



Everything  
in **One**



ANNUAL REPORT **2012**

Diamond Building Products Public Company Limited

## Fulfills all your needs

Rest assured we have the answers for your  
“home” With variety of quality products

The Company manufactures and distributes roofing products, boards and ceilings, siding boards, and other roof accessories and non-roof products as well as being a service provider for roof stripping and installation under the trademark names of Diamond, Roof, Adamas, and Jearanai. The Company's main products are as follows:

1. **Tile Product Group** is divided into 3 categories as follows.
  - Fiber Cement Tiles, namely Roman Tiles, Small Corrugated Tiles, Flat Sheets, Fiber Cement Ridges, etc.
  - Concrete Tiles, namely Gran Onda, Adamas, Concrete Ridges, etc.
  - Jearanai Tiles, namely Jearanai Tiles, Jearanai Ridges, etc.
2. **Board and Ceiling Product Group**, namely boards, ceilings, etc.
3. **Siding Board Product Group**, namely siding boards, lathes, eaves, etc.
4. **Special Products such as Roof Accessories and Non-Roof Products as follows:**
  - Roof Accessories, namely battens, Foils, Bird Guards, Paints, etc.
  - Non-Roof Products, namely Truss, Laminate, Gypsum Boards and Water Tanks, etc.
5. **Roof stripping and installation services**, truss and laminate installation by teams of experts who have received training with the Company.





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# VISION, MISSION AND VALUES

## Vision: “To Be a Better Choice”

**Mission:** “We are in the business of production and distribution as well as providing services relating to roofing tiles, boards and accessories. We believe that our ability to serve the needs and expectations of our customers, employees, society and shareholders, is the foundation of success in our mission.”


- For our customers, we will deliver quality products with designs that are different and worth the value at competitive pricing by utilizing modern technology and offering excellent service to the customers with our strong distribution channels and effective management.

- For our employees, we will build and promote an environment of learning, advancement and well-being of employees in order to allow the employees to achieve their fullest potential.

- For our society, we will support the society that we live in and be a company that is friendly to the environment.

- For our shareholders, we will create financial return with continuous growth and stability.

**Corporate Value:** “We shall be diligent, pay attention to work, strive towards success and excellence in order to maintain balance of interest for all concerned parties such as the customers, employees and shareholders, work in unity with honesty, fairness and transparency, learning, sharing, continuous improvement and unceasing development in order to achieve superior differentiation.”



Referring to characters of the Company's value, “**D-BUILD**”, having definition of “**Determined, Transparent, and Yearning for Development**” meaning:

D - Diligence	: Diligent, pay attention to work and strive towards success and excellence
B - Balance	: Maintain balance of interest for all concerned parties such as the customers, employees and shareholders
U - Utility	: Work in Unity
I - Integrity	: Honesty, fairness and transparency
L - Learning	: Learning, sharing and continuous improvement
D - Differentiation	: Unceasing development for superior differentiation



# COMPANY PROFILE

## Company's Name

Diamond Building Products Public Company Limited

## Abbreviation

DRT

## Registration Number

0107547001041

## Type of Business

Production and distribution of roofing tiles, siding boards, boards and other roof accessories and housing structure products as well as roof stripping and installation services under the trademark names of Diamond, Roof, Adamas and Jearanai.

## Registered Capital

1,049,650,000 ordinary shares at a par value of Baht 1 per share totaling Baht 1,049,650,000  
1,038,609,000 issued and paid-up ordinary shares totaling Baht 1,038,609,000

## BACKGROUND

- 1985 August 28, 1985: The Company was established under the name of Siam City Tiles and Pipes Company Limited with Siam City Cement Public Company Limited as a major shareholder.
- 2001 April 3, 2001: The Company formally changed its name to Diamond Roofing Tiles Company Limited (DRT).
- 2002 December 26, 2002: There was a change in the shareholding structure with Myriad Materials Company Limited becoming a major shareholder.
- 2004 December 2, 2004: The Company was incorporated as a public company and became Diamond Roofing Tiles Public Company Limited.
- 2005 November 9, 2005: The Company was given permission by the Securities and Exchange Commission (SEC) to register its ordinary shares for trading on the Stock Exchange of Thailand (SET) and its shares were first traded on November 29, 2005 under the stock trading acronym of "DRT".
- 2011 January 18, 2011: The Company formally changed its name to Diamond Building Products Public Company Limited (DBP).

## LOCATIONS

### Head Office:

69-70 Moo 1, Mitraphap Road, Km. 115, Tambon Talingchan, Amphur Muang, Saraburi 18000  
Tel: 0-3622-4001-8, Fax: 0-3622-4015-7

### Branch Office 1:

408/163-165, Paholyothin Place Bldg., 40<sup>th</sup> Floor, Paholyothin Road, Samsennai, Phayathai, Bangkok 10400  
Tel: 0-2619-0742, Fax: 0-2619-0488

### Branch Office 2:

269 Moo 3, Tambon Samran, Amphur Muang, Khon Kaen 40000  
Tel: 0-4339-3390-1

### Branch Office 3:

169-170 Moo 4, Mitrapap Road, Tambon Tan Diao, Amphur Kaengkhroi, Saraburi 18110  
Tel: 0-3622-4001-8 Ext. 401-420

### Call Center:

0-2619-2333 Website: [www.dbp.co.th](http://www.dbp.co.th) E-mail Address: [Corpcenter@dbp.co.th](mailto:Corpcenter@dbp.co.th)

## REFERENCES

### Registrar

Thailand Securities Depository Co., Ltd.  
62 Stock Exchange of Thailand Building, Rajadapisek Road, Klongtoey, Bangkok 10110  
Tel: 0-2229-2800, Fax: 0-2654-5427

### Auditor

Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.,  
Rajanakarn Bldg. 25<sup>th</sup> Floor, 183 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120  
Tel: 0-2676-5700, Fax: 0-2676-5757

# STATEMENT FROM THE CHAIRMAN



Year 2012 was another year that Thai economy experienced the changes from the economic stimulus measures introduced by the Government such as the minimum wage adjustment, first-time car policy, tax incentive measures for first-time home buyers, which have affected household spending as well as impact from heavy flood disaster from the previous year which has remained until this year. Therefore, people have delayed repairs and maintenance of their houses with fear that heavy flood would occur again even though the Government has established long-term measures for water management. Therefore, the Company had to adjust its sales and marketing strategies to handle such changes by increasing proportion in sales abroad. As for local stores, the Company started developing store format under the “D-Build Shop” concept in order to meet customers’ behavior and increase access to the products.

## Financial Status and Performance for Year 2012

The Company had revenues from sales and services totaling Baht 3,883.58 million, an increase of 5.16% from the previous year. Net profit amounted to Baht 545.91 million, an increase of 18.64% from the previous year. The Company showed strong financial performance and cash flow enabling it to service its debt and pay dividends to the shareholders. The Company’s liquidity ratio was 1.69 times and the debt to equity ratio was 0.65:1, which is considered to be low. In January 2012, the Company sold all of the treasury stock totaling 37.38 million shares for a total of Baht 227.11 million, having premium on shares of Baht 165.21 million, thereby increasing shareholder’s equity by 8.18% from the previous year.

## Human Resources as a Major Factor in the Company’s Success

The Company continued to give precedence to the Company’s human resources in 2012. The Company organized a total of 93 employees training courses for a total of 14,701 training hours (average of 17.61 hours per person per year). The training this year emphasized the building of core value by organizing a training course called DBP-DNA: Diamond Brand People for all employees from the department manager level and below, having subject matter in learning of D-Build core value through activities which convey awareness and understanding of core value for each characteristic. Also, training courses in increasing productivity which had been carried out continuously since 2010 were organized based on the TPM Project (Total Productive Maintenance). The training programs were TPM 6 Basics which is fundamental training in six technical areas (Bolt & Nut, Pneumatics, Transmission, Lubrication, Electrical and Hydraulics). The training courses were taught by experts developed within the Company from employees possessing repairs and maintenance skills and expertise in each of the areas. Training courses on safety were also organized to give knowledge on the role of foreman and safety (safety conscious for the foreman) to the lead safety officers. First aid treatment and CPR and preparation of training roadmap for the production division, as well as development of the HRM (Human Resources Management) system, which is an information technology system for human resources management that has been used since 2012, were conducted.

Furthermore, the Company has policy to conduct its business operation by adhering to the laws and human rights, and shall not



support any business that violates human rights. The Company shall manage and operate based on the principle of fairness relating to salary, benefits, and other employment terms, including awareness concerning the right to freedom of association. The Company shall not support any use of force or child labor, any act of discrimination and shall support equal opportunity for all work colleagues and promote humane working conditions.

### Continuous Research, Development and Investment

The Company has also continuously engaged in product research and development with the objectives of production improvement in order to meet market demands, research and development of new products, seeking new sources of raw materials and improvement of production formula to reduce production cost and reduce claims on the products, quality check on the raw materials used in the production process, development of its own paint production to reduce problems related to paint quality and increase competitiveness.

In relation to investment, long-term plan of 3 to 5 years has been established under all four strategic plans; namely, production and distribution strategy, distribution channels strategy, strategy for organization to become most desirable by customers and trading partners and capable personnel, and R&D strategy, to support plan for the best interest of the Company under Company's vision, "To Be a Better Choice" in construction materials and services.

In 2013, the Company has increased its production capacity of wood substitutes and boards, which can be commercially produced from NT-9 production line and NT-10 production line with additional production capacity totaling 120,000 tons in 2013.

Due to the situation arising from insufficient facilities and space, the Company, in 2011, invested in the purchase of new plot of land approximately 145 Rai in area which is located opposite of the existing land in Saraburi province. This is to support the expansion of production facilities in accordance with the long-term strategic plans of the Company. In addition, it will also be used as a second distribution center in Saraburi province and for the start of investment for production of AAC (Autoclaved Aerated Concrete) which is a technological development from Germany that is expected to produce autoclaved aerated concrete of high steam pressure type with production expected to be commenced around the 2<sup>nd</sup> quarter of year 2013.

Furthermore, the Company owns lands that have not been in use in several provinces. Therefore, CT-KK project is considered as the first production expansion into other regions. Production line for concrete tiles will be installed on the Company's land plot in Khon Kaen Province, which is expected to commence its commercial production around the 4th quarter of year 2013 with production capacity of 50,000 tons per year. This location will also be designated as a distribution center for the Northeastern region.

### Corporate Governance

As a listed company in the Stock Exchange of Thailand since 2005 with ambition to become a leading organization with professional management, the Company gives precedence to good corporate governance and strictly adheres to good practices as set forth by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). In 2012, the Company has received the following assessment on its corporate governance.

The Company was placed in the "Excellent" group with five-star award (  ) for the assessment on corporate governance of listed companies. The Company received scores in the Top Quartile level in the group of companies with market capitalization of Baht 3,000 to 9,900 million. The Company was also awarded with the "Outstanding Company Performance Awards" from the "SET Awards 2012" on November 22, 2012, organized by the Stock Exchange of Thailand in cooperation with Money & Banking magazine. In addition, the Company received an "Excellent" rating within 100-point range for the Annual General Meeting Assessment of the Listed Companies Year 2012 by the Thai Investors Association (TIA).

### Corporate Social Responsibility (CSR) and Sustainability

The Company adheres to the good corporate governance policy for its business operation and has established corporate social responsibility as part of the Company's Code of Conduct. This is due to the fact that the Company realizes the importance of "Social" that is the key mechanism for supporting and pushing forward the Company for its existence, sustainability and development, as well as acceptance by all concerned parties. It started from small association within the organization including Directors, executives and employees, which is the heart of promoting potential and competitiveness toward society at community level, as well as encouraging the Directors, executives and employees of the Company to work in the same direction. In 2012, the Company

organized training courses to develop skill for the community people by bringing knowledge and skill in roof installation to the people in the community, creating jobs and additional income for the community people. Several projects were implemented such as Phra Dabot Project offering technical training and supporting learning materials for the students of Phra Dabot School under the royal patronage of the King and Diamond Heart Technician Project, which offers knowledge in roofing, installation of siding boards and eaves to the people in the community nearby the Company. In 2016, the Company has coordinated with the Department of Skill Development of Saraburi Province to include this project as a course in their skill development execution plan for Saraburi Province, etc.

#### Awards of Pride

The Company has received Distinguished Enterprise Award in Labor Relation for five consecutive years since 2008 with this year having received the award from the Labor Protection and Welfare Department of Saraburi Province. Moreover, the Company has received the "5S Award Model" certificate since 2011 at the Thailand 5S Award Event from the Technology Promotion Association (Thai-Japanese) (for Accounting and Finance Division, Warehouse and Inventory areas). The Company also received the "Thailand Trust Mark" from the Department of International Trade Promotion (DITP), Department of Export Promotion, Ministry of Commerce, assuring excellent product quality from Thailand which adds value to the products, create strong market opportunity and increase confidence for consumers. The Company is also certified with the following industrial standards from the certified body of TUV NORD Thailand Co., Ltd. including ISO 9001:2008, OHSAS 18001:2007, and ISO 14001:2004.

#### Dividend Payment in Year 2012

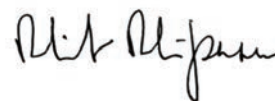
The Board of Directors wishes to inform the shareholders of the performance of the Company in 2012. Total net profit for the year was Baht 545.91 million or Baht 0.53 per share from the par value of Baht 1.00 per share. It was thus proposed to pay a dividend of Baht 0.40 per share to the shareholders. Accordingly, the Company had paid the interim dividend of Baht 0.20 per share on September 25, 2012. Therefore, a remaining dividend of Baht 0.20 per share will be paid out on May 17, 2013. Total dividend payment amounts to 75 percent of net earnings per share for 2012. The Board of Directors has approved dividend payment at

a high rate for the past several years to give good return to the shareholders and at the same time, the Company continues to invest in the expansion of factory to ensure sustainable growth every year.

#### Business Outlook in Year 2013

Industrial conditions in 2013 show positive trend due to certain economic stimulus measures introduced by the Government such as minimum wage increase and acceleration of mega infrastructure improvement projects. Moreover, major operators are investing and developing projects in major cities in the provincial areas to support growing demand for home and residence and major construction materials retailers continue to push ahead and invest in the increase of store branches. Nevertheless, the Company maintains its policy of prudence and the Board of Directors will endeavor to manage the Company prudently by adhering to principles of good corporate governance as well as manage its working capital effectively to ensure the Company's good financial status and liquidity and growth for sustained prosperity in the future.

The Board of Directors would like to extend its thanks and appreciation to the shareholders, business partners and stakeholders for the continued support that has enabled the Company to respectively attain success and progress thus far.



Mr. Prakrit Pradipasen  
Chairman of the Board



# REPORT OF THE AUDIT COMMITTEE

The Audit Committee has been assigned with the roles and responsibility as chartered by the Board of Directors. The roles and responsibilities of the Audit Committee include the following: verification of the Company's financial statements for correctness and reliability; verification of the Company's internal control and internal audit system; verification of compliance with related law and regulations; the recommendation and selection of the Company's independent auditor; as well as consideration of the acquisition and disposition of assets and related transactions that may result in a conflict of interest for the Company in accordance with the laws. Accordingly, the Audit Committee submits its report to the Board of Directors quarterly for consideration. The Report of the Audit Committee for the year 2012 can be summarized as follows.

1. The Company's quarterly and annual financial statements for 2012 have been audited and verified by the external accounting auditors for correctness according to general accounting standards. When significant errors were found, external auditor and accounting manager were consulted and concluded jointly before rectification. It was concluded that the quarterly and annual financial statements were correct and reliable and were prepared in accordance with the generally accepted accounting standards and that there were adequate and proper disclosure of information.

2. The scope the Audit Committee during 2012 also covered significant risk factors and sufficiency of internal controls. Findings by the Audit Committee concerning these issues are reported to the management for revision or change in order to ensure proper control.

3. The Audit Committee verified that the Company's operations and practices during 2012 were in compliance with the laws of the Securities and Exchange Commission and the regulations of the Stock Exchange of Thailand. The management was recommended to place importance on permit for factory operation and workplace sanitation and safety, particularly hiring of outside workers, which must be strictly adhered to the laws.

4. Acquisition and disposition of assets, as well as related transactions and transactions that may result in a conflict of interest for 2012 have been audited by the committee. Transactions concerning the purchase and sale of products at commonly accepted prices and sufficient disclosure have been found to be in accordance with the laws and regulations of the Securities and Exchange Commission.

5. The Audit Committee has advised the management to place importance on business administration in accordance with the principle of good corporate governance, according to the regulations established by the Stock Exchange of Thailand. It is recommended that periodic review of the operations be carried out in order to increase confidence of the shareholders and all stakeholders.

6. The Audit Committee has considered the selection of the independent auditor and determination of the audit fee for year 2013 by selecting the auditor who possesses the qualification, quality, working standard, as well as the expertise and auditor independence and good past experience in audit practices. After consideration and comparison of the workload and compensation rate, the Audit Committee has resolved to suggest the Board of Directors to propose to the Annual General Meeting of Shareholders Year 2013 for the appointment of an individual from KPMG Phoomchai Audit Ltd., namely Ms. Bongkot Amsageam, certified public accountant registration no. 3684, or Ms. Orawan Sirirattanawong, certified public accountant registration no. 3757, or Ms. Vipavan Pattavanvivek, certified public accountant registration no. 4795, or Ms. Vannaporn Jongperadechanon, certified public accountant registration no. 4098, or Mr. Thanit Osathalert, certified public accountant registration no. 5155, as the independent auditor for the Company for year 2013. All the individuals are qualified public accountants according to the regulations of the Securities and Exchange Commission. The audit fee for year 2013 has been determined at Baht 990,000, which is deemed as an appropriate audit fee.

7. In 2012, the Audit Committee held a total of 8 meetings. The Chairman of the Audit Committee and all three members of the Audit Committee attended all the meetings.

The Audit Committee is fully independent in carrying out its responsibilities and has received cooperation from all parties involved. Regular meetings with management and quarterly meetings with the independent auditor have been held in order to observe proper financial recording and control. No significant irregularities were found.

March 12, 2013

On behalf of the Audit Committee



(Mr. Somboon Phuvoravan)  
Chairman of the Audit Committee

# REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC) has carried out the duties as charged by the Board of Directors. During the 2012, the Committee held six meetings to consider the following issues:

## A. The selection and nomination for the replacement of Directors retiring by rotation

As per regulation, one-third of the Company's directors must be retired by rotation during the Annual Shareholder Meeting. The Nomination and Remuneration Committee is charged with selecting and nominating qualified candidates to replace the retiring directors. The Committee has set forth the following process:

(1) The Nomination and Remuneration Committee will acknowledge names of directors retiring by rotation and the list of candidates nominated to replace them that have been proposed by the Company directors and by the shareholders.

(2) The Nomination and Remuneration Committee will consider the list of proposed candidates. All candidates must be qualified and meet all requirements according to the law.

(3) The Nomination and Remuneration Committee will select and propose the candidates at the meeting of the Board of Directors who will in turn propose the list of candidates at the Annual Shareholders Meeting.

## B. Consideration of Remuneration for the Board of Directors

The Nomination and Remuneration Committee has specified the following criteria for remuneration of the Board of Directors:

1. Remuneration must be suitable and in accordance with the duties and responsibilities of each director.
2. Remuneration must be comparable to remuneration of other companies registered with the Stock Exchange of Thailand of similar performance levels. Remuneration must be in the range that will provide incentive to attract and maintain quality directors.
3. Remuneration must be in line with the Company's overall performance.

The Nomination and Remuneration Committee has considered the remuneration of the directors and has proposed to the Board of Directors for approval at the Annual Shareholder Meeting the following issues:

- Amount of monthly remuneration for the Chairman of the Board and for the company directors.
- Amount of monthly remuneration for the Chairman of the Audit committee and audit committee members.
- Amount of monthly remuneration for the Chairman of the Nomination and Remuneration Committee and committee members.
- Payment of annual bonuses to the Board of Directors according to the Company's performance.

## C. Consideration of the criteria for evaluation of the Company's performance

The Nomination and Remuneration Committee has chosen the Key Performance Indicators (KPI) of the Company to be the criteria used to evaluate annual salary adjustment and yearly bonus for the Company's employees. The Nomination and Remuneration Committee has evaluated the Company's performance based on the annual budget, operational targets, as well as market and economic conditions.

## D. Consideration of the annual salary adjustment and yearly bonus for the Company's executives and employees

1. The Nomination and Remuneration Committee has considered the annual salary adjustment and yearly bonus for high ranking executives by evaluation of the company performance and the performance of the individual executive. Accordingly, the yearly bonus for high ranking executives shall be based on the same criteria as for all the Company's employees in general.

2. The Nomination and Remuneration Committee has considered the annual salary adjustment and yearly bonus for the Company's employees by evaluation of overall Company's performance, market and economic conditions including comparisons of salary adjustment with companies in similar industries.

## E. Consideration of the base salary of employees under the minimum wage adjustment policy

The Nomination and Remuneration Committee has considered making adjustment to the base salary of Company's employees with working period of over three years in order to conform to the adjustment of starting salary of new employees which must be increased in accordance with the Government policy in minimum wage adjustment to Baht 300 per day.

February 6, 2013

On Behalf of the Nomination and Remuneration Committee,



(Mr. Chaikut Srivikorn)

Chairman of the Nomination and Remuneration Committee



# REPORT OF THE RISK MANAGEMENT COMMITTEE

The Management Committee has been assigned by the Board of Directors to appoint the Risk Management Committee, comprising of 14 executives from the level of department manager or above from all departments of the Company. In 2012, the Risk Management Committee held 12 meetings. Accordingly, the meetings concerning specific risk factor were held separately when appropriate. The Risk Management Committee has established the policy and guidelines concerning the risk management as well as having improved the risk management plan as recommended by the Audit Committee, which can be summarized as follows.

1. Regular review of risk at all levels by evaluation and analysis of risk factors and prioritizing risk by evaluating likelihood of occurrence and impact. Whereby issues that were deemed to need immediate attention were labeled “Red Risk” and issues that were considered to be potential risk factors were labeled “Yellow Risk”. The Risk Management Committee will originate a plan to address these risk issues appropriately.

2. Follow-up of risk management results on issues that need immediate attention and determination of prevention measures for potential risk issues. Preparation of a risk management report shall be submitted to the Management Committee and the Board of Directors of the Company, with review by the Audit Committee at least once every quarter.

3. Announcement of the policy and review of the risk management system, management plan during crisis situation including the audit and reporting process in order to enhance confidence that the Company possesses appropriate and effective risk management system.

4. Supervision and guidance in order to ensure that the risk management is properly carried out within the framework and review of information concerning risks are disclosed correctly and regularly to the compliance unit and the public.

During the past year, the Risk Management Committee has systematically functioned and closely monitored the work results, successfully controlling risks at an acceptable level so that they did not impact the Company’s operations. This is for the best interest of the Company, the shareholders and every stakeholder.

March 1, 2013

On behalf of the Risk Management Committee



(Mr. Satid Sudbuntad)

Chairman of the Risk Management Committee

# REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Board of Directors gives precedence to good corporate governance and therefore has assigned the Management Committee to appoint the Corporate Governance Committee to establish policy, rules and regulations for good practices in accordance with the principles of good corporate governance, including operation concerning corporate social responsibility, in order to have effective and transparent management that can be monitored, which should enhance confidence among all stakeholders. In 2012, the Corporate Governance Committee held a total of 7 meetings to follow up on the corporate governance plan, which can be summarized as follows.

1. Prepared the Good Corporate Governance Handbook to be adhered to and practiced by the Directors, executives and every employee and disseminated the Handbook on the Company's website and intranet.

2. Established the process for monitoring and supervision that the Good Corporate Governance Handbook was followed and that the business ethics was announced and disseminated to every employee to be developed into a corporate culture by putting in good corporate governance, corporate social responsibility and business ethics as part of the orientation of new employee, employee training and development program, ISO and safety training, as well as printing pamphlets to disseminate the information to every employee for acknowledgment.

3. Participated in the good corporate governance projects; including the listed company development program relating to good corporate governance year 2012, which were organized by the Stock Exchange of Thailand in order to develop and improve corporate governance of the Company to the international standard level, enhancing confidence to all stakeholders.

4. Established that there is an annual self-assessment of the Board of Directors' performance as a whole to allow the Directors to review their own performance on strengths and weaknesses and to improve their performance for the best interest of the Company's business operation. Accordingly, the results of the assessment for year 2012 were higher than that of the previous year.

5. With intention to become a leading organization with professional management and emphasis on good corporate governance, in 2012, the Company received the following awards relating to corporate governance assessment.

- 5-star award in the "Excellent" group with score in the Top Quartile in the group of companies with market capitalization of Baht 3,000 to 9,999 million
- "Outstanding Company Performance Awards" of the listed companies from the "SET Awards 2012"
- Award for "Excellent" rating within 100-point range for the Annual General Meeting Assessment of the Listed Companies Year 2012 by the Thai Investors Association (TIA)

The corporate governance works during the past year were carried out according to established plan. The Corporate Governance Committee shall concentrate in the development of corporate governance to further enhance its effectiveness for the best interest of the shareholders, community, society and environment and all stakeholders in general.

March 1, 2013

On behalf of the Corporate Governance Committee



(Mr. Satid Sudbuntad)

Chairman of the Corporate Governance Committee



# REPORT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Management Committee has been assigned by the Board of Directors to appoint the Corporate Social Responsibility Committee (CSR Committee). In 2012, the CSR Committee held a total of 8 meetings to establish the policy, direction and guidelines concerning the corporate social and environmental responsibility of the Company, which can be summarized as follows.

1. Established policy concerning the social and environmental responsibility and disseminated such announcement to the Directors, executives and every employee for their acknowledgment and practice.

2. Prepared plan and budget for the work on social and environment by allocating into two parts, including the part for activities within the Company to take care of Employees' livelihood and another part for activities outside the Company to take care of the society, community and environment.

3. Prepared and disseminated information relating to social and environmental responsibility on the Company's website and intranet to improve communication among the Company and every stakeholder for better effectiveness and to gain access to the information and news of the Company in a quick, complete and correct manner.

4. Established projects on the corporate social and environmental responsibility for year 2012; including Diamond Heart Technicians Training Class 1 to develop skill and profession on roof installation for the community people, project to support construction materials for home repairs for the disabled persons from the Reangrang Subdistrict Administrative Organization, Saohai

District, Saraburi Province, Return Wisdom to Motherland Camp from the King Mongkut's University of Technology North Bangkok, and project to develop course curriculum on roof tiles installation for students of Phra Dabot School, etc.

5. Participated in activities and training courses relating to the corporate social responsibility including CSR workshops for the listed companies on "Managing CSR for Sustainable Development" Class 2, development project for industrial factory to participate in corporate social responsibility by the Department of Industrial Works or CSR-DIW for budget year 2013 held on September 26, 2012, and CSR Best Practices of the Listed Companies in the Property & Construction group held during September 20-21, 2012.

6. Prepared the Corporate Social Responsibility and Sustainability Report for reporting its operation during year 2012.

The Corporate Social Responsibility Committee has been able to carry out work according to the established plan. The Company realizes the importance of "Social" that it is the key mechanism for supporting and pushing forward the Company for its existence, sustainability and development, as well as acceptance by all stakeholders.

