



***Diamond Style
Young Designer Contest 2016***

Diamond Building Products Public Company Limited
Annual Report 2016



In remembrance of His Majesty
King Bhumibol Adulyadej

Board of Directors, Executives and Employees
Diamond Building Products Public Company Limited

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กระเบื้องเจียรไน ตราเพชร

ตัดปลาย เพิ่มดีไซน์
แข็งแกร่ง เหมือนกาลเวลา

30 ปี **ตราเพชร**
แกร่ง ทน สมชื่อ

แกร่ง ทน
ยอดเยี่ยม

สวยงาม
โดดเด่น



กระเบื้องเจียรไน (Jearanai Tile)

ดีไซน์ปลายตัดเพิ่มมิติให้บ้าน ป้องกันการรั่วซึมระหว่างรอยต่อ
เคลือบสีป้องกันเชื้อรา น้ำหนักเบา ช่วยประหยัดค่าโครงสร้าง
แข็งแรง ทนทาน ติดตั้งสะดวกด้วยระบบครอบแห้ง (Dry Fixed System)



VISION, MISSION, CORE VALUES, OBJECTIVES AND STRATEGIES

Vision:

“To Be a Better Choice for Construction Materials and Services”

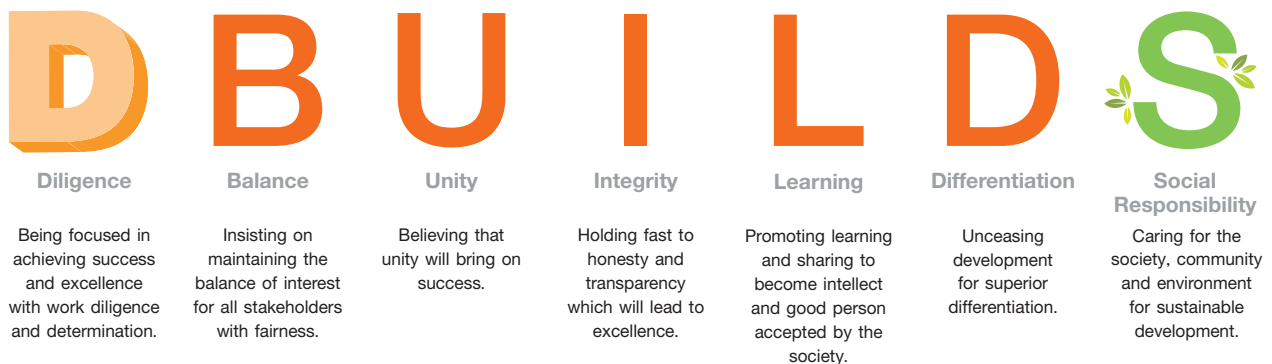
Mission:

“We are in the business of production and distribution as well as providing services relating to roofing tiles, boards and accessories. We believe that operating business with ethics and social responsibility is fundamental for serving the needs and expectations of our customers, employees, society and shareholders, leading to the success of our mission.”

- **For our customers**, we shall deliver quality products and design differentiation with value and competitive pricing by utilizing modern technology and offering excellent services to the customers with our strong distribution channels and effective management.
- **For our employees**, we shall build and promote an environment of learning and well-being of employees as well as their families in order to allow the employees to achieve their fullest potential.
- **For our society**, we shall support and help the society that we live in to have good quality of life by realizing that the society is an important mechanism for promoting and pushing forward the Company for its existence and sustainable development.
- **For our shareholders**, we shall create financial return with continuous growth and stability.

Core Values:

“We shall be diligent, focused at work, strive toward success and excellence in order to maintain balance of interest fairly for all stakeholders. We shall operate in unity with honesty and transparency, promote learning and sharing, and continue with unceasing development in order to achieve superior differentiation, as well as care for the society, community and environment for sustainable development.” The abbreviation, “**D-BUILDS**” is defined as “**Determined, Transparent, Yearning for Development, Environmental Protection**”, having the meaning for each character of the abbreviation as follows:



Objectives and Strategies:

The Company’s Board of Directors has established that the Company’s vision, mission and core values be reviewed at least once within 5 years in order for the executives and employees of the Company to have the same objectives and aim in the same direction. The Management’s work performance review and assessment are regularly performed to ensure that the operations have been executed according to the business plan and in line with the established objectives and strategies in order to achieve sustainable development. Accordingly, the objectives and strategies have been established as follows.

1. **Marketing Strategy:** Emphasis is put on continuous growth, looking after both domestic and export customers in order to retain existing customer base and steadily increase new customer base, creating balance of benefits with mutual agreement of income based on fairness, as well as continuous development of customers to increase competitiveness and also to build sustainable business development.
2. **Production Strategy:** Emphasis is put on effective and flexible production planning in accordance with the marketing plan, supporting the marketing side by development of new products or improvement of current products to have more variety in such colors, sizes, looks and features. For instance, the improvement of lathes, fences, and floor plank, to look like real wood in order to meet consumers’ demand and maintain the level of cost to stay competitive.
3. **Human Resource Strategy:** Focus on building and preparing the personnel within the organization to strictly adhere to honesty and transparency, caring for their quality of life and safe living by development of knowledge and capability in both manufacturing and marketing skills, in order to be ready to propel the organization toward its success and excellence to support sustainable growth in both domestic and export markets.

COMPANY PROFILE

| | |
|----------------------------|--|
| Company's Name | Diamond Building Products Public Company Limited |
| Abbreviation | DRT |
| Registration Number | 0107547001041 |
| Type of Business | Production and distribution of 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. |
| Registered Capital | 1,047,958,000 ordinary shares at a par value of Baht 1 per share totaling Baht 1,047,958,000 and 1,047,958,000 issued and paid-up ordinary shares totaling Baht 1,047,958,000. |

BACKGROUND

| | |
|-------------|--|
| 1985 | August 28, 1985: The Company was established under the name of Siam City Tiles and Pipes Company Limited (SCTP) 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). |
| 2013 | May 9, 2013: Formation and registration of a subsidiary company, Diamond Materials Co., Ltd. with initial, "DMATS". |

LOCATIONS

| | |
|-------------------------|---|
| Head Office: | 69-70 Moo 1, Mitraphap Road, Km. 115, Tambon Talingchan, Amphur Muang, Saraburi 18000 Tel: 0 3622 4171-8, Fax: 0 3622 4187 |
| Branch Office 1: | 408/163-165, Phaholyothin Place Bldg., 40 th Floor, Phaholyothin 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, Mitraphap Road, Tambon Tan Diao, Amphur Kaengkhroi, Saraburi 18110 Tel: 0 3622 4171-8 Ext. 401-420 |

| | |
|------------------------|--|
| Call Center: | 0 2619 2333 |
| Website: | www.dbp.co.th |
| E-mail Address: | Corpcenter@dbp.co.th |

REFERENCES

Registrar

Thailand Securities Depository Co., Ltd.
93 Ratchadaphisek Road, Dindaeng, Bangkok 10400
Tel: 0 2009 9000, Fax: 0 2009 9991
SET Contact center : 0 2009 9999
E-mail : SETContactCenter@set.or.th
Website : <http://www.set.or.th/tsd>

Auditor

KPMG Phoomchai Audit Ltd.
Empire Tower, 50th - 51st Floors,
1 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120
Tel: 0 2677 2000, Fax: 0 2677 2222
E-mail (general issues) : info@kpmg.co.th
E-mail (service request) : yyothakarnpinij@kpmg.co.th
Website : www.kpmg.com

แกร่ง ทน
ยอดเยี่ยม

สวยงาม
โดดเด่น

ไม้รั้ว ตราเพชร

ความงามที่โอบล้อม
ทุกความต้องการ

ไม้รั้ว (Fiber Cement Fence)

มีให้เลือก 2 สี 2 แบบ ผิวสัมผัสมีให้เลือกทั้งแบบลายไม้และลายไม้
พร้อมแบบหัวตรงและหัวโค้ง สวยงามเหมือนไม้จริง
แข็งแรง ทนทาน ไม่บิดงอ ปลอดภัยจากมอดและปลวก

STATEMENT FROM THE CHAIRMAN



During the year 2016, investments in real estate sector became stagnant due to high amount of household debt and reluctance of financial institutions on credit granting. As the purchasing power of the agriculture sector has not yet recovered, the construction material products are under fierce price competition. Accordingly, the Company has focused on the most effective cost management, resulting in better operating results in year 2016, which increased from the previous year by over 18.44 percent. Details of such management on various aspects are as follows:

Overall Operating Results: According to the consolidated financial statements of the Company and its subsidiary company (together referred to as the “Corporate Group”) had a total revenue in year 2016 of Baht 4,118.30 million, a slight decrease from the previous year of 1.12 percent, but the net profit was Baht 392.03 million, an increase of over 18.44 percent due to the following reasons.

1. Reduction of production cost by improvement on production process, improvement on production efficiency of the secondary process, as well as utilization of Quality Control Circles (QCC) and Material Cost Improvement Program (MCIP), which are activities that have been conducted regularly to encourage and foster creative and innovative thinking among employees on production cost reduction. Although the production volume increased from the previous year by 1 percent, but the overall production cost decreased by 2.10 percent, resulting in an increase in gross profit from 25.87 percent in year 2015 to 26.60 percent in year 2016.

2. Product distribution through projects, Modern Trade and export, especially to neighbouring CLMV countries with continuous growth in construction material industry, resulting in an increase in export sales volume of 4.39 percent.

3. Development of new products that serve market requirements, including wood substitute products such as floor plank, decorative plank, and ventilation board as alternatives for real wood, which has become rare and expensive. Various reinforcement lightweight concrete (RLC) products have also been developed, such as diamond lintel and diamond kitchen counter as demanded by the market. Thus, the product mix has been increased with higher profit margin.

4. Reduction of financial expenses and liquidity management expenses by which during year 2016, the Company had cash flow from operating results of Baht 710.22 million, which was sufficient for the dividend payment of Baht 278.43 million, as well as repayment of long term loan of Baht 287.50 million, resulting in a decrease in interest expenses from Baht 34.33 million in year 2015 to Baht 18.56 million in year 2016, or a decrease of 45.94 percent.

5. The Company has sold an unused land in Surat Thani province, having a net profit of Baht 23.12 million from the sale of land after reduction of corporate income tax.

Share Repurchase for Financial Management Purposes

The Board of Directors of the Company has resolved to approve the Treasury Stock Program for financial management purposes with amount of the share repurchase not exceeding Baht 520 million for 100 million shares at the price of Baht 5.20 per share. When the Company has high retained earnings and good liquidity; that is, having sufficient fund for investment on the Company's shares itself, when the share price is undervalued and investment in the Company's share will yield higher return than other types of investments. Moreover, it also serves as a tool for financial restructuring of the Company as the earnings per share (EPS) will increase with reduction of number of shares. In fact, the current share price of the Company has increased from the repurchase price.

Good Corporate Governance: As a listed company in the stock exchange since 2005, the Company is determined to become a leading organization with professional management giving precedence to the principles of Good Corporate Governance and strict compliance with practices as stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC), having received the following awards of pride.

1. The Company was placed in the **"Excellent"** group with a **five-star award** (▲▲▲▲▲) for the assessment of Corporate Governance and ranked in the **Top Quartile** level within the group of companies with market capitalization of Baht 3,000 million to Baht 9,999 million, having received a score of 90 percent in year 2016, which is the same as year 2015, according to the assessment criteria and scoring procedure that are more in line with the ASEAN CG Scorecard (ACGS).

2. The Company received the **AGM Assessment Award**, having received a full 100-score (**"Excellent"**) from the Thai Investors Association (TIA) for the 6th consecutive year from year 2011 to 2016.

Corporate Social Responsibility (CSR): The Company recognizes the importance of environmental responsibility and has emphasized on the improvement of manufacturing process to become environmental friendly by implementing projects this year, including the reduction of dust and air pollution, reduction of coating loss, and use of raw material residue and excess materials for recycling into other products, products processing and energy management projects, etc., as well as organization of several energy related activities and booth exhibitions in order to promote energy conservation consciousness for sustainable and successful business operation. Additionally, the Company has been ESG 100 certified, approved as the member of the Private Sector Collective Action Coalition Against Corruption (CAC), and become the Partnership Against Corruption for Thailand (PACT Network) with the Thaipat Institute.

Regarding training on corporate social responsibility and sustainable development, in year 2016 the Company's executives were assigned to attend all seven courses promoting CSR related skills. The Company's executives also participated in "Human Rights in Community Promotion" activity, held the "Promotion of Child-Friendly Business Operation" activity and "Promotion of Age-Friendly Business Operation" activity with Thaipat Institute, etc.

Dividend Payment Year 2016: According to the Company's separate financial statements of year 2016, the net profit was Baht 392.28 million or Baht 0.39 per share from a par value of Baht 1.00 per share. The Board of Directors, therefore, has proposed to appropriate the earnings for dividend payment at Baht 0.30 per share to the shareholders. Accordingly, the Company had already paid the interim dividend of Baht 0.15 per share on September 9, 2016. Therefore, the remaining dividend of Baht 0.15 per share or 76.92 percent of the net earnings per share in 2016, which will be paid out on May 19, 2017, which is considered quite a high rate of dividend payment ratio in order to continue providing good return to the shareholders as for the past several years.

Future Trend: Thai economy in year 2017 is expected to gradually recover. Property development companies are launching new projects, while the government sector has started investing in infrastructure and launched assistance measures for agricultural sector, which should result in higher purchasing power. Additionally, with the fuel price remaining at low level and weakening Thai Baht currency, export market should be improved with anticipation of better construction material market.

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



Mr. Prakrit Pradipasen
Chairman of the Board



1. Mr. Prakit Pradipasen

Chairman

2. Mr. Chaiyut Srivikorn

Director and Nomination and
Remuneration Committee Chairman

3. Mr. Phaithoon Kijssamrej

Director and Nomination and Remuneration
Committee Member

1. Mr. Prakrit Pradipasen

Chairman / Age 74 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 1.40% : 1.40% of the paid-up capital and total voting rights.
Position as the Director : Started from January 9, 2003, totaling 13 years

Education

- 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

Training

- Year 2003 Director Accreditation Program

Work Experience

| Time | Position | Company | Type of Business |
|---|---|----------------------------|--|
| Listed Companies | | | |
| 2000 - Present | Independent Director, Audit Committee Chairman and Nomination and Remuneration Committee Member | Supalai Plc. | Property Development |
| 2000 - Present | Independent Director and Audit Committee | Susco Plc. | Energy & Utilities |
| 2000 - Present | Chairman and Independent Director | Asian Marine Service Plc. | Transportation & Logistics |
| 2000 - Present | Chairman, Independent Director and Nominating and Corporate Governance Committee Chairman | The Erawan Group Plc. | Tourism & Leisure |
| Companies (Not listed companies) | | | |
| 2002 - Present | Director | Myriad Materials Co., Ltd. | A holding company that does not mainly invest in financial business. |
| 2004 - 2011 | Chairman | Thai Sugar Millers Crop | Food & Beverage |

2. Mr. Chaiyut Srivikorn

Director and Nomination and Remuneration Committee Chairman / Age 50 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.30% : 0.30% of the paid-up capital and total voting rights.
Position as the Director : Started from January 20, 2003, totaling 13 years

Education

- Bachelor of Economics, New York University, USA
- Master of Public Administration, NIDA

Training

- Year 2005 Director Accreditation Program
- Year 2008 Role of the Compensation Committee
- Year 2011 Successful Formulation and Execution of Strategy
- Year 2016 Anti-Corruption : the Practical Guide
- Year 2016 Corporate Governance for Executives

Work Experience

| Time | Position | Company | Type of Business |
|---|--------------------|------------------------------------|--|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2015 - Present | Executive Director | TMC Furniture (UK) Co., Ltd. | Home & Office Products |
| 2012 - Present | Chairman | Action Perfect Co., Ltd. | Sport |
| 2002 - Present | Director | Myriad Materials Co., Ltd. | A holding company that does not mainly invest in financial business. |
| 1999 - Present | Executive Director | TCH Suminoe Co., Ltd. | Automotive |
| 1999 - Present | Chairman | Thai Outdoor Sport Co., Ltd. | Sport |
| 1998 - Present | Executive Director | Srivikorn Group Holdings Co., Ltd. | A holding company that does not mainly invest in financial business. |

3. Mr. Phaithoon Kijsamrej

Director and Nomination and Remuneration Committee Member / Age 73 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.14% : 0.10% of the paid-up capital and total voting rights.
Position as the Director : Started from January 9, 2003, totaling 13 years

Education

- Bachelor of Commerce, Chulalongkorn University
- Asian Institute of Management, Manila, Philippines
- Pacific Rim Bankers Program, University of Washington, Seattle, USA

Training

- Year 2005 Director Accreditation Program
- Year 2005 Director Certification Program

Work Experience

| Time | Position | Company | Type of Business |
|---|--------------------------|--|--|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2015 - Present | Audit Committee Chairman | Siam Solar Power Co., Ltd. | Electric Solar Power |
| 2003 - Present | Director | Myriad Materials Co., Ltd. | A holding company that does not mainly invest in financial business. |
| 2003 - Present | Director | Elm Tree Co., Ltd. | A holding company that does not mainly invest in financial business. |
| 2001 - Present | Director | Siam Administrative Management and Security Guards Co., Ltd. | Administrative Service |
| 1998 - Present | Director | SCMB Co., Ltd. | Financial Adviser |
| 2004 - 2016 | Audit Committee Chairman | The Thai Chamber of Commerce and Thai Chamber of Commerce Federation | Non Profit Organization |



4. Mr. Sakda Maneeratchatchai

Independent Director and
Audit Committee Chairman

6. Mr. Anun Louharanoo

Independent Director, Audit Committee
Member and Nomination and Remuneration
Committee Member

5. Mr. Thanit Pulivekin

Independent Director, Audit Committee
Member and Corporate Governance
Committee Chairman

4. Mr. Sakda Maneeratchatchai

Independent Director and Audit Committee Chairman / Age 72 Years / Nationality : Thai /

Shareholding in the Company as of Year 2015 : 2016 = 0.39% : 0.39% of the paid-up capital and total voting rights.

Position as the Independent Director : Started from April 17, 2009, totaling 7 years

Education

- Bachelor of Electrical Engineering, FEATI University, Philippines

Training

- Year 2005 Director Accreditation Program
- Year 2005 Audit Committee Program
- Year 2016 R-ACF-Audit Committee Forum

Work Experience

| Time | Position | Company | Type of Business |
|--|--|--------------------------------|------------------------|
| Listed Companies | | | |
| 2007 – 2008 | Advisor | Diamond Building Products Plc. | Construction Materials |
| 1999 – 2006 | Director, Executive Director and Managing Director | Diamond Building Products Plc. | Construction Materials |
| Companies (Not listed companies) : None | | | |

5. Mr. Thanit Pulivekin

Independent Director, Audit Committee Member and Corporate Governance Committee Chairman / Age 66 Years / Nationality : Thai /

Shareholding in the Company as of Year 2015 : 2016 = -None- of the paid-up capital and total voting rights.

Position as the Independent Director : Started from April 24, 2013, totaling 3 years

Education

- B.SC (Chemical Engineering), Chulalongkorn University

Training

- Year 2013 Director Accreditation Program
- Year 2013 Audit Committee Program

Work Experience

| Time | Position | Company | Type of Business |
|---|--|------------------------------------|------------------------|
| Listed Companies | | | |
| 2002 – 2010 | Vice President-Technical and Engineering | Siam City Cement Plc. | Construction Materials |
| Companies (Not listed companies) | | | |
| 2014 – Present | Director | Phaholyothin Place Juristic Person | Property Development |
| 2011 – Present | Director | Pattaya Grand Village Co., Ltd. | Property Development |

6. Mr. Anun Louharanoo

Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member / Age 62 Years / Nationality : Thai /

Shareholding in the Company as of Year 2015 : 2016 = 0.22% : 0.22% of the paid-up capital and total voting rights.

Position as the Independent Director : Started from January 10, 2005, totaling 10 years

Education

- Bachelor of Accounting, Thammasat University
- Bachelor of Laws, Thammasat University

Training

- Year 2003 Director Accreditation Program
- Year 2003 Director Certification Program
- Year 2004 Audit Committee Program
- Year 2006 Director Certification Program (Refresher Course)
- Year 2006 Improving the Quality of Financial Reporting
- Year 2007 Monitoring the System of Internal Control and Risk Management
- Year 2007 Monitoring the Internal Audit Function
- Year 2007 Corporate Governance Workshop Board Performance Evaluation
- Year 2008 Role of the Compensation Committee
- Year 2016 R-ACF-Audit Committee Forum

Work Experience

| Time | Position | Company | Type of Business |
|---|---|------------------------------------|------------------------|
| Listed Companies | | | |
| 2012 – Present | Independent Director and Audit Committee Chairman | Thailand Carpet Manufacturing Plc. | Construction Materials |
| 2003 – Present | Director | Thai Agro Energy Plc. | Energy & Utilities |
| 1985 – Present | Director and Financial Adviser | Lanna Resources Plc. | Energy & Utilities |
| 2004 – 2011 | Independent Director and Audit Committee Member | Royal Porcelain Plc. | Home & Office Products |
| Companies (Not listed companies) | | | |
| 2016 – Present | Director | Lanna Power Generation Co., Ltd. | Energy & Utilities |
| 2008 – Present | Director | PT. Singlurus Pratama | Energy & Utilities |
| 2006 – Present | Commissioner | PT. Lanna Mining Services | Energy & Utilities |
| 1998 – Present | Director | PT. Lanna Harita Indonesia | Energy & Utilities |



7. Mr. Woodthikrai Soatthiyanon
Independent Director and Corporate
Governance Committee Member

9. Mr. Warayu Pradipasen
Director

8. Mr. Chatchai Teepsuwan
Director

7. Mr. Woodthikrai Soatthiyanon

Independent Director and Corporate Governance Committee Member / Age 63 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = -None- of the paid-up capital and total voting rights. Position as the Independent Director : Started from January 12, 2011, totaling 5 years

Education

- LL.B., Ramkhamhang University
- Thai Barrister at Law
- Master of Public and Private Management, School of Public Administration, National Institute of Development Administration

Training

- Year 2011 Director Accreditation Program

Work Experience

| Time | Position | Company | Type of Business |
|---|---|-------------------------------------|-----------------------|
| Listed Companies | | | |
| 2007 – 2008 | Director | Ayudhya Allianz C.P. Life Plc. | Insurance |
| 2005 – 2006 | SVP-Bancassurance Strategie Support, Bancassurance Dapt | Ayudhya Allianz C.P. Life Plc. | Insurance |
| Companies (Not listed companies) | | | |
| 2008 – Present | Managing Partner | Woodthikrai Soatthiyanon Law office | Professional Services |

8. Mr. Chatchai Teepsuwan

Director / Age 47 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = -None- of the paid-up capital and total voting rights. Position as the Director : Started from April 25, 2016, totaling 1 years

Education

- MBA, Graduate Institute of Business Administration (SASIN)
- BA, Boston University, Boston, Mass. USA

Training

- Year 2016 Director Certification Program

Work Experience

| Time | Position | Company | Type of Business |
|---|-------------------|--|----------------------|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2012 – Present | Director | Phahol 8 Co., Ltd | Property Development |
| 2012 – Present | Managing Director | Pattaya Grand Village Co., Ltd | Property Development |
| 2000 – 2012 | Manager | Merrill Lynch International Bank Pte., Singapore | Bank |

9. Mr. Warayu Pradipasen

Director / Age 39 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.01% : 0.01% of the paid-up capital and total voting rights. Position as the Director : Started from November 5, 2015, totaling 1 years

Education

- Diploma, 12TH Grade Wilbraham & Monson Academy, Massachusetts, USA
- Bachelor of Science, Civil Engineering Rensselaer Polytechnic Institute, New York, USA
- Master of Science, Business Administration (Logistics and Transportation) University of Maryland at College Park, Maryland, USA (Royal Thai Government Scholarship)

Training

- Year 2016 Director Accreditation Program

Work Experience

| Time | Position | Company | Type of Business |
|---|------------------------------------|-----------------------------------|-------------------------|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2015 – Present | Head of Infrastructure Development | Office of the Permanent Secretary | Government Organization |



10. Mr. Asanee Chantong

Director, Management Committee
Chairman and Chief Executive Officer

11. Mr. Maitree Tawonatiwasna

Director, Management Committee
Member and Deputy Chief Executive
Officer

12. Mr. Satid Sudbuntad

Director, Management Committee Member,
Corporate Governance Committee Member
and Chief Operating Officer

Company Secretary

13. Ms. Thanakarn Phanthapirat

Management Committee Member, Assistant
Managing Director Accounting and Finance
and Company Secretary

10. Mr. Asanee Chantong

Director, Management Committee Chairman and Chief Executive Officer / Age 64 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.14% : 0.10% of the paid-up capital and total voting rights. Position as the Director : Started from January 1, 2007, totaling 9 years

Education

- Bachelor of Science (Chemistry), Chiang Mai University
- Master of Management, Sasin Graduate Institute of Business Administration, Chulalongkorn University

Training

- Year 2007 Director Accreditation Program
- Year 2009 Financial Statements for Directors

Work Experience

| Time | Position | Company | Type of Business |
|----------------------------------|-------------------------|-----------------------------|------------------------|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2013 – Present | Chairman | Diamond Materials Co., Ltd. | Construction Materials |
| 2004 – 2006 | Managing Director | S.K.I. Ceramics Co., Ltd. | Ceramics |
| 2000 – 2004 | Joint Managing Director | Kohler (Thailand) Plc. | Construction Materials |

11. Mr. Maitree Tawonatiwasna

Director, Management Committee Member and Deputy Chief Executive Officer / Age 70 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.26% : 0.26% of the paid-up capital and total voting rights. Position as the Director : Started from January 12, 2011, totaling 5 years

Education

- Bachelor of Industrial Electrical Technology, King Mongkut's Institute of technology North Bangkok
- Master of Business Administration, NIDA

Training

- Year 2011 Director Accreditation Program

Work Experience

| Time | Position | Company | Type of Business |
|----------------------------------|-------------------|-----------------------------|------------------------|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2013 – Present | Director | Diamond Materials Co., Ltd. | Construction Materials |
| 1997 – 2004 | Managing Director | Kohler (Thailand) Plc. | Construction Materials |

12. Mr. Satid Sudbuntad

Director, Management Committee Member, Corporate Governance Committee Member and Chief Operating Officer / Age 56 Years / Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.52% : 0.52% of the paid-up capital and total voting rights. Position as the Director : Started from January 24, 2000, totaling 16 years

Education

- Bachelor of Engineering, King Mongkut's Institute of technology North Bangkok
- Master of Science in Engineering Administration (Major in Marketing Technology) , The George Washington University, Washington D.C., USA
- 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)

Training

- Year 2001 Director Certification Program
- Year 2003 Finance for Non-Finance Director
- Year 2005 Audit Committee Program

Work Experience

| Time | Position | Company | Type of Business |
|----------------------------------|----------|-----------------------------|------------------------|
| Listed Companies : None | | | |
| Companies (Not listed companies) | | | |
| 2013 – Present | Director | Diamond Materials Co., Ltd. | Construction Materials |
| 1995 – 1999 | Director | Karat faucet Co., Ltd. | Construction Materials |

13. Ms.Thanakarn Phanthapirat

Management Committee Member, Assistant Managing Director Accounting and Finance and Company Secretary / Age 61 Years/ Nationality : Thai / Shareholding in the Company as of Year 2015 : 2016 = 0.26% : 0.26% of the paid-up capital and total voting rights. Position as the Company Secretary : Started from August 1, 2008, totaling 8 years

Education

- Bachelor of Accounting, Chiang Mai University
- Master of Business Administration, NIDA

Training

- Year 2004 Company Secretary Program

Work Experience

| Time | Position | Company | Type of Business |
|----------------------------------|--------------------------------|--------------------------------|------------------------|
| Listed Companies | | | |
| 2001 – 2006 | Accounting and Finance Manager | Diamond Building Products Plc. | Construction Materials |
| Companies (Not listed companies) | | | |
| 2013 – Present | Director and Company Secretary | Diamond Materials Co., Ltd. | Construction Materials |
| 1997 – 2000 | Accounting Manager | Toyota (Thailand) Co., Ltd. | Automotive |

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ไม้ตากแต่ง ตราเพชร

ความสวย ที่อะไร
ก็บดบังไม่ได้

ไม้ฟาบึงใบ (Lap Siding)

ไม้ตากแต่งเซาะร่อง 1 นิ้ว (Decorative Plank 1 inch)

ลายไม้มีมิติดูไม่จริง สวยงามตลอดอายุการใช้งาน ทนทานต่อทุกสภาวะอากาศ ติดตั้งได้ทั้งภายใน
และภายนอกอาคาร ปราศจากมอดและปลวก ผลิตด้วยเทคโนโลยีกันสับย Autoclaved Technology

BUSINESS OPERATIONS

The Company produces 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 five main groups of products are as follows.

1. Roofing Product Group is divided into 2 categories as follows.
 - 1.1 Fiber Cement Tile Group, namely Roman Tiles, Small Corrugated Tiles, Jatulon Tiles, Jearanai Tiles and Fiber Cement Ridges, etc.
 - 1.2 Concrete Tile Group, namely CT Diamond, Adamas and Concrete Ridges, etc.
2. Board and Ceiling Product Group, namely Boards, Ceiling or "Diamond Board", Autoclaved Aerated Concrete or "Diamond Block", Lintel or "Diamond Lintel" and Kitchen Counter or "Diamond Counter", etc.
3. Siding Board Product Group, namely Siding Boards, Lathes, Eaves, Fences and Floor Plank, etc.
4. Special Products Group, consisting of 2 product groups as follows:
 - 4.1 Roof Accessory Group, namely Heat Insulators, Foils, Bird Guards and Mortar Paint, etc.
 - 4.2 Non-Roof Product Group, namely Truss, Beam, Purlins and Gypsum Boards, etc.
5. Roof stripping and installation services comprises of truss, roof and siding board product group by the team of experts and installation teams who have received training and examination from the Company to build confidence for the customers that whenever the Company's product is purchased, there will be good and effective installation and after-sales services, which can be summarized as follows.
 - 5.1 Installation service from the central part stationing at Saraburi Plant who are experts normally work on housing projects, etc.
 - 5.2 Installation service in the local part stationing at the distribution agents throughout the Country by local technicians whom have been trained and examined on knowledge and skills on installation of roof, truss and siding board group of products professionally, capable of transferring their knowledge to other local technicians, creating job and revenue for the people in the surrounding communities, including recommendation on the correct methods for disposal of wastes or scraps from work to help reduce air pollution.

Revenue Structure

As of year ending December 31st for each of the past 3 years:

| Products and Services | 2016 | | 2015 | | 2014 | |
|---|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| | Million Baht | % | Million Baht | % | Million Baht | % |
| Revenues from sales and services | | | | | | |
| 1. Revenue from Product Sales | 3,803.83 | 92.36% | 3,834.53 | 92.06% | 3,901.96 | 92.29% |
| 1.1 Roofing Products | 2,063.92 | 50.12% | 2,119.95 | 50.90% | 2,220.09 | 52.51% |
| 1.2 Board and Ceiling Products | 685.26 | 16.64% | 645.51 | 15.50% | 611.42 | 14.46% |
| 1.3 Siding Board Products | 735.83 | 17.87% | 720.81 | 17.31% | 673.85 | 15.94% |
| 1.4 Special Products | 318.82 | 7.73% | 348.26 | 8.35% | 396.60 | 9.38% |
| 2. Revenue from Services | 314.47 | 7.64% | 330.59 | 7.94% | 325.93 | 7.71% |
| Total Revenues from sales and services | 4,118.30 | 100.00% | 4,165.12 | 100.00% | 4,227.89 | 100.00% |

SUSTAINABILITY REPORT



Economic
Management



Environment
Management



Receiving
Investors'
Choice
Awards



Happy Body
(Good Health)

Social
Management

Happy Heart
(Kindness)

Happy Soul
(Peace)

Happy Relax
(Relax)

Happy Family
(Good Family)

Happy Society
(Good Society)

Happy Brain
(Knowledge Quest)

Happy Money
(Wise Spending)

Happy
Workplace

Diamond Heart
Technicians Project

Year 2016
Class 5

Year 2015
Class 4

Year 2014
Class 3

Year 2013
Class 2

Year 2012
Class 1



The Company has been in the business for over 31 years by adhering to business ethics, being accountable to all stakeholders, and holding to the principles of good governance, which have established that the corporate social responsibility (CSR) becomes part of the Company's Code of Conduct. The organization has been developed for sustainability for **Diamond People** to instill honesty, generosity, love for learning, and attaining good quality of life; for **Diamond Society** to ensure peaceful and safe living; and for **Diamond Community** to maintain good environment, creating jobs, professions, and learning within the community by bringing in roof installation knowledge for the people and youth in the community so that they can earn a living to support their family. Hence, the **"Diamond Heart Technicians"** Project was initiated to encourage our employees to have volunteer spirit for helping the surrounding society and community, as well as improving the manufacturing process with no impact to the environment, with determination to manage the business with ethics and create values for sustainable development.

Corporate Governance

The Company is one of Thailand's major roof construction companies and actually the first company within the group of roof manufacturing companies to be publicly listed in the Stock Exchange of Thailand with intention to become the leading organization that has effective, transparent, fair and accountable management system which is trusted and accepted by all stakeholders, and leads to successful business operation.

The Company has prepared in writing the Corporate Governance Handbook and the Code of Conduct to be strictly practices by directors, executives, and employees at every level, which is considered an important duty for everyone by which the principles within such handbooks should not be neglected by any person. The handbooks set out clear guidelines toward every group of stakeholders, customers, trading partners, competitors, creditors, employees, society, and environment, and adhere to the laws and human rights principles, local culture, customs, and tradition, fair competition, political neutrality, anti-corruption, responsibility to society, community, and environment, (More details in Corporate Governance, page 83)

Corporate Social Responsibility Policy

The Corporate Social Responsibility Committee (CSR Committee) has established the policy on corporate social responsibility for business management to be in line with the Company's core values which are **"Determined, Transparent, Yearning for Development, Environmental Protection"** as follows:

- (1) Operate the business with ethics and accountability to the society and environment.
- (2) Be committed on the development of surrounding society and community in terms of economy, society and environment for better living quality.
- (3) Respect the laws and human rights without discrimination, regardless of race, nationality, religion and culture by managing the business with fairness and promoting sustainable development together.
- (4) Encourage and foster volunteer spirit and social responsibility consciousness among employees seriously and continuously for mutual benefit without expecting anything in return.
- (5) Promotes activities that are beneficial and sustainable to the society, community and environment.

Stakeholder Management

The Company operates its business under the code of conduct, adhering to accountability and respect to the right of every group of stakeholders, both inside and outside the Company, as well as responsibility toward society, community and environment. In order to be assured that legal rights of stakeholders are fairly protected and equally treated, beneficial to every group of stakeholders with various expectations toward the business, the Company provides communication channels for receiving suggestions and recommendation from every group of shareholders so to correctly meet the objectives and proceed in the same direction. Accordingly, the strategic plans toward every group of stakeholders for sustainable development have been established as follows.

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คานทับหลังสำเร็จรูป อิฐมวลเบา **ตราเพชร**

ลงตัวได้ใจ ติดตั้งไว ทนทานไปอีกนาน

คานทับหลังสำเร็จรูป **ตราเพชร (Diamond Lintel)**
อิฐมวลเบา ตราเพชร (Diamond Autoclaved Aerated Concrete Block)

คานทับหลังคอนกรีตมวลเบาเสริมเหล็ก แข็งแกร่ง ได้มาตรฐาน มอก.
ประหยัดพลังงาน กันความร้อน ทนไฟ ช่วยดูดซับเสียงเป็นอย่างดี

Employee



Communication Channels:

Arrangement of monthly meeting between executives and Employee Committee, organization of activities in several festivals, safety activities, to hear complaints and suggestions.

Responsible Unit: Human Resource Division.

Reporting: Chief Executive Officer and Chief Operating Officer.

Expectation: Requires good and appropriate salary and welfare, good and safe working environment.

Sustainable Development Plan:

1. Create effective human resource management system.
2. Create fair remuneration and welfare system.
3. Maintain safe and standardized working environment.
4. Develop personnel to have knowledge and competitiveness, and be a good citizen of the society.
5. Instill corporate values: "Determined, Transparent, Yearning for Development, Environmental Protection" for sustainable development.
6. Establish working regulations which shall benefit the Company and employees.
7. Increase cost of living welfare, provident fund, healthcare allowance, incentive, etc.
8. Organize leisure activities throughout the year (Happy Workplace), such as Mother's Day, Children's Day, health promoting activities, money saving, and promoting safety to reduce accidents during festivals such as Songkran, etc.

Shareholder



Communication Channels:

1. Arrangement of the Annual General Meeting of Shareholders, listening to suggestions or complaints.
2. Arrangement of factory site visits to see manufacturing process.
3. Company's website Section "Investor Relations".
4. Participating in investors meeting activities of the Stock Exchange of Thailand such as Opportunity Day, Thailand Focus and Road Show in Thailand and abroad.

Responsible Unit: Investor Relations Office.

Reporting: Chief Executive Officer, Chief Operating Officer and Board of Directors.

Expectation: Requires good return on investment, equitable treatment of shareholders, correct, and transparent disclosure of information.

Sustainable Development Plan:

1. Build confidence for investors.
2. Create stable and sustainable investment return.
3. Disclose correct, transparent and accountable information using trustworthy accounting and internal control system through various channels so that shareholders and investors can quickly access the information.

Domestic Customer



Communication Channels:

Customer Satisfaction Questionnaire, Complaint Form and Sale Promotion Activities. Sales agent or call center. Tel: 0 2619 2333.

Responsible Unit: Marketing Division and Sales Division.

Reporting: Chief Operating Officer.

Expectation: Requires timely delivery of the quality products and services at competitive price. Should any problem arise, it must be resolved quickly, and development of knowledge and capability are required for competitiveness.

Sustainable Development Plan:

1. Delivery products and provide quality services at fair prices.
2. Contact customers with polite manner, presenting clear and timely price information and promotional activities, and being trusted by customer.
3. Develop and provide customer with knowledge and capability for competitiveness.
4. Survey customer satisfaction on all aspects concerning the operation every year to develop and use the results to improve and develop a more effective operation, aiming to meet the requirements of the customer.
5. Promptly resolve problem for the customer after receiving complaint from the customer in order to build confidence for the customers.

Export Customer



Communication Channels:

Customer Satisfaction Questionnaire, Complaint Form and Sale Promotion Activities, Sales agent or call center. Tel: 0 2619 2333.

Responsible Unit: Export Department and Marketing Division.

Reporting: Chief Operating Officer.

Expectation: Requires timely delivery of the quality products and services at competitive price. Should any problem arise, it must be resolved quickly, and development of knowledge and capability are required for competitiveness.

Sustainable Development Plan:

1. Delivery products and provide quality services at fair prices.
2. Present clear price information and promotional activities.
3. Train and communicate about the correct method for product installation that is suitable for contractors in order to prevent impacts from natural causes regarding heat and rainfall to ensure safe and comfortable buildings under Diamond Brand's products.
4. Provide knowledge about the correct method for product storage in order to reduce space usage and damage from storage.
5. Introduce products that are suitable for different environment in each country.
6. Listen to opinions about quality of products and services for further improvement.

Trading Partner - Domestic & Export Account Payable



Communication Channels:

Meeting with trading partners, visits from trading partners, trading partner inspection, and receiving suggestions and complaints in writing or by E-mail.

Responsible Unit: Purchasing Department and Administration Division.

Reporting: Chief Operating Officer.

Expectation: Builds satisfaction as business partners.

Sustainable Development Plan:

1. Operate business based on business relationship of international standard, equality and fairness.
2. Build confidence by strictly complying with contracts, financial responsibility and agreed conditions.
3. Do not ask or receive or pay any dishonest benefits.
4. Adhere to equitable, honest business operation and joint benefit.

Trading Partner - Contractor



Communication Channels:

Monthly Meeting of the Occupational Safety, Health and Workplace Environment Committee.

Responsible Unit: Contractor Coordination Section and Administration Division.

Reporting: Chief Operating Officer, Occupational Safety, Health and Workplace Environment Committee, and Social Security Contributions Report.

Expectation: Compensation and welfare, employee rights, safety and good workplace environment.

Sustainable Development Plan: Determined to comply with the welfare and labor protection law in order to have good welfare and labor foundation with safety and good workplace environment.



Consumer

Communication Channels:

Customer satisfaction survey on products and services.

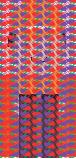
Responsible Unit: Marketing Division and Sales Division.

Reporting: Chief Executive Officer and Chief Operating Officer.

Expectation:

1. Requires good quality products and services with fair prices.
2. Requires sales person with polite manner and can convey product installation method correctly.
3. Requires good aftersales service and quick problem resolving, if problem arises.

Sustainable Development Plan:

1. Deliver good quality product and services with correct order, on-time and fair prices.
 2. Provide training for shop sales personnel for universal sales principle, politeness and correct method of communication.
 3. Provide effective and prompt aftersales services.
- 

Trading Partner - Transport Operator

Communication Channels:

1. Meetings and monitoring with transport operators on daily, weekly, and monthly basis, as well as annual visit of operator's premises.
2. Survey on customer satisfaction of product delivery services.

Responsible Unit: Transport Section, Customer Support, and Logistics Division.

Reporting: Chief Operating Officer.

Expectation:

1. Receives work amount suitable for the assessed performance, as well as fair treatment.
2. Receives compensation according to agreement terms and equivalent to other business.
3. Provision of prompt and efficient product delivery service without impacting the society.
4. Operators recognize safe working methods and can work safely.

Sustainable Development Plan:

1. Establish product transport system with good standard to prevent social and environmental impact.
2. Accept and hire local product transport or carrier operators and provide opportunity for personnel in the surrounding communities to work as the carriers.
3. Organize training for the transport drivers about skill improvement, safety, and service manners for effective work.
4. Arrange management to reduce energy consumption, promote safe operation to reduce accidents as follow:
 - Physical examination or basic health check before operations, such as, alcohol volume check.
 - Full load and 2-way transport on both head hauling and back.
 - Load check and a check for product covering before leaving the factory.
 - Utilize shipping transport to reduce cost and road traffic. Product transport by train or by rail is under study and preparation.



Business Competitor


Communication Channels:

Monthly meeting of business group representatives at the Federation of Thai Industries.

Responsible Unit: Marketing Division and Investor Relations Office.

Reporting: Chief Executive Officer and Chief Operating Officer.

Sustainable Development Plan:

1. Operate under good business competition rule and framework.
 2. Do not seek for confidential information of the business competitor illegally or inappropriately.
 3. Do not destroy reputation of business competitor's by making accusation in a bad way, either directly or indirectly.
- 

Trading Partner - Financial Institution and Bank

Communication Channels:

Obtain advice on financial and investment issues through the bank office or bank's website.

Responsible Unit: Accounting and Finance Division and Management Division.

Reporting: Assistant Managing Director - Accounting and Finance and Chief Operating Officer and higher.

Sustainable Development Plan:

1. Build credibility with financial institutions and banks.
2. Apply for credit line with good terms and low interest rate.
3. Obtain advice on financial and investment issues.



Government Office

Communication Channels:

Consult legal and taxation issues via telephone and through website of the Revenue Department.

Responsible Unit: Legal Office and Accounting and Finance Division.

Reporting: Chief Executive Officer and Chief Operating Officer.

Expectation:

1. Build confidence with the Government Office.
2. Consult taxation issues through website of the Revenue Department in order to correctly and completely pay taxes, and contact Revenue Department officers directly via telephone.
3. Strictly abide by the relevant laws and regulations.
4. Do not ask, receive or pay any benefit illegally and stand against corruption.



Community

Communication Channels:

Organization of activities with the community and listen to complaints.

Responsible Unit: Human Resources Division.

Reporting: Chief Executive Officer and Chief Operating Officer.

Expectation: Building good relation between each other, creating profession and promoting people in the community to have jobs for sustainability.

Sustainable Development Plan:

1. Promote job creation in the community by establishing policy for hiring from the surrounding communities.
2. Respect the law and principles of human rights without discrimination.
3. Promote and foster good sense into the employees to seriously and constantly have social responsibility.
4. Promote activities that create sustainable benefits for the surrounding communities, such as the "Diamond Heart Technicians" Project, which offers professional training for roof installation for the community people to have work and make a living for the family.
5. Promote activities to carry on beautiful tradition of the community such as Children's Day and other merit making traditions, etc.
6. Listen to complaints and concerns on environmental impact in order to improvement and sustainable development.
7. "Friends Helping Friends" Project to support and alleviate hardship of employees in the communities affected by fire to support Diamond products for the construction.
8. Community Assistance Project to support Diamond products for repairing government offices, schools and temples in the nearby communities and building homes for impoverished people, etc.



Mass Media

Communication Channels:

Executives meet mass communication activities and offering of opinions.

Responsible Unit: Marketing Division and Investor Relations Office.

Reporting: Chief Executive Officer and Chief Operating Officer.

Sustainable Development Plan:

1. Promote good corporate image.
2. Build good relationship with the mass media.
3. Refrain from false communication, distortion of fact or against morality.

