidiaries recognized transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

#### 4.16 Significant accounting judgements and estimates

The preparation of financial statements in conformity with Thai Financial Reporting Standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

##### Allowance for doubtful accounts

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

#### Allowance for diminution in value of inventory

The determination of allowance for diminution in the value of inventory, requires management to make judgements and estimates. The allowance for decline in net realizable value is estimated based on the selling price expected in the ordinary course of business; and provision for obsolete, slow-moving and deteriorated inventories, is estimated based on the approximate useful life of each type of inventory.

#### Property, plant and equipment/Depreciation

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

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

#### Intangible assets

The initial recognition and measurement of intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

#### Deferred tax assets

Deferred tax assets are recognized for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized.

#### Leases

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



#### Post-employment benefits under defined benefit plans and other long-term employee benefits

The obligation under the defined benefit plans and other long-term employee benefit plans are determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

#### 4.17 Earnings per share

Earnings (Loss) per share as presented in the statements of comprehensive income is the basic earnings per share which is determined by dividing the net profit for the year by the weighted average number of common shares issued and paid-up during the year.

Diluted earnings per share is calculated by dividing net profit for the year by the weighted average of common share issued during the year added by the number of common shares issued for offering to warrant holders of the Company.

### 5. SUPPLEMENT DISCLOSURE OF CASH FLOWS INFORMATION

#### 5.1 Cash and cash equivalents comprise:

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cash	612,120.00	622,000.00	370,000.00	370,000.00
Cash at banks - current accounts	15,276,219.39	19,392,273.73	9,191,248.11	12,759,172.12
Cash at banks - savings deposit	116,030,102.96	83,514,546.88	92,648,651.81	22,907,584.79
Cash at banks - fixed deposit				
with 3 months	1,037.17	1,029.00	0.00	0.00
Total	<u>131,919,479.52</u>	<u>103,529,849.61</u>	<u>102,209,899.92</u>	<u>36,036,756.91</u>

#### 5.2 Non-cash transaction

##### For the year 2018

##### The Company

The Company entered into hire purchase of vehicles agreement in the amount of Baht 10.50 million, presented as financial lease liabilities.

##### Subsidiaries

- 1) The subsidiary has transferred inventories in the amount of Baht 4.61 million to be presented as investment properties since they are used for rent.
- 2) The subsidiary has transferred damages guarantee which presented as other non-current assets amount of Baht 26.72 million to be presented as other receivables since the payment is matured in 2019.
- 3) The subsidiary entered into acquisition of machinery and equipment amount of Baht 40.23 million. In during the period, the payment is already made in the amount of Baht 12.75 million, the remaining amount of Baht 27.48 million is presented as other payables.

For the year 2017

As stated in notes 3 to financial statements, the Company disposed total investment in ordinary shares of Dcon Panel Co., Ltd. in the price of Baht 4 million.

	Baht
Cash and cash equivalents	3,025,753.59
Add Assets value	4,917,796.71
Less Liabilities value	<u>(265,712.22)</u>
Net assets as at the date of investment disposal	7,677,838.08
Percentage of investment (%)	40.00
Net assets as at the date of investment disposal - in proportion of shareholding	3,071,135.23
Less Proceeds from sales of investment	<u>(4,000,000.00)</u>
Gain on dispose of investment	<u>(928,864.77)</u>
Proceeds from sales of investment	4,000,000.00
Less Cash and cash equivalents existed in subsidiary as at disposal date	<u>(3,025,753.59)</u>
Proceeds from disposal of ordinary shares in subsidiary net of proceeds from dispose of investment	<u><u>974,246.41</u></u>

## 6. CURRENT INVESTMENT

	<b>Consolidated and Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>
Investment in open-end fund :-		
SCB Short Term Fixed Income Plus Fund (Class A)	0.00	95,376,164.48
K SF Plus Fund	<u>0.00</u>	<u>250,907,511.86</u>
Total	0.00	346,283,676.34
Marketable securities	<u>0.00</u>	<u>48,330,000.00</u>
Total	<u><u>0.00</u></u>	<u><u>394,613,676.34</u></u>

## 7. TRADE AND OTHER CURRENT RECEIVABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Trade accounts receivable	157,238,897.47	131,001,231.16	143,908,852.14	117,890,600.76
Other current receivables				
- Amount received in advance				
for goods	1,040,777.15	12,839,030.24	0.00	0.00
- Others	11,328,643.72	11,474,882.13	4,569,162.99	5,409,961.33
Total	169,608,318.34	155,315,143.53	148,478,015.13	123,300,562.09
Less Allowance for doubtful accounts				
- Trade accounts receivable	(12,006,005.15)	(11,951,893.15)	(4,920,631.46)	(4,920,631.46)
- Other current receivables	(1,417,512.00)	(1,417,512.00)	0.00	0.00
Net	156,184,801.19	141,945,738.38	143,557,383.67	118,379,930.63

Billed trade accounts receivable separated on aging are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Undue trade accounts receivable	99,803,479.60	85,811,684.40	96,308,490.59	81,527,676.33
Overdue trade accounts receivable				
- Less than 3 months	40,555,932.51	30,208,413.16	38,110,648.16	28,467,164.52
- Over 3 months to 6 months	217,842.80	1,484,177.12	0.00	1,430,065.12
- Over 6 months to 12 months	3,736,914.13	442,984.89	3,650,358.65	391,910.29
- More than 12 months	12,924,728.43	13,053,971.59	5,839,354.74	6,073,784.50
Total	157,238,897.47	131,001,231.16	143,908,852.14	117,890,600.76

## 8. SHORT-TERM LOANS

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Other person	3,570,350.00	3,570,350.00	3,570,350.00	3,570,350.00
Subsidiary	0.00	0.00	1,139,000,000.00	736,000,000.00
Total	3,570,350.00	3,570,350.00	1,142,570,350.00	739,570,350.00
Less Allowance for doubtful accounts	(3,570,350.00)	(3,570,350.00)	(3,570,350.00)	(3,570,350.00)
Net	0.00	0.00	1,139,000,000.00	736,000,000.00

## 11. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)			
			2018	2017	2018	2017	Cost method		Dividend income	
							2018	2017	2018	2017
Orrada Co., Ltd.	Sales and lease real estate	Shareholders and directorship	400,000,000.00	400,000,000.00	99.99	99.99	400,000,000.00	400,000,000.00	0.00	0.00
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	35,000,000.00	35,000,000.00	99.99	99.99	41,663,520.71	41,663,520.71	31,498,191.00	24,498,593.00
DSC Product Co., Ltd.	Manufacturing and distribute of consruction material precast wall and other precast partition	Shareholders and directorship	25,000,000.00	25,000,000.00	70.00	70.00	17,499,975.00	17,499,975.00	0.00	0.00
Total							459,163,495.71	459,163,495.71	31,498,191.00	24,498,593.00

### 11.1 DSC Product Co., Ltd.

On November 13, 2017, the Company has acquired investment in ordinary shares of DSC Product Co., Ltd. amount of Baht 17.50 million (registered share capital amount of Baht 100 million divided into 1,000,000 shares at par value of Baht 100 each) which was paid-up at 25%.

11.2 The financial statements for the year ended December 31, 2018 and 2017 of above subsidiaries have been taken for preparing the consolidated financial statements which were audited by the auditor.