March 1, 2013

On behalf of the Corporate Social Responsibility Committee



(Mr. Satid Sudbuntad)

Chairman of the Corporate Social Responsibility Committee



JATULON

ຈຕຸລອນ

ກັບສມັຍ ຄູດີ ອ້ວງ 4 ລອນ





# BOARD OF DIRECTORS

## Mr. Prakit Pradipasen

Chairman / Age 70 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 1.89% : 1.64% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Science in Business Administration Silliman University, Philippines
- Master of Business Administration Wayne State University, USA
- Citibank Credit Training Center, Philippines
- Senior Executive Program, Stanford National of Singapore, Singapore
- Special Program of National Defence College, Joint Public & Private Sector Class 3
- Program for Senior Executive The Sloan School of Management Massachusetts Institute of Technology, USA
- Director Accreditation Program (DAP 1/2003)

### Work Experience

- 2002 - Present Director Myriad Materials Co.,Ltd.
- 2000 - Present Director / Audit Committee Chairman / Nomination and Remuneration Committee Member Supalai Plc.
- 2000 - Present Independent Director / Audit Committee Member Susco Plc.
- 2000 - Present Chairman / Independent Director Asian Marine Service Plc.
- 2000 - Present Chairman / Independent Director / Nominating and Corporate Governance Committee Chairman The Erawan Group Plc.
- 2004 - 2011 Chairman Thai Sugar Millers Crop, Etc.



## Mr. Chaiyut Srivikorn

Director / Nomination and Remuneration Committee Chairman / Age 46 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.21% : 0.25% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Economics, New York University, USA
- Master of Public Administration, NIDA
- Director Accreditation Program (DAP 33/2005)
- Role of the Compensation Committee (RCC 7/2008)
- Successful Formulation and Execution of Strategy (SFE 13/2011)

### Work Experience

- 2004 - Present Chairman K M C Apparel Company Limited
- 2002 - Present Director Myriad Materials Co.,Ltd.
- 1999 - Present Executive Director TCH Suminoe Co.,Ltd.
- 1999 - Present Chairman Thai Outdoor Sport Co.,Ltd.
- 1998 - Present President Srivikorn Group Holdings Co.,Ltd. , Etc.





### Mr. James Patrick Rooney

Director / Age 74 Years / Nationality : American  
Shareholding in the Company as of Year 2011 : 2012 =  
0.33% : 0.37% of the paid-up capital and total voting rights.

### Education/Training

- The American Graduate School of International Management, MBA
- Yale University Department of Far Eastern Studies
- Pomona College, BA
- Director Certification Program (DCP 47/2004)
- Charter Director (Class 4/2008)

### Work Experience

- 2003 - Present Director Myriad Materials Co.,Ltd. , Bangkok, Thailand
- 2003 - Present Director Samitivej Plc.
- 1998 - Present Director AsiaWorks Television Limited, Bangkok, Thailand
- 1994 - Present Director Bangkok Airways Limited, Bangkok, Thailand
- 1979 - Present Chairman J.P. Rooney&Associates Ltd., Bangkok, Thailand, Etc.



### Mr. Phaithoon Kijsamrej

Director / Nomination and Remuneration Committee Member / Age 69 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.11% : 0.18% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Commerce, Chulalongkorn University
- Asian Institute of Management, Manila, Philippines
- Pacific Rim Bankers Program, University of Washington, Seattle, U.S.A.
- Director Accreditation Program (DAP 32/2005)
- Director Certification Program (DCP 55/2005)

### Work Experience

- 2004 - Present Audit Committee Member The Thai Chamber of Commerce and Thai Chamber of Commerce Federation
- 2003 - Present Director Myriad Materials Co.,Ltd.
- 2003 - Present Director Elm Tree Co.,Ltd.
- 2001 - Present Director Siam Administrative Management Co.,Ltd.
- 1998 - Present Executive Chairman SCMB Co.,Ltd. , Etc.



### Mr. Somboon Phuvoravan

Independent Director / Audit Committee Chairman  
Age 66 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.67% : 0.71% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Mechanical Engineering , Chulalongkorn University
- Master of Business Administration, Thammasat University
- Director Accreditation Program (DAP 32/2005)
- Audit Committee Program (ACP 4/2005)
- Director Certification Program (DCP 55/2005) & (RE DCP 1/2008)
- Monitoring the System of Internal Control and Risk Management (MIR 1/2007)
- Monitoring the Internal Audit Function (MIA 1/2007)

- Monitoring the Quality of Financial Reporting (MFR 6/2008)
- Monitoring Fraud Risk Management (MFM 7/2012)

### Work Experience

- 2006 - Present President Cemtech international Co., Ltd.
- 2001 - 2004 Executive Director Eagle Cement Co., Ltd.
- 2001 - 2004 Executive Director Holcim (Bangladesh) Co., Ltd.
- 2001 - 2004 Director Technical Council/ Training of Holcim Group Support (Switzerland)
- 1977 - 2004 Executive Director/ Senior Vice President Siam City Cement Plc., Etc.



### Mr. Woodthikrai Soatthiyanon

Independent Director / Age 59 Years / Nationality : Thai  
/ Shareholding in the Company as of Year 2011 : 2012 =  
-None- of the paid-up capital and total voting rights.

### Education/Training

- LL.B., Ramkhamhang University
- Thai Barrister at Law
- Master of Public and Private Management,  
School of Public Administration, National Institute  
of Development Administration
- Director Accreditation Program (DAP 89/2011)

### Work Experience

2007 - 2008 Director Ayudhya Allianz C.P. Life Plc.  
2005 - 2006 SVP-Bancassurance Strategie Support,  
Bancassurance Dapt Ayudhya Allianz C.P. Life Plc



### Mr. Sakda Maneeratchatchai

Independent Director / Audit Committee Member / Age  
68 Years / Nationality : Thai / Shareholding in the Company  
as of Year 2011 : 2012 = 0.45% : 0.44% of the paid-up  
capital and total voting rights.

### Education/Training

- Bachelor of Electrical Engineering, FEATI University,  
Philippines
- Director Accreditation Program (DAP 32/2005)
- Audit Committee Program (ACP 4/2005)

### Work Experience

1999 - 2006 Director / Executive Director /  
Managing Director Diamond  
Building Products Plc.  
2007 - 2008 Advisor Diamond Building Products Plc.

### Mr. Anun Louharanoo

Independent Director / Audit Committee Member  
Nomination and Remuneration Committee Member  
Age 59 Years / Nationality : Thai / Shareholding in the  
Company as of Year 2011 : 2012 = 0.14% : 0.18% of the  
paid-up capital and total voting rights.

### Education/Training

- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Thammasat University
- Director Accreditation Program (DAP 1/2003)
- Director Certification Program (DCP 29/2003) &  
(RE DCP 2/2006)
- Audit Committee Program (ACP 2/2004)
- Improving the Quality of Financial Reporting  
(QFR 2/2006)
- Monitoring the System of Internal Control and Risk  
Management (MIR 1/2007)

- Monitoring the Internal Audit Function (MIA 1/2007)
- Corporate Governance Workshop Board Performance Evaluation 2007
- Role of the Compensation Committee (RCC 7/2008)

### Work Experience

December 2012 - Present Director Do It Co., Ltd.  
April 2012 - Present Independent Director /  
Audit Committee Member  
Thailand Carpet Manufacturing Plc.  
2008 - Present Director PT. Singlurus Pratama  
2006 - Present Commissioner PT. Lanna Mining Services  
2003 - Present Director Thai Agro Energy Plc.  
1998 - Present Director PT.Lanna Harita Indonesia  
1985 - Present Director / Executive Director /  
Chief Financial Officer Lanna Resources Plc.  
2004 - 2011 Independent Director / Audit Committee  
Member Royal Porcelain Plc., Etc.



### Mr. Asanee Chantong

Director / Management Committee Chairman / Managing Director / Age 60 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.10% : 0.10% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Science (Chemistry), Chiangmai University
- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University
- Director Accreditation Program (DAP 63/2007)
- Financial Statements for Directors (FSD 6/2009)

### Work Experience

2004 - 2006 Managing Director S.K.I. Ceramics Co.,Ltd.  
2000 - 2004 Joint Managing Director Kohler (Thailand) Plc.



### Mr. Maitree Tawonatiwasna

Director / Management Committee Member / Deputy Managing Director Production & Engineering / Age 66 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.17% : 0.21% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Industrial Electrical Technology, King Mongkut's Institute of Technology North Bangkok
- Master of Business Administration, NIDA
- Director Accreditation Program (DAP 89/2011)

### Work Experience

1997 - 2004 Managing Director Kohler (Thailand) Plc.



### Mr. Satid Sudbuntad

Director / Management Committee Member / Deputy Managing Director Sales & Marketing / Age 52 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.43% : 0.47% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Engineering, King Mongkut's Institute of Technology North Bangkok
- Master of Engineering Administration (Major in Marketing Technology) The George Washington University, Washington D.C., U.S.A.
- Managing Change and Change of Management in Asia, Insead Euro-Asia Center, Hong Kong (2/2000)
- Orchestrating Winning Performance International

Institute for Management Development, Lausanne, Switzerland (6/2000)

- Director Certification Program (DCP 12/2001)
- Finance for Non-Finance Director (FN) 2003
- Audit Committee Program (ACP 8/2005)

### Work Experience

1999 - 2005 Director Karat faucet Co.,Ltd.





### Mr. Krit Phanratanamala

Director / Age 44 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = -None- of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Electrical Engineering, Chulalongkorn University
- Master of Business Administration (Finance), University of Florida, USA.
- Master of Science (Communication and Signal Processing), Imperial College, University of London, England
- Chartered Financial Analyst, CFA Institute, USA.
- Director Accreditation Program (DAP 86/2007)
- Advanced Audit Committee Program (ACP 1/2009)

### Work Experience

- 2011 - Present Director Biodegradable Packaging for Environment Plc.
- 2011 - Present Audit Committee and Independent Director Group Lease Plc.
- 2008 - Present Audit Committee and Independent Director Quality House Plc.
- 2006 - Present Director Saha Thai Steel Pipe Plc.
- 2006 - Present Director Royal Porcelain Plc.
- 2006 - Present Audit Committee and Independent Director Union Mosaic Industry Plc.
- 2005 - Present Investment Director Thai Prosperity Advisory Co., Ltd.



## EXECUTIVE



### Mr. Suwit Kaewamphunsawat

Management Committee Member / Assistant Managing Director Sales & Marketing / Age 49 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.25% : 0.27% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Laws, Chulalongkorn University
- Master of Public Administration, NIDA

### Work Experience

- 2000 - 2004 Sales Manager Diamond Building Products Plc.
- 1999 - 2000 Sales and Marketing Manager Diamond Building Products Plc.

### Ms. Thanakarn Phanthapirat

Management Committee Member / Assistant Managing Director Accounting & Finance / Company Secretary Age 57 Years / Nationality : Thai / Shareholding in the Company as of Year 2011 : 2012 = 0.18% : 0.22% of the paid-up capital and total voting rights.

### Education/Training

- Bachelor of Accounting, Chiang Mai University
- Master of Business Administration, NIDA
- Company Secretary Program (CSP 5/2004)

### Work Experience

- 2001 - 2006 Accounting & Finance Manager Diamond Building Products Plc.
- 1997 - 2000 Accounting Manager Toyota (Thailand) Co., Ltd.



# BUSINESS OPERATIONS

The Company manufactures and distributes roofing products, boards and ceilings, siding boards, and other roof accessories and non-roof products as well as being a service provider for roof stripping and installation under the trademark names of Diamond, Roof, Adamas, and Jearanai. The Company's main products are as follows:



1. Tile Product Group is divided into 3 categories as follows.
  - Fiber Cement Tiles, namely Roman Tiles, Small Corrugated Tiles, Flat Sheets, Fiber Cement Ridges, etc.
  - Concrete Tiles, namely Gran Onda, Adamas, Concrete Ridges, etc.
  - Jearanai Tiles, namely Jearanai Tiles, Jearanai Ridges, etc.
2. Board and Ceiling Product Group, namely boards, ceilings, etc.
3. Siding Board Product Group, namely siding boards, lathes, eaves, etc.
4. Special Products such as Roof Accessories and Non-Roof Products as follows:
  - Roof Accessories, namely battens, Foils, Bird Guards, Paints, etc.
  - Non-Roof Products, namely Truss, Laminate, Gypsum Boards and Water Tanks, etc.
5. Roof stripping and installation services, truss and laminate installation by teams of experts who have received training with the Company.

## Revenue Structure

As of year ending December 31<sup>st</sup> for each of the past 3 years:

Products and Services	2012		2011		2010	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from sales and services</b>						
1. Revenue from Product Sales	3,631.54	93.51%	3,482.89	94.31%	3,150.71	95.37%
1.1 Roofing Tiles Products	2,579.90	66.43%	2,529.25	68.48%	2,421.49	73.29%
1.2 Board and Ceiling Products	226.80	5.84%	304.19	8.24%	232.12	7.03%
1.3 Siding Board Products	581.05	14.96%	463.11	12.54%	383.45	11.61%
1.4 Special Group Products	243.79	6.28%	186.34	5.05%	113.65	3.44%
2. Revenue from Services	252.04	6.49%	210.23	5.69%	152.82	4.63%
<b>Total Revenues from sales and services</b>	<b>3,883.58</b>	<b>100.00%</b>	<b>3,693.12</b>	<b>100.00%</b>	<b>3,303.53</b>	<b>100.00%</b>

# CORPORATE SOCIAL RESPONSIBILITY (CSR) AND SUSTAINABILITY REPORT

The Board of Directors is determined to develop its organization with transparent management, good governance and to look after the interest of the stakeholders and society in general, to develop its personnel with morality and accountability, operating business with prudence and honesty, to improve the quality of life and environment advancing towards success of corporate social responsibility for existence and sustainable growth of the Company's business and acceptance by every group of stakeholders. Accordingly, the Company has carried out these matters as follows.

## 1. Organizational Governance

With intention to become a leading organization operating to build credibility among the shareholders and every stakeholder involved with the business operation in order to increase value of the organization and promote sustainable growth; therefore, the Company places importance on the principles of good corporate governance by adhering to business operating principles with accountability, responsibility, equitable treatment, transparency, vision to create long term value and ethics in business operation, as well as looking after social and environment (details can be seen in the "Corporate Governance" on Page 49).

## 2. Fair Operating Practices

The Company adheres to principle of fair business operation and promotes its employees at every level to operate with prudence and honesty by adhering to the business ethics, which has a fair business operating policy toward every group of stakeholders, namely the shareholders, customers, trading partners and competitors, without seeking for own benefit, which has conflict of interest with the Company and stakeholders, as well as keeping confidential of secrets relating to business operation with the stakeholders.

The Company has compensation measures in case of a stakeholder has suffered damage from violation of law by the Company. The Company provides opportunity for notifying clue or complaint about illegal action or infamous conduct through the Independent Director and Audit Committee. The Company has also established a procedure for the process after the notification of clue by checking on the information and reporting to the Board of Directors later.

The Company has established good practices concerning with giving and receiving of business gifts, assets or other benefits with objective aiming not to open any channel for cheating or create discomfort for the receiver or having impact on the decision involving reciprocal relationship with the gift giver or create unfair situation with other relevant parties. The Company shall consider mainly the intention of the giver and receiver.

In addition, the Company has established operating guidelines for the executives and employees according to the value as expected by the Company, including the code of conduct and accountability with the stakeholders for the benefit of building operational behaviors standard of the executives and employees based honesty. The Good Corporate Governance Handbook and the Code of Conduct are disseminated on the Company's website ([www.dbp.co.th](http://www.dbp.co.th)) for acknowledgement and practice by every executive and employee throughout the organization with constant monitoring of the practice.

## 3. Respect for Human Rights and Fair Labor Practices

The Company has policy to conduct its business with respect to the laws and adherence to human rights and shall not support any business that violates human rights. The Company shall practice principle of justice in management of compensation, benefits and other employment terms and conditions, as well as recognize the workers' right to freedom of association, not using forced labor or child labor, no allowance of discrimination. The Company shall support equal opportunity for every employee and humane working conditions, organize activities to encourage participation by the employees to build relationship and unity among the employees, carry out selection without gender discrimination, freedom of religion, expression of political opinion, etc. The Company emphasizes on fair treatment of employees and with dignity as part of the Company, adhering to the Labor Protection Act and Thai Labor Standard as well as other relevant laws and regulations as follows.

**3.1 Employment:** Appointment, transfer and remuneration shall be conducted in fairness by considering qualifications on education, experience, physical condition and other necessary conditions of the employee on such job position. In addition, the Company has increased the provident fund from 3 to 5 percent according to the employment period to encourage saving, which the saving amount can be chosen by the employee and the Company will add equal amount to the fund.

**3.2 Welfare:** Medical treatment and safety are deemed responsibility of the Company, which must oversee the welfare of the employees and maintain the workplace in proper, safe and sanitarian condition, and strictly adheres to the laws relating to labor as well as considers the importance of employees' security.

**3.3 Complaint:** The Company has established means for the employees to submit complaints to the Company in case of unfair treatment, wrongful action or negligence with regard to the regulation or contract or agreement that were agreed upon. The complainer is required to proceed according to the complaint procedure as set forth within the Company's regulation regarding Company's business operation.

**3.4 Human Resources Development:** The Company has policy to develop the capability of the personnel in order to increase competitiveness, to support and provide training and seminar relating to operation of each working unit, which are deemed important in developing quality employees and achieving growth. In 2012, the Company arranged for the following training courses for human resources development.

Type of Training Courses	Number of Courses	Number of Classes	Number of Training Hours
Productivity Improvement	17	29	3,010
Standard System	6	6	234
Human Resource Development	16	26	5,625
Technical Training	13	20	1,287
Safety	10	13	1,314
Others	31	33	3,231
<b>Total</b>	<b>93</b>	<b>127</b>	<b>14,701</b>

Human resource development in 2012 focused on promoting core value and building corporate culture, capability development, as well as development of production capacity increase and operational safety, which can be summarized as follows.

#### 3.4.1 Core Value Promotion and Corporate Culture Building

The Company has organized training courses on the "Core Value" for every employee with goal to develop competency for the employee that is suitable with the operation, including taking the core value for self development and using it in daily life. Moreover, the employees will have the sense of unity and love for the organization.

#### 3.4.2 Human Potential Development

The Company emphasizes on the development of employees' potential other than the capacity that they have in their job position, including the development of latency within each employee, and therefore, the Company organizes training courses such as "Train the Trainer" for the employees in Engineering and Maintenance Division taking steps to become professional experts and arrange teaching schedule for teaching their colleagues under the "Diamond Teachers" project.

#### 3.4.3 Productivity Improvement

In expansion of production capacity, improvement of production efficiency to reduce the amount of waste from the process, the Company has organized training courses for every level of employees from the executive to the operation level including courses on TPM, Kaizen and 5S, etc. The objective is so that the employees can take various tools from each course and apply them in their operation to increase production capacity, improve efficiency and make the process easier, more convenient and also reduce the cost of production.

#### 3.4.4 Safety

The Company gives highest priority on safety issue and therefore, has organized training courses and provided knowledge to the employees on safety by starting with the review on creating sense of safety at the level of foreman, employee and contractor. In



addition, training courses are provided to ascertain that the employees are aware of their role and responsibility for participation concerning safety issues such as the safety training course for the foreman, as well as the first-aid training course for the benefit of the employees who can take this knowledge for use at work and their daily life.

#### 4. Consumer Issues

The Company realizes the importance of customer satisfaction to the successful business. Therefore, the Company has intention to seek for more efficient and effective means to meet the requirements of the customers, having guidelines as follows.

- Delivery of products and services with quality as per specifications or better than customer's expectation at a fair price.
- Provide accurate, sufficient and timely information to the customer concerning products and services without exaggeration causing misunderstanding about the quality, quantity or any terms for such products or services.
- Contact the customer with courtesy, effectiveness and with trust by the customer and establish a process system for customers to file complaints concerning the quality, quantity and safety of the products, as well as provide quick response or delivery and put effort to the last in order to provide the customer with quick response.
- Keep confidential of customer's information, which shall not be wrongfully used for own and others' benefit.
- Provide consultation concerning the effective use of products and services of the Company for the maximum benefit of the customer.

In 2012, the Company did not receive any significant complaint due to the use of Company's products. Information and news were provided correctly and sufficiently to the customers for management benefit of both the producer and consumer.

Accordingly, for the responsibility to other groups of stakeholders namely shareholders, customers, trading partners, competitors and accounts payable, the Company has made announcement regarding the Code of Conduct to be used as guidelines for Company's operations, which is included in the Good Corporate Governance Handbook, being disseminated on the Company's website.

#### 5. Community and Social Operations

##### 5.1 Policy on Social Responsibility

The Company adheres to the good corporate governance policy for its business operation and has established corporate social responsibility as part of the Company's Code of Conduct. This is due to the fact that the Company realizes the importance of the word "Social" that is the key mechanism for supporting and pushing forward the Company for its existence, sustainability and development, as well as acceptance by all concerned parties. It started from small association within the organization including Directors, executives and employees, which is the heart of promoting potential and competitiveness toward society at the community level, as well as encouraging the Directors, executives and employees of the Company to work in the same direction. Accordingly, the Company has established the policy on social responsibility as follows.

"Corporate social and environmental responsibility policy is considered a duty and responsibility of the directors, executives and employees to operate the business with ethics and accountability to the society, to participate in the development of community, society and environment in general, to respect the laws and human rights without discrimination regardless whether the concerned parties have different race, religion or culture, to manage with fairness, to instill social responsibility in the employees at every level seriously and constantly without expecting anything in return, to promote activities that are beneficial to the community and society for the stability and sustainable development."

##### Under the following guidelines:

- Organization Level Activities: Skill development activities for the directors, executives and employees and every level to build knowledge base within the organization, to encourage participation of the employees in expressing their opinions on the organization, to participate in the community development and environmental protection within the organization.
- Community Level Activities: Activities which are in line with the Companies' business operation that can be carried out continuously to benefit the society, community and environment in long term, to bring about continuous development of education and learning of both the quality of life of the people in the society that the Company conducts its business and the society in general, to help the society in case of a disaster and to support learning development and instill social responsibility in the young persons.

The Company has established channels for communication and dissemination of operations concerning social and community for

acknowledgment by the Company's employees and all concerned parties through the Company's website as follows.

- Within the Company via <http://drt/> under Topic "Social Responsibility"
- Outside the Company via [http://www.dbp.co.th/trade\\_information.htm](http://www.dbp.co.th/trade_information.htm) in the "Investor Information" under Topic "Social Responsibility"

## 5.2 Corporate Level Activities

According to the social corporate responsibility above, in 2012, the Company has promoted activities which encouraged participation by the employees in offering ideas and opinions about the organization, participation in the development of community, social and maintaining good environment within the organization by establishing the following guidelines.

### 5.2.1 Safety, Health and Environment (SHE)

The Company realizes the importance of occupational health and safety in the workplace due to the fact that accidents, injuries and illnesses from working are preventable with good sense on safety and participation by everyone in the organization. In the past year, the Company continued to carry out works concerning safety of the employees, contractors and visitors by offering training courses, campaigns and activities concerning the occupational health and safety in the workplace as follows.

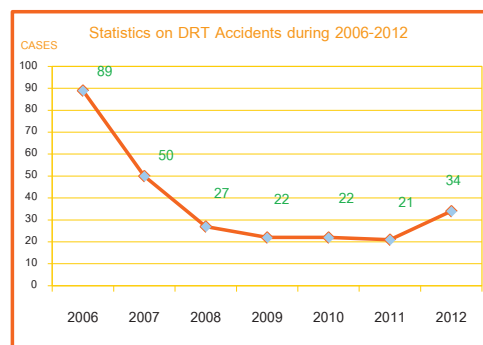
#### (A) Safety Campaign Activities

- "SHE LOVE YOU" Activity : Safety campaign during the Valentine's Day festival
- "Safety Talk and KYT" Activity : Campaign to promote story tellings about safety in every area.
- "Water Play with SHE" Activity : Campaign for promoting safe trip home during Songkran Festival including Buddha water pouring ceremony, respected elders water pouring, games and activities for sending employees home with "sleepy curing" bag for safe trip.
- "Diamond's Fight against Drugs" Activity : Campaign to promote health and reduce factors causing crimes.
- "Mobile Clinic...Happy All" Activity : Health consultation and medicine administering services in the working areas.
- "Bicycle Check and Registration" Activity : Campaign for safe bicycle riding. Set regulations and limits on the use of bicycles within the factory for traffic safety.
- "Annual Health Checkup" : Health checkup according to risk factors of employees and contractors
- "Help SHE Please" Activity : Campaign to encourage employees and contractors to report unsafe incidents such as

unsafe conduct, risky or hazardous situation and near-accident incidents.

- "Occupational Safety Week" Activity : Activity to promote safety, health and environment
- "New Year Campaign for Don't Drive Drunk" Activity : Campaign to promote "Don't Drive Drunk" during the New Year Festival
- "Waste Separation" Activity : Training on separation of waste within the factory to promote environmental protection, to dispose waste at the right place to reduce waste separation time and treatment.
- and other activities

#### (B) Accident Statistics of Year 2006-2012



In 2012, the number of accidents increased by 13 times as compared to the previous year due to large increase of employees including permanent employees and daily workers and higher turnover ratio than the previous year, making it difficult to provide safety training to every person. Therefore, in 2013, employees' safety is considered the main duty of the executives in every level to pay serious attention in order to reduce the number of accidents.

Safety Training: Safety working team together with the Production and Engineering Division and Maintenance have prepared handbooks for machinery cleaning, construction and accident prevention guidelines by making assessment and safety improvement at the machinery and surrounding areas. In addition, safety training courses are given to every new employees and new contractors and the training course program was increased to a full day, 6-hour course. Morning Safety Talks are conducted in the morning before work for over 800 times per year. Other safety training and activities include first-aid practice, machinery cleaning

method and procedure, forklift truck safety lessons, crane operation training, and basic fire fighting courses. Moreover, annual safety exhibition is held every year. In 2012, training courses on the role of safety officers were given to 59 employees at the executive level and to 190 employees at the foreman level, etc.

#### (C) Effective Work Improvement Activities

- 5 S Activity is participated by every executive, employee and contractor, joining together to develop and improve working areas for cleanliness and increase work effectiveness for products and materials storage, by dividing into 4 categories, namely large-sized factory, small-sized factory, materials storage and office. In 2012, the Company received the “5S Award” certificate at the Thailand 5S Award Event from the Technology Promotion Association (Thai-Japanese) for the materials store and warehouse areas in addition to the office area and Accounting and Finance Division, which had received the award a year earlier.

The Company has carried out 5S activity since 2007 with objective that the 5S activity would be part of the operation with every employee taking part for good and safe working environment, building good sense of efficient work improvement and foreseeing the received benefits such as cleanliness, orderly product and material storage for convenient usage, reduction of brokent products, reduction of storage area. Therefore, the 5S activity has been initiated and carried out at the Company’s stores for several years. In 2012, 5S activity was introduced in many of Company’s stores, including specific assistance in organizing the 5S activity for customers whom were affected by the heavy flood in Bangkok, which tremendously pleased the Company’s customers.

- TPM Project: The Total Productive Maintenance (TPM) is undertaken by every employee through groupworks activities with aim to improve the effectiveness of the machinery to the highest level, knowledge and skill development of employees which shall improve the performance of the organization. Accordingly, the Company has continuously organized training programs since year 2010 including the TPM 6 Basics (fundamental training in the areas of Bolt & Nut, Pneumatics, Transmission, Lubrication, Electrical and Hydraulics). Currently, the training courses are taught by internal experts developed from within the Company with skill in certain areas of maintenance and fostering social responsibility. The TPM project is well received and participated by the employees from every department.

#### 5.2.2 Social Level Activities

Activities on the social level are carried out within the Company for the persons having interest with the Company’s operations namely, the executives and employees of the Company. The Company has organized activities in many festivals to encourage love and helpfulness among the employees in case of a disaster so that they have good sense to help each other, including family members of the employees. These activities can be summarized as follows.





- Mother's Day Activity: the Company organized the Mother's Day event, having contest for the employees to make shirt and send card to tell the mother that they love her.

- "Sushi Child...Diamond Breed" Activity: During school holidays, the Company organized activity for employees to bring in their children to practice making sushi to promote family activity for future profession or family activity over holidays.