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เคาน์เตอร์มอลเบาสำเร็จรูป **ตราเพชร**

สร้างสรรค์ ตอบรับทุกเหตุผลและอารมณ์

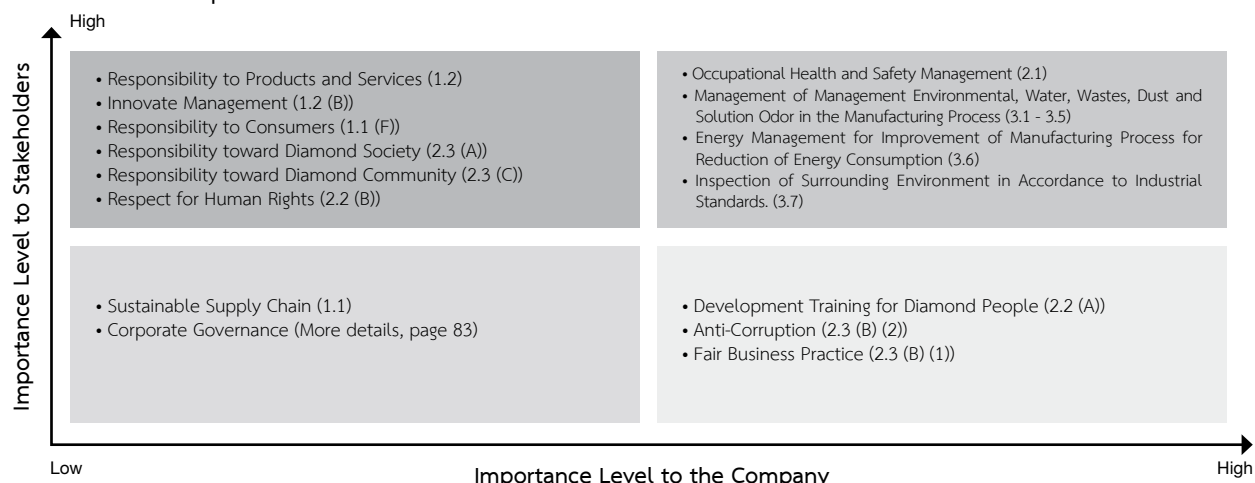
เคาน์เตอร์มอลเบาสำเร็จรูป **ตราเพชร**
(Diamond Kitchen Counter)

เคาน์เตอร์ครัวตราเพชร ผลิตได้มาตรฐาน มอก. ภายในเสริมเหล็กขบกันสนิม
ติดตั้งง่าย ใช้งานได้ทันที ประหยัดเวลา และลดต้นทุนในการก่อสร้าง

Analysis of Sustainable Development Factors

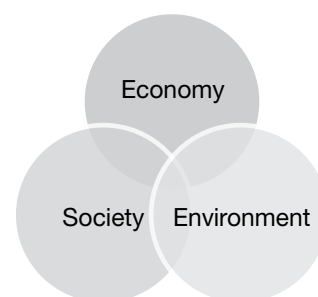
The Corporate Social Responsibility Committee (CSR Committee), which comprises of representatives from every department, has convened meetings and discussions to review issues concerning sustainable development under changes of economic, social and environmental conditions from analysis of sustainable development factors by considering together with opinions from the stakeholders obtained through several organized activities. The assessment has been considered together with the risk assessment results. The list of the significant factors concerning sustainable development during year 2016 is shown in the table below. Accordingly, the Company has established plan to mitigate such risks, having details for each of the factors being listed under the topic of Guidelines for Sustainable Business Operation.

Sustainable Development Factors



Guidelines for Sustainable Operation

During year 2016, concerning with the analysis of sustainable development factors, the CSR Committee gives precedence to the following matters as follows. First, on the management of occupational health and safety, the SHE 7 Rules and 7 Permits systems have been employed, believing that accidents can be reduced by instilling conscience on safety and cooperation into every Diamond person in the organization. As a result, the number of accident incidents was reduced from 12 times in 2015 to 6 times in 2016 or 50 percent reduction. Secondly, on the environmental management, there was a drought situation this year and hence, the Water Crisis Management Working Group was appointed to prevent possible disaster by managing on the water consumption so that water was sufficient in every manufacturing process until the water crisis passed through without problem. In addition, on the management of waste in the manufacturing process, the 3R strategy has been utilized in the manufacturing process, which could reduce over 33,000 tons of industrial waste and reduced over Baht 9 million of production cost. Guidelines on the sustainable work can be summarized as follows.



1. Economic Management

1.1 Value Chain Management.

| Operating Guidelines | Operating Results |
|---|---|
| <ol style="list-style-type: none"> Improvement of value chain process, namely raw materials, manufacturing process, packaging, transport system, domestic and export sales agents and consumers, to reduce environmental impact. In year 2016, the Company has improved the manufacturing process to reduce environmental impact, increase productivity and reduce production costs in every process with cooperation of employees from every department using tools such TPM and QCC, etc. | <ol style="list-style-type: none"> Improvement of raw materials procurement rule based on ISO 9001 and ISO 14001. Improvement of manufacturing process to reduce air pollution, energy and resources consumption, resulting in reduction of production cost. Using tool such TPM to reduce machinery breakdown thereby increasing overall equipment effectiveness (OEE) Using tool such QCC to reduce loss in the manufacturing process thereby reducing production cost. |

1.2 Responsibility to Products and Services.

| Operating Guidelines | Operating Results |
|--|---|
| The Company creates innovations by utilizing existing products in such ways that are different from competitors. A policy is put in place to develop products with technology with low energy consumption and reduced impact to the environment. Most important is the development of creativity of Diamond People to create innovations in sustainable development. | <ol style="list-style-type: none"> 1. Manufacturing innovations include: “Jeeranai” tile manufacturing development project, development of wood alternative product utilizing embossing technology, and autoclaved aerated concrete (Diamond Block) development, etc. 2. Manufacturing trial innovations include: development of manufacturing composition, product diversity, etc. |

2. Social Management

2.1 Occupational Health and Safety Management.

| Operating Guidelines | Operating Results |
|--|--|
| <ol style="list-style-type: none"> 1. Review of accident protection measure handbook by adding: <ol style="list-style-type: none"> 1.1 Seven Basic Safety Rules or “SHE 7 Rules”. 1.2 Seven Risky Work Permit System or “7 Permits”. 2. Arrange reduction of risky behavior campaign, which received cooperation from every business unit in order to improve workplace safety as follows: <ol style="list-style-type: none"> 2.1 Unsafe Condition (UC): Reduction of accident-prone areas activity 2.2 STOP CARD: Recommendation to stop risky behavior activity 2.3 Near Miss Report: Report on near-miss incidents | <ol style="list-style-type: none"> 1. Accident incidents were reduced from 12 incidents in 2015 to 6 incidents in 2016, or a reduction of 50 percent. 2. Accumulative working hours without accident and stop of work were increased as high as 3,052,060 man-hours, or an increase of 47 percent from year 2015. 3. Unsafe Condition (UC): Accident-prone areas were reduced by 1,415 areas. 4. STOP CARD: 3,883 risky behaviors were stopped. 5. Near Miss Report: 565 reports. |

2.2 Care for Diamond People.

| Operating Guidelines | Operating Results |
|---|---|
| <ol style="list-style-type: none"> 1. In year 2016, benefits have been reviewed and increased for continuously better welfare. 2. Prepare annual employee development and training plan in advance for every level in order to increase working potential and competitiveness. 3. Arrange “DBP for Father” activity on December 28, 2016 in which all Diamond People altogether engaged in tree planting at Chaipattana Foundation, Chaloe Phra Kiat District, Saraburi Province, and attended a talk on “New Agricultural Theory” based on the Sufficiency Economy. | <ol style="list-style-type: none"> 1. In year 2016, improvements on welfare and benefits are as follows: <ol style="list-style-type: none"> 1.1 Increase cost of living welfare from Baht 1,200 per month to Baht 1,500 per month. 1.2 Increase provident fund rate from 3, 5, or 7 percent to 3, 5 or 8 percent. 1.3 Increase stair-step incentive from Baht 400, 500 and 600 to Baht 500, 600, and 700. 1.4 Increase Out Patient Department (OPD) healthcare allowance from Baht 1,000 to Baht 1,300 per time. 2. In year 2016, 54 training courses were arranged in 88 classes, with total training hours of 7,032 hours. |

2.3 Sustainable Social and Community Development.

| Operating Guidelines | Operating Results |
|---|--|
| <ol style="list-style-type: none"> 1. Diamond Society: Focus on organizing activities to create happy working environment to achieve “Happy Workplace” in 8 aspects. 2. Nearby Communities: Create jobs, foster knowledge and volunteer spirit, participation in sustainable community development. | <ol style="list-style-type: none"> 1. Organized “Diamond Heart Technicians” Project to teach and develop technical profession for people, youth in the community, and Saraburi Technical College students, as well as students of Phra Dabot Foundation and Luk Phra Dabot Foundation continuously for 5 classes. 2. Creating jobs in the community: over 75 percent of employees are the local in the community. 3. “DBP’s Kindness to Disabled” Project, which held consecutively from 2013 to 2016, the project is aimed at support and promotion of income for the disabled people and their caretakers by providing opportunity for them to sell products or services within the Company’s area. |

3. Environmental Management

3.1 Water Management.

| Operating Guidelines | Operating Results |
|--|---|
| <ol style="list-style-type: none"> 1. Water is considered an important raw material of the Company. According to the ISO-14001, the water used in the process must not be discharged out of the plant. 2. The Company has established a plan for economical use of water, maintaining the balance between water use and loss in the manufacturing process, in preparation for potential natural disasters, such as drought and flood, etc. | <ol style="list-style-type: none"> 1. Reduce water use by examining and repairing leakages, including campaign to promote water conservation, which managed to reduce water consumption by over 50 percent of total water usage. 2. Establish a work team to monitor the water discharge level at Pa Sak Jolasid Dam every day, resulting normal operation during the drought and saving investment fund of Baht 2.0 million. |

3.2 Waste Management.

| Operating Guidelines | Operating Results |
|--|---|
| <p>Waste management according to ISO 14000. Waste is divided into two categories: non-hazardous waste and hazardous waste. The Company utilizes 3R Strategy to manage the waste, which can be summarized as follows:</p> <ol style="list-style-type: none"> 1. Reduce: such as reduce energy consumption. 2. Reuse: such as bags, paint buckets, and pallets, etc. 3. Recycle: such as dusts, asbestos residue from manufacturing process, remanufacturing with excess materials. 4. Disposal according to the law: such as wet cake is landfilled by being made into solid mass beforehand. | <ol style="list-style-type: none"> 1. Non-hazardous wastes decreased by 0.15 percent due to remanufacturing into fences, boards. Non-hazardous wastes are reused and recycled by 2.48 percent of all non-hazardous wastes. 2. Hazardous wastes decreased by 7.49 percent from the previous year due to remanufacturing of wet cake. Hazardous wastes are reused and recycled by 6.12 percent of all hazardous wastes. 3. FC production line has adopted the 3R strategy in the manufacturing process in many cost reduction and environmental management projects, resulting in the reduction of industrial wastes of 3,359.47 tons and cost reduction of Baht 9.4 million. 4. The autoclaved aerated concrete production line decreased the base thickness by 18 percent, and reusing the reduced base in the return slurry, resulting in cost reduction of 0.9 percent and reduction of waste disposal. |

3.3 Dust Management.

| Operating Guidelines | Operating Results |
|--|--|
| <ol style="list-style-type: none"> 1. Continuously recycle dusts from groove such as lathes, ceiling borders and eaves. 2. Installation of dust collectors at dust-filled areas such cement silos, in which all collected cement dust can be recycled. | <ol style="list-style-type: none"> 1. Reduction of particulates in the air and monitoring of air quality at the operating sites are within the standard values. 2. Reduction in losses of cement, sand, crushed stones by installation of dust collectors at aluminum pallets surface brushing system, collecting paint dust in which all can be recycled. |

3.4 Solution Odor Management.

| Operating Guidelines | Operating Results |
|--|---|
| Installation of solution odor treatment system using activated charcoal. | Monitoring of exhaust gas from manufacturing process reveals that air pollution is not over the standard value. |

3.5 Reduction of Coating Loss.

| Operating Guidelines | Operating Results |
|--|---|
| The Company has carried out the project for reduction of coating loss in every concrete production line in Saraburi and Khon Kaen Province with continuous monitoring. | By improving the controlling unit to reduce loss of coating from spraying outside the concrete tile, and control of coating thickness according to the 80 micron standard, the coating usage reduced by 21,036 liters per year, or equivalent to Baht 1.2 million, resulting in better working environment. |

3.6 Energy Management.

| Operating Guidelines | Operating Results |
|---|---|
| <p>The Energy Management Work Team, which comprises of executives from all departments, has established plan for energy management as follows:</p> <ol style="list-style-type: none">1. Reduction of natural gas (NG) consumption at autoclaved aerated concrete production line (AAC-1) project by adjusting autoclave process.2. Reduction of electricity consumption by the installation of automatic control motor at NT-8 production line project.3. Reduction of electricity consumption by increasing the power factor of the Cellulose Plant 3 project.4. Reduction of heat loss from NG infrared tunnel wall of CL-5 production line project by installing 5 covers along with thermal insulation.5. Reduction of electricity consumption by changing the time of machine operation in all production lines from on-peak to off-peak period. | <ol style="list-style-type: none">1. Steam discharge is reduced by over 7.5 percent, and NG consumption is reduced by 6.35 percent or over Baht 2.3 per year.2. Electricity consumption is reduced by 21,600 kWh per year or equivalent to Baht 71,280 per year.3. Power factor is increased to 0.91, resulting in a reduction of electricity consumption of 9,120 kWh per year or equivalent to Baht 35,400 per year.4. Heat loss is reduced by 115,294 MJ per year or equivalent to Baht 34,588 per year.5. Reduction of electricity usage during On Peak in all production line, resulting in a reduction of electricity charge in year 2016 by Baht 360,700 per year. |

3.7 Environmental Management in accordance with Industrial Standard

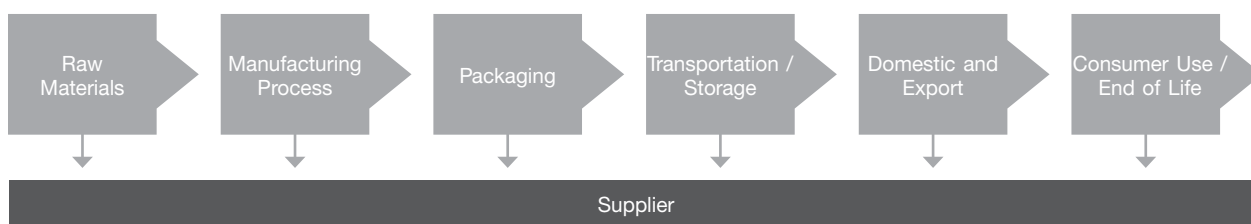
| Operating Guidelines | Operating Results |
|---|--|
| <p>The Company continuously complies with environment laws and regulations of the Ministry of Industry, Ministry of Natural Resources and Environment, Ministry of Public Health, Ministry of Labour and Ministry of Interior, in order to mitigate environmental impact.</p> | <p>In year 2016, all environmental inspections in the operations including air, dust, noise, water and waste from the manufacturing process have passed the criteria in accordance with the industrial standards and do not have or destroy the environment or resources of the community.</p> |

1. Economic Management

1.1 Sustainable Supply Chain

The Company has appropriately carried out all procedures concerning the value chain by considering the utmost benefit for every group of stakeholders, starting from the procurement, manufacturing process, trading partner - transport operators, and various groups of trading partners such as domestic and export sales representatives, housing projects and responsibility to the consumers, which are the customers at the end of the supply chain.

The Company has issued management regulations for every procedure starting from the procurement of main raw materials, which must follow standard system and process control according to the ISO 9001 and ISO 14001. The raw materials received prior to entering the manufacturing process must go through quality inspection at every step in accordance with established quality standards in order to obtain finished product with quality. Afterward, the products shall be delivered to domestic customers and export customers by the transport trading partners with good shipping standard, delivering the products to the customers on time for further distribution to the consumers later.



(A) Raw Materials

The Company has established procurement policy for each type of raw materials. In particular, the main raw materials must be purchased from at least two suppliers to mitigate risk from shortage of raw material. Therefore, the selection of new suppliers for the main raw materials is very important. The selection criteria for the new supplier must follow standard system and process control, having the ISO 9001 and ISO 14001 certifications. There must also be assessment on the suppliers and the improvement of raw material quality that must not impact the environment. For the supplier of sand, the trading partner must have legitimate sand concession from the government office and pass credit terms check and price comparison with other business trading partners with the same standard. As for the raw material inspection process before entering the manufacturing process, every type of raw materials shall go through quality inspection in accordance with established standard in order to obtain the finished products with quality according to established standard.

Additionally, the Company has communicated and asked for cooperation with manufacturers, distributors, and contractors who are selected and listed in the record according to purchasing and hiring regulations to acknowledge the prevention and anti-corruption policy, such as receiving and giving of gifts, accommodation, service fee, or any other benefit. Such receiving and giving must be suitable according to tradition and not overly excessive, and not with intention to persuade any person to neglect their duties, etc.

(B) Manufacturing Process

The Company is determined to continuously improve its manufacturing process to be environmental friendly in order to lessen impact to the environment, increase productivity and reduce production cost in every process with cooperation from employees of every department. Programs and activities such the Total Productive Maintenance (TPM) and Quality Control Cycle (QCC) were organized resulting in the increase in Overall Equipment Effectiveness (OEE) and production cost reduction. Moreover, environmental impact mitigation activities were carried out such as water management, air pollution reduction, energy consumption reduction, process waste reduction and resource consumption reduction, etc.

(C) Packaging

The Company puts emphasis on the selection of packaging as products are construction materials which are heavy and fragile. Therefore, the packaging being used must be strong and can support the weight of the products being delivered to stores and consumers safely and with quality. For cost reduction, the transporters must return the pallets after delivery of products to customers for re-use, resulting in the reduction of packaging cost and reduction of impact to the environment.

(D) Transportation / Storage

The Company has developed an effective transportation system, delivering products to the hands of customers and consumers safely and with quality. Also, drivers and properties are taken care of and protected in the event of accident. The management of transportation system is also aimed to reduce energy consumption and environmental impact, which can be summarized as follows.

(1) Cost Reduction Aspect

- 1.1) Multimodal transportation is used by utilizing transportation by trucks and marine vessels. Marine vessels are used for transportation to the southern region to avoid traffic congestion, reduce risk from road accident, decrease transport distance, and reduce energy consumption, etc.
- 1.2) Revise the cost structure of product delivery in line with the fuel cost which changes depending on each time period, and consider different difficulties in each area for fairness for every party, such as distance, risk area, or area with high-grade slopes, etc.
- 1.3) Management of product placement on the transport truck for each type of products, utilization of 2-way transport and full load in order to increase loading efficiency and decrease delivery trips to reduce energy consumption.
- 1.4) Product monitoring using photographs to ensure the standard of product loading/unloading, decrease damaged products before sale or usage by customers. This can prevent issues concerning product returns due to the product is unfit for use.

(2) Safety Aspect

- 2.1) Arrangement of training courses on safety and work procedure for every driver of both the transport company group and customers' transport group both inside and outside the Country. Moreover, operation at risky points are being monitored such as the loading point and canvas covering point to reassure that safety equipment are used completely.
- 2.2) Arrangement of training courses on safety and work procedure for all employees and permanent workers at the warehouses and improvement of work tools and equipment, such as equipment for loading products into container for export, etc.
- 2.3) Equipment safety standard and safe work standard and procedure for installation services have been established. Also, necessary personal protective equipment is prepared to ensure work safety, such as, arrangement of TIS-certified safety helmets for drivers.
- 2.4) Arrangement of annual health checkup for the workers in transport services or drivers to take care of workers' health and prevent illness from workplace as well as building morale among the workers that they are being taken care as the permanent employees of the Company.
- 2.5) Measures for annual inspection of transport vehicles affiliated with the Company to make sure that the transport vehicles are always safe and ready for use, including establishment of vehicle standard to convey good image in product transport.
- 2.6) Promote engagement in safety activities for workers in transport services or drivers that load the goods, raising awareness for vigilance for danger from accidents, such as reminder on danger in each areas (KYT), etc.

(3) Work Efficiency Improvement Aspect

- 3.1) Encourage employees to prepare Kaizen's, One-Point-Lesson (OPL) and Quality Control Cycle (QCC) to increase work efficiency and reduce transport cost.
- 3.2) Arrange daily morning briefing as a channel for communication and receiving opinion from operators in order to establish clear operation and quickly handle potential issues, reduce accident and ensure safe and healthy environment, etc.

(E) Domestic and Export Agents

The Company's domestic sales agents spread out in over 700 branches throughout the Country, separating into 3 groups, namely sales agent group, modern trade group and housing project group. The Company has a policy to take care of existing agents and focus on increase coverage of new agents in all provinces in the Country. As for export sales agents, they are in over 10 countries, which are mostly neighboring countries in the CLMV group (Cambodia, Laos, Myanmar, and Vietnam). Every group of sales agents is treated as Diamond family member with fair and appropriate management of compensation and benefits. Consultation or advice is provided when the agent is faced with business problem. Training and development plan and courses in several topics have been set up and carried out to provide and increase knowledge and competitiveness for the agents, such as:

- (1) Training courses in the orderly or organized storage procedure to maximize the storage areas, storage design for cleanliness and convenience in finding products, as well as reduction of dust and air pollution in the storage area.
- (2) Training courses for the store front personnel to have knowledge and capability as well as competitive skill and knowledge on product sales for higher competitiveness.
- (3) Training courses for new products, such as installation techniques for "Diamond Counter," "Diamond Wall," and "Diamond Lintel" for sales agents and regional technician to inform them about wall system, installation method, as well as benefits from autoclaved aerated concrete, such as quick and time-efficient installation, etc.
- (4) The Company has made sales agents satisfaction assessment nationwide and found that the sales agents have loyalty to the brand and Company with various products and recognizable brand by the consumers, including systematic installation and after-sales services.

(F) Consumer Use / End of Life

The Company has responsibility to the consumers, the last group of stakeholders in the business chain, whom purchase Diamond products for their use. The survey on customer satisfaction to the Diamond products showed that the consumers expect good quality products with fair prices and prompt after-sale services, including correct product usage instruction. Therefore, Diamond has established marketing communication for the utmost benefit of the consumers as follows.

- (1) **Product Label:** Providing detailed information of product including product name, size, color, model, design clearly on the label put on the product and the products are displayed at the sales representative or agent stores including caution for storing the product on the label or insert.
- (2) **Installation Information and Service:** Team of experts is organized for providing information about the products and services of the Company through a Call Center for prompt service to the customers. In addition, the Research and Development Section has prepared installation manual and instruction document along with the delivery of the product. In year 2016, training activities has been arranged with architects and construction contractors on knowledge about products and correct ways of installation.
- (3) **Communication:** Suggestions on the use of products under the product display booth built with Diamond products so that the consumers can learn about product usage and can see actual products at the sales representative stores of the Company and trade shows, such as Baan Lae Suan Fair, as well as brochures with clear product information in detail.
- (4) **Communication Channels:** Through Company's website, (www.dbp.co.th), which the consumers may see the products and calculate the costs by themselves.
During year 2016, there were complaints from consumers on the use of Diamond products, by which every case was taken care of until the consumers were satisfied. Accordingly, correct and adequate news and information were provided for the benefit of management for both sellers and consumers.

1.2 Responsibility to Products and Services.

The Company operates under its established vision "To Be a Better Choice for Construction Materials and Services" and is determined to manufacture environmental friendly products in accordance with established standards toward sustainable development.

(A) Products and Services include the following five main groups:

(1) Roofing Product Group can be divided into two categories:

- 1.1) Fiber Cement Tile Group, namely Roman Tiles, Small Corrugated Tiles, Jatulon Tiles, Jearanai Tiles and Fiber Cement Ridges, etc.
- 1.2) Concrete Tile Group, namely CT Diamond, Adamas and Concrete Ridges, etc.

(2) Board and Ceiling Product Group, namely Boards, Ceiling or "Diamond Board", Autoclaved Aerated Concrete or "Diamond Block", Lintel or "Diamond Lintel" and Kitchen Counter or "Diamond Counter", etc.

(3) Siding Board Product Group, namely siding boards, lathes, eaves, fences and decorative floors, etc.

(4) Special Product Group, comprises of the following two groups of products:

- 4.1) Roof Accessory Group, namely heat insulators, foils, bird guards, mortar paint, etc.
- 4.2) Non-Roof Product Group, namely truss, beam, purlins and gypsum board, etc.

(5) Roof stripping and installation services comprises of truss, roof and siding board product group by the team of experts and installation teams who have received training and examination from the Company to build confidence for the customers that whenever the Company's product is purchased, there will be good and effective installation and after-sales services, which can be summarized as follows.

- 5.1) Installation service from the central part stationing at Saraburi Plant who are experts normally work on housing projects, etc.
- 5.2) Installation service in the local part stationing at the distribution agents throughout the Country by local technicians whom have been trained and examined on knowledge and skills on installation of roof, truss and siding board group of products professionally, capable of transferring their knowledge to other local technicians, creating job and revenue for the people in the surrounding communities, including recommendation on the correct methods for disposal of wastes or scraps from work, which is one way to help reduce air pollution.

(B) Innovate Management

Products of the Company are construction materials, such as roof tiles, siding boards, boards, autoclaved aerated concrete, and accessories. Innovation thus derived from utilization of existing products by way that is different from competitors. The Company has a policy to develop product manufacturing process that use low energy and reduce impacts to the environment. The most important aspect is the development of Diamond People to be creative to innovate sustainable.

(1) Manufacturing Innovations

1.1) “Jeeranai” tile manufacturing development project that focuses on multi-discipline architectural aesthetics. The tiles are manufactured by a cutting machine that uses high-pressure water jet, which is a technology that use low energy and can be designed freely and quickly. Currently, Jeeranai tiles come in four models, including Thai Modern, Thai Classic, Thai Lanna, and Elegant.

Moreover, the Company has been honored to receive an award from “Baan Pluk Pree Dee,” which is a house installed with Jeeranai tiles, Thai Modern model. The house has been awarded the Architectural Conservation Award Year 2015 from the Association of Siamese Architects under His Royal Patronage.

1.2) Wood alternative manufacturing project that utilizes embossing technology on floor planks and fences to look like real wood instead of using sand papers. Currently, the embossing technology has been developed to manufacture wall planks and siding boards with wood-like patterns, which can reduce dust generation and energy consumption.

1.3) Autoclaved aerated concrete or AAC (Diamond Block) manufacturing project using high-pressure steam. Developed in Germany, this certified technology uses natural materials that do not pose any impact to the environment. Since AAC is light-weight, fire-resistant, not trapping heat inside buildings, it can help save energy considerably. Currently, more products in this group has been developed, including Diamond Wall, Diamond Counter, and Diamond Lintel, etc.

(2) Manufacturing Trial Innovations

In year 2016, the Company’s research and development expenses totaled Baht 1.84 million which include product development, such as development of manufacturing composition, product diversity, etc.

2. Social Management

2.1 Occupational Health and Safety Management

The Company believes that accidents, injuries, and diseases that are caused by work are preventable, and thus has raised awareness on safety with cooperation from all Diamond People. The Occupational Health, Safety, and Environment Committee (OHS Committee), in cooperation with Safety, Health, and Environment Section (SHE Section) has prepared a handbook for safety protection measure, organized training courses on safety and campaign on reduction of risky behaviors which are major causes of accidents. Additionally, accident protection measures have been put in place, which resulted in continuously decreasing accident incidents and can be summarized as follows.

Accident Statistics of the Past 3 Years

| Accident Statistic (Unit: Persons) | Total | Employees | Contractors | Contractors by Group | | | Level of Severity | |
|---------------------------------------|-------|-----------|-------------|---------------------------|-----------|---------------------------|-------------------|--------------------|
| | | | | Production Maintenance | Transport | Repairs / Construction | Stop Working | No Stop Working |
| 2014 | 22 | 10 | 12 | 11 | 1 | - | 13 | 9 |
| 2015 | 12 | 6 | 6 | 5 | 1 | - | 6 | 6 |
| 2016 | 6 | 2 | 4 | 4 | - | - | 3 | 3 |

Accident Protection Measures

(A) Accident Protection Measure Handbook

The OHS Committee and the SHE Section recognize the risks which may cause accidents during entrance into areas inside manufacturing facilities, roof installation at high places, loading and unloading of products and canvas covering on the trucks. Therefore, the Company has established meetings on safety concern with employees and contractors regularly, as well as reviewing the Accident Protection Measure Handbook by adding 7 basic safety rules and 7 risky work permits, which can be summarized as follows:

- (1) In year 2015, **7 basic safety rules or “SHE 7 Rules”** have been established to build safety conscience among employees, contractors and outsiders entering into the inner areas of the factory, in which the 7 basic safety rules must be strictly follows: including 1) Dress Code, 2) Safety Shoes, 3) Safety Helmet, 4) Smoking, 5) Alcohol Level, 6) Bicycle Use, and 7) Telephone, Music Listening, and Earphone Use. Since the introduction of the rules, accident incidents have been reduced from 22 incidents in year 2014 to 12 incidents in 2015, or a reduction of 45 percent. Also, the accumulative working hours without accident that causes stop of work was as high as 2,069,808 man-hours.
- (2) In year 2016, **7 Risky Work Permits System or “7 Permits”** have been added to prevent accidents in high risk prone areas. It has been established that permits are required before entering to work in high risk areas, which include the following 7 risky areas: 1) Permit for Work at High Place, 2) Permit for Work at Place with Heat or Spark, 3) Permit for Work in Confined Space, 4) Permit to Work with Radiation, 5) Permit to Work with High Voltage, 6) Permit to Load Chemicals, and 7) Permit to Repair/Construct. With the commitment to work on safety, the Diamond People have been highly motivated to help one another preventing accidents. As a result, in year 2016 accident incidents have been reduced from 12 incidents in year 2015 to 6 incidents in year 2016, or a reduction of 50 percent. Additionally, the accumulative working hours without accident that cause stop of work was as high as 3,052,060 man-hours, or an increase of 47 percent from year 2015.

(B) Risky Behavior Reduction Campaigns

- (1) **Unsafe Condition (UC):** An activity aimed to decrease accident prone areas, which has received cooperation with every unit to assess and improve work area condition so that they are safe for work. According to the UC Report, 1,415 accident prone areas have been eliminated, contributing to safe environment.
- (2) **STOP CARD:** An interactive activity by helping one another stop risky behavior by using a stop card. The activity has been well cooperated by the area owners, and there was 3,883 reports which led to change of behavior for safety.
- (3) **Near Miss Report:** A campaign encouraging reports on near miss incidents, which has received good cooperation from the area owners. The number of reports were 565 reports, and the OHS Committee with the area owners have managed to reduce near miss incidents to create safe working areas.

(C) Safety Knowledge Training

The OHS Committee and the SHE Section together have organized training program on safety for the employees for each responsible area, as known as **“Talk & Train”** as follows.

- (1) Hold “Safety Talk” meeting and safety training every morning before work.
- (2) Organize 100% safety orientation for new employees and new contractors.
- (3) Build safety conscience at workplace by organizing training courses on role and duty of OHS Committee and training on workplace safety, namely crane operation, driving vehicles, first-aid, basic firefighting, and safety meetings. Currently, over 80,000 working hours of safety training have been recorded, especially the manufacturing section, which is an accident-prone area, has training hours of more than 30,000 working hours.

(D) Training on Emergency Response

The OHS Committee and the SHE Section have together organized training on emergency response, such as fire evacuation drill, practice drill in case of broken asbestos bag and chemical leaks, etc.

(E) Safety Check

The OHS Committee and SHE Section have performed safety checks in manufacturing plants to ensure compliance with regulations at least 365 times per year.

(F) Safety Campaign and Promotion Activities

Throughout the year, the OHS Committee and the SHE Section have continuously organized activities during several festivals to promote and campaign on safety and accident reduction, which can be summarized as follows.

- (1) STOP CARD and Near Miss Report campaigns.
- (2) “Safety Talk and KYT” activities (Kiken Yoshi Training: Danger Reminder), a campaign to promote and convey on at least 20 safety-related areas per week, totaling 1,000 times per year.

2.2 Care for Diamond People

The Company believes that Diamond People have the potential to conduct and take the business to sustainable success. Hence, the development of Diamond Society to attain good quality of life and safe living is the main task that must be undertaken continuously as follows.

(A) Development Training for Diamond People

The development and training courses were organized for Diamond People to have more knowledge, skills, and capability for their work, creating knowledge base in preparation for the growth of the Company along with creating corporate values. The development training programs are planned in advance throughout the year to raise working potential and competitiveness. In year 2016, the focus was on work safety awareness, strategic planning for executives, improvement on transport and storage service in form of outdoor activities, sales planning, and product knowledge review for sales agent and PCs (Product Consultants), anti-corruption, and environmental awareness. Throughout the year, 54 training courses have been arranged in 88 classes, with total training hours of 7,032 hours, which can be summarized as follows:

| Type of Courses | Year 2014 Training Hours | Year 2015 Training Hours | Year 2016 | | |
|----------------------------|--------------------------------|--------------------------------|----------------------|----------------------|-----------------------------|
| | | | Number of Courses | Number of Classes | Number of Training Hours |
| Productivity Improvement | 2,455 | 1,203 | 2 | 10 | 706 |
| Standard System (ISO) | 444 | 1,065 | 3 | 8 | 1,070 |
| Human Resource Development | 2,373 | 720 | 17 | 32 | 2,882 |
| Technical Training | 1,140 | 1,878 | 15 | 15 | 369 |
| Safety | 534 | 4,139 | 7 | 13 | 1,710 |
| Energy | - | 558 | 5 | 5 | 96 |
| Others | 1,707 | 444 | 5 | 5 | 199 |
| Total | 8,653 | 10,007 | 54 | 88 | 7,032 |

(1) Building Conscience on Productivity Improvement

Productivity improvement activities include TPM, Kaizen, OPL, QCC, and 5S, etc. Consequently, Diamond People can take these tools from each course and apply them in their operation to increase productivity, improve work efficiency as well as reduce production cost. Related programs and activities can be summarized as follows.

1.1) TPM (Total Productive Maintenance): TPM is a maintenance system in a multiplication form with participation by everyone through small group activities with intention to increase the productivity of machinery, reduction of machinery damages, reduction of losses in the manufacturing process and reduction of accidents (Zero Accident, Zero Defect, Zero Failure) by starting with the development of capability, skill and consciousness for the care of equipment and machinery of the employees. The employees shall be trained to become experts on machinery, who can utilize and maintain the machinery very effectively, which is beneficial to the operation and performance of the organization. Accordingly, the Company has continuously organized training programs since year 2010, with courses such the Autonomous Maintenance, Focus Improvement, Overall Equipment Effective, and Maintenance Awareness, etc., which have been well received and participated by employees from every department.

1.2) OEE (Overall Equipment Effectiveness): OEE is the indicator of efficiency and effectiveness of the equipment having three main variables; namely, availability, performance and quality in percentage. The Production Division must measure the OEE every month for each machinery or equipment in order to evaluate how effectively each machine has been utilized. Samples of OEE measurement are shown below.

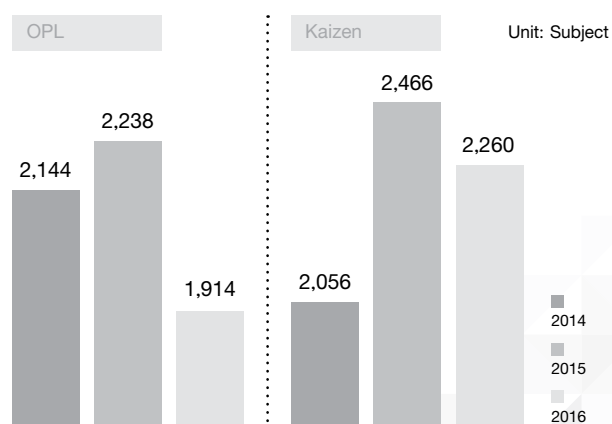
| OEE Description | Unit | Year 2014 BM | Year 2015 | | Year 2016 | |
|-----------------|------|--------------|-----------|-------------|-----------|-------------|
| | | | Target | Achievement | Target | Achievement |
| FC Plant | % | 83 | 92 | 87 | 86 | 88 |
| CT Plant | % | 86 | 89 | 90 | 87 | 91 |
| AAC Plant | % | - | 70 | 68 | 70 | 70 |

Remark: BM = Standard criteria obtained from the past year, FC = Fiber Cement Production Division, CT = Concrete Tile Production Division, AAC = Autoclaved Aerated Concrete Production Division.

1.3) Losses: The reduction of losses in the manufacturing process through inspection and finding of losses from the beginning of the process until the end, as well as brainstorming process for improvement on occurrence of losses. In year 2015, the program was extended to the warehouse area to reduce losses from warehouse management.

1.4) OPL (One Point Lesson): OPL is a communication tool for transferring knowledge among employees in each department in order to reduce redundancy and increase work efficiency. In year 2016, OPL program was conducted with a total 1,914 lessons.

1.5) Kaizen: An activity that emphasizes a development of potential in thinking and promotes creative thinking of the employees, providing opportunities for employees to make recommendations on the reduction of cost and energy consumption. In year 2016, there were over 2,260 Kaizen topics proposed by employees, which emphasized on work efficiency. Kaizen Awards is also held every year.



Winners of Kaizen Awards in year 2016 are as follows:

| | |
|---------------|--|
| Productivity | <ul style="list-style-type: none"> • Kaizen Award to Kaizen no. CT 343/59. Subject: Roller Extruding Box Useful Life Extension. • Consolation Prize to Kaizen no.CT34/59. Subject: Mixer's Grab Distance Adjustment. |
| Energy Kaizen | <ul style="list-style-type: none"> • Kaizen Award to Kaizen no. EN 25/59. Subject: Control Motor Pump Basin Improvement. • Consolation Prize to Kaizen no. EN 276/59. Subject: Cut-on/Cut-off Water Jet Improvement. |
| Safety Kaizen | <ul style="list-style-type: none"> • Kaizen Award to Kaizen no. FC 259/59. Subject: Guard of Table Cross Water Jet, and Kaizen no. CT 531/59. Subject: Stair Step Tripping Prevention. |
| Office Kaizen | <ul style="list-style-type: none"> • Kaizen Award to Kaizen no. AC 5/59. Subject: Improved Efficiency on Debt Examination and Sales Termination. • Consolation Prize to Kaizen no. AC 4/59. Subject: Improvement on Invoice Program. |

1.6) QCC (Quality Control Circle): QCC is the quality control group activity carrying out work on improvement of quality in the work process by working in a team using procedure and steps for resolving problems scientifically. QCC Story course was organized and the works of QCC group were disseminated on the Company's Intranet system so that every employee can gain access to such information and use it for own improvement. This year, QCC group activities were able to increase the reduction of cost. QCC Awards is also held every year.

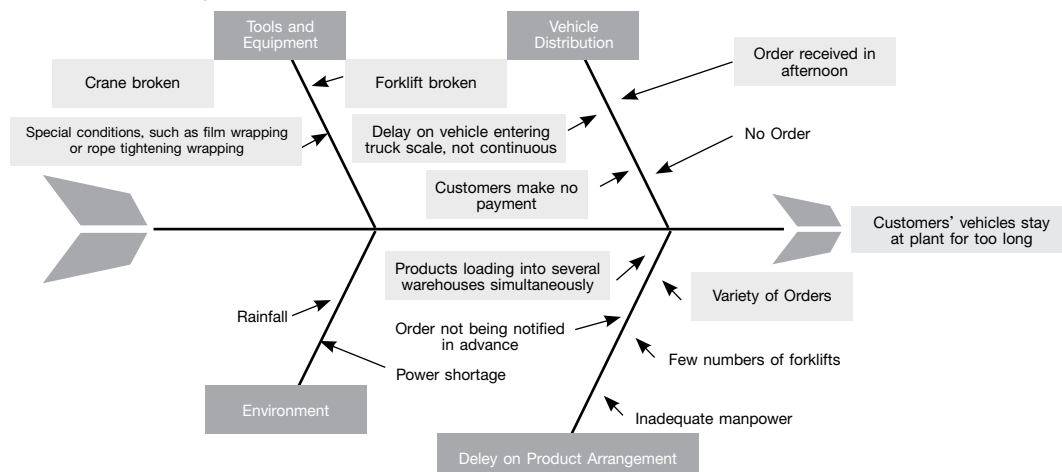
Annual QCC Awards Year 2016: The Annual QCC Awards was organized to provide employees at every level an opportunity to demonstrate their capability and development for reduction of problems and increase quality of work. The Company selects teams that can reduce production cost and increase work efficiency the most. In year 2016, there were two QCC Awards contests, and the winners are as follows:

1st Contest: 12 teams participated in the contest receiving 3 awards as follows:

- **1st Prize: Cost Reduction on Usage of Cutters of Planner for Siding Boards.**
Cause of Problem: High cost of cutters.
Objective: To reduce cost of cutters in siding board manufacturing.
Cause Analysis: Using fishbone diagram.
Solutions: The following measure and work plan for improvement can be summarized as follows:
 1) Using another side of the cutter that is still usable.
 2) Design the cutter that is suitable for the application.
Outcome Monitoring: According to daily outcome monitoring from January to July 2016, the manufacturing cost was reduced by Baht 1.72 million per year.
- **1st Consolation Prize:** Reduction on Steam Usage by Transfer Steam Method, which could reduce cost by Baht 2.12 million per year.
- **2nd Consolation Prize:** Encouraging More Trucks Receiving Orders in the Morning, which could increase orders in the morning by 9 percent.

2nd Contest: 8 teams participated in the contest receiving 3 awards as follows.

- **1st Prize: Reduction of Product Receiving Time.**
Cause of Problem: Complaints from customers and transport workers have been received regarding long waiting time to receive products, and satisfaction on product delivering was rather low.
Objective: To reduce product receiving time, from customers entering the plant until leaving.
Cause Analysis:



Solutions: The measures and work plan can be summarized as follows.

- 1) Spread orders to morning period to better manage product delivering.
- 2) Notify packaging requirement of customers so that the storage can prepare the product to be ready beforehand.

Outcome Monitoring: According to monitoring from September to November 2016, the objective has been achieved by which product receiving time was reduced to 1.45 hours for 4-wheel, 6-wheel, and 10-wheel trucks.

- **1st Consolation Prize:** Reduction of Film Packaging on Siding Board Products.
- **2nd Consolation Prize:** Waste Reduction in Siding Board Manufacturing.

1.7) 5S Activities: 5S activity is participated by every executive, employee and contractor, in cooperation to develop and improve working environment for orderliness, cleanliness and less pollution and risk-prone areas, by dividing into 4 categories, namely large-sized factory, small-sized factory, materials storage and office. As a result, the Company has received the “**5S Award Model**” certificate at the Thailand 5S Award Event from the Technology Promotion Association (Thai-Japanese) for the materials storage office, warehouse and the office area of Accounting and Finance Division in year 2012 to 2013. Annual **5S Award** contest is also organized among departments within the Company.

The winners of 5S Award in year 2016 are as follows:

| | | |
|------------------|------------------------------|---|
| Large Plant Area | • Manufacturing Dept. 3 FC. | • Average score in year 2016 = 89 points. |
| Small Plant Area | • Lab FC 1, 2 R&D. | • Average score in year 2016 = 89 points. |
| Storage Area | • Packaging Storage Section. | • Average score in year 2016 = 89 points. |
| Office Area | • Customer Services. | • Average score in year 2016 = 90 points. |

(2) Building Conscience on Corporate Social and Environmental Responsibility

The Company encourages employees and executives to enroll in training courses organized by the Corporate Social Responsibility Institute (CSRI) of the Stock Exchange of Thailand, and Thaipat Institute to apply the knowledge as a guideline for works on sustainable development. In year 2016, employees and executives have been enrolled in the following courses.

- 2.1) Training with CSRI: All seven courses including the fundamental course and CSR practitioner courses in both theoretical and practical parts as follows:
 - 1) Corporate Social Responsibility Management for Sustainable Development, Class No. 5.
 - 2) Corporate Social Responsibility Strategic Management.
 - 3) Connection between Supply Chain and Stakeholders.
 - 4) Development of Strategic Activities for Sustainable Development.
 - 5) Risk Analysis and Critical Topic on Sustainability.
 - 6) Evaluation and Information Management for Corporate Social Responsibility.
 - 7) Sustainability Report Creation.
- 2.2) Participation of “**Promotion of Age-Friendly Business**” with Thaipat Institute. The objective of the activity was to promote a concrete CSR-in-process / Social Enterprise for senior citizens.
- 2.3) In cooperation with Thaipat Institute, Thailand Rural Reconstruction Foundation in His Royal Patronage, with support from UNICEF Thailand, the Company’s “**Human Rights in Community Promotion**” activity has held “**Promotion of Child-Friendly Business Operation**” project on June 8, 2016 as training and brainstorming among the employee to find opportunities for the Company to incorporate children’s rights in the business policies and management. The project should be beneficial as a driving force for CSR works for the children of the employee and the community in the future.

(B) Respect for Human Rights

The Company has a policy to conduct its business operation by abiding by the law and adhering to the human rights principle, and not supporting any business activities that violate human rights, being established as part the Company's Code of Conduct to be used as guideline for the business operation as follows.