## 9. INVENTORIES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Finished goods	33,406,911.16	32,485,362.10	31,840,433.70	31,199,198.39
Raw materials and supplies	36,143,466.42	35,681,132.09	34,065,929.44	32,714,877.84
Inventories in transit	0.00	757,878.41	0.00	757,878.41
Cost of land for development				
- Land	851,109,959.99	443,758,562.34	0.00	0.00
- Land for development	36,529,836.08	34,317,481.96	0.00	0.00
- Work in progress	1,263,387,212.23	1,140,206,284.10	0.00	0.00
Total	2,220,577,385.88	1,687,206,701.00	65,906,363.14	64,671,954.64
Less Cost of land for development				
transfer to cost of sales	(568,811,492.36)	(415,184,471.98)	0.00	0.00
Less Transfer to investment				
properties	(4,607,558.00)	(4,564,636.70)	0.00	0.00
Total	1,647,158,335.52	1,267,457,592.32	65,906,363.14	64,671,954.64
Less Allowance for obsolete				
goods	(676,818.20)	(489,394.51)	(676,818.20)	(489,394.51)
Net	1,646,481,517.32	1,266,968,197.81	65,229,544.94	64,182,560.13

## 10. LAND HELD FOR DEVELOPMENT

As at December 31, 2018 and 2017, subsidiaries' land held for development (including land, land improvement and utilities) in the amount of Baht 14.20 million are mortgaged as collateral against overdraft lines and short-term borrowings from financial institutions (note 17) and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

## 11. INVESTMENTS IN SUBSIDIARIES

Company's name	Type of business	Relationship	Paid-up share capital (Baht)		Percentage of shareholding		Separate financial statements (Baht)			
			2018	2017	2018	2017	Cost method		Dividend income	
							2018	2017	2018	2017
Orrada Co., Ltd.	Sales and lease real estate	Shareholders and directorship	400,000,000.00	400,000,000.00	99.99	99.99	400,000,000.00	400,000,000.00	0.00	0.00
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	35,000,000.00	35,000,000.00	99.99	99.99	41,663,520.71	41,663,520.71	31,498,191.00	24,498,593.00
DSC Product Co., Ltd.	Manufacturing and distribute of consruction material precast wall and other precast partition	Shareholders and directorship	25,000,000.00	25,000,000.00	70.00	70.00	17,499,975.00	17,499,975.00	0.00	0.00
Total							459,163,495.71	459,163,495.71	31,498,191.00	24,498,593.00

### 11.1 DSC Product Co., Ltd.

On November 13, 2017, the Company has acquired investment in ordinary shares of DSC Product Co., Ltd. amount of Baht 17.50 million (registered share capital amount of Baht 100 million divided into 1,000,000 shares at par value of Baht 100 each) which was paid-up at 25%.

11.2 The financial statements for the year ended December 31, 2018 and 2017 of above subsidiaries have been taken for preparing the consolidated financial statements which were audited by the auditor.

## 12. INVESTMENT PROPERTIES

	Consolidated financial statements (Baht)		
	Land	Building	Total
Assets cost :			
As at December 31, 2016	20,945,619.45	43,736,316.61	64,681,936.06
Disposal	(1,209,725.18)	(4,293,820.25)	(5,503,545.43)
Transfer from inventories	431,299.23	4,133,337.47	4,564,636.70
As at December 31, 2017	20,167,193.50	43,575,833.83	63,743,027.33
Transfer from inventories	859,771.79	3,747,786.21	4,607,558.00
As at December 31, 2018	21,026,965.29	47,323,620.04	68,350,585.33
Accumulated depreciation :			
As at December 31, 2016	0.00	15,592,333.19	15,592,333.19
Depreciation for the year	0.00	2,102,151.39	2,102,151.39
Depreciation - write off	0.00	(411,491.11)	(411,491.11)
As at December 31, 2017	0.00	17,282,993.47	17,282,993.47
Depreciation for the year	0.00	2,272,726.92	2,272,726.92
As at December 31, 2018	0.00	19,555,720.39	19,555,720.39
Net assets value			
As at December 31, 2017	20,167,193.50	26,292,840.36	46,460,033.86
As at December 31, 2018	21,026,965.29	27,767,899.65	48,794,864.94

As at December 31, 2018 and 2017, a subsidiary has investment properties in the form of land including 15 units and 14 units of factory buildings which had fair value amount of Baht 164.64 million and Baht 139.20 million respectively and another subsidiary has 4 plots of land which had fair value amount of Baht 39.33 million.

### 13. PROPERTY, PLANT AND EQUIPMENT

	Consolidated financial statements (Baht)							Total
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	
Assets - cost :								
As at December 31, 2016	142,027,285.16	220,512,500.13	355,527,197.08	6,312,904.45	38,075,500.51	335,051,034.32	2,866,070.58	1,100,372,492.23
Acquisition	0.00	0.00	2,868,421.76	0.00	1,256,490.64	285,623.83	1,405,890.17	5,816,426.40
Disposal	0.00	0.00	(18,442.06)	0.00	(59,719.63)	0.00	(1,806,606.08)	(1,884,767.77)
Inter-transaction transfer	0.00	614,769.34	561,745.16	0.00	(105,000.00)	0.00	(1,176,514.50)	(105,000.00)
As at December 31, 2017	142,027,285.16	221,127,269.47	358,938,921.94	6,312,904.45	39,167,271.52	335,336,658.15	1,288,840.17	1,104,199,150.86
Acquisition	0.00	2,471,480.44	11,166,451.41	190,721.66	1,228,671.51	14,600,047.03	40,481,655.32	70,139,027.37
Disposal	0.00	0.00	(1,524,341.36)	0.00	(139,839.80)	(1,168,803.08)	(646.00)	(2,833,630.24)
Inter-transaction transfer	40,000.00	1,407.39	1,246,786.78	0.00	0.00	0.00	(1,288,194.17)	0.00
As at December 31, 2018	142,067,285.16	223,600,157.30	369,827,818.77	6,503,626.11	40,256,103.23	348,767,902.10	40,481,655.32	1,171,504,547.99
Accumulated depreciation :								
As at December 31, 2016	0.00	118,729,800.86	248,122,605.46	4,405,545.29	32,850,086.53	199,495,226.11	0.00	603,603,264.25
Depreciation for the year	0.00	11,014,549.98	17,839,847.94	283,799.44	2,455,133.70	23,397,556.04	0.00	54,990,887.10
Depreciation - write off	0.00	0.00	(18,234.02)	0.00	(52,999.00)	0.00	0.00	(71,233.02)
Inter-transaction transfer	0.00	0.00	0.00	0.00	(22,783.34)	0.00	0.00	(22,783.34)
As at December 31, 2017	0.00	129,744,350.84	265,944,219.38	4,689,344.73	35,229,437.89	222,892,782.15	0.00	658,500,134.99
Depreciation for the year	0.00	8,256,976.01	16,976,748.71	255,121.60	2,124,979.24	20,542,553.66	0.00	48,156,379.22
Depreciation - write off	0.00	0.00	(44,179.27)	0.00	(138,606.96)	(1,086,116.67)	0.00	(1,268,902.90)
As at December 31, 2018	0.00	138,001,326.85	282,876,788.82	4,944,466.33	37,215,810.17	242,349,219.14	0.00	705,387,611.31
Net assets value								
As at December 31, 2017	142,027,285.16	91,382,918.63	92,994,702.56	1,623,559.72	3,937,833.63	112,443,876.00	1,288,840.17	445,699,015.87
As at December 31, 2018	142,067,285.16	85,598,830.45	86,951,029.95	1,559,159.78	3,040,293.06	106,418,682.96	40,481,655.32	466,116,936.68



As at December 31, 2018 and 2017, land, building, machinery and equipment at cost of Baht 54.48 million and Baht 157.52 million in the consolidated financial statements, and Baht 35.14 million and Baht 138.18 million in the separate financial statements respectively are mortgaged as collateral against overdrafts line and short-term borrowings from financial institutions (note 17), and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