- "Mind Development for Balanced Life Year 2" Activity: The Company encourages the employees to practice the dharma, meditation, and have cheerful mind in order to have good sense for life and work.

- "Assistance for Employees Affected by the Flood" Activity: The Company provided money and goods to help the employees whom were affected by the flood disaster for a total amount of Baht 3,127,934.

- "Mother's Breast Feeding Corner" Activity: The Company provided area for providing knowledge in pumping breast milk for the female employees and contractors.

- "Blood Donation Drive" Activity: The employees participated in the blood donation in March, June, September and December at the Diamond Brand Kitchen.

### 5.3 Community Level Activities

Activities at the community level are in line with the business operation of the Company that can be carried out continuously for the benefit of society and communities surrounding the Company. In 2012, the Company has carried out the following activities.

(A) Skill Development Training Projects: Bringing knowledge and skill in roof installation to the people in the community to create jobs and increase income to the people in the community. The Company has organized several programs as follows.

- "Phra Dabos" Project : The Company joined the technical training program and supplied course materials for the students of Dabos School under the royal patronage of the king foundation, which has been carried out for several years. The Company foresees the importance of this mission and has confidence in the Company's personnel for taking part in the development of the training course in construction-roof tile installation for Phra Dabos students as an alternertive course as well as expansion of technical knowledge and profession.

- "Luk Phar Dabos" Project : Her Royal Highness Princess Maha Chakri Sirindhorn presided over the opening ceremony of the Chaloem Phrakiat 84 Phansa His Majesty the King Public Park under the Luk Phra Dabos Project on September 19, 2012, which



the Company was very proud of its participation and donation of the "Phra Dabos Diamond" pavilion to the Phra Dabos Foundation under the royal patronage of the King.

- "Diamond Heart" Project : The Company organized "Diamond Heart" training course Class 1 for nearby community, providing knowledge on roof installation, siding boards and eaves installation by using Company's products.

In 2013, the Company coordinated with the Department of Skill Development of Saraburi Province to assign and include the "Diamond Heart Technician" program into the skill development plan for year 2013 with 5-day training course including 2-day





theoretical part and 3-day practical part with course certificate to be issued to the course participants.

(B) Development Projects with the Community

- “Green Village” Project : The Company provided roofing tiles, ceilings and boards under the Diamond Brand with total value of around Baht 1 million to the “Green Village by Insee Project”, a model green village, which has delivered 20 houses to the community of Baan Khlong Sai, Amphur Maharaj, Ayutthaya Province, the community that was affected by the heavy flood in 2011.

- “Good Sanitation” Project”: The Company provided roofing tiles and Diamond Ultra Trusses together with Sansiri Pcl. in the construction of dining canteen for good sanitation for children in the remote area at Baan Kork Chang Pattana School, Prajuab Kirikhan Province.

- “Community Relations” Project : The Company provided roofing tiles and synthetic wood for construction of government sector and education buildings in nearby communities and temples.

(C) Activities with the Community

- National Children Day : The Company supported Children Day activity at the Subdistrict Administration Organization of Tan Diao and Wat Huay Lee, Tumbon Taling Chan on January 13, 2012, including activities such as games, sculpture painting, prizes, food and drinks for students and parents.

- “Share the Love and Kindness to Blind Children” Activity: jointly donation of consumer goods and lunch for the school for the blind in Lopburi Province

- “Merit Making on the Buddhist Lent Day” Activity” : The Company and employees together made merit and lent candle offering at Jumsil Temple and Nong Bua Temple in Saraburi Province



- “Financial Support for Teachers Respect Ceremony” Activity : The Company jointly funded Nong Bua School, Tumbon Taling Chan in the Teachers Respect Ceremony and Annual Merit Making Rite of the School.

- “Sports Day” Activity : Badminton friendship competition “Diamond Meets Insee” at the Badminton Court of Siam City Cement Pcl.

## 6. Environmental Concerns

The Company realizes the importance of environmental responsibility and considers responsibility in business operation, particularly in the production process which must not have adverse impact or damage to the environment and community, as well as, organizes environmental protection campaigns and activities, which can be summarized as follows.

**6.1 Production Process** : The Company has received certifications from TUV NORD Thailand Co., Ltd and certified body from TUV NORD of Germany, which guarantees that the Company's production process has good environmental management system. The Company has already received following three industrial standards and certifications.

- ISO 9001 : 2008 : Quality management system for both factory and office (Since 2003)

- OHSAS 18001 : 2007 : Occupational health and safety management system (Since 2005)

- ISO 14001 : 2004 : Environmental management system (Since 2009)

**Other Certifications and Awards Received can be summarized as follows.**

- Year 2005: Received the Thai Industrial Standard (TIS) from the Thai Industrial Standards Institute, Ministry of Industry.

- Year 2007: Received the Safety Award on excellent reduction of accidents from the Department of Labor Protection and Welfare, Ministry of Labor and Social Welfare

- Year 2008-11: Received the Distinguished Enterprise Award in labor relation and welfare from the Ministry of Labor and in 2012, received from the Department of Labor Protection and Welfare, Saraburi Province.



- Year 2009: Received the Distinguished Thailand Brand from Department of Export Promotion, Ministry of Commerce.

- Year 2009: Received the Distinguished Regional Enterprise Award in Safety from the Ministry of Labor

- Year 2010: Received the “White Factory” Award (Drug Prevention) from the Labor Protection and Welfare Office of Saraburi Province.

- Year 2011-12: Received the “5S Award Model 2011” certificate at the Thailand 5S Award Event, from the Technology Promotion Association (Thai-Japanese) for the office area, Accounting and Finance Division, Logistics and Customer Service and Warehouse.

- Year 2012: The Company was placed as Number 1 Brand “Diamond” as the most admired brand for roofing tiles in the construction materials category from the “Thailand’s Most Admired Brand 2012” ranking in the January 2012 issue of Brand Age Magazine

- Year 2012: Received a quality symbol, “Thailand Trust Mark” from the Department of International Trade Promotion (DITP), Ministry of Commerce, a guarantee of excellent quality product from Thailand, which will add value to the product, build strong market opportunity and increase consumer confidence.

- Year 2012: Received “Outstanding Company Performance Awards” from the “SET Awards 2012” on November 22, 2012, organized by the Stock Exchange of Thailand in cooperation with Money & Banking Magazine

## Results of Environmental Condition Measurements

The Company strictly adheres to the laws and regulations on environmental concerns as stipulated by the Ministry of Industry, Ministry of Natural Resources and Environment, Ministry of Public Health, Ministry of Labor and Ministry of Interior. The Company conducts its business under the social responsibility and environmental protection regularly and continuously. In 2012, the Company passed all the standards and criteria in the environmental condition monitoring and measurements in the workplace including air, dust, noise, water and waste in the production process, having no adverse impact or damage to the environment and resources of the community, which can be summarized as follows.

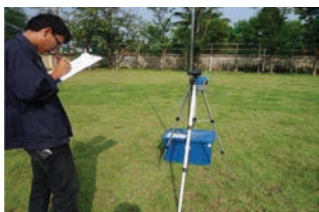
- Measurement of air quality from the workplace condition such as steam boiler funnels, paint blowers, xylene, etc. in order to monitor the air quality so that it will not have impact on the environment.

- Monitoring of noise pollution, dust and chemical, which passed all the standard criteria.

- Monitoring of surface water quality surrounding the factory to be within the specified standard.

- Having the base solution pond system for recycling of water for re-use in the process, reducing water consumption and water pollution.

- Treatment of waste, broken tiles, sealer remains, oil residue and other wastes are transported and disposed outside the factory, which is permitted by the Department of Industrial Works, including reporting via website of the Department of Industrial Works, [www.diw.go.th](http://www.diw.go.th).



Pollution Monitoring



Air Quality Monitoring



Water Quality Monitoring



Waste Disposal/Treatment

### Monitoring of Chrysotile in the Workplace

Area	Measured Values	Standard
FC raw materials preparation area	<0.001 - 0.009 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere
Tile testing area	<0.001 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere
Cover pacing/glazing area	<0.001 - 0.012 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere
Broken tiles storage area	0.006 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere
Chrysotile storage area	0.013 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere
Product distribution area	0.014 fiber / cm <sup>3</sup>	Not exceeding 2 fibers / 1 cm <sup>3</sup> atmosphere

Source: Report of Environmental Measurement on April 3-4, October 15-16, 2012 by Global Environmental Management Co., Ltd.

### Monitoring of Air Quality in the Workplace

Description	Measured Values	Standard
Normal dust in the factory	3.11 - 7.12 mg / m <sup>3</sup>	Not exceeding 15 mg / m <sup>3</sup>
Particle matter (<10 μm <sub>SD</sub> )	3.61 - 4.13 mg / m <sup>3</sup>	Not exceeding 5 mg / m <sup>3</sup>
Xylene	< 0.001 - 0.957 ppm	Not exceeding 100 ppm

Source: Report of Environmental Measurement on April 3-4, October 15-16, 2012 by Global Environmental Management Co., Ltd.

### Monitoring of Air Quality from the Factory's Funnels

Description	Measured Values	Standard
Total Suspended Particulate (TSP)	< 0.01 - 4.10 mg / m <sup>3</sup>	Not exceeding 320 mg / m <sup>3</sup>
Sulfur Dioxide	< 1.30 ppm	Not exceeding 60 ppm
Carbon Monoxide	23 - 28 ppm	Not exceeding 690 ppm
Nitrogen Dioxide	3.60 - 6.60 ppm	Not exceeding 200 ppm
Xylene	1.18 - 30.13 ppm	Not exceeding 100 ppm

Source: Report of Environmental Measurement on October 15-16, 2012 by Global Environmental Management Co., Ltd.

Accordingly, the results of air quality check in both the workplace and funnels found no values which are exceeding the environmental standards.

For the reduction of water consumption, the Company has installed a water reservoir system for recycling and re-use in the production process.

For the air pollution caused by dust from tile cutting and volatile matter from tile coating, the Company has installed a dry process dust removal system, volatile matter suction room and paint dust and order collection system in the production process, including construction of hazardous waste storage building.



## Investments on Reduction of Environmental Impact for the Past 5 Years

Year	Description	Amount (Million Baht)
2008	Treatment of Air, Water and Hazardous Wastes	15.28
2009	Base solution ponds and Waste Disposal & Treatment	2.75
2010	Waste Storage/Water Drainage/Warning System/Water Return Pipe	2.69
2011	Cement dust/White Clay Collection System, Tile Dust Collection System and Enclosed Paint Room Installation	2.99
2012	Ammonia Treatment System/Dust Collection System for Receiving Pond/Room for Settling Pond	8.07

### 6.2 Energy Conservation Projects

The Company realizes the importance of environmental management and efficient usage of energy power. Therefore, the Company emphasizes on establishing guidelines on energy conservation for the employees in order to encourage every employee to participate and practice within these guidelines in the conservation of energy tasks. For past several years, the Company has carried out the following duties concerning with the conservation of energy.

- The Company shall carry out and develop appropriate energy management system by establishing energy conservation as part of the plan and in line with the relevant laws and regulations.
- The Company shall continue to improve on the efficiency of energy resources utilization, which is suitable for the business and technology and good practices.
- The Company shall establish plan and objectives for the conservation of energy annually and communicate with the employees for correct understanding and practices.
- The Company believes that the conservation of energy is the responsibility of the executives and employees of the Company at every level to participate and practice in accordance with the established measures, to monitor and report to the energy management team.
- The Company shall provide necessary support including human resources, technology, financial budget, training program and participation in presenting ideas concerning the energy development.

In 2013, the Company utilizes steam energy from a private power plant located adjacent to Company's factory. The steam energy has 10% higher heating value than the steam produced by the

Company. As a result, steam energy consumption has been reduced by 10%. The Company has also entered into a power purchase agreement from this power plant, which should increase the stability in electrical power for the production process. Accordingly, the energy consumption is more efficient, which has resulted in a reduction of energy cost and less impact to the social and environment.

The management and the energy management team shall review and improve its policy, objectives and energy operation plan every year for sustainable development.

### 7. New Innovation Projects

The Company has manufactured non-asbestos products in order to increase the variety of Company's products and environmentally friendly namely, Jearanai tiles, Jatulon tiles, etc.

### 8. Fight Against Corruption

The Company has established the Internal Audit and Compliance Control Department reporting directly to the Audit Committee, with duties to oversee and monitor the internal control system of every department in the Company in order to ensure that the Company has effective internal control and reduce corruption in Company's business operations, as well as establishment of guidelines for whistle-blowing for the employees to immediately notify of any dishonest occurrences in the Company through the Company's website. The Company has also established guidelines relating to the fight against corruption and prevention against bribery payment for business benefit within the Good Corporate Governance Handbook.

## Awards of Pride



Safety Award



Enterprise Award  
in Safety



Enterprise Award  
in Labor Relation  
and Welfare



5S Award Model



"Diamond" as the  
"Thailand's Most  
Admired Brand"  
for roofing tiles in  
Construction  
Materials group



Outstanding  
Company  
Performance  
Award  
of the Listed  
Companies

## Development of Social and Environmental Responsibility

The Company promotes the development of social responsibility for the Company's employees including product quality improvement and production process efficiency improvement in order to increase its competitiveness by developing skill, knowledge and understanding of its employees concerning Company's business operation so that it will not have adverse impact on the social and environment. During year 2012, the Company has enrolled its employees into several training courses and activities as follows.

1. CSR Workshop for the listed companies on "Managing CSR for Sustainable Development" Class 2, organized by the Stock Exchange of Thailand during August 2, 2012 to October 2, 2012, totaling 8.5 training days.
2. Corporate Social Responsibility – Department of Industrial Works (CSR-DIW) Program in budget year 2013, organized by the Stock Exchange of Thailand on September 26, 2012.
3. CSR (CSR Best Practices) for Listed Companies in the Property & Construction sector, organized by the Department of Industrial Works during September 20-21, 2012.

# FUTURE PROJECTS

## 1. AAC Project: Investment in Machinery for Production of Autoclaved Aerated Concrete

According to the Board of Directors' Meeting No. 233 on September 26, 2011, resolution was passed to approve for the investment and procurement of machinery for the production of AAC (Autoclaved Aerated Concrete) with MASA GMBH of Germany. The contract was executed on September 28, 2011. The production capacity is 140,000 tons per year. The total value of the project is approximately Baht 595 million whereby financing is obtained from a financial institution for the sum of Baht 500 million to be paid back in seven years. The remaining capital is used from cash from the operations of the Company. The estimated time from procurement to installation is approximately 16 months. The facilities are built on the new plot of land. Production is estimated to commence in the second quarter of 2013.



## 2. CT-KK Project: Expansion of Production Base for Concrete Tiles



According to the Board of Directors' Meeting No. 238 on March 26, 2012, resolution was passed to approve in principle for the expansion of production capacity of concrete tiles to be located in Khon Kaen Province, where the Company owns an unused land with area of 27 Rai 2 Ngan 44 Square Wah on Mitrapap Road, Khon Kaen-Udon Thani Route, Tambon Samran, Amphur Muang, Khon Kaen Province. It is located approximately 13 kilometers from the city. The objective is to support the area management plan of current of company that has become crowded and can no longer handle future increase of production capacity. It will be set up as the products distribution center in the Northeastern region and concrete tiles manufacturing plant with 50,000 tons of annual production capacity. It is estimated that the production will commence around the 4<sup>th</sup> quarter of 2013.

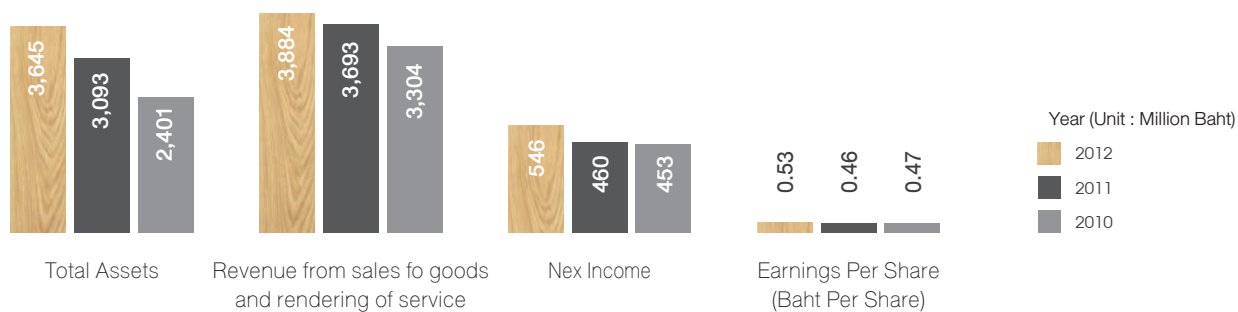


# FINANCIAL INFORMATION

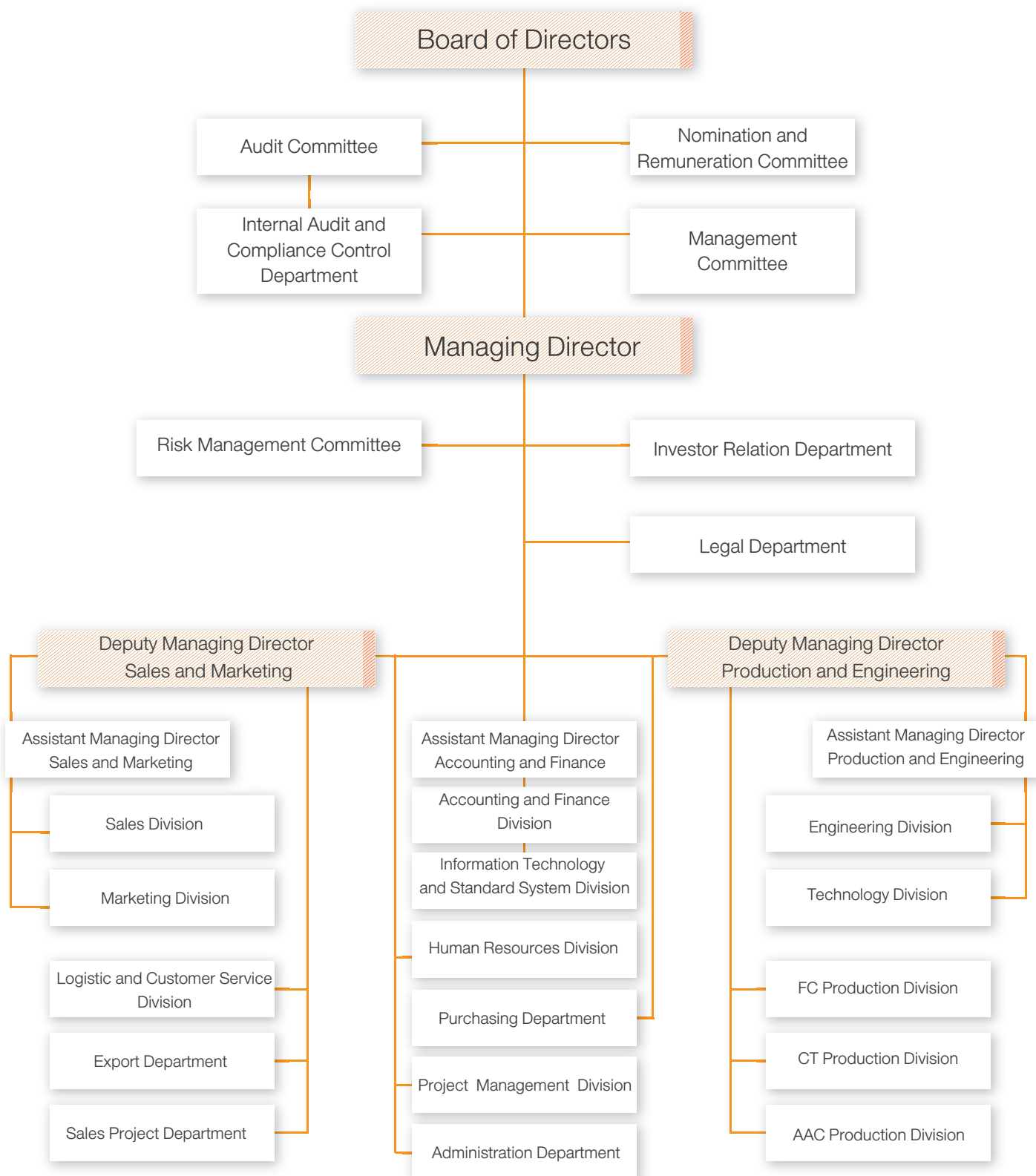
(Unit : Million Baht)

	2012*	2011	2010
<b>Financial Status</b>			
Total Assets	3,645	3,093	2,401
Total Liabilities	1,431	1,046	542
Shareholders' Equity	2,214	2,047	1,859
<b>Operating Results</b>			
Revenue from sales of goods and rendering of service	3,884	3,693	3,304
Gross Profit	1,173	1,147	1,057
Income tax expenses	716	663	608
Net Income	546	460	453
<b>Financial Ratios</b>			
Net Profit Margin (%)	14.06	12.46	13.71
Return on Equity (%)	25.62	23.56	26.22
Return on Total Assets (%)	16.21	16.75	19.06
Debt to Equity Ratio (times)	0.65	0.51	0.29
Earnings Per Share (Baht Per Share)	0.53	0.46	0.47
Book Value (Baht Per Share)	2.15	2.03	1.91
<b>Summary Stock Information "DRT"</b>			
Market Price as at Year End (Baht Per Share)	7.35	5.75	6.25
Number of Registered Common Shares (Million Shares)	1,050	1,050	1,050
Number of Paid – up Common Shares (Million Shares)	1,038	1,027	1,014
Number of Treasury Common Share as at Year End (Million Shares)	-	1.56	18.90
Par Value (Baht Per Share)	1.00	1.00	1.00
Market Capitalization as at Year End (Million Baht)	7,630	5,905	6,340
Price Earnings Ratio as at Year End (Baht Per Share)	13.87	12.50	13.30
Dividend Per Share (Baht Per Share)	0.40	0.38	0.36
Dividend Payout Ratio (%)	75	83	77

Remarks \* During 2012, there was a change in the Company's paid-up capital (details can be seen in the "Significant Changes in the Past Year" on Page 32).



# ORGANIZATION STRUCTURE



# SIGNIFICANT CHANGES IN THE PAST YEAR

## Year 2012

### February

- On February 15, 2012 was the date for the exercise of warrants No.8, 2,043,000 ordinary shares were exercised at Baht 1.00 per share totaling Baht 2,043,000. The Company registered the change of paid-up capital increase with the Ministry of Commerce on February 27, 2012, resulting in an increase in paid-up capital to Baht 1,029,000,000.

### June

- On June 15, 2012 was the date for the exercise of warrants No.9, 150,000 ordinary shares were exercised at Baht 1.00 per share totaling Baht 150,000. The Company registered the change of paid-up capital increase with the Ministry of Commerce on June 26, 2012, resulting in an increase in paid-up capital to Baht 1,029,150,000.

### October

- On October 15, 2012 was the date for the exercise of warrants No.10, 8,954,000 ordinary shares were exercised at Baht 1.00 per share totaling Baht 8,954,000. The Company registered the change of paid-up capital increase with the Ministry of Commerce on October 25, 2012, resulting in an increase in paid-up capital to Baht 1,038,104,000.
- The Board of Directors' Meeting No. 245 dated October 17, 2012 resolved to change the directors whom are authorized to sign on behalf of the Company, which previously required two of six directors to co-sign and affix with the Company's seal. It was changed to two of seven directors to co-sign and affix with the Company's seal with addition of Mr. Maitree Tawonatiwasna as a director. The change of authorized signatories was registered with the Registrar of Public Company Limited, Department of Business Development, Ministry of Commerce, on October 17, 2012.

## Year 2013

### February

- On February 15, 2013 was the date for the exercise of warrants No.11, 505,000 ordinary shares were exercised at Baht 1.00 per share totaling Baht 505,000. The Company registered the change of paid-up capital increase with the Ministry of Commerce on February 27, 2013, resulting in an increase in paid-up capital to Baht 1,038,609,000.
- On February 8, 2013, the Company filed application to register the change of address of Branch Office 2 from 490 Moo 6, Tambon Banped, Amphur Muang, Khon Kaen 40000 to 269 Moo 3, Tambon Samran, Amphur Muang, Khon Kaen 40000, effective from March 1, 2013.



# INDUSTRIAL SITUATION AND COMPETITION

## 1. Industrial Situation and Competition

The market situation in 2012 experienced an industrial expansion thanks to several positive factors including economic stimulus measures from the Government sector such as the minimum wage increase measures, tax deduction scheme for first home purchase as well as long-term water management project and acceleration of mega infrastructure project implementation, which have been beneficial to the construction industry as a whole and it can be summarized as follows.

### 1.1 Operators in the Industry

For the roofing, board and synthetic wood substitute manufacturing industry, besides the existing group of operators including Siam Cement Group, Mahaphant Group, Olarnvanich Group and Diamond Products, there was a new operator, the TPI Group, entering into the market of roofing products, which has resulted in a fiercer competition. As for the new production development, it was found that the operators were still interested in the development of wood substitute products for variety of uses in order to meet the requirements of the consumers.

### 1.2 Competition in Domestic Market

The overall demand for construction products in the domestic market has increased in the provincial areas whilst several producers have increased their production capacity, especially in the synthetic wood and board product groups, which has resulted in a fiercer competition. Substitute products such as the imported metal sheets have made an impact on the Roman tiles group of products, forcing the operators in the market to make necessary adjustments to cope with the changing situation.

Market shares in 2011 are as follows.

Manufacturers (Unit: Million Baht)	Sales in 2011	Market Share
1. Siam Cement Group	12,784.11	46.31%
2. Mahaphant Group	6,685.02	24.22%
3. Diamond Building Products Pcl.	3,693.12	13.38%
4. Kiternit Group (Olarnvanich)	2,232.86	8.09%
5. Conwood	1,048.58	3.80%
6. Thai Ceramic Roofing Tiles Co., Ltd.	957.33	3.47%
7. Srikungdhonburi Co., Ltd.	204.02	0.73%
<b>Total</b>	<b>27,605.04</b>	<b>100.00%</b>

Source: Department of Business Development, Ministry of Commerce

### 1.3 Competition in Overseas Markets

In 2012, the value of exported roofing tiles, synthetic woods, boards and ceilings from Thailand to overseas markets was Baht 1,375.94 million Baht, a decrease of 12.39% from 2011, being categorized according to trading countries as follows.

## Export Value of Roofing Tiles, Synthetic Woods, Boards and Ceilings

(Unit : Million Baht)

Product Description	2012	2011	2010
Fiber Cement Tiles	795.10	750.37	595.76
Concrete Tiles	208.14	289.72	281.81
Boards and Ceilings	38.20	174.39	24.16
Synthetic Woods	334.50	356.11	677.01
<b>Total Export Value</b>	<b>1,375.94</b>	<b>1,570.59</b>	<b>1,578.74</b>
Expansion rate increase (decrease) (%)	(12.39%)	(0.52%)	N/A

Source: Thai Customs Department

## Trading Countries

Trading Countries (Unit : Million Baht)	Fiber Cement Tiles	Ratio	Concrete Tiles	Ratio	Boards & Ceilings	Ratio	Synthetic Woods	Ratio
Laos	548.69	69.01%	75.10	36.08%	5.55	14.54%	65.49	19.58%
Cambodia	210.52	26.48%	91.82	44.11%	1.35	3.52%	101.28	30.28%
Myanmar	26.72	3.36%	29.69	14.26%	6.96	18.22%	15.63	4.67%
Singapore	0.00	0.00%	0.00	0.00%	0.00	0.00%	107.87	32.25%
Malaysia	0.72	0.09%	5.10	2.45%	10.54	27.58%	3.64	1.09%
Others	8.45	1.06%	6.43	3.10%	13.80	36.14%	40.59	12.13%
<b>Total Export Value</b>	<b>795.10</b>	<b>100.00%</b>	<b>208.14</b>	<b>100.00%</b>	<b>38.20</b>	<b>100.00%</b>	<b>334.50</b>	<b>100.00%</b>

Source: Thai Customs Department

The Company mainly exports products to neighboring countries adjacent to Thailand, namely Laos, Cambodia and Myanmar, etc. as the products are heavy and fragile and high transportation cost, which is a limitation for long distance transport. Total export value for year 2012 was at Baht 423.14 million or 30.75% of total export value.