- (1) Adhere to the principle of human rights covering individual safety and protection, free from any violations or abuses, freedom of association, equality, equal opportunity regarding race, skin color, religion, gender, sexual preference or disability and work dignity. Provide humane working environment, health and safety of the employees without forced labor and child labor, etc.
- (2) Manage to have humane working environment, providing safe, healthy and clean workplace with sufficient lighting, clean drinking water, toilets, fire escapes and exits and necessary fire extinguishers in event of fire, emergency first-aid kits, etc.
- (3) Assign the Safety, Health and Environmental Unit (SHE) to have inspection plan to check on fire escapes and exits and fire extinguishers and equipment in good and safe working condition all the time, assessment of risk-prone and unsafe areas, measure for remedy for reduction of accident and make sure that the employees are safe at work, as well as organize fire evacuation and extinguishing drill in event of fire at least once a year.

(C) Fair Labor Practice

The Company practices principles of justice on the human resource management, wages, compensation, benefit, and other employment terms, caring and treating the employees with equality, fairness, and dignity as they are part of the organization propelling the business to its success. Moreover, the Company adheres to the Labor Protection Act and Labor Relations Act including other relevant laws and regulations, including personnel recruitment, employment, employee retention, welfare, complaints, equal opportunity, and arranging Intranet and website for communication of important information, (More details in Human Resource Management, page 91).

2.3 Sustainable Social and Community Development

(A) Responsibility toward Diamond Society

Responsibility toward Diamond Society is the main task of Human Resources Division in order to become a happy organization, making every employee happy by organizing various activities during many festivals in order to encourage love, generosity, and social consciousness among the employees, including family members of the employees toward **8 Aspects of "Happy Workplace,"** including: 1) Happy Body (Good Health), 2) Happy Heart (Kindness), 3) Happy Soul (Peace), 4) Happy Relax (Relax), 5) Happy Family (Good Family) , 6) Happy Society (Good Society), 7) Happy Brain (Knowledge Quest), and 8) Happy Money (Wise Spending). Examples of such activities are as follows:

(1) Happy Body (Good Health) activities are as follows:

- 1.1) **"Annual Health Checkup Year 2016" Activity:** held on December 2, and December 6-7, 2016, by Thai Occupation Medicine Medical Research Center Co., Ltd, conducting health checkup for employees and contractors according to health risk factors.
- 1.2) **"DBP Health Me" Activity:** A campaign promoting health for three consecutive months, with seven sub-activities, such as, physical examination, Weight and Fat Loss Contest, Fitness with DBP, and Dance with DBP, etc.
- 1.3) **"Vegetable Garden at CT-KK" Activity:** An activity which involves growing of garden vegetable, rice, cowpeas, and fish farm on an unused area in Khon Kaen Province. The activity promotes cooperation, happiness at work, and love for the organization. Moreover, the employees can also enjoy vegetables and fish that are grown and raised without toxic chemicals, reducing their expenses, as well as gaining knowledge on integrated farming for application at home or transferring the knowledge to other people.

(2) Happy Heart (Kindness) activities are as follows:

- 2.1) **"Blood Donation" Activity:** Employees were encouraged to donated blood at every quarter of the year and this year T-shirts were made and given to the employees and contractors having donated blood in all four times during the year. In addition, the Company received the Certificate of Honor and Appreciation from the Thai Red Cross Society for the blood donation activity.
- 2.2) **"Clothes Donation for Children":** An invitation for employees and contractors to donate appliances, clothes, winter clothes, and blankets for children and the local on Ngaiw Thau Pha We Hill, Chiang Rai Province.

(3) Happy Soul (Peace) activities are as follows:

- 3.1) **“Mind Development for Balanced Life - 6th Year” Activity:** The Company has organized this activity annually for 6 consecutive years to promote Buddhism by encouraging employees to participate in practicing the dharma at the Sang Tham Song Chevit Buddhist Meditation Center, Nongkhae District, Saraburi Province.
- 3.2) **“Kathina for Local Temples” Activity:** An activity promoting Buddhist activities with temples and the local in the community, by hosting Kathina (robe presenting) together at Wat Tha Yiam, Taling Chan Sub-district, and Wat Tan Diaw, Tan Diaw Sub-district, Saraburi Province.

(4) Happy Relax (Relax) activities are as follows:

- 4.1) **“Songkran..Get You Home Safely”:** an affectionate send-off for employees, including giving Buddhist amulets for good fortune and encouragement for employees that needed to return to their hometown during the holiday.
- 4.2) **“Refreshing Green Tea Cordially from Diamond Year 5”:** an activity being held consecutively for five years by giving out refreshing cool drinks to all employees and contractors during hot summer days in April and May.

(5) Happy Family (Good Family) activities are as follows:

- 5.1) **Mother’s Day Activity “Love Mom Sweetly”:** a Mother’s Day activity. This year involved a cake decoration contest on the theme of mother, and sending loving thoughts written on postcards to be sent to their mothers, promoting family institution.
- 5.2) **“Supporting Thai Rice by Diamond” Activity:** an activity promoting family institution and supporting rice farmers who faced falling rice price by allow an opportunity for relatives or contractors who are farmers to sell their rice within the plants.

(6) Happy Society (Good Society): Children’s Day, English teaching for children of Kaengkhoei community, Support on Community Products, and “Baan Pracharat” Project.

(7) Happy Brain (Knowledge Quest): “Are You Ready for “Prompt Pay?”” Activity, which is an activity providing information about Prompt Pay, a new financial system.

(8) Happy Money (Wise Spending): Saving with Government Saving Bank activity to promote financial investment and saving, Economical Product Fair to encourage wise spending on products that are less expensive than market.

(B) Responsibility toward Diamond Business

The Company adheres to fair business operation. The employees must operate with prudence and honesty, adhering to the code of business ethics toward every group of shareholders within the business supply chain namely, the shareholders, customers, trading partners and business competitors, with fairness and without seeking personal gains, which are in conflict of interest with the Company and stakeholders, including keeping confidential of information related to business of the stakeholders for the utmost benefit of the Company, which can be summarized as follows.

(1) Fair Business Practice

- 1.1) Having policy to treat its trading partners equitably and fairly based on fair compensation to both parties, avoiding situations that may lead to a conflict of interest as well as complying with the contractual obligations, providing actual information and accurate reports, negotiating and resolving problems based on business relationship. Hence, the Company has established measure for checking connected transactions within the business chain between trading partners and the Diamond People regularly for fair business operation. Should there be any connection, details must be disclosed in the Company’s financial statements within the fair business operation framework.
- 1.2) Having policy to treat its business competitors conforming with the international practice and under fair business competition framework, without using power to monopolize the market, not fraudulently or inappropriately seeking confidential information of its competitors, not defaming reputation of its competitors with abusive accusation, respecting the right and intellectual property. Accordingly, the products of the Company have been designed by personnel with expertise to meet consumers’ advantage without impact to the environment.

- 1.3) Promoting social responsibility in the business chain through procurement channel by providing assistance and support for the small and medium enterprises in the community such as purchase of cleaning materials made from small pieces of clothes sewn together into big pieces by groups of handicapped people and housewives for cleaning machinery and purchase of shockproof materials such as straws and papyrus from groups of people in the community providing them with income.
- 1.4) Promoting employment of disabled persons in accordance with the Employment of Disabled Persons Law B.E. 2554 regarding the number of disabled persons that the employer must employ. The Company's employment of disabled people has its limitation due to the fact that it is a manufacturing plant. Nonetheless, the Company has set up a concession by providing areas within the factory for disabled persons to sell products or services (Section 35) to improve the quality of life of disabled persons.
- 1.5) Establishing compensation measure in case of a stakeholder having suffered damage from violation of legal rights by the Company by providing opportunity for whistleblowing or filing complaint about illegal action or immoral conduct to the Independent Directors and Audit Committee, with the Audit Committee checking the information and reporting to the Board of Directors afterward.
- 1.6) Establishing operating guidelines for executives and employees based on integrity and transparency with preparation and dissemination of the Handbook for Good Corporate Governance and Code of Conduct on Company's website (www.ddp.co.th) for the executives and employees to acknowledge and strictly follow throughout the organization with routine monitoring on compliance of the regulations.

(2) Anti-Corruption

The Company is against all form of corruption, being certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) on October 16, 2015, and registered as a member of the Partnership Against Corruption for Thailand (PACT Network) by ThaiPAT Institute.

During year 2016, the Prevention and Anti-Corruption Committee has arranged corruption risk assessment for all departments so that the executives and employees become aware of accountability under the rule of law, business ethics, and strictly follow the prevention and anti-corruption policy to ensure that the operation of each department supports the established objectives and targets of the Company.

Building Conscience on Anti-Corruption: In year 2016, the Company enrolled the executives in the following training courses:

- (1) Anti-Corruption: The Practical Guide (ACPG 31/2016) held by Thai Institute of Director (IOD) on August 25-26, 2016. The knowledge gained from the course can be used as a guideline for the operation of the Board of Directors.
- (2) Anti-Bribery Management System Implementation according to ISO 37001 Standard, held by PACT Network, on Friday October 28, 2016. The ISO 37001: Anti-Bribery Management Systems is a standard that is internationally adopted as a guideline for anti-bribery management implementation and improvement of governmental and private organizations.
- (3) Internal training for operational staff and supervisors of all departments during April, June, August, and October 2016 to communicate issues concerning corruption in form of outdoor Walk Rally games and activities. The employees were questioned during the games and informed about the policy and measures for the prevention and anti-corruption of the Company.

(C) Responsibility toward Diamond Community

Responsibility toward Diamond Community refers to the business operation that benefits the society and surrounding community, creating jobs and income, and improves the quality of life of the people in the community. Activities to help the society have also been undertaken in many cases, including natural disaster. Learning development and social responsibility consciousness of the youth were encouraged and supported. Thus, the **"Diamond Heart Technicians"** project was initiated and has been organized continuously, which can be summarized as follows.

(1) "Diamond Heart Technicians" Project: The Company has organized training courses for people in the community, providing knowledge in roof installation, siding boards and eaves installation in both theory and practice to the community people, students and students from the technical colleges in the Saraburi Province including students from the Phra Dabot Foundation and Luk Phra Dabot Foundation, so that they have the knowledge and skills to be used as their profession, creating more income and sustainable community development. The Company has organized this project consecutively for several years, which can be summarized as follows.

- **Class 1-2:** In cooperation with Tan Diao Subdistrict Administrative Organization and Taling Chan Subdistrict Administrative Organization, Saraburi Province to train people in the community on roof installation and repairs.
 - **Class 3:** In cooperation with the Saraburi Technical College to organize training course for students of high vocational college level to have knowledge in roof installation, siding boards and eaves in both theory and practice.
 - **Class 4:** In cooperation with Phra Dabot Foundation to build a model house based on the New Theory on agricultural demonstration plot at Luk Phra Dabot Project, Bangphli District, Samutprakarn Province. The training courses for Phra Dabot Project students comprised of both theoretical and practical parts for a total of four days, supported with the products and equipment for the construction of the model house, which was named “**Sufficient Diamond House**”, by which the students could take the knowledge to build low-cost housing residence. The students were quite interested in the training courses.
 - **Class 5:** In year 2016, there were two activities as follows:
 - Activity 1/2016:** In cooperation with Saraburi Skill Development Center to arrange a training course for the general public with interest on roof installation, comprising both theoretical and practical parts.
 - Activity 2/2016:** In cooperation with Saraburi Technical College to arrange a training course for students of high vocational college level - constructor branch, providing knowledge about roof installation, eave installation, and together have built a shelter which was granted to Suthiwittaya School, Saraburi Province.
- (2) **Job Creation in the Community:** The Company has established policy to hire people from the surrounding communities which helps to support the community people to earn income. The Company’s headquarter in Saraburi Province employs about 900 people, which more than 75 percent are the local people in the community. Except for certain positions that could not be recruited from within the community, they would be opened from other sources. This hiring policy also applies to branch offices in Khon Kaen Province and Chiang Mai Province with job recruitment being done from within their community first.
- (3) **Activities for Happy Society (Good Society)** have been organized to promote culture and tradition in the community, such as Children’s Day, support for local products, and home building for impoverished people, etc.
- 3.1) **National Children’s Day Activity:** The Company organized activities on the Children’s Day at the Tan Diao Subdistrict Administrative Office and Wat Huay Li School in Saraburi Province on January 8-9, 2016 for joy and happiness for children and people in the community.
 - 3.2) **“Merit Making, Candle Offering, Offering to Buddhist Monks” Activity:** The Company and employees together performed merit making at the beginning of the Lent day at Wat Tan Diao and Wat Khon Hom, Saraburi Province.
 - 3.3) **“Kathina Offering” Activity:** The Company co-hosted the Kathina offering at Wat Tha Yiam and Wat Tan Diao, Saraburi Province in support of the construction of a sermon hall.
 - 3.4) **“Community Relations” Activities:** Supported and provided roof tiles and siding board products for construction for the government sector, schools in the nearby community and temples in Saraburi Province area for development of community totaling 53 communities for Baht 1.1 million.
 - 3.5) **“San Sumpun Sports” Activity:** The Company gave supporting fund and participated in a soccer competition to reinforce relationship among the Company, community leaders, and government offices in Saraburi Province.
 - 3.6) **“DBP for Father” Activity:** On December 28, 2016, Diamond People altogether engaged in tree planting at Chaipattana Foundation, Chaloe Phra Kiat District, Saraburi Province, and attended a talk on “New Agricultural Theory” based on Sufficiency Economy.

(D) **Social Assistance Projects**

- (1) **“Baan Pracharat” Project:** The Company provided roof tiles and siding board products for house construction and reparation for impoverished people in Saraburi Province.
- (2) **“English Camp” Project:** The Company provided supporting fund and co-hosted summer English courses for students in Kaeng Khoi District, Saraburi Province. Over 300 students have participated on every Saturday for two months.

- (3) **“DBP’s Kindness to Disabled” Project:** Held consecutively from 2013 to 2016, the project is aimed at support and promotion of income for the disabled people and their caretakers by providing opportunity for them to sell products or services within the Company’s areas without charging any fee including disabled market fair, coffee shop, phone payment machine, laundry machine and weigh measuring machine, etc. so that they can be self-dependent without being burden to the family and society, creating self-esteem.

(E) **Social Investment and Social Impact Assessment**

The Company properly puts emphasis on looking after the society, establishing annual budget for investments in the society according to the objectives which are in line with the Company’s business operation for the best interest of the community, creating jobs and profession for the people in the community. Accordingly, the Company spent a budget totaling Baht 3.35 million in 2016.

As for the assessment on social impact, there was no complaint from the community during the past year concerning the Company’s business operation such as air quality, dust, noise, water and waste in the manufacturing process.

(F) **Communication and Dissemination**

The Company’s channel of communication and dissemination is through Company’s website as follows.

- Internally within the Company via <http://drt/> under the topic of **“Corporate Social Responsibility”**.
- Outside the Company via http://www.dbp.co.th/trade_information.htm in the part of **“Investors Information”** under the topic of **“Corporate Social Responsibility”**.

3. Environmental Management

The Company realizes the importance of its responsibility toward environment. Therefore, the Company has continued to improve on its manufacturing process to reduce environmental impact, including organizing activities and campaigns on conservation of environment, which can be summarized as follows.

3.1 Process Water Management

Water is considered an important raw material of the Company. According to the ISO-14001, the water used in the process must not be discharged out of the plant. The Company has installed a settling pond system to treat water from the process before being recycled into the manufacturing process, which can reduce water consumption by more than 50 percent of water consumption for the whole system.

The Company has established a plan for economical use of water, maintaining the balance between water usage and loss in the manufacturing process in preparation for potential natural disasters, such as drought and flood, etc. During the drought situation in early 2016, the Company had planned for the water management, which received good cooperation from all departments until the crisis has passed through without problem, having carried out these following measures.

- (1) Appointment of the Water Crisis Management Working Group to monitor the water level at Pa Sak Jolasid Dam every day, in order to follow water discharge situation for the industry daily and continuously report to the Management Committee.
- (2) Management of water consumption by reducing water usage by examining and repairing leakages, including campaign to promote water conservation. In year 2016, the following water saving projects were carried out as follows:
 - (2.1) Recycling wastewater from the water supply plant and manufacturing process for use as water supply to NT-10 production line.
 - (2.2) Recycling colored water from slurry machine cleaning of CT-KK production line, reducing ground water use in the manufacturing process.
 - (2.3) Installment of the RO water system at the autoclaved aerated concrete production line (ACC-1) to treat water being fed into the boiler, resulting in better quality of water, with lower mineral content and suspension, and increased boiler efficiency, resulting in lower groundwater consumption by over 6.5 percent.
- (3) The Engineering and Maintenance Division had studied on groundwater well drilling in the factory area in preparation in case of water shortage from the dam. In year 2016, the above work plan allowed the operation to continue throughout the drought with investment saving of Baht 2.0 million. Regardless, the Management has insisted on continuous monitoring on this matter.

3.2 Process Waste Management

Management of waste in the manufacturing process to mitigate impact to the environment is undertaken in accordance with the ISO-14001 to obtain the most benefit and reduce production cost effectively by separating the process wastes into two categories namely, non-hazardous wastes and hazardous wastes as follows.

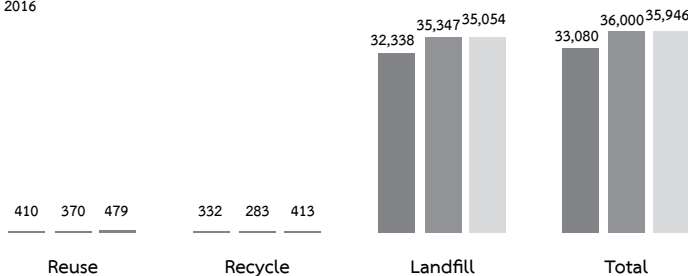
(A) Non-Hazardous Wastes, which are mainly broken tiles, woodchips, plastic pieces, scrap iron, scrap paper, dusts and other garbage, are treated based on ISO-14001 guideline as follows.

- (1) Reuse: such as damaged wooden pallets are repaired for reuse and big bags are used for putting in residual or dusts.
- (2) Reduce: such as the size of pallets are designed to be suitable, smaller so that less wood and cables are used, and reduction of the size of the film used for siding board packaging.
- (3) Recycle: recycling for reuse such as scrap papers from office are recycled for use in the pulp process in the factory; residuals, dusts or leftover from groove, siding boards are recycled for several types of use such as making of cleats for tile support and paving blocks, etc.; remaining woodchips, scrap iron and plastic are separated and sold.
- (4) Disposal: such as broken tiles are treated according to the law and used as landfill at permitted areas.

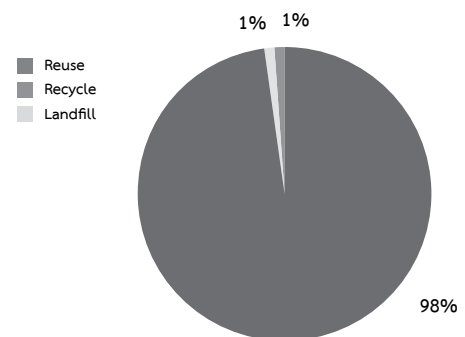
Non-Hazardous Wastes

Unit : Ton

■ 2014
■ 2015
■ 2016



Non-Hazardous Wastes in 2016



In 2016, the volume of non-hazardous wastes decreased by 0.15 percent due to product recycling process, such as tiles, fences, boards, and the 2.48 percent of total non-hazardous wastes could be recycled and reused.

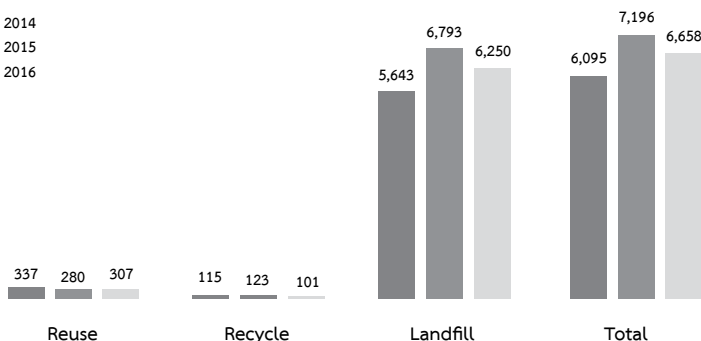
(B) Hazardous Wastes, mostly come from the manufacturing process which are mainly wet cake, color sludge, oil color, sealer remains, and other contaminated materials. These wastes are being handled as follows:

- (1) Reuse: such as oil barrels, paint containers, solvent containers, which are reused several times.
- (2) Recycle: such as cement residues in sedimentation tanks from drainage are recycled to make cleats for tile support, bricks, and tile sheet support, while color sludge, oil color, sealer remains, and other contaminated materials are used as mixed fuel or alternative fuel, etc.
- (3) Disposal: According to the law, such as wet cake are disposed as landfill after being made into solid mass by Better World Green Public Co., Ltd.

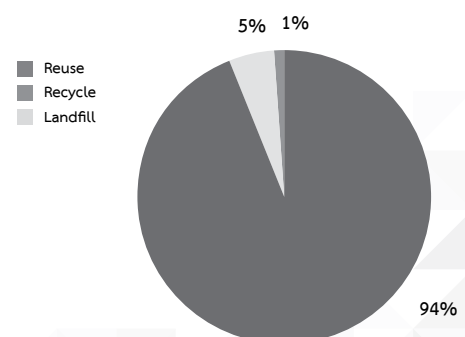
Hazardous Wastes

Unit: Ton

■ 2014
■ 2015
■ 2016



Hazardous Wastes in 2016



In year 2016, the amount of hazardous wastes decreased by 7.49 percent due to recycling of wet cake into cleats for tile support, bricks and tile sheet support. The amount of reused and recycled hazardous waste were 6.12 percent of the total waste.

(C) Environmental Management and Cost Reduction Project at FC Production Line

In year 2016, the FC production line has adopted 3R strategy to engage in several improvement projects on the manufacturing process in order to reduce cost and manage the environment. The projects were able to reduce material usage, reduce industrial waste by 33,359.47 tons, and reduce cost by Baht 9.4 million as follows:

| 3R Strategy | Project Name | Period | Decrease (tons) |
|-------------|---|-----------------|-----------------|
| Reduce | 1. Reduction of water weight in color sludge before disposal (Filter press) | Dec 15 – Jun 16 | 131.00 |
| | 2. Reduction of dust from embossing | Jan – Aug 16 | 104.66 |
| | 3. Reduction of mould bits around Jeeranai tile area | Mar – Jul 16 | 11.00 |
| | 4. Reduction of film packing of eaves by 7 percent | Jan – Apr 16 | 5.79 |
| | 5. Reduction of plastic wrapping usage | Jan – Mar 16 | 6.44 |
| | 6. Reduction of supporting plastic of wrapping usage | Jan – Mar 16 | 1.56 |
| | Total | | 260.45 |
| Reuse | 1. Development of two-way pallets for rotation from Grade F | Jan – Mar 16 | 956.33 |
| | 2. Modification of asbestos pellet into ridge pellet | Jan – Mar 16 | 515.00 |
| | Total | | 1,471.33 |
| Recycle | 1. Remanufacturing of products – boards and siding boards | Jan – Mar 16 | 1,540.25 |
| | 2. Reduction of wet wastes by remanufacturing of bricks | 4-month project | 65.00 |
| | 3. Reduction of wet wastes by remanufacturing of tile supporting sheets | Jan – Mar 16 | 22.44 |
| | Total | | 1,627.69 |
| | Grand Total | | 3,359.47 |

(D) Reduction of Hard Base Wastes from Autoclaved Aerated Concrete Manufacturing (AAC-1)

In the manufacturing process of autoclaved aerated concrete, during the product trimming before entering the autoclave machine, there was a trial to reduce the thickness of the base by 18 percent. The reduced wastes can then be used as return slurry, resulting in cost reduction of about 0.9 percent, as well as the reduction of waste disposal and disposal fee.

(E) Reuse of Color Sludge Project at Concrete Tile Production Line, Khonkaen Province (CT-KK)

In the manufacturing process of colored concrete tiles, the color sludge from cleaning of color tanks and slurry machine is contained in chamber ponds. After sedimentation, the water can be reused in the manufacturing process, and the treated color water can be used instead of groundwater in color mixing process, which in turn can also reduce the usage of groundwater.

In year 2016, the Company has installed a retention tank and pump system from chamber ponds to pump water that went through sedimentation, as well as installing piping system to the batching plant, with valve system for switching to use the recycled water.

(F) Reduction of Film Usage in Siding Board Packaging

In siding board manufacturing, film is used to package the siding board before sending to the storage. It was found that there was some damage on the film due to the wrapping of siding board, and the resulting wastes posed a problem to the environment due to direct disposal. Accordingly, the Pack 1-3 machine has been improved by adding bag opening sealing system, and the wrapping has been improved to increase tightness. Also, the oven and the film support have been improved. As a result, the waste from the manufacturing has been reduced by 3.81 kilograms per 1 ton of siding board product.

3.3 Dust Management

(A) Dust Reduction Project - Concrete Tiles Production Line, Saraburi Province (CT-SR)

In the manufacturing process of concrete tiles, major raw materials used are sand, cement, crushed stone and ashes, which are being transported, blown, weighed, mixed, pressed and polished, spreading a lot of dust. Therefore, the dust reduction project has been reviewed and improved continuously, and in 2016, the Company expanded the areas for installation of dust reduction system at CT-KK production line in order to attain better working environment by installing various types of dust collector and removal system at dust-full areas as follows.

- (1) **Utilization of Dust Collector of SILO-TOP Type Installation:** High efficiency dust filtering system, popular for collecting cement dust being blown into the silo using special polypleat filtering elements, which are cleaned by automatic jet pulse system. The collected dust is separated by air flow through the polypleat filter and falls within the silo so that all the collected dust can be recycled, reducing loss of raw materials and production cost.
- (2) **Utilization of Large Dust Collector:** Collecting dust from the manufacturing process using bag filter system, which eliminates small-sized dust by using cotton bag. This system is used to collect dust at process of mixing, weighing, polishing and transport. All collected dust can be recycled by partly substituting sand and crushed stone, which can reduce loss of raw material and production cost. In year 2016, this improvement has been expanded to CT-KK production line, and will be continuously expanded to CT-2 and CT-3 concrete tile production line in year 2017.
- (3) **Construction of Settling Chamber:** A large settling chamber which helps dust particles to fall to the surface by their own weight, suitable for large coarse or heavy dust particles.

3.1) Installation of Dust Collector at the Paint Mixing Facility: Bag filter system is utilized to collect fine cement and paint dust from the manufacturing process by using cotton fabric bag. All collected dust can be recycled for utilization again.

3.2) Installation of Dust Collector at the Aluminum Pallets Polishing Brush Facility: Bag filter system is utilized to collect dust in the polishing process. All collected dust can be recycled for utilization again.

Accordingly, the measurement of air quality was conducted on April 27-28, 2016 by Global Environmental Management Co, Ltd., whom has concluded on the results of measurement of air quality in the workplace that the total dust in every area of the concrete tile plant is within the standard values as stipulated in the Ministerial Announcement of the Ministry of Interior B.E. 2520.

| Measuring Location | Air Quality Index | Unit * | Measuring Results | Standard Values |
|----------------------------|-------------------|-------------------|-------------------|------------------|
| 1. CF-1 | Total Dust | mg/m ³ | 3.14 | Not exceeding 15 |
| | Respiration Dust | mg/m ³ | 1.45 | Not exceeding 5 |
| 2. Powder Coat Preparation | Respiration Dust | mg/m ³ | 1.85 | Not exceeding 5 |

Source : Report of Environmental Measurement on May 27-28, 2016

: mg/m³ = milligram per cubic meter

Remarks :

* Standard of Occupational Safety and Health Administration (OSHA)

3.4 Solution Odor Management

(A) Solution Odor Elimination Project at Concrete Tile Production Line, Khon Kaen Province (CT-KK)

In the manufacturing process of concrete tiles, volatile matter or solution is mixed with resin and used for coating and spraying onto the tiles for glossy look, beauty, and durability. Such volatile matter is petrochemical product with strong odor, affecting health of employees and nearby community. In year 2015, the Company has undertaken the project to eliminate odor of the volatile matter in the CT-KK production line using the activated carbon or activated charcoal, which is natural or organic matter having carbon and hydrogen as basic elements, a dark and porous product with adsorption quality suitable for water treatment, odor filtering, breathing protection mask and air purifier. The Company utilizes the activated charcoal for odor elimination in the spraying process. There are three sets of odor elimination systems as follows.

- Spraying and coating area (System 1).
- Transporting to storage shelves and mouth of curing tunnels areas (System 2).
- In the tile curing tunnels (System 3).

In year 2016, the Company carried out air quality measurement and monitoring activities in the manufacturing process, that were conducted by Global Environmental Management Co., Ltd., which can be summarized as follows.

(1) Measurement of Chemicals in the Workplace

The results of chemical measurement in the workplace showed that the total dust in all three areas are within the standard values as stipulated in the Ministerial Announcement of the Ministry of Interior B.E. 2520 regarding workplace safety relating to surrounding conditions (chemical) as follows.

| Measuring Location | Air Quality Index | Unit ** | Measuring Results | Standard Values |
|---------------------------|-------------------|-------------------|-------------------|---------------------|
| 1. Tile machine | Total Dust | mg/m ³ | 1.04 | Not exceeding 15 |
| 2. Fence Area | Xylene | mg/m ³ | < 0.001 | Not exceeding 435 * |
| | | ppm | < 0.001 | Not exceeding 100 |
| 3. Paint Spraying Machine | Xylene | mg/m ³ | 4.072 | Not exceeding 435 * |
| | | ppm | 0.938 | Not exceeding 100 |

Source : Report of Environmental Measurement on June 6-7, 2016

: mg/m³ = milligram per cubic meter, ppm. = parts per million

Remarks :

* Reference Standard by National Institute of Occupational Safety and Health (NIOSH)

** Standard of Occupational Safety and Health Administration (OSHA)

(2) Measurement of Air Quality from Ventilation Funnel

The results of air quality measurement from the ventilation funnels of System 1-3 showed that the values of Xylene are within the standard values as stipulated in the Ministerial Announcement of the Ministry of Industry regarding specification of amount of impurities in the air released from factory B.E. 2549 as follows.

| Air Quality Index | Unit | Concentration ^{1/} | | | Standard Values ^{2/} |
|-------------------|-------------------|-----------------------------|----------|----------|-------------------------------|
| | | SYSTEM 1 | SYSTEM 2 | SYSTEM 3 | |
| Xylene | mg/m ³ | 0.375 | 0.449 | 0.150 | Not exceeding 435 |
| | ppm | 0.086 | 0.103 | 0.035 | Not exceeding 100 |

Source : Report of Environmental Measurement on June 6-7, 2016

: ^{1/} Concentration of Pollution at Dry Air, Standard Pressure 760 Millimeter of Mercury, Temperature 25 degrees Celsius

: ^{2/} Concentration of Pollution during Measurement

: mg/m³ = milligram per cubic meter, ppm. = parts per million

3.5 Reduction of Coating Loss in Manufacturing Process

The Company has carried out the project for reduction of coating loss in every concrete production line in Saraburi and Khon Kaen Province with continuous monitoring, resulting in the reduction of coating loss, reduction of wastes in manufacturing process that require treatment, reduction of expensive cost coating in manufacturing process, and set control standard for the rate of coating utilization.

In year 2016, the spraying system has been improved by modifying the spraying nozzles and controlling unit to reduce loss of coating from spraying outside the concrete tile around residue tray and control of coating thickness according to the 80-micron standard, resulting in the total reduction of coating usage from all production line by 21,036 liters per year or equivalent to Baht 1.2 million.

3.6 Energy Management

The Company gives precedence to and realizes the importance of energy conservation and management. The Energy Management Work Team, which comprises of executives from all departments, has established plan for Diamond people to participate in energy conservation program for effective use of energy. For this year, the following programs have been undertaken:

(A) Reduction of Natural Gas (NG) Consumption at Autoclaved Aerated Concrete Production Line (AAC-1) Project

Improvement has been made on the ACC-1 production line at the autoclave machine by adding steam transferring control program, returning the steam that is normally discharged into atmosphere back into the next autoclave machine, resulting in a reduction of steam discharge by 7.5 percent, and a reduction of NG consumption by 6.35 percent, or over Baht 2.3 million per year.

(B) Reduction of Electricity Consumption by the Installation of Automatic Control Motor at NT-8 Production Line Project

Improvement has been made on the NT-8 production line on the manually-operated water pumping system to basin. The 30-kW motor would still run even after the water has dried out with the average operating time of 13 hours per day, causing waste of electricity. The motor was changed to automatic control system, resulting in the average running time of 9 hours per day, and a reduction of electricity consumption by 21,600 kWh per year or equivalent to Baht 71,280 per year.

(C) Reduction of Electricity Consumption by Increasing the Power Factor of the Cellulose Plant 3 Project

Originally, the Cellulose Plant 3 has the power factor of 0.82, which is considerably low. Due to the installation of a large refiner motor, the loss of electricity distribution was quite high. Accordingly, additional power factor adjusting equipment was installed, resulting in higher power factor of 0.91 and a reduction of electricity consumption of 9,120 kWh per year or equivalent to Baht 35,400 per year.

(D) Reduction of Heat Loss from NG Infrared Tunnel Wall of CL-5 Production Line Project

The work team has designed and installed 5 covers along with thermal insulation at NG Infrared area, resulting in the reduction of heat loss of 115,294 MJ per year, or Baht 34,588 per year.

(E) Reduction of Electricity Consumption by Changing the Time of Machine Operation

The working team has implemented a plan to schedule operating hours of all production lines from the On-Peak time period to the Off-Peak time period in order to reduce electricity consumption, resulting in the reduction of electricity charge of Baht 360,700 per year in year 2016.

3.7 Inspection of Surrounding Environment in Accordance to Industrial Standards

The Company has continuously and strictly adhered 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. In year 2016, the Company had made improvements to the manufacturing process to reduce environmental impact, resulting in the Company's passing in all the standards and criteria in the environmental condition monitoring and measurements in the workplace including air, dust, noise, water and wastes in the manufacturing process, having no adverse impact or damage to the environment and resources of the community, which can be summarized as follows.

(A) 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.

(1) Monitoring of Chrysotile in the Workplace

| Area | Unit | Measured Values in 2015 | Measured Values in 2016 | Standard Values |
|-----------------------------------|-----------------------|-------------------------|-------------------------|-----------------|
| FC raw materials preparation area | fiber/cm ³ | < 0.001 - 0.001 | < 0.001 - 0.001 | Not exceeding 2 |
| Tile testing area | fiber/cm ³ | < 0.001 | < 0.001 | Not exceeding 2 |
| Cover pacing/glazing area | fiber/cm ³ | < 0.001 | < 0.001 | Not exceeding 2 |
| Broken tiles storage area | fiber/cm ³ | < 0.001 | < 0.001 | Not exceeding 2 |
| Chrysotile storage area | fiber/cm ³ | < 0.001 | < 0.001 | Not exceeding 2 |

Source : Report of Environmental Measurement on April 2-3, 2015, October 20-21, 28 2015, and April 27-28, 2016 by Global Environmental Management Co., Ltd.
: fiber/cm³ = fiber per 1 cubic centimeter atmosphere

(2) Monitoring of Air Quality in the Workplace

| Monitoring Items | Unit | Measured Values in 2015 | Measured Values in 2016 | Standard Values |
|--|-------------------|-------------------------|-------------------------|-------------------|
| Total Suspended Particulate in the factory | mg/m ³ | 0.83 - 4.95 | 1.10 - 3.14 | Not exceeding 15 |
| Particle matter (<10 micron) | mg/m ³ | 0.42 - 1.68 | 0.37 - 1.98 | Not exceeding 5 |
| Xylen | ppm | 0.128 - 2.537 | 0.085 - 5.924 | Not exceeding 100 |

Source : Report of Environmental Measurement on April 2-3, 2015, October 20-21, 28 2015, and April 27-28, 2016 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, ppm = parts per million

(3) Monitoring of Air Quality from the Factory's Funnels

| Monitoring Items | Unit | Measured Values in 2015 | Measured Values in 2016 | Standard Values |
|-----------------------------------|-------------------|-------------------------|-------------------------|-------------------|
| Total Suspended Particulate (TSP) | mg/m ³ | 4.01 | 2.72 | Not exceeding 400 |
| Sulfur Dioxide | ppm | - | - | Not exceeding 60 |
| Carbon Monoxide | ppm | - | - | Not exceeding 690 |
| Nitrogen Dioxide | ppm | - | - | Not exceeding 200 |
| Xylene | ppm | 2.905 - 8.771 | 1.946 - 6.339 | Not exceeding 100 |

Source : Report of Environmental Measurement on April 2-3, 2015, October 20-21, 28 2015, and April 27-28, 2016 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, ppm = parts per million

(4) Monitoring of Air Quality around Factory Fences

| Monitoring Items | Unit | Measured Values in 2015 | Measured Values in 2016 | Standard Values |
|--|-------------------|-------------------------|-------------------------|---------------------|
| Total Suspended Particulate (TSP) 24-hr Avg. | mg/m ³ | 0.187 | - | Not exceeding 0.330 |
| Particle Matters (PM-10) 24-hr Avg. | mg/m ³ | 0.062 | 0.108 | Not exceeding 0.120 |
| Noise Level 24-hr Avg. | dB(A) | 50.8 - 58.1 | 59.4 | Not exceeding 70 |
| Disturbance Sound Level 24-hr Avg. | dB(A) | 3.3 - 4.9 | 4.5 | Not exceeding 10 |

Source : Report of Environmental Measurement on April 2-3, 2015, October 20-21, 28 2015, and April 27-28, 2016 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, dB(A) = decibel A = unit for measuring sound level meter

(B) Measurement of air quality in the communities to observe the air quality.

(C) Monitoring of noise pollution, dust and chemical, which passed all the standard criteria.

(D) Monitoring of surface water quality surrounding the factory to be within the specified standard.

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

(F) 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.

(G) Investment on Reduction of Environmental Impact for the Past 3 Years

| Year | Description | Amount (Million Baht) |
|------|--|-----------------------|
| 2014 | Dust collection system for tile shaping machine, Water system for fire extinguisher and Xylene Odor Elimination System | 14.99 |
| 2015 | Dust collection system for paint dust, storage for paint and preparation and installation of chemical leakage protection doors | 2.78 |
| 2016 | Sediment compactor, color water treatment, color elimination, ammonia absorbing unit, and chemical tank | 2.25 |

Awards and Recognitions



1. Industrial Standard Certification

The Company has received industrial standard certifications from TUV NORD Thailand Co., Ltd., which guarantees that the Company's manufacturing process has good management system, having received the following three industrial standard certifications.

- **ISO 9001 : 2008** : Quality management system for both factory and office since 2003-2015.
- **ISO 9001 : 2015** : Quality management system for both factory and office since January 1, 2016 being the first manufacturer in the construction material group to receive this new standard, which guarantees that "Diamond" possesses excellent management system with international standard.
- **OHSAS 18001 : 2007** : Occupational health and safety management system since 2005.
- **ISO 14001 : 2004** : Environmental management system since 2009.

2. Other Standard Certifications and Awards 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 2008-14: Received the Distinguished Enterprise Award in labor relation and welfare from the Ministry of Labor, except 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”** 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 in year 2012.
- Year 2014: The Company was placed in the **“Very Good”** group with a four-star award () for assessment of Corporate Governance and received score of 86 percent in the **Top Quartile** level in the group of companies with market capitalization of Baht 3,000 to 9,999 million, due to the adjustment of assessment criteria and scoring to be more in line with the ASEAN CG Scorecard.
- 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.
- Year 2013: Received **“Top Corporate Governance Report Awards”** from the **“SET Awards 2013”** on November 20, 2013, organized by the Stock Exchange of Thailand in cooperation with Money & Banking Magazine.
- Year 2015: On June 22, 2015, the Company was placed among 100 listed companies by the Thaipat Institute, receiving the **ESG 100** Certificate for having outstanding environmental, social and governance.
- Year 2015: On July 14, 2015, the Company received permission for displaying the Thai Industrial Standard (TIS) Logo, TIS 535-2556 and TIS 2619-2556 on the products including concrete tiles for both CT Diamond, Adamas and Concrete Ridges from the Thai Industrial Standards Institute. The Company was the first concrete roofing tiles producer to receive such TIS Logo, which guarantees that its products have international standard.
- Year 2015-16: The Company received the Thai Labor Standard (TLS 8001:2010) Basic Level Certification from the Department of Labor Protection and Welfare, Ministry of Labor, to certify that the Company conducts its business with social responsibility standard of Thai business in accordance with the laws relating to labor relations, occupational safety, health and environment.
- Year 2015: The Company received the Certificate of Honor for blood donation as an organization from the Thai Red Cross Society.
- Year 2010-13 and Year 2015-16: The Company was placed in the **“Excellent”** group with a five-star award () for assessment of Corporate Governance and received score of 90 percent in the **Top Quartile** level in the group of companies with market capitalization of Baht 3,000 to 9,999 million in year 2016.
- Year 2011-16: In year 2016, the Company received full 100 score (Excellent) for the AGM Assessment of the Listed Companies from Thai Investors Association (TIA) for six consecutive years.
- Year 2014-16: The Company received the **“Investors’ Choice Awards”** from the Thai Investors Association (TIA) on the AGM Assessment with full 100 scores (**“Excellence”**) for many consecutive years as follows:
 - In year 2014, the Company received full 100 scores for four consecutive years from year 2011 to 2014.
 - In year 2016, the Company received full 100 scores for six consecutive years from year 2011 to 2016.

REPORT OF THE AUDIT COMMITTEE

The Audit Committee has been assigned with the roles and responsibility as chartered by the Board of Directors. The important 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 independent auditor for the Company and its subsidiary company by which the current auditor may be re-appointed or terminated; 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; review of the risk management for appropriateness and effectiveness; review and providing comments on the audit plan and operation of the Internal Audit team; as well as carry out work so that the Management appropriately establish the process for whistle-blowing or complaint by the stakeholder. Accordingly, the Audit Committee wishes to present the Report of the Audit Committee for the year 2016, which can be summarized as follows.

1. The Audit Committee has reviewed the quarterly and yearly financial statements for year 2016 of the Company and subsidiary company and concluded that they 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 Audit Committee has considered and established the scopes of audit work in year 2016 to cover significant risk factors and sufficiency of internal controls of the Company and subsidiary company. The Management was advised to improve on various work procedures and deficiencies to be more circumspect and appropriate.
3. The Audit Committee has reviewed and put emphasis on the management in accordance with the principles of good corporate governance in compliance with laws related to the Company's business operation during year 2016. Emphasis has been placed on fair and equal disclosure of information to stakeholders, with transparent and possible reference and verification.
4. The Audit Committee has reviewed transactions involving acquisition and disposition of assets, as well as related party transactions and transactions with potential conflict of interests during year 2016. It was concluded that the prices and commercial terms of these transactions were in accordance with general business practice.
5. The Audit Committee has reviewed the risk management system during year 2016. The Management was advised to improve on various working procedures and deficiencies to be more circumspect and appropriate.
6. The Audit Committee has reviewed the progress of legal cases during year 2016. The Management was advised on improvement of legal proceedings and outstanding debt collection so that they are more circumspect and appropriate.
7. The Corporate Governance Committee has established criteria and put in place the self-assessment of the Audit Committee, both as a whole committee and individual for the year 2016, in which the assessors should specify the strengths, weaknesses, and aspects that required improvements. The Audit Committee has altogether considered the assessment results and established a rectification guideline for more efficient and effective operation in the following years.
8. In year 2016, the Audit Committee has considered the structure of the Internal Audit Office and determined the successor of the Secretary of the Audit Committee and the executive of the Internal Audit Office of the Company. The Audit Committee has provided opinions on appointment, dismissal, and transfer or promotion of the Internal Audit personnel that were deemed appropriate for most efficient and effective operation of the internal audit work.
9. The Audit Committee has considered the selection of the independent auditor and determination of the audit fee for year 2017 by selecting the auditor who possesses the qualifications, quality, and good working standard in the past. Accordingly, the Audit Committee has recommended the Board of Directors to propose to the Annual General Meeting of Shareholders Year 2017 for the appointment of Ms. Bongkot Amsageam, certified public accountant registration no. 3684, or Mr. Thanit Osathalert, certified public accountant registration no. 5155, or Mrs. Wilai Buranakittisophon, certified public accountant registration no. 3920, of KPMG Phoomchai Audit Ltd., all of whom are qualified public accountants according to the regulations of the Securities and Exchange Commission, as the independent auditor for the Company and its subsidiary company for year 2017. The audit fee for the Company is Baht 1,440,000, an increase of Baht 30,000 or 2.92 percent, and the audit fee for the Diamond Materials Co., Ltd., a subsidiary company, is Baht 370,000, an increase of Baht 20,000, for a total of Baht 1,810,000, a total increase of Baht 50,000 or 2.84 percent which is deemed appropriate.
10. In year 2016, the Audit Committee held a total of 7 meetings. The Chairman of the Audit Committee and all three members of the Audit Committee attended all the meetings and reported its operation to the Company's Board of Directors for acknowledgment and consideration regularly once every quarter.

The Audit Committee is fully independent in carrying out its responsibilities and has received cooperation from all parties involved. Regular meetings with the management and quarterly meetings with the independent auditor have been held to acknowledge any notice concerning with the financial statements and internal control on accounting. No significant errors or irregularities were found.