#### 14. OTHER INTANGIBLE ASSETS

	Consolidated financial statements (Baht)					
	Computer software		Products research and development		Total	
	2018	2017	2018	2017	2018	2017
Intangible assets - cost :						
Beginning balance	7,078,436.75	6,649,420.09	12,715,569.38	12,715,569.38	19,794,006.13	19,364,989.47
Acquisition	1,845,404.69	346,800.00	0.00	0.00	1,845,404.69	346,800.00
Inter-transaction transfer	0.00	82,216.66	0.00	0.00	0.00	82,216.66
Ending balance	8,923,841.44	7,078,436.75	12,715,569.38	12,715,569.38	21,639,410.82	19,794,006.13
Accumulated amortization :						
Beginning balance	5,952,846.22	5,267,429.84	2,168,347.36	2,168,347.36	8,121,193.58	7,435,777.20
Amortization for the year	696,827.40	685,416.38	0.00	0.00	696,827.40	685,416.38
Ending balance	6,649,673.62	5,952,846.22	2,168,347.36	2,168,347.36	8,818,020.98	8,121,193.58
Provision for impairment of assets :						
Beginning balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Ending balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Net intangible assets value						
Beginning balance	1,125,590.53	1,381,990.25	0.00	0.00	1,125,590.53	1,381,990.25
Ending balance	2,274,167.82	1,125,590.53	0.00	0.00	2,274,167.82	1,125,590.53

**Separate financial statements (Baht)**

	Computer software		Products research and development		Total	
	2018	2017	2018	2017	2018	2017
Intangible assets - cost :						
Beginning balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Ending balance	6,649,420.09	6,649,420.09	12,715,569.38	12,715,569.38	19,364,989.47	19,364,989.47
Accumulated amortization :						
Beginning balance	5,923,424.24	5,267,429.84	2,168,347.36	2,168,347.36	8,091,771.60	7,435,777.20
Amortization for the year	655,994.40	655,994.40	0.00	0.00	655,994.40	655,994.40
Ending balance	6,579,418.64	5,923,424.24	2,168,347.36	2,168,347.36	8,747,766.00	8,091,771.60
Provision for impairment of assets :						
Beginning balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Ending balance	0.00	0.00	10,547,222.02	10,547,222.02	10,547,222.02	10,547,222.02
Net intangible assets value						
Beginning balance	725,995.85	1,381,990.25	0.00	0.00	725,995.85	1,381,990.25
Ending balance	70,001.45	725,995.85	0.00	0.00	70,001.45	725,995.85

**13. PROPERTY, PLANT AND EQUIPMENT (Continued)**

	Separate financial statements (Baht)							Total
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Underground well	Furniture, fixtures and office equipment	Vehicles	Assets under construction	
Assets - cost :								
As at December 31, 2016	115,899,552.29	205,437,859.54	330,132,689.95	6,197,411.68	31,630,123.44	318,248,259.75	1,119,969.58	1,008,665,866.23
Acquisition	0.00	0.00	2,791,605.20	0.00	1,120,680.70	255,250.00	1,117,760.39	5,285,296.29
Disposal	0.00	0.00	0.00	0.00	0.00	0.00	(60,505.08)	(60,505.08)
Transference	0.00	614,769.34	561,745.16	0.00	0.00	0.00	(1,176,514.50)	0.00
As at December 31, 2017	115,899,552.29	206,052,628.88	333,486,040.31	6,197,411.68	32,750,804.14	318,503,509.75	1,000,710.39	1,013,890,657.44
Acquisition	0.00	2,134,361.12	6,933,610.55	190,721.66	697,823.20	14,600,047.03	50.60	24,556,614.16
Disposal	0.00	0.00	(1,478,518.93)	0.00	0.00	(1,168,803.08)	(646.00)	(2,647,968.01)
Transference	40,000.00	1,407.39	958,657.00	0.00	0.00	0.00	(1,000,064.39)	0.00
As at December 31, 2018	115,939,552.29	208,188,397.39	339,899,788.93	6,388,133.34	33,448,627.34	331,934,753.70	50.60	1,035,799,303.59
Accumulated depreciation :								
As at December 31, 2016	0.00	111,028,608.05	228,107,621.34	4,290,055.52	27,472,071.33	189,277,367.98	0.00	560,175,724.22
Depreciation for the year	0.00	10,305,168.86	15,686,779.65	283,799.44	1,915,215.36	21,428,169.93	0.00	49,619,133.24
Depreciation - write off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
As at December 31, 2017	0.00	121,333,776.91	243,794,400.99	4,573,854.96	29,387,286.69	210,705,537.91	0.00	609,794,857.46
Depreciation for the year	0.00	7,587,882.35	14,889,258.07	255,121.60	1,650,401.80	19,537,970.62	0.00	43,920,634.44
Depreciation - write off	0.00	0.00	0.00	0.00	0.00	(1,086,116.67)	0.00	(1,086,116.67)
As at December 31, 2018	0.00	128,921,659.26	258,683,659.06	4,828,976.56	31,037,688.49	229,157,391.86	0.00	652,629,375.23
Net assets value								
As at December 31, 2017	115,899,552.29	84,718,851.97	89,691,639.32	1,623,556.72	3,363,517.45	107,797,971.84	1,000,710.39	404,095,799.98
As at December 31, 2018	115,939,552.29	79,266,738.13	81,216,129.87	1,559,156.78	2,410,938.85	102,777,361.84	50.60	383,169,928.36

## 15. DEFERRED TAX ASSETS / LIABILITIES

The increase and decrease of deferred tax assets / liabilities are as follows :

Consolidated financial statements (Baht)						
	Recognized as (expenses)			Recognized as (expenses)		
	As at December	income in profit	Other	As at December	income in profit	As at December
	31, 2016	or loss	comprehensive	31, 2017	or loss	31, 2018
		(Note 24.2)	income (Note 24.4)		(Note 24.2)	
<u>Deferred tax assets</u>						
Trade accounts receivable (allowance for doubtful accounts)	2,440,565.47	(669,531.94)	0.00	1,771,033.53	0.00	1,771,033.53
Inventories (allowance for devaluation of inventories)	97,878.90	0.00	0.00	97,878.90	37,484.74	135,363.64
Intangible assets (provision for impairment)	210,944.44	841,377.92	0.00	1,052,322.36	(210,944.43)	841,377.93
Non-operating assets (provision for impairment)	4,190,069.03	(791,903.82)	0.00	3,398,165.21	(802,016.11)	2,596,149.10
Employee benefit obligations	1,436,770.18	38,088.60	1,743,554.53	3,218,413.31	(179,296.29)	3,039,117.02
Total	8,376,228.02	(581,969.24)	1,743,554.53	9,537,813.31	(1,154,772.09)	8,383,041.22
<u>Deferred tax liabilities</u>						
Fixed assets (depreciation)	(4,972,186.40)	(227,465.18)	0.00	(5,199,651.58)	(537,292.78)	(5,736,944.36)
Net	3,404,041.62	(809,434.42)	1,743,554.53	4,338,161.73	(1,692,064.87)	2,646,096.86
Separate financial statements (Baht)						
	Recognized as (expenses)			Recognized as (expenses)		
	As at December	income in profit	Other	As at December	income in profit	As at December
	31, 2016	or loss	comprehensive	31, 2017	or loss	31, 2018
		(Note 24.2)	income (Note 24.4)		(Note 24.2)	
<u>Deferred tax assets</u>						
Trade accounts receivable (allowance for doubtful accounts)	2,382,996.29	(684,800.00)	0.00	1,698,196.29	0.00	1,698,196.29
Inventories (allowance for devaluation of inventories)	97,878.90	0.00	0.00	97,878.90	37,484.74	135,363.64
Intangible assets (provision for impairment)	210,944.44	841,377.92	0.00	1,052,322.36	(210,944.43)	841,377.93
Non-operating assets (provision for impairment)	4,190,069.03	(791,903.82)	0.00	3,398,165.21	(802,016.11)	2,596,149.10
Employee benefit obligations	1,166,203.58	11,672.00	1,350,990.94	2,528,866.52	10,175.53	2,539,042.05
Total	8,048,092.24	(623,653.90)	1,350,990.94	8,775,429.28	(965,300.27)	7,810,129.01
<u>Deferred tax liabilities</u>						
Fixed assets (depreciation)	(4,972,186.40)	(227,465.18)	0.00	(5,199,651.58)	(537,292.78)	(5,736,944.36)
Net	3,075,905.84	(851,119.08)	1,350,990.94	3,575,777.70	(1,502,593.05)	2,073,184.65