#### 1.4 Future Competitive Trends

For the roofing product group, in the fiber cement tiles, the competition is expected to become more intense, whilst the popularity of Roman Tiles product has reduced with consumers turning to other substitute products such as metal sheets; whereas products in the concrete roof group have gained popularity following expansion trend of the real estate sector with change of consumer behavior to use more concrete tiles. Nevertheless, there is a new producer of concrete tile group of products which will lead to a fiercer market competition.

For the synthetic wood and siding board group, there has been continued development to meet a variety of uses, becoming full alternative to wood products. While major producers in the industry have increased their production capacity to meet increasing demand, resulting in a more intense competition; however, the majority of producers have focused on marketing incentives and campaigns in order to increase sales and capture the market share.

So as to handle more competitions, the Company foresees the market gap to offer customers with more alternatives by increasing sales of variety products including granite tiles, gypsum, laminate and autoclaved aerated concrete as well as sales of future products including adhesive cement, plastering mortar for autoclaved aerated concrete, and aluminum frame doors and windows, etc.

## 2. Customer Characteristics, Target Group and Distribution Channels

The following table depicts the revenue and ratio from both domestic and international sales:

Revenue from Sales (Unit : Million Baht)	2012	Ratio	2011	Ratio	2010	Ratio
Domestic Market	3,208.40	88.35%	3,137.30	90.08%	2,840.89	90.17%
• Agents	2,949.68	81.23%	2,892.23	83.04%	2,660.28	84.44%
• Projects	258.72	7.12%	245.07	7.04%	180.61	5.73%
Overseas Market	423.14	11.65%	345.59	9.92%	309.82	9.83%
<b>Total</b>	<b>3,631.54</b>	<b>100.00%</b>	<b>3,482.89</b>	<b>100.00%</b>	<b>3,150.71</b>	<b>100.00%</b>

The Company has two main distribution channels as follows:

**2.1 Domestic market** is divided into three channels, namely “Agent” customers group, which currently comprises of over 5,000 agents and stores throughout the Country; Major retail stores group, which products are currently distributed through CRC Power Retail Co., Ltd. and Siam Global House Pcl., having a total of over 50 branches throughout the Country; and “Project” customers group, which products are directly distributed to nearly 100 projects in Bangkok Metropolitan and provincial areas.

**2.2 Export market:** The Company currently sells products to more countries as compared with the previous year, namely Laos, Cambodia, Myanmar, China, Philippines, Iran, India, Taiwan, Malaysia, Vietnam and Hong Kong. The revenue portion from export has increased approximately 22.44% from the year before.

## 3. Competitive Strategies

The Company has established strategies in line with its vision, mission, and values as follows;

### 3.1 Development of Service Excellence

The Company continues to focus on the improvement of efficient service rendering by developing before and after sales service



team with an emphasis on the continuing development of personnel in order to provide the consumers and customers with the most effective services. Survey forms are distributed to assess customer satisfaction with the services in order for further improvement. Furthermore, additional communication channels with the Company via the Call Center and additional sales channels via telephone (Tele Sales) have been introduced to increase efficiency for rush orders.

### **3.2 Development of timely and efficient product delivery**

The Company places priority on maintaining the service standards for prompt and efficient product delivery according to the policy of product delivery to customer within 24 hours. The overall delivery system has been improved for continuous link between various departments involved starting from production, product inventory, purchase order, truck loading as well as paying a visit to the customer to provide advice on efficient logistics and product storage.

### **3.3 Development of products with differentiation**

The Company continues to emphasize on research and development to improve product quality and reduce production costs. An emphasis on development of new products for the market such the 4-ridge roofing tiles, wood substitute product group, adding more variety in both usage and colors, including the autoclaved aerated concrete, which will be introduced to the market in 2013. Moreover, development of one-stop service for more efficient customer service from roof design to installation of roof systems such as roofing tiles and truss and installment of laminate flooring have also been emphasized. Currently, the Company has developed service teams to take care of the customers stationed at the center in Saraburi Province and other regional service teams throughout the country.

### **3.4 Establishment of fair and competitive pricing**

The Company continues to exercise its policy on a fair and competitive pricing by stressing on the quality on a variety of products, providing reasonable discounts to the customers for attainable target with profit maintained at an acceptable level.

### **3.5 Strengthening of distribution channels**

The Company still focuses on development of sale and distribution agents of the Company to be strong and become important force for pushing the products forward by establishing the distribution channel development unit to organize training programs to provide suitable skills and knowledge and concurrent with the trading format in each store. For local store, the “D-Build Shop” concept has been introduced to meet customer behaviors and increase products variety and accessibility.

## **3.6 Development of a Product Distribution Center and Regional Production Base**

The Company owns unused land plots in several provinces and therefore CT-KK Project is earmarked as the first project for expansion of production base to other regions. A production line for concrete tiles will be installed on the Company’s land in Saraburi Province. Commencement of commercial production is expected around the 40<sup>th</sup> quarter of 2013, having production capacity of 50,000 tons per year and it will become the product distribution center for the Northeastern region as well.

## **4. Procurement of Products or Services**

### **4.1 Production**

The Company follows a policy of full capacity production to maintain consistent production levels throughout the year in order to reduce production costs and increase inventories for sales during periods that sales volume is higher than the production capacity. In 2012, the production capacity utilization rate was approximately of 92% whilst the capacity utilization rate was approximately of 98% due to the fact that the NT-10 production line was not running the whole year.

### **4.2 Procurement of Raw materials**

Raw materials used in production are purchased domestically and internationally as follows:

#### **A. Domestic sources**

Raw materials such as Portland cement, sand, paint, paper pulp, and other raw materials are purchased from domestic sources. The ratio of domestic sourcing increased from 54.03% in 2011 to 62.45% in 2012 due to the increase in production of products without asbestos content.

#### **B. International sources**

Asbestos, synthetic fibers, paper pulp, etc., are purchased from international sources. The ratio of international provision decreased from 45.97% in 2011 to 37.55% in 2012.

### **4.3 Problems concerning raw materials**

The Company has never faced problem with material shortage as the Company has efficient planning and management in procurement, including procurement from various trading partners for each product. Additionally, the Company has sufficient revolving credit and long established relationships with trading partners that has created credibility for the Company.

# SHAREHOLDING STRUCTURE

10 Largest Shareholders	No. of Shares	Proportion
1. Myriad Materials Co., Ltd.	629,618,600	60.62%
2. Thailand Prosperity Funds II	73,192,400	7.05%
3. Bualuang Long-Term Equity Fund	24,348,800	2.34%
4. Bualuang Long-Term Equity Fund 75/25	19,812,200	1.91%
5. Mr. Prakit Pradipasen	17,049,500*	1.64%
6. State Street Bank and Trust Company	14,597,973	1.41%
7. Dr. Burana Chavalittamrong	11,110,000	1.07%
8. Mrs. Siriwan Jungthirapanich	10,000,000	0.96%
9. Bualuang Infrastructure Retirement Mutual Fund	9,385,100	0.90%
10. Bualuang Flexible Retirement Mutual Fund	9,370,200	0.90%
11. Others	220,124,227	21.20%
<b>Total</b>	<b>1,038,609,000</b>	<b>100.00%</b>

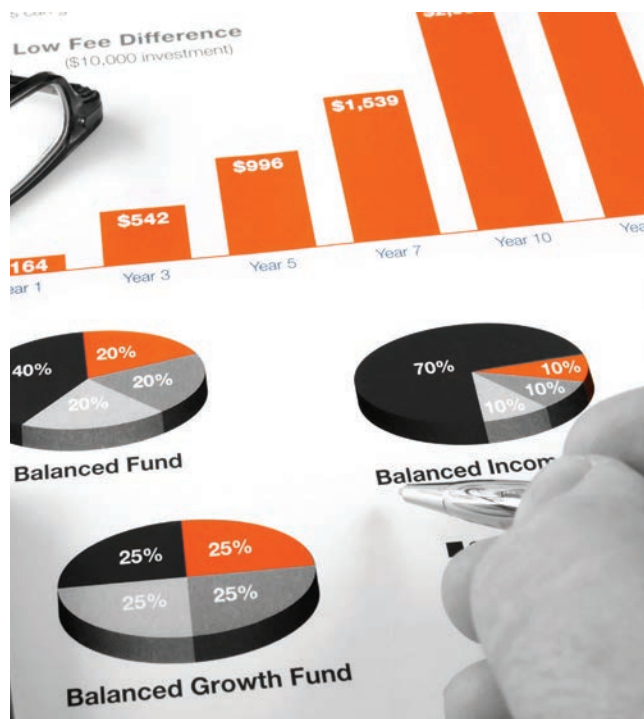
\* Number of shareholding including spouse and minor child

The Company has determined the name list of shareholders with rights to attend the 28<sup>th</sup> Annual General Meeting of Shareholders (Year 2013) and rights to receive dividends on the Record Date of Friday, March 15, 2013, and compiled the name list of shareholders according to Section 225 of the Securities and Exchange Act by closing the share register book, suspending transfer of shares on Monday, March 18, 2013.

Currently, Myriad Material Co., Ltd. is the major shareholder of the Company, having the group of Mr. Chaiyut Srivikorn and group of Mr. Prakit Pradipasen as the major shareholders of both directly and indirectly with shareholding of 40.00 percent and 25.11 percent, respectively. Accordingly, the representatives of Myriad Materials Co., Ltd. group, having four positions of directorship in the Company, namely Mr. Prakit Pradipasen, Mr. Chaiyut Srivikorn, Mr. James Patrick Rooney and Mr. Phaithoon Kijssamrej.

Nevertheless, with regard to the approval of related transactions, the Board of Directors has established measures or procedure for approval of related transactions that have conflict of interest by having them inspected by the Audit Committee first before proposing to the Board of Directors and/or the Shareholders' Meeting for consideration and approval and the person who may have the interest is not allowed to approve such transaction related to the person. Accordingly, the Company shall disclose the transactions with related parties within the notes to the financial statements of the Company.

# REMUNERATION FOR DIRECTORS AND EXECUTIVES



The Nomination and Remuneration Committee has responsibility to consider remunerations for the directors and executives. The remuneration criteria were established by comparing with other companies in the same industry and listed companies in the Stock Exchange of Thailand. The remunerations are mainly considered in details on appropriateness including business expansion and profit growth of the company, and the opinions will be proposed to the Board of Directors for consideration in case of the remuneration for the Company's executives. The remuneration for the Company's directors shall be proposed to the Annual Shareholders' Meeting for consideration.

**Remuneration Policy:** "The Company intends to pay fair and appropriate remuneration by considering the scopes of duties and responsibilities, including expected benefits to be received from the directors, executives and employees. Comparisons are made with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industry. Assessments on the performance of the Company and Directors' operation are also used for consideration."

## 1. Explicit Remuneration

### 1.1 Monthly Remuneration of the Directors (for the year ending December 31, 2012)

Position (Unit : Million Baht)	Monthly Remuneration per Person		
	Board of Directors	Audit Committee	Nomination and Remuneration Committee
Chairman of the Board	0.08	0.03	0.02
Directors	0.05	0.02	0.01



### 1.2 Annual Remuneration of the Directors (for the year ending December 31, 2012)

Name (Unit : Million Baht)	Annual Remuneration				Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee	Bonuses	
1. Mr. Prakit Pradipasen	0.93	-	-	0.50	1.43
2. Mr. Chaiyut Srivikorn	0.57	-	0.24	0.40	1.21
3. Mr. James Patrick Rooney	0.57	-	-	0.40	0.97
4. Mr. Phaithoon Kijsamrej	0.57	-	0.12	0.40	1.09
5. Mr. Somboon Phuvoravan	0.57	0.36	-	0.40	1.33
6. Mr. Sakda Maneeratchatchai	0.57	0.225	-	0.40	1.195
7. Mr. Anun Louharanoo	0.57	0.225	0.12	0.40	1.315
8. Mr. Asanee Chantong	0.57	-	-	0.40	0.97
9. Mr. Satid Sudbuntad	0.57	-	-	0.40	0.97
10. Mr. Maitree Tawonatiwasna	0.57	-	-	0.40	0.97
11. Mr. Krit Phanratanamala	0.57	-	-	0.40	0.97
12. Mr. Woodthikrai Soatthiyanon	0.57	-	-	0.40	0.97
<b>Total</b>	<b>7.20</b>	<b>0.81</b>	<b>0.48</b>	<b>4.90</b>	<b>13.39</b>

### 1.3 Comparison of Remunerations of Directors and Executives

Remuneration (Unit : Million Baht)	2012		2011		2010	
	Persons	Amount	Persons	Amount	Persons	Amount
Directors' Remuneration & Bonus	12	13.39	12	10.66	9	8.32
Executives' Salary, Bonus and Others*	6	31.09	6	29.18	6	30.04
<b>Total</b>		<b>44.48</b>		<b>39.84</b>		<b>38.36</b>

Remark \*: This includes provident fund of year 2012:2011:2010 = 1.16 : 1.08 : 0.93 Million Baht

## 2. Other Remunerations

The Company established an Employee Stock Ownership Program (ESOP) as approved by the Extraordinary General Meeting of Shareholders No. 1/2008, dated June 17, 2008 by issuing 49,650,000 warrants to the Company's Directors and employees. Accordingly, on October 10, 2008, the Securities and Exchange Commission (SEC) approved for the Company to offer to sell such securities. In 2012, 6,990,000 units had been exercised, of which details of the program and reports on the exercise of warrants can be seen on the Company's website.

# MANAGEMENT STRUCTURE

Management structure comprises the Board of Directors, sub-committees, and the executives of the Company with various and important qualifications, roles and responsibilities, which are clearly specified within the Good Corporate Governance Handbook that is disseminated on website of the Company in the Investor Relations section as guidelines and principles for the Directors and executives to follow, which can be summarized as follows.

## 1. The Board of Directors

The Board of Directors consists of experts from various disciplines who possess expertise, skills, leadership, vision, independent decision, dedication and efforts, to carry out duties and responsibilities with care and honesty for the best interest of the Company, shareholders, and all stakeholders.

As of December 31, 2012, the Company's Board of Directors had 12 directors, comprising of 4 independent directors, 5 non-executive directors, and 3 executive directors.

Names	Positions	Board of Directors' Meeting (Sessions)	
		2012	2011
1. Mr. Prakit Pradipasen	Chairman of the Board	11/12	11/11
2. Mr. Chaiyut Srivikorn	Director	11/12	11/11
3. Mr. James Patrick Rooney	Director	9/12	9/11
4. Mr. Phaithoon Kijsamrej	Director	11/12	11/11
5. Mr. Somboon Phuvoravan	Independent Director	11/12	11/11
6. Mr. Sakda Maneeratchatchai	Independent Director	12/12	11/11
7. Mr. Anun Louharanoo	Independent Director	11/12	11/11
8. Mr. Asanee Chantong	Director / Managing Director	12/12	11/11
9. Mr. Satid Sudbuntad	Director / Deputy Managing Director	12/12	11/11
10. Mr. Maitree Tawonatiwasna	Director / Deputy Managing Director	12/12	11/11
11. Mr. Krit Phanratanamala	Director	11/12	11/11
12. Mr. Woodthikrai Soatthiyanon	Independent Director	11/12	10/11
13. Ms. Thanakarn Phanthapirat	Company Secretary	12/12	11/11

**Directors authorized to sign on behalf of the company** are Mr. Prakit Pradipasen, Mr. Chaiyut Srivikorn, Mr. James Patrick Rooney, Mr. Phaithoon Kijsamrej, Mr. Asanee Chantong, Mr. Satid Sudbuntad and Mr. Maitree Tawonatiwasna. Two of these seven Directors shall co-sign and affix with the Company's seal.

**Authorities and Duties of the Board of Directors** are summarized as follows.

To establish policies, objectives, business plan, and annual budget as well as oversee management of directors and executives to perform their assigned duties efficiently by imposing performance monitoring and assessment systems. To establish adequate and suitable internal control and risk management system, guidelines for transactions that may have conflicts of interest. To convene the board of directors' meetings and shareholders' meetings, as well as preparing financial statements, communication and disclosure of the company's information to related parties sufficiently and regularly and promoting awareness of code of conduct and virtues to all employees and providing opportunity for all directors to propose meeting agenda in advance to put into the meeting agenda by the company secretary.

The Board of Directors appoints the company secretary to be responsible for preparing the Board of Directors' meeting, administering and monitoring activities of the Board of Directors so that they are carried out correctly and regularly, as well as reporting significant changes to the Board of Directors.

The Board of Directors has established that the position of Chairman of the Board and Managing Director shall be of different individual and therefore has stipulated scope of duties and responsibilities for the Chairman of the Board on the establishment of policy and for the Managing Director on the management of day-to-day business operations. The Chairman of the Board shall supervise and monitor the work of the Management, offer suggestions and provide assistance; however, he must not get involved or interfere in the day-to-day management which is the duty of the Managing Director under the scope of work as established by the Board of Directors.

In addition, the Chairman of the Board must possess leadership quality and oversee that the Directors are not under the influence of the Management. He shall chair both the Board of Directors' Meeting and Shareholders' Meeting fairly and effectively, support and encourage meeting attendants to exercise their voting right by strictly adhering to the principles of good corporate governance. The Board of Directors foresees the importance of management effectiveness that it could be reduced should the Managing

Director and high ranking executives of the Company take up the directorship position in too many companies. Accordingly, the Board of Directors has established the number of listed companies that the Managing Director and high ranking executives may take up that is appropriate to the nature and condition of the Company at no more than 3 listed companies and must have prior approval by the Board of Directors.

Furthermore, self assessment of the Board of Directors' performance is conducted once a year in order for the Directors to review their own performance on the strengths and weaknesses and to improve on the performance of the Board of Directors for the maximum benefit to the Company's operation.

The Board of Directors has organized an orientation for new directors with every new director having to pass the Director Accreditation Program (DAP) and for the audit committee member having to pass the Audit Committee Program (ACP) as well as encourages the directors to regularly attend training courses concerning with the director.

#### **Criteria for Nomination of Independent Director**

The Company has established descriptions of the independent director in compliance with the laws of the Securities and Exchange, regulations and good principles of the Securities and Exchange Commission (SEC), Stock Exchange of Thailand and laws relating to the business of the Company, having details on the criteria for nomination and qualification of the independent director stated in the Good Corporate Governance Handbook, which is disseminated on the Company's website ([www.dbp.co.th](http://www.dbp.co.th)).



**2. Sub-committees:** The Board of Directors has appointed 3 sub-committees as follows.

### 2.1 Audit Committee

Audit Committee comprises at least 3 independent directors having a term of 3 years and being nominated by the Nomination and Remuneration Committee. If the Audit Committee comes to the term or, for any reason, retires before the term causing the number of members below the specified number, the Board of Directors or the shareholders' meeting shall appoint new member(s) of the Audit Committee to fulfill the requirement immediately or within 3 months since the date of incompleteness to ensure continuity in operation. The Audit Committee shall have compositions and qualifications in compliance with the criteria specified by the Securities and Exchange Commission and the Stock Exchange of Thailand.

The number of Audit Committee members shall be at least one-third of the Board of Directors and comprise at least 3 independent directors, and one of them must have good knowledge in accounting and finance. The Audit committee shall be appointed by the Board of Directors or by the shareholders' meeting.

In 2012, the Audit Committee held 8 meeting sessions.

As of December 31, 2012, the Audit Committee comprised the following 3 members.

Names	Positions	Audit Committee's meeting (Sessions)	
		2012	2011
1. Mr. Somboon Phuvoravan	Audit Committee Chairman	8/8	8/8
2. Mr. Sakda Maneeratchatchai	Audit committee Member	8/8	8/8
3. Mr. Anun Louharanoo*	Audit committee Member	8/8	8/8

\* Mr. Anun Louharanoo is the audit committee member who possesses knowledge and experience sufficient for audit reliability of the Company's financial statements and Mr. Samart Wiriyakhattiyaporn acts as the secretary for the audit committee.

**Authorities and Duties of the Audit Committee** are summarized as follows.

To review that the Company has correct and adequate financial reports; review internal control and internal audit systems to be sufficient and effective; select and propose appointment of the independent auditor and audit fee by taking reliability into consideration; attend the meeting with the independent auditor without the management at least once a year; consider connected transactions or transactions that may have conflicts of interest; prepare an audit committee report to be disclosed in the Company's annual registration statement (Form 56-1) and annual report (Form 56-2); and review the Company's compliance with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and laws related to the Company's business.

The Company has set up the Internal Audit and Compliance Control Office to be responsible for supervising and review the Company's operations in accordance with specified operation systems or internal audit standards, and being the coordinator to support and assist the Audit Committee for good corporate governance. The Manager of the Internal Audit and Compliance Control Office is appointed by position as the Secretary to the Audit Committee.

### 2.2 Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises at least 3 non-executive directors and at least 1 member shall be an independent director. The committee member shall be appointed by the Board of Directors and shall have an office term of 3 years. The Nomination and Remuneration Committee shall select and appoint one member to be the Chairman. If the members of Nomination and Remuneration Committee are below the specified number, the Board of Directors shall select and appoint new member(s) within 3 months for continuity in operation.

In 2012, the Nomination and Remuneration Committee held 6 meeting sessions.

As of December 31, 2012, the Nomination and Remuneration Committee comprised of the following 3 members.

Names	Positions	Nomination and Remuneration Meeting (Sessions)	
		2012	2011
1. Mr. Chaikut Srivikorn	Nomination and Remuneration Committee Chairman	6/6	4/4
2. Mr. Phaithoon Kijssamrej	Nomination and Remuneration Committee Member	6/6	4/4
3. Mr. Anun Louharanoo	Nomination and Remuneration Committee Member	6/6	3/4

Mr. Asanee Chantong, Managing Director, is the Secretary to the Nomination and Remuneration Committee.

**Authorities and Duties of the Nomination and Remuneration Committee** are summarized as follows.

The Nomination and Remuneration Committee has responsibilities as assigned by the Board of Directors to perform their duties with responsibility, caution, and honesty as follows.

**1. Consideration of Nomination of Company's Directors and Executives**

A. To establish and review proper structures and qualifications of the Board of Directors, sub-committees and executives, consider nomination criteria and process to recruit suitable candidates for the directorship position and submit opinion to the Board of Directors and propose to the Shareholders' meeting for consideration and appointment.

B. To consider a suitability of the candidates for positions of the Assistant Managing Director and above and the Company Secretary in order submit opinion to the Board of Directors for consideration and approval in case of vacancy of the position; as well as establish criteria for consideration of successors and perform other duties as assigned by the Board of Directors regarding the nomination of directors and executives.

**2. Consideration of Remuneration for Company's Directors and Employees.**

A. To establish fair and reasonable remuneration formats and criteria for the Board of Directors and sub-committees by comparing with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industry. Remuneration is considered based on accountability and responsibility, annual operating results of the Company, annual self assessment of the Board of Directors' performance. Remuneration consists of monthly remuneration (e.g. meeting allowance) and annual remuneration (e.g. directors' bonuses) paid to the Board of Directors and sub-committees. The Committee shall submit opinion to the Board of Directors to propose to the shareholders' meeting for consideration and approval.

B. To consider performance evaluation formats and criteria for the Company's employees or KPI (Key Performance Indicators) for consideration of salary adjustments and annual rewards (bonuses) to the Company's employees by considering based on the Company's annual budget and operating objectives as well as market and economic situations and submitting opinion to the Board of Directors for consideration and approval.

C. Perform other duties as assigned by the Board of Directors on operations related to consideration of remuneration for the Company's directors, executives, and employees.

## 2.3 Management Committee

Management Committee comprises at least 3 executives, ranking from Assistant Managing Director and above, are appointed by the Board of Directors. The Management Committee is officially chaired by the Managing Director. If the members of the Management Committee are below the specified number, the Nomination and Remuneration Committee shall select new member(s) and propose to the Board of Directors for appointment within 3 months for continuity in operation.

In 2012, the Management Committee held 35 sessions of weekly meeting.

As of December 31, 2012, the Management Committee comprised the following 5 members.

Names	Position
1. Mr. Asanee Chantong	Management Committee Chairman
2. Mr. Satid Sudbuntad	Management Committee Member
3. Mr. Maitree Tawonatiwasna	Management Committee Member
4. Mr. Suwit Kaewamphunsawat	Management Committee Member
5. Ms. Thanakarn Phanthapirat	Management Committee Member and Secretary

**Authorities and Duties of the Management Committee** are summarized as follows.

To manage the Company's business in accordance with objectives, policies, business plans, and budget as approved by the Board of Directors; to consider proposal from the management for establishment of vision, mission, values, objectives, business plans and business strategies, financial plans, capital management, human resources management, annual budget, KPIs (Key Performance Indicators), and evaluation of Company's success for submission to the Nomination and Remuneration Committee in order to propose to the Board of Director for consideration and approval.

To consider the organization structure, organization management authorities as well as appointments, hiring transfers, consideration of salaries, compensation, rewards and termination for the employees up to the executives at the division manager level; to establish authorization in purchasing and hiring and financial approval authorization of executives for each level in accordance with the regulations relating to operation and approval authorization as approved by the Board of Directors of the Company; to report Company's monthly and annual operating results to the Board of Directors' Meeting, perform self assessment according to the KPIs for individuals as already approved and provide opinion to the Nomination and Remuneration Committee in order to propose to the Board of Directors for consideration and approval; and to perform other duties as assigned by the Board of Directors on a case by case basis. In addition, the Management Committee has appointed the following committees for special purposes as follows.

### 2.3.1 Risk Management Committee

The Management Committee appoints the Risk Management Committee, comprising at least 10 members, at least 1 executive ranking from the department manager level and above from each department including the standard system section manager and legal officer becoming the Risk Committee Member by positions. The Chairman of the Risk Management Committee shall be selected from the executives at the level of Assistant Managing Director and above and one committee member is appointed as the secretary.

In 2012, the Risk Management Committee held 12 meeting sessions.

As of December 31, 2012, 14 members of the Risk Management Committee includes Deputy Managing Director in Sales and Marketing, Assistant Managing Director in Sales and Marketing, at least one executive from the department manager level and up from every department of the Company totaling 10 persons, Standard System section manager (Secretary), and legal officer.

**Authorities and Duties of the Risk Management Committee** are summarized as follows;

To establish risk management policy and work plans to cover all risks that may occur to the Company's business and present to the Management Committee for consideration before execution; to create procedures to assess and analyze all factors leading to the risk, and establish mitigation guidelines according to the risk factors as follows.

- Red Risk : Risk factor that must be corrected urgently and risk mitigation guidelines must be established.
- Yellow Risk : Factor that must be monitored which may become a risk factor, and risk prevention guidelines must be established.
- Green Risk : No risk factor yet.

To monitor management of unacceptable risks for setting mitigation and protection guidelines for such risks that may occur in the future; to review policies and control systems established for risk evaluation, management and control including auditing and reporting to ensure that the Company has adequate and effective risk management frameworks; to supervise operations according to the risk management frameworks and review sufficiency of disclosure of risk information to the supervision units and public; to prepare the operating report of the Risk Management Committee to be disclosed in the Company's annual registration statements (Form 56-1) and annual report (Form 56-2); and to perform other duties as assigned by the Board of Directors and the Management Committee on duties related to risk management.