February 14, 2017

On behalf of the Audit Committee



(Mr. Sakda Maneeratchatchai)

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 year 2016, the Committee held four meetings to consider the following issues:

1. 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 Nomination and Remuneration Committee has established the following rules and procedures:

- 1.1 The Nomination and Remuneration Committee acknowledges the names of directors retiring by rotation and the list of external candidates nominated to replace them that have been proposed by the Company directors and by the minor shareholders.
- 1.2 The Nomination and Remuneration Committee considers and nominates appropriate person for the directorship position from the list of proposed candidates. The appointed person for the directorship position must meet all the qualifications and requirements and has no forbidden characteristics according to the law.
- 1.3 The Nomination and Remuneration Committee selects and proposes suitable candidates for the directorship position to replace those Directors whom retired by rotation to the meeting of the Board of Directors for its consideration before proposing to the Annual General Meeting of Shareholders.

2. Consideration of remunerations for the Board of Directors

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

- 2.1 Remuneration must be suitable and in accordance with the duties and responsibilities of each director.
- 2.2 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 retain quality directors.
- 2.3 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:

- (A) Amount of monthly remuneration for the Chairman of the Board and for the company directors.
- (B) Amount of monthly remuneration for the Chairman of the Audit committee and Audit Committee members.
- (C) Amount of monthly remuneration for the Chairman of the Nomination and Remuneration Committee and the Nomination and Remuneration Committee members.
- (D) Payment of annual remunerations or bonuses to the Board of Directors according to the Company's performance.

3. Consideration of the criteria for evaluation of the Company's performance

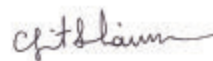
The Nomination and Remuneration Committee has chosen the Key Performance Indicators (KPI) of the Company to be the criteria used to evaluate annual salary adjustment and yearly bonus for the Company's employees. The Nomination and Remuneration Committee has evaluated the Company's performance based on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

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

- 4.1 The Nomination and Remuneration Committee has considered the annual salary adjustment and yearly bonus for high ranking executives of the Company 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.
- 4.2 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, and employment market situation including comparison of salary adjustment with companies in similar industries.

January 13, 2017

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 Risk Management Committee has performed its duties as assigned by the Management Committee, having managed and mitigated risks as well as organized effective risk control activities to ensure that established objectives will be achieved. During year 2016, the Risk Management Committee, comprising of 15 executives from every department of the Company, held 12 meetings altogether to consider various matters, which can be summarized as follows.

1. Regularly reviewed the risks at all levels by performing evaluation and analysis of risk factors covering operation according to strategy on manufacturing, sales, services, personnel development and other areas which may impact Company's operations.
2. Established risk management plan and risk control guidelines in order to manage risks so that they are at the level acceptable by the Company or minimize the chance for the risks to occur in the future.
3. Monitored and reviewed the execution of the risk management plan within the risk management policy and framework being set out to achieve results in accordance with the risk control guidelines and strategy of the Company by preparing the Report of the Risk Management Committee for review by the Audit Committee before proposing to the Management Committee and the Board of Directors of the Company for consideration at least once every quarter.
4. Prepared crisis management plan including audit and reporting process in order to enhance confidence that the Company possesses appropriate and effective risk management system.
5. Supervised and oversaw that the risk management plan was properly carried out within the framework and reviewed information concerning the risks were correctly and regularly disclosed to the compliance unit and public.
6. Prepared self-assessment form on corruption risks of every department in cooperation with the Prevention and Anti-Corruption Committee for every department to perform such self-assessment and used the risk assessment results to improve on the rules and regulations to cover such risks. The Company has established that the self-assessment form on corruption risks be reviewed and the self-assessment be conducted by every department at least once a year.
7. Prepared self-assessment forms for the Risk Management Committee as a whole committee and as individual at least once a year in order to reveal any issues and obstacles that inhibited successful risk management performance during the past year and to improve the effectiveness of the operation of the Risk Management Committee. From this self-assessment, the committee members can distinctively recognize their roles, duties, and responsibility, and the performance can also be monitored and evaluated to achieve the goal as approved by the Board of Directors of the Company.

During the past year, the Risk Management Committee has carried out its duties effectively in accordance with the corporate governance best practices, successfully controlling risks at acceptable level so that they did not impact Company's operations for the best interest of the Company and every stakeholder.

January 3, 2017

On behalf of the Risk Management Committee



(Mr. Satid Sudbuntad)

Chairman of the Risk Management Committee

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee operates according to the good corporate governance principles in order for the Company to manage the business with effectiveness, transparency and fairness, adhering to the business code of conduct that is acceptable by every group of stakeholders. During the year 2016, three meetings were held to consider several matters, which can be summarized as follows.

1. Rectified the Good Corporate Governance Handbook based on the rules on corporate governance as stipulated according to the notifications of the Capital Market Supervisory Board and the Stock Exchange of Thailand including rectification of the Guidelines to Good Corporate Governance and Code of Conduct. This information has been disseminated on the Company's website and intranet system.
2. Monitored and supervised so that the Good Corporate Governance Handbook and the Code of Conduct were followed and developed into a corporate culture by assigning the subject on corporate governance and code of conduct as part of the orientation for new employee, employee training and development program, ISO and safety training, as well as printing pamphlets for dissemination of information to every employee for acknowledgment.
3. Reviewed the self-assessment of the Board of Directors' performance form once a year by using the assessment form as guided by the Thai Institute of Directors (IOD) and the Stock Exchange of Thailand with adjustments made appropriate for the Company. In year 2016, the Company established that there is the self-assessment of the performance of the Board of Directors, Sub-Committees as a whole board and as an individual, having the following objectives.
 - 3.1 For acknowledgment of problems and obstacles which have caused the work not achieving its objective during the past year.
 - 3.2 For more effective work of the Board of Directors due to clear acknowledgment of its roles, duties and responsibilities.
 - 3.3 For improvement of relationship between the Company's Board of Directors and the Management.
 - 3.4 Summary results of the self-assessment of the performance of the Board of Directors, Sub-Committees as a whole board and as an individual for year 2016 had an average score ranging between 80.2 and 99.1 percent. Accordingly, the committee members gave suggestions for work improvement for each of the committees, which was beneficial to the Company.
4. The directors, executives, and employees of the Company have participated in the follow training programs in year 2016:
 - 4.1 CGR Workshop: "Enhancing Good Corporate Governance based on CGR Scorecard" being held on September 26, 2016 by Thai Institute of Directors in cooperation with the Stock Exchange of Thailand, with the objective to promote better understanding on the assessment criteria for the disclosure of the corporate governance of listed companies.
 - 4.2 "Extensive Drill for full 100 Score for AGM Checklist, Enhanced Version Year 2017" being held on October 9, 2016 by Thai Investors Association in sponsorship by the Stock Exchange of Thailand and the Securities and Exchange Commission, with the objective to promote better understanding on the quality assessment form that will be used for the annual general meetings of shareholders in year 2017.
 - 4.3 "New Security Law in Practice" being held on October 17, 2016 by Thai Listed Companies Association and the Stock Exchange of Thailand, with the objective to promote better understanding on the revision of legislation governing unlawful acts concerning sale and purchase of securities, civil penalties, and integration of capital markets in accordance with the Securities and Exchange Act.
5. In year 2016, the Company received the following awards of pride relating to the assessment on corporate governance.
 - 5.1 The Company was placed in the "Excellent" group with a **five-star award** (★★★★★) for the assessment of Corporate Governance and ranked in the **Top Quartile** level within the group of companies with market capitalization of Baht 3,000 million to Baht 9,999 million, having received a score of 90 percent in year 2016 which is the same score as year 2015, according to the assessment criteria and scoring procedure that are more in line with the ASEAN CG Scorecard (ACGS).
 - 5.2 The Company received a full score of 100 points ("Excellent") for the **Annual General Meeting (AGM) Quality Assessment** of the Listed Companies Year 2016 from the Thai Investors Association (TIA) for the 6th consecutive year from year 2011 to 2016. Thus, the Company was presented with the "Investors' Choice Award" at the 3rd Investors' Choice Award Ceremony organized by TIA.
6. The improvement guidelines for the corporate governance in year 2017 include updating the Corporate Governance Handbook in accordance with the Corporate Governance Code or the CG Code as per the announcement of the Securities and Exchange Commission, which will replace the Principles of Good Corporate Governance for Listed Companies 2012 to be used from year 2019 onward.

During the past year, the Corporate Governance Committee has achieved its established plan on the work involving the corporate governance. The Corporate Governance Committee is determined to improve on the good corporate governance including the anti-corruption task in order to have effective and transparent management which should build confidence and be accepted by every group of stakeholders permanently.

January 30, 2017

On behalf of the Corporate Governance Committee



(Mr. Thanit Pulivekin)

Chairman of the Corporate Governance Committee

REPORT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (CSR Committee) has performed its duties as per the assignment from the Management Committee. During the year 2016, the CSR Committee held three meetings altogether to consider various matters, which can be summarized as follows.

1. Reviewed corporate social responsibility policy and disseminated information concerning corporate social responsibility on the Company website and intranet to ensure prompt and accurate communication to all employees and stakeholders.
2. Prepared plan and budget for the work on social and environment by allocating into activities within the Company to take care of Employees' livelihood and activities outside the Company to take care of the society, community and environment for sustainable development.
3. Concerning with the responsibility to **"Diamond Society"**, trainings were organized to promote awareness of work safety, responsibility towards society and environment, anti-corruption policies, and the Company's value, **"Determined, Transparent, Yearning for Development, Environmental Protection."** With focus on work-life balance, activities were also held covering all 8 aspects of **"Happy Workplace"** namely: Happy Body, Happy Heart, Happy Soul, Happy Relax, Happy Family, Happy Society, Happy Brain, and Happy Money, ect.
4. Concerning with the responsibility to **"Diamond Community"**, the Company has been continuously committed to the sustainable development of people in the Diamond Community every year under the **"Diamond Heart Technicians"** Project. In collaboration with the Saraburi Skill Development Center and Saraburi Technical College, in year 2016 the Company has arranged training courses for the public and students from Saraburi Technical College, comprising both theoretical and practical parts on installations of roof and products of the Company. Additionally, the Company has provided products and equipment in support of the construction of shelters in the Diamond Heart Technicians Project. The participants could use the knowledge to build or repair houses by their own, generating more revenue for the people in the community continuously.
5. Concerning with the responsibility to **"Environment"**, the Company realizes the importance of environmental responsibility and has emphasized on the improvement of manufacturing process to become environmental friendly. This year, various projects has been implemented, including the reduction of dust and air pollution project, reduction of coating loss and use of raw material residue and remaining materials for recycling into other products, and energy management project, etc. The Company also organized several energy related activities and booth exhibitions in order to promote energy conservation consciousness.
6. Concerning with the trainings related to corporate social responsibility for sustainability development in year 2016:
 - 6.1 The Company's executives were assigned to attend courses which were organized by the Corporate Social Responsibility Institute (CSRI) and the Stock Exchange of Thailand, including a basic course and all seven courses promoting CSR practical skills in order to use the knowledge as a guideline for further sustainable development.
 - 6.2 In cooperation with the Thaipat Institute, Thailand Rural Reconstruction Foundation in His Royal Patronage, with support from UNICEF Thailand, the **"Human Rights in Community Promotion"** activity has organized the **"Promotion of Child-Friendly Business Operation"** project (2nd phase) on June 8, 2016 in Company's workplace as training and brainstorming among the employee to find opportunities for the Company to incorporate children's rights in the business policies and management. The project should be beneficial as a driving force for CSR works for the children of the employees and the community in the future.
 - 6.3 The Company's executives were assigned to participate in the **"Promotion of Age-Friendly Business"** activity with the Thaipat Institute. The objective of the activity was to promote the initiation of pilot scheme and concrete work for the CSR-in-process / Social Enterprise for senior citizens.
7. Prepared the Corporate Social Responsibility and Sustainability Report for reporting its operation during year 2016.

During the past year, the Corporate Social Responsibility Committee has operated and achieved the established plan with cooperation from employees of every working unit, who realize the importance of responsibility to the society, community and environment, which is an important mechanism for promoting and pushing forward the Company's business to remain and grow steadily, sustainably and acceptable by every group of stakeholders.

January 23, 2017

On behalf of the Corporate Social Responsibility Committee



(Mr. Satid Sudbuntad)

Chairman of the Corporate Social Responsibility Committee

REPORT OF THE PREVENTION AND ANTI-CORRUPTION COMMITTEE

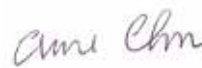
The Company is committed to promote awareness of the danger of corruption, which can adversely affect the Company's operation and all stakeholders. Therefore, the Company has declared its intent and joined the Private Sector Collective Action Coalition Against Corruption (CAC). The membership of the coalition was approved on October 16, 2015, and the Company has established the Prevention and Anti-Corruption Committee, comprising of 14 executives from various departments. During year 2016, the Prevention and Anti-Corruption Committee held 9 meetings altogether to consider matters and perform its duties, which can be summarized as follows.

1. Disseminated the Prevention and Anti-corruption Handbook to employees and stakeholders for acknowledgment continuously through various channels, such as, the Company's website and intranet, leaflets, and employee training, etc.
2. Arranged self-assessment for all departments on each activity with risks of corruption. The assessment considered the risks in terms of its probability and impacts towards the department and the Company. It was found that there was no significant impact from the risks towards the operation of the Company. Regardless, the Prevention and Anti-Corruption Committee has put in place additional preventative measures for such risks by revising the regulations of the Company to cover those risks.
3. Arranged training for employees and members of the Prevention and Anti-Corruption Committee during year 2016 as follows:
 - 3.1 The Company's directors were trained in the "Anti-Corruption: The Practical Guide (ACPG 31/2016)" program organized by the Thai Institute of Directors on August 25-26, 2016 to bring and apply the knowledge from the training as a guideline for the operation of the Board of Directors of the Company.
 - 3.2 The Prevention and Anti-Corruption Committee members have participated in a training program on anti-bribery management systems based on ISO 37001 standard, which was organized by the PACT Network on October 28, 2016, to provide knowledge concerning the ISO 37001: Anti-bribery Management Systems being the internationally adopted standard as guideline for anti-bribery management implementation and improvement of public and private organizations.
 - 3.3 The Company organized training internally for operational staff and supervisors of all departments during April, June, August, and October of 2016 to communicate issues concerning "corruption" in the form of "Walk Rally" activities, posting questions during the games and activities on issues relating to Company's policy and measures on prevention and anti-corruption..

During the past year, the Prevention and Anti-Corruption Committee has promoted awareness among directors, executives, and all employees of the Company on the accountability of their duties in accordance with the law and ethics to ensure that the operation of each department achieves its objectives as planned.

December 26, 2016

On behalf of the Prevention and Anti-Corruption Committee



(Mr. Asanee Chantong)

Chairman of the Prevention and Anti-Corruption Committee

SIGNIFICANT CHANGES IN THE PAST YEAR

Year 2016

May

The Board of Directors' Meeting No. 289 dated May 23, 2016 approved the Treasury Stock Program for financial management purposes with maximum amount of share repurchase not exceeding Baht 520,000,000 and number of share repurchase not exceeding 9.54 percent of the total paid-up shares or equal to 100,000,000 shares. As at June 30, 2016, the Company had repurchased 99,996,200 ordinary shares for Baht 519,980,240 at Baht 5.20 per share. Such repurchase shares have a 6-month period for the resale of shares from the share repurchase date but not later than 3 years. The Company has set the date for the resale of shares within December 31, 2017.

FUTURE PROJECTS

The Company has continued to increase its production capacity in line with market requirements and carried out product research and development and improvement of manufacturing efficiency to increase competitiveness. Currently, the Company's production capacity has been increased to 982,000 tons per year, which is sufficient to support current market requirements. Therefore, in 2016, the Company has focused on the development of supporting machinery and efficiency improvement of existing machinery and equipment to further increase production capacity, reduce production cost, and minimize environmental impact as follows:

1. **Production Capacity Increase of Existing Machinery Project** to support increasing market requirements:
 - NT-9 Production Capacity Improvement for the production of siding boards and boards by improving and adding more stacking cars to be sufficient for autoclaving process, thus reducing waste of steam energy, resulting in an increase of production capacity by 20 percent, or an increase of 7,000 tons per year in production volume.
 - CT-3 Production Capacity Improvement for the production of Adamas tiles by adding aluminum pallets and steel rack by approximately 30 percent, resulting in an increase of production capacity of 23,000 tons per year.
2. **Efficiency Improvement of Existing Machinery to Reduce Production Cost Project** by improving the cutting system of Jatulon tiles from previous utilization of carbide cutters, which have very high cost, to the water jet machine, resulting in a production cost reduction of Baht 5 million per year.
3. **Investment on New Machinery to Replace Existing Malfunctioned Machinery Project** at CF-1 Production Line to increase production capacity by replacing the NAKANO Press Machine, which had been in service for over 25 years.
4. **Storage Management Project** to ensure efficient storage system that allows convenient loading/unloading, resulting in an increase of the storage area for additional 1,500-ton storage capacity.
5. **Efficiency Improvement of Existing Machinery for Reduction of Environmental Impact Project** such as manufacturing process improvement to reduce energy consumption, water consumption, and air pollution, etc. A working team has been assigned for each project with the duty to follow the work plan and review so that effective operation and sustainable reduction of environmental impact are undertaken.

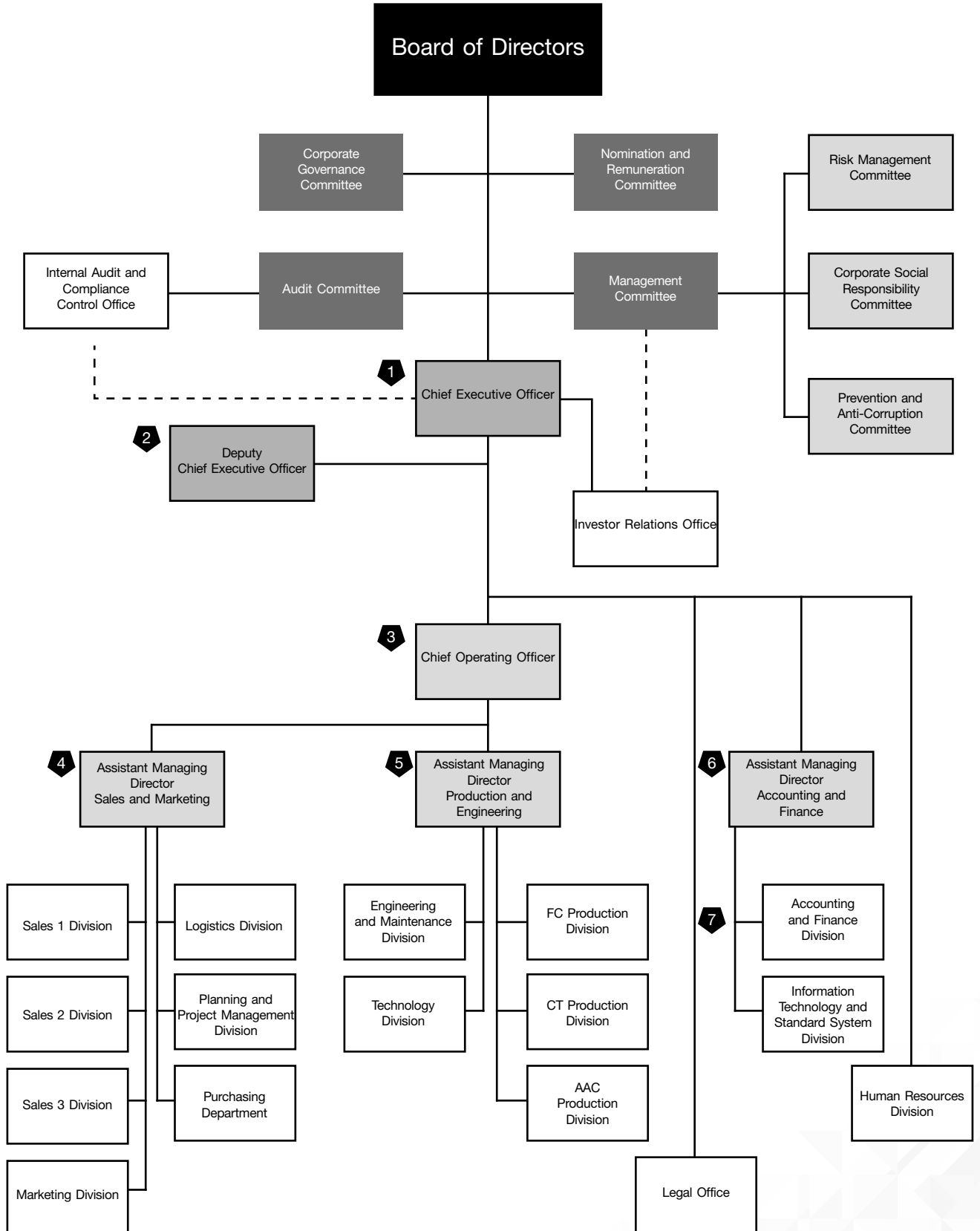
FINANCIAL INFORMATION

| (Unit : Million Baht) | Consolidated Financial Statements | | | Separate Financial Statements | | |
|---|-----------------------------------|-------|-------|-------------------------------|-------|-------|
| | 2016 * | 2015 | 2014 | 2016 * | 2015 | 2014 |
| Financial Status | | | | | | |
| Total Assets | 3,238 | 3,593 | 3,791 | 3,257 | 3,613 | 3,797 |
| Total Liabilities | 1,342 | 1,269 | 1,547 | 1,338 | 1,266 | 1,542 |
| Total Shareholders' Equity | 1,896 | 2,324 | 2,245 | 1,919 | 2,347 | 2,255 |
| Operating Results | | | | | | |
| Revenue from sales of goods and rendering of service | 4,118 | 4,165 | 4,228 | 4,118 | 4,165 | 4,228 |
| Gross Profit | 1,096 | 1,077 | 1,015 | 1,105 | 1,075 | 1,016 |
| Income before depreciation, finance costs and income tax expense (EBITDA) | 808 | 765 | 747 | 778 | 765 | 746 |
| Income before finance costs and income tax expense | 514 | 451 | 415 | 508 | 464 | 428 |
| Net Income | 392 | 331 | 289 | 392 | 344 | 302 |
| Financial Ratios | | | | | | |
| Net Profit Margin (%) | 9.52 | 7.95 | 6.84 | 9.53 | 8.26 | 7.14 |
| EBITDA Margin (%) | 19.62 | 18.37 | 17.66 | 18.90 | 18.36 | 17.65 |
| Return on Equity (%) | 18.58 | 14.49 | 12.73 | 18.39 | 14.95 | 13.26 |
| Return on Total Assets (%) | 11.48 | 8.97 | 7.20 | 11.42 | 9.28 | 7.52 |
| Debt to Equity Ratio (Times) | 0.71 | 0.55 | 0.69 | 0.70 | 0.54 | 0.68 |
| Interest Coverage Ratio (Times) | 43.82 | 22.90 | 15.09 | 43.56 | 22.84 | 15.08 |
| Net Gearing Ratio (Times) | 0.47 | 0.35 | 0.53 | 0.47 | 0.35 | 0.53 |
| Earnings Per Share (Baht Per Share) | 0.39 | 0.32 | 0.28 | 0.39 | 0.33 | 0.29 |
| Book Value (Baht Per Share) | 1.90 | 2.22 | 2.14 | 1.92 | 2.24 | 2.15 |
| Summary Stock Information "DRT" | | | | | | |
| Market Price as at Year End (Baht Per Share) | 5.20 | 4.14 | 5.10 | 5.20 | 4.14 | 5.10 |
| Number of Registered Common Shares (Million Shares) | 1,048 | 1,048 | 1,050 | 1,048 | 1,048 | 1,050 |
| Number of Paid – up Common Shares (Million Shares) | 1,048 | 1,048 | 1,048 | 1,048 | 1,048 | 1,048 |
| Number of Treasury Common Shares (Million Shares) | 100 | - | - | 100 | - | - |
| Par Value (Baht Per Share) | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| Market Capitalization as at Year End (Million Baht) | 5,449 | 4,339 | 5,345 | 5,449 | 4,339 | 5,345 |
| Price Earnings Ratio as at Year End (Baht Per Share) | 13.33 | 12.94 | 18.21 | 13.33 | 12.55 | 17.59 |
| Dividend Per Share (Baht Per Share) | 0.30 | 0.25 | 0.27 | 0.30 | 0.25 | 0.27 |
| Dividend Payout Ratio (%) | 76.92 | 78.13 | 96.43 | 76.92 | 75.76 | 93.10 |

Remarks :

* During the year 2016, 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 57)

ORGANIZATION STRUCTURE



1 - 7 is the Company's Executives according to SEC Regulation

INVESTMENT IN SUBSIDIARY COMPANY

The Company has invested in a subsidiary company with direct shareholding of more than 50 percent having details as follows.

Diamond Materials Co., Ltd. (Registered in Thailand)

Location:

Head Office : 408/163-165 Phaholyothin Place Bldg.,
40th Floor, Phaholyothin Road, Samsennai,
Phayathai, Bangkok 10400
Tel: 0 2619 0742
Fax: 0 2619 0488

Branch Office : 263, Moo 10, Tambon Maefaek,
Amphur Sansai, Chiang Mai 50290
Tel: 0 3622 4171-8
Fax: 0 3622 4187

Type of Business : Production and Distribution of Autoclaved
Aerated Concrete.

Registered Capital : 2,000,000 ordinary shares at a par value of Baht 100 per share, totaling Baht 200,000,000.

Paid-up Capital : 2,000,000 ordinary shares at a par value of Baht 100 per share, totaling Baht 200,000,000.

Company's Shareholding : 1,999,995 ordinary shares at a par value of Baht 100 per share, totaling Baht 199,999,500, a direct shareholding of 99.99 percent of the paid-up capital.

Investment Policy in the Subsidiary and/or Associated Company

The Company has investment policy in the business that has growth potential and provides appropriate investment return. Accordingly, the Company shall conduct such task under relevant laws and regulations by sending its representative for the director position of the subsidiary and/or associated company to jointly establish business policy and strategy and/or sending its personnel to participate in the management of the company depending on the circumstances.

Business Structure

Diamond Materials Co., Ltd. is a subsidiary company, registered in Thailand by Diamond Building Products Public Co., Ltd. (Parent Company) holding 99.99 percent of the paid-up capital in a business of production and distribution of autoclaved aerated concrete. The manufacturing plant is located at San Sai District, Chiang Mai Province, having a production capacity of 50,000 tons per year, using cement and sand as the main raw materials.

Management Structure

The management structure of the subsidiary company comprises of the board of directors, plant manager in production field and quality control field and supporting work units sufficient for business operations in accordance with the established objectives, which can be summarized as follows.

1. Board of Directors

The Board of Directors comprises of experts in several fields having expertise and experience, leadership quality, visionary, dedicated and work diligent and responsible, prudence and honest, for the best interest of the Company, shareholders and every stakeholder.

As at December 31, 2016, there were four Directors appointed by the Parent Company.

| Name | Position | Board of Directors' Meeting (Times) | |
|-------------------------------|------------------------|-------------------------------------|------|
| | | 2016 | 2015 |
| 1. Mr. Asanee Chantong | Chairman of the Board | 3/3 | 2/2 |
| 2. Mr. Satid Sudbuntad | Director | 3/3 | 2/2 |
| 3. Mr. Maitree Tawonatiwasna | Director | 3/3 | 2/2 |
| 4. Ms. Thanakarn Phanthapirat | Director and Secretary | 2/3 | 2/2 |

Authorized directors signing on behalf of the Company: Two Directors jointly sign together and affixed with Company's stamp.

Scope of Duties of the Board of Directors can be summarized as follows.

1. Establishment of policy, strategy, business plan and annual budget as well as supervision of performance by the directors and plant manager to carry out work as assigned effectively for the best interest of the company and shareholders with establishment of regular monitoring and assessment of work performance.
2. Establishment of appropriate and sufficient internal control system, risk management and regulation and approval authorization on financial and purchasing and hiring.
3. Establishment of authority and duties of the Plant Manager and appointment of sub-committee for particular case as necessary including establishment of scope of duties and responsibilities of the subcommittee as deemed appropriate and in accordance with the established objectives.
4. Appointment of the Secretary to the Board of Directors and establishment of scope of duties and responsibilities for work coordination among the Plant Manager, directors and shareholders of the Company, arrangement and minutes taking of shareholders' meetings and Board of Directors' meetings.

2. Plant Manager

Scope of Duties and Responsibilities of the Plant Manager can be summarized as follows.

Having duty to carry out routine management work in accordance with the objectives, policy, established targets within the authority as assigned by the Board of Directors.

Internal Control

The Audit Committee of the parent company has duty to review the operation of the Company in compliance with the policy and regulations of the Company, as well as laws, rules and regulations of relevant supervision units, to promote development of financial and accounting reporting system in accordance with the generally accepted accounting standards as well as to review Company's internal control system, internal audit system and risk management system so that they are secured, appropriate, modern and effective, including adequate disclosure of information with transparency in line with the principles of good corporate government based on international standard.

Risk Management

The Risk Management Committee of the parent company has duty to assess risks of the subsidiary company in order to gain confidence in the subsidiary company which has managed and has established guideline in mitigation of risk that may occur in the future, supervision, correction and monitoring unacceptable risk management results in order to build confidence that the Company has adequate and effective risk management framework.

Related Transactions

During year 2016, the subsidiary company had significant transactions with the parent company which holds 99.99 percent of shareholding in the subsidiary company and has four common directors. Therefore, such transactions are qualified as related transactions but in accordance with the terms and criteria together agreed under normal course of business.

- **Sale and Purchase of Autoclaved Aerated Concrete:** The parent company purchased 31,028.63 tons of autoclaved aerated concrete totaling Baht 60.46 million, which was conducted with pricing policy under normal business.

Rational and Necessity

Since the parent company has established the subsidiary company to be the production and distribution of autoclaved aerated concrete base in the Northern region, it is deemed normal business operation based on general commercial terms and conditions, in order to have sufficient products sale and delivery to the customers everywhere. Accordingly, the sale and purchase of autoclaved aerated concrete between the parties should continue as necessary in the business operation in the future.

INDUSTRIAL SITUATION AND COMPETITION

1. Industrial Situation and Competition

During year 2016, Thailand's overall construction industry still faced negative impact from domestic economic problems. The overall production of the manufacturing sector was not expanded. Private investments were stagnant, and the purchasing power of household and agricultural sector was low. These were due to high level of household debt and reluctance of financial institutions on credit granting, as well as new manufacturers entering the market that focus on low price products, bringing about intense price competition since early 2016. In order to mitigate such impact, the Company has expanded its product distribution through various channels such as projects, modern trade, and export market, in particular the neighboring CLMV countries, which has continued to expand, resulting in an increase in export volume by 4.39 percent from the previous year.

Regarding the marketing, the Company has a concrete plan and appropriate management on marketing. The slogan “**Strong, Durable, Live up to Diamond Brand**” was continued to be used since it was well recognized by the consumers. Additionally, “**Nong Petch**” mascot was used along with other promotional materials in marketing communications for better awareness among consumers. In year 2016, the marketing department has put in place a plan on continuous marketing communication and corporate communication, reinforcing the “**Diamond Brand**” image. Furthermore, the marketing department has developed stylish billboards and brochures, put in place a promotional plan and advertisement on television both domestically and internationally using appropriate budget. These marketing initiatives were well received by consumers. Notably, the Company has held the **DIAMOND STYLE Young Designer Contest 2016**, a competition with total prize of Baht 200,000 in scholarships in which undergraduate students could submit a design of living rooms and furniture, using materials from Diamond Brand products. The contest drew interest from several educational institutions with hundreds of designs being submitted. The Company has also held an exhibition booth at **Baan Lae Suan Fair 2016**, in which the products being displayed garnered much attention from the participants. Additionally, the Company has held various activities with architects and construction contractors, as well as workshops to provide knowledge on the products and correct installation techniques. In commemoration of the 31st anniversary of the Company, the **DIAMOND PARTY 2016** has been held as an appreciation to customers for their continuous support.

Furthermore, the Company has organized training and development for the distribution agents to have capability and to support the stores and outlets for modern product arrangement and display to be more convenient for the consumers in choosing the products, and increase competitiveness for the domestic distribution agents, which can be summarized as follows.

1.1 Operators in the Industry

Among operators in the industry, there is a competition on product development to suit customers' need, especially for board and wood substitute products. With the excess production capacity at the present, all operators tend to focus on maintaining their market base, which has kept the market competition quite fierce.

1.2 Competition in Domestic Market

Due to impact from economic condition and new manufacturers entering the market that focus on low price products, the price competition has been intense since early 2016. With declining purchasing power, excess production capacity, and substitute products such as metal sheet which has gained more popularity, operators need to adapt to the changing situation.

Market shares in 2015 are as follows.

| Manufacturers (Unit: million Baht) | Sales in 2015 | |
|---|------------------|----------------|
| | Amount | Market Share |
| 1. Siam Cement Group | 12,905.03 | 46.69% |
| 2. Mahaphant Group | 6,620.99 | 23.96% |
| 3. Diamond Building Products Plc. | 4,165.12 | 15.07% |
| 4. Kiternit Group (Olanvanich) | 1,408.26 | 5.10% |
| 5. Conwood | 1,354.83 | 4.90% |
| 6. Thai Ceramic Roofing Tiles Co., Ltd. | 1,116.99 | 4.04% |
| 7. Srikungdhonburi Co., Ltd. | 66.49 | 0.24% |
| Total | 27,637.71 | 100.00% |

Source: Department of Business Development, Ministry of Commerce

1.3 Competition in Foreign Market

In year 2016, the value of exported roofing tiles, siding boards, boards and ceilings from Thailand to foreign market was Baht 5,451.10 million, an increase of 7.33 percent from year 2015, being categorized according to trading countries as follows.

Export Value of Roofing Tiles, Synthetic Woods, Boards and Ceilings for year 2016 are as follows.

| Product Description (Unit : million Baht) | 2016 | 2015 | 2014 |
|---|-----------------|-----------------|-----------------|
| Fiber Cement Tiles | 1,223.24 | 1,244.46 | 1,363.69 |
| Concrete Tiles | 577.13 | 495.99 | 422.47 |
| Boards and Ceilings | 3,389.21 | 2,929.03 | 2,211.59 |
| Siding Boards | 261.52 | 409.18 | 1,898.89 |
| Total Export Value | 5,451.10 | 5,078.66 | 5,896.64 |
| Expansion rate increase (decrease) (%) | 7.33% | (13.87%) | 290.40% |

Source: Thai Customs Department

Trading Countries

| Trading Countries (Unit : million Baht) | Fiber Cement Tiles | Ratio | Concrete Tiles | Ratio | Boards & Ceilings | Ratio | Siding Boards | Ratio |
|---|--------------------|----------------|----------------|----------------|-------------------|----------------|---------------|----------------|
| Australia | 0.45 | 0.04% | 0.00 | 0.00% | 0.76 | 0.02% | 20.79 | 7.95% |
| Laos | 535.11 | 43.75% | 235.19 | 40.75% | 202.25 | 5.97% | 126.30 | 48.29% |
| Cambodia | 168.21 | 13.75% | 319.33 | 55.33% | 175.67 | 5.18% | 28.93 | 11.06% |
| Singapore | 17.57 | 1.44% | 0.00 | 0.00% | 13.80 | 0.41% | 0.43 | 0.17% |
| China | 75.60 | 6.18% | 0.70 | 0.12% | 0.40 | 0.01% | 3.78 | 1.44% |
| Myanmar | 43.41 | 3.55% | 17.33 | 3.00% | 574.67 | 16.96% | 24.64 | 9.42% |
| United Kingdom | 148.21 | 12.12% | 0.38 | 0.07% | 0.00 | 0.00% | 0.89 | 0.34% |
| Vietnam | 118.37 | 9.68% | 1.18 | 0.20% | 593.97 | 17.53% | 0.36 | 0.14% |
| Others | 116.31 | 9.49% | 3.02 | 0.53% | 1,827.69 | 53.92% | 55.40 | 21.19% |
| Total Export Value | 1,223.24 | 100.00% | 577.13 | 100.00% | 3,389.21 | 100.00% | 261.52 | 100.00% |

Source: Thai Customs Department

The Company mainly exports its products to neighboring countries adjacent to Thailand, namely Laos, Cambodia, Myanmar and China, etc. Since the products are heavy and fragile with high transportation cost, there is a limitation for long distance transport. Total export value for year 2016 was at Baht 653.37 million or 11.99 percent of the total export value, an increase of 4.39 percent from the previous year.

1.4 Future Competitive Trends

- (A) **Roofing Product Group:** The Roman tile and small corrugated tile product group has been affected by substitute products such as metal sheet. However, the concrete ridge product group has gained increased popularity, according to the trend.
- (B) **Wood Substitute and Board Group:** The products in this group have been developed continuously to meet variety of usage, becoming full alternative to wood products. Additional manufacturers in the market have resulted in an excess capacity creating a more intense market competition. There have been more focuses on sales promotion program and campaign to push for sales and capture higher market share.
- (C) **Autoclaved Aerated Concrete Group:** With the impact from the excess production capacity in the industry along with the reluctance to invest from the private sector and general consumers, the demand on the product has been decreased. However, the increasing popularity of prefabricated board product group has resulted in a trend of continuous intense competition.

2. Customer Characteristics, Target Group and Distribution Channels

The following table depicts the revenue and ratio from both domestic and foreign or export market sales:

| Revenue from Sales (Unit: Million Baht) | 2016 | Ratio | 2015 | Ratio | 2014 | Ratio |
|--|-----------------|----------------|-----------------|----------------|-----------------|----------------|
| Domestic Market | 3,150.46 | 82.82% | 3,208.67 | 83.68% | 3,337.42 | 85.53% |
| • Agent Group | 2,250.52 | 59.16% | 2,278.34 | 59.42% | 2,351.02 | 60.25% |
| • Modern Trade Group | 497.88 | 13.09% | 504.96 | 13.17% | 553.45 | 14.18% |
| • Housing Project Group | 402.06 | 10.57% | 425.37 | 11.09% | 432.95 | 11.10% |
| Foreign Market (Export) | 653.37 | 17.18% | 625.86 | 16.32% | 564.54 | 14.47% |
| Total | 3,803.83 | 100.00% | 3,834.53 | 100.00% | 3,901.96 | 100.00% |

The Company has two main distribution channels as follows:

2.1 Domestic Market: Revenue proportion of the domestic market is 82.82 percent. Due to domestic economic situation, revenues have decreased in every group, which can be categorized into 3 groups as follows.

(A) **Agent Group:** There are over 700 main distribution agents, covering 75 provinces and 6,000 stores throughout the Country.

(B) **Modern Trade Group:** This group consists of modern trade stores including Thai Watsadu, Siam Global House and Mega Home with over 103 branches altogether located throughout the Country.

(C) **Housing Project Group:** This group consists of several housing or residential projects such as Land and House, Supalai, Prukha, Sansiri, etc. For this year, the Company focuses on finding more projects from the government, condominium and high-rise buildings.

2.2 Export Market: The Company has shown interest in the neighboring CLMV countries, in which the construction industry can still expand continuously. As a result, the sale proportion in export has increased from 15 percent in year 2015 to 16 percent in year 2016, or an increase of 4.39 percent.

3. Competitive Strategies

The Company has established strategic plan and marketing plan in accordance with the target established as an annual budget. The strategic plan is regularly reviewed also when the product sales do not meet the established target, which can be summarized 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 still emphasizes on research and development to improve product quality and reduce production costs, placing importance on development of new forms and colors, such as Orchid Yellow and Caramel Brown, etc. Also, variety of forms of usage and new colors have been developed and added to the wood substitute product group, namely new floor plank, lap siding, 130-cm Jatulon tiles, and prefabricated board, etc.

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 focuses on taking care of the distribution agents as members of the Diamond Family and development of distribution agents to be strong and become important force for pushing Company's products forward along with increasing the number of new distribution agents with capability to cover the whole the country in order to increase its market share.

Additionally, the Company has focused on product communication channels both domestically and internationally to increase consumer outreach via point-of-sale displays, banners, and TVC advertisement, etc.

3.6 Development of a Product Distribution Center and Regional Production Base

The Company emphasizes on development of the product distribution centers and production bases in the provincial areas, as well as increase of products to be manufactured at the regional production bases to cover all products required by customers and consumers. Currently, the Company has altogether two locations for product distribution center and regional production base as follows.

- CT-KK Project : is the first expansion of concrete tile production base with production capacity of 50,000 tons per year. Production is expected to commence in the 1st quarter of year 2014. Located in Khon Kaen Province, the plant is the product distribution center to the Northeastern region.
- AAC-CM Project : The Company established a subsidiary company, Diamond Materials Co., Ltd. (DMATS) for investment in machinery for production of the autoclaved aerated concrete in Chiang Mai Province with production capacity of 50,000 tons per year. Production commenced in the 2nd quarter of year 2013.

4. Management of Products or Services

4.1 Production

The Company has continued to expand its production capacity, having current production capacity of 982,000 tons per year, which is sufficient for the market demand. In year 2016, the Company's overall production capacity was estimated at 86 percent as the result of sluggish economy in the Country; however, if all situations should return to normal, the existing production capacity should be sufficient for the market requirement.

4.2 Procurement of Raw materials

The Company has revised its Procurement Handbook in order to have clear and effective guideline and procedure and in order which is in accordance with the Company's established policy, by separating into categories starting from procurement, purchase order up to the receipt of products and services in both domestic and foreign countries according to the regulation of the Purchasing Department. The raw materials used in the manufacturing process, which are procured both domestically and from foreign sources are 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 proportion of domestic sourcing was 61.82 percent in year 2016, which was similar to the previous year.

(B) Foreign sources

Raw materials such as Asbestos, synthetic fibers, paper pulp, etc., are manufactured outside the Country. The proportion of purchases from foreign sources increased by 38.18 percent in year 2016, which was similar to the previous year.

4.3 Problems concerning raw materials

The Company has never faced problem with material shortage as the Company has efficient planning and management in the procurement system, including procurement from various trading partners for each product type. The Company also searches for new sources of raw materials as reserve to prevent risk from raw material shortage. Additionally, the Company has good cash flow, sufficient revolving credit and long established relationships with trading partners, which have created trust and credibility from the trading partners.

SHAREHOLDING STRUCTURE

| 10 Largest Shareholders | No. of Shares | Proportion |
|--|----------------------|----------------|
| 1. Myriad Materials Co., Ltd. | 557,847,900 | 53.23% |
| 2. Diamond Building Products Public Company Limited ** | 99,996,200 | 9.54% |
| 3. Bualuang Long-Term Equity Fund | 23,947,600 | 2.29% |
| 4. Bualuang Long-Term Equity Fund 75/25 | 15,690,400 | 1.50% |
| 5. Mr. Prakit Pradipasen * | 14,619,500 | 1.40% |
| 6. Mrs. Siriwan Jungthirapanich | 10,000,000 | 0.95% |
| 7. Bualuang Siriphol Corporate Governance | 8,783,500 | 0.84% |
| 8. Bualuang Flexible Retirement Mutual Fund | 8,662,100 | 0.83% |
| 9. Value Plus-Dividend Long Term Equity Fund | 7,745,500 | 0.74% |
| 10. Bualuang Siriphol Corporate Governance RMF | 7,394,100 | 0.71% |
| 11. Others | 293,271,200 | 27.97% |
| Total | 1,047,958,000 | 100.00% |

Remarks :

* Number of shareholding including spouse and minor child

** The Company holds 99,996,200 shares from the Treasury Stock Program for financial management purposes and the period for the resale of shares is from January 1, 2017 to December 31, 2017. Details of this program can be checked from the Company's notification to the Stock Exchange of Thailand or the Company's website.

The Company has determined the name list of shareholders with rights to attend the 32nd Annual General Meeting of Shareholders (Year 2017) and rights to receive dividends on the Record Date of tuesday, March 7, 2017, 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 Wednesday, March 8, 2017.

Currently, Myriad Material Co., Ltd. is the major shareholder of the Company, having the group of Mr. Chaikut 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. Chaikut Srivikorn, Mr. Warayu Pradipasen and Mr. Phaithoon Kijamrej.

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.

SHAREHOLDING OF DIRECTORS AND EXECUTIVES

Information from report on securities holding of Directors and executives as at December 31, 2016.

| Names | Ordinary Shares (shares) | | |
|---|----------------------------|----------------------------|--------------------------|
| | As at December 31, 2016 | As at December 31, 2015 | Increase / (Decrease) |
| 1. Mr. Prakit Pradipasen * | 14,619,500 | 14,619,500 | - |
| 2. Mr. Phaithoon Kijssamrej | 1,000,100 | 1,500,100 | (500,000) |
| 3. Mr. Chaiyut Srivikorn | 3,100,100 | 3,100,100 | - |
| 4. Mr. Warayu Pradipasen | 109,000 | 109,000 | - |
| 5. Mr. Thanit Pulivekin | - | - | - |
| 6. Mr. Sakda Maneeratchatchai | 4,099,600 | 4,099,600 | - |
| 7. Mr. Anun Louharanoo | 2,350,000 | 2,350,000 | - |
| 8. Mr. Asanee Chantong | 1,048,000 | 1,439,900 | (391,900) |
| 9. Mr. Satid Sudbuntad | 5,400,000 | 5,400,000 | - |
| 10. Mr. Maitree Tawonatiwasna * | 2,700,000 | 2,700,000 | - |
| 11. Mr. Chatchai Teepsuwan (started April 25, 2016) | - | - | - |
| Mr. Krit Phanratanamala (ended April 25, 2016) ** | - | - | - |
| 12. Mr. Woodthikrai Soatthiyanon | - | - | - |
| 13. Ms. Thanakarn Phanthapirat | 2,760,000 | 2,760,000 | - |
| 14. Mr. Krit Kullertprasert | 420,000 | 420,000 | - |
| Total | 37,606,300 | 38,498,200 | (891,900) |

Remarks :

* Number of shareholding including spouse and minor child.