## 16. NON-OPERATING ASSETS

Consolidated and Separate financial statements (Baht)				
	Land and land improvement	Building and building improvement	Machinery, tools and equipment	Total
Assets - cost				
As at December 31, 2016	17,448,452.47	62,766,155.35	99,623,503.15	179,838,110.97
Disposal	(9,235,797.21)	0.00	0.00	(9,235,797.21)
As at December 31, 2017	8,212,655.26	62,766,155.35	99,623,503.15	170,602,313.76
Disposal	0.00	0.00	0.00	0.00
As at December 31, 2018	8,212,655.26	62,766,155.35	99,623,503.15	170,602,313.76
Accumulated depreciation :				
As at December 31, 2016	0.00	29,872,768.63	66,166,903.14	96,039,671.77
Depreciation for the year	0.00	2,953,094.55	0.00	2,953,094.55
As at December 31, 2017	0.00	32,825,863.18	66,166,903.14	98,992,766.32
Depreciation for the year	0.00	2,948,740.26	0.00	2,948,740.26
As at December 31, 2018	0.00	35,774,603.44	66,166,903.14	101,941,506.58
Provision for impairment of assets :				
As at December 31, 2016	0.00	3,339,102.98	32,501,792.31	35,840,895.29
As at December 31, 2017	0.00	3,339,102.98	32,501,792.31	35,840,895.29
As at December 31, 2018	0.00	3,339,102.98	32,501,792.31	35,840,895.29
Net non-operating assets value				
As at December 31, 2017	8,212,655.26	26,601,189.19	954,807.70	35,768,652.15
As at December 31, 2018	8,212,655.26	23,652,448.93	954,807.70	32,819,911.89

Non-operating assets are part of non-operating land, building and equipment because the factory was temporarily stopped for using in its manufacture.

On September 9, 2016, the Company entered into agreement to buy and to sell a part of land of non-operating assets with a company in the price of Baht 141.83 million and received deposit total amount of Baht 44.99 million. Subsequent on February 3, 2017, the Company has received the remaining amount and transferred the ownership of such land to the buyer. Gain on sale of such land amount of Baht 132.59 million has been recognized in statements of income.

As at December 31, 2018 and 2017, land, building, machinery and equipment at cost Baht 130.61 million in the consolidated and separate financial statements are mortgaged as collateral against overdrafts line and short-term borrowings from financial institutions (note 17) and contingent liabilities from bank issuance of letter of guarantee (note 33.2).

## 17. BANK OVERDRAFTS AND SHORT-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

As at December 31, 2018 and 2017, the Company and subsidiaries have overdrafts line for the amount of Baht 2.03 million and Baht 1.12 million respectively of credit line of Baht 72 million (4 banks) in the consolidated financial statements, and Baht 60 million (4 banks) in the separate financial statements respectively at the interest rate of MOR to MOR+0.25% per annum and short-term loans from 5 banks for the credit line of Baht 355 million and Baht 316 million in the consolidated financial statements and Baht 350 million and Baht 311 million in the separate financial statements respectively at the interest rate of MLR - 2.75% to MLR - 0.5% per annum.

The above liabilities guaranteed by mortgaging land held for development (note 10), land with its building, and machinery and equipment (note 13 and 16).

## 18. TRADE AND OTHER CURRENT PAYABLES

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Trade accounts payable	81,840,754.58	110,004,907.16	74,425,083.30	61,123,425.39
Other current payables				
Securities for trading acquisition				
payable	27,480,864.98	21,381,468.85	0.00	21,381,468.85
Retention	29,772,437.33	8,774,057.88	0.00	0.00
Amount received in advance				
for goods	17,679,610.60	17,953,230.90	13,021,586.10	4,868,758.40
Accrued expenses	18,627,794.06	19,235,727.59	15,119,191.72	15,638,902.44
Others	7,899,974.08	8,547,992.58	5,782,393.27	5,465,072.30
Total	183,301,435.63	185,897,384.96	108,348,254.39	108,477,627.38

## 19. FINANCIAL LEASE LIABILITIES

19.1 Financial lease liabilities exclude future interest are as follow:

	<b>Consolidated and Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>
Lease payable	8,212,145.82	108,405.57
Less Current portion of long-term liabilities	<u>(3,111,974.89)</u>	<u>(108,405.57)</u>
Net	<u>5,100,170.93</u>	<u>0.00</u>

19.2 As at December 31, 2018 and 2017, vehicles at cost of Baht 10.50 million and Baht 1.19 million in the consolidated and separate financial statements respectively which are being made the payment as indicated in agreement.

19.3 The minimum to be paid for financial lease is as follows :

	<b>Consolidated and Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>
Within 1 year	3,360,000.00	109,502.75
Over 1 year but less than 3 years	<u>5,250,467.00</u>	<u>0.00</u>
Total	8,610,467.00	109,502.75
Less Future interest under financial lease	<u>(398,321.18)</u>	<u>(1,097.18)</u>
Present value of financial lease liabilities	<u>8,212,145.82</u>	<u>108,405.57</u>

## 20. NON-CURRENT PROVISIONS FOR EMPLOYEE BENEFIT

20.1 The Company and its subsidiaries had an employee benefit obligation based on the requirement of Thai Labour Protection Act B.E. 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service and long-term service awards.

20.2 The defined benefit plans expose the Company and subsidiaries to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk.

20.3 Employee benefit provisions in the statement of financial position was determined as follows:

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Present value of provisions	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58

Movement in the present value of the employee benefit provisions

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
As at January 1	16,092,066.51	7,183,850.88	12,644,332.58	5,831,017.88
Benefits paid	(2,341,343.00)	(510,710.00)	(1,355,526.00)	(510,710.00)
Current service costs and interest	1,646,733.96	701,158.00	1,323,477.54	569,070.00
Losses on remeasurement of				
defined benefit plans	0.00	8,717,767.63	0.00	6,754,954.70
As at December 31	15,397,457.47	16,092,066.51	12,612,284.12	12,644,332.58

Expense recognized in profit or loss

	Consolidated		Separate	
	financial statements (Baht)		financial statements (Baht)	
	2018	2017	2018	2017
Current service costs	1,235,166.39	449,566.00	982,043.28	371,581.00
Interest on obligation	411,567.57	251,592.00	341,434.26	197,489.00
Total	1,646,733.96	701,158.00	1,323,477.54	569,070.00



20.4 The Company and subsidiaries recognized the expenses in the following line items in the statement of income.

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Cost of services	565,350.52	170,032.00	484,604.20	170,032.00
Costs of distribution	304,553.15	99,314.45	303,017.37	71,443.45
Administrative expenses	365,262.72	180,219.55	194,421.71	130,105.55
Finance costs	411,567.57	251,592.00	341,434.26	197,489.00
Total	1,646,733.96	701,158.00	1,323,477.54	569,070.00

Actuarial losses (gains) recognized in other comprehensive income (expense)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (Baht)</b>		<b>financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Include in retained earnings				
As at January 1	8,717,767.63	0.00	6,758,954.70	0.00
Realized during the year	0.00	8,717,767.63	0.00	6,758,954.70
As at December 31	8,717,767.63	8,717,767.63	6,758,954.70	6,758,954.70

20.5 Principal actuarial assumptions at the reporting date (expressed as weighted averages)

	<b>Consolidated</b>		<b>Separate</b>	
	<b>financial statements (%)</b>		<b>financial statements (%)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Discount rate	3.08	3.08	3.08	3.08
Salary increase rate	6.00	6.00	6.00	6.00

20.6 Assumptions regarding future mortality are based on published statistics and Thailand Mortality Ordinary Life table 2017 (“TMO17”)

20.7 Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below :

	Consolidated		Separate	
	financial statements (%)		financial statements (%)	
Defined benefit obligation				
as at 31 December 2018	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(811,970.00)	888,117.00	(640,238.00)	700,737.00
Salary increase rate (1% movement)	1,889,835.00	(1,609,319.00)	1,495,232.00	(1,271,958.00)
Mortality rate (20% movement)	(188,562.00)	191,530.00	(145,136.00)	147,343.00
Turnover rate (20% movement)	(1,265,524.00)	1,521,339.00	(964,587.00)	1,156,204.00

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

- 20.8 As stated in notes 4.12.2 to financial statements, the Company and subsidiaries shall record the effects of new Labour Protection Act when it is announced in the Government Gazette which may be effective in 2019. At present, the Company and subsidiaries are preparing an estimation from such effects.