During 2012, the Risk Management Committee has supervised risk management operation with accountability and caution, able to control various risks to be within the level not impacting the Company's business operations.

### 2.3.2 Other Committees

#### • Corporate Governance Committee

The Management Committee appoints the Corporate Governance Committee, having authorities and duties in establishment of policy, rules and regulations in various business aspects to in compliance with the good corporate governance principles in order to achieve effective management, transparent and can be audited. The committee is responsible for preparing the Good Corporate Governance Handbook for the directors, executives and employees at every level to use as operating guideline, acceptable to all stakeholders. The Company has appropriately and consistently revised the Good Corporate Governance Handbook, which was first disseminated on the Company's website ([www.dbp.co.th](http://www.dbp.co.th)) since 2010, including urging for self assessment of corporate governance standard within the organization at least once a year.

#### • Corporate Social Responsibility Committee

The Management Committee appoints the Corporate Social Responsibility Committee (CSR Committee), having authorities and duties in establishment of policy, direction and guidelines for carrying out Company's corporate social responsibility operations; to prepare work plan and operating budget for each year, carry out works according to the approved work plan and budget. Accordingly, the committee may specify person, working unit, appoint sub-committee or engage expert from outside in order to carry out each task, including monitor the progress and perform work assessment to achieve the best efficiency for the organization.



### 3. Executives

The Company has a policy to recruit knowledgeable, capable and experienced executives with good working records and ethics, whom can contribute well to the Company. The nomination of such persons must pass through consideration by the Nomination and Remuneration Committee and approval by the Board of Directors. The executives at the level of Assistant Managing Director and above are appointed as members of the Management Committee by position.

As of December 31, 2012, The Company had 5 Executives as follows.

Names	Position
1. Mr. Asanee Chantong	Managing Director
2. Mr. Satid Sudbuntad	Deputy Managing Director in Sales and Marketing
3. Mr. Maitree Tawonatiwasna	Deputy Managing Director in Production and Engineering
4. Mr. Suwit Kaewamphunsawat	Assistant Managing Director in Sales and Marketing
5. Ms. Thanakarn Phanthapirat	Assistant Managing Director in Finance and Accounting

**Authorities and Duties of the Managing Director** are summarized as follows;

To establish vision, mission, values, objectives, policies, business plans and strategies, financial plans, capital management, human resources management, annual budget, KPI (Key Performance Indicators), and evaluation of the Company's success for submission to the Management Committee and the Board of Directors for consideration and approval.

To monitor and evaluate the Company's performances regularly to prevent risks from various internal and external risk factors that may adversely impact achievement of the Company's performance not achieving the specified targets; to have authority to appoint and manage working teams for the benefit and efficiency of good and transparent management; to have authority to set salaries, compensation, bonuses, as well as benefits for the employees ranking from the division manager level and below; to have authority to issue rules and regulations, orders, notifications for the operations to be in line with the Company's policy and best interest and to maintain disciplines and effective operation within the organization; to have authority in purchasing and hiring and financial approval according to the operating regulations and authorization as approved by the Board of Directors' meeting; and to perform other duties as assigned by the Board of Directors and/or the Management Committee.

To supervise the business to be in compliance with the Company's rules and regulations and the Securities and Exchange Laws, regulations and good practices of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand and other laws related to the Company's business operation.

# NOMINATION OF DIRECTORS AND EXECUTIVES

The Company has assigned the Nomination and Remuneration Committee to consider and evaluate individuals according to the principles that are stipulated by the Company before proposing said individual to the Board of Directors or the Shareholders' Meeting for consideration and approval, according to the regulation for the nomination of directors and executives in the Good Corporate Governance Handbook, which can be summarized as follows.

1. Consider, establish and review the proper structure and qualifications for the committees, sub-committees and executives to be in line with the current and future business operation of the Company in order to propose to the Company's Board of Directors for consideration.

2. Consider the regulations and process of nominating qualified individuals for the position of director and executive positions for the rank of Deputy Managing Director and above, including nomination of the individual according to the established nomination process and propose its opinion to the Company's Board of Directors for consideration, which may be proposed at the Shareholder's Meeting in the case of director appointment.

3. Consideration of the list of directors that must be retired by rotation and the list of individuals that have been nominated to replace them from the proposals submitted by the Board of Directors and shareholders of the Company, especially the minor shareholders (if any).

4. Consideration of the suitability of the individuals that have been nominated for the position of Company Secretary and management rank from Deputy Managing Director and above and propose to the Board of Directors for consideration in the case that the positions become vacant.

5. Consider the succession plan for the Directors and Managing Director as well as establish the regulations and requirement for successors to be proposed to the Board of Directors for further consideration.

6. Carry out any other responsibilities as the Board of Directors mandate that concern issues of nomination of directors and executives.

Accordingly, the Company had provided a means for shareholders to introduce issues for the meeting agenda and to nominate new directors according to principles of good corporate governance through the Company's website ([www.dbp.co.th](http://www.dbp.co.th)) from October 11, 2012 until December 31, 2012. There was no shareholder proposing any meeting agenda or nominating any new director.

# CORPORATE GOVERNANCE

Diamond Building Products, as a listed company in the stock exchange since 2005, is committed to management according to the principles of Good Corporate Governance and compliance with practices as stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). In 2012, the Company received awards relating to corporate governance as follows.

1. The Company was placed in the “Excellent” group with five-star award (  ) according to the Corporate Governance Report of the Thai Listed Companies from the Thai Institute of Directors (IOD) and in 2012 there was an additional announcement concerning the Top Quartile of listed companies for each industrial sector based on the market capitalization with ranking within the sector from high to low scores, which the Company received scores in the Top Quartile level in the group of companies with market capitalization of Baht 3,000 to 9,900 million.

2. The Company was awarded with the “Outstanding Company Performance Awards” from the “SET Awards 2012” on November 22, 2012, which was organized by the Stock Exchange of Thailand in cooperation with Money & Banking Magazine, honoring and praising the listed companies, securities company and fund management companies for their outstanding and excellent performance in several categories based on the operating results of year 2011.

3. The Company received an “Excellent” rating within 100-point range for the Annual General Meeting Assessment of the Listed Companies Year 2012 by the Thai Investors Association (TIA).

The Board of Directors has thus appointed the Corporate Governance Committee to establish policy, regulations and procedures in accordance with the philosophy of Good Corporate Governance in order to establish management procedures that are efficient and transparent. The committee has also prepared a handbook of Good Corporate Governance for all directors, executives and employees for the accepted practices in work. The Company has modified and improved said handbook to reflect necessary changes and the handbook was made available on the Company website at [www.dbp.co.th](http://www.dbp.co.th) for the first time in 2010. The following is a summary of the handbook:

## Good Corporate Governance Policy

“Good corporate governance policy is considered a duty and accountability of the directors, executives and employees to carry out their duties prudently and honestly in order to achieve the

established objectives and mission with equitable and fair treatment of shareholders in protection of their fundamental rights; safeguard against conflict of interest or wrongful use of inside information for own and others’ benefit; transparent; accurate and complete disclosure of information through convenient and accessible channels which are equal and reliable; have business ethics toward every group of stakeholders, namely shareholders, customers, business partners, competitors, lenders, employees, social and environment; as well as non-violation of human rights policy, political neutrality, appropriate marketing communications, protection of environment and society for strong and sustainable development.”

The Company’s Good Corporate Governance Principles are divided into 7 sections as follows:

### Section 1: The Board of Directors’ Responsibilities

The Board of Directors is considered to be the center of good corporate governance for the Company. The Board of Directors consists of experts from various disciplines who have expertise, skills, leadership, vision, independent decision, dedication and efforts for their responsibilities. They also exercise caution and honesty in the best interests of the Company and its shareholders. The Board of Directors is responsible for establishing the composition, qualifications, roles, and responsibilities of all committees and sub-committees and defining the nomination and remuneration criteria for the Company’s directors and executives as well as preparation of the succession plan. The organization of HRD projects (Human Resource Development) is for development of executives and personnel at every level within the Company for job succession and consists of a promotion plan to enroll the executives in related and necessary courses for the development of management skills. In addition, the Board of Directors shall approve of the corporate governance policy and risk management policy in writing covering the whole organization which is part of the Risk Management Charter and has been disseminated on the Company’s website and annual report.

The Board of Directors stipulates that the Chairman of the Board and the Managing Director are of different individual and therefore has established separate scope of duties and responsibilities and

the number of companies that the Managing Director may take up the position to be appropriate to the nature and condition of the Company's business, which should not be more than 3 listed companies.

Furthermore, self assessment of the Board of Directors' performance is conducted once a year in order for the Directors to review their own performance on the strengths and weaknesses and to improve on the performance of the Board of Directors for the maximum benefit to the Company's operation.

## Section 2: Shareholder's rights

The Company values the shareholder's rights by not conducting any act to violate or deprive the shareholder's rights and promoting all shareholders to exercise basic rights by law.

### Good practices on the shareholder's rights

1. The Company has established good corporate governance policies by considering shareholder's rights, protection of rights, and promoting the share holders to exercise basic rights by law.
2. The Company has set up a website to disclose important information such as quarterly financial statements, annual financial statements, annual registration statements (Form 56-1), annual report (Form 56-2), as well as invitation letters for shareholders' meeting indicating meeting date, time, location, agenda, supporting document for decision making, all meeting regulations, and voting procedure, which is the same information as the document sent to the shareholders. Information on shareholders' meeting must be posted on the Company's website at least 30 days before the meeting day so the shareholders will have sufficient time for studying the information.

3. The Company holds the shareholders' meeting by facilitating a meeting location in the middle of the city for convenience and providing sufficient meeting time.

4. The Company has assigned the Board of Directors, sub-committees, and executives to attend the shareholders' meeting every time. The chairman of the meeting shall allocate reasonable time and give the same opportunity to the shareholder to express opinion and make inquiries. The Company shall record opinion or inquiries or recommendation by the shareholders properly in the meeting minutes, and disclose both Thai and English versions on the Company's website.

5. The Company provides opportunity for the shareholders to send inquiries related to the meeting agenda through the Company's website approximately at least 3 weeks in advance before the meeting date.

6. The Company has conducted in accordance with the Annual General Meeting Checklist (AGM Checklist) prepared by the Thai Investors Association. In 2012, the assessment of the AGM Checklist was in a range of 100 points ("Excellent" rating).

## Section 3: Equitable Treatment of Shareholders

The Company has measures to ensure that the shareholders are treated and protected on basic rights with parity and fairness and preventive measures to avoid conflicts of interest or wrongful use of internal information for own and other benefits.

### Best Practice for equitable treatment of shareholders

1. The Company facilitates the shareholders with parity on attending the meeting, receiving information, and exercising the voting right at the shareholders' meeting. The Company will send an invitation letter for meeting by identifying the Board of Directors'



opinion and supporting documents for each topic to the shareholders at least 7 days before the meeting day as well as advertise the meeting invitation in newspapers at least 3 days before the meeting day without adding the agenda before informing the shareholders in advance, so the shareholders will have sufficient time to consider and study information for resolutions in the meeting.

2. The Company provides opportunity for the minor shareholders to propose agenda at the shareholders' meeting and propose the appointment of new director(s) at least 3 months in advance before the end of fiscal year with clear procedure and instruction.

3. If the shareholder is unable to attend the meeting, the shareholder may empower other persons to attend the meeting. Additionally, the Company has an option for the shareholders in that they may propose the independent director to be empowered by the shareholders to attend the meeting and vote as intended by the shareholders. The independent director's name with the empowerment shall be identified in the empowerment document attached to the invitation letter.

4. The Company encourages the use of voting ballots in important events, e.g., related transactions, acquisitions or disposal of assets, etc. for transparency and accountability in case of any dispute in the future.

5. The Company has established good practices related to supervision on the use of internal information prohibiting all directors, executives, and employees from using nondisclosure internal information that may have important effects on the changes of the security's prices for own benefit including security transactions. If the Company finds that the shareholders, directors, executives, and employees violate the prohibition according to the specified principles, the Company shall proceed with legal actions and penalize the offender.

6. The Company has established that report of securities held by the directors and executives be presented for acknowledgment at every Board of Directors' Meeting.

#### Section 4: Roles of Stakeholders

The Company values and realizes rights of all stakeholders in a provision by related laws and shall not perform any act to violate the rights of the stakeholder, and shall promote responsibility between the Company and all stakeholders for the creation of the Company's stability and sustainability.

#### Good Practices on the Roles of Stakeholders

1. The Company has established framework for codes of conduct by posting on the Company's website as practices in response to the rights of all stakeholders, either internal stakeholders such as the Company's employees and executives or external stakeholders such as shareholders, customers, trading partners, competitors, debtors, society, and environment, as well as non-violation of human rights policy, political neutrality and marketing communications.

2. The Company has established measures or channels for participation of the stakeholders by disclosing information related to the stakeholders and giving opportunities to inform or complain through the Audit Committee directly without passing through the Company's executives via mail or e-mail address: Corpcenter@dbp.co.th without disclosing the informer or complainer. The Audit Committee shall examine information and facts as informed and submit to the Board of Director directly for consideration of preventive measures and reasonable compensation to the sufferer on a case-by-case basis.

3. The Company has established quality policy, safety and environment policy, and promotes employees to follow these policies so that the relevant parties may ensure that the Company is aware of quality, safety and environmental factors and continual development.

4. The Company has established criteria, conditions, and methods for reporting interest of directors, executives, and relevant personnel in accordance with Section 89/14 of the Securities and Exchange Act (No.4) B.E. 2551 (2008).

5. The Company has established a Corporate Social Responsibility Committee to establish policy, rules and guidelines to reflect CSR thinking and business operation of the Chairman of the Board of Directors as well as promote and support cooperation and involvement from every employee.

6. The Company has established guidelines concerning with non-infringement of intellectual property and copyrights.

7. The Company has established guidelines concerning with fight against fraud and bribery for business interest.

## Section 5: Disclosure of Information and Transparency

The Company shall oversee disclosure of important information related to the Company including financial statements and non-financial information with correctness, timeliness, and transparency through convenient access channels with parity and reliability.

### Best Practice for Disclosure of Information and Transparency

1. The Company has a policy for disclosing important information with correctness, timeliness and reliability according to the regulations of the Securities and Exchange Commission and the Stock Exchange of Thailand via various channels and the Company's website in Thai and English versions so the users can access information with parity. The information shall be updated regularly.

2. The Company discloses information in the annual registration statements (Form 56-1) and annual report (Form 56-2) according to the regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand.

3. The Company has established that the Board of Directors report on the responsibilities of the Board of Directors to the financial statements together with the report of independent auditor within the annual report (Form 56-2).

4. The Company discloses the roles and responsibilities of the Board of Directors and sub-committees, the number of meeting sessions, and sessions attended by each committee member in the previous year and opinions from their duties.

5. For investor relations, the Company has set the Office of Investor Relations and assigns the executive at a level of Assistant Managing Director, Sales and Marketing, or above to be responsible for conveying information to the investors, analysts, shareholders, and interested parties in general. The investor relations can be contacted via telephone at 0-3622-4001 to 8 or e-mail address: Corpcenter@dbp.co.th.

6. In 2012, the Company met with investors and interested persons by arranging a site visit. The Company holds a meeting with analysts at least once every quarter to present information on annual performance and a meeting with the media at least once a month to communicate information such as the Company's performance, marketing communications, etc.

## Section 6: Best Practices Related to Good Corporate Governance Practices

To fulfill good corporate governance objectives and demonstrate that the Company has an effective, transparent, accountable management system as a tool to build confidence and assurance to the stakeholders, the Board of Directors has established additional practices for good corporate governance. For example, good practices of the Board of Directors, executives, and employees, human resources management, accounting and finance, internal control, use of information technology and communication, etc.

### Section 7: Code of Conduct

The Board of Directors' Meeting No. 156 dated March 18, 2005 resolved to approval the announcement of the Code of Conduct for the Company's operations that conforms to good corporate governance policy, having established a framework for the business code of conduct as practices to the rights of all stakeholders and code of conduct on conflicts of interest either to internal stakeholders such as the Company's employees and executives or external stakeholders such as shareholders, customers, trading partners, competitors, debtors, society, and environment.

### Development of Corporate Governance in 2012

1. The Company has established the process for monitoring and supervision that the Good Corporate Governance Handbook was followed and that the business ethics was announced and disseminated to every employee to be developed into a corporate culture by putting in good corporate governance, corporate social responsibility and business ethics as part of the orientation of new employee, employee training and development program, ISO and safety training, as well as printing pamphlets to disseminate the information to every employee for acknowledgment.

2. The Company participated in the program for development of listed companies concerning good corporate governance year 2012, which was organized by the Stock Exchange of Thailand together with PricewaterhouseCoopers ABAS Ltd. (PWC) in order to analyze and assess the Company's corporate governance, provide consultation and recommendation including establishment of preliminary system on corporate governance practices, risk management system and internal control system, as well as support on knowledge reinforcement for the Company for further improvement and development of corporate governance.

3. The Company participated in the program for consultation on investor relations of listed companies in year 2012, which was organized by the Stock Exchange of Thailand together with PYI Consulting Co., Ltd. (PYI) to analyze, consult, provide knowledge on preparation of information and presentation on investor relations work, as well as review and assess the performance for further improvement of Company's investor relations tasks.

## USE OF INTERNAL INFORMATION

The Company has established measures and practices in the Good Corporate Governance Handbook on the use of nondisclosure information with important content for its own and other's benefit as follows:

1. The Company has informed the directors and executives of their responsibility to report the possession of securities of the Company by oneself, spouse, and minor, as well as report changes of the possession of the security to the Securities and Exchange Commission and the Stock Exchange of Thailand according to Section 59 and Penal Code according to Section 275 of the Securities and Exchange Act B.E. 2535 (1992).

2. The Company prohibits directors, executives, division managers, and employees to use internal information of the Company that has not been disclosed to the public, which is significant to the change of Company's security price, for their own benefit including for securities trading and prohibits persons who have knowledge of such internal information not yet disclosed to the public from trading of the Company's securities for a period of 1 month before disclosure of information. If the Company finds that any shareholder, director, executive, manager, and employee of the Company violate the prohibition as announced, the Company shall proceed with legal action and severely penalize the offender.

3. If any director, executive, division manager or employee of the Company commits criminal misdemeanors according to the Securities and Exchange Law, the Company shall proceed with severe penalty in one or several measures such as deduction of salary or compensation, discharge or removal from the executive position. In case of the director, the case shall be presented to the shareholders' meeting to notify to the Stock Exchange of Thailand and/or the Securities and Exchange Commission, etc.

4. The Company expects all directors, executives, and employees at every level of the Company to honestly report on the act that violates or is suspected of violation the Company's practices on the use of internal information for own benefit to the supervisor and the supervisor is responsible for monitoring and advising the subordinates on the use of internal information for own benefit in order for them to correctly adhere to established principles.

# SHAREHOLDING OF DIRECTORS AND EXECUTIVES

Information from report on securities holding of Directors and executives as at December 31, 2012

Names	Ordinary Shares (shares)		
	As at December 31, 2012	As at December 31, 2011	Increase / (Decrease)
1. Mr. Prakit Pradipasen*	17,049,500	19,409,500	(2,360,000)
2. Mr. Chaiyut Srivikorn	1,880,100	1,100,100	780,000
3. Mr. James Patrick Rooney	2,630,100	2,160,100	470,000
4. Mr. Phaithoon Kijssamrej	3,880,100	3,410,100	470,000
5. Mr. Somboon Phuvoravan	7,380,000	6,910,000	470,000
6. Mr. Sakda Maneeratchatchai	4,600,000	4,600,000	-
7. Mr. Anun Louharanoo	1,880,000	1,410,000	470,000
8. Mr. Asanee Chantong	1,079,900	1,070,000	9,900
9. Mr. Satid Sudbuntad	4,920,000	4,440,000	480,000
10. Mr. Maitree Tawonatiwasna*	2,220,000	1,740,000	480,000
11. Mr. Krit Phanratanamala	-	-	-
12. Mr. Woodthikrai Soatthiyanon	-	-	-
13. Mr. Suwit Kaewamphunsawat	2,780,000	2,520,000	260,000
14. Ms. Thanakarn Phanthapirat	2,280,000	1,800,000	480,000
15. Mr. Krit Kullertprasert	210,000	270,000	(60,000)
<b>Total</b>	<b>52,789,700</b>	<b>50,839,800</b>	<b>1,949,900</b>

Remark \* Number of shareholding including spouse and minor child



# RISK MANAGEMENT

The Risk Management Committee has carried out assessment the Company's business risks regularly throughout the year. In 2012, the Risk Management Committee has assessed the risks including establishing the risk management system to prevent and mitigate any possible impact from risk as follows:

## 1. Risks from External Factors

### 1.1 Risk related to the control of utilization of asbestos by the government

From the follow-up of study results of reduction, abandonment and discontinuation of asbestos usage in five product groups, namely roofing tiles, sidings, rubber floor tiles, water pipes and brake pads, which the Department of Industrial Works has hired Sukhothai Thammathirat Open University to study for preparation of draft plan for termination of import and production of asbestos-products on July 4, 2012 for proposal to the Government Cabinet for its consideration, which can be summarized as follows.

1. Termination period shall be clearly specified in order for the producers and consumers to be prepared with regard to business operation and usage.

2. Five product groups, namely rubber floor tiles, sidings, roofing tiles, high-pressure pipes or asbestos water pipes and brake pads and clutches are applied due to the asbestos content and their usage in everyday living of the people.

3. Adjustment period of five years according to the readiness of each product group, such as,

3.1 Sidings: Adjustment & Development Period of 1-2 years, Asbestos Usage Termination on 3<sup>rd</sup> year

3.2 Roman Tiles: Adjustment & Development Period of 1-2 years, Asbestos Usage Termination on 3<sup>rd</sup> year

3.3 Small Corrugated Tiles: Adjustment & Development Period of 3-4 years, Asbestos Usage Termination on 5<sup>th</sup> year

Accordingly, the Company has established plan and several measures to manage the risk when the Government has terminated the use of asbestos as follows:

1) To develop products that do not contain asbestos fiber as an alternative for the customers such as Roman tiles, 4-ridge roofing tiles, Jeeranai tiles, synthetic wood, siding board and autoclaved concrete tiles, etc.

2) To upgrade existing machinery to become dual machine, which has capability to produce both asbestos and non-asbestos products in order to be flexible and prepared in case the government sector terminates the use of asbestos products in the future.

3) To find new products in the construction industry for distribution in order to increase product variety for the customers such as trusses, gypsum board, laminate floor, Granito tiles and roof accessory products, etc.

4) To develop a 3 to 5 year business plan for continuing growth in future, which 3 projects are under implementation including the NT-10 project, AAC project and CT-KK project, which has been planned for expansion of production capacity, and product distribution center to the other regions, which is the first project to expand to the Northeastern region at Khon Kaen Province.

### 1.2 Risk Related to Shortage of Raw Materials

Due to the fact that the Company's raw materials are comprised of cement, asbestos, PVA and pulp, there is a risk related to price and availability. The Company has set up strategies to mitigate this risk such as:

- Research, development, design of production formulas to reduce costs and study and research for alternative materials.
- Finding sources for raw material with low cost, good quality both domestically and internationally.
- Increase inventory levels to reduce price and availability risk in the future.

### 1.3 Risk Related to Price Competition

The Company faces risk related to price competition in the market. Some of the strategies used to mitigate this risk include the use of increased product distribution and increased convenience for customers access to products, developing capabilities and skills for agents and distributors to provide before and after-sales service and quick and timely product delivery. These strategies have differentiated the Company and contributed to a revenue increase of 5.16% from the previous year.

### 1.4 Risk Related to Financial Instruments

#### 1.4.1 Interest Rate Risk

The Company still has interest rate risk that has arisen from interest rate changes, which may have an impact on the Company's operations because the Company still has some short-term loans

with floating interest rate; however, the Company has mitigated the interest risk for all the long-term loans by using fixed interest rate.

#### 1.4.2 Exchange Rate Risk

The Company has exposure to exchange rate risk due to the purchase and sales of products that are in other currencies. The Company has purchased forward exchange contracts that have a maturity of no more than a year in order to prevent financial debt in foreign currencies.

#### 1.5 Risk Related to Rises in Wages According to Government Policy

The Company has risk related to the minimum wage increase from the Government policy. In year 2012, the minimum wage rate in Saraburi Province was at Baht 193 per day. After the increase, the minimum wage rate would be at Baht 269 per day or an increase of 39.38 percent, which has been in effect since April 2012. Additionally, the minimum wage would increase to 300 Baht per day on January 1, 2013, which would have an impact on the Company's operations in the future.

## 2. Risk from Internal Factors

### 2.1 Risk Related to Product Quality

The Company has implemented preventive measures for product quality by carrying out quality inspections of the raw materials before feeding them for production and in every process of production until the products have been finished with quality according to the standard. If any problem occurs, then the cause shall be examined and analyzed to implement preventive and

corrective measures, which resulted in the decrease of quality problem and number of complaints on product quality from the past year.

### 2.2 Risk Related to Adequate Production Capacity

The Company has considered its production capacity as compared with the market demand and found that the demand for products was still higher than the Company's production capacity. Therefore, existing machinery have been upgraded to increase their production capacity and new machinery have been installed to support the market demand in the future as follows (details can be seen in the "Future Projects" section on Page 30).

- NT-10 Project for production of non-asbestos fiber cement board has production capacity of 72,000 tons per year.
- AAC Project for production of autoclaved aerated concrete has production capacity of 140,000 tons per year.
- CT-KK Project is being expanded to Khon Kaen Province for production of concrete tiles at 50,000 tons per year.

### 2.3 Risk Related to Environmental Impact

The Company has intention to produce environmental-friendly products by having obtained industrial standard certificate in the environmental management system. In addition, production process has been upgraded to reduce the amount of waste in the system by utilizing several management and product increase activities such as TPM, Kaizen, OPL and QCC, etc. as well as conservation of energy by utilizing energy management system in the production process (details can be seen in the "Corporate Social Responsibility (CSR) and Sustainability on Page 19)

#### **2.4 Risk Related to Long-term Planning**

The Company has prepared a 3-5 years strategic plan to support the growth of the Company and reduce risk that may arise in the future. It includes planning for investment in current and future products whereby there is a study of the feasibility of the development of new products and risk assessment in various areas such as the business, financially, profitability and ability to pay back borrowings for various projects such as NT-10, AAC and CT-KK. As for other projects, their feasibilities and risk assessments are being studied.

#### **2.5 Risk Related to Manpower and Employment**

The Company is exposed to risk related to the manpower and employment due to the continuing business growth and expansion of the Company, requiring significant increase of industrial skilled workers and executive level employees. The Company has set the human resources development at every level providing knowledges and skills, as well as improved its employees' compensation policy to be appropriate and fair to increase competitiveness and support future and continuous growth.

#### **2.6 Risk Related to Administration and Management of Majority Shareholders**

The Company is a subsidiary Company of Myriad Material Co., Ltd., which is the majority shareholder with 60.65% of shares (as at December 31, 2012). In combination with the shares owned by the Directors who are the representatives of Myriad Material Co., Ltd., Myriad Material Co., Ltd. owns more than 65% of the shares. Thus, Myriad Material Co., Ltd. can control all resolutions at the shareholders' meeting. However, the Company follows the code of best practices with the intention of good corporate governance, good operating ethics, transparent information disclosure, and approval principles for related transactions. A person who may have conflict of interest cannot approve self-related transactions and the Audit committee shall consider and give opinion to the Board of Directors and/or the shareholders' meeting for approval. The Company shall disclose the related transactions in the notes to the Company's financial statements.