** Mr. Krit Phanratanamala has retired from the director position and appointment of Mr. Chatchai Teepsuwan as the director on April 25, 2016 in place of the vacant director position.

REMUNERATION FOR DIRECTORS, EXECUTIVES AND EMPLOYEES

The Company's Board of Directors has assigned duty to the Nomination and Remuneration Committee (NRC) to consider the remuneration for the directors, executives and employees and propose its opinion to the Board of Directors for consideration of the remuneration for the executives and employees of the Company. As for the remuneration for the Board of Directors and Sub-Committees, it shall be proposed to the Shareholders' Meeting for its consideration.

1. Rules on Consideration of Remuneration for the Directors, Executives and employees of the Company

1.1 Board of Directors and Sub-committees

The NRC has specified the format and rule on the remuneration payment for the Board of Directors and Sub-committees of the Company fairly and appropriately as follows.

- (A) Remuneration for the directors is considered by comparing with other companies in the same industrial sector and listed companies in the Stock Exchange of Thailand within the same industrial sector.
- (B) Remuneration is considered based on the scope of accountability and responsibility including expected benefit to be received from each director. Director with additional assignment deserves to be compensated fairly and appropriately such as member of the Sub-committee, etc.
- (C) Remuneration is considered based on the operating results of the Company for each year.
- (D) Remuneration is considered based on the Self Assessment of the Board of Directors' Performance for each year. In addition, there are review and recommendation on the method for assessment of the work performance and report of the assessment results to the Board of Directors for improvement of the effectiveness in work performance of the Board of Directors.
- (E) Format and rule on every type of remuneration payments are reviewed every year, including the amount of payment and remuneration payment ratio for appropriateness, namely monthly remuneration (such as meeting allowance) and annual remuneration (such as bonus or pension) to be paid to the Board of Directors and Sub-committees of the Company. Opinions shall be proposed to the Board of Directors for proposing to the Shareholders' Meeting for its consideration and approval.

1.2 Executives and Employees of the Company

The NRC has considered establishing format and rule for payment of remuneration and welfare for the executives and employees of the Company in both short term and long term as follows.

- (A) **Consideration of Short Term Remuneration:** Salary and annual remuneration (bonus) payments are undertaken as follows.
 - (1) The Company has established the Key Performance Indicators (KPI) for the Company to be used for consideration of salary adjustment and bonus payment for the employees of the Company by considering the annual budget and operating targets of the Company, as well as the market and economic situation. The NRC then provides its comments to the Company's Board of Directors for its consideration and approval.
 - (2) The Company has established the rule for assessment of work performance and established the payment structure for salary, annual remuneration (bonus) and annual salary increase for the executives from the Assistant Managing Director and higher. The NRC then provides its comments to the Company's Board of Directors for its consideration and approval.
 - (3) The Company has established the payment structure for salary, benefit and other welfares for the Company's employees in both explicit (cash) and non-cash basis.
- (B) **Consideration of Long Term Remuneration:** Remuneration at the retirement or when quitting the job are undertaken as follows.
 - (1) The Company has established the Provident Fund for employees to encourage money saving by the employees. In year 2016, the fund saving proportion was increased so that the employee may choose the rate of 3%, 5%, 7% to 15% with Company's contribution at the rate of 3%, 5%, not exceeding 8% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.
 - (2) The Company has conducted assessment of benefits of employee at retirement or when the employee quits the job determined by actuarial method, which derives from projected benefit liability of employee having right to receive severance benefit at retirement in accordance with the Labor Protection Act. Such liability has been calculated by the independent actuary and from assumptions based on the actuarial method termed the Projected Unit Credit Method, which is projected from current value of cash flow of benefit expected to be paid in the future by calculating based on salary of the employee, turnover rate of employees, mortality, employment period and other factors.
 - (3) Other remunerations such as the Employee Stock Option Program (ESOP) with the objective of getting the employees motivated and work with all capacity, which should result in an increase of Company's share value. Moreover, the program should motivate those employees with knowledge and capability and are important to increase competitiveness of the Company, etc.

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."

2. Remuneration Payment
2.1 Explicit Remuneration

(A) Monthly Remuneration of the Directors (for the year ending December 31, 2016)

| Position (Unit : thousand Baht) | Monthly Remuneration per Person | | |
|------------------------------------|---------------------------------|-----------------|---------------------------------------|
| | Board of Directors | Audit Committee | Nomination and Remuneration Committee |
| Chairman of the Board | 80.00 | 30.00 | 20.00 |
| Directors | 50.00 | 20.00 | 10.00 |

(B) Annual Remuneration of the Directors (for the year ending December 31, 2016)

| Name (Unit : million Baht) | Annual Remuneration | | | Bonuses | Total |
|---|---------------------|-----------------|---------------------------------------|-------------|--------------|
| | Board of Directors | Audit Committee | Nomination and Remuneration Committee | | |
| 1. Mr. Prakit Pradipasen | 0.96 | - | - | 0.20 | 1.16 |
| 2. Mr. Phaithoon Kijssamrej | 0.60 | - | 0.12 | 0.20 | 0.92 |
| 3. Mr. Chaiyut Srivikorn | 0.60 | - | 0.24 | 0.20 | 1.04 |
| 4. Mr. Warayu Pradipasen | 0.60 | - | - | 0.20 | 0.80 |
| 5. Mr. Thanit Pulivekin | 0.60 | 0.24 | - | 0.20 | 1.04 |
| 6. Mr. Sakda Maneeratchatchai | 0.60 | 0.36 | - | 0.20 | 1.16 |
| 7. Mr. Anun Louharanoo | 0.60 | 0.24 | 0.12 | 0.20 | 1.16 |
| 8. Mr. Asanee Chantong | 0.60 | - | - | 0.20 | 0.80 |
| 9. Mr. Satid Sudbuntad | 0.60 | - | - | 0.20 | 0.80 |
| 10. Mr. Maitree Tawonatiwasna | 0.60 | - | - | 0.20 | 0.80 |
| 11. Mr. Chatchai Teepsuwan (started April 25, 2016) ** | 0.40 | - | - | - | 0.40 |
| Mr. Krit Phanratanamala (ended April 25, 2016) ** | 0.25 | - | - | 0.20 | 0.45 |
| 12. Mr. Woodthikrai Soatthiyanon | 0.60 | - | - | 0.20 | 0.80 |
| Total | 7.61 | 0.84 | 0.48 | 2.40 | 11.33 |

(C) Comparison of Remunerations of Directors and Executives

| Remuneration (Unit : Million Baht) | 2016 | | 2015 | | 2014 | |
|--|---------|--------------|---------|--------------|---------|--------------|
| | Persons | Amount | Persons | Amount | Persons | Amount |
| Directors' Remuneration & Bonus | 12 | 11.33 | 12 | 11.28 | 12 | 12.48 |
| Executives' Salary, Bonus and Others * | 5 | 34.30 | 5 | 32.40 | 5 | 32.03 |
| Total | | 45.63 | | 43.68 | | 44.51 |

Remarks :

* This includes provident fund of year 2016:2015:2014 = 1.82 : 1.64 : 1.78 Million Baht.

** Mr. Krit Phanratanamala has retired from the director position and appointment of Mr. Chatchai Teepsuwan as the director on April 25, 2016 in place of the vacant director position.

2.2 Other Remunerations

No other remunerations In addition to the above remuneration.

AUDIT FEE OF THE COMPANY AND SUBSIDIARY COMPANY

The appointed certified public accountant for the Company and its subsidiary from year 2013 to 2016 was Ms. Bongkot Amsageam, certified public accountant registration no. 3684, of KPMG Phoomchai Audit Ltd. The audit fee for year 2016 increased from year 2015 by 6.92 percent, which can be summarized as follows.

| Description (Unit: Baht) | 2016 | 2015 | Increase / (Decrease) | |
|---|------------------|------------------|-----------------------|---------------|
| | | | Amount | % |
| Audit Fee of the Company | | | | |
| Annual audit fee | 730,000 | 690,000 | 40,000 | 5.48 |
| Interim financial statements audit fee | 360,000 | 360,000 | - | - |
| consolidated financial statements audit fee | 320,000 | 320,000 | - | - |
| Other expenses * | 173,425 | 85,110 | 88,315 | 50.92 |
| Total | 1,583,425 | 1,455,110 | 128,315 | 8.10 |
| Audit Fee of the Subsidiary Company | | | | |
| Annual audit fee | 290,000 | 290,000 | - | - |
| Interim financial statements audit fee | 60,000 | 60,000 | - | - |
| Other expenses * | 5,900 | - | 5,900 | 100.00 |
| Total | 355,900 | 350,000 | 5,900 | 100.00 |
| Total | 1,939,325 | 1,805,110 | 134,215 | 6.92 |

Remark :

* The other expenses such as travelling expense, photocopy expense and telephone expense, etc.

MANAGEMENT STRUCTURE

Management structure comprises the Board of Directors, sub-committees, and the executives of the Company with various and important qualifications, roles, duties 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 comprises of experts from various disciplines having expertise and experience in such fields as industry, engineering, management, sales and marketing, accounting and finance, legal and corporate governance. At least one of the non-executive directors must possess knowledge and understanding of the Company's business, leadership quality, vision, independent thinking, dedication to work and responsibility, prudence and honesty for the best interest of the Company, shareholders and every group of stakeholders.

In year 2016, the Board of Directors held 12 meetings altogether.

As of December 31, 2016, 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) | |
|----------------------------------|--|--|-------|
| | | 2016 | 2015 |
| 1. Mr. Prakrit Pradipasen | Chairman of the Board | 12/12 | 12/12 |
| 2. Mr. Phaithoon Kijssamrej | Director | 10/12 | 11/12 |
| 3. Mr. Chaiyut Srivikorn | Director | 10/12 | 11/12 |
| 4. Mr. Warayu Pradipasen | Director (started November 5, 2015) | 12/12 | 2/2 |
| Mr. James Patrick Rooney | Director (ended October 5, 2015) | - | 8/9 |
| 5. Mr. Thanit Pulivekin | Independent Director (started April 24, 2013) | 12/12 | 12/12 |
| 6. Mr. Sakda Maneeratchatchai | Independent Director (started April 17, 2009) | 11/12 | 12/12 |
| 7. Mr. Anun Louharanoo | Independent Director (started January 10, 2005) | 12/12 | 11/12 |
| 8. Mr. Asanee Chantong | Director / Chief Executive Officer | 12/12 | 12/12 |
| 9. Mr. Satid Sudbuntad | Director / Chief Operating Officer | 12/12 | 12/12 |
| 10. Mr. Maitree Tawonatiwasna | Director / Deputy Chief Executive Officer | 12/12 | 12/12 |
| 11. Mr. Chatchai Teepsuwan | Director (started April 25, 2016) | 9/9 | - |
| Mr. Krit Phanratnamala | Director (ended April 25, 2016) | 3/3 | 12/12 |
| 12. Mr. Woodthikrai Soatthiyanon | Independent Director (started January 12, 2011) | 11/12 | 12/12 |
| 13. Ms. Thanakarn Phanthapirat | Company Secretary | 12/12 | 12/12 |

Directors authorized to sign on behalf of the Company are Mr. Prakrit Pradipasen, Mr. Chaiyut Srivikorn, Mr. Phaithoon Kijssamrej, Mr. Asanee Chantong, Mr. Satid Sudbuntad and Mr. Maitree Tawonatiwasna. Two of these six Directors shall co-sign and affix with the Company's seal.

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

1. To establish policies, objectives, business plan, and annual budget as well as oversee management of directors and executives to perform their assigned duties effectively by having regular monitoring and assessment of the work performance.
2. To establish that the vision and mission be reviewed and at least within five years and participate in the formulation of vision and mission so that the executives and employees have the same objectives.
3. To establish the policy on the Corporate Governance and Code of Conduct for the Company, establish appropriate and adequate internal control system, establish policy on the risk management covering the whole organization, establish policy on corporate social responsibility, establish policy on anti-corruption by having the management practice and adhere to all the policies and report the work performance at least once a year.

4. To establish guidelines for transaction that may create conflict of interest among the stakeholders of the Company for the best interest of the Company and its shareholders. The person that has the interest should not be involved in the decision making. To set up procedure and disclosure of correct and complete information concerning the transaction that may have conflict of interest within the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).
5. To provide opportunity and rights to every director to propose meeting agenda in advance for at least 10 days prior to the meeting by sending the meeting agenda to the Company Secretary to include in the meeting agenda.
6. To appoint the sub-committees as necessary through consideration of the Nomination and Remuneration Committee, as well as specify the scope of duties and responsibilities of the sub-committees as follows.
 - 6.1 Audit Committee.
 - 6.2 Nomination and Remuneration Committee.
 - 6.3 Corporate Governance Committee.
 - 6.4 Management Committee.
7. To establish that the position of Chairman of the Board, Chief Executive Officer and Chief Operating Officer shall be of different individual and therefore has stipulated scope of duties and responsibilities as follows.
 - 7.1 The Chairman of the Board has duty to establish the policy and business plan, supervise and monitor the work of the Management; however, he must not get involved or interfere in the day-to-day management. 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 with fairness, support and encourage meeting attendants to exercise their voting right by strictly and effectively adhering to the principles of good corporate governance.
 - 7.2 The Chief Executive Officer and Chief Operating Officer has duty to manage routine work in accordance with the established objectives and targets under the assigned authorities from the Board of Directors.
8. To establish the number of listed companies that the Chief Executive Officer and Chief Operating Officer of the Company may take up that is appropriate to the nature and condition of the Company which should not be more than 3 listed companies.
9. To appoint the Company Secretary and establish scope of duties and responsibilities of the Company Secretary to the coordinator among the executives, directors and shareholders of the Company. The Company Secretary has duty to organize meetings and take minutes of the Shareholders' Meeting and Board of Directors' Meeting, to oversee that the disclosure of information are conducted in accordance with the rules and regulations of the Stock Exchange of Thailand and Securities Exchange and Commission, etc.
10. In order for the Board of Directors to achieve its objectives, it has been established that the Board of Directors has approval authority according to the work regulations and approval authority as approved from the meeting of the Board of Directors as follows.
 - 10.1 Financial Approval Authority Above the Authority of the Management Committee, namely:
 - (A) Write-off of assets that are no longer in use, damaged, deteriorated, to be destroyed or sold as scrap, which has been reviewed by the Audit Committee already.
 - (B) Write-off of inventory or adjustment of items from inventory counting, which has been reviewed by the Audit Committee already.
 - (C) Write-off of bad debt from normal commercial transaction with evidence of appropriate debt collection activities but without success and that it would not be worthwhile to sue the debtor, having more expenses than the debt payment (according to the Ministerial Regulation No. 186 B.E. 2534), which has been reviewed by the Audit Committee already.
 - (D) Opening or closing of fixed deposit account, saving account and current account with the financial institution, including acceptance or termination of credit line with the financial institution.
 - (E) Long-term loan or promissory note of more than one year contract term.
 - (F) Service employment contracts of more than one year contract term.
 - 10.2 Approval of the establishment, merger or termination of subsidiary company or joint venture company of the Company in compliance with the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission concerning the acquisition or disposition of assets and relevant laws.

- 10.3 Approval of investment in the fixed asset, namely, installation of new production line or improvement of existing production line, in compliance with the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission concerning the acquisition or disposition of assets and relevant laws.

- 10.4 Other approval authorities in accordance with the Company's regulations.

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 and relevant laws, 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).

2. Sub-Committees: The Board of Directors has appointed 4 sub-committees as follows.

2.1 Audit Committee

The 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 member comes to end of office 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 Company must have at least 3 Audit Committee members and all members must be 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 year 2016, the Audit Committee held 7 meetings altogether.

As of December 31, 2016, the Audit Committee comprised the following 3 members.

| Names | Positions | Audit Committee's meeting (Sessions) | |
|-------------------------------|--------------------------|--------------------------------------|------|
| | | 2016 | 2015 |
| 1. Mr. Sakda Maneeratchatchai | Audit Committee Chairman | 7/7 | 6/6 |
| 2. Mr. Anun Louharanoo * | Audit committee Member | 7/7 | 6/6 |
| 3. Mr. Thanit Pulivekin | Audit committee Member | 7/7 | 6/6 |

Remark:

* 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 to 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; to review internal control and internal audit systems to be sufficient and effective; to consider the independence of the internal audit, as well as to approve the appointment, transfer and dismissal of the head of the internal audit unit or any other units responsible for the internal audit work; to select and propose appointment of the independent auditor and the audit fee, as well as to propose for reappointment or termination the previous independent auditor, by taking reliability into consideration, including attending the meeting with the independent auditor without the management at least once a year; to consider connected transactions or transactions that may have conflicts of interest; to prepare an audit committee report to be disclosed in the Company's annual registration statement (Form 56-1) and the annual report (Form 56-2); and to 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. Mr. Samart Wiriyakhattiyaporn, Manager of the Internal Audit and Compliance Control Office, has been appointed by position as the Secretary to the Audit Committee.

2.2 Nomination and Remuneration Committee (NRC)

The Nomination and Remuneration Committee (NRC) comprises at least 3 non-executive directors and at least 1 member must be an independent director. The NRC members 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 of the NRC. If the number of NRC members are below the specified number, the Board of Directors shall select and appoint new member(s) within 3 months for continuity in operation.

In year 2016, the NRC held 4 meetings altogether.

As of December 31, 2016, the NRC comprised of the following 3 members.

| Names | Positions | Nomination and Remuneration Committee Meeting (Sessions) | |
|---------------------------|--------------|--|------|
| | | 2016 | 2015 |
| 1. Mr. Chaikut Srivikorn | NRC Chairman | 4/4 | 4/4 |
| 2. Mr. Phaithoon Kijamrej | NRC Member | 4/4 | 4/4 |
| 3. Mr. Anun Louharanoo | NRC Member | 4/4 | 4/4 |

Mr. Asanee Chantong, Chief Executive Officer, is the Secretary to the NRC.

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

The NRC has responsibilities as assigned by the Board of Directors to perform their duties with responsibility, prudence, and integrity as follows.

1. Consideration of Nomination of Company's Directors and Executives
 - 1.1 To establish and review proper structures and qualifications of the Board of Directors and sub-committees, 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.
 - 1.2 To consider rule and procedure for nomination of suitable candidate for executive position from 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 rule and criteria for consideration of successors and perform other duties as assigned.
2. Consideration of Remuneration for Company's Directors and Employees.
 - 2.1 To establish fair and reasonable remuneration formats and rule 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 scope of duties and responsibility, annual operating results of the Company, annual self-assessment of the Board of Directors' performance. Remuneration consists of monthly remuneration and annual remuneration paid to the Board of Directors and sub-committees. The NRC shall submit opinion to the Board of Directors to propose to the shareholders' meeting for consideration and approval.
 - 2.2 To consider performance evaluation formats and criteria for the Company's employees or KPI (Key Performance Indicators) for consideration of salary adjustments and annual bonus payment to the Company's employees by considering based on Company's performance, annual budget and operating objectives as well as market and economic situations. The opinion shall be submitted to the Board of Directors for consideration and approval.
 - 2.3 To perform other duties as assigned by the Board of Directors.
3. The Report of the NRC shall be prepared once a year and proposed to the Company's Board of Directors by disclosing it within the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company and signed by the NRC Chairman. The number of meetings and meeting attendance record for each of the NRC members must also be specified.

2.3 Corporate Governance Committee

The Corporate Governance Committee (CG Committee) comprises of at least 3 Company's Directors, one of whom must be an independent director, having been appointed by the Board of Directors. Its office term is 3 years. The CG Committee nominates one of the members who is independent to be the Chairman of the CG Committee and not being the Chairman of the Board of Directors and the head person responsible for Company's secretary task shall take up the position of the Secretary to the CG Committee, having responsibility to organize CG Committee's meetings as well as coordinate so that there is report to the Board of Directors and other relevant work units (if any).

In year 2016, the Corporate Governance Committee held 3 meetings altogether.

As at December 31, 2016, the Company has a total of 3 Corporate Governance Committee members as follows.

| Names | Positions | Corporate Governance Committee Meeting (Sessions) | |
|---------------------------------|-----------------------|--|------|
| | | 2016 | 2015 |
| 1. Mr. Thanit Pulivekin | CG Committee Chairman | 3/3 | 6/6 |
| 2. Mr. Woodthikrai Soatthiyanon | CG Committee Member | 2/3 | 6/6 |
| 3 .Mr. Satid Sudbuntad | CG Committee Member | 3/3 | 6/6 |

Ms. Thanakarn Phanthapirat, Company Secretary, is the Secretary to the Corporate Governance Committee.

Authorities and Duties of the Corporate Governance Committee are summarized as follows.

1. To establish policy, rule and guideline for good practice in various business aspects to in compliance with the good corporate governance principles and prepare the Good Corporate Governance Handbook for the directors, executives and employees at every level to adhere to as operating guidelines, which is deemed as very important task for everyone not to neglect these practices as appeared within this Handbook. In addition, there shall be monitoring, improvement and support for dissemination of corporate governance culture in the organization for comprehension by the directors, executives and employees at every level and practices by all in the organization. The Report of the Corporate Governance Committee must be prepared and proposed to the Board of Directors once a year and disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company. Such report shall be signed by the Corporate Governance Committee Chairman. The number of meetings and meeting attendance record for each of the Corporate Governance Committee members must also be specified.
2. To consider the self-assessment of the performance of the Board of Directors and sub-committees, as well as , to approve the results of the assessment in order to propose to the Board of Directors of the Company for its consideration. In year 2016, there were self-assessment of the performance of the Board of Directors as a whole, as an individual and of the sub-committees, which can be summarized as follows.

2.1 Objectives:

- (A) To be aware of the problems and obstacles which have prevented operation from achieving its objectives during the past year.
- (B) For the Board of Directors and sub-committees to accomplish more effective work by clearly acknowledging their own responsibilities.
- (C) To help improve the relationship between the Board of Directors and the Management.

2.2 Assessment Procedure : Each member of the Board of Directors or committee shall use the Self-Assessment of Performance Form for the whole board, the individual and the sub-committees by specifying the comments of each member by making a check mark (✓) in the scoring box from 0-4 for each topic, having the following definitions.
0 = Strongly Disagree 1 = Disagree 2 = Agree 3 = Mostly Agree 4 = Strongly Agree

2.3 Summary Results of the Self-Assessment of the Performance of the Board of Directors as a Whole and as an Individual and of the Sub-Committees:

- (A) The Board of Directors as a whole received an average assessment score of 92.9 percent, having the highest score, Structure and Qualifications of the Board at 95.4 percent and the lowest score, Self-Development of the Directors and Executives at 89.3 percent.

- B) The Board of Directors as an individual received an average assessment score of 92.2 percent, having the highest score, Meeting of the Sub-Committees at 93.2 percent and the lowest score, Structure and Qualifications of the Sub-Committees and Roles, Duties and Responsibilities of the Board at 91.7 percent.
- (C) Summary results of the assessment for every board and sub-committee are as follows.

| Board of Directors/Committees | Performance Assessment | |
|---|------------------------|-------|
| | 2016 | 2015 |
| 1. Board of Directors as a whole | 92.9% | 93.4% |
| 2. Board of Directors as an individual | 92.2% | 94.0% |
| 3. Audit Committee as a whole | 92.4% | 93.4% |
| 4. Audit Committee as an individual | 90.9% | 91.7% |
| 5. Nomination and Remuneration Committee as a whole | 89.1% | 89.9% |
| 6. Nomination and Remuneration Committee as an individual | 93.2% | 90.9% |
| 7. Corporate Governance Committee as a whole | 96.1% | 96.5% |
| 8. Corporate Governance Committee as an individual | 96.2% | 97.7% |
| 9. Management Committee as a whole | 99.1% | 99.6% |
| 10. Management Committee as an individual | 97.7% | 97.2% |
| 11. Risk Management Committee as a whole | 87.3% | 87.7% |
| 12. Risk Management Committee as an individual | 80.2% | 85.9% |

2.4 Management Committee

The Management Committee comprises at least 3 executives, ranking from the Assistant Managing Director and above, which are appointed by the Company's Board of Directors. The Management Committee is chaired by the Chief Executive Officer by position. If the members of the Management Committee are below the specified number, the NRC shall nominate new member(s) and propose to the Board of Directors for appointment within 3 months for continuity in operation.

In year 2016, the Management Committee held 49 sessions of weekly meeting altogether.

As of December 31, 2016, the Management Committee comprised the following 4 members.

| Names | Position | Management Committee Meeting (Sessions) | |
|------------------------------|---|---|-------|
| | | 2016 | 2015 |
| 1. Mr.Asanee Chantong | Management Committee Chairman | 49/49 | 49/49 |
| 2. Mr.Satid Sudbuntad | Management Committee Member | 49/49 | 45/49 |
| 3. Mr.Maitree Tawonatiwasna | Management Committee Member | 49/49 | 47/49 |
| 4. Ms. Thanakam Phanthapirat | Management Committee Member and Secretary | 47/49 | 48/49 |

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 NRC in order to propose to the Board of Directors for consideration and approval.

To consider the organization structure, organization management authorities as well as appointments, hiring transfers, consideration of salaries, compensation, bonuses and termination of 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 Company's Board of Directors; 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 NRC 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.

2.4.1 Risk Management Committee

The Management Committee, as assigned by the Board of Directors, appoints the Risk Management Committee, comprising at least 10 members by position, having at least 1 executive ranking from the department manager level and above from each department including the Legal Office Manager becoming the Risk Committee Member. 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 to the Risk Management Committee.

In year 2016, the Risk Management Committee held 12 meeting sessions.

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 compliance unit and public adequately and regularly.

To prepare the 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 the year 2016, the Risk Management Committee has supervised risk management operation with accountability and prudence, able to control various risks to be within the level not impacting the Company's business operations.

2.4.2 Corporate Social Responsibility Committee

The Management Committee has been assigned by the Board of Directors to appoint the Corporate Social Responsibility Committee (CSR Committee) comprising of the Company's executives from the Department Manager and above for at least one person from each department to be the CSR Committee members by position, totaling at least 10 members and nominate the executive at the Assistant Managing Director level to be the Chairman of the CSR Committee and appoint one of the CSR Committee members as the Secretary to the CSR Committee.

In year 2016, the CSR Committee held 3 meetings altogether and several other separate meetings according to specific tasks.

Authorities and Duties of the Corporate Social Responsibility Committee are summarized as follows.

To establish Corporate Social Responsibility Policy, and prepare work plan and budget as approved for each year, monitor work progress and assess the effectiveness of the work according to the established target, prepare the Corporate Social Responsibility and Sustainability Report at least once a year to be proposed to the Management Committee and the Board of Directors and disclose the report in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company.

2.4.3 Prevention and Anti-Corruption Committee

The Management Committee has been assigned by the Company's Board of Directors to appoint the Prevention and Anti-Corruption Committee (PAC) and the Board of Directors has resolved to enroll and join the Private Sector Collective Action Coalition against Corruption (CAC) in order for the Company to operate its business with transparency and accepted by every group of stakeholders. In order to achieve the objectives, the anti-corruption working groups have been appointed as follows.

1. Prevention and Anti-Corruption Steering Committee comprises of at least 3 Company's executives from the level of Assistant Managing Director and higher, having the Chief Operating Officer be appointed as the Chairman of the Prevention and Anti-Corruption Steering Committee by position. Its duties and responsibilities include establishment of anti-corruption policy, supporting, offering advice and resolving problems of the Prevention and Anti-Corruption Working Committee for effective operation, etc.

2. Prevention and Anti-Corruption Working Committee comprises of at least 9 Company's executives from the level of Department Manager and higher, including the Legal Office Manager, to work on a preparation of the handbook and good practice on anti-corruption, regulations and instructions related to the anti-corruption, risk assessment on Company's corruption activity, organization of training and development of executives and employees for awareness and understanding of the anti-corruption task, including communication, public relations and monitoring of performance in accordance with the established policy.

In year 2016, the Prevention and Anti-Corruption Committee held 9 meetings in year 2016 to plan and prepare the handbook, measures on self-assessment concerning corruption risks of each work unit and self-assessment concerning anti-corruption measures in accordance with the regulation for CAC member enrollment. the Company received the Anti-Corruption Certificate as the CAC member No. 125 on October 16, 2015.

2.4.4 Other Committees

The Management Committee has been assigned by the Board of Directors to be able to appoint other committee in order to carry out work for the best interest of the Company such as Occupational Health and Safety and Workplace Environment Committee, Energy Management Committee, Energy Management Assessors Committee, Procurement Committee, Standard System Management Committee, Total Product Improvement (TPM) Promotion Committee and Employee Committee, etc.

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 NRC 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, 2016, The Company had 4 Executives as follows.

| Names | Position |
|-------------------------------|---|
| 1. Mr. Asanee Chantong | Chief Executive Officer |
| 2. Mr. Maitree Tawonatiwasna | Deputy Chief Executive Officer |
| 3. Mr. Satid Sudbuntad | Chief Operating Officer |
| 4. Ms. Thanakarn Phanthapirat | Assistant Managing Director in Finance and Accounting |

Authorities and Duties of the Chief Executive Officer and Chief Operating Officer 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 to approve for the purchase and hire and financial approval authority in accordance with the work regulations and approval authority as approved by the Board of Directors so that the Management has authority to manage daily routine work effectively with specified financial amount for the Division Manager, Assistant Managing Director, Chief Operating Officer, Deputy Chief Executive Officer, Chief Executive Officer and the Management Committee as well as matters that must be proposed for the Board of Directors for consideration and approval. Approval authorities are specified which can be summarized as follows.

- (A) Accounting, Taxation: Authorized persons are specified for each item.
- (B) Approval for Purchasing/Hiring and Repairing: Financial amount is specified for each position.
- (C) Financial approval, cash or check payment: Financial amount is specified for each position.
- (D) Short-term loan not more than 1 year term: Financial amount is specified for each position.
- (E) Long-term loan: Must be proposed to the Board of Directors for consideration and approval.
- (F) Service employment contracts not more than 1 year term: Financial amount is specified for each position.
- (G) Adjustment of product inventory, write-off of assets and write-off of bad debt: Must be proposed to the Board of Directors for consideration and approval.
- (H) Other items namely work and approval authority which are not under any conditions above: Must be proposed to the Board of Directors for consideration and approval.

Furthermore, 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.

Performance Assessments of the Executives from the Assistant Managing Director and Higher

The Company has conducted performance assessments of the executives from the Assistant Managing Director and higher. Each executive is assigned with annual Key Performance Indicator or KPI corresponding to the overall KPI of the Company. Annual salary adjustments are according to achievements as per the KPI targets of each individual. The resulting salary adjustments shall be proposed to the Nomination and Remuneration Committee for consideration before proposing to the Board of Directors of the Company for approval.

NOMINATION OF DIRECTORS AND EXECUTIVES

The Company has designated the Nomination and Remuneration Committee to consider and screen individuals according to the principles that are stipulated by the Company before proposing the 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. The Board of Directors

The Company has designated the Nomination and Remuneration Committee to consider and screen the individuals whom possess knowledge, capability and qualifications in accordance with the notifications of the Securities Exchange and Commission and the Stock Exchange of Thailand and propose the name list of the individuals suitable for the directorship positions to the Board of Directors for proposing to the Shareholders' Meeting for its consideration as follows.

- 1.1 The Nomination and Remuneration Committee shall nominate and select the director of the Company according to established rule for nomination clearly and transparently, including seeking for information from the Director Pool in order to have sufficient details and information for the consideration, such as education background and work experience of such person without gender discrimination to benefit the Board of Directors and shareholders in the decision making.
- 1.2 The Board of Directors has policy to provide equal rights to every shareholder, especially the minority shareholders in the nomination of new director in advance by establishing the rules and conditions for the nomination, which are disseminated on the Company's website (www.dbp.co.th) under "Investors Information" topic with specified period for exercising the right of at least 3 months before the end of fiscal year. Subsequently, the Nomination and Remuneration Committee shall select the Company's directors according to the established rules.
- 1.3 Nomination and Remuneration Committee performs the selection process of Company's directors according to the established rules and propose to the Board of Directors for its consideration and approval before proposing to the Shareholders' Meeting for its consideration and approval.
- 1.4 The appointment of the Company's directors must comply with the regulations of the Company and relevant laws. The Shareholders' Meeting shall consider the appointment of Company's director according to the following rules and procedure.
 - (A) One shareholder will have each share being counted as one vote.
 - (B) Each shareholder must use all the votes according to (A) to appoint one individual or several individuals for the directorship position but cannot divide the votes into different number of votes for a particular individual.
 - (C) The individuals receiving the highest number of votes in descending order shall be appointed as the directors for the total numbers of directors for available at the time. In the event that of tie or same number of votes for successive positions available, the Chairman of the Meeting shall have the casting vote.

2. The Sub-committees

The Company has designated the Nomination and Remuneration Committee to consider the nomination and selection of the Sub-committees in the event of retirement by rotation or the vacancy of position. The name list of suitable persons shall be proposed to the Board of Directors for its consideration. The Sub-committees consist of the following committees.

- 2.1 The Audit Committee comprises of the Company's Directors whom are Independent Directors of at least 3 persons and one whom must possess knowledge in accounting and finance.
- 2.2 The Nomination and Remuneration Committee comprises of Company's Directors whom are non-executive Directors of at least 3 persons and one of whom must be the Independent Director.

2.3 The Corporate Governance Committee comprises of Company's Directors whom are non-executive Directors of at least 3 persons and at least one person must be Independent Director.

3. Management Committee and Executives of the Company

The Company has designated the Nomination and Remuneration Committee to consider and screen the individuals whom possess knowledge and work experience for the interest of Company's business to become the Company's executives at the level of Assistant Managing Director and above and has established the Management Committee as follows.

The Management Committee consists of the Company's executives from the level of Assistant Managing Director of at least 3 persons, having the Chief Executive Officer as the Chairman of the Management Committee by position. The Management Committee has been designated by the Board of Directors to have authority to establish other committees to work for the best interest of the Company as follows.

3.1 The Risk Management Committee comprises of at least one Executive Director and at least 10 executives at the level of Division Manager and above and select one Executive Director to become the Chairman of the Risk Management Committee.

3.2 The Corporate Social Responsibility (CSR) Committee comprises of at least one Executive Director and at least 5 executives at the level of Division Manager and above and select one Executive Director to become the Chairman of the Risk Management Committee.

3.3 Prevention and Anti-Corruption Committee comprises of the following anti-corruption working groups:

(A) Prevention and Anti-Corruption Steering Committee comprises of at least 3 Company's executives from the level of Assistant Managing Director and higher, having the Chief Executive Officer be appointed as the Chairman of the Prevention and Anti-Corruption Steering Committee by position.

(B) Prevention and Anti-Corruption Working Committee comprises of at least 9 Company's executives from the level of Department Manager and higher, including the Legal Office Manager.

3.4 Other committees such as Occupational Health and Safety and Workplace Environment Committee, Energy Management Committee, Energy Management Assessors Committee, Procurement Committee, Standard System Management Committee, Total Product Improvement (TPM) Promotion Committee and Employee Committee, etc.

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) from October 1, 2016 until December 31, 2016. There was no shareholder proposing any meeting agenda or nominating any new director.

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, 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 one month before disclosure of information. If the Company finds that any shareholder, director, executive, 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 and 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 as follows.
 - 3.1 Deduction of salary or compensation.
 - 3.2 Terminate, fire or removal from the position of executive or employee, alleging that the person intentionally caused damaged to the Company. Should it be the director, such matter shall be proposed to the Shareholders' Meeting of the Company.
 - 3.3 Notify the incident to the Stock Exchange of Thailand and/or the Office of the Securities and Exchange Commission.
 - 3.4 Report the case for legal prosecution.
 - 3.5 Carry out matter according to the resolution of the Board of Directors or shareholders' meeting of the Company.
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.

DIVIDEND PAYMENT POLICY

The Company was able to pay out dividend to its shareholders starting from 2004 after the Company started to generate profit after having deducted all the loss carried forward. Details on the dividend payment in 2016 are as follows:

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 according to the separate financial statements 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.

| Dividend | 2016 * | 2015 | 2014 |
|--|--------|--------|--------|
| Earnings Per Share (Baht Per Share) | 0.39 | 0.33 | 0.29 |
| Dividend Per Share (Baht Per Share) | 0.30 | 0.25 | 0.27 |
| Dividend Payout Ratio (%) | 76.92% | 75.76% | 93.10% |
| Dividend Paid (million Baht) | 284 | 262 | 283 |
| Number of Paid – up Common Shares (Million Shares) | 1,048 | 1,048 | 1,048 |
| Number of Treasury Shares (Million Shares) | 100 | - | - |
| Par Value (Baht Per Share) | 1.00 | 1.00 | 1.00 |

Remark :

* In year 2016, there was change in the Company's registered capital (details can be seen in the "Significant Changes in the Past Year" on page 57). According to the Table above for year 2016, the projected dividend payment was calculated based on the number of issued and paid-up shares deducted by the number of treasury stock remaining as of the end of year 2016; 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 deducted by the number of treasury stock remaining as at the Record Date of March 7, 2017.

Dividend Payment of the Subsidiary Company

Subsidiary Company's dividend payment policy for the Company: the subsidiary company has established the dividend payment policy to pay the dividend every time. The subsidiary company must appropriate fund for reserve capital for at least one-twentieth of the net profit according to the separate financial statements, which the subsidiary company has made from its business operation until such reserve capital reaches one-tenth of the capital of the subsidiary company or more.

The Company, as a listed company in the Stock Exchange since 2005, is determined to become a leading organization, manage its business professionally, give precedence to Good Corporate Governance and the Code of Conduct by strictly adhering to good practices and guidelines as stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission (SEC). In year 2016, the Company received awards relating to corporate governance as follows.

1. The Company was placed in the **“Excellent”** group with a **five-star award (★★★★★)** for the assessment of Corporate Governance and ranked in the **Top Quartile** level within the group of companies with market capitalization of Baht 3,000 million to Baht 9,999 million, having received a score of 90 percent in year 2016 which is the same score as year 2015.

2. **AGM Assessment Award:** The Company received an **“Excellent”** rating within **100-point** range for the Annual General Meeting (AGM) Assessment of the Listed Companies Year 2016 by the Thai Investors Association (TIA) for the 6th year consecutively from year 2011 to 2016.

The Board of Directors has appointed the Corporate Governance Committee to establish policy, regulations and procedures in accordance with the principles of Good Corporate Governance in order to establish management procedures that are efficient, transparent and accountable. The Committee has also prepared the Good Corporate Governance Handbook in writing for all Directors, executives and employees to adhere to and practice and accepted by all stakeholders. The Company has improved on the Good Corporate Governance Handbook appropriately and consistently every year, which was disseminated on the Company’s website (www.dbp.co.th) for the first time in year 2010 and can be summarized as follows.

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

Section 1: Shareholder’s rights

The Company places importance on the shareholders who have the rights of business ownership having control on the Company through the nomination of Directors to carry out duties on their behalf and have the rights to make decision concerning significant changes. The Company shall not in any way violate or deprive the shareholder’s rights and shall encourage every shareholder to exercise their fundamental rights as stipulated by the law.

Good Practice on the Shareholder’s Rights

1. Shareholders’ Meeting

- 1.1 The Company has policy to support or promote every group of shareholders including institutional shareholders to attend the Shareholders’ Meeting.
- 1.2 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 to the Shareholders’ Meeting completely showing meeting date, time, location, agenda, supporting documents for decision making on each meeting agenda, meeting regulations used in the meeting, and voting procedure, which are the same information sent to the shareholders in the form of documents. Information on shareholders’ meeting is disseminated on the Company’s website at least 30 days before the meeting so that the shareholders will have sufficient time for studying the information.
- 1.3 Company convenes the shareholders’ meeting by facilitating a meeting location in the middle of the city convenient for traveling and providing sufficient time period for the meeting.
- 1.4 The Company provides opportunity and offer right for the shareholders to propose meeting agenda deemed important by the shareholders and to propose name list of persons with appropriate qualifications for nomination as the new director in advance for at least 3 months before the end of the fiscal year (from October 1 to December 31 of every year) having clear procedure disseminated through Company’s website.
- 1.5 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.
- 1.6 The Company supports the shareholders to use the proxy form which is formatted in the way that the shareholders can choose how to vote and propose at least one Independent Director as an alternative in granting proxy by the shareholders.

2. Procedure on the Meeting Day

- 2.1 The Company has brought in technology for use in the registration of shareholders, vote counting and results in order to have quick, correct and accurate meeting operation and to notify voting procedure and vote counting for each meeting agenda for shareholders’ acknowledgment before the Shareholders’ Meeting starts.
- 2.2 The Company has designated the Board of Directors, sub-committees and executives to attend the Shareholders’ Meeting and the shareholders may make relevant inquiry to the Chairman of the sub-committees.
- 2.3 The Company supports the use of voting ballots in the important meeting agenda such as connected transaction, acquisition or disposition of assets transaction, etc. for transparency and verifiable in case of dispute later.
- 2.4 The Company has arranged for vote counting inspectors during the Shareholders’ Meeting and disclosure within the minutes of the Shareholders’ Meeting.

Good Corporate Governance Policy

Corporate Governance is considered a responsibility of the Directors, executives and employees in conducting their duties with accountability, prudence and honesty; ensuring equitable treatment of shareholders; protecting against the use of inside information for the benefit of oneself or other persons illegally; disclosing information transparently; practicing the code of conduct with every stakeholder without violating human rights; being political neutrality and anti-corruption, in order to achieve sustainable development.

- 2.5 The Company provides opportunity for the shareholders to choose to vote for appointment of director individually and provides opportunity for the shareholders to make appropriate inquiry concerning meeting agenda.
- 2.6 The Company avoids adding other meeting agenda which had not been specified before in the Shareholders' Meeting as it is unfair for the shareholders not attending the meeting.

3. Procedure after the Shareholders' Meeting

- 3.1 The Company prepares the minutes of the Shareholders' Meeting by recording the voting procedure clarification and voting results showing procedure for acknowledgment before the meeting as well as providing equal right for the shareholders to express their opinions and make inquiry, which the Company has recorded issues of the inquiries or opinions or suggestions from the shareholders and voting results for each meeting agenda showing approval, disapproval and abstain votes of the shareholders, including the names of Directors attending the meeting and absent from the meeting within the minutes of the meeting and disseminated on the Company's website in both Thai and English.
- 3.2 The Company discloses the resolutions of the Shareholders' Meeting including voting results in the working day after the Shareholder's Meeting by reporting the news through the Stock Exchange of Thailand.
- 3.3 The Company complies with guidelines on assessment on organizing the shareholders' meeting (AGM Checklist) as prepared by the Thai Investors Association.
- 3.4 The Company organizes a plant visit at least once a year to provide the shareholders or analysts the opportunity to see the Company's business operation.

Section 2: 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.

Good Practice for Equitable Treatment of Shareholders

1. Information Providing Prior to the Shareholders' Meeting

- 1.1 The Company notifies the meeting itinerary including meeting regulation and agenda and opinions of the Board of Directors to the Stock Exchange of Thailand and dissemination through the Company's website at least 30 days before the meeting date.
- 1.2 The Company shall send the meeting invitation in both Thai and English specifying rules and regulations related to the meeting, voting procedure as well as voting right for each meeting agenda (the shareholder has one vote for one share), opinions of the Directors including supporting information for each meeting agenda and 3 types of proxy forms, to the shareholders in advance at least 21 days before the meeting date. Meeting invitation is also advertised and published in the newspapers at least 3 days before the meeting date in order for the shareholders to have sufficient time for consideration and information study for meeting attendance and voting.
- 1.3 The Company has prepared such shareholders' meeting invitation in both Thai and English and disseminated through the Company's website at least 30 days prior to the shareholders' meeting date.
- 1.4 In the event that the shareholder is unable to attend the meeting, the shareholder may grant proxy to another person to attend the meeting on the shareholder's behalf. Accordingly, the Company has added another option for the shareholder by proposing an independent director to be the proxy granted from the shareholder to attend the meeting and vote as intended by the shareholders.

2. Protection of Rights of the Minor Shareholders

- 2.1 The Company provides opportunity for the minor shareholders to propose additional agenda for the shareholders' meeting in advance for at least 3 months before the end of fiscal year (from October 1 to December 31 of every year) with clear procedure and instruction disseminated through Company's website.
- 2.2 The Company has established procedure for the minor shareholders to propose the name of individual for nomination as the director including supporting documents for consideration on qualifications and permission from the proposed person in advance for at least 3 months before the end of fiscal year (from October 1 to December 31 of every year) with clear procedure and instruction disseminated through Company's website. The Company shall propose to the Nomination and Remuneration Committee to consider the established rule and propose the matter to the Board of Directors for approval to propose to the Shareholders' Meeting for its consideration.
- 2.3 The Company has established that the executive should not unnecessarily add meeting agenda that had not been informed in advance, particularly important agenda that the shareholders need time to study information before making decision.
- 2.4 The Company provides opportunity for the shareholders to use their rights to appoint director individually.