## 21. SHARE CAPITAL

### 21.1 Authorized share capital

According to the minutes of shareholders' General Meeting for the year 2017 held on April 27, 2017, passed the resolution to decrease the registered share capital from Baht 546.32 million to Baht 542.76 million by cancel unissued and allocated to the warrants holder to purchase ordinary shares of the Company for 35.60 million shares at par value of Baht 0.10 each. The Company has registered the decreasing share capital with the Ministry of Commerce on May 26, 2017.

According to the extraordinary general shareholders' meeting No. 1/2017 held on September 28, 2017, the shareholders passed the resolution as follows :

- 1) Issue the ESOP#2 warrants for 142.45 million units at the exercised ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 0.59 each. The exercise period is 5 years from the date of issuance and offering. The first exercise right commenced on October 29, 2021 and the last exercise right is on April 29, 2022.
- 2) Increase the registered share capital for reserve the exercised ESOP#2 from Baht 542.76 million to Baht 557.00 million by issuing 142.45 million ordinary shares at par value of Baht 0.10 each. The Company has registered the increase share capital with the Ministry of Commerce on October 9, 2017.

21.2 The increase and decrease of share capital are as follow :

	Authorized share capital		Issued and paid-up share capital	
	Number of shares	Amount (Baht)	Number of shares	Amount (Baht)
Balance as at December 31, 2016	5,463,161,080	546,316,108.00	4,285,495,398	428,549,539.80
Common shares issued from				
exercise of warrants	0	0.00	466,104,593	46,610,459.30
Decrease share capital	(35,603,651)	(3,560,365.10)	0	0.00
Common shares increase	142,446,000	14,244,600.00	0	0.00
Balance as at December 31, 2017	5,570,003,429	557,000,342.90	4,751,599,991	475,159,999.10
Common shares issued from				
exercise of warrants	0	0.00	452,750,795	45,275,079.50
Balance as at December 31, 2018	5,570,003,429	557,000,342.90	5,204,350,786	520,435,078.60

### 21.3 Warrant to purchase ordinary shares of the Company

1) On June 12, 2014, the Company has allocated the warrants (DCON-W1) to the existing shareholders based on ROWarrant for 41.09 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 5 each. The exercise period is 5 years from the date of issuance. The exercise date shall be on the last business day of every 6 months. The first date of exercise is on July 31, 2017 and the last exercise date is on May 8, 2019.

On January 8, 2015, at the shareholders' extraordinary meeting No. 1/2015, passed the resolution to decrease par value of share capital from Baht 1 each to Baht 0.10 each which affected to the exercise right of warrant at 1 unit to 11.2008 shares, at the exercise price of Baht 0.4464 per share.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 11.649 shares, at the exercise price of Baht 0.429 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 15.709 shares, at the exercise price of Baht 0.318 per share.

2) On January 29, 2015, the Company has allocated the warrants (DCON-W2) to the existing shareholders based on ROWarrant for 341.89 million units without offering price at the exercise ratio of 1 unit of warrant per 1 ordinary share at the price of Baht 0.50 each. The exercise period is 2 years from the date of issuance. The exercise date shall be on the last business day of every 3 months. The first date of exercise is on July 29, 2016 and the last exercise date is on January 27, 2017.

On February 26, 2015, at the Board of directors' meeting No. 1/2015, passed the resolution to pay shares dividend in the ratio of 25 existing shares per 1 share dividend which affected to the exercise right of warrant at 1 unit to 1.040 shares, at the exercise price of Baht 0.481 per share.

On December 21, 2015, at the shareholders' extraordinary meeting No. 2/2015, passed the resolution to allot 2,139,578,118 common shares offer to the existing shareholders (Right offering) with the offering price of Baht 0.45 each which affected to the exercise right of warrant at 1 unit to 1.403 shares, at the exercise price of Baht 0.357 per share.

According to the minutes of Board of directors' meeting No. 1/2018 held on February 22, 2018, passed the resolution to pay dividend at Baht 0.045 per share or equal to 104.9% of net profit after deducting with other reserves as prescribed by law and the Company's determination which is still pending the warrants period, resulted to the exercise of warrants to 1 unit for 15.757 shares at the exercise price of Baht 0.317 per share.

21.4 The increase and decrease of common shares issued from exercise of warrants are as follow :

	Number of units		
	DCON-W1	DCON-W2	Total
Balance as at December 31, 2016	41,086,819	337,375,740	378,462,559
Exercise of warrants	(214,380)	(329,819,714)	(330,034,094)
Expired warrants	0	(7,556,026)	(7,556,026)
Balance as at December 31, 2017	40,872,439	0	40,872,439
Exercise of warrants	(28,821,014)	0	(28,821,014)
Balance as at December 31, 2018	12,051,425	0	12,051,425

On January 27, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 3 (DCON-W2) to purchase ordinary shares for 329,819,714 units of warrants equal to 462,736,899 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 428.55 million to Baht 474.82 million (4,748,232,297 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 7, 2017.

On July 31, 2017, there is exercise of warrants to purchase ordinary shares of the Company No. 1 (DCON-W1) to purchase ordinary shares for 214,380 units of warrants equal to 3,367,694 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 474.82 million to Baht 475.16 million (4,751,599,991 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on August 7, 2017.

On January 31, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 2 (DCON-W1) to purchase ordinary shares for 28,790,014 units of warrants equal to 452,262,328 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 475.16 million to Baht 520.39 million (5,203,862,319 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 7, 2018.

On July 31, 2018, there is exercise of warrants to purchase ordinary shares of the Company No. 3 (DCON-W1) to purchase ordinary shares for 31,000 units of warrants equal to 488,467 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 520.39 million to Baht 520.44 million (5,204,350,786 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on August 6, 2018.

#### **Events after the reporting period**

On January 31, 2019, there is exercise of warrants to purchase ordinary shares of the Company No. 4 (DCON-W1) to purchase ordinary shares for 6,059,940 units of warrants equal to 95,486,470 ordinary shares. As a result, the Company has issued and paid-up share capital from Baht 520.44 million to Baht 529.98 million (5,299,837,256 ordinary shares at par value of Baht 0.10 each). The Company has registered the increase share capital with the Ministry of Commerce on February 6, 2019.

## 22. LEGAL RESERVE

By virtue of the Public Company Limited Act, the Company is required to set aside the reserve as a legal reserve at least 5% of its annual net income after deduction of the deficit brought forward (if any) until the reserve reach an amount 10% of authorized share capital. The reserve is not available for dividend distribution.

## 23. RETAINED EARNINGS APPROPRIATION

### Parent

According to the minutes of shareholders' General Meeting for the year 2018 held on April 26, 2018, passed the resolution to pay dividend from the results of operation for the year 2017 to the shareholders at Baht 0.045 per share for 5,203.86 million shares amounting to Baht 234.17 million. During the year, the Company had already paid such dividend.