# COMPANY'S INTERNAL CONTROL

The Audit Committee is responsible for auditing the operations in accordance with the Company's policies and regulations including laws, regulations, and rules of supervision organizations; promoting development of the finance and accounting reporting system in accordance with the Generally Accepted Auditing Standards; and auditing to ensure that the Company has proper, updated, and effective internal control, internal audit, and risk management systems. The Audit Committee performs duties and gives opinion independently and the Internal Audit and Compliance Control is an operating unit reporting directly to the Audit Committee.

The Internal Audit and Compliance Control is responsible for assessing internal controls according to the operating guidelines as specified by the Audit Committee. The Internal Audit and Compliance Control implements the preventive auditing policy for the benefits of working units, considers reliability and accuracy of the financial statements as well as sufficient and transparent information disclosure, audits in accordance with the good corporate governance handbook, and increases efficiency and effectiveness of the operations by following the international auditing standards.

From the assessment of the Company's internal audits systems in 5 areas; i.e., organization Control and environmental, risk management, management control activities, information system and communication, and monitoring system, the Audit Committee had opinion that the Company's internal control system was appropriate and sufficient.

The Company's internal control systems can be summarized as follows:

## 1. Organization Control and Environmental Measures

The Company has established vision, mission, quality, occupational health, safety, and environmental policies, 5S policy and TPM, which is a maintenance system with everyone involved. The Company has a proper organization structure with clear responsibilities, written policies and regulations, and it is posted on Website of the Company. Business objectives are clearly defined and measurable as working guidelines for the employees. Budget has been reviewed to be in line with actual situations when severe impacts on the operation might occur from any event. Rules of ethics and code of conduct to all stakeholders has been defined along with prohibitions for executives and employees that their actions might cause conflicts of interest to the Company as well as penalization in case of violation.

## 2. Risk Management Measures

The Company implemented assessment of the business risk by executives and the Risk Management Committee and specified measures to reduce risks that might occur from internal and external factors. The Company has followed the good practices for the directors of the registered companies according to the guidelines by the Stock Exchange of Thailand. Consequently, in 2012, the assessment by the Stock Exchange of Thailand, the Security Exchange Commission, and the Thai Directors Association revealed that the Company followed the highest level of corporate governance, i.e., Excellent (5 Stars). The Company has established measures to reduce other risks, for example, control on utilization of asbestos by government, raw material prices and shortage, pricing competition, etc. The Risk Management Committee held meetings to monitor operations of working units at least once a month and reported to the Audit Committee every quarter. The Audit Committee and the Internal Audit and Compliance Control would audit and assess suitability of the operations to control the risks at suitable and acceptable levels.

## 3. Management Control Activities

The Company has clearly defined scopes, authorities, and credit approval of the executives at each level in writing for flexibility. Responsibilities have been undoubtedly separated between approving, account and information recording, and asset collection. The Internal Audit and Compliance Control is responsible for auditing the operations in accordance with the Company's procedures. In case of a transaction with the majority shareholders, directors, executives, or parties related to the mentioned personnel, the Company commands the Audit Committee to consider before conducting that transactions and inter-related transactions will be disclosed in the notes to the Company's financial statements. The Company gives the stakeholder opportunities to inform or make complains. The informer or complainer will be protected and actions are taken after being informed or complained with correctives actions and compensation.



to the sufferer. The Company's operation has been monitored in compliance with the related laws.

#### 4. Information and Communication Measures

The Company improved the information technology system in order to develop efficient working and management systems with connection throughout the entire organization and communicated information to related parties by replacing the old system with the Enterprise Resource Planning (ERP) software system, SAP version ECC6 since January 2, 2008. The system offers a real time reporting system. In 2010 the Company improved project SAP BI (Business Intelligence) to add up the ERP system with more sufficient information for decision-making by the management and committee with good storage system. The system also contains the accounting policy according to the Generally Accepted Accounting Standards suitable for the Company's business with sufficient disclosure in the notes to the financial statements, which had been audited by the external auditors and verified by the Audit Committee, including review and audit of the system for safety in accessing information of the Company as recommended by the Auditor and the Audit Committee.

#### 5. Monitoring system

The Company has defined business plan and business objectives by establishing as monthly and annual budgets that the executives reported their performances in comparison with targets specified by the Management Committee, Top Management, and the Boards of Directors. To adapt and update the strategic plans, each executive will propose corrective plans, closely monitor the corrective actions, and report progress in the weekly meeting until the issue is resolved. The Internal Audit and Compliance Control audits the operations according to the internal control system and reports directly to the Audit Committee. The Company's policy is to have executives immediately report events to the Board of Directors and the Audit Committee if found that it may have significant impact on the Company's reputation and financial status, as well as stipulating that a self assessment of the Board of Directors' performance is conducted once a year in order for the Directors to review their own performance on the strengths and weaknesses and to improve on the performance of the Board of Directors for the maximum benefit to the Company's operation.

# DIVIDEND PAYMENT POLICY

Company's dividend payment policy for the shareholders: the Company has established the dividend payment policy to pay the dividend for each year at no less than 50 percent of the net profit after deductions of legal provisions set forth in the Company's regulations and relevant laws, provided that such dividend payment would not have significant impact to the Company's normal business operation.

The Company was able to pay out dividend to its shareholders starting from 2004 after the Company started to generate profits after having deducted all the loss carried forward. Details on the dividend payment in 2012 are as follows:

Dividend	2012*	2011	2010
Net Profit per Share (Baht per share)	0.53	0.46	0.47
Dividend per Share (Baht per share)	0.40	0.38	0.36
Dividend Percentage of Earnings per Share	75%	83%	77%
Dividend Paid (million Baht)	413	388	354
Paid up Shares (million shares)	1,038	1,027	1,014
Treasury Shares as at end of Year 20XX (million shares)	-	1.56	18.90
Par Value (Baht per share)	1.00	1.00	1.00

\* In 2012, there was change in the Company's registered capital (details can be seen in the "Significant Changes in the Past Year" on page 32). According to the Table above for year 2012, the projected dividend payment was calculated based on the number of issued and paid-up shares outstanding as at end of year 2012; however, the actual number of shares with right to receive the dividend must be calculated based on the number of issued and paid-up shares outstanding as at March 15, 2013 (Record Date)

# RELATED TRANSACTIONS

The Company has established measures and procedure concerning the approval of connected transaction and transaction concerning acquisition or disposal of the assets of the Company in compliance with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC) as well as related laws within the Good Corporate Governance Handbook, which can be summarized as follows.

1. The stakeholder or person who may have conflict of interest may not approve the transaction that is connected to oneself.
  2. The establishment of price or compensation must be based on normal business and general commercial terms with consideration on the best interest of the Company.
  3. The Audit Committee has to consider and provide comments on the said transaction. Should the Audit Committee possesses no expertise in any matter, the Company must provide independent expert to advise the Audit Committee for consideration before proposing to the Board of Directors of the Company and/or the shareholders' meeting for consideration and approval.

In such case that the transaction is a commercial agreement that reasonable person ought to do with any contract party in general under the same situation, having commercial bargaining power without influence from the position of director, executive or related person on a case-by-case basis, or a normal business transaction or supporting normal business transaction with general commercial terms, the Company must present such agreement to the Board of Directors of the Company for consideration and approval or approval in principle, before the execution of the agreement, in compliance with Section 89/12(1) of the Securities and Exchange Act (No.4) B.E. 2551 (2008).
  4. The Company must disclose the information on such transaction in accordance with the regulation and procedure as established by Securities and Exchange Commission.
  5. Every director must comply with Section 88 of the Public Limited Companies Act B.E. 2535 (1992) stipulating that the director to inform the Company without delay when the following cases occur.
    - Have interest either directly or indirectly in any agreement executed by the Company during the accounting period by specifying facts related to the characteristics of the agreement, names of agreement's parties, and interest of the director in that agreement (if any).
    - Own shares or debentures in the Company or subsidiary companies by specifying total amount increase and decrease during the accounting period (if any).
- Section 114 of the Public Limited Companies Act stipulates that the Company must disclose details as notified by the directors according to the abovementioned Section 88 in the Company's annual report.
6. Every executive must follow the procedure in the same manner as the director described in Item (5) by informing the Company Secretary.

## Opinion of the Audit Committee

The Audit Committee examined and reviewed the related transactions occurred in the Company's accounting record during year 2012 as described above and found that these transactions had conditions and pricing that were fair and appropriate, which had been approved by the Management Committee or the Board of Directors before the transactions were executed.

## Future Related Transactions

Related transactions of the Company in the future shall be transactions of normal business operation without transferring any interest between the Company and related companies or persons. The Company shall adhere to and strictly follow the regulations of the Stock Exchange of Thailand and Securities and Exchange Commission (SEC) as well as relevant laws, considering the reasonability and appropriateness of the conditions and market price which can be referred to in order to ensure that the shareholders and every stakeholder receive fair and equitable benefits according to the Company's good corporate governance.

The Company had related transactions with related persons as follows.

Company	Relationship	Transactions	Amount (Million Baht)			
			Product Sales and Services		Accounts Receivable	
			Year 2012	Year 2011	Year 2012	Year 2011
Supalai Plc. (Buyer)	Having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Prakrit Pradipasen as Chairman of the Board • Supalai Plc. (Buyer) having Mr. Prakrit Pradipasen as Independent Director, Chairman of the Audit Committee and Nomination and Remuneration Committee Member.	Purchase of tiles including installation at normal prices and commercial conditions in general. <a href="#">Pricing Policy</a> Use normal pricing as compared with real estate development group with normal commercial conditions in general.	20.76	17.62	11.00	3.75
Quality House Plc. (Buyer)	Having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Krit Phanratanamala as Director. • Quality House Plc. (Buyer) having Mr. Krit Phanratanamala as Independent Director and Audit Committee Member.	Purchase of tiles including installation at normal prices and commercial conditions in general. <a href="#">Pricing Policy</a> Use normal pricing as compared with real estate development group with normal commercial conditions in general	1.94	12.54	0.90	5.12
Casa Ville Co., Ltd. (Buyer)	Wholly-owned subsidiary company of Quality House Plc, having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Krit Phanratanamala as Director. • Casa Ville Co., Ltd. (Buyer) having Mr. Krit Phanratanamala as Audit Committee Member and Independent Director in Quality House Plc.	Purchase of tiles including installation at normal prices and commercial conditions in general. <a href="#">Pricing Policy</a> Use normal pricing as compared with real estate development group with normal commercial conditions in general.	32.89	32.44	16.13	10.66
The Confidence Co., Ltd. (Buyer)	Wholly-owned subsidiary company of Quality House Plc, having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Krit Phanratanamala as Director. • The Confidence Co., Ltd. (Buyer) having Mr. Krit Phanratanamala as Independent Director and Audit Committee Member in Quality House Plc.	Purchase of tiles including installation at normal prices and commercial conditions in general. <a href="#">Pricing Policy</a> Use normal pricing as compared with real estate development group with normal commercial conditions in general.	14.69	12.14	4.83	4.74



(CONTINUED)

Company	Relationship	Transactions	Amount (Million Baht)			
			Product Sales and Services		Accounts Receivable	
			Year 2012	Year 2011	Year 2012	Year 2011
Gusto Village Co., Ltd. (Buyer)	Wholly-owned subsidiary company of Casa Ville Co., Ltd. (Casa Ville Co., Ltd. is wholly-owned subsidiary company of Quality House Plc.) having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Krit Phanratanamala as Director. • Gusto Village Co., Ltd. (Buyer) having Mr. Krit Phanratanamala as Independent Director and Audit Committee Member in Quality House Plc.	Purchase of tiles including installation at normal prices and commercial conditions in general <b>Pricing Policy</b> Use normal pricing as compared with real estate development group with normal commercial conditions in general.	7.11	-	4.93	-
Casa Ville (Phetburi 2553) Co., Ltd. (Buyer)	Wholly-owned subsidiary company of Casa Ville Co., Ltd. (Casa Ville Co., Ltd. is wholly-owned subsidiary company of Quality House Plc.) having mutual directors but no possession of inter-related shares • Diamond Building Products Plc. (Seller) having Mr. Krit Phanratanamala as Director. • Casa Ville (Phetburi 2553) Co., Ltd. (Buyer) having Mr. Krit Phanratanamala as Independent Director and Audit Committee Member in Quality House Plc.	Purchase of tiles including installation at normal prices and commercial conditions in general. <b>Pricing Policy</b> Use normal pricing as compared with real estate development group with normal commercial conditions in general.	0.89	-	0.34	-
<b>Total</b>			<b>78.28</b>	<b>74.74</b>	<b>38.13</b>	<b>24.27</b>

# REPORT OF THE BOARD OF DIRECTORS'

## RESPONSIBILITIES TO THE FINANCIAL STATEMENTS

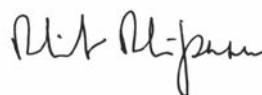
The Board of Directors gives priority and is responsible for the financial statements year 2012 of Diamond Building Products Public Company Limited including financial information presented in the annual report. The financial statements were prepared in compliance with the Notification of the Department of Business Development dated September 28, 2011 on specification of brief particulars in the financial statement B.E. 2554 (2011) in accordance with the regulations of the Stock Exchange of Thailand dated January 22, 2001 on preparation and submission of financial statements and reports on financial status and operating results of the listed company and in accordance with the accounting standards and generally accepted accounting principles in Thailand.

The Board of Directors is responsible for the financial statements of Diamond Building Products Public Company Limited, assuring that the financial statements, operating results, and cash flows are actual and reasonable by having complete and accurate accounting records. These financial statements are prepared in accordance with the generally accepted accounting standards by implementing suitable accounting policy corresponding to the Company's business that has been consistently followed as well as considering sufficient provisions for the uncertain transactions or transactions that may have significant impact on the future business. Important information is disclosed in the notes to the financial statements and the independent auditor has given opinions in the report of the independent auditor.

For this purpose, the Board of Directors has appointed the Audit Committee comprising the independent and non-executive directors with complete qualifications in accordance with the Securities and Exchange Act (No. 4) B.E. 2551 (2008) and the regulations of the Capital Market Supervisory Board to verify the financial statements for compliance with the accounting standards, to review the internal control system, internal audit system, and risk management system for appropriateness and effectiveness; to review transparency of the operations in accordance with the Company's regulations and in compliance with all provisions of related laws and oversee that there is no conflict of interest; as well as to consider and propose for the appointment of the Company's independent auditor. Accordingly, the opinions of the Audit Committee have been presented within the Report of the Audit Committee included in the Annual Report 2012.

March 1, 2013

On Behalf of the Board of Directors of  
Diamond Building Products Public Company Limited



(Mr. Prakit Pradipasen)  
Chairman of the Board



(Mr. Asanee Chantong)  
Managing Director

# SUMMARY OF OPERATING RESULTS AND FINANCIAL ANALYSIS

(For the Financial Statements of the Year Ending December 31, 2012)

## 1. Revenues from Sales and Services

Description	Year 2012		Year 2011		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales	3,631.54	91.86	3,482.89	93.96	148.65	4.27
Revenues from Services	252.04	6.38	210.23	5.67	41.81	19.89
<b>Total Revenues from Sales and Services</b>	<b>3,883.58</b>	<b>98.24</b>	<b>3,693.12</b>	<b>99.63</b>	<b>190.46</b>	<b>5.16</b>
Gain on Sales of Fixed Assets	58.27	1.47	3.64	0.10	54.63	1,500.82
Gain on Foreign Exchange Rate - Net	2.67	0.07	2.04	0.06	0.63	30.88
Other Revenue	8.66	0.22	7.94	0.22	0.72	9.07
<b>Total Other Revenues</b>	<b>69.60</b>	<b>1.76</b>	<b>13.62</b>	<b>0.37</b>	<b>55.98</b>	<b>411.01</b>
<b>Total Revenues</b>	<b>3,953.18</b>	<b>100.00</b>	<b>3,706.74</b>	<b>100.00</b>	<b>246.44</b>	<b>6.65</b>

The Company's total revenues of year 2012 increased from the previous year by 6.65 percent, consisting of:

- Revenues from sales were Baht 3,631.54 million, which increased from the previous year by Baht 148.65 million or 4.27 percent, mainly due to the increasing sales of ADAMAS concrete tile product and wood substitute products, including lath and fence.
- Revenues from services were Baht 252.04 million, which increased from the previous year by Baht 41.81 million or 19.89 percent, due to the increase in revenue from transportation of Baht 22.42 million and increase in revenue from other services of Baht 19.39 million.
- Gain on sales of fixed assets was Baht 58.27 million, which increased from the previous year by Baht 54.63 million, due to the profit from sales of land not used in operations of Baht 57.10 million.

## 2. Cost of Sales and Services

Description	Year 2012		Year 2011		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	2,397.70	61.74	2,276.88	61.65	120.82	5.31
Cost of Services	313.01	8.06	269.31	7.29	43.70	16.23
<b>Total Cost of Sales and Services</b>	<b>2,710.71</b>	<b>69.80</b>	<b>2,546.19</b>	<b>68.94</b>	<b>164.52</b>	<b>6.46</b>

The Company's total cost of sales and services of year 2012 increased from the previous year by 6.46 percent, consisting of:

- Cost of sales was Baht 2,397.70 million, which increased from the previous year by Baht 120.82 million or 5.31 percent, due to the increase in sales volume of 5 percent and increase in cost from the minimum wage adjustment.
- Cost of services was Baht 313.01 million, which increased from the previous year by Baht 43.70 million or 16.23 percent, due to the increase in sales of products and services with increase in transportation cost of Baht 27.89 million and increase in cost of other services of Baht 15.81 million.

### 3. Selling and Administrative Expenses

Description	Year 2012		Year 2011		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	143.51	3.70	158.83	4.30	(15.32)	(9.65)
Administrative Expenses	338.14	8.71	298.51	8.08	39.63	13.28
Management's Remuneration*	44.48	1.15	39.84	1.08	4.64	11.65
<b>Total Expenses</b>	<b>526.13</b>	<b>13.55</b>	<b>497.18</b>	<b>13.46</b>	<b>28.95</b>	<b>5.82</b>

Remark: \* Management means the director, managing director or the next four executives succeeding the managing director, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.

The Company's total expenses of year 2012 increased from the previous year by 5.82 percent, consisting of:

- Selling expenses were Baht 143.51 million, which decreased from the previous year by Baht 15.32 million or 9.65 percent, due to the decrease in marketing and sales promotion expenses of Baht 14.64 million and decrease in doubtful debt of Baht 2.01 million.
- Administrative expenses were Baht 338.14 million, which increased from the previous year by Baht 39.63 million or 13.28 percent, due to the increase in the employees' salary and benefits of Baht 18.27 million (including the adjustment of minimum wage of the employees), increase in flood-related tiles donation of Baht 11.07 million, increase in fee related to the sale of unused land of 3.38 million and increase in packaging expenses of Baht 5.92 million, etc.
- Managements' remunerations were Baht 44.48 million, which increased from the previous year by Baht 4.64 million or 11.65 percent, due to the increase in salary of the executives and increase in the annual remunerations of the Directors.



## 4. Profitability

Description	Year 2012		Year 2011		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	3,883.58	100.00	3,693.12	100.00	190.46	5.16
Costs of Sales and Services	2,710.71	69.80	2,546.19	68.94	164.52	6.46
GP	1,172.87	30.20	1,146.93	31.06	25.94	2.26
EBITDA	926.10	23.85	864.16	23.40	61.94	7.17
EBIT	716.34	18.45	663.39	17.96	52.95	7.98
NP	545.91	14.06	460.13	12.46	85.78	18.64
EPS (Baht per Share) *	0.53		0.46		0.07	15.22
Weighted Average Number of Ordinary Shares (Million Shares)*	1,030.37		1,007.44		22.93	2.28
Return on Equity (ROE) (%)	25.62%		23.56%		2.06%	
Return on Assets (ROA) (%)	16.21%		16.75%		(0.54%)	

Remark: \* Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury stock  
GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax,  
NP = Net Profit after Tax, EPS = Net Earnings per Share

### 4.1 Gross Profit (GP)

- The Company's gross profit of year 2012 increased from the previous year by Baht 25.94 million or 2.26 percent, due to the increase in revenue from sales and services of 5.16 percent and the overall cost of sales and services increased by 6.46 percent.

### 4.2 Net Profit (NP)

The Company's net profit and net earnings per share of year 2012 increased from the previous year as follows:

- The Company's net profit was Baht 545.91 million, an increase from the previous year by Baht 85.78 million or 18.64 percent, due to the increase in gross profit, gain on sale of unused land of Baht 43.97 million (after deduction of corporate income tax) and decrease in corporate income tax rate from 30 percent to 23 percent.

- The Company's net earnings per share was Baht 0.53 per share, an increase from the previous year by Baht 0.07 per share or 15.22 percent, due to the increase in net profit by 18.64 percent.

### 4.3 EBITDA

- The Company's EBITDA of year 2012 was Baht 926.10 million, an increase from the previous year by Baht 61.94 million or 7.17 percent, due to the increase in gross profit, gain on sale of unused land of Baht 57.10 million but increase in selling and administrative expenses by 5.82 percent.

### 4.4 Earnings Efficiency

- Return on Equity (ROE): The Company's ROE increased from 23.56 percent as at end of 2011 to 25.62 percent as at December 31, 2012 or an increase of 2.06 percent, due to the increase in Company's net profit by 18.64 percent and increase in shareholders' equity by 9.10 percent from the previous year.

- Return on Assets (ROA): The Company's ROA decreased from 16.75 percent as at end of 2011 to 16.21 percent as at December 31, 2012 or a decrease of 0.54 percent due to the increase in Company's net profit by 18.64 percent and increase in total assets by 22.64 percent from the previous year.

## 5. Financial Status

Description	Balance Sheet As at December 31, 2012	Balance Sheet As at December 31, 2011	Increase / (Decrease)	
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,644.66	3,092.87	551.79	17.84
Total Liabilities	1,430.43	1,046.09	384.34	36.74
Total Shareholders' Equity	2,214.23	2,046.78	167.45	8.18
Weighted Average Number of Ordinary Shares (Million Shares)*	1,030.37	1,007.44	22.93	2.28
Book Value (Baht per Share)*	2.15	2.03	0.12	5.91

Remark: \* Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury stock

- The Company's total assets as at December 31, 2012 increased from the end of year 2011 by Baht 551.79 million or 17.84 percent due to the net increase in trade accounts receivable and other accounts receivable of Baht 44.62 million, increase in cash and cash in bank of Baht 34.40 million, increase in fixed assets of Baht 710.49 million, increase in other current assets of Baht 3.47 million but there were decrease in inventory of Baht 59.39 million, decrease in cash advance for purchase of fixed assets of Baht 174.44 million, decrease in non-current assets held for sale of Baht 2.89 million and decrease in other non-current assets of Baht 4.37 million.

- The Company's total liabilities as at December 31, 2012 increased from the end of year 2011 by Baht 384.34 million or 36.74 percent due to the increase in trade accounts payable and other accounts payable of Baht 35.65 million, increase in long-term loan of Baht 290.93 million for the NT-10 Project and AAC Project, increase in current portion of long-term loan due in one year of Baht 95.40 million, increase in finance lease liabilities of Baht 1.59 million and increase in other current liabilities of Baht 53.87 million but there were decrease in bank overdraft and short-term loan of Baht 66.30 million, decrease in provision for post-employment benefits obligation of Baht 0.96 million and decrease in income tax payable of Baht 25.84 million.

- The Company's total shareholders' equity as at December 31, 2012 increased from the end of year 2011 by Baht 167.45 million or 8.18 percent due to the increase in net profit of Baht 545.91 million, sales of treasury stock for Baht 9.01 million (1,562,700 shares for Baht 2.45 million and treasury share premium of Baht 6.56 million), increase in registered capital and share premium of Baht 26.08 million (from the exercise of ESOP No. 8 dated February 15, 2012 for 2,043,000 shares, No. 9 dated June 15, 2012 for 150,000 shares and No. 10 dated October 15, 2012 for 8,954,000 shares at the exercise price of Baht 2.34 per share), but there were dividend payment of Baht 411.63 million and loss projection based on the actuarial science method of Baht 1.92 million, resulting in the share book value increase from Baht 2.03 per share as at end of year 2011 to Baht 2.15 per share as at December 31, 2012.

## 6. Cash Flows

Description	Unit: Million Baht	
	Year 2012	Year 2011
Cash Flows from (used in) Operating Activities	720.07	341.48
Cash Flows from (used in) Investing Activities	(623.37)	(565.37)
Cash Flows from (used in) Financing Activities	(62.54)	189.19
Unrealized exchange gain (loss) of cash and cash equivalents	0.14	0.27
Cash Increase (Decrease) - Net	34.30	(34.43)
Cash at the Beginning of the Period	22.19	56.62
Cash at the Ending of the Period	56.49	22.19
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	33.80%	17.49%

• The Company's net cash from operating activities of year 2012 was Baht 720.07 million, which was higher than the net profit before tax by Baht 11.38 million due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 209.76 million, increase in other current liabilities of Baht 54.60 million and net decrease in inventory of Baht 54.51 million, but there were decrease in trade accounts payable and other accounts payable of Baht 8.02 million, decrease in non-current liabilities of Baht 2.87 million, net increase in trade accounts receivable and other accounts receivable of Baht 44.69 million, increase in gain on sales of unused land of Baht 57.10 million, increase in other current assets and other non-current assets of Baht 6.19 million, there were payment of accrued corporate income tax for year 2011 of Baht 86.69 million, payment of corporate income tax for half year 2012 of Baht 101.15 million and payment of withholding tax for year 2012 of Baht 0.78 million.

• The Company's net cash used in investing activities of year 2012 was Baht 623.37 million, due to investment in the NT-10 Project of Baht 247.26 million, investment in the AAC Project of Baht 331.90 million, purchase of other fixed assets of Baht 83.62 million, cash advance for purchase of fixed assets of Baht 23.33 million and prepayment for purchase of intangible assets of Baht 1.27 million, but there were cash received from sales of unused land not of Baht 59.99 million and cash received from sales of damaged and unusable fixed assets of Baht 4.02 million.

• The Company's net cash used in financing activities of year 2012 was Baht 62.54 million, due to the repayment of long-term loan and financial lease of Baht 81.03 million, decreases in bank overdraft and short-term loan of Baht 66.30 million and dividend payment of Baht 411.63 million, but there were increases in long-term loan of Baht 461.33 million, cash received from sale of treasury stock and treasury share premium of Baht 9.01 million and increase of registered capital and share premium of Baht 26.08 million (from the exercise of ESOP No. 8-10).

## 7. Liquidity

Description	As at December 31, 2012	As at December 31, 2011
Current Ratio (Times)	1.69	1.91
Quick Ratio (Times)	0.79	0.78
Cash flow Liquidity Ratio (Times)	1.09	0.65
Account Receivable Turnover Ratio (Times)	8.30	8.91
Average Collection Period (Days)	43	40
Inventory Turnover Period (Days)	22	20
Average Payable Period (Days)	16	19
Cash Cycle (Days)	49	41

• The Company's current ratio as at December 31, 2012 was 1.69 times, a decrease from end of year 2011, due to the decrease in current assets of 1.71 percent and increase in current liabilities of 15.36 percent. The quick ratio was 0.79 times, a increase from end of year 2011, due to the decrease in inventory by 8.58 percent and the cash flow liquidity ratio was 1.09 times, an increase from end of year 2011, due to the increase in cash from operating activities from the previous year.

• The Company's cash cycle as at December 31, 2012 was 49 days, an increase from end of year 2011 by 8 days, due to the increase in inventory turnover period of 2 days, average collection period increased by 3 days and average payable period decreased by 3 days.