3. Protection against the Use of Inside Information

- 3.1 The Company prohibits the Directors, executives and employees at every level of the Company to use inside information, that has not been disclosed to the public with significant effect on the price of Company's securities, for own benefit including trading of the securities. Should the Company find that any Director, executive and employee of the Company violate this established regulation, the Company shall take legal action and punish the wrongdoer.
- 3.2 The Company has established that the Directors and executives have duty to report their shareholding in compliance with the law by submitting the report to the Company Secretary for safekeeping and prepare report on the shareholding of the Directors and executives for acknowledgment by the Board of Directors at every meeting as well as disclosure within the Annual Report.

4. Interest of the Directors

- 4.1 The Company has established that the Directors report of their interest prior to the meeting agenda and make record within the minutes of the Board of Directors.
- 4.2 The Company has established that the Director, who has significant interest in the nature that may cause such Director not to have independent opinion, must refrain from participating in the meeting on such agenda.
- 4.3 The Company discloses information on related transactions, which has been conducted fairly according to the market price and normal business operation, in the notes to the financial statements of the Company.

Section 3: Roles of Stakeholders

The Company gives precedence to and realizes the 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 building of the Company's stability and sustainability.

Good Practice on the Roles of Stakeholders

1. Policy on Practice toward the Stakeholders

- 1.1 The Company has established framework for the code of conduct by posting it on the Company's website to be used as guideline for practice toward the rights of all stakeholders, either internal stakeholders such as the Company's employees and executives or external stakeholders such as the shareholders, customers, trading partners, competitors, creditors, society, community and environment, as well as non-violation of human rights policy, political neutrality, marketing communications and anti-corruption, etc.
- 1.2 The Company has established the quality policy, safety and environment policy, corporate social responsibility policy, anti-corruption policy and promotes the employees to follow these policies. Moreover, the Company has established practice guidelines concerning these policies so to boost confidence from every group of stakeholders on the Company's business operation.
- 1.3 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).
- 1.4 The Company has established policy and regulation concerning the remuneration and welfare for the employees in conformity with the Company's operating results and established rule on the key performance indicator (KPI) to be used for consideration of salary adjustment and annual remuneration or bonus payment. In addition, the Company has established the provident fund for the employees in order to promote money saving of the employees, with the Company contributing equal amount as the employee's payment. In year 2016, the Board of Directors of the Company has resolved to increase the fund saving proportion so that the employee may choose at the rate of 3%, 5%, 7% to 15% with Company's contribution at the rate of 3%, 5%, not exceeding 8% of base salary as per employment period and willingness of the employee. The saving shall be repaid to the employee at retirement or when quitting the job.
- 1.5 The Company has established policy concerning the training and development of the employees by planning on the Annual Training Roadmap in advance and disclosing the number of training hours under the Corporate Social Responsibility (CSR) and Sustainability Report in the Annual Report (Form 56-2).

2. Disclosure of Compliance with the Policy and Preparation of Corporate Social Responsibility (CSR) and Sustainability Report

- 2.1 The Company has established the 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.
- 2.2 The Company has established practice guidelines concerning non-violation of intellectual property and copyright.
- 2.3 The Company has established practice guidelines concerning receiving and giving of gifts, assets or any benefits.
- 2.4 The Company has established the policy on anti-corruption including support for activities which promote and instill in every employee to comply with the relevant laws and regulations.
- 2.5 The Company has prepared the Corporate Social Responsibility (CSR) and Sustainability Report within the Annual Report (Form 56-2).

3. Policy on Whistleblowing and Complaints

The Company conducts the business with transparency and fairness and also realizes that corruption will have an impact on the Company's operation and therefore, the Board of Directors has established the "Policy on Whistleblowing and Complaints" of stakeholders in writing in accordance with the principles of good corporate governance, in order to have a mechanism for participation of the stakeholders. Accordingly, the Board of Directors has established measure or channels for the whistleblowing and complaints as follows.

3.1 Stakeholder's Opportunity for Whistleblowing or Complaint.

Any employee or stakeholder wishing to contact the Board of Directors directly without go through the Company's executives to express opinion concerning the business operation, including whistleblowing or complaints can do so through the following channels.

- (A) For Whistleblowing or Complaint concerning with Corruption Activity, notify:
Chairman of the Audit Committee - Tel: 0 3622 4171-8 Ext. 282, E-Mail Address: Audit_Com@dbp.co.th
- (B) For Whistleblowing or Complaint concerning with Violation of Company's Rule and Regulation, notify:
 - Chief Executive Officer - Tel: 0 3622 4171-8 Ext. 206, E-Mail Address: asanee@dbp.co.th
 - Chief Operating Officer - Tel: 0 3622 4171-8 Ext. 204, E-Mail Address: satid@dbp.co.th

- (C) Complaint or Recommendation concerning with Investors' Information, notify:
Company Secretary Office - Tel: 0 36224 171-8 Ext. 307, E-Mail Address : Corpcenter@dbp.co.th
- (D) In the case of finding issue that severely impact the reputation of the Company, it must be urgently reported to the Chief Executive Officer with the contact information in (B).

3.2 Process after Whistleblowing or Complaint Notification

1. Registration and Processing.
The person being notified of whistleblowing or complaint according to 3.1 shall send the information to the Internal Audit and Compliance Control Office for registration of the complaint and coordination on inspection of the matter as follows.
 - (A) In the case of severe impact to the reputation of the Company, it must be processed urgently.
 - (B) In other cases, they must be processed quickly.Record information from the Complainant as follows:
 - (A) Name of the Complainant except for the case that name is not specified, Date of Complaint, Name of the person or event of the complaint, Name of responsible inspection person, Other related information.
2. After the registration of complaint, the level of confidentiality is set according to the content of the matter and shall be processed as follows.
 - (A) Send the matter to the Chief Operating Officer or above for acknowledgment and consideration on finding out the fact by assigning the Internal Audit and Compliance Control Office or setting up a special fact finding working committee.
 - (B) In case of complaint on the Board of Directors or Chief Executive Officer or Chief Operating Officer, the matter shall be sent to the Audit Committee directly for consideration on acceptance of complaint, information finding and inspection of fact according to the notification in order to report to the Board of Directors for consideration and set appropriate penalty.
 - (C) In case of finding issue that needs to be urgently reported, the Chief Executive Officer shall inspect the fact and report to the Board of Directors urgently.
3. Collection of Facts.
 - (A) The person assigned for inspection of the complaint is authorized to seek for the fact and recommend to the person concerned to behave or perform duty appropriately and if a disciplinary action is needed, it should be consulted with the Human Resource Division so that the punishment is in accordance with Company's regulation.
 - (B) In the case that the person assigned for inspection of complaint has no authority to call in the employee for questioning or punish the employee, the matter should be proposed to the Chief Operating Officer or above, along with the fact to consider ordering the punishment, changing the practice depending on the case.
 - (C) In the case that the complaint is from an anonymous person and no additional fact can be obtained, the person assigned for the inspection of complaint should send the report of inspection results including the opinion concerning such complaint to the Chief Operating Officer or above to request for appropriate course of action. Should the Chief Operating Officer or above deems that the complaint cannot be fulfilled, then the matter should be closed and the copy of document should be sent to the Internal Audit and Compliance Control Office to register the closing of the case and report such matter to the Audit Committee.
 - (D) If it was found that the accused person is not guilty or the complaint has happened out of misunderstanding or the accused person or person concerned has behaved appropriately after being informed, and that the case should be closed without any punishment, the matter should be proposed to the Chief Operating Officer or above to consider closing of the case and copy of document should be sent to the Internal Audit and Compliance Control Office for acknowledgment and report such matter to the Audit Committee.
4. Fact-finding and Inquiry.
In the case that the inspector or working group and the Human Resource Division deem that disciplinary action is needed, the Human Resource Division should propose such matter to the Chief Operating Officer or above to consider the fact for approval of the disciplinary action and then improve on the regulation found to have fault to make it clearer.

3.3 Protection of Whistleblower or Complainant

1. The stakeholder whistleblowing or complaining according to (3.1) above shall not need to disclose the name.
2. The Company shall protect and not demote, punish or cause adverse effect to the employee whom refuses corruption act, including the employee who cooperates in the notification, giving fact and report on the corruption act, despite causing the Company's loss of business opportunity. The supervisors at every level must convey this understanding to the employees for practice in the business activities and oversee that effective operation under their responsibility is performed.
3. The person receiving the complaint and those involved in the fact-finding and inquiry process must keep the relevant information confidential and only disclose information as necessary by taking into consideration the safety and reputation of the complainant or person who cooperates in the fact-finding process or sources of information or relevant person whether or not the person is an employee or outsider.
4. Should the whistleblowing, complaint, statement or information offering have been proved to be dishonest intention, disciplinary action shall be taken in case of being the Company's employee. As for the outsider causing damage to the Company's reputation, the Company shall take legal action on such person.

3.4 Measure for Correction and Compensation

In the case of employee or stakeholder being damaged from violation of right according to the law, the Company is willing to listen to comment or complaint and shall immediately correct such fault or effect as well as finding protection measure so that such incident will not occur again and will consider appropriate compensation to the person being violated according to the cause and effect on a case by case basis.

In addition to the complaint channel above, the Company has established the procedure for management of the complaints from the employees as every employee has duty to report any incident or behavior in the workplace that is wrongful or suspicious of violation of any principles of good corporate governance of the Company or regulations or laws, **to the supervisor or directly report to the Internal Audit and Compliance Control Office or notify through Company's website (Whistleblowing Topic) or notify through Whistleblowing Box (located at Human Resource Division)** if any activity was found or might be illegal or in violation of the principles of good corporate governance of the Company, which may have an impact on the employees and other stakeholders and the Company. The Internal Audit and Compliance Control Office shall examine the fact and summarize details of such incident and report to the Audit Committee for its consideration and suggestions and proceed to rectify the problem or take legal action for such wrongdoing. Nonetheless, the information on the whistleblower and other details shall be kept confidential in order to build confidence for the whistleblower.

Section 4: Information Disclosure and Transparency

The Company oversees the disclosure of important information related to the Company including financial statements and other non-financial information as stipulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand and other information with accuracy, completeness, timeliness and transparency through the Company's website with convenient access, parity and reliability.

Good Practice for Disclosure of Information and Transparency

1. Information Disclosure

- 1.1 Company has a policy for disclosing important information with accuracy, non-misleading and sufficient for decision by the investors through Company's website in both Thai and English so the users can access information with parity. The information is updated regularly.
- 1.2 The Company has established that the Company's objectives and strategies be disclosed within the Annual Report (Form 56-2).
- 1.3 The Company has established that information be disclosed in the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2) according to the regulation of the Securities and Exchange Commission and the Stock Exchange of Thailand.
- 1.4 The Company has established that the Board of Directors reports on the responsibilities of the Board of Directors to the financial statements together with the report of the independent auditor within the Annual Report (Form 56-2).
- 1.5 The Company has established that the Management Discussion and Analysis or MD&A be prepared and reported along with the quarterly financial statements in order for the investors to readily acknowledge the information and understand about the changes in the financial status and operating results of the Company for each quarter in addition to only the information within the financial statements.
- 1.6 The Company has established that the audit fees and other expenses of the auditor be disclosed within the Annual Registration Statements (Form 56-1) and the Annual Report (Form 56-2).
- 1.7 The Company has established that there shall be disclosure of the roles and responsibilities of the Board of Directors and sub-committees, the number of meeting sessions, and number of meeting attendance by each committee member in the past year and opinions from their duties as well as continuous professional training and development of the Board of Directors within the Annual Report.
- 1.8 The Company has established that there shall be disclosure of the policy on remunerations of the Directors and top executives reflecting the roles and responsibilities for each person, including the type or nature of the remuneration, and also, the remunerations received by each Director from the subsidiary company for the directorship position (if any).
- 1.9 As for the Investor Relations part, the Company has established the Investor Relations Office by assigning the Chief Operating Officer to take on the responsibility of communication providing information to the investors, analysts, shareholders and interested parties in general, which can be contacted at the telephone number 0 3622 4171-8 or E-Mail Address: Corpcenter@dbp.co.th.
- 1.10 Information regarding directors and executives, including Company Secretary, are disclosed on the Company's website. The information includes names, positions, education, shareholding in the Company, work experience, and photographs.
- 1.11 Information regarding shareholding of directors and executives are clearly disclosed, and a policy has been put in place for the directors and the executives to report the following:
 - (1) Report on the sale and purchase of the Company's shares: Directors and executives are required to report such information according to the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission.
 - (2) Report on interests and related party transactions: Directors and executives are required to report their interests and related party transactions to the Chairman of the Board, and include the matter in the meeting agenda to notify the Board of Directors of such transactions.
- 1.12 The Company has never been ordered by the Stock Exchange of Thailand and the Securities and Exchange Commission to amend its financial statements. The financial statements have also been approved by the auditor without exception.

2. Information Disclosure on the Company's Website

In addition to the information disseminated as stipulated and through channel of the Stock Exchange, namely the Annual

Registration Statements (Form 56-1) and the Annual Report (Form 56-2) which can be readily downloaded, the Company has established the disclosure of following information in both Thai and English through the Company's website such as the Company's vision and mission, objectives and strategies, business nature, background and information of the Board of Directors, executives and Company Secretary, shareholding structure of both direct and indirect and corporate structure, etc.

3. Relationship with Investors

In recognition of the importance of investor relations, executives at managing director level have regularly engaged in meetings in order to disclose information to and exchange opinion with shareholders, investors, analysts, and journalists. The Company has put in place the Investor Relations Office for prompt and equal access of Company's information for shareholders, investors, analysts, and journalists. The information provided by the Company are correct, complete, transparent, and up-to-date, especially critical information that may affect the share price of the Company. These information can be effectively used in decision making on investments.

The Company discloses information and news via various channels according to the guidelines and regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, including information disclosure via the Stock Exchange of Thailand, opportunities for shareholders, investors, analysts, and journalists to discuss with Company's executives, participations of meeting events of investors and public companies, and information inquiry channel via Company's website, telephone, e-mail. The Company's website is also regularly updated.

In year 2016, the Company has activities regarding direct and indirect disclosure as follows:

3.1 Four analysts meetings.

3.2 Four meeting events of investors and public companies (Opportunity Day) held by the Stock Exchange of Thailand.

3.3 Participation in the Thailand Focus activity by the Stock Exchange of Thailand and Phatra Securities Public Co., Ltd.

3.4 Press releases in event of important investment business activities of the Company.

3.5 Disclosure and answering of inquiries by shareholders and investors via telephone number: 0 3622 4171-8 or e-mail address: Corpcenter@dbp.co.th.

Section 5: 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 comprises of experts from various disciplines who possess the expertise, experience, leadership, vision, independent decision, dedication and effort for their responsibilities. They also exercise prudence and honesty for the best interest of the Company and its shareholders. The Board of Directors and sub-committees has composed a charter for each committee in order to establish the roles, duties, and responsibilities which can be summarized as follows:

1. **Composition of the Board of Directors:** The Board of Directors comprises of at least five directors being appointed by the shareholder meeting. Currently, the Board of Directors comprises of 12 directors, including Chairman of the Board, 3 Executive Directors, 4 Non-executive Directors, and 4 Independent Directors.
2. **Qualification of the Board of Directors:** The Board of Directors comprises of experts from various disciplines who possess the expertise, experience, honesty, and business ethics. At least one of the non-executive directors must possess knowledge of the Company's business operation to be able to control and supervise the management for the best interest of the Company and its shareholders.
3. **Roles, Duties, and Responsibilities of the Board of Directors:** The scope of duties of the Board of Directors encompasses the management of the Company to ensure compliance with the objectives, policies, Company's regulations, and shareholders' meeting resolutions. The Board of Directors shall also comply with laws concerning securities and stock exchange, regulations and best practice of the Securities and Exchange Commission and the Stock Exchange of Thailand, and other laws relating to the Company's businesses. Additionally, it is stipulated that the Chairman of the Board of Directors, the Chief Executive Officer, and the Chief Operating Officer are of different individuals, having their scopes of duties and responsibilities as follows:
 - **Chairman of the Board of Directors** has duties to establish policies and business plans, to monitor the operation of the Management, and to give advice but not participate or intervene with daily management. Additionally, the Chairman of the Board of Directors is required to possess leadership to ensure that the directors are not under the influence of the Management. The Chairman of the Board of Directors shall preside with impartiality as the chairman of the meetings of the Board of Directors and shareholders' meetings, promoting exercises of voting rights by the meeting attendance. The Chairman of the Board of Directors shall also strictly and effectively comply with the good corporate governance principles.
 - **Chief Executive Officer and Managing Directors** have duties in routine management to ensure compliance with objectives, policies, and established targets within the scope of authorities as determined by the Board of Directors. In order to ensure effective operations, the Chief Executive Officer and Managing Directors may take up positions as approved by the Board of Directors in not more than 3 other listed companies, excluding in the Company's subsidiary companies, affiliated companies, or joint venture companies.
4. **The Board of Directors** shall establish sub-committees for specific matters as necessary by the selection and nomination of the Nomination and Remuneration Committee. The current sub-committees are: 1) Audit Committee 2) Nomination and Remuneration Committee 3) Corporate Governance Committee, and 4) Management Committee.
5. **Performance Assessment:** There is a review once a year on the self-assessment forms of the Board of Directors' performance as a whole and as an individual on the strengths and weaknesses and to improve on the performance of the Board of Directors for the utmost benefit to the Company's business operation.

6. **The Board of Directors' Meetings and Shareholders' Meeting**, including statements of financial position, and communication and disclosure of adequate and suitable information by the Company to stakeholders: It is established that the meeting of the Board of Directors is convened at least once every three months and that the meeting schedule is prepared in advance every year. Each meeting must be attended by the Company's directors by at least one-half of the total number of Company's directors to be considered a meeting quorum. Each director is entitled to one vote, except for the director who has an interest in certain matter shall have no right to vote in such agenda. If the vote counts are even, the meeting chairman shall have the right for another vote as a casting vote. The Company Secretary is assigned to convene the meeting by sending the meeting invitation to the directors at least seven days before the meeting date, etc.
7. **Trainings:** Human Resource Development (HRD) training program is arranged for executives and all employees. Additionally, there is a plan promoting executives' attendance of training courses that are related and necessary to development of managerial skills. The Board of Directors also gives approval to the good corporate governance, risk management policies, and anti-corruption policies, and ensures that these policies encompass the whole company in written form, and are disclosed on the Company's website and annual reports.

In year 2016, the Company has nominated a new director, namely Mr. Chatchai Teepsuwan. For most effective and timely readiness for performance the director's duties, the Company has held an orientation for the new director to ensure understanding on the businesses and operations of the Company, with Company Secretary as the coordinator.

Trainings for directors and executives in year 2016 are as follows:

| No. | Name of Director | Position | Training Course |
|-----|----------------------------|---|---|
| 1. | Mr. Chaiyut Srivikorn | Director and Nomination and Remuneration Committee Chairman | Thai Institute of Directors (IOD) <ul style="list-style-type: none"> • CGR Workshop: "Enhancing Good Corporate Governance based on CGR Scorecard" • Anti-Corruption the Practical Guide |
| 2. | Mr. Chatchai Teepsuwan | Director | Thai Institute of Directors (IOD) <ul style="list-style-type: none"> • Director Certification Program (DCP 220/2016) |
| 3. | Mr. Sakda Maneeratchatchai | Independent Director and Audit Committee Chairman | Thai Institute of Directors (IOD) <ul style="list-style-type: none"> • R-ACF-Audit Committee Forum (R-ACF 1/2016) |
| 4. | Mr. Anun Louharano | Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member | Thai Institute of Directors (IOD) <ul style="list-style-type: none"> • R-ACF-Audit Committee Forum (R-ACF 1/2016) |

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 such as 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 approve the announcement of the Code of Conduct for the Company's operations in conformity with the Good Corporate Governance Policy and thereby having established the framework for the code of conduct to be used as practice guideline toward every group of stakeholders; code of conduct on conflict of interest regardless whether they are internal stakeholders, namely the employees and executives of the Company or external stakeholders, namely the shareholders, customers, trading partners, competitors, creditors, society, community and environment, including policy on non-violation of human rights and local tradition and culture, political neutrality, marketing communication and anti-corruption. The Board of Directors has reviewed and improved on the code of conduct appropriately and regularly. (The details of the Code of Conduct can be found in the Corporate Governance Handbook published on the Company's website)

Development Guidelines for Corporate Governance in year 2017

1. Updating the Corporate Governance Handbook in accordance with the Corporate Governance Code (CG Code) as per the announcement of the Securities and Exchange Commission. The updated handbook will replace the Corporate Governance Handbook Year 2012, and will be effective in year 2019 onwards.
2. Establishing Board Diversity Policies and Board Skill Matrix for the qualification of directors being nominated, with consideration on the skills which are lacking among the Board of Directors. This measure should enhance the well-rounded structure of the Board of Directors in terms of knowledge, expertise, experience, and diversity, promoting most effective operations.
3. Arranging activities promoting corporate culture and awareness of the good corporate governance that focus on creating understanding towards compliance of the Company's good corporate governance principles. The message is communicated to employees at all levels in the Company via various activities, such as regular trainings on good corporate governance in new employee orientation, activities introducing whistleblowing, booths or displaying boards communicating about good corporate governance, arrangement of "CG Day" to raise awareness on the importance of the good corporate governance, etc.

PREVENTION AND ANTI-CORRUPTION

The Company is determined at prevention and anti-corruption in every form and has been certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC) on October 16, 2015. During year 2016, the Prevention and Anti-Corruption Committee has performed assessment on corruption risk in every business unit in order to raise awareness among executives and employees on the responsibility to carry out their duties while strictly abiding the law, code of conduct, and prevention and anti-corruption policy to ensure that the operation of each business unit leads to achievement of the determined objectives and targets of the Company.

The Company has established “Prevention and Anti-Corruption Policy” in writing in order to raise awareness among directors, executives, and all employees of the Company on the danger of corruption, to instill the right values, and to inspire confidence among all stakeholders, setting clear guidelines for business operation. The Prevention and Anti-Corruption Handbook has been disseminated and disclosed on the Company website, and trainings have been organized to provide knowledge to employees about prevention and anti-corruption, as well as communication to external parties. The Company has also established policies to support anti-corruption activities as follows: 1) Policy concerning political neutrality, 2) Policy concerning receiving and giving of gifts, properties, and any other benefits, 3) Policy concerning monetary sponsorship, 4) Policy concerning charitable donation, and 5) Procedure for whistleblowing or complaints, including protection measures for whistleblowers or complainants. Whistleblowing or complaints can be directed to e-mail: Audit_Com@dbp.co.th, which reports directly to the Audit Committee in written form.

The Prevention and Anti-Corruption Committee has determined that assessments for corruption risk in every business unit are required at least once a year. Each business unit shall analyze each risk factor and specify “High-Risk” in order to find prevention and rectification measures as appropriate. The risk assessment procedure is as follows:

1. The Prevention and Anti-Corruption Committee shall prepare self-assessment forms concerning corruption to allow each business unit to self-assess their unit and analyze “High-Risk” in order to determine prevention and rectification measures.
2. Managers of each business unit shall determine prevention and rectification measures for “High-Risk” in their own unit and propose the measures to the Prevention and Anti-Corruption Committee and report the risk that has been rectified.
3. The Prevention and Anti-Corruption Committee shall consider the prevention and rectification measures that are suitable for risk mitigation.
4. The corruption risk shall be reviewed at least once every year, or as frequently as necessary.

In year 2016, the Company and the subsidiary companies have no legal disputes or breaches of law concerning corruption, whether they are in the process of examination, legal proceeding, or delivering of judgment.

The Audit Committee during the meeting No. 3/2017 on February 14, 2017 has reviewed the prevention and anti-corruption of the Company. It was concluded that the measures were adequate and effective as per the determined objectives, in which each business unit is required to assess their corruption risk to raise awareness among executives and employees on the responsibility to carry out their duties while strictly abiding the law, code of conduct, and prevention and anti-corruption policy. Also, no significant faults were found.

HUMAN RESOURCE MANAGEMENT

The Company recognizes the importance of works related to human resource management, as they are crucial in response to changing business and economic condition. The Company believes that the employees have potential to achieve sustainable business success. The human resource strategy has been established as follows:

Human Resource Strategy: Focus on building and preparing the personnel within the organization to strictly adhere to honesty and transparency, caring for their quality of life and safe living by development of knowledge and capability in both manufacturing and marketing skills, in order to be ready to propel the organization toward its success and excellence to support sustainable growth in both domestic and export markets.

Human Resource Management: To ensure sustainability of the organization and as one of the critical strategies of the organization, in year 2016 the Company has put in place these following important measures:

1. **Personnel Recruitment:** The Company has a fair policy and procedure for recruitment of personnel, by considering the qualifications, education background, experience, physical condition and other conditions required for employee in such position through several channels as follows:
 - 1.1 Continued development of a personnel recruitment tool called “**Workshop Station Test**” for the work position of repair and maintenance to employ individuals with important and practicable skills as required.
 - 1.2 Continued development recruitment channels to make recruitment information more accessible and up-to-date via various information technological channels on the **Internet, Facebook: DBP Career, and LINE: @DBP Career**, in line with lifestyle of the current generation.
 - 1.3 Development of a recruitment method called “**Presentation Interview**” accompanying the recruitment to ensure that the recruited individuals are knowledgeable and possess experience as required.
 - 1.4 Improvement on the perceived image of recruitment communication by questionnaire for candidates being interviewed by the Company on the satisfaction towards the image of the Company. The questionnaire focuses on the atmosphere of the interview, impression on the contact for interview, and notification of related information.
2. **Personnel Development:** Training and development can improve the quality of the personnel, creating knowledge base within the organization, and promoting engagement in expressing opinions toward the organization. The training and development are planned in advance every year to ensure competitiveness and enhance work potential of the personnel. During year 2016, 51 personnel training and development courses were arranged in 78 classes, with total training hours of 6,259 hours (7.11 hours per person per year on average). The training and development in year 2016 focused on raising awareness of safety in workplace, strategic planning for executives, improvement of services for transport and warehouse staff in form of outdoor “Walk Rally” activities, sale planning and refresher on product knowledge for sale agents and PC staff, knowledge on anti-corruption measures, as well as raising awareness of the environment.
3. **Employee Retention:** The Company puts great emphasis on employee retention by establishing a fair and appropriate compensation or remuneration according to the job description and capability of the employee; overseeing the welfare and benefits; maintaining safe and sanitary workplace environment; as well as organizing activities for the happiness of employees all year long and providing opportunity for employees to express opinions in order to improve work efficiency of the employees themselves and the Company. The measures includes:
 - 3.1 **Benefits:** The Company has improved benefits of employees for better quality of life as follows:
 - (A) Increase cost of living welfare from Baht 1,200 per month to Baht 1,500 per month.
 - (B) Increase provident fund rate from 3, 5, or 7 percent to 3, 6 or 8 percent.
 - (C) Increase welfare on diligent allowance with step up basis from Baht 400, 500 and 600 to Baht 500, 600 and 700.
 - (D) Increase Out Patient Department (OPD) healthcare allowance from Baht 1,000 to Baht 1,300 per time.
 - 3.2 **Activities promoting “Happy Workplace”:** The Company has continuously arranged activities promoting “Happy Workplace”, with employees and neighboring community joining activities. Fifteen activities that were arranged could be grouped into eight categories as follows:

- (A) Happy Body: “DBP Health Me” promoting continuous wellness for three consecutive months, “Weight and Fat Loss Contest” activity, “Fitness with DBP” activity, and “Dance with DBP” activity, etc.
- (B) Happy Heart: Blood donation activity, Used clothes donation for children activity.
- (C) Happy Soul: Mind development for balanced life activity, traditional religious activity.
- (D) Happy Relax: Songkran festival - “Get You Home Safely,” “Refreshing Green Tea Year 5” activity.
- (E) Happy Family: Mother’s Day activity, Supporting Thai Rice from Diamond People’s Farmer Relatives activity.
- (F) Happy Society: National Children’s Day activity, English teaching for children of Kaengkhroi community, Support of 53 community products, and “Baan Pracharat Ruamjai” activity.
- (G) Happy Brain: “Are You Ready for “Prompt Pay?”” activity.
- (H) Happy Money: Saving with Government Saving Bank activity, and Economical product fair activity.

3.3 Labor Relations Promotion: Based on **bilateral system** by attending meeting with the representatives from the employees committee continuously every month to clarify about policies and the Company’s trend, as well as discuss about employees’ welfare and arrange activities together within the Company or with external business units regularly.

3.4 Traveling HR: activity to create cooperation among nearby companies by forming a coalition of “HR Kaengkhroi” to meet, discuss, and exchange information and knowledge with one another, as well as arranging activities with local governmental organizations, holding a recruitment booth with the recruiting agency of the province, Sook Anun Store, and educational institutions, etc.

3.5 Complaints: In the event that the employee is treated unfairly or suffered from work regardless of working condition, hiring condition, control, order or work assignment or inappropriate action between the Company, between the superior and employee or between employees themselves, the employee may file a complaint on such dissatisfaction or suffering to the Company in order for the Company to resolve or end such incident so that there is good relationship between the Company and employee and also for happiness of the employees at work

3.6 Equal Opportunity: Treatment toward employees with equality, justice, impartial treatment and non-violation of individual liberty both directly and indirectly. The Company operates the business based on principles of fairness and equality according to human rights principles

3.7 Communication: Hosting of Company’s Intranet: <http://drt> as an internal communication channel for Diamond People to know about significant changes in the Company, as well as Company’s website: www.dbp.co.th for disclosure of news and information for the public.

4. **Safety:** Occupational Safety, Health, and Workplace Environment Committee, in cooperation with Safety, Health and Environmental Unit (SHE) have published a safety measure handbook, arranged safety trainings and activities promoting awareness on risky behaviors, as well as implementation of “**Seven Basic Safety Rules**” (SHE 7 Rules) to foster safety conscience among employees, and added the “**Seven Work Permits System**” or “**7 Permits**” to prevent accidents in the high risk areas within the Company, which is the main cause of accidents. Additionally, various activities have been arranged, such as, reduction of unsafe condition activity, interaction and vigilance to stop risky behavior by using a stop card, and campaign promoting near miss report. All of these have made Diamond People become aware and actively taking part in the accident prevention with full commitment, resulting in a reduction of accident incidents from 12 incidents in 2015 to 6 incidents in 2016, or a reduction of 50 percent.
5. **Work Monitoring:** In order for the established policy to be practiced and proceed in a correct and appropriate direction, the Company has established internal inspection and monitoring procedure, including establishment of work objectives that must be routinely checked and reported to the immediate supervisor.
6. **Performance Assessment:** Performance assessment procedure has been established for the probation period and annual performance assessment twice a year for consideration of adjustment of remuneration and bonus, including consideration of job promotion. For the employee who proposes guideline or opinions for improvement of work efficiency, the Company shall promote and present awards and praise the employee throughout the organization. For the employee who does not pass the criteria, there shall be procedure for work efficiency improvement to be monitored every three to six months. Nonetheless, if such employee still cannot improve the performance efficiency, the Company needs to proceed according to the Company’s regulations by informing

the employee of such regulation, starting from signing the performance assessment result form, salary adjustment letter or individual assessment and monitoring, etc.

7. **Succession Plan:** The Board of Directors is required to ensure that the Company possesses a suitable nomination system for employees assuming roles in all important managerial positions, and the nomination of executives at assistant managing director level or more complies with procedures set out by the Nomination and Remuneration Committee.

Succession Planning Strategy for Important Positions

The Company has put in place a succession plan to prevent shortage of talents due to inability to find replacement employees that are knowledgeable, which can greatly affect business operation. Shortage of employee may occur due to early retirement or job promotion. Therefore, the Company has put in place a succession plan for important positions to prevent such problem, which can be summarized as follows:

1. Analyze the current situation of the Company and business expansion policy of the Company in the next three to five years to estimate manpower and appropriately determine the qualification of potential employee.
2. Find out about positions with such risk, in which Human Resource Department shall conduct the research.
3. Plan the nomination and development of employee, determine the knowledge, capabilities, skills, personality, and attitude, etc.
4. Make selection by evaluation of performance and individual employee who has potential for higher positions.
5. Determine the successor. After having a satisfying candidate, Human Resource Department shall notify the person well in advance that there would be training and job learning to prepare for assignment of higher position.
6. Train and assess the performance regularly to determine if the learning and self-improvement capability of the individual are satisfactory or not. If the performance is not as expected, the candidate can then be changed in timely manner. The succession plan for important positions is crucial for personnel management, and is a driving force for the potential and performance of the Company toward continuous and sustainable development.

RISK MANAGEMENT

The Risk Management Committee's operation involves management and mitigation of risks, regular risk assessment and control of unacceptable risks, as well as monitoring of risk management system so that it is sufficient and appropriate for protection and mitigation of risks that may occur in the future, according to the principles of good corporate governance. During the year 2016, the Risk Management Committee held 12 meetings altogether, comprising of 15 executives from every department of the Company, to consider several matters which can be summarized as follows.

1. Risks from External Factors

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

According to the Thai cabinet resolution in December 2014 concerning the termination of use of asbestos (Chrysotile), the Ministry of Public Health was requested to review the study of impact for clarity, further delayed the proposed plan of the Ministry of Industry to terminate the use of asbestos. Nonetheless, the Company has made preparations by developing and selling products that do not contain asbestos fiber, upgrading existing machinery to become dual machine which has capability to produce non-asbestos products, and finding new products in construction industry for distribution in order to increase product variety for customers such as trusses, gypsum boards, and roof accessory products, etc.

1.2 Risk Related to Shortage of Raw Materials

Due to the fact that the Company's raw materials are comprised of cement, asbestos, synthetic finver PVA, paper pulp, sand and water, there is a risk related to price and availability. The Company has set up strategies to mitigate this risk, such as, conducting research and development of production formulas that can use alternative raw materials; finding sources for good quality raw materials both locally and overseas; management of procurement and storage capacity increase for the raw materials to mitigate future pricing and shortage risk; monitoring of drought situation and water level of Pa Sak Jolasid Dam, which is the source of water for the Company, to assess and prepare plan for alternative sources of water at adequate amount to support water requirement of manufacturing process.

1.3 Risk Related to Price Competition

The Company closely monitors the market situation and competition of each product, and reviews operational plans and sales strategy to be in line with the policies and targets. During the year 2016, investments and consumption in private sectors shrankened, purchasing power of household and agricultural sector was low, real estate sectors became stagnant in all regions due to high household debt, and financial institutions became reluctant in credit granting, as well as new manufacturers focusing on low price products, all of these resulted in intense price competition since early 2016. In order to mitigate such impact, the Company has a policy to distribute products via projects, modern trade and export market, especially to neighboring CLMV countries with expansion of construction material industry.

1.4 Risk Related to Influence from Domestic Economic Condition

The Company has monitored the overall domestic economic condition. In year 2016, the government sector has expedited investments on large infrastructure projects and put in place relief measures for the agricultural sector. With the declining global oil price and weakened Thai Baht currency, Thailand's export has become better. The economic condition in construction material sector was better due to the increasing purchasing power of consumers. The Company has also assessed any impacts to the business operation of the Company, and planned marketing operation in line with the current economic condition.

1.5 Risk Related to Financial Instruments

(A) On foreign currency exchange rate risk, due to the purchase and sales of products that are in foreign currencies, the Company mitigates this risk by purchasing forward exchange contract that has a maturity of no more than one year and also opening an Foreign Currency Deposit account (FCD) for receiving and making payment in foreign currencies to reduce fluctuations in the exchange rate.

(B) On interest rate related risk, the Company has mitigated the risk by using fixed interest rate on all long-term loans, but using floating interest for short-term loans with maturity of less than one year.

2. Risk from Internal Factors

2.1 Risk Related to Environmental Impact

The Company gives precedence to improve the manufacturing process so that it does not impact or destroy the

Risk Management Policy:

"The Company is determined to prevent any possible risks that may occur in the future, to control, rectify, assess and monitor the management of unacceptable risks in order to build confidence that the Company has sufficient and effective risk management framework."

environment and resources of the community. In year 2016, the Company has received industrial standard certificate in the environmental management system, ISO 14001:2015 from TÜV NORD, which gives priority to sustainable use of resources based on “Lifecycle Thinking.”

2.2 Risk Related to Occupational Health and Safety

- (A) Risk related to Occupational Health: The Company gives precedence to the health care of employees by arranging the annual health checkup every year. The health checkup is divided into two groups: the group of employees being under than 35 years old, and the group of employees being over 35 years old. As for the latter group, which comprises of 70 percent of all employees, additional health check items are included such as test on blood sugar level, blood lipids level, electrocardiography (EKG) and cancer, etc.
- (B) Occupational Safety, Health, and Workplace Environment Committee, in cooperation with Safety, Health and Environmental Unit (SHE), have published the Accident Protection Measures Handbook, arranged safety trainings and activities promoting awareness on risky behaviors, as well as implementation of “**Seven Basic Safety Rules**” (SHE 7 Rules) to foster safety conscience among employees and added the “**Seven Work Permits System**” or “**7 Permits**” Rule on risky operations to prevent accidents in the high risk areas to be used within the Company to reduce accidents. As a result, these programs have raised awareness among Diamond People, with everyone taking part in accident prevention with full commitment. As a result, accident incidents in year 2016 were reduced from 12 times in year 2015 to 6 times in year 2016, or a reduction of 50 percent.

2.3 Risk Related to Manpower and Employment

The Company has risk related to manpower and employment due to increased demand for skilled workers in industrial factory and employees at executive level with experience. Hence, the Company has carried out the following tasks.

- (A) Personnel Recruitment: The personnel recruitment and selection process is conducted in fairness by considering the qualification, education, experience, and other requirements for specific positions.
- (B) Personnel Development: Development training is conducted to improve the quality of the personnel, creating knowledge base within the organization, and promoting engagement in expressing opinions toward the organization. The development and training are planned in advance every year to enhance work potential of the personnel and ensure competitiveness.
- (C) Personnel Retention: The Company puts utmost importance on ensuring happiness and satisfaction of the personnel by providing fair compensation, appropriate benefits, maintaining safe and healthy work environment, arranging leisure activities (Happy Workplace) throughout the year, and allowing employees to express their opinions on improvements of effectiveness for both themselves and the Company.

2.4 Risk Related to Adequate Production Capacity for Market Demand

The Company has risk related to adequate production capacity to sufficiently serve the market demand, and therefore has upgraded existing machinery and equipment to support the market demand. In year 2016, the Company has planned its production to be flexible to the market demand, and has improved the capacity of synthetic wood (NT-9) production line by 20 percent, which is sufficient for the market demand at the present and in the future.

2.5 Risk Related to Administration and Management of Majority Shareholders

The Company is a subsidiary Company of Myriad Materials Co., Ltd., which is the majority shareholder with 53.23 percent of shares (as at December 31, 2016). In combination with the shares owned by the Directors who are the representatives of Myriad Materials Co., Ltd., the shareholding proportion is more than 55% of the shares. Thus, Myriad Materials Co., Ltd. can control all resolutions at the shareholders’ meeting. However, the Company adheres to the code of best practices, having principles for approval of related party transaction, by which 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.

INTERNAL CONTROL

The Board of Directors has established that the Company must have appropriate and adequate internal control system, including regular assessment and monitoring, by having the Internal Audit and Compliance Control Office report the results of the operation to the Audit Committee regularly by adhering to the international standard for internal audit work for the best interest of the Company and acceptable by all stakeholders.

In year 2016, the assessment of the Company's internal control system was conducted in accordance with the rule of the Committee of Sponsoring Organization of Treadway Commission (COSO), which was revised in year 2013. The Audit Committee has an opinion that the Company's internal control system is appropriate and adequate, which can be summarized as follows.

1. Control Environment

1.1 The Company adheres to the values of integrity and morality by establishing the following guidelines:

- (A) The Company has established the Code of Conduct in writing and reviewed in accordance with the current situation for the directors, executives and employees to follow and use as practice guideline for performing their duties with honesty including performance of daily routine and practice toward the trading partners, customers and outsiders appropriately. The Code of Conduct is also disseminated to the employees and outsiders for acknowledgment.
- (B) The Company has established measure and procedure for approval of connected transactions and transactions involving acquisition or disposition of assets of the Company within the Corporate Governance Handbook and has also established the policy for anti-corruption, prohibiting the directors, executives and employees at every level to carry out or accept any form of corruption either directly or indirectly and suitable penalty has also been established if such regulation above was violated. In addition, all executives and employees have been informed and new employees shall be informed during the orientation and have to sign their names for acknowledgment of such regulation.
- (C) The Company has established that there will be monitoring and assessment of performance in accordance with the Code of Conduct and the Internal Audit Office shall have a self-assessment conducted by the executives and employees or assessment by independent expert from outside the organization.
- (D) The Company rectifies the actions that are against the principles of honesty and ethics appropriately and timely.

1.2 The Board of Directors of the Company is independent from the Management and has oversight function and development of internal control by establishing the following guidelines:

- (A) The Company has established roles and duties of the Board of Directors of the Company to be clearly separated from the Management, which have been included in the Charter of each committee, which can be summarized as follows.
 - The Board of Directors is independent from the Management, having roles, duties and responsibilities in establishment of policies, strategies, objectives, annual plan and budget, as well as supervision of performance of directors and executives in accordance with their assignments with effectiveness and best interest to the Company and shareholders by having regular monitoring and assessment of the performance, etc.
 - The Management has roles, duties and responsibilities in the daily management of Company's business in accordance with the objectives, policies, business plan and budget as approved by the Board of Directors, etc.
- (B) The Board of Directors must possess knowledge concerning with the Company's business and expertise that are beneficial to the Company. At least one-third (1/3) of the total number of the Board of Directors must be independent directors who possess knowledge, capability, reliable and are independent in performing their duties such as no business relationship with the Company and no other relationship that may influence their discretion and independent function.
- (C) The Board of Directors has duty to control the development of the internal control in the organization, appropriately and adequately covering the control environment, risk assessment, control activities, information and communication and monitoring activities.

1.3 The Management has established line of reporting structure, appropriate roles and commanding authority and responsibility for the Company to achieve its objectives under the oversight function of the Board of Directors by establishing the following guidelines:

- (A) The Management Committee, comprising of the executives from the assistant managing director level and higher, has duty to establish the corporate structure which supports the achievement of Company's objectives by considering the appropriateness in the business and by law, including adequate internal control by separating roles and duties on important tasks which create check and balance among them and having the Internal Audit Office that reports directly to the Audit Committee, etc.
- (B) The Management Committee has established the chain of command and reporting according to the duties and responsibilities of each line of work. For the case that involves several departments, working team shall be

established comprising of executives from each line in order to achieve the objectives and report to the head of such working team.

- (C) The Board of Directors has established that the sub-committee prepares the charter which clearly specifies the roles, duties and responsibilities, including roles and duties of the Chief Executive Officer, Chief Operating Officer and top executives. For the employees at every level from the division manager and lower, the Human Resources Division in cooperation with managers from each department shall oversee and establish roles, duties and responsibilities of every position to achieve the objectives.

1.4 The Company is determined to motivate, develop and retain employees with knowledge and capability by performing the following tasks:

The Company recognizes the importance of personnel management in response to changes in business and economic condition. The Company believes that the employees of the Company have potential to operate the business successfully and sustainably. The strategy for human resources has been established as follows:

- **Human Resources Strategy:** The Company focuses on enhancing the capabilities of the personnel of the organization, promoting honesty and transparency, while maintaining good quality of life and safe environment. These are done by developing skills in both production and sales so that they are prepared to drive the organization forward towards success as excellence, and sustainably support the growth both domestic and overseas.
- **Human Resources Management:** For sustainability of the organization and as one of the important strategies, the Company has important tasks to retain talents in long-term, including: 1) Personnel Recruitment, 2) Personnel Development, 3) Employee Retention, 4) Safety, 5) Work Monitoring, 6) Performance Assessment, 7) Succession Plan. (More details in Human Resources Management on Page 91)

1.5 The Company has established that the employees have duty and responsibility in internal control in order to achieve Company's objectives by performing the following tasks:

- (A) The Company has assigned the Internal Audit Office to have duties in the audit, assessment and monitoring of work performance in every department to be in accordance with established regulation. If any process does not yet have good work practice, it shall work together with such responsible department to prepare the good practice guideline for everyone to follow and practice or if it is found that there is deficiency in the existing practice guideline, which may have risk for corruption activity, then it must be improved to mitigate such risk.
- (B) The Board of Directors and executive has established the Key Performance Indicator (KPI) to assess the work performance in order to provide motivation and appropriate compensation by considering both the practice in accordance with the code of conduct and Company's short-term and long-term objectives. KPI is reviewed based on the annual budget plan every year.
- (C) The Board of Directors and executives have reviewed that the KPI does not put too much pressure for each employee in carry out the duties, by linking it to the success of performance in accordance with the internal control also.

2. Risk Assessment

2.1 The Company has established clear and adequate objectives to be able to specify and assess risks associated with the achievement of the objectives by performing the following tasks:

- (A) The Company has operated in accordance with the generally accepted accounting standards appropriate to the business by exhibiting financial reports that are actual and complete, correctly indicating rights or obligations of the Company with appropriate values and complete and accurate disclosure of information, having been reviewed by the Audit Committee and audited by the independent auditor who is certified by the Securities and Exchange Commission every year.
- (B) The Company prepares financial reports by considering significant factors such as the financial report proposed to the Board of Directors and the financial report proposed to the executives, which have different sizes of transactions including business trend to be sufficient for the decision making reflecting actual business activities of the Company and Subsidiary Company.
- (C) The Risk Management Committee has established policy for the risk management in writing and communicated with every executive and employee for their acknowledgment and practice.