According to the minutes of shareholders' General Meeting for the year 2017 held on April 27, 2017, passed the resolution to pay dividend from the results of operation for the year 2016 to the shareholders at Baht 0.008 per share for 4,748.23 million shares amounting to Baht 37.99 million. During the year, the Company had already paid such dividend.

### Subsidiaries

According to the minutes of shareholders' General Meeting for the year 2018 held on March 26, 2018, passed the resolution to pay dividend from profit of year 2017 to the shareholders at Baht 9 per share, for 3.50 million shares amounting to Baht 31.50 million. During the year, the Company has already paid such dividend.

According to the minutes of shareholders' General Meeting for the year 2017 held on April 26, 2017, passed the resolution to pay dividend from profit of year 2016 to the shareholders at Baht 7 per share, for 3.50 million shares amounting to Baht 24.50 million. During the year, the Company has already paid such dividend.

## 24. INCOME TAX

### 24.1 The calculation of current income taxes

For the year 2018 and 2017, the corporate income tax is calculated at the rate of 20 per cent of profit (loss) before deducting with tax expenses and added back other expenses which shall not be allowed as expenses in tax calculation (if any) except the exempted taxable profit derived from promoted business by using the rate as stipulated in the promotion certificate (note 30).

## 24.2 Income tax recognized in profit or loss

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
<b>Current income tax</b>				
For the current year	42,079,337.48	59,113,420.60	29,206,726.14	50,210,310.64
<b>Deferred tax</b>				
Changes in temporary differences	1,692,064.87	809,433.42	1,502,593.05	851,119.08
Total income tax	43,771,402.35	59,922,854.02	30,709,319.19	51,061,429.72

## 24.3 Reconciliation for effective income tax rate

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
Profit before income tax	206,814,244.13	283,855,466.39	189,335,762.26	285,948,721.48
Income tax rate (%)	20	20	20	20
Income tax	41,362,848.83	56,771,093.28	37,867,152.45	57,189,744.30
Prohibited taxable expenses	2,192,441.88	1,122,858.92	1,992,475.77	1,060,322.50
Additional taxable expenses	(2,951,533.69)	(2,215,645.12)	(2,850,670.83)	(2,151,958.48)
Exempted income	0.00	(136,960.00)	(6,299,638.20)	(5,036,678.60)
Effects from elimination with subsidiary	3,167,645.33	4,381,506.94	0.00	0.00
Total income tax	43,771,402.35	59,922,854.02	30,709,319.19	51,061,429.72
Income tax rate (%)	21	21	16	18

## 24.4 Income tax realized in other comprehensive income (expense)

	<b>Consolidated financial statements (Baht)</b>		<b>Separate financial statements (Baht)</b>	
	<b>2018</b>	<b>2017</b>	<b>2018</b>	<b>2017</b>
(Gains) Losses on remeasurements of defined benefit plans				
before income tax	0.00	(8,717,767.63)	0.00	(6,754,954.70)
Tax (income) expense	0.00	1,743,553.53	0.00	1,350,990.94
Net of tax	0.00	(6,974,214.10)	0.00	(5,403,963.76)

## 25. EARNINGS PER SHARE

Consolidated financial statements								
	Net profit			Number of shares			Earnings / share	
	2018	Baht	2017	2018	shares	2017	2018 Baht	2017
Basic earnings per share								
Net profit (loss) of common								
shareholders	163,105,134.78	223,305,745.75	5,158,214,612	4,702,681,025			0.03	0.05
Effects of potential common share								
(exercise rights)	-	-	84,286,419	296,002,914				
Diluted earnings per share								
Profit (Loss) of common								
shareholders assumed								
as conversion to								
common share	163,105,134.78	223,305,745.75	5,242,501,031	4,998,683,939			0.03	0.04
Separate financial statements								
	Net profit			Number of shares			Earnings / share	
	2018	Baht	2017	2018	shares	2017	2018 Baht	2017
Basic earnings per share								
Net profit (loss) of common								
shareholders	158,626,443.07	234,887,291.76	5,158,214,612	4,702,681,025			0.03	0.05
Effects of potential common share								
(exercise rights)	-	-	84,286,419	296,002,914				
Diluted earnings per share								
Profit (Loss) of common								
shareholders assumed								
as conversion to								
common share	158,626,443.07	234,887,291.76	5,242,501,031	4,998,683,939			0.03	0.05



## 26. TRANSACTIONS WITH RELATED PERSONS AND PARTIES

Part of the Company and subsidiaries assets, liabilities, revenues and expenses arose from transaction with persons and related parties. These related transactions are determined on the conditions in the normal course of business and based on the Company concerned as follows :

### 26.1 General information

<u>Name</u>	<u>Type of business</u>	<u>Relationship</u>	<u>Description</u>	<u>Pricing policy</u>
<u>Related persons</u>				
Miss Wisara Pornkul		Member in family of shareholder and director	Revenues from sales of goods	Market price less discounted
Mr. Chana Towan		Shareholders and directorship	Revenues from sales of goods	Market price less discounted
<u>Subsidiaries</u>				
Orrada Co., Ltd.	Sales and lease of real estate	Shareholders and directorship	Revenues from sales of goods	At cost Interest rate at 3-4% per annum
Rompo Products Co., Ltd.	Manufacturing and selling of precast floor	Shareholders and directorship	Purchase of equipment	At agreed price
DSC Product Co., Ltd.	Manufacturing and distribute of construction material precast wall and other precast partition	Shareholders and directorship	Advances payment	At actual cost
<u>Other companies</u>				
Chusin Concrete Co., Ltd.		Director is a director of subsidiary	Cost of goods	At agreed price
Sinudom Concrete Co., Ltd.		Shareholders and directorship	Revenues from sales of good	Market price

26.2 Assets and liabilities transaction with related persons and parties consist of:

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Orrada Co., Ltd.				
Trade and other current receivables	0.00	0.00	649,516.89	33,747.89
Short-term loans	0.00	0.00	1,139,000,000.00	736,000,000.00

The increase and decrease of short-term loans are as follow :

	Separate financial statements (Baht)	
	2018	2017
Beginning balance	736,000,000.00	305,000,000.00
Increase during the period	545,000,000.00	431,000,000.00
Decrease during the period	(142,000,000.00)	0.00
Ending balance	1,139,000,000.00	736,000,000.00

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
DSC Product Co., Ltd.				
Trade and other current receivables	0.00	0.00	1,165.00	295,960.00
Sinudom Concrete Co., Ltd.				
Trade and other current receivables	624,235.86	0.00	624,235.86	0.00
Chusin Concrete Co., Ltd.				
Trade and other current receivables	18,000.00	1,146,600.00	18,000.00	1,146,600.00

26.3 Revenues and expenses transaction with related persons and parties are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Miss Wisara Pornkul				
Sales of goods	3,914,990.10	0.00	0.00	0.00
Mr. Chana Towan				
Sales of goods	3,618,202.05	0.00	0.00	0.00
Orrada Co., Ltd.				
Sales of goods	0.00	0.00	666,190.49	1,527,502.30
Other income (interest income)	0.00	0.00	36,817,287.60	21,618,300.97
Rompo Products Co., Ltd.				
Sales of goods	0.00	0.00	65,895.00	0.00
Sinudom Concrete Co., Ltd.				
Sales of goods	5,756,898.00	0.00	5,756,898.00	0.00
Chusin Conocrete Co., Ltd.				
Costs of sale (for goods)	4,051,068.08	0.00	4,051,068.08	0.00

## 27. DIRECTORS' REMUNERATION

Directors' remuneration represents the benefits paid to the Company's directors in accordance with Section 90 of the Public Limited Companies Act, excluding salaries and related benefits payable to executive directors.

## 28. MANAGEMENT BENEFIT EXPENSES

Management benefit expenses focuses expenses relating to salaries, remunerations and other benefits to the directors and management, in accordance with the definitions of the Office of the Securities and Exchange Commission. Management under definition includes a chief executive officer, the next four executive levels immediately below that chief executive officer and all persons in positions comparable to these fourth executive levels.