## 8. Borrowing and Debt Payment Capability

Description	As at December 31, 2012	As at December 31, 2011
Total Debt to Equity Ratio (Times)	0.65	0.51
Interest Coverage Ratio (Times)	116.43	43.34
Debt Service Coverage Ratio (Times)	10.65	7.50

- The Company's total debt to equity ratio as at December 31, 2012 was at 0.65 times, an increase from end of year 2011 due to the increase in shareholders' equity of 8.18 percent but there was an increase in total liabilities of 36.74 percent. However, the interest coverage ratio increased to 116.43 times due to the increase in cash from operating activities from the previous year and decrease in loan interest payment from the previous year by 39.15 percent.

- The Company's debt service coverage ratio increased from 7.50 times as at end of year 2011 to 10.65 times as at December 31, 2012, due to the increase in EBITDA from end of year 2011 by 7.17 percent, decrease in long-term loan and financial lease liabilities due within one year by 22.74 percent and decrease in loan interest payment by 39.15 percent.

### Business Trend in Year 2013

Business trend in year 2013 should improve having factors from the Government's investment policy and growing real estate market in which major operators are investing and developing projects in major cities in the provincial areas to support the growing demand of home and residence. Meanwhile, the group of major construction materials retailers is still pushing ahead and investing in the increase of store branches, which is considered an important factor in promoting and increasing the demand for construction material products and create opportunity for increasing sales of the "Diamond" brand products into such channels.

### Audit Fees of The Company for year ended December 31, 2012

The appointed certified public accountant for the Company of year 2012 was Mr. Permsak Wongpatcharakorn, certified public accountant license no. 3427 of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited and the appointed certified public accountant for the Company of year 2011 was Mr. Montree Panichakul, certified public accountant license no. 3461 of Deloitte Touche Tohmatsu Jaiyos Audit Company Limited. The followings are the details of the audit fees for year 2012 decreased from year 2011 by 0.86 percent as follows :

Items (Unit: Baht)	2012	2011
Annual audit fee	490,000	490,000
Interim financial statements audit fee	300,000	300,000
Other expenses	24,013	31,086
<b>Total</b>	<b>814,013</b>	<b>821,086</b>



# REPORT OF THE INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS

## TO THE SHAREHOLDERS AND BOARD OF DIRECTORS DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED

We have audited the financial statements of Diamond Building Products Public Company Limited, which comprise the statement of financial position as at December 31, 2012, and the statement of comprehensive income, statement of changes in shareholders' equity and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of

the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the aforementioned financial statements present fairly, in all material respects, the financial position of Diamond Building Products Public Company Limited as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

### Other Matter

The financial statements of Diamond Building Products Public Company Limited for the year ended December 31, 2011, were audited by another auditor of the same firm who expressed an unmodified opinion on those statements on February 14, 2012.



Permsak Wongpatcharakorn  
Certified Public Accountant (Thailand)  
Registration No. 3427

DELOITTE TOUCHE TOHMATSU JAIYOS AUDIT CO., LTD.

BANGKOK  
February 12, 2013

# STATEMENTS OF FINANCIAL POSITION

AS AT DECEMBER 31, 2012 AND 2011

Unit : Baht

	Notes	2012	2011
<b>ASSETS</b>			
CURRENT ASSETS			
Cash and cash equivalents	5	56,496,370	22,195,527
Trade and other receivables	6	498,492,207	453,873,291
Inventories	7	632,434,441	691,826,486
Other current assets		5,589,578	2,122,470
Non-current assets classified as held for sale	8	-	2,891,540
<b>Total Current Assets</b>		<b>1,193,012,596</b>	<b>1,172,909,314</b>
NON-CURRENT ASSETS			
Prepayment for purchases of fixed assets	4.2	45,317,330	219,757,830
Property, plant and equipment	9	2,287,460,415	1,576,966,442
Land not used in operation	10	91,437,948	91,437,948
Intangible assets	11	26,129,758	30,501,078
Other non-current assets		1,306,354	1,298,625
Total Non-current Assets		2,451,651,805	1,919,961,923
<b>TOTAL ASSETS</b>		<b>3,644,664,401</b>	<b>3,092,871,237</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>			
CURRENT LIABILITIES			
Bank overdrafts and short-term borrowings			
from financial institutions	12	111,141,780	177,441,390
Trade and other payables	13	280,787,958	245,138,474
Current portion of long-term borrowings	14	170,395,817	75,000,000
Current portion of liabilities under			
finance lease agreements	15	5,738,641	4,295,668
Current income tax payable		60,849,869	86,693,378
Other current liabilities			
Accrued retention		55,065,190	6,923,897
Others		23,767,148	18,043,046
		78,832,338	24,966,943
Total Current Liabilities		707,746,403	613,535,853
NON-CURRENT LIABILITIES			
Long-term borrowings	14	648,552,257	357,619,917
Liabilities under finance lease agreements	15	12,829,486	12,679,851
Employee benefit obligation	16	61,302,666	62,258,266
Total Non-current Liabilities		722,684,409	432,558,034
<b>TOTAL LIABILITIES</b>		<b>1,430,430,812</b>	<b>1,046,093,887</b>

# STATEMENTS OF FINANCIAL POSITION

## (CONTINUED)

AS AT DECEMBER 31, 2012 AND 2011

Unit : Baht

	Notes	2012	2011
<b>LIABILITIES AND SHAREHOLDERS' EQUITY (CONTINUED)</b>			
<b>SHAREHOLDERS' EQUITY</b>			
SHARE CAPITAL	17		
Authorized share capital			
1,049,650,000 ordinary shares of Baht 1 each		1,049,650,000	1,049,650,000
Issued and paid-up share capital			
1,038,104,000 ordinary shares of Baht 1 each, fully paid		1,038,104,000	
1,026,957,000 ordinary shares of Baht 1 each, fully paid			1,026,957,000
PREMIUM ON ORDINARY SHARES		153,307,160	138,370,180
PREMIUM ON TREASURY SHARES		165,206,460	158,646,588
RETAINED EARNINGS			
Appropriated			
Legal reserve	18	105,000,000	105,000,000
Reserve for treasury shares	19	-	2,447,508
Unappropriated		752,615,969	617,803,582
TREASURY SHARES	20	-	(2,447,508)
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>2,214,233,589</b>	<b>2,046,777,350</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>3,644,664,401</b>	<b>3,092,871,237</b>

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Unit : Baht

	Notes	2012	2011
Revenues from sales and services		3,883,579,465	3,693,120,117
Costs of the sales of goods and the rendering of services		(2,710,706,594)	(2,546,186,437)
Gross profit		1,172,872,871	1,146,933,680
Other income			
Gain on sales of fixed assets and non-current assets classified as held for sale		58,269,954	3,640,575
Net gain on foreign exchange rate		2,668,895	2,043,978
Others		8,663,358	7,944,055
Selling expenses		(143,509,818)	(158,827,270)
Administrative expenses		(338,143,380)	(298,511,510)
Managements' remuneration		(44,483,700)	(39,835,360)
Finance costs		(7,648,066)	(12,567,944)
Profit before income tax expense		708,690,114	650,820,204
Income tax expense	26	(162,779,568)	(190,690,934)
Profit for the year		545,910,546	460,129,270
Other comprehensive income:			
Actuarial losses	16	(1,915,667)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		543,994,879	460,129,270
EARNINGS PER SHARE	24		
BASIC EARNINGS PER SHARE		BAHT 0.53	0.46
DILUTED EARNINGS PER SHARE		BAHT 0.52	0.45

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Unit : Baht

Retained Earnings									
Notes	Issued and Paid-up Share Capital	Premium on Ordinary Shares	Premium on Treasury Shares	Appropriated		Unappropriated	Treasury Shares	Total Shareholders' Equity	
				Legal Reserve	Reserve for Treasury Shares				
Beginning balance as at January 1, 2011		1,014,331,700	121,452,278	79,077,589	105,000,000	31,229,584	491,352,386	(31,229,584)	1,811,213,953
Issuance of ordinary shares	17 and 21	12,625,300	16,917,902	-	-	-	-	-	29,543,202
Proceeds from resale of treasury shares	20	-	-	79,568,999	-	-	-	28,782,076	108,351,075
Dividends paid	23	-	-	-	-	-	(362,460,150)	-	(362,460,150)
Total comprehensive income for the year		-	-	-	-	-	460,129,270	-	460,129,270
Reserve for treasury shares	19	-	-	-	-	(28,782,076)	28,782,076	-	-
Ending balance as at December 31, 2011		1,026,957,000	138,370,180	158,646,588	105,000,000	2,447,508	617,803,582	(2,447,508)	2,046,777,350
Beginning balance as at January 1, 2012		1,026,957,000	138,370,180	158,646,588	105,000,000	2,447,508	617,803,582	(2,447,508)	2,046,777,350
Issuance of ordinary shares	17 and 21	11,147,000	14,936,980	-	-	-	-	-	26,083,980
Proceeds from resale of treasury shares	20	-	-	6,559,872	-	-	-	2,447,508	9,007,380
Dividends paid	23	-	-	-	-	-	(411,630,000)	-	(411,630,000)
Total comprehensive income for the year		-	-	-	-	-	543,994,879	-	543,994,879
Reserve for treasury shares	19	-	-	-	-	(2,447,508)	2,447,508	-	-
Ending balance as at December 31, 2012		1,038,104,000	153,307,160	165,206,460	105,000,000	-	752,615,969	-	2,214,233,589

Notes to the financial statements form an integral part of these financial statements

# STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Unit : Baht

Notes	2012	2011
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before income tax expense	708,690,114	650,820,204
Adjusted by:		
Doubtful debts and bad debts	490,000	2,430,000
Loss on inventories written off	-	18,598,801
Loss from obsolete inventories (reversal)	133,957	(13,667,630)
Loss from devaluation of inventories (reversal)	464,198	(8,269,960)
Depreciation and amortization	208,299,673	198,830,337
Amortization of premium on forward foreign exchange contracts	1,461,434	1,940,876
Gain on sales of non-current assets classified as held for sale	(57,104,252)	-
Gain on sales of fixed assets	(1,165,702)	(3,640,575)
Loss on fixed assets written off	280,415	86,075
Reversal loss on impairment of fixed assets	-	(525,662)
Employee benefit obligation expense (reversal)	(2,871,267)	7,908,452



# STATEMENTS OF CASH FLOWS

## (CONTINUED)

FOR THE YEAR ENDED DECEMBER 31, 2012 AND 2011

Unit : Baht

	Notes	2012	2011
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Unrealized gain on exchange rate		(366,905)	(188,206)
Interest income		(372,083)	(406,521)
Interest expense		7,648,066	12,567,944
		865,587,648	866,484,135
Increase in trade and other receivables		(45,175,166)	(59,390,282)
(Increase) decrease in inventories		53,908,173	(281,636,847)
Increase in other current assets		(4,928,542)	(1,894,172)
Increase in other non-current assets		(7,729)	(191,538)
Decrease in trade and other payables		(8,015,976)	(10,695,741)
Increase in other current liabilities		53,863,395	9,014,232
Cash generated from operations		915,231,803	521,689,787
Interest received		372,083	406,521
Cash paid for interest		(6,907,485)	(10,586,292)
Cash paid for income tax		(188,623,077)	(170,030,489)
Net cash provided by operating activities		720,073,324	341,479,527
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Cash paid for purchases of fixed assets		(662,780,537)	(349,335,620)
Cash paid for prepayment for purchases of fixed assets		(23,329,301)	(219,757,830)
Cash paid for intangible assets		(1,274,321)	(907,014)
Proceeds from sales of non-current assets			
classified as held for sale		59,995,792	-
Proceeds from sales of fixed assets		4,015,602	4,628,913
Net cash used in investing activities		(623,372,765)	(565,371,551)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Cash received from bank overdrafts and short-term borrowings from financial institutions		2,991,956,026	2,017,907,884
Cash paid for bank overdrafts and short-term borrowings from financial institutions		(3,058,255,636)	(1,850,466,494)
Cash received from long-term borrowings		461,328,157	349,724,100
Cash paid for long-term borrowings		(75,000,000)	(98,574,000)
Cash paid for liabilities under finance lease agreements		(6,029,829)	(4,835,631)
Cash received from issuance of ordinary shares and premium on ordinary shares		26,083,980	29,543,202
Proceeds from resale of treasury shares and premium on treasury shares		9,007,380	108,351,075
Dividends paid		(411,628,000)	(362,458,350)
Net cash provided by (used in) financing activities		(62,537,922)	189,191,786
Unrealized loss on exchange rate of cash and cash equivalents		138,206	272,775
Net increase (decrease) in cash and cash equivalents		34,300,843	(34,427,463)
Cash and cash equivalents as at January 1,		22,195,527	56,622,990
Cash and cash equivalents as at December 31,		56,496,370	22,195,527

Notes to the financial statements form an integral part of these financial statements

# NOTES TO THE FINANCIAL STATEMENT

## 1. GENERAL INFORMATION

Diamond Building Products Public Company Limited ("the Company") was incorporated as a public limited company in Thailand. The Company was listed on the Stock Exchange of Thailand in November 2005. The Company's registered office and factory located at 69-70 Moo 1, Mitraphab Road (Km. 115), Tambol Talingchan, Amphur Muang, Saraburi Province, Thailand. The principal businesses of the Company are manufacturing of roof tiles and artificial woods.

The major shareholder of the Company is Myriad Materials Co., Ltd. (60.65% shareholding), which is incorporated in Thailand.

## 2. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS

The financial statements of the Company have been prepared in Thai Baht and in compliance with the Notification of the Department of Business Development dated September 28, 2011 regarding "The Brief Particulars in the Financial Statements B.E. 2554" and in accordance with the Regulation of The Stock Exchange of Thailand dated January 22, 2001, regarding the preparation and submission of financial statements and reports for the financial position and result of operations of the listed companies, and in accordance with Thai Financial Reporting Standards and accounting practices generally accepted in Thailand.

### New and revised Thai Financial Reporting Standards issued but not yet effective

The Federation of Accounting Professions has issued the Notifications regarding Thai Financial Reporting Standards, which are not yet effective for the current period as follows:

		<u>Effective date</u>
<u>Thai Accounting Standards ("TAS")</u>		
TAS 12	Income Taxes	January 1, 2013
TAS 20	Accounting for Government Grants and Disclosure of Government Assistance	January 1, 2013
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates	January 1, 2013
<u>Thai Financial Reporting Standards ("TFRS")</u>		
TFRS 8	Operating Segments	January 1, 2013
<u>Thai Accounting Standards Interpretation ("TSI")</u>		
TSI 10	Government Assistance - No Specific Relation to Operating Activities	January 1, 2013
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	January 1, 2013
TSI 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders	January 1, 2013
TSI 29	Disclosure - Service Concession Arrangements	January 1, 2014
<u>Thai Financial Reporting Interpretation ("TFRI")</u>		
TFRI 4	Determining Whether an Arrangement Contains a Lease	January 1, 2014
TFRI 12	Service Concession Arrangements	January 1, 2014
TFRI 13	Customer Loyalty Programmes	January 1, 2014
	Guideline on Accounting regarding Transferring and Accepting Transfer of Finance Assets	January 1, 2013

The management of the Company anticipates that the Company will adopt the above Thai Financial Reporting Standards relevant to the Company in the preparation of financial statements of the Company when they become effective. The Company's management has assessed the effects of these standards and believes that they will not have any significant impact on the financial statements of the Company for the period in which they are initially applied.

### 3. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared under the measurement basis of historical cost except as disclosed in the accounting policies as follows:

#### 3.1 Cash and cash equivalents

Cash and cash equivalents are cash on hand and all types of deposits at financial institutions with original maturities of 3 months or less from the date of acquisition excluding deposits at financial institutions used as collateral.

#### 3.2 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable (including balances with related parties) are stated at net realizable value.

The Company estimates the allowance for doubtful accounts from uncollectable amounts based on analysis of payment histories and future expectations of customer payments.

#### 3.3 Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined by moving average method.

Net realizable value is the estimate of the selling price in the ordinary course of business less the estimated costs necessary to make the sale. Allowance is made, where necessary, for obsolete and slow-moving inventories (if any)

#### 3.4 Property, plant and equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance for impairment (if any)

Depreciation is calculated on the straight-line method, based on the estimated useful lives of the assets as follows:

Buildings and structures	5 - 20 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office equipment	3 - 5 years
Vehicles	5 years

The net borrowing costs that are directly attribute to the acquisition of machinery are included in the cost and depreciated over the useful life of that machinery.

### 3.5 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are stated at cost less accumulated amortization.

Amortization is recognised as expense in the statement of comprehensive income on the straight-line method of the expected period of consumption of the expected future economic benefits embodied in each type of intangible assets. The expected period of consumption of those future economic benefits are as follows:

Deferred know-how and technical assistance fees	10 years
Software licenses	10 years

### 3.6 Lease agreement

#### Operating lease

Lease in which substantially all the risk and reward of ownership of asset remains with the lessor is accounted for as operating lease. Rentals applicable to such operating lease are charged to the statement of comprehensive income on the straight-line basis over the lease term.

#### Finance lease

Lease in which substantially all the risk and reward of ownership, other than legal title is transferred to the Company is accounted for as a finance lease. At inception, the fair value of the leased asset is recorded together with the obligation. The leased asset is depreciated using the straight-line method over its estimated useful lives. Interest or finance charges are calculated by the effective interest rate method over the lease term. Interest or financial charge and depreciation are recognized as expenses in the statement of comprehensive income.

### 3.7 Employee benefit obligation

Employee benefit obligations are the provision for benefit obligations for employees who are entitled to receive it upon retirement under the Thai Labor Protection Act. The obligations are assessed by an independent actuary and based on actuarial assumptions using Projected Unit Credit Method to determine the present value of cash flows of employee benefit to be paid in the future. Under this method, the determination is based on actuarial calculations which include the employee's salaries, turnover rate, mortality rate, years of service and other factors.

### 3.8 Foreign currency transactions

Transactions denominated in foreign currencies incurred during the year are translated into Baht at the rate of exchange ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currencies at the date of the reporting period are translated into Baht at the reference rates as determined by the Bank of Thailand at that date.

Gains or losses on foreign exchange rate arising on settlements or translation are recognized as an income or expense in the statement of comprehensive income.

### **3.9 Revenue recognition**

The Company recognizes revenues when goods are dispatched and services are rendered. Revenues are stated at the invoice price excluding value-added-tax and after deducting discounts.

Interest income is recognized on an accrual basis.

### **3.10 Financial instruments**

The Company entered into forward foreign exchange contracts and interest rate swap contract in asset and liability management activities to control exposure to fluctuations in foreign exchange and interest rates. Further details of financial instruments are disclosed in Note 27.

Gains or losses on forward foreign exchange contracts designated as hedges of existing assets and liabilities are recognized as income or expense in the statement of comprehensive income.

Premiums or discounts on forward foreign exchange contracts are amortized to revenues or expenses over the contract period.

Income and expense from interest rate swap contract are recognized as adjustments to interest income or expense in the statement of comprehensive income.

The Company has no policy to speculate in or engage in the trading of any off-statement of financial position derivative financial instruments.

### **3.11 Provident fund**

The Company has a provident fund for those employees who have indicated their willingness to join. The contributions from the employees are deducted from their monthly salaries, with the Company matching the individuals' contributions. The contributions for the employee provident fund are recorded as expense in the statement of comprehensive income.

### **3.12 Income tax expense**

Income tax expense is based on tax paid and accrued for the year.

### **3.13 Basic earnings per share**

Basic earnings per share are calculated by dividing net profit for the year by the weighted average number of ordinary shares outstanding at the end of the year.

Diluted earnings per share are calculated by dividing net profit for the year by the total sum of the weighted average number of ordinary shares issued during the year plus the weighted average number of ordinary shares which need to be issued assuming that the warrants had been exercised to purchase the ordinary shares at the beginning of the year or on the date the ordinary shares equivalent were issued during the year.



### 3.14 Use of accounting estimates

The preparation of financial statements in conformity with The Financial Reporting Standards also requires the Company's management to exercise judgments in order to determine the accounting policies, estimates and assumptions that affect the reported amounts of asset and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Although, these estimates are based on management's reasonable consideration of current events, actual results may differ from these estimates.

## 4. SUPPLEMENTARY CASH FLOWS INFORMATION

### 4.1 Payables - acquisition of fixed assets and intangible assets for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Thousand Baht	
	2012	2011
Payables - acquisition of fixed assets and intangible assets brought forward	36,753	22,581
<u>Add</u> Purchases of fixed assets	916,279	363,508
Purchases of intangible assets	1,274	907
<u>Less</u> Cash payments of fixed assets	(662,781)	(349,336)
Cash payments of intangible assets	(1,274)	(907)
Transferred assets from prepayment for purchases of fixed assets	(197,770)	-
Transferred inventories to fixed assets	(4,885)	-
Being recorded as liabilities under finance lease agreements	(6,460)	-
Payables - acquisition of fixed assets and intangible assets carried forward	81,136	36,753

### 4.2 Prepayment for purchases of fixed assets for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Thousand Baht	
	2012	2011
Prepayment brought forward	219,758	-
<u>Add</u> Cash payments during the year	23,329	219,758
<u>Less</u> Transfer to fixed assets	197,770	-
Prepayment carried forward	45,317	219,758

## 5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as at December 31, 2012 and 2011 consist of the following:

	Unit : Thousand Baht	
	2012	2011
Cash on hand	100	100
Cash at banks - current account	30,674	12,488
Cash at banks - savings account	25,562	9,451
Fixed deposits of 3 months	160	157
	<u>56,496</u>	<u>22,196</u>

## 6. TRADE AND OTHER RECEIVABLES

Trade and other receivables as at December 31, 2012 and 2011 consist of the following:

	Unit : Thousand Baht	
	2012	2011
Trade receivables	470,148	437,542
Other receivables	10,474	5,863
Prepayment for purchases of inventories	14,079	8,789
Prepaid expenses	3,791	1,679
	<u>498,492</u>	<u>453,873</u>

Trade receivables as at December 31, 2012 and 2011 are classified by aging as follows:

	Unit : Thousand Baht	
	2012	2011
Trade receivables - other companies		
Current	341,252	330,284
Overdue		
Less than 61 days	90,227	82,877
61 days - 120 days	4,100	3,198
121 days - 360 days	3,553	2,712
More than 360 days	6,958	7,779
	<u>446,090</u>	<u>426,850</u>

Unit : Thousand Baht

	2012	2011
Trade receivables - related parties		
Current	16,751	9,276
Overdue		
Less than 61 days	13,603	10,656
61 days - 120 days	4,856	3,135
121 days - 360 days	2,651	1,205
More than 360 days	267	-
	<u>38,128</u>	<u>24,272</u>
Total trade receivables	484,218	451,122
<u>Less</u> Allowance for doubtful accounts	<u>(14,070)</u>	<u>(13,580)</u>
	<u>470,148</u>	<u>437,542</u>

The normal credit term granted by the Company ranges from 30 days to 120 days.

## 7. INVENTORIES

Inventories as at December 31, 2012 and 2011 consist of the following:

Unit : Thousand Baht

	2012	2011
Finished goods	165,592	165,719
Work in process	148,669	106,986
Raw materials	264,068	340,788
Supplies	37,961	31,950
Goods in transit	<u>37,104</u>	<u>66,745</u>
	653,394	712,188
<u>Less</u> Allowance for devaluation of inventories	<u>(4,207)</u>	<u>(3,743)</u>
Allowance for obsolete inventories	<u>(16,753)</u>	<u>(16,619)</u>
	<u>632,434</u>	<u>691,826</u>

Costs of inventories recognized as cost of sales in the financial statements for the years ended December 31, 2012 and 2011 are Baht 2,397.69 million and Baht 2,276.88 million, respectively.

For the years ended December 31, 2012 and 2011, costs of inventories of the Company recognized as cost of sales in the financial statements included loss (reversal) on obsolete inventories and devaluation of inventories of Baht 0.60 million and Baht (21.94) million, respectively.

## 8. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

As at December 31, 2011, the Company had land for sale (the carrying amount of Baht 2.89 million) under the sales and purchase of land agreement dated July 26, 2011. The Company received partial deposit of Baht 6.22 million as described in the agreement (See Note 13). Subsequently, the Company received the remaining amount and already transferred the ownership of land in March 2012.

## 9. PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as at December 31, 2012 and 2011 consist of the following:

	Unit : Thousand Baht						
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
December 31, 2010	17,647	426,524	2,620,124	48,205	58,726	34,021	3,205,247
Additions	-	1,540	16,482	3,401	239	341,846	363,508
Transfers	116,796	21,176	42,846	299	-	(181,117)	-
Disposals	-	(5,895)	(58,475)	(2,463)	(2,801)	-	(69,634)
December 31, 2011	134,443	443,345	2,620,977	49,442	56,164	194,750	3,499,121
Additions	-	1,676	24,974	5,040	12,422	872,167	916,279
Transfers	-	67,047	470,529	7,485	-	(545,061)	-
Disposals	-	(6,580)	(13,451)	(694)	(4,097)	-	(24,822)
December 31, 2012	134,443	505,488	3,103,029	61,273	64,489	521,856	4,390,578
<b>Accumulated depreciation</b>							
December 31, 2010	-	274,556	1,448,036	34,941	31,670	-	1,789,203
Depreciation for the year	-	16,153	164,149	6,093	7,248	-	193,643
Depreciation - Disposals	-	(5,894)	(57,473)	(2,399)	(2,794)	-	(68,560)
December 31, 2011	-	284,815	1,554,712	38,635	36,124	-	1,914,286
Depreciation for the year	-	15,639	172,655	6,840	7,520	-	202,654
Depreciation - Disposals	-	(5,133)	(11,794)	(667)	(4,097)	-	(21,691)
December 31, 2012	-	295,321	1,715,573	44,808	39,547	-	2,095,249

Unit : Thousand Baht						
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installation
Allowance for impairment						
December 31, 2010	-	-	518	7	-	7,869
Increases	-	-	-	-	-	-
Decreases (reversal)	-	-	(518)	(7)	-	-
December 31, 2011	-	-	-	-	-	7,869
Increases	-	-	-	-	-	-
Decreases (reversal)	-	-	-	-	-	-
December 31, 2012	-	-	-	-	-	7,869
Net book value						
December 31, 2011	134,443	158,530	1,066,265	10,807	20,040	186,881
December 31, 2012	134,443	210,167	1,387,456	16,465	24,942	513,987
Depreciation for the years ended December 31,						
2012					Thousand Baht	202,654
2011					Thousand Baht	193,643

As at December 31, 2012 and 2011, costs of certain plant and equipment that were fully depreciated but still in use were Baht 1,126.32 million and Baht 1,063.19 million, respectively.

## 10. LAND NOT USED IN OPERATION

Land not used in operation as at December 31, 2012 and 2011 consist of the following:

Unit : Thousand Baht		
	2012	2011
Cost	106,638	109,529
<u>Less</u> Transfer to assets for sales	-	(2,891)
Allowance for impairment	(15,200)	(15,200)
	<u>91,438</u>	<u>91,438</u>

As at December 31, 2012 and 2011, the fair values of land not used in operation are Baht 162.14 million.



A portion of land title deed for land not used in operation, which has net book value as at December 31, 2012 and 2011, totaling Baht 25.35 million is jointly owned with two other companies.