2.2 The Company has established that there is analysis for every type of risks which may impact the objectives of the Company covering all parts of the organization by performing the following tasks:

The Risk Management Committee, comprising of executives from every department totaling at least 10 persons. In year 2016, the Risk Management Committee, comprising of 15 executives, held meetings to analyze every type of risks, including internal and external factors, their probabilities and impacts on the business operation at the level of organization, business

unit, operating unit, and various work duties. Then, the measures and work plan shall be prepared for the management of these risks which may be by way of acceptance, reduction, avoidance, or sharing of risks.

From the results of the risk analysis and assessment, the Company has prepared the Risk Map and established guidelines for correction and management of risks according to the following risk factors.

- **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.

The Risk Management Committee shall prepare the Report of the Risk Management Committee to be proposed to the Audit Committee and the Board of Directors once every quarter to for acknowledgment of guidelines for mitigation of risks, risk prevention measures and monitoring of risk assessment appropriately and in accordance with the specified period.

2.3 The Company has considered the opportunity for corruption to occur in the assessment of risks which will not achieve the objectives of the Company by performing the following tasks:

- (A) The Company has announced its Anti-Corruption Policy. Anti-Corruption Policy: The directors, executives and employees of the Company at every level are prohibited from engaging in or accepting any type of corruption either directly or indirectly, covering domestic business and every relevant department and that regular review on the anti-corruption practice according to the policy be carried out as well as review on the practice guidelines and regulations in conformity with the changing business, rules, regulations and laws.
- (B) The Board of Directors has resolved for the Company to announce its intention to join with the Private Sector Collective Action Coalition against Corruption (CAC). In order for the Company to operate with transparency, the Prevention and Anti-Corruption Committee (PAC) has been established to prepare the handbook for operating regulation concerning with the anti-corruption, having self-assessment concerning corruption related risks in each department and prepare the self-assessment form concerning the anti-corruption measures. Accordingly, the Company has received the certificate as the member of CAC on October 16, 2015.
- (C) The Company shall regularly review operating targets every year during the preparation of annual budget by considering the possibility of achieving the established targets as well as consideration of validity in providing incentives or compensation to the employees that may promote inappropriate action by the employees; for instance, the Company should not set sales target too high that may influence creating the sales figures, etc.
- (D) The Audit Committee has assigned the Internal Audit Office to prepare the annual audit plan to make assessment of performance of every department to be in accordance with the established guidelines. If it is found that there is no practice or not in compliance with the established operating regulations by which corruption may occur, guidelines for correction shall be proposed and additional protection measure shall be implemented. The meeting shall be held with the executives of such department being audited in order to prepare such measure together.
- (E) The Company has disseminated and distributed the Prevention and Anti-Corruption Handbook on the Company's website and intranet for understanding and practice by employees according to the established policy and practice guideline.

2.4 The Company has assessed the changes that may have impact to the internal control system by making assessment on the changing risk factors outside and inside the organization which may have impact to the business operation, internal control and financial report as well as establishing adequate measure for response to such changes such as:

- External risk factors such as government policy on control of asbestos use, shortage of raw materials, price competition, economic influence, financial instruments, etc.
- Internal risk factors such as environmental impact, occupational health and safety, manpower, sufficiency of production capacity to market demand, administration and management by the major shareholders, etc.

Accordingly, the Company has not made any changes to its business nature or to the leaders of the organization that may have impact to the business operation, internal control and financial reports.

3. Control Measures

3.1 The Company has established control measures to help mitigating the risks that will not achieve objectives to be within acceptable level by performing the following tasks:

- (A) The Company has assigned the Risk Management Committee to monitor the operation of the departments that have been found to have risks to have risk mitigation measures to be within acceptable level and report such progress to the Audit Committee and the Board of Directors for acknowledgment.
- (B) The Company has established the control measures in writing, sufficiently and appropriately covering several procedures such as operating regulations and financial approval authority, procurement and hiring and general management, by establishing scope of authorities and duties, procedure and financial amount for approval by the executives of each level clearly and concisely to prevent corruption, including procedure for major investment approval that requires consideration by the Board of Directors, etc.

- (C) The Company has established that the Company Secretary compiles information concerning major shareholders, directors, executives and their related persons, including connected persons, for the benefit of monitoring and review of the related transactions or transactions that may have conflict of interest, as well as regularly update the information, which shall be reviewed by the Internal Audit Office.
- (D) The Company has established that execution of contract that obligates the Company for more than one year period must be approved by the Board of Directors, by having the Internal Audit Office monitor the compliance with contractual obligations for the whole period of Company's obligation such as monitoring of debt collection according to the payment term period or review of appropriateness of the contract, etc.
- (E) The Company has established various appropriate internal controls such as manual and automated control or preventive and monitoring control, having control in every level of the organization such as subsidiary company, line of work level or process, etc.
- (F) The Company has absolutely separated work roles and responsibilities into three aspects so that there is a check between each other, namely (1) approval authority, (2) duty on accounting and information record entry and (3) duty on supervision and storage of assets.

3.2 The Company selects and develops general control activities using technology in order to support achievement of the objectives.

- (A) The Company realizes about the necessity for improvement of its information technology system in order to develop the operating system so that it is efficient and connected with the whole organization. Hence, the Company has put all the information technology system into the system called Enterprise Resources Planning (ERP) and by using the SAP Software version ECC6 for a real-time information-based system for accurate and quick management of information, sufficient for consideration and effective decision making by the directors and executives, and the Business Intelligence system (BI) for convenient access to any reports, as well as development of E-Office system to reduce paper usage. The Information Technology and Standard System Division has specified access right to the use of computer system for operation, making transaction, approval of transaction or any other transaction in accordance with the authority and responsibility. Also, the Company has programmers who have expertise in developing reports corresponding to various controlling activities, such as termination of product sales, debt collection, etc.
- (B) The Company has established that every employee is responsible for utilizing the information technology and communication system in compliance with the laws and regulations, orders, established standards and the Computer Crimes Act. The Information Technology and Standard System Division is the supervisor of safety of the technology system and process of acquisition, development and maintenance of the technology system.

3.3 The Company has organized control activities through policy which has outlined expectations and procedures in order to bring about practices according to the established policy by performing the following tasks:

- (A) The Company has established measure and approval procedure for the connected transactions and acquisition and disposition of assets of the Company by prohibiting the individual who has an interest in such transaction or may have conflict of interest from approving such connected connection with oneself and such transaction must be reviewed and approved by the Audit Committee in order to prevent the opportunity or taking interest of the Company for one's own use or benefit. For the best interest of the Company, the transaction is being treated as if it is done with the third party at an arm's length basis according to the regulations stipulated by the Stock Exchange of Thailand and the Securities and Exchange Commission and relevant laws.
- (B) The Company has monitored and supervised the operation of the subsidiary company by appointing the directors and executives to monitor and supervise the operation of the subsidiary company so that it operates in accordance with the policy, objectives, business plan, operating regulation and approval authority and regulations of the parent company.
- (C) The Company has placed importance on the internal control by designating the division manager to have duty for conveying the policy and management process, including correction of operating errors, to the knowledgeable and capable employees within the department for their acknowledgment and practice in timely manner and to have an annual review on the policy and procedure appropriate for changing situation at least once a year.

4. Information and Communication System

4.1 The Company has specified relevant and quality information to support the internal control so it can proceed according to the established plan.

- (A) The Company has stored the information used in the operation from inside and outside of the organization. The Information Technology and Standard System Division has developed the information technology system called Enterprise Resources Planning (ERP) by using the SAP Software for a real-time information-based system by specifying the access right to the information and protecting the information system using firewall system and information back-up at DR site in order to gain access to quality information and securely store and maintain the information.

- (B) The Board of Directors has established that meeting be convened at least once a month by assigning the Company Secretary to prepare meeting agenda and documents with information and details on the matters proposed for consideration, rationale, impact to the Company and alternatives that are important and sufficient to support the decision making and to forward the information to the Directors in advance at least 7 days before the meeting in order for the Directors to have adequate time to study the information and if the information are not sufficient, additional information can be requested to the Company Secretary; and to prepare the minutes of the meeting of the Board of Directors having details which can be re-checked concerning the appropriateness of work performance of each director, as well as to keep storage of these important meeting documents in a complete and organized way after the meeting. In addition, this shall include the arrangement of the meeting of shareholders, which the Company Secretary must prepare meeting agendas, minutes of the meeting, having adequate details and information to support the decision making.

4.2 The Company has established that there is communication of information both inside and outside the Company to support the internal control system to proceed according to the established plan effectively and appropriately through communication channels as follows.

- (A) Communication channel inside the Company
- Company's Intranet System: <http://drt/> under the topic "Corporate Governance Handbook" and "Anti-Corruption Policy".
- (B) Communication channels outside the Company
- The Company has established the Investor Relations Office by designating the executives at the Chief Operating Officer to be responsible for communicating with the investors, analysts, shareholders and interested parties in general, which can be contacted through telephone number 0 3622 4171-8 and E-Mail Address : Corpcenter@dbp.co.th.
 - On Company's website : http://www.dbp.co.th/trade_information.htm under the topic "Investor Relations".
- (C) Channels for Whistleblowing or Complaint by the Stakeholders: The policy and channels for the stakeholder have been established so that the stakeholder who wishes to express any opinions concerning the business operation including whistleblowing or complaints such as wrongful action or faults, violation of law or code of conduct or corruption, etc. can contact the Audit Committee directly without passing through the executives of the Company as follows.
- By mail to: The Chairman of the Audit Committee, 69-70 Moo 1, Mitraphap Road, Km. 115, Tambon Talingchan, Amphur Muang, Saraburi 18000, Telephone Number: 0 3622 4171-8 ต่อ 282, E-Mail Address : Audit_Com@dbp.co.th

5. Monitoring System

5.1 The Company has a system for monitoring and assessment of internal control to ensure that the internal control still functions completely and appropriately by performing the following tasks:

- (A) The Company has monitoring process for compliance with the code of conduct, established internal control system and regulations prohibiting the executives and employees from acting in the manner that may cause conflict of interest, by designating each department to monitor its own work performance and report to the superiors respectively according to the chain of command every month. The Internal Audit Office has also been assigned to review the internal control system and practices independently according to the internal control system as established for every department and every activity of the Company and to report to the Audit Committee according to the annual internal audit plan and guideline as established by the Audit Committee with auditing policy in a preventive manner and beneficial to the department; to consider reliability and accuracy of the financial reports as well as adequate disclosure of information.
- (B) The Company encourages the Internal Audit persons to perform their duties in accordance with the International Standards for the Professional Practice of Internal Auditing (IIA) for transparency and to perform the audit according to the good corporate governance guideline in order to increase efficiency and effectiveness in the operation.

5.2 The Company has performed the assessment on the internal control and timely conveyed any faults of the internal control system to the responsible persons including the top executives and the Board of Directors as deemed appropriate. The Company has established policy for the executives to immediately report to the Board of Directors and the Audit Committee in the event of fraud or suspicion of a fraud or violation of law or unusual action that may significantly impact the reputation and financial status of the Company; report any significant deficiencies including ways to resolve the problem as well as report of any significant progress in resolving the deficiency to the Board of Directors and the Audit Committee for consideration within timely period.

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 prior to making such transaction or independent expert must be engaged to provide comments to the Audit Committee as part of the consideration before proposing to the Board of Directors and/or the Meeting of Shareholders for consideration and approval, 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.

In year 2016, the company had related transactions with related persons as follows.

1. Product Sales and Service Rendering

| Company | Relationship | Transactions | Amount (Million Baht) | | | |
|----------------------|---|---|----------------------------|-------|---------------------|-------|
| | | | Product Sales and Services | | Accounts Receivable | |
| | | | 2016 | 2015 | 2016 | 2015 |
| Supalai Plc. (Buyer) | Having mutual directors but no possession of inter-related shares. •Diamond Building Products Plc. (Seller) having Mr. Prakit Pradipasen as Chairman of the Board. •Supalai Plc. (Buyer) having Mr. Prakit Pradipasen as Independent Director, Audit Committee Chairman and Nomination and Remuneration Committee Member. | Purchase of tiles including installation at normal prices and commercial conditions in general. <u>Pricing Policy</u> Use normal pricing as compared with real estate development group with normal commercial conditions in general. | 66.01 | 88.26 | 13.23 | 18.60 |
| Total | | | 66.01 | 88.26 | 13.23 | 18.60 |

2. Purchase of Finished Products for Sale

| Company | Relationship | Transactions | Amount (Million Baht) | | | |
|-------------------------------------|--|--|-------------------------------|-------|-------------------|-------|
| | | | Purchase of Finished Products | | Other Receivables | |
| | | | 2016 | 2015 | 2016 | 2015 |
| Diamond Materials Co.,Ltd. (Seller) | Subsidiary of Diamond Building Products Plc. (Buyer) holding 99.99% of paid-up shares in Diamond Materials Co., Ltd. | Purchase of autoclaved aerated concrete for sale to customers and market expansion. <u>Pricing Policy</u> Use market price according to normal business. | 60.46 | 67.47 | 3.62 | 13.81 |
| Total | | | 60.46 | 67.47 | 3.62 | 13.81 |

3. Purchase of Coal

| Company | Relationship | Transactions | Amount (Million Baht) | | | |
|-----------------------------------|--|--|-----------------------|------|-----------------|------|
| | | | Purchase of Coal | | Account Payable | |
| | | | 2016 | 2015 | 2016 | 2015 |
| The Lanna Resources Plc. (Seller) | Having common director but no cross shareholding as follows. • Diamond Materials Co., Ltd. (Buyer) is a subsidiary company of Diamond Building Products Plc. having Mr. Anun Louharanoo as Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member. • Lanna Resources Plc. (Seller) has Mr. Anun Louharanoo as Director and Financial Adviser. | Purchase of coal for fuel in the production of autoclaved aerated concrete. <u>Pricing Policy</u> Use market price according to normal business. | 1.44 | 0.23 | 0.19 | - |
| Total | | | 1.44 | 0.23 | 0.19 | - |

4. Office Rental and Property Service Fee

| Company | Relationship | Transactions | Amount (Million Baht) | | | |
|---|--|--|--|-------------|----------------|----------|
| | | | Office Rental and Property Service Fee | | Other Payables | |
| | | | 2016 | 2015 | 2016 | 2015 |
| Phaholyothin Place Office Building Juristic Person (Service Provider) | Having mutual directors but no possession of inter-related shares. • Diamond Building Products Plc. (Service Receiver) having Mr. Thanit Pulivekin as Independent Director, Audit Committee Member and Corporate Governance Committee Chairman. • Phaholyothin Place Office Building Juristic Person (Service Provider) having Mr. Thanit Pulivekin as Director. | Usage of property within Phaholyothin Place Office Building as an office of the Company. <u>Pricing Policy</u> Use rental and service fee not exceeding the average rental fee of nearby rental buildings. | 0.16 | 0.13 | - | - |
| Phahol 8 Co., Ltd. (Service Provider) | Having mutual directors but no possession of interrelated shares. • Diamond Building Products Plc. (Service Receiver) having Mr. Chatchai Teepsuwan as Director. • Phahol 8 Co., Ltd. (Service Provider) having Mr. Chatchai Teepsuwan as Director. | Usage of property within Phaholyothin Place Office Building as an office of the Company. <u>Pricing Policy</u> Use rental and service fee not exceeding the average rental fee of nearby rental buildings. | 3.27 | 3.17 | - | - |
| Total | | | 3.43 | 3.30 | - | - |

Opinion of the Audit Committee

The Audit Committee examined and reviewed the related transactions occurred in the Company's accounting record during the year 2016 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.

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITIES TO THE FINANCIAL STATEMENTS

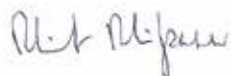
The Board of Directors gives priority and is responsible for the financial statements year 2016 of Diamond Building Products Public Company Limited including financial information presented in the annual report. The financial statements were prepared in compliance with the Notification of the Department 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 2016.

February 20, 2017

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



(Mr. Prakrit Pradipasen)
Chairman of the Board



(Mr. Asanee Chantong)
Chief Executive Officer

SUMMARY OF OPERATING RESULTS AND FINANCIAL ANALYSIS

(For the Consolidated Financial Statements of the Year Period Ending December 31, 2016)

1. Overall Operating Results

For the year 2016, the total revenue from sales and services of the Company and its subsidiary (together referred to as the “Corporate Group”) was Baht 4,118.30 million, which decreased from the previous year by 1.12 percent but the net profit of year 2016 was Baht 392.03 million, which increased from the previous year by 18.44 percent, due to increased proportion of sales of products with good profit margin, production cost reduction and net profit from the sale of non-utilized land of Baht 23.12 million.

2. Analysis of Operating Results and Profitability

2.1 Revenues from Sales and Services

| Description | Year 2016 | | Year 2015 | | Increase / (Decrease) | |
|--|-----------------|--------------------|-----------------|--------------------|-----------------------|---------------|
| | Million Baht | % of Total Revenue | Million Baht | % of Total Revenue | Million Baht | % |
| Revenues from Sales | 3,803.83 | 91.42 | 3,834.52 | 91.86 | (30.69) | (0.80) |
| Revenues from Services | 314.47 | 7.56 | 330.60 | 7.92 | (16.13) | (4.88) |
| Total Revenue from Sales and Services | 4,118.30 | 98.98 | 4,165.12 | 99.78 | (46.82) | (1.12) |
| Gain on Sales of Fixed Assets | 31.34 | 0.75 | - | - | 31.34 | - |
| Gain on Foreign Exchange Rate - Net | 4.32 | 0.10 | 3.91 | 0.09 | 0.41 | 10.49 |
| Other Revenue | 6.89 | 0.17 | 5.29 | 0.13 | 1.60 | 30.25 |
| Total Other Revenue | 42.55 | 1.02 | 9.20 | 0.22 | 33.35 | 362.50 |
| Total Revenue | 4,160.85 | 100.00 | 4,174.32 | 100.00 | (13.47) | (0.32) |

The Corporate Group’s total revenue of year 2016 decreased from the previous year by 0.32 percent, consisting of:

- Revenues from sales were Baht 3,803.83 million, which decreased from the previous year by Baht 30.69 million or 0.80 percent, due to the decrease in sales revenue from roof tiles and autoclaved aerated concrete blocks but sales revenues from board products and siding board have increased.
- Revenues from services were Baht 314.47 million, which decreased from the previous year by Baht 16.13 million or 4.88 percent, due to the decrease in revenue from transportation of Baht 23.22 million, but the revenue from services increased by Baht 7.09 million.
- Other revenue was Baht 42.55 million, which increased from the previous year by Baht 33.35 million, due to the profit from sale of non-utilized land at Surat Thani Province of Baht 31.08 million (before corporate income tax).

2.2 Cost of Sales and Services

| Description | Year 2016 | | Year 2015 | | Increase / (Decrease) | |
|---|-----------------|--------------------|-----------------|--------------------|-----------------------|---------------|
| | Million Baht | % of Total Revenue | Million Baht | % of Total Revenue | Million Baht | % |
| Cost of Sales | 2,704.68 | 65.67 | 2,735.67 | 65.68 | (30.99) | (1.13) |
| Cost of Services | 318.06 | 7.72 | 352.06 | 8.45 | (34.00) | (9.66) |
| Total Cost of Sales and Services | 3,022.74 | 73.40 | 3,087.73 | 74.13 | (64.99) | (2.10) |

The Corporate Group’s total cost of sales and services of year 2016 decreased from the previous year by 2.10 percent, consisting of:

- Cost of sales was Baht 2,704.68 million, which decreased from the previous year by Baht 30.99 million or 1.13 percent, due to the decrease in packaging costs, gas expenses and depreciation.

- Cost of services was Baht 318.06 million, which decreased from the previous year by Baht 34 million or 9.66 percent, due to the decrease in transportation cost of Baht 32.78 million and the cost of services decreased by Baht 1.22 million.

2.3 Selling and Administrative Expenses

| Description | Year 2016 | | Year 2015 | | Increase / (Decrease) | |
|--|---------------|--------------|---------------|--------------|-----------------------|---------------|
| | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % |
| Selling Expenses | 201.75 | 4.90 | 201.30 | 4.83 | 0.45 | 0.22 |
| Administrative Expenses | 377.13 | 9.16 | 390.56 | 9.38 | (13.43) | (3.44) |
| Management's Remuneration* | 45.63 | 1.11 | 43.68 | 1.05 | 1.95 | 4.46 |
| Total Selling and Administrative Expenses | 624.51 | 15.16 | 635.54 | 15.26 | (11.03) | (1.74) |

Remark :

* Management means the director, managing director or the next four executives succeeding the chief executive officer, 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 Corporate Group's total expenses of year 2016 decreased from the previous year by 1.74 percent, consisting of:

- Selling expenses were Baht 201.75 million, which slight increased from the previous year by Baht 0.45 million or 0.22 percent.
- Administrative expenses were Baht 377.13 million, which decreased from previous year by Baht 13.43 million or 3.44 percent, due to the decrease in claim of goods expenses of Baht 1.02 million, decrease in fuel expenses of Baht 1.14 million, decrease in product packaging expenses of Baht 2.21 million, decrease in depreciation and amortization of Baht 14.37 million, decrease of local maintenance tax of Baht 0.95 million, but there were increase in consulting expenses of Baht 3.81 million and increase in other fees and charges of Baht 2.16 million.
- Management's remunerations were Baht 45.63 million, which increased from previous year by Baht 1.95 million or 4.46 percent.

2.4 Profitability

| Description | Year 2016 | | Year 2015 | | Increase / (Decrease) | |
|--|---------------|------------|---------------|------------|-----------------------|--------|
| | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % |
| Revenues from Sales and Services | 4,118.30 | 100.00 | 4,165.12 | 100.00 | (46.82) | (1.12) |
| Costs of Sales and Services | 3,022.74 | 73.40 | 3,087.73 | 74.13 | (64.99) | (2.10) |
| GP | 1,095.56 | 26.60 | 1,077.39 | 25.87 | 18.17 | 1.69 |
| EBITDA | 808.07 | 19.62 | 765.02 | 18.37 | 43.05 | 5.63 |
| EBIT | 513.61 | 12.47 | 451.05 | 10.83 | 62.56 | 13.87 |
| NP | 392.03 | 9.52 | 330.99 | 7.95 | 61.04 | 18.44 |
| EPS (Baht per Share) * | 0.39 | | 0.32 | | 0.07 | 21.88 |
| Weighted Average Number of Ordinary Shares (Million Shares) * | 997.41 | | 1,047.96 | | (50.55) | (4.82) |
| Return on Equity (ROE) (%) | 18.58% | | 14.49% | | 4.09% | |
| Return on Assets (ROA) (%) | 11.48% | | 8.97% | | 2.51% | |

Remark :

* Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share

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

Gross Profit (GP) :

- The Corporate Group's gross profit of year 2016 was Baht 1,095.56 million, a increase from previous year by Baht 18.17 million or 1.69 percent, due to the decrease in revenues from sales and services of 1.12 percent but the costs of sales and services decreased by 2.10 percent.

Net Profit (NP) :

The Corporate Group's net profit and net earnings per share of year 2016 increased from the previous year as follows:

- The Corporate Group's net profit was Baht 392.03 million, an increase from the previous year by Baht 61.04 million or 18.44 percent, due to the increase in gross profit margin of 1.69 percent, decrease in selling and administrative expenses of 1.74 percent and profit from the sale of non-utilized land of Baht 24.86 million.
- The Corporate Group's net earnings per share was Baht 0.39 per share, an increase from the previous year by Baht 0.07 per share or 21.88 percent, due to the increase in net profit of 18.44 percent.

EBITDA :

- The Corporate Group's EBITDA of year 2016 was Baht 808.07 million, an increase from the previous year by Baht 43.05 million or 5.63 percent, due to the increase in gross profit margin of 1.69 percent, decrease in selling and administrative expenses of 1.74 percent and profit from the sale of non-utilized land of Baht 31.08 million.

Earnings Efficiency :

- Return on Equity (ROE):** The Corporate Group's ROE increased from 14.49 percent as at end of 2015 to 18.58 percent as at December 31, 2016 or an increase of 4.09 percent, due to the increase in net profit of 18.44 percent and there was a decrease in the shareholders' equity of 7.63 percent from the previous year.
- Return on Assets (ROA):** The Corporate Group's ROA increased from 8.97 percent as at end of 2015 to 11.48 percent as at December 31, 2016 or an increase of 2.51 percent, due to the increase in net profit of 18.44 percent and there was a decrease in total assets of 7.50 percent from the previous year.

2.5 Financial Position

| Description | Statement of Financial Position | | Increase / (Decrease) | |
|---|---------------------------------|-------------------------|-----------------------|----------------|
| | As at December 31, 2016 | As at December 31, 2015 | | |
| | Million Baht | Million Baht | Million Baht | % |
| Total Assets | 3,237.51 | 3,592.68 | (355.17) | (9.89) |
| Total Liabilities | 1,341.79 | 1,268.68 | 73.11 | 5.76 |
| Total Shareholders' Equity | 1,895.72 | 2,324.00 | (428.28) | (18.43) |
| Weighted Average Number of Ordinary Shares (Million Shares)* | 997.41 | 1,047.96 | (50.55) | (4.82) |
| Book Value (Baht per Share) * | 1.90 | 2.22 | (0.32) | (14.41) |

Remark :

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

- The Corporate Group's total assets as at December 31, 2016 decreased from the end of year 2015 by Baht 355.17 million or 9.89 percent, due to the decrease in cash and cash in bank of Baht 7.83 million, decrease in fixed assets of Baht 251.29 million, decrease in intangible assets of Baht 14.11 million, decrease in inventory of Baht 59.66 million, decrease in trade accounts receivable and other accounts receivable of Baht 3.97 million, decrease in non-current assets classified as held for sale of Baht 18.15 million and decrease in other current assets and other non-current assets of Baht 6.80 million but increase in deferred income tax of Baht 6.64 million.
- The Corporate Group's total liabilities as at December 31, 2016 increased from the end of year 2015 by Baht 73.11 million or 5.76 percent, due to the increase in provision for post-employment benefits obligation of Baht 34.37 million, increase in other current liabilities of Baht 3.46 million, increase in current income tax payable of Baht 5.36 million and increase in short-term loan of Baht 368 million but there were decrease in trade accounts payable and other accounts payable of Baht 45.59 million, decrease in current portion of long-term loan due within one year of Baht 187.50 million, decrease in financial lease liabilities of Baht 4.99 million and decrease in long-term loan of Baht 100 million.
- The Corporate Group's total shareholders' equity as at December 31, 2016 decreased from the end of year 2015 by Baht 428.28 million or 18.43 percent, due to the increase in net profit of Baht 392.03 million, but there were dividend payment of Baht 278.43 million, payment for treasury shares of Baht 520.76 million and loss projection based on actuarial science method for employee benefits program of Baht 21.12 million, resulting in a decrease in share book value from Baht 2.22 per share as at end of year 2015 to Baht 1.90 per share as at December 31, 2016

2.6 Cash Flows

| Description | Unit: Million Baht | |
|---|--------------------|---------------|
| | Year 2016 | Year 2015 |
| Cash Flows from (used in) Operating Activities | 710.22 | 700.50 |
| Cash Flows from (used in) Investing Activities | 24.66 | (19.15) |
| Cash Flows from (used in) Financing Activities | (742.99) | (666.86) |
| Unrealized exchange gain (loss) of cash and cash equivalents | 0.28 | 0.40 |
| Cash Increase (Decrease) – Net | (7.83) | 14.89 |
| Cash at the Beginning of the Period | 28.42 | 13.52 |
| Cash at the Ending of the Period | 20.59 | 28.41 |
| CFROE = Cash Flow Return on Equity Increase (Decrease) (%) | 33.66% | 30.67% |

- The Corporate Group's net cash from operating activities of year 2016 was Baht 710.22 million, which was higher than the net profit before tax by Baht 215.16 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 294.68 million, net decrease in inventory of Baht 59.66 million, net decrease in trade accounts receivable and other accounts receivable of Baht 4.13 million, decrease in other current assets, other non-current assets of Baht 2.65 million, increase in other non-current liabilities of Baht 7.97 million and increase in other current liabilities of Baht 22.01 million but there were profit from the sale of non-utilized land of Baht 31.08 million, payment of accrued corporate income tax for year 2015 of Baht 33 million and payment of corporate income tax in the middle of year 2016 of Baht 61.05 million and payment of withholding tax of Baht 4.97 million.
- The Corporate Group's net cash from investing activities of year 2016 was Baht 24.66 million, due to the cash received from interest of Baht 0.09 million, cash received from sale of non-current assets held for sale of Baht 49.23 million and cash received from sale of damaged and unusable assets of Baht 2.93 million but there were expenses paid for tools and equipment replacement after their useful life of Baht 21.47 million, and payment of Baht 6.12 million for investments in the research and development of technology and innovation, including (1) experimental development such as wood splinter embossing project to replace polishing of floor plank and fences to have wood splinter pattern similar to sandpaper polishing, and (2) process innovation such as a project on cutting Jearanai tiles using water jet by utilizing modern machinery and software for roof tile production process.
- The Corporate Group's net cash used in financing activities of year 2016 was Baht 742.99 million, due to the repayment of long-term loan and financial lease of Baht 294.76 million, interest payment of Baht 17.04 million, dividend payment of Baht 278.43 million and payment for treasury shares of Baht 520.76 million but there was an increase in short-term loan of Baht 368 million.

2.7 Financial Ratios

| Financial Ratios | As at December 31, 2016 | As at December 31, 2015 |
|---|-------------------------|-------------------------|
| Current Ratio (Times) | 1.02 | 1.25 |
| Quick Ratio (Times) | 0.51 | 0.61 |
| Cash flow Liquidity Ratio (Times) | 0.62 | 0.66 |
| Account Receivable Turnover Ratio (Times) | 7.42 | 7.61 |
| Average Collection Period (Days) | 48 | 47 |
| Inventory Turnover Period (Days) | 18 | 17 |
| Average Payable Period (Days) | 16 | 15 |
| Cash Cycle (Days) | 50 | 49 |
| Total Debt to Equity Ratio (Times) | 0.71 | 0.55 |
| Interest Coverage Ratio (Times) | 43.82 | 22.90 |
| Debt Service Coverage Ratio (Times) | 2.59 | 1.74 |

3. Asset Management Capability

3.1 Debtor Quality, Accounts Receivable Aging, Provision and Sufficiency of Allowance for Doubtful Debts

The Corporate Group's trade accounts receivable and other accounts receivable as at December 31, 2016 account for 18.28 percent of the total assets with 76.86 percent not yet due for payment. The Corporate Group has established policy for setting provision or allowance for doubtful debts which is based on the analysis of accounts receivable aging

and assessment of past debt collection experience. Accordingly, the Corporate Group has experienced very little bad debts and has not found any irregularity in 2016 and there was no bad debt in the past year 2015.

3.2 Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at December 31, 2016 accounts for 19.21 percent of the total assets, of which 23.76 percent are finished products, 23.33 percent are work in progress and 34.40 percent are raw materials. The Corporate Group conducts inventory inspection every month and has employed accounting policy for setting provision for deteriorated inventory based on product life which is based on the generally accepted accounting standards.

4. Liquidity and Capital Sufficiency

The Corporate Group has appropriate capital management, having prepared operating cash flows statements every day to acknowledge the daily cash-in and cash-out, in order to learn about liquidity, debt service coverage and sources of fund for the best interest, which can be summarized as follows.

- The Corporate Group's total debt to equity ratio as at December 31, 2016 was at 0.71 times, an increase from end of year 2015, due to the increase in total liabilities from the end of 2015 of 5.76 percent and the shareholders' equity decreased from the end of year 2015 by 18.43 percent, and the interest coverage ratio was at 43.82 times, an increase from end of 2015, due to an increase in cash flow from operating activities from the previous year of 1.39 percent and decrease in interest on loan from the previous year of 45.94 percent.
- The Corporate Group's current ratio as at December 31, 2016 was 1.02 times, a decrease from the end of year 2015, due to the decrease in current assets of 7.22 percent but there were increase in current liabilities of 13.42 percent and the quick ratio of 0.51 times, which decreased from the end of year 2015, due to the increase in current liabilities of 13.42 percent despite a decrease in inventory by 8.75 percent and the cash flow liquidity ratio was 0.62 times, a decrease from end of year 2015, due to the increase in cash flow from operating activities from the previous year by 1.39 percent but there was an increase in current liabilities of 13.42 percent.
- The Corporate Group's cash cycle as at December 31, 2016 was 50 days, an increase from the end of year 2015 by 1 day, due to average collection period increased by 1 day and increase in inventory turnover period of 1 day but average payable period increased by 1 day.
- The Corporate Group's debt service coverage ratio increased from 1.74 times as at end of year 2015 to 2.59 times as at December 31, 2016 due to an increase in EBITDA from end of year 2015 of 5.63 percent, a decrease in long-term loan and financial lease liabilities due within one year of 27.79 percent and a decrease in loan interest payment of 45.94 percent.

5. Debt Obligation

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Currently, the Corporate Group has obligations according to terms and conditions of the loan agreements with several commercial banks having fixed interest rate at every bank, which can be summarized as follows.

5.1 Loan Agreement in AAC-1 Project: The Corporate Group entered into a long-term loan agreement of Baht 500 million. This loan bears interest at fixed rate of 4.35 percent per annum from the first withdrawal date to June 30, 2013 and from July 1, 2013 to June 30, 2018 bearing interest at fixed rate of 5.10 percent per annum. As at June 30, 2015, the Corporate Group has repaid its long-term loan for a total of Baht 305 million. In addition, the Corporate Group entered into a long-term loan agreement of Baht 250 million with a financial institution in June 2015 for the loan repayment above. This loan bears interest at 3-month THBFIX plus 1.05 percent per annum. Accordingly, the Corporate Group also has interest rate swap contracts with this financial institution to swap a 3-month THBFIX floating rate plus 1.05 percent per annum to averaged fixed rate at 2.96 percent per annum for such long-term loan agreement. The contract term is 3 years up to December 2017. As at December 31, 2016, the outstanding loan balance was Baht 100 million.

As at December 31, 2016, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 100 million. Accordingly, the Corporate Group must comply with the terms and conditions stipulated in the loan agreements, which state that the Total Debt to Equity Ratio (D/E Ratio) must not exceed 2 times and the Debt Service Coverage Ratio (DSCR) must not be less than 1.25 times. It appeared that as at December 31, 2016, the Corporate Group was able to maintain the above financial ratios as stipulated by such loan agreements.

6. Factors Having Impact on Future Operating Results

Thai economy in year 2017 is expected to gradually recover. Property development companies are launching new projects. The Government has increased investment in infrastructure and issued measures to help the agricultural sector, which should increase purchasing power. In addition, export should pick up due to weakening Thai Baht currency. It is anticipated that the market for construction materials will improve in line with better economic conditions.

REPORT OF INDEPENDENT AUDITOR AND FINANCIAL STATEMENT

To the Shareholders of Diamond Building Products Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Diamond Building Products Public Company Limited and its subsidiary (the “Group”) and of Diamond Building Products Public Company Limited (the “Company”), respectively, which comprise the consolidated and separate statements of financial position as at 31 December 2016, the consolidated and separate statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2016 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventories

Refer to Notes 2(d), 3 and 8 to the financial statements.

| The key audit matter | How the matter was addressed in the audit |
|---|--|
| The Group’s inventories are material to the financial statements where are measured at the lower of cost and net realizable value. High market competition affects to the determination of the Group’s selling price. Therefore, there is a risk that inventories may be presented at cost higher than net realizable value including the occurrence of the inventory obsolescence. The Group considers the allowance for decline in value and obsolescence by the management estimates and judgment. Consequently, I consider that this is a significant matter. | <p>My audit procedures were designed to assess the appropriateness of the allowance for decline in value of inventories and obsolescence included:</p> <ul style="list-style-type: none">- Understanding the policies and procedures that the Group’s management applied for setting up allowance for decline in value of inventories.- Testing on a sample basis items in the stock aging report and corroborated on whether these items were classified in the appropriate aging bracket. |

| The key audit matter | How the matter was addressed in the audit |
|----------------------|--|
| | <ul style="list-style-type: none"> - Performing test on a sample basis of net realisable value of inventories by investigating with the sales documents after period end whether there were any sales at price lower than cost to assess management's estimates and decision whether the allowance for decline in value of inventories was appropriate and adequate. - Considering the historical accuracy of the allowance for decline in value of inventories for evaluating the appropriateness of the assumptions made in the current year and assessing the reasonableness of assumptions made by management on the extent of long-outstanding inventories and sales at price lower than cost to consider the appropriateness of the decline in value of inventories was appropriate. - Considering the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards. |

Impairment of investment in subsidiary and related property plant and equipment in consolidated financial statements
Refer to Notes 2(d), 3, 10 and 12 to the financial statements.

| The key audit matter | How the matter was addressed in the audit |
|---|---|
| <p>The Company has investment in subsidiary where the cost of investment has been higher than the net book value as a result of continuing operational losses.</p> <p>The Company's valuation of investment was depending on operating results of the subsidiary affecting to the carrying amount of the Group's property plant and equipment pertaining to the subsidiary may be higher than recoverable amount. Accordingly, property plant and equipment needs to be reviewed for impairment.</p> <p>The Group considered that recoverable amount of the assets should be determined based on the value in use. The net present value of projection cash flows is calculated from the assumptions such as sales, costs and discounted rate. The calculation results is sensitive that may affect the significant change in present value of projection cash flows depending upon the assumptions which involves management judgment in estimation. Consequently, I consider that this is a significant matter.</p> | <p>My audit procedures were designed to assess the appropriateness of the impairments of investment in subsidiary and related property, plant and equipment included:</p> <ul style="list-style-type: none"> - Assessing and making inquiries of management regarding processes related to identify potential impairments of investment in subsidiary and related property, plant and equipment. The discounted cash flows was prepared and approved by management. - Inquiring management of discounted cash flows model including the understanding of the business, strategy and considering data and assumptions used in discounted cash flows model by comparing with the historical trend and the industry trend to assess the reliability of management's forecast. I assessed the current and forecast performance and considered whether any factors exist that would suggest the investment in subsidiary and related property plant and equipment was impaired. - Considering of the appropriateness and adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards. |

Other Information

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

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Bongkot Amsageam)
Certified Public Accountant
Registration No. 3684

KPMG Phoomchai Audit Ltd.
Bangkok
20 February 2017

STATEMENT OF FINANCIAL POSITION

(in Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
| | | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| Assets | | | | | |
| Current assets | | | | | |
| Cash and cash equivalents | 5 | 20,585,222 | 28,416,167 | 19,980,683 | 26,005,036 |
| Trade accounts receivable | 4, 6 | 539,097,867 | 551,229,864 | 539,097,867 | 551,229,864 |
| Other receivables | 7 | 52,623,813 | 44,462,163 | 55,401,480 | 56,501,413 |
| Inventories | 8 | 621,859,890 | 681,524,097 | 610,864,254 | 670,156,298 |
| Non-current asset held for sale | 9 | - | 18,149,413 | - | 18,149,413 |
| Other current assets | | 4,712,317 | 11,554,074 | 4,663,018 | 4,398,950 |
| Total current assets | | 1,238,879,109 | 1,335,335,778 | 1,230,007,302 | 1,326,440,974 |
| Non-current assets | | | | | |
| Investment in subsidiary | 10 | - | - | 170,000,000 | 200,000,000 |
| Investment properties | 11 | 49,162,391 | 48,962,391 | 49,162,391 | 48,962,391 |
| Property, plant and equipment | 12 | 1,892,210,157 | 2,143,697,806 | 1,764,449,179 | 2,003,290,508 |
| Intangible assets | 13 | 26,723,967 | 40,837,108 | 7,482,871 | 10,837,108 |
| Deferred tax assets | 14 | 29,276,810 | 22,637,328 | 34,976,074 | 22,406,870 |
| Other non-current assets | | 1,259,735 | 1,211,759 | 1,206,735 | 1,158,759 |
| Total non-current assets | | 1,998,633,060 | 2,257,346,392 | 2,027,277,250 | 2,286,655,636 |
| Total assets | | 3,237,512,169 | 3,592,682,170 | 3,257,284,552 | 3,613,096,610 |
| Liabilities and equity | | | | | |
| Current liabilities | | | | | |
| Short-term loans from financial institutions | 15 | 818,000,000 | 450,000,000 | 818,000,000 | 450,000,000 |
| Trade accounts payable | 16 | 124,180,368 | 145,683,856 | 123,116,805 | 145,197,487 |
| Other payables | 17 | 102,079,511 | 126,164,090 | 100,093,017 | 124,504,148 |
| Current portion of long-term loans from financial institutions | 15 | 100,000,000 | 287,500,000 | 100,000,000 | 287,500,000 |
| Current portion of finance lease liabilities | 15 | 5,634,804 | 5,913,630 | 5,634,804 | 5,913,630 |
| Income tax payable | | 38,363,074 | 33,002,441 | 38,363,074 | 33,002,441 |
| Other current liabilities | 18 | 24,346,324 | 20,889,593 | 23,996,884 | 20,557,916 |
| Total current liabilities | | 1,212,604,081 | 1,069,153,610 | 1,209,204,584 | 1,066,675,622 |
| Non-current liabilities | | | | | |
| Long-term loans from financial institutions | 15 | - | 100,000,000 | - | 100,000,000 |
| Finance lease liabilities | 15 | 13,107,844 | 17,818,781 | 13,107,844 | 17,818,781 |
| Employee benefit obligations | 19 | 116,077,419 | 81,712,472 | 115,583,437 | 81,337,122 |
| Total non-current liabilities | | 129,185,263 | 199,531,253 | 128,691,281 | 199,155,903 |
| Total liabilities | | 1,341,789,344 | 1,268,684,863 | 1,337,895,865 | 1,265,831,525 |
| Equity | | | | | |
| Share capital: | 20 | | | | |
| Authorised share capital | | 1,047,958,000 | 1,047,958,000 | 1,047,958,000 | 1,047,958,000 |
| Issued and paid-up share capital | | 1,047,958,000 | 1,047,958,000 | 1,047,958,000 | 1,047,958,000 |
| Treasury shares | 21 | (520,760,210) | - | (520,760,210) | - |
| Additional paid in capital: | | | | | |
| Premium on ordinary shares | 20 | 166,511,520 | 166,511,520 | 166,511,520 | 166,511,520 |
| Surplus on treasury shares | 21 | 165,206,460 | 165,206,460 | 165,206,460 | 165,206,460 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 22 | 105,000,000 | 105,000,000 | 105,000,000 | 105,000,000 |
| Treasury shares reserve | 22 | 520,760,210 | - | 520,760,210 | - |
| Unappropriated | | 411,046,845 | 839,321,327 | 434,712,707 | 862,589,105 |
| Total equity | | 1,895,722,825 | 2,323,997,307 | 1,919,388,687 | 2,347,265,085 |
| Total liabilities and equity | | 3,237,512,169 | 3,592,682,170 | 3,257,284,552 | 3,613,096,610 |

STATEMENT OF COMPREHENSIVE INCOME

(in Baht)

| | Note | Consolidated financial statements For the year ended | | Separate financial statements For the year ended | |
|---|------|---|----------------------|---|----------------------|
| | | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| Income | | | | | |
| Revenue from sale of goods and rendering of services | | 4,118,301,866 | 4,165,122,528 | 4,118,301,866 | 4,165,122,528 |
| Other income | 24 | 42,551,963 | 9,200,098 | 42,507,503 | 9,171,995 |
| Total income | | 4,160,853,829 | 4,174,322,626 | 4,160,809,369 | 4,174,294,523 |
| Expenses | | | | | |
| Cost of sales of goods and rendering of services | | 3,022,740,559 | 3,087,734,136 | 3,012,935,444 | 3,089,829,086 |
| Selling expenses | 25 | 201,745,963 | 201,298,104 | 201,745,963 | 201,333,039 |
| Administrative expenses | 26 | 422,756,874 | 434,239,848 | 438,239,364 | 419,031,157 |
| Finance costs | 29 | 18,556,814 | 34,328,701 | 18,556,814 | 34,328,701 |
| Total expenses | | 3,665,800,210 | 3,757,600,789 | 3,671,477,585 | 3,744,521,983 |
| Profit before income tax expense | | 495,053,619 | 416,721,837 | 489,331,784 | 429,772,540 |
| Income tax expense | 30 | (103,021,492) | (85,730,598) | (97,053,731) | (85,800,135) |
| Profit for the year | | 392,032,127 | 330,991,239 | 392,278,053 | 343,972,405 |
| Other comprehensive income Items that will not be reclassified to profit or loss | | | | | |
| Defined benefit plan actuarial losses | | (26,396,986) | - | (26,206,789) | - |
| Income tax on other comprehensive income | | 5,279,397 | - | 5,241,358 | - |
| Other comprehensive income for the year, net of income tax | | (21,117,589) | - | (20,965,431) | - |
| Total comprehensive income for the year | | 370,914,538 | 330,991,239 | 371,312,622 | 343,972,405 |
| Earnings per share (in Baht) | 31 | | | | |
| Basic earnings per share | | 0.39 | 0.32 | 0.39 | 0.33 |