## 29. EXPENSES ANALYZED BY NATURE

Expenses analyzed by nature are as follows :

	Consolidated financial statements (Baht)		Separate financial statements (Baht)	
	2018	2017	2018	2017
Changes in inventories of finished				
goods and work in progress	(400,289,651.24)	(474,152,488.71)	(641,235.31)	(1,078,071.74)
Raw materials and consumables				
used	895,184,171.58	389,070,708.81	430,840,356.84	349,752,182.70
Contractor wages	97,172,921.87	462,588,869.59	0.00	0.00
Directors' remuneration	2,495,000.00	2,410,000.00	2,495,000.00	2,410,000.00
Management benefit expenses	8,310,735.00	9,172,835.00	5,326,306.00	5,867,297.00
Employees benefit expenses	112,748,354.90	106,175,240.23	95,082,982.42	89,072,849.48
Depreciation	53,366,691.55	60,046,133.04	46,869,374.70	52,572,227.79
Instaltion transportaion expenses	79,138,889.98	68,604,856.03	71,316,024.47	59,816,639.33

## 30. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE

30.1 The Company are granted certain right and privileges as a promoted industry under the Promotion of Investment Act B.E. 2520 for the precast floor products by the approval of the Board of Investment in accordance with the certificate dated April 30, 2007. The significant privileges are as follows:

- 1) To exempt the customs duties for imported machinery as approved by the Board of Investment.
- 2) To exempt the corporate income tax from net profit for the period of 8 years from the date of income earnings and reduce the corporate income tax from net profit from investment at the rate of 50% of the normal rate for the next 5 years from the overdue of such duration.
- 3) The Company's shareholders will be exempt the corporate income tax for dividend received from the Company all duration of income tax exemption of the Company.

The Company must comply with the certain conditions and terms as stipulated in promotion certificate.

### 30. RIGHTS AND PRIVILEGES FROM PROMOTION CERTIFICATE (Continued)

30.2 The results of operation of the Company and subsidiaries separated by privileges in accordance with promotion certificate as follow :

	(Unit : Baht)					
	Promoted business		Non-promoted business		Total	
	2018	2017	2018	2017	2018	2017
Sales and services	16,232,628.41	24,197,111.54	1,215,367,279.31	907,916,288.60	1,231,599,907.72	932,113,400.14
Cost of sales and services	(18,756,580.86)	(22,505,126.84)	(788,990,891.75)	(581,822,240.48)	(807,747,472.61)	(604,327,367.32)
Gross profit (loss)	(2,523,952.45)	1,691,984.70	426,376,387.56	326,094,048.12	423,852,435.11	327,786,032.82
Other income	1,436,439.67	951,892.26	21,578,499.11	161,550,764.50	23,014,938.78	162,502,656.76
Distribution costs	(4,259,417.97)	(3,689,508.88)	(153,303,335.13)	(123,796,756.90)	(157,562,753.10)	(127,486,265.78)
Administrative expenses	(4,579,456.95)	(11,709,459.47)	(75,252,257.47)	(66,762,305.23)	(79,831,714.42)	(78,471,764.70)
Finance costs	(2,772.60)	0.00	(2,655,889.64)	(289,419.76)	(2,658,662.24)	(289,419.76)
Profit (Loss) before income tax	(9,929,160.30)	(12,755,091.39)	216,743,404.43	296,796,330.73	206,814,244.13	284,041,239.34
Tax expense	0.00	0.00	(43,771,402.35)	(59,922,854.02)	(43,771,402.35)	(59,922,854.02)
Profit (Loss) for the year						
from continuing operations	(9,929,160.30)	(12,755,091.39)	172,972,002.08	236,873,476.71	163,042,841.78	224,118,385.32

Unidentifiable distribution cost, administrative expenses and finance costs were allocated to each related income segment.

### 31. OPERATING SEGMENTS

- 31.1 Operating segment information is reported in a manner consistent with the internal reports of the Company that are regularly reviewed by the chief operating decision maker in order to make decision about the allocation of resources to the segment and assess its performance. The chief operating decision maker of the Company has been identified as the President of executive directors.
- 31.2 The Company and subsidiaries' operations involve virtually in business of manufacturing and selling construction supplies (precast floor, concrete post and others), sales of land and lease of real estate in one geographical segment only in Thailand. Therefore, revenues and assets in financial statements are reported in geographical segment.
- 31.3 For the purpose of presentation the financial information in the consolidated financial statements, the core manufacturing and selling construction supplies (precast floor, concrete post and others), sales and lease of real estate that the financial information by segment are as follows:

	(Unit : Baht)							
	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Statement of comprehensive income</u>								
Revenues	967,785,539.12	860,996,400.14	249,449,473.60	58,072,000.00	14,299,000.00	13,045,000.00	1,231,534,012.72	932,113,400.14
Costs	(653,485,668.20)	(569,257,862.76)	(149,614,000.57)	(32,967,353.17)	(2,272,726.92)	(2,102,151.39)	(805,372,395.69)	(604,327,367.32)
Segment gross profit	314,299,870.92	291,738,537.38	99,835,473.03	25,104,646.83	12,026,273.08	10,942,848.61	426,161,617.03	327,786,032.82
Distribution costs	(133,638,367.25)	(116,903,647.75)	(23,924,385.85)	(10,582,618.03)	0.00	0.00	(157,562,753.10)	(127,486,265.78)
Administrative expenses	(59,191,305.51)	(64,688,880.01)	(8,267,659.32)	(3,231,337.55)	0.00	0.00	(67,458,964.83)	(67,920,217.56)
Profit before operations	121,470,198.16	110,146,009.62	67,643,427.86	11,290,691.25	12,026,273.08	10,942,848.61	201,139,899.10	132,379,549.48
Other income							20,639,861.86	162,502,656.76
Unallocated expenses							(12,306,854.59)	(10,551,547.14)
Finance costs							(2,658,662.24)	(289,419.76)
Tax expense							(43,771,402.35)	(59,922,854.02)
Profit for the year							163,042,841.78	224,118,385.32

(Unit : Baht)

	Sales of construction supplies		Sales of real estate		Real estate for lease		Total	
	2018	2017	2018	2017	2018	2017	2018	2017
<u>Statement of financial position</u>								
Segment assets	859,127,586.14	1,191,402,578.61	1,602,007,038.40	1,233,165,348.15	40,478,638.90	38,251,334.62	2,501,613,263.44	2,462,819,261.38
Unallocated assets							25,199,150.93	6,981,446.28
Total assets							2,526,812,414.37	2,469,800,707.66
Segment liabilities	162,583,038.84	152,266,735.78	36,900,838.27	92,945,849.30	2,036,000.00	2,060,000.00	201,519,877.11	247,272,585.08
Unallocated liabilities							34,761,763.37	4,839,131.93
Total liabilities							236,281,640.48	252,111,717.01

31.4 The Company did not present the operating segments for the separate financial statements since the Company's operation involve virtually a single construction materials business in one geographical segment in Thailand.

31.5 For the year ended December 31, 2018 and 2017, the Company and subsidiaries have income from sales of construction supplies in the amount of Baht 251.21 million and Baht 233.69 million respectively received from 5 majority customers.

## 32. DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

### 1) Accounting policy

The significant accounting policies and method adopted including the basis of recognition and measurement relating to each class of financial assets and liabilities have been disclosed in notes to financial statements No. 4.10.

### 2) Credit risk

Credit risk derives from failure by counterparties to discharge their obligations resulting in financial loss to the Company and subsidiaries. The Company and subsidiaries have policy to hedge this credit risk by reviewing the financial status of customers and collecting in advance before delivery of goods. Financial assets shown in statements of financial position at the book value deducted by allowance for doubtful accounts is maximum value of credit risk.