## 11. INTANGIBLE ASSETS

Intangible assets as at December 31, 2012 and 2011 consist of the following:

Unit : Thousand Baht

	Deferred know-how and technical assistance fees	Software licenses	Software under development	Total
<b>Cost</b>				
December 31, 2010	26,888	24,686	4,825	56,399
Additions	-	382	525	907
December 31, 2011	26,888	25,068	5,350	57,306
Additions	-	-	1,274	1,274
Transfers	-	6,624	(6,624)	-
December 31, 2012	26,888	31,692	-	58,580
<b>Accumulated amortization</b>				
December 31, 2010	14,340	7,278	-	21,618
Amortization for the year	2,689	2,498	-	5,187
December 31, 2011	17,029	9,776	-	26,805
Amortization for the year	2,688	2,957	-	5,645
December 31, 2012	19,717	12,733	-	32,450
<b>Net Book Value</b>				
December 31, 2011	9,859	15,292	5,350	30,501
December 31, 2012	7,171	18,959	-	26,130
<b>Amortization for the years ended December 31,</b>				
2012		Thousand Baht		5,645
2011		Thousand Baht		5,187

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

Bank overdrafts and short-term borrowings from financial institutions as at December 31, 2012 and 2011 consist of the following:

	Interest rate		Outstanding balance	
	2012	2011	2012	2011
	% p.a.	% p.a.	Thousand Baht	Thousand Baht
Bank overdrafts	8.13	7.88	1,142	17,441
Short-term borrowings from financial institutions				
Unsecured	2.95	3.45	110,000	160,000
			<u>111,142</u>	<u>177,441</u>

As at December 31, 2012 and 2011, the Company has credit facilities for bank overdrafts and short-term borrowings from various financial institutions totaling Baht 1,050 million and Baht 790 million, respectively. The objective of the loans is to use as working capital of the Company.

## 13. TRADE AND OTHER PAYABLES

Trade and other payables as at December 31, 2012 and 2011 consist of the following:

	Unit : Thousand Baht	
	2012	2011
Trade payables	123,791	120,926
Other payables	41,206	49,885
Payables - acquisition of fixed assets and intangible assets	81,136	36,753
Accrued expenses	34,655	31,350
Deposit of land for sale (see Note 8)	-	6,224
	<u>280,788</u>	<u>245,138</u>

#### 14. LONG-TERM BORROWINGS FROM FINANCIAL INSTITUTIONS

Long-term borrowings from financial institutions as at December 31, 2012 and 2011 consist of the following:

	Unit : Thousand Baht	
	2012	2011
1) Loan under Facility Agreement dated June 17, 2008	7,896	82,896
2) Loan under Facility Agreement dated February 28, 2011	450,000	228,500
3) Loan under Facility Agreement dated October 11, 2011	361,052	121,224
	818,948	432,620
<u>Less Current portion</u>	<u>(170,396)</u>	<u>(75,000)</u>
	<u>648,552</u>	<u>357,620</u>

- 1) In June 2008, the Company entered into a long-term loan agreement with a local financial institution of Baht 150 million for purchase of machinery. This loan has interest at fixed rate of 4.30% per annum and is repayable in 24 monthly installments commencing from the first withdrawal date. Thereafter, the principal is repayable in 8 quarterly installments of Baht 18.75 million each with negative pledge of such machinery. As at December 31, 2012 and 2011, the outstanding balance of the loan amounted to Baht 7.90 million and Baht 82.90 million, respectively.

- 2) In February 2011, the Company entered into a long-term loan agreement with a local financial institution of Baht 450 million for purchase of machinery. This loan has interest at 3 months THBFX plus 1.25% per annum and is repayable in 12 quarterly installments of Baht 37.50 million each with negative pledge of such machinery. As at December 31, 2012 and 2011, the outstanding balance of the loan amounted to Baht 450 million and Baht 228.50 million, respectively.

Subsequently, in June 2012, the Company has entered into an interest rate swap contract with a financial institution for changing from 3 months THBFX floating rate to fixed rate at 2.96% - 3.09% per annum, which are calculated by such long-term loan. The effective date is from June 30, 2012 to March 31, 2016 (see Note 27.3).

- 3) In October 2011, the Company entered into a long-term loan agreement with a local financial institution of Baht 500 million for purchase of machinery. This loan has interest at fixed rate of 4.35% per annum from the first withdrawal date to June 30, 2013 and from July 1, 2013 to June 30, 2018 having interest at fixed rate of 5.10% per annum and is repayable in 20 quarterly installments of Baht 25 million each with negative pledge of such machinery. As at December 31, 2012 and 2011, the outstanding balance of the loan amounted to Baht 361.05 million and Baht 121.22 million, respectively.

Long-term loans of 1), 2) and 3) are unsecured.

As at December 31, 2012 and 2011, the Company has unutilized credit facilities totaling Baht 3,590.41 million and Baht 3,772.53 million, respectively.

The Company is required to maintain certain covenant ratios in accordance with the loan agreements. As of December 31, 2012 and 2011, the Company is in compliance with such requirements.

## 15. LIABILITIES UNDER FINANCE LEASE AGREEMENTS

The Company entered into finance lease agreements for vehicles, under which the balance of minimum lease payments as at December 31, 2012 and 2011 are as follows:

	Minimum lease payments		Present value of minimum lease payments	
	2012	2011	2012	2011
Within 1 year	6,772	5,251	5,739	4,296
Later 1 year and not later 5 years	13,913	13,860	12,829	12,680
	20,685	19,111	18,568	16,976
<u>Less</u> Deferred interest	(2,117)	(2,135)	-	-
	<u>18,568</u>	<u>16,976</u>	<u>18,568</u>	<u>16,976</u>
Presented in the statements of financial position as follows:				
Current portion of liabilities under finance lease agreements			5,739	4,296
Liabilities under finance lease agreements			12,829	12,680
			<u>18,568</u>	<u>16,976</u>

## 16. EMPLOYEE BENEFIT OBLIGATION

The Company has employee benefit obligations under the Labor Protection Act, which are considered as unfunded defined benefit plans.

Amounts recognized in the statements of comprehensive income in respect of the defined benefit plans for the years ended December 31, 2012 and 2011 are as follows:

	Unit : Thousand Baht	
	2012	2011
Current service cost	5,588	5,436
Interest cost	2,354	2,472
	<u>7,942</u>	<u>7,908</u>

Movements in employee benefit obligations for the year ended December 31, 2012 and 2011 are as follows:

	Unit : Thousand Baht	
	2012	2011
Beginning employee benefit obligation	62,258	54,350
Reversal employee benefit obligation	(10,813)	-
Current service cost	5,588	5,436
Interest cost	2,354	2,472
Actuarial loss	1,916	-
Ending employee benefit obligation	<u>61,303</u>	<u>62,258</u>

The principal actuarial assumptions used to calculate the employee benefit obligation as at December 31, 2012 and 2011 are as follows:

	2012	2011
Discount rate	4.25%	4.70%
Expected rate of salary increase	6.33%	6.00%
Employees turnover rate	0% - 12%	0% - 15%
Retirement age	60 years	60 years

## 17. SHARE CAPITAL

On June 17, 2008, the extraordinary shareholders' meeting passed a resolution to approve the Employee Stock Option Program. Accordingly, the extraordinary shareholders' meeting also passed a resolution to increase the authorized share capital by Baht 49.65 million from Baht 1,000 million (1,000 million shares at Baht 1 par value) to Baht 1,049.65 million (1,049.65 million shares at Baht 1 par value). The new ordinary shares of Baht 49.65 million (49.65 million shares at Baht 1 par value) are to be reserved for the exercise of warrants, which are planned to be issued to directors and employees of the Company.

The Company registered the increase in share capital with the Ministry of Commerce on July 1, 2008 and the Company's Employee Stock Option Program was approved by the Securities and Exchange Commission on October 10, 2008. The Company shall distribute such warrants within 1 year after the approval date.

The meeting of the Board of Directors of the Company held on August 31, 2009, passed a resolution approving the issue the free-of-charge warrants to directors and employees of the Company which all warrants were fully allotted.

On February 15, 2011, the holders of 2.24 million units exercised options to purchase 2.24 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,014.33 million (1,014.33 million shares at Baht 1 par value) to Baht 1,016.57 million (1,016.57 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on February 25, 2011.



On June 15, 2011, the holders of 2.73 million units exercised options to purchase 2.73 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,016.57 million (1,016.57 million shares at Baht 1 par value) to Baht 1,019.30 million (1,019.30 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on June 22, 2011.

On October 17, 2011, the holders of 7.66 million units exercised options to purchase 7.66 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,019.30 million (1,019.30 million shares at Baht 1 par value) to Baht 1,026.96 million (1,026.96 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on October 26, 2011.

On February 15, 2012, the holders of 2.04 million units exercised options to purchase 2.04 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,026.96 million (1,026.96 million shares at Baht 1 par value) to Baht 1,029.00 million (1,029 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on February 27, 2012.

On June 15, 2012, the holders of 0.15 million units exercised options to purchase 0.15 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,029.00 million (1,029 million shares at Baht 1 par value) to Baht 1,029.15 million (1,029.15 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on June 26, 2012.

On October 15, 2012, the holders of 8.95 million units exercised options to purchase 8.95 million ordinary shares at an exercise price of Baht 2.34 each, resulting in an increase in the issued and paid-up share capital from Baht 1,029.15 million (1,029.15 million shares at Baht 1 par value) to Baht 1,038.10 million (1,038.10 million shares at Baht 1 par value). The Company registered the increase in the issued and paid-up share capital with the Ministry of Commerce on October 25, 2012.

## 18. LEGAL RESERVE

Pursuant to the Public Limited Companies Act B.E. 2535 (1992), the Company is required to set aside a legal reserve at least 5% of its net profit after deducting accumulated deficit brought forward (if any) until the reserve reaches 10% of the registered share capital. The legal reserve could not be used for dividend payment.

As at December 31, 2012 and 2011, the Company's legal reserve equals to 10% of the registered share capital.

## 19. RESERVE FOR TREASURY SHARES

Under the Notification of the Office of the Securities and Exchange Commission No. Gor. Lor. Tor. Chor. Sor. (Wor.) 2/2005 and the Notification of the Federation of Accounting Professions No. Sor. Sor. Wor. Bor. Chor. 016/2005, the guidelines for the public companies buying back their own shares (treasury shares) specified that the Company must have retained earnings in an amount

not less than the outstanding balance of the treasury shares, and if retained earnings are appropriated for dividend payment, the balance of retained earnings remaining after such payment must likewise be no less than the balance of the treasury shares. The Company proceeded in accordance with these guidelines and appropriated an amount of retained earnings to the treasury stock reserve equal to the amount paid to acquire the shares.

As at December 31, 2012, the Company had no reserve for treasury shares as it was fully resold, and as at December 31, 2011, the Company had set aside the treasury shares reserve of Baht 2.45 million.

## 20. TREASURY SHARES

In October 2008, the Board of Directors of the Company approved a treasury share plan to re-purchase not more than 5 percent, or 50 million shares, of the Company's shares then in issue. The purpose of the Plan is to manage the Company's excess liquidity. The maximum amount approved for share purchase under the Plan is Baht 75 million and the price to be paid for the shares is not to exceed 115 percent of the average closing price on the Stock Exchange of Thailand ("SET") over the 5 trading days before each share purchase is made. The Company may purchase the shares through the SET during the period from November 4, 2008 to May 3, 2009. The shares purchased may be resold after 6 months but within 3 years from the date of purchase.

At the Board of Directors' meeting of the Company held on July 28, 2010, the Board of Directors passed the resolution to approve the resale of treasury shares totaling 37.38 million shares, representing 3.71% of the Company's issued and paid-up share capital. During the years ended December 31, 2012 and 2011, the Company resold treasury shares of 1.56 million shares and 17.34 million shares in the total amounts of Baht 9.01 million and Baht 108.35 million, respectively.

As at December 31, 2012, the Company resold all treasury shares and as at December 31, 2011, the Company held treasury shares of 1.56 million shares, representing 0.15% of the Company's issued share capital, at total cost of Baht 2.45 million.

## 21. WARRANTS TO PURCHASE COMMON SHARES

On June 17, 2008 the Company's Extraordinary Shareholders' Meeting approved the registration for the increase of the registered share capital issued for warrants exercising of 49.65 million shares at Baht 1 per share. The Company registered such registered share capital increase with the Ministry of Commerce on July 1, 2008 (see Note 17).

On October 1, 2009, the Company issued 49.65 million warrants to directors and employees. The details are as follows:

Exercise ratio	:	One warrant entitled to purchase one common share, subject to adjustment of the exercise ratio
Exercise price	:	Baht 2.34 per share
Life of warrants	:	5 years from the date of warrant issue
Exercise period	:	Every 15th of February, June, and October of each year. The first exercise date is October 15, 2009.

On February 15, 2011, the holders of 2.24 million units, exercised their options to purchase 2.24 million ordinary shares of Baht 2.34 per share and total amount of Baht 5.23 million.

On June 15, 2011, the holders of 2.73 million units, exercised their options to purchase 2.73 million ordinary shares of Baht 2.34 per share and total amount of Baht 6.39 million.

On October 17, 2011, the holders of 7.66 million units, exercised their options to purchase 7.66 million ordinary shares of Baht 2.34 per share and total amount of Baht 17.92 million.

On February 15, 2012, the holders of 2.04 million units, exercised their options to purchase 2.04 million ordinary shares of Baht 2.34 per share and total amount of Baht 4.78 million.

On June 15, 2012, the holders of 0.15 million units, exercised their options to purchase 0.15 million ordinary shares of Baht 2.34 per share and total amount of Baht 0.35 million.

On October 15, 2012, the holders of 8.95 million units, exercised their options to purchase 8.95 million ordinary shares of Baht 2.34 per share and total amount of Baht 20.95 million.

As at December 31, 2012 and 2011, the balances of unexercised warrants were 11.55 million units and 22.69 million units, respectively.

## **22. PROVIDENT FUND**

The Company has established a contributory registered provident fund, in accordance with the Provident Fund Act B.E. 2530. Under the plan, the employees must contribute 3% to 5% of their basic salaries and the Company contributes a matching amount. A registered provident fund manager has been appointed to manage the fund in compliance with the requirements of the Ministerial Regulations issued under the Provident Fund Act B.E. 2542.

For the years ended December 31, 2012 and 2011, the Company's contributions to the fund amounted to Baht 8.94 million and Baht 7.33 million, respectively.

## **23. DIVIDENDS**

At the annual general meeting of shareholders of the Company held on April 25, 2012, the shareholders approved the appropriation of dividends of Baht 0.38 per share, amounting to Baht 388.68 million. After deducting the interim dividends of Baht 0.18 per share, the Company will pay a final dividend of Baht 0.20 per share, amounting to Baht 205.80 million (calculating base on issued and paid-up share capital deducted by treasury shares). The Company paid the dividends to shareholders on May 18, 2012.

At the meeting of Board of Directors of the Company held on August 27, 2012, the Board of Directors approved the appropriation of interim dividends of Baht 0.20 per share, amounting to Baht 205.83 million (calculating base on issued and paid-up share capital deducted by treasury shares). The interim dividend was paid to shareholders on September 25, 2012.

At the annual general meeting of shareholders of the Company held on April 8, 2011, the shareholders approved the appropriation of dividends of Baht 0.36 per share, amounting to Baht 354.43 million. After deducting the interim dividends of Baht 0.18 per share, the Company will pay a final dividend of Baht 0.18 per share, amounting to Baht 179.58 million (calculating base on issued and paid-up share capital deducted by treasury shares). The Company paid the dividends to shareholders on April 29, 2011.

At the meeting of Board of Directors of the Company held on August 31, 2011, the Board of Directors approved the appropriation of interim dividends of Baht 0.18 per share, amounting to Baht 182.88 million (calculating base on issued and paid-up share capital deducted by treasury shares). The interim dividend was paid to shareholders on September 23, 2011.

## 24. EARNINGS PER SHARE

Earnings per share for the years ended December 31, 2012 and 2011, are calculated as follows:

	Net profit		Weighted Average Number of Common Share		Earnings Per Share	
	Thousand Baht		Thousand Share		Baht	
	2012	2011	2012	2011	2012	2011
Basic earnings per share	545,910	460,129	1,030,368	1,007,444	0.53	0.46
Effect of diluted equivalent ordinary shares warrant	-	-	12,306	18,806		
Diluted earnings per share	545,910	460,129	1,042,674	1,026,250	0.52	0.45

## 25. TRANSACTIONS WITH RELATED PARTIES

- 25.1 A portion of the Company's business is represented by transactions with its related parties which have the same group of shareholders and/or directors. The financial statements reflect the effects of those transactions occurred in the normal course of business based on the market price in general or the price as stipulated in the agreement if no market price exists.

Significant balances and transactions between the Company and its related parties are as follows:

		Unit : Thousand Baht		
Account name/Company name	Relationship	As at December 31,		
		2012	2011	
Trade receivables - related parties				
Supalai Public Company Limited	Common director	10,998	3,748	
Quality Houses Public Company Limited	Common director	896	5,125	
Casa Ville Company Limited	Common director	16,133	10,660	
The Confidence Company Limited	Common director	4,831	4,739	
Gusto Village Company Limited	Common director	4,930		
Casa Ville (Phetburi 2553) Company Limited	Common director	340		
		38,128	24,272	

		Unit : Thousand Baht	
Account name/Company name	Relationship	For the years ended	
		December 31,	
		2012	2011
Revenues from sales and services			
Supalai Public Company Limited	Common director	20,758	17,616
Quality Houses Public Company Limited	Common director	1,946	12,541
Casa Ville Company Limited	Common director	32,895	32,443
The Confidence Company Limited	Common director	14,691	12,139
Gusto Village Company Limited	Common director	7,107	-
Casa Ville (Phetburi 2553) Company Limited	Common director	887	-
		<u>78,284</u>	<u>74,739</u>

The Company has determined prices of sales and services with related companies based on market price as normal course of business.

- 25.2 For the years ended December 31, 2012 and 2011, compensation paid to key management personnel under TAS 24 (Revised 2009) "Related Party Disclosures" are as follows:

		Unit : Thousand Baht	
		2012	2011
Short-term benefits		36,802	33,829
Post-employment benefits		1,506	1,456
		<u>38,308</u>	<u>35,285</u>



## 26. INCOME TAX EXPENSE

Income tax expense is calculated from net taxable profit after adjustments under the Revenue Code and less tax losses carried forward of the Company (if any).

Royal Decree Issued under Revenue Code Governing Reduction of Rates and Exemption of Taxes and Duties (No. 530) B.E. 2554 (2011) dated December 14, 2011, announced to reduction of corporate income tax rate of net profit for the company and juristic partnership for 3 years; from 30% to 23% for the first accounting period begins on or after January 1, 2012, and 20% for the following two accounting periods which begins on or after January 1, 2013. The Company has been granted the reduction of corporate income tax rate until December 31, 2014.

## 27. DISCLOSURE OF FINANCIAL INSTRUMENT

### 27.1 Credit risk

As at December 31, 2012 and 2011, the maximum exposure to credit risk in the event the counterparties fail to perform their obligations is the carrying amount of the financial assets as stated in the statement of financial position.

### 27.2 Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales of goods which are denominated in foreign currencies. The Company primarily utilizes forward exchange contract with maturities of less than one year to hedge such financial liabilities denominated in foreign currencies. The forward exchange contracts entered into at the statement of financial position date also relate to anticipated purchases of goods denominated in foreign currencies for the subsequent period.

The Company entered into forward foreign exchange contracts in order to hedge the foreign currency risk. As at December 31, 2012 and 2011, the Company has no outstanding forward foreign exchange contract.

As at December 31, 2012 and 2011, the Company has net current assets (liabilities) in foreign currencies which are not hedged against foreign exchange rate risk as follows:

Unit : Thousand		
Foreign Currencies	2012	2011
United States Dollars	(1,134.46)	(592.47)
EURO	(52.85)	(26.61)
Australian Dollars		(5.50)

### 27.3 Interest rate risk

Interest rate risk arises from the potential change in market interest rates to have an adverse effect on the Company in the current reporting period and in future periods. Liabilities which are affected from interest rate risk are as follows:

	As at December 31, 2012			
	Outstanding Balance		Interest rate	
	Floating rate Thousand Baht	Fixed rate Thousand Baht	Floating rate %	Fixed rate %

Short-term borrowings from financial institutions	-	110,000	-	2.95
Long-term borrowings from financial institutions	450,000	368,948	3.62 - 4.15	4.30 - 4.35

	As at December 31, 2011			
	Outstanding Balance		Interest rate	
	Floating rate Thousand Baht	Fixed rate Thousand Baht	Floating rate %	Fixed rate %

Short-term borrowings from financial institutions	-	160,000	-	3.45
Long-term borrowings from financial institutions	228,500	204,120	3.83 - 4.14	4.30 - 4.35

On June 25, 2012, the Board of Directors' meeting approved to enter interest rate swap contract with a financial institution for changing from 3 months THBFIX floating rate to fixed rate at 2.96% - 3.09% per annum, which are calculated by such long-term borrowings. The effective date is from June 30, 2012 to March 31, 2016 (see Note 14).

### 27.4 Fair value of financial instruments

For the fair value disclosures, considerable judgment is necessarily required in estimation of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amount that could be realized in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value. The following methods and assumptions were used by the Company in estimating fair value of financial instruments.

Cash and cash equivalents, trade and other receivables, bank overdrafts and short-term borrowings from financial institutions, trade and other payables, current income tax payable and other current liabilities, the carrying values approximate their fair values due to short period maturity.

## 28. FINANCIAL INFORMATION BY SEGMENT

The Company's operations are manufacturing of roof tiles and artificial woods which is integrated and complementary line of products. Management considers that the Company operates in one major business segment. In addition, the Company operates mainly in the domestic market, consequently, management considers that the Company has only one major geographical segment.

## 29. EXPENSES BY NATURE

Significant expenses by nature for the years ended December 31, 2012 and 2011 are as follows:

Unit: Thousand Baht		
	2012	2011
Changes in finished goods and work in process	(41,557)	(59,681)
Raw materials and consumables used	1,381,973	1,396,256
Depreciation and amortization	208,300	198,830
Employees expenses	352,847	315,160

## 30. COMMITMENTS, LONG-TERM LEASE AGREEMENTS AND LETTERS OF GUARANTEE

The Company has commitments, long-term lease agreements and letters of guarantee as follows:

### 30.1 Commitments

As at December 31, 2012, the Company has commitments in respect of construction contracts and the purchase of machinery and equipment totaling Baht 176.77 million and Euro 1.09 million (As at December 31, 2011 : Baht 277.14 million and Euro 6.95 million).

### 30.2 Long-term lease agreements

As at December 31, 2012 and 2011, the Company entered into operating lease agreements for office buildings and other services. The future minimum lease payments on operating leases are as follows:

Unit : Thousand Baht		
	2012	2011
Due within 1 year	7,399	10,965
Due later than 1 year but not later than 5 years	123	2,907
	<u>7,522</u>	<u>13,872</u>

### 30.3 Letters of guarantee and unused letters of credit

- 30.3.1 As at December 31, 2012 and 2011, there are letters of guarantee issued by banks on behalf of the Company as required in the normal course of business of the Company of Baht 19.96 million and Baht 13.96 million, respectively.
- 30.3.2 As at December 31, 2012 and 2011, the Company has unused letters of credit with banks in the amount of approximately Baht 604.63 million and Baht 495.86 million, respectively.

## 31. RECLASSIFICATIONS

Reclassifications have been made to the statement of financial position as at December 31, 2011, to conform to the classification used in the statement of financial position as at December 31, 2012 as follows:

Account	Amount (Thousand Baht)	Previous presentation	Current presentation
Other receivables	5,863	Other current assets	Trade and other receivables
Prepayment for purchases of inventories	8,789	Other current assets	Trade and other receivables
Prepaid expenses	1,679	Other current assets	Trade and other receivables
Prepayment for purchases of fixed assets	25,488	Other current assets	Prepayment for purchase of fixed assets
Software under development	5,350	Property, plant and equipment	Intangible assets
Other payables	49,885	Other current liabilities	Trade and other payables
Payables - acquisition of fixed assets and intangible assets	36,753	Other current liabilities	Trade and other payables
Accrued expenses	31,350	Other current liabilities	Trade and other payables
Deposit of land for sale	6,224	Other current liabilities	Trade and other payables

## 32. CAPITAL MANAGEMENT

The Company's objectives in respect of managing capital are as follows:

- To safeguard the Company's ability to continue as a going concern so that it can continue to provide returns to shareholders and benefits to other stakeholders.
- In order to provide adequate returns to shareholders, the projects invested by the Company shall be prudently considered on the appropriate risk level.

## 33. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved for issue by the authorized director of the Company on February 12, 2013.



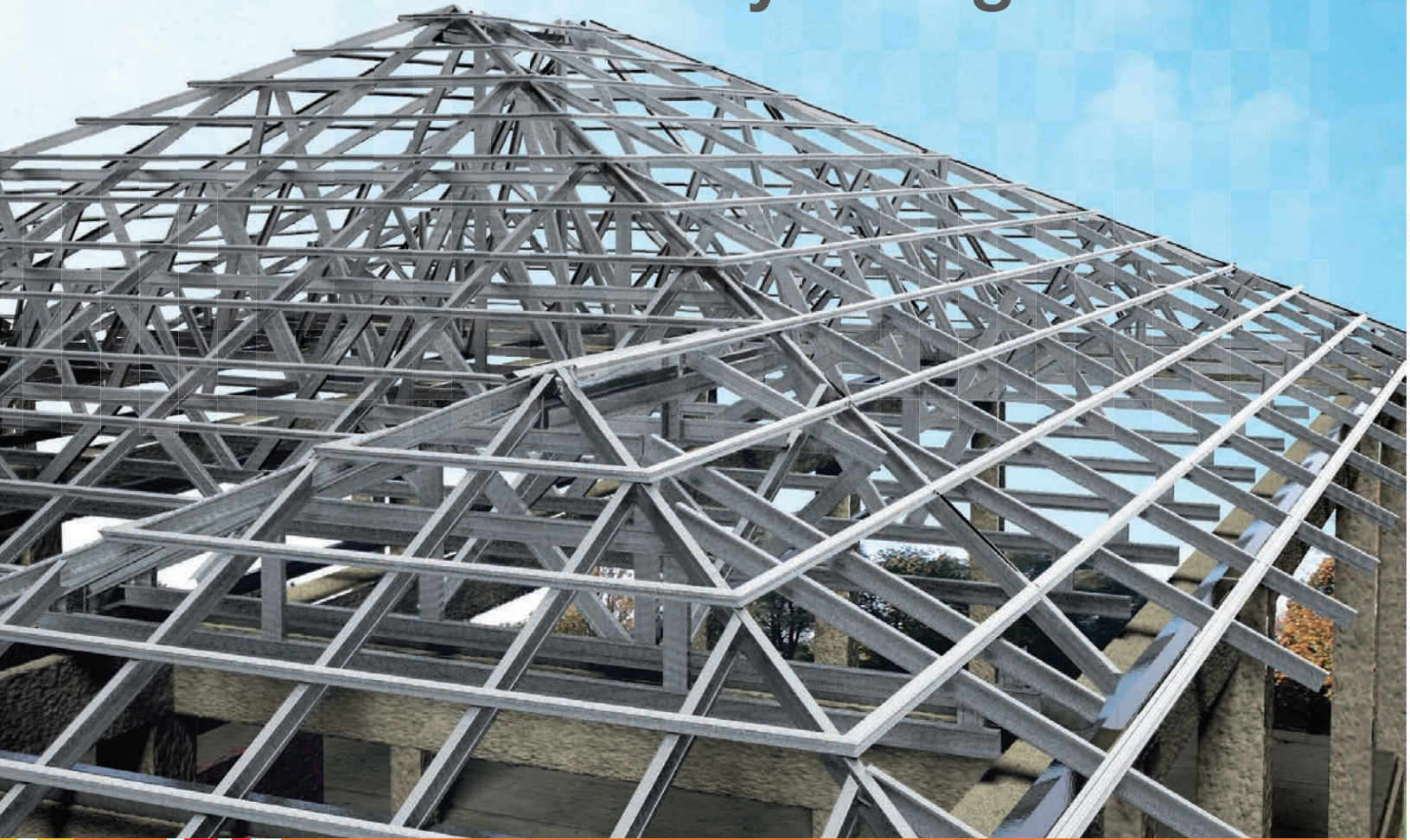
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