### 3) Interest rate risk

Interest rate risk from changes in market interest rate will affect the results of the Company and subsidiaries' operations and cash flows. The Company and subsidiaries exposed the interest rate risk due to its bank overdrafts, short-term borrowings from financial institutions, long-term borrowings and financial lease liabilities. The Company and subsidiaries do not use derivative financial instruments to hedge such risk.

### 4) Exchange rate risk

Exchange rate risk connected to the acquisition of fixed assets in foreign currency of which the subsidiary entered into forward contract for exchange rate hedging. Such contract has a period not exceed 1 year.



As at December 31, 2018, the subsidiary has the balance of financial liabilities denominated in foreign currencies amount of EURO 0.77 million (other payables).

The subsidiary has the balance of forward contract as at December 31, 2018 amount of EURO 0.86 million at the exchange rate of Baht 38.3400 - 38.5600 per 1 EURO. Such contract is guarantee by the parent and its directors.

5) Fair value of financial instruments

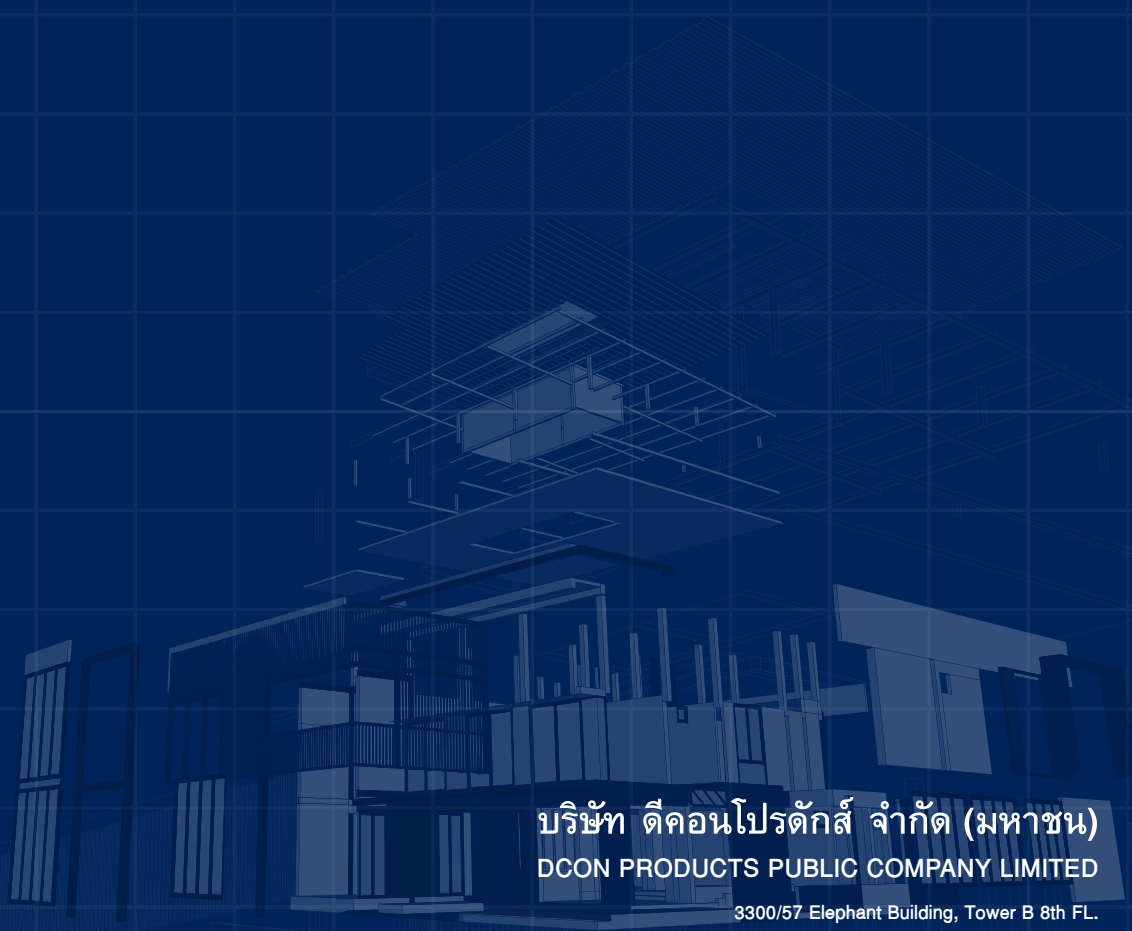
Financial assets shown in statements of financial position consist of cash and cash equivalents, current investment, trade and other current receivables and short-term loans. Financial liabilities shown in statements of financial position consist of bank overdrafts and short-term borrowings from financial institutions, trade and other current payables and financial lease liabilities.

Book value of financial assets and liabilities are closed to their fair value.

### 33. COMMITMENT AND CONTINGENT LIABILITIES

33.1 The Company and subsidiaries have commitment under hire contractors agreement, purchase inventories agreement, lease land agreement and others as at December 31, 2018 and 2017, totally Baht 62.63 million and Baht 110.54 million in the consolidated financial statements and Baht 14.87 million and Baht 33.19 million in the separate financial statements respectively.

33.2 The Company and subsidiaries have contingent liabilities from a bank issuance of letter of guarantees for purchasing raw materials from several sellers for guarantee the work performance to the employer and guarantee central utilities usage to government agencies as at December 31, 2018 and 2017 amounting to Baht 110.05 million and Baht 133.92 million in the consolidated financial statements, and amounting to Baht 83.26 million and amounting to Baht 107.53 million in the separate financial statements respectively. Contingent liabilities are guaranteed by land held for development (note 10) and land, building, machinery and equipment (note 13) and non-operating assets (note 16).



บริษัท ดีคอนโปรดักส์ จำกัด (มหาชน)  
DCON PRODUCTS PUBLIC COMPANY LIMITED

3300/57 Elephant Building, Tower B 8th FL.  
Phaholyotin Road, Chatujak, Bangkok 10900 Thailand.

Tel. (66) 0 2937 3312-7 Fax. (66) 0 2937 3328, 0 2937 4762 [www.dconproduct.com](http://www.dconproduct.com)

33.3 As at December 31, 2018, the Company has contingent liabilities from entering into credit line guarantee agreement which the subsidiary made with a bank in the maximum guarantee for principal amount of Baht 41.30 million.

33.4 Subsidiary has commitment under long-term lease agreement for using in its business and is liable on undue expenses as at December 31, 2017 amount of Baht 0.82 million

33.5 Subsidiary has commitment under letter of credit agreement in respect of fixed assets acquisition with a bank as at December 31, 2018 with the balance amount of EURO 0.24 million.

#### **34. PROVIDENT FUND**

On June 1, 2004, the Company has joined to be a member of provident fund named "Peum Kuan Mun King Registered Provident fund" which registered in accordance with the Provident Fund Act B.E. 2530 and the amendment by appointing the fund management to be fund manager. The fund is contributed to both by the employees and the Company at the same rate of 3% of employees wage. The accumulation and benefits will be paid to the members upon their retirement, death or resignation.

#### **35. CAPITAL MANAGEMENT**

The objective of financial management of the Company is to preserve the ability to continue its operation as a going concern and capital structure to be properly appropriated.

#### **36. EVENTS AFTER THE REPORTING PERIOD**

According to the minutes of Board of directors' meeting No. 1/2019 held on February 28, 2019, passed the resolution to submit the approval to the general meeting of the shareholders for the year 2019 to pay dividend from the results of operation for the year 2018 to the shareholders at Baht 0.015 per share for 5,299.84 million shares including ordinary shares issued to the exerciser of DCON-W1 No. 4 on January 31, 2019, totally Baht 79.50 million.

#### **37. FINANCIAL STATEMENTS APPROVAL**

These financial statements were approved and authorized for issue by the Company's Board of directors on February 28, 2019.