STATEMENT OF CHANGES IN EQUITY

(in Baht)

| Consolidated financial statements | Note | Issued and paid-up share capital | Treasury shares | Premium on ordinary shares | Surplus on treasury shares | Retained earnings | | | Total equity |
|---|------|----------------------------------|-----------------|----------------------------|----------------------------|-------------------|-------------------------|----------------|---------------|
| | | | | | | Legal reserve | Treasury shares reserve | Unappropriated | |
| For the year ended 31 December 2015 | | | | | | | | | |
| Balance at 1 January 2015 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 759,840,008 | 2,244,515,988 |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Distributions to owners of the Company | | | | | | | | | |
| Dividends to owners of the Company | 32 | - | - | - | - | - | - | (251,509,920) | (251,509,920) |
| Total distributions to owners of the Company | | - | - | - | - | - | - | (251,509,920) | (251,509,920) |
| Comprehensive income for the year | | | | | | | | | |
| Profit | | - | - | - | - | - | - | 330,991,239 | 330,991,239 |
| Other comprehensive income | | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | - | - | 330,991,239 | 330,991,239 |
| Balance at 31 December 2015 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 839,321,327 | 2,323,997,307 |
| For the year ended 31 December 2016 | | | | | | | | | |
| Balance at 1 January 2016 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 839,321,327 | 2,323,997,307 |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | |
| Treasury shares | 21 | - | (520,760,210) | - | - | - | 520,760,210 | (520,760,210) | (520,760,210) |
| Dividends to owners of the Company | 32 | - | - | - | - | - | - | (278,428,810) | (278,428,810) |
| Total contributions by and distributions to owners of the Company | | - | (520,760,210) | - | - | - | 520,760,210 | (799,189,020) | (799,189,020) |
| Comprehensive income for the year | | | | | | | | | |
| Profit | | - | - | - | - | - | - | 392,032,127 | 392,032,127 |
| Other comprehensive income | | - | - | - | - | - | - | (21,117,589) | (21,117,589) |
| Total comprehensive income for the year | | - | - | - | - | - | - | 370,914,538 | 370,914,538 |
| Balance at 31 December 2016 | | 1,047,958,000 | (520,760,210) | 166,511,520 | 165,206,460 | 105,000,000 | 520,760,210 | 411,046,845 | 1,895,722,825 |

STATEMENT OF CHANGES IN EQUITY (continuous)

(in Baht)

| Separate financial statements | Note | Issued and paid-up share capital | Treasury shares | Premium on ordinary shares | Surplus on treasury shares | Retained earnings | | | Total equity |
|---|------|----------------------------------|-----------------|----------------------------|----------------------------|-------------------|-------------------------|----------------|---------------|
| | | | | | | Legal reserve | Treasury shares reserve | Unappropriated | |
| For the year ended 31 December 2015 | | | | | | | | | |
| Balance at 1 January 2015 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 770,126,620 | 2,254,802,600 |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Distributions to owners of the Company | | | | | | | | | |
| Dividends to owners of the Company | 32 | - | - | - | - | - | - | (251,509,920) | (251,509,920) |
| Total distributions to owners of the Company | | - | - | - | - | - | - | (251,509,920) | (251,509,920) |
| Comprehensive income for the year | | | | | | | | | |
| Profit | | - | - | - | - | - | - | 343,972,405 | 343,972,405 |
| Other comprehensive income | | - | - | - | - | - | - | - | - |
| Total comprehensive income for the year | | - | - | - | - | - | - | 343,972,405 | 343,972,405 |
| Balance at 31 December 2015 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 862,589,105 | 2,347,265,085 |
| For the year ended 31 December 2016 | | | | | | | | | |
| Balance at 1 January 2016 | | 1,047,958,000 | - | 166,511,520 | 165,206,460 | 105,000,000 | - | 862,589,105 | 2,347,265,085 |
| Transactions with owners, recorded directly in equity | | | | | | | | | |
| Contributions by and distributions to owners of the Company | | | | | | | | | |
| Treasury shares | 21 | - | (520,760,210) | - | - | - | 520,760,210 | (520,760,210) | (520,760,210) |
| Dividends to owners of the Company | 32 | - | - | - | - | - | - | (278,428,810) | (278,428,810) |
| Total contributions by and distributions to owners of the Company | | - | (520,760,210) | - | - | - | 520,760,210 | (799,189,020) | (799,189,020) |
| Comprehensive income for the year | | | | | | | | | |
| Profit | | - | - | - | - | - | - | 392,278,053 | 392,278,053 |
| Other comprehensive income | | - | - | - | - | - | - | (20,965,431) | (20,965,431) |
| Total comprehensive income for the year | | - | - | - | - | - | - | 371,312,622 | 371,312,622 |
| Balance at 31 December 2016 | | 1,047,958,000 | (520,760,210) | 166,511,520 | 165,206,460 | 105,000,000 | 520,760,210 | 434,712,707 | 1,919,388,687 |

STATEMENT OF CASH FLOWS

(in Baht)

| | Consolidated financial statements For the year ended | | Separate financial statements For the year ended | |
|--|---|---------------------|---|---------------------|
| | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| <i>Cash flows from operating activities</i> | | | | |
| Profit for the year | 392,032,127 | 330,991,239 | 392,278,053 | 343,972,405 |
| <i>Adjustments for</i> | | | | |
| Depreciation | 279,060,177 | 306,151,467 | 265,611,843 | 292,845,826 |
| Amortisation of intangible assets | 14,113,141 | 5,146,847 | 3,354,237 | 5,146,847 |
| Amortisation of premium on forward exchange contracts | 1,507,203 | 2,671,532 | 1,507,203 | 2,671,532 |
| Impairment loss on investment | - | - | 30,000,000 | - |
| Interest income | (90,633) | (69,347) | (89,148) | (68,168) |
| Finance costs | 18,556,814 | 34,328,701 | 18,556,814 | 34,328,701 |
| Employee benefits | 9,767,223 | 9,258,722 | 9,838,788 | 9,174,513 |
| Reversal of doubtful debts and bad debts | (950,000) | (42,159) | (950,000) | (42,159) |
| Allowance for decline in value of inventories | 3,042,471 | 3,663,250 | 2,809,715 | 3,399,772 |
| Reversal of impairment loss on assets | (200,000) | - | (200,000) | - |
| Unrealised gain on exchange rate | (288,517) | (277,440) | (288,517) | (277,440) |
| (Gain) loss on disposal of property, plant and equipment | (253,177) | 35,322 | (262,082) | 35,322 |
| Gain on sales of non-current assets classified as held for sale | (31,080,537) | - | (31,080,537) | - |
| Income tax expense | 103,021,492 | 85,730,598 | 97,053,731 | 85,800,135 |
| | 788,237,784 | 777,588,732 | 788,140,100 | 776,987,286 |
| <i>Changes in operating assets and liabilities</i> | | | | |
| Trade accounts receivable | 13,069,205 | (28,270,911) | 13,069,205 | (28,270,911) |
| Other receivables | (7,991,511) | (15,017,306) | 1,270,072 | (19,337,460) |
| Inventories | 56,621,736 | (10,399,560) | 56,482,329 | (9,325,847) |
| Other current assets | 5,081,737 | (3,079,759) | (2,024,089) | (3,112,900) |
| Other non-current assets | (1,592,753) | (1,440,244) | (1,592,753) | (1,440,244) |
| Trade accounts payable | (21,389,048) | 37,537,548 | (21,966,243) | 38,605,135 |
| Other payables | (24,448,515) | 11,550,813 | (24,761,947) | 12,081,763 |
| Other current liabilities | 3,447,869 | 4,354,729 | 3,430,106 | 4,296,659 |
| Other non-current liabilities | (1,799,262) | (1,510,687) | (1,799,262) | (1,510,687) |
| Cash generated from operating activities | 809,237,242 | 771,313,355 | 810,247,518 | 768,972,794 |
| Income tax paid | (99,020,943) | (70,806,395) | (99,020,943) | (70,806,395) |
| Net cash from operating activities | 710,216,299 | 700,506,960 | 711,226,575 | 698,166,399 |
| <i>Cash flows from investing activities</i> | | | | |
| Interest received | 90,633 | 69,347 | 89,148 | 68,168 |
| Purchase of property, plant and equipment | (27,589,902) | (19,300,833) | (26,802,468) | (18,822,368) |
| Sale of property, plant and equipment | 2,929,912 | 87,200 | 2,940,279 | 87,200 |
| Sale of non-current assets classified as held for sale | 49,229,950 | - | 49,229,950 | - |
| Net cash from (used in) investing activities | 24,660,593 | (19,144,286) | 25,456,909 | (18,667,000) |

STATEMENT OF CASH FLOWS (continuous)

(in Baht)

| | Consolidated financial statements For the year ended | | Separate financial statements For the year ended | |
|--|---|----------------------|---|----------------------|
| | 31 December 2016 | 31 December 2015 | 31 December 2016 | 31 December 2015 |
| <i>Cash flows from financing activities</i> | | | | |
| Finance costs paid | (17,040,125) | (33,584,117) | (17,040,125) | (33,584,117) |
| Increase in short-term loan from financial institutions | 368,000,000 | 55,800,000 | 368,000,000 | 55,800,000 |
| Finance lease payments | (7,257,101) | (7,571,002) | (7,257,101) | (7,571,002) |
| Proceeds from long-term loans from financial institutions | - | 250,000,000 | - | 250,000,000 |
| Repayment of long-term loans from financial institutions | (287,500,000) | (680,000,000) | (287,500,000) | (680,000,000) |
| Purchase of treasury shares | (520,760,210) | - | (520,760,210) | - |
| Dividends paid | (278,427,410) | (251,508,720) | (278,427,410) | (251,508,720) |
| Net cash used in financing activities | (742,984,846) | (666,863,839) | (742,984,846) | (666,863,839) |
| Net increase (decrease) in cash and cash equivalents | (8,107,954) | 14,498,835 | (6,301,362) | 12,635,560 |
| Cash and cash equivalents at 1 January | 28,416,167 | 13,522,158 | 26,005,036 | 12,974,302 |
| Effect of exchange rate changes on balances held in foreign currencies | 277,009 | 395,174 | 277,009 | 395,174 |
| Cash and cash equivalents at 31 December | 20,585,222 | 28,416,167 | 19,980,683 | 26,005,036 |
| <i>Supplementary disclosure of cash flows information:</i> | | | | |
| <i>Non-cash transactions:</i> | | | | |
| Acquisitions of property, plant and equipment for which payment has not yet been made | 179,584 | 8,142,292 | 166,466 | 8,142,292 |
| Acquisitions of property, plant and equipment under finance lease agreements | 935,000 | 16,591,986 | 935,000 | 16,591,986 |
| Transfer prepayments for purchases of assets to property, plant and equipment | 1,544,777 | 1,502,444 | 1,544,777 | 1,502,444 |
| Transfer investment properties to non-current asset held for sale | - | 18,149,413 | - | 18,149,413 |

Notes to the financial statements

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These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the directors on 20 February 2017.

1. General information

Diamond Building Products Public Company Limited, the “Company”, is incorporated in Thailand and has its registered office at 69 - 70 Moo 1, Mitraphab Road (Km. 115), Thambol Talingchan, Amphur Muang, Saraburi, Thailand.

The Company was listed on the Stock Exchange of Thailand in November 2005.

The Company’s major shareholder was Myriad Materials Co., Ltd. (53.23% shareholding), who was incorporated in Thailand.

The principal business of the Company and its subsidiary is manufacturing of roof tiles, artificial woods and autoclaved aerated concrete. Details of the Company’s subsidiary as at 31 December 2016 and 2015 are given in notes 4 and 10.

2. Basis of preparation of financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Group’s accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Group’s operations are disclosed in note 36.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except as stated in the accounting policies.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Company’s functional currency. All financial information presented in Thai Baht has been rounded to the nearest thousand unless otherwise stated.

(d) Use of judgements and estimates

The preparation of financial statements in conformity with TFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the amounts recognised in the financial statements is included in the following notes:

Note 8 Valuation of inventories: key assumptions underlying allowance for decline in value of inventories;

Note 10 Impairment test: key assumptions underlying recoverable amounts;

Note 14 Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used; and

Note 19 Measurement of defined employee benefit obligations: key actuarial assumptions.

Measurement of fair values

A number of the Group’s accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the chief financial officer.

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

Significant valuation issues are reported to the Group Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 33 - Financial instruments.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

(a) Basis of consolidation

The consolidated financial statements relate to the Company and its subsidiary (together referred to as the “Group”)

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

(b) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transaction.

Foreign currency differences are generally recognised in profit or loss.

(c) Hedging

Hedge of future foreign currency transactions

Gains and losses from forward exchange contracts and currency swaps used to hedge anticipated future currency transactions are recognised in profit or loss in the statement of comprehensive income.

Premiums or discounts on forward foreign exchange contracts are amortised to profit or loss over the term of the contracts.

Hedge of interest rates

Interest differentials under swap arrangements are recognised and recorded as adjustments to the interest expense relating to the hedged loans.

(d) Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows comprise cash balances, call deposits and highly liquid short-term investments. Bank overdrafts that are repayable on demand are a component of financing activities for the purpose of the statement of cash flows.

(e) Trade and other accounts receivable

Trade and other accounts receivable are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories and future expectations of customer payments. Bad debts are written off when incurred.

(f) Inventories

Inventories are measured at the lower of cost and net realisable value.

Cost is calculated using the moving average principle, and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-progress, cost includes an appropriate share of production overheads based on normal operating capacity and is calculated using standard cost adjusted to approximate average cost.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs to complete and to make the sale.

(g) Non-current asset held for sale

Non-current asset that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. The assets are measured at the lower of their carrying value and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Investments

Investment in subsidiary

Investment in subsidiary in the separate financial statements of the Company is accounted for using the cost method.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

If the Group disposes of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

(i) Investment properties

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

Investment properties are stated at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and other costs directly attributable to bringing the investment property to a working condition for its intended use and capitalised borrowing costs.

No depreciation is provided on freehold land or assets under construction.

Reclassification to property, plant and equipment

When the use of a property changes such that it is reclassified as property, plant and equipment, the property is reclassified as property, plant and equipment at the carrying amount.

(j) Property, plant and equipment

Recognition and measurement

Owned assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognised net in profit or loss.

Leased assets

Leases in terms of which the Group substantially assumes all the risk and rewards of ownership are classified as finance leases. Property, plant and equipment acquired by way of finance leases is capitalised at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the profit or loss.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, the property is reclassified as investment property at the carrying amount.

Subsequent costs

The cost of replacing a part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. The estimated useful lives are as follows:

| | |
|--|--------------|
| Buildings, structures and improvement | 5 - 20 years |
| Machinery and equipment | 5 - 20 years |
| Office furniture, fixtures and equipment | 3 - 5 years |
| Vehicles | 5 years |

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(k) Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset.

The estimated useful lives for the current and comparative periods are as follows:

| | |
|---|----------|
| Software licences | 10 years |
| Deferred know-how and technical assistance fees | 10 years |

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(l) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. Intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The impairment loss is recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

Impairment losses recognised in prior periods in respect of non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(m) Interest-bearing liabilities

Interest-bearing liabilities are recognised initially at fair value less attributable transaction charges. Subsequent to initial recognition, interest-bearing liabilities are stated at amortised cost with any difference between cost and redemption value being recognised in profit or loss over the period of the borrowings on an effective interest basis.

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any application minimum funding requirements.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Group determines the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(p) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

(q) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised

as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(r) Revenue

Revenue excludes value added taxes and is arrived at after deduction of trade discounts.

Sale of goods and services rendered

Revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there is continuing management involvement with the goods or there are significant uncertainties regarding recovery of the consideration due, associated costs or the probable return of goods. Service income is recognised as services are provided.

Interest income

Interest income is recognised in profit or loss as it accrues.

(s) Finance costs

Finance costs is recognised using the effective interest method and comprises interest expense on borrowings, unwinding of the discount on provisions and contingent consideration, impairment losses recognised on financial assets (other than trade receivables), and losses on hedging instruments that are recognised in profit or loss.

Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

(t) Lease payments

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Contingent lease payments are accounted for by revising the minimum lease payments over the remaining term of the lease when the lease adjustment is confirmed.

Determining whether an arrangement contains a lease

At inception of an arrangement, the Group determines whether such an arrangement is or contains a lease. A specific asset is the subject of a lease if fulfilment of the arrangement is dependent on the use of that specified asset. An arrangement conveys the right to use the asset if the arrangement conveys to the Group the right to control the use of the underlying asset.

At inception or upon reassessment of the arrangement, the Group separates payments and other consideration required by such an arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, an asset and a liability are recognised at an amount equal to the fair value of the underlying asset. Subsequently the liability is reduced as payments are made and an imputed finance charge on the liability is recognised using the Group's incremental borrowing rate.

(u) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(w) Segment reporting

Segment result that are reported to the Group's Management Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

| Name of entities | Country of incorporation /nationality | Nature of relationships |
|--|---------------------------------------|---|
| Diamond Materials Co., Ltd. | Thailand | Subsidiary |
| Key management personnel | Thailand | Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company. |
| Myriad Materials Co., Ltd. | Thailand | Major shareholder, 53.23% shareholding and common director |
| Supalai Public Company Limited | Thailand | Common director |
| The Lanna Resources Public Company Limited | Thailand | Common director |
| Phahon 8 Company Limited | Thailand | Common director |
| Phahonyothin Place condominium juristic person | Thailand | Common director |

The pricing policies for particular types of transactions are explained further below:

| Transactions | Pricing policies |
|---|---|
| Sale of goods and rendering of services | Market price based on normal course of business |
| Purchase of goods | Market price based on normal course of business |
| Purchase of raw materials | Market price based on normal course of business |
| Office rental and space service fee | Market price based on normal course of business |

Significant transactions for the years ended 31 December with related parties were as follows:

(in thousand Baht)

| Year ended 31 December | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Subsidiary | | | | |
| Purchase of goods | - | - | 60,459 | 67,474 |
| Key management personnel | | | | |
| Key management personnel compensation | | | | |
| Short-term employee benefits | 39,647 | 37,163 | 39,647 | 37,163 |
| Post-employment benefits | 471 | 758 | 471 | 758 |
| Total | 40,118 | 37,921 | 40,118 | 37,921 |
| Other related parties | | | | |
| Sales of goods or rendering of services | 66,007 | 88,263 | 66,007 | 88,263 |
| Purchase of raw materials | 1,436 | 233 | - | - |
| Office rental and space service fee | 3,434 | 3,302 | 3,434 | 3,302 |

Balances as at 31 December with related parties were as follows:

(in thousand Baht)

| Trade accounts receivable from related parties | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|--------|-------------------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| Other related party | | | | |
| Supalai Public Company Limited | 13,233 | 18,601 | 13,233 | 18,601 |

(in thousand Baht)

| Other receivable from related party | Consolidated financial statements | | Separate financial statements | |
|-------------------------------------|-----------------------------------|------|-------------------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| Subsidiary | | | | |
| Diamond Materials Co., Ltd. | - | - | 3,622 | 13,812 |

(in thousand Baht)

| Trade accounts payable from related party | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|------|-------------------------------|------|
| | 2016 | 2015 | 2016 | 2015 |
| Related party | | | | |
| The Lanna Resources Public Company Limited | 186 | - | - | - |

5. Cash and cash equivalents

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Cash on hand | 100 | 100 | 100 | 100 |
| Cash at banks - current accounts | 11,084 | 7,329 | 11,077 | 7,323 |
| Cash at banks - savings accounts | 9,401 | 20,987 | 8,804 | 18,582 |
| Total | 20,585 | 28,416 | 19,981 | 26,005 |

The currency denomination of cash and cash equivalents as at 31 December was as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Thai Baht (THB) | 19,249 | 27,204 | 18,645 | 24,793 |
| United States Dollars (USD) | 1,336 | 1,212 | 1,336 | 1,212 |
| Total | 20,585 | 28,416 | 19,981 | 26,005 |

6. Trade accounts receivable

(in thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|--|------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Related parties | 4 | 13,233 | 18,601 | 13,233 | 18,601 |
| Other parties | | 534,995 | 542,709 | 534,995 | 542,709 |
| Total | | 548,228 | 561,310 | 548,228 | 561,310 |
| Less allowance for doubtful accounts | | (9,130) | (10,080) | (9,130) | (10,080) |
| Net | | 539,098 | 551,230 | 539,098 | 551,230 |
| Reversal of bad and doubtful debts expense for the year | | (950) | (42) | (950) | (42) |

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Related parties | | | | |
| Within credit terms | 10,145 | 12,681 | 10,145 | 12,681 |
| Overdue | | | | |
| Less than 91 days | 3,060 | 5,813 | 3,060 | 5,813 |
| 91 - 180 days | 28 | 107 | 28 | 107 |
| 181 - 360 days | - | - | - | - |
| Over 360 days | - | - | - | - |
| | 13,233 | 18,601 | 13,233 | 18,601 |
| Other parties | | | | |
| Within credit terms | 444,645 | 440,728 | 444,645 | 440,728 |
| Overdue | | | | |
| Less than 91 days | 81,961 | 93,396 | 81,961 | 93,396 |
| 91 - 180 days | 3,235 | 329 | 3,235 | 329 |
| 181 - 360 days | 11 | 1,990 | 11 | 1,990 |
| Over 360 days | 5,143 | 6,266 | 5,143 | 6,266 |
| | 534,995 | 542,709 | 534,995 | 542,709 |
| Total | 548,228 | 561,310 | 548,228 | 561,310 |
| Less allowance for doubtful accounts | (9,130) | (10,080) | (9,130) | (10,080) |
| Net | 539,098 | 551,230 | 539,098 | 551,230 |

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

The currency denomination of trade accounts receivable as at 31 December was as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Thai Baht (THB) | 535,556 | 550,150 | 535,556 | 550,150 |
| United States Dollars (USD) | 3,542 | 1,080 | 3,542 | 1,080 |
| Total | 539,098 | 551,230 | 539,098 | 551,230 |

7. Other receivables

(in thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|----------|-----------------------------------|---------------|-------------------------------|---------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Related party | 4 | - | - | 3,622 | 13,812 |
| Other parties | | | | | |
| Accrued sales discount | | 41,871 | 31,971 | 41,653 | 31,787 |
| Prepaid expenses | | 6,818 | 7,716 | 6,376 | 6,875 |
| Advance for purchase of goods | | 2,290 | 3,436 | 2,105 | 2,732 |
| Others | | 1,645 | 1,339 | 1,645 | 1,295 |
| | | 52,624 | 44,462 | 51,779 | 42,689 |
| Total | | 52,624 | 44,462 | 55,401 | 56,501 |

The currency denomination of other receivables as at 31 December was as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Thai Baht (THB) | 15,297 | 44,462 | 18,074 | 56,501 |
| United States Dollars (USD) | 37,327 | - | 37,327 | - |
| Total | 52,624 | 44,462 | 55,401 | 56,501 |

8. Inventories

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Finished goods | 133,473 | 146,375 | 124,025 | 137,589 |
| Merchandise goods | 14,306 | 12,521 | 14,306 | 12,521 |
| Semi-finished goods | 107,582 | 98,214 | 107,582 | 98,214 |
| Work in progress | 37,500 | 43,430 | 37,500 | 43,430 |
| Raw materials | 213,889 | 264,871 | 212,424 | 262,413 |
| Supplies | 58,504 | 54,594 | 57,411 | 53,693 |
| Goods in transit | 70,404 | 75,604 | 70,404 | 75,604 |
| | 635,658 | 695,609 | 623,652 | 683,464 |
| Less allowance for decline in value | (13,798) | (14,085) | (12,788) | (13,308) |
| Total | 621,860 | 681,524 | 610,864 | 670,156 |
| Inventories recognised as an expense in 'cost of sales of goods': | | | | |
| - Cost | 2,704,971 | 2,732,007 | 2,695,399 | 2,734,366 |
| - Write-down to net realisable value | 3,042 | 3,663 | 2,809 | 3,400 |
| - Reversal of write-down | (3,329) | - | (3,329) | - |
| Net | 2,704,684 | 2,735,670 | 2,694,879 | 2,737,766 |

9. Non-current asset held for sale

Parts of the Company's land classified as investment properties were presented as non-current asset held for sale following the Company's agreement for land to be purchased and sold in August 2015. The Company received a Baht 1.0 million deposit on the agreement date. The carrying value of the land was Baht 18.1 million. The Company sold and transferred the ownership of the land in January 2016.

As at 31 December 2015, the land was stated at the lower of carrying value and fair value less cost to sell.

10. Investment in subsidiary

(in thousand Baht)

| | Separate financial statements | |
|--------------------------|-------------------------------|----------------|
| | 2016 | 2015 |
| At 1 January | 200,000 | 200,000 |
| Allowance for impairment | (30,000) | - |
| At 31 December | 170,000 | 200,000 |

Investment in subsidiary as at 31 December 2016 and 2015, were as follows:

(in thousand Baht)

| Separate financial statements | | | | | | | | | | | |
|-------------------------------|--|------------------------|-------|-----------------|---------|----------------|----------------|-------------------|----------|----------------|----------------|
| | Description of business | Ownership interest (%) | | Paid-up capital | | Cost | | Impairment losses | | At cost - net | |
| | | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 | 2016 | 2015 |
| Subsidiary | | | | | | | | | | | |
| Diamond Materials Co., Ltd. | Manufacturing of autoclaved aerated concrete | 99.99 | 99.99 | 200,000 | 200,000 | 200,000 | 200,000 | 30,000 | - | 170,000 | 200,000 |
| Total | | | | | | 200,000 | 200,000 | 30,000 | - | 170,000 | 200,000 |

The subsidiary was incorporated in Thailand.

The recoverable amount of this CGU was based on its value in use, determined by discounting the future cash flows to be generated from the continuing use of the CGU. The carrying amount of the CGU was determined to be higher than its recoverable amount. The Company recorded an impairment loss of Baht 30.0 million was recognized included in administrative expense during 2016.

The discount rate was a pre-tax measure based on the rate of 10-year government bonds.

Five years of cash flows were included in the discounted cash flow model. A long-term growth rate into perpetuity has been determined with reference to the nominal gross domestic product (GDP) rates for the country in which the CGU operates.

Budgeted EBITDA was based on expectations of future outcomes taking into account past experience, adjusted for anticipated revenue growth. Revenue growth was projected taking into account the average growth levels experienced over the past four years and the estimated sales and price growth for the next five years.

Following the impairment loss of impairment, the recoverable amount was equal to the carrying. Therefore, any adverse movement in a key assumption would lead to further impairment.

11. Investment properties

(in thousand Baht)

| | Note | Consolidated financial statements | | Separate financial statements | |
|---|------|-----------------------------------|----------------|-------------------------------|----------------|
| | | 2016 | 2015 | 2016 | 2015 |
| Cost | | | | | |
| At 1 January | | 51,662 | 69,812 | 51,662 | 69,812 |
| Transfer to non-current asset held for sale | 9 | - | (18,150) | - | (18,150) |
| At 31 December | | 51,662 | 51,662 | 51,662 | 51,662 |
| Allowance for impairment | | | | | |
| At 1 January | | (2,700) | (2,700) | (2,700) | (2,700) |
| Reversal of allowance for impairment | | 200 | - | 200 | - |
| At 31 December | | (2,500) | (2,700) | (2,500) | (2,700) |
| Net book value | | | | | |
| At 1 January | | 48,962 | 67,112 | 48,962 | 67,112 |
| At 31 December | | 49,162 | 48,962 | 49,162 | 48,962 |

A portion of land title deed of investment properties, which had net book value as at 31 December 2016 of Baht 25.4 million (2015: Baht 25.4 million), was jointly owned by two other companies.

Investment properties are land held for future projects. As at 31 December 2016, the fair value of investment properties was appraised by an independent valuer base on the market approach was Baht 160.1 million (2015: Baht 78.4 million).

Measurement of fair value

Fair value hierarchy

The fair value of investment properties was determined by external, independent property valuer, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuer provide the fair value of the Group's investment properties portfolio on a regular basis.

The fair value measurement for investment properties of Baht 160.1 million has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

12. Property, plant and equipment

(in thousand Baht)

| | Consolidated financial statements | | | | | | |
|---|-----------------------------------|-------------------------------------|-------------------------|--|---------------|--|------------------|
| | Land and improvement | Building structures and improvement | Machinery and equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation | Total |
| Cost | | | | | | | |
| At 1 January 2015 | 229,003 | 753,490 | 3,917,998 | 69,851 | 64,794 | 6,501 | 5,041,637 |
| Additions | - | 452 | 7,693 | 1,354 | 16,679 | 19,372 | 45,550 |
| Transfers | - | 1,375 | 15,150 | 3,405 | - | (19,930) | - |
| Disposals | - | - | (4,175) | (594) | (17,756) | - | (22,525) |
| At 31 December 2015 and 1 January 2016 | 229,003 | 755,317 | 3,936,666 | 74,016 | 63,717 | 5,943 | 5,064,662 |
| Additions | - | 715 | 9,485 | 3,356 | 945 | 15,748 | 30,249 |
| Transfers | - | 2,087 | 11,671 | 777 | - | (14,535) | - |
| Disposals | - | (266) | (47,189) | (996) | (2,409) | - | (50,860) |
| At 31 December 2016 | 229,003 | 757,853 | 3,910,633 | 77,153 | 62,253 | 7,156 | 5,044,051 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2015 | - | 338,804 | 2,191,061 | 58,254 | 45,233 | - | 2,633,352 |
| Depreciation charge for the year | - | 34,810 | 255,479 | 6,770 | 9,092 | - | 306,151 |
| Disposals | - | - | (4,073) | (564) | (17,753) | - | (22,390) |
| At 31 December 2015 and 1 January 2016 | - | 373,614 | 2,442,467 | 64,460 | 36,572 | - | 2,917,113 |
| Depreciation charge for the year | - | 34,997 | 231,422 | 4,290 | 8,351 | - | 279,060 |
| Disposals | - | (214) | (44,578) | (982) | (2,409) | - | (48,183) |
| At 31 December 2016 | - | 408,397 | 2,629,311 | 67,768 | 42,514 | - | 3,147,990 |
| Allowance for impairment | | | | | | | |
| At 1 January 2015 | - | - | - | - | - | 3,851 | 3,851 |
| Increase (decrease) | - | - | - | - | - | - | - |
| At 31 December 2015 and 1 January 2016 | - | - | - | - | - | 3,851 | 3,851 |
| Increase (decrease) | - | - | - | - | - | - | - |
| At 31 December 2016 | - | - | - | - | - | 3,851 | 3,851 |
| Net book value | | | | | | | |
| At 1 January 2015 | | | | | | | |
| Owned assets | 229,003 | 414,686 | 1,726,937 | 11,597 | 6,869 | 2,650 | 2,391,742 |
| Asset under finance leases | - | - | - | - | 12,692 | - | 12,692 |
| | 229,003 | 414,686 | 1,726,937 | 11,597 | 19,561 | 2,650 | 2,404,434 |
| At 31 December 2015 and 1 January 2016 | | | | | | | |
| Owned assets | 229,003 | 381,703 | 1,494,199 | 9,556 | 4,170 | 2,092 | 2,120,723 |
| Asset under finance leases | - | - | - | - | 22,975 | - | 22,975 |
| | 229,003 | 381,703 | 1,494,199 | 9,556 | 27,145 | 2,092 | 2,143,698 |
| At 31 December 2016 | | | | | | | |
| Owned assets | 229,003 | 349,456 | 1,281,322 | 9,385 | 2,024 | 3,305 | 1,874,495 |
| Asset under finance leases | - | - | - | - | 17,715 | - | 17,715 |
| | 229,003 | 349,456 | 1,281,322 | 9,385 | 19,739 | 3,305 | 1,892,210 |

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 1,715.9 million (2015: Baht 1,586.0 million).

| | Separate financial statements | | | | | | |
|---|-------------------------------|--------------------------------------|-------------------------|--|---------------|--|------------------|
| | Land and improve-ment | Building structures and improve-ment | Machinery and equipment | Office furniture, fixtures and equipment | Vehicles | Assets under construction and installation | Total |
| Cost | | | | | | | |
| At 1 January 2015 | 208,906 | 682,173 | 3,838,020 | 69,617 | 62,558 | 6,501 | 4,867,775 |
| Additions | - | 412 | 7,298 | 1,311 | 16,678 | 19,372 | 45,071 |
| Transfers | - | 1,375 | 15,150 | 3,405 | - | (19,930) | - |
| Disposals | - | - | (4,175) | (594) | (17,756) | - | (22,525) |
| At 31 December 2015 and 1 January 2016 | 208,906 | 683,960 | 3,856,293 | 73,739 | 61,480 | 5,943 | 4,890,321 |
| Additions | - | 715 | 8,766 | 3,274 | 945 | 15,748 | 29,448 |
| Transfers | - | 2,087 | 11,671 | 777 | - | (14,535) | - |
| Disposals | - | (266) | (47,190) | (1,065) | (2,409) | - | (50,930) |
| At 31 December 2016 | 208,906 | 686,496 | 3,829,540 | 76,725 | 60,016 | 7,156 | 4,868,839 |
| Accumulated depreciation | | | | | | | |
| At 1 January 2015 | - | 332,156 | 2,177,868 | 58,175 | 44,525 | - | 2,612,724 |
| Depreciation charge for the year | - | 30,616 | 246,878 | 6,706 | 8,645 | - | 292,845 |
| Disposals | - | - | (4,073) | (564) | (17,753) | - | (22,390) |
| At 31 December 2015 and 1 January 2016 | - | 362,772 | 2,420,673 | 64,317 | 35,417 | - | 2,883,179 |
| Depreciation charge for the year | - | 30,802 | 222,682 | 4,225 | 7,903 | - | 265,612 |
| Disposals | - | (214) | (44,584) | (1,045) | (2,409) | - | (48,252) |
| At 31 December 2016 | - | 393,360 | 2,598,771 | 67,497 | 40,911 | - | 3,100,539 |
| Allowance for impairment | | | | | | | |
| At 1 January 2015 | - | - | - | - | - | 3,851 | 3,851 |
| Increase (decrease) | - | - | - | - | - | - | - |
| At 31 December 2015 and 1 January 2016 | - | - | - | - | - | 3,851 | 3,851 |
| Increase (decrease) | - | - | - | - | - | - | - |
| At 31 December 2016 | - | - | - | - | - | 3,851 | 3,851 |
| Net book value | | | | | | | |
| At 1 January 2015 | | | | | | | |
| Owned assets | 208,906 | 350,017 | 1,660,152 | 11,442 | 5,341 | 2,650 | 2,238,508 |
| Asset under finance leases | - | - | - | - | 12,692 | - | 12,692 |
| | 208,906 | 350,017 | 1,660,152 | 11,442 | 18,033 | 2,650 | 2,251,200 |
| At 31 December 2015 and 1 January 2016 | | | | | | | |
| Owned assets | 208,906 | 321,188 | 1,435,620 | 9,422 | 3,088 | 2,092 | 1,980,316 |
| Asset under finance leases | - | - | - | - | 22,975 | - | 22,975 |
| | 208,906 | 321,188 | 1,435,620 | 9,422 | 26,063 | 2,092 | 2,003,291 |
| At 31 December 2016 | | | | | | | |
| Owned assets | 208,906 | 293,136 | 1,230,769 | 9,228 | 1,390 | 3,305 | 1,746,734 |
| Asset under finance leases | - | - | - | - | 17,715 | - | 17,715 |
| | 208,906 | 293,136 | 1,230,769 | 9,228 | 19,105 | 3,305 | 1,764,449 |

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2016 amounted to Baht 1,715.9 million (2015: Baht 1,586.0 million).

Property, plant and equipment under construction

During the year ended 31 December 2016, the Group had equipment under installation. Cost incurred up to 31 December 2016 totalled Baht 3.3 million (2015: 2.1 million).

In 2016, the Group performed an impairment testing of property plant and equipment of the subsidiary by determining the recoverable amounts based on value in use of asset which the period for estimated future cash flow are five years. The recoverable amount was higher than its carrying amount of subsidiary's property plant and equipment and no impairment was required.

13. Intangible assets

(in thousand Baht)

| | Consolidated financial statements | | |
|---|---|----------------------|---------------|
| | Deferred know-how and technical assistance fees | Software licences | Total |
| <i>Cost</i> | | | |
| At 1 January 2015 | 56,888 | 33,542 | 90,430 |
| Additions | - | - | - |
| Disposals | (26,888) | - | (26,888) |
| At 31 December 2015 and 1 January 2016 | 30,000 | 33,542 | 63,542 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 December 2016 | 30,000 | 33,542 | 63,542 |
| <i>Accumulated amortisation</i> | | | |
| At 1 January 2015 | 25,095 | 19,351 | 44,446 |
| Amortisation for the year | 1,793 | 3,354 | 5,147 |
| Disposals | (26,888) | - | (26,888) |
| At 31 December 2015 and 1 January 2016 | - | 22,705 | 22,705 |
| Amortisation for the year | 10,759 | 3,354 | 14,113 |
| Disposals | - | - | - |
| At 31 December 2016 | 10,759 | 26,059 | 36,818 |
| <i>Net book value</i> | | | |
| At 1 January 2015 | 31,793 | 14,191 | 45,984 |
| At 31 December 2015 and 1 January 2016 | 30,000 | 10,837 | 40,837 |
| At 31 December 2016 | 19,241 | 7,483 | 26,724 |

(in thousand Baht)

| | Separate financial statements | | |
|---|---|----------------------|---------------|
| | Deferred know-how and technical assistance fees | Software licences | Total |
| Cost | | | |
| At 1 January 2015 | 26,888 | 33,542 | 60,430 |
| Additions | - | - | - |
| Disposals | (26,888) | - | (26,888) |
| At 31 December 2015 and 1 January 2016 | - | 33,542 | 33,542 |
| Additions | - | - | - |
| Disposals | - | - | - |
| At 31 December 2016 | - | 33,542 | 33,542 |
| Accumulated amortisation | | | |
| At 1 January 2015 | 25,095 | 19,351 | 44,446 |
| Amortisation for the year | 1,793 | 3,354 | 5,147 |
| Disposals | (26,888) | - | (26,888) |
| At 31 December 2015 and 1 January 2016 | - | 22,705 | 22,705 |
| Amortisation for the year | - | 3,354 | 3,354 |
| Disposals | - | - | - |
| At 31 December 2016 | - | 26,059 | 26,059 |
| Net book value | | | |
| At 1 January 2015 | 1,793 | 14,191 | 15,984 |
| At 31 December 2015 and 1 January 2016 | - | 10,837 | 10,837 |
| At 31 December 2016 | - | 7,483 | 7,483 |

14. Deferred tax

Deferred tax assets and liabilities as at 31 December were as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Deferred tax assets | 29,277 | 22,637 | 34,976 | 22,407 |
| Deferred tax liabilities | - | - | - | - |
| Net | 29,277 | 22,637 | 34,976 | 22,407 |

Movements in total deferred tax assets during the year were as follows:

(in thousand Baht)

| | Consolidated financial statements (Charged) / Credited to: | | | |
|---|---|-------------------|-------------------------------|------------------------|
| | At 1 January 2016 | Profit or loss | Other comprehensive income | At 31 December 2016 |
| Deferred tax assets | | | | |
| Trade accounts receivable (doubtful accounts) | 2,016 | (190) | - | 1,826 |
| Inventories (allowance for decline in value) | 2,817 | (57) | - | 2,760 |
| Investment properties (allowance for impairment) | 540 | (40) | - | 500 |
| Property, plant and equipment (allowance for impairment) | 770 | - | - | 770 |
| Finance lease liabilities | 152 | 54 | - | 206 |
| Employee benefit obligations | 16,342 | 1,594 | 5,279 | 23,215 |
| Total | 22,637 | 1,361 | 5,279 | 29,277 |

(in thousand Baht)

| | Consolidated financial statements (Charged) / Credited to: | | | |
|---|---|-------------------|-------------------------------|------------------------|
| | At 1 January 2015 | Profit or loss | Other comprehensive income | At 31 December 2015 |
| Deferred tax assets | | | | |
| Trade accounts receivable (doubtful accounts) | 2,024 | (8) | - | 2,016 |
| Inventories (allowance for decline in value) | 2,084 | 733 | - | 2,817 |
| Investment properties (allowance for impairment) | 540 | - | - | 540 |
| Property, plant and equipment (allowance for impairment) | 770 | - | - | 770 |
| Finance lease liabilities | 233 | (81) | - | 152 |
| Employee benefit obligations | 14,793 | 1,549 | - | 16,342 |
| Total | 20,444 | 2,193 | - | 22,637 |

(in thousand Baht)

| | Separate financial statements (Charged) / Credited to: | | | |
|---|---|-------------------|-------------------------------|------------------------|
| | At 1 January 2016 | Profit or loss | Other comprehensive income | At 31 December 2016 |
| Deferred tax assets | | | | |
| Trade accounts receivable (doubtful accounts) | 2,016 | (190) | - | 1,826 |
| Inventories (allowance for decline in value) | 2,662 | (104) | - | 2,558 |
| Investment properties (allowance for impairment) | 540 | (40) | - | 500 |
| Investment in subsidiaries (allowance for impairment) | - | 6,000 | - | 6,000 |
| Property, plant and equipment (allowance for impairment) | 770 | - | - | 770 |
| Finance lease liabilities | 152 | 54 | - | 206 |
| Employee benefit obligations | 16,267 | 1,608 | 5,241 | 23,116 |
| Total | 22,407 | 7,328 | 5,241 | 34,976 |

(in thousand Baht)

| | Separate financial statements (Charged) / Credited to: | | | |
|---|---|-------------------|-------------------------------|------------------------|
| | At 1 January 2015 | Profit or loss | Other comprehensive income | At 31 December 2015 |
| Deferred tax assets | | | | |
| Trade accounts receivable (doubtful accounts) | 2,024 | (8) | - | 2,016 |
| Inventories (allowance for decline in value) | 1,981 | 681 | - | 2,662 |
| Investment properties (allowance for impairment) | 540 | - | - | 540 |
| Property, plant and equipment (allowance for impairment) | 770 | - | - | 770 |
| Finance lease liabilities | 233 | (81) | - | 152 |
| Employee benefit obligations | 14,735 | 1,532 | - | 16,267 |
| Total | 20,283 | 2,124 | - | 22,407 |

Deferred tax asset has not been recognised in respect of the following item:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------|-----------------------------------|---------------|-------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Tax losses | 46,523 | 29,961 | - | - |
| Total | 46,523 | 29,961 | - | - |

The tax losses will expire in 2019. The deductible temporary differences do not expire under current tax legislation. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profit will be available against which the Group and the Company can utilise the benefits therefrom.

15. Interest-bearing liabilities

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Current | | | | |
| Short-term loans from financial institutions | | | | |
| Unsecured | 818,000 | 450,000 | 818,000 | 450,000 |
| Short-term loans from financial institutions | 818,000 | 450,000 | 818,000 | 450,000 |
| Current portion of long-term loans from financial institutions | | | | |
| Unsecured | 100,000 | 287,500 | 100,000 | 287,500 |
| Current portion of long-term loans | 100,000 | 287,500 | 100,000 | 287,500 |
| Current portion of finance lease liabilities | 5,635 | 5,914 | 5,635 | 5,914 |
| Total current interest-bearing liabilities | 923,635 | 743,414 | 923,635 | 743,414 |
| Non-current | | | | |
| Long-term loans from financial institutions Unsecured | - | 100,000 | - | 100,000 |
| Finance lease liabilities | 13,108 | 17,819 | 13,108 | 17,819 |
| Total non-current interest-bearing liabilities | 13,108 | 117,819 | 13,108 | 117,819 |

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December were as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--------------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Within one year | 918,000 | 737,500 | 918,000 | 737,500 |
| After one year but within five years | - | 100,000 | - | 100,000 |
| Total | 918,000 | 837,500 | 918,000 | 837,500 |

Long-term loans

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Loan agreement in February 2011 | - | 37,500 | - | 37,500 |
| Loan agreement in December 2013 | - | 150,000 | - | 150,000 |
| Loan agreement in June 2015 | 100,000 | 200,000 | 100,000 | 200,000 |
| | 100,000 | 387,500 | 100,000 | 387,500 |
| Less current portion | (100,000) | (287,500) | (100,000) | (287,500) |
| Total | - | 100,000 | - | 100,000 |

In February 2011, the Company entered into a long-term loan agreement with a local financial institution of Baht 450.0 million for purchase of machinery. This loan bore interest at 3-month THBFX plus 1.25% per annum and was repayable in 12 quarterly installments of Baht 37.5 million each with negative pledge of such machinery. As at 31 December 2015, the outstanding balance of loan amounted to Baht 37.5 million. During 2016, the Company fully repaid the long-term loan. As at 31 December 2015, the Company had interest rate swap contracts with a financial institution to swap a 3-month THBFX floating interest rate to fixed rates at 2.96% - 3.09% per annum for long-term loan of Baht 450.0 million. The contract term is 4 years up to March 2016.

In December 2013, the Company entered into a long-term loan agreement with a local financial institution of Baht 300.0 million for purchase of machinery. This loan bore interest at a fixed rate of 3.67% per annum from the first withdrawal date to 27 December 2016 and was repayable in 8 quarterly installments of Baht 37.5 million each with negative pledge of such machinery. As at 31 December 2015, the outstanding balance of loan amounted to Baht 150.0 million. During 2016, the Company fully repaid the long-term loan.

In June 2015, the Company entered into a long-term loan agreement with a local financial institution of Baht 250.0 million for repayment of a long-term loan with the aforementioned financial institution. This loan bears interest at 3-month THBFX plus 1.05% margin per annum and is repayable in 10 quarterly installments of Baht 25.0 million each with negative pledge of land and structures. The Company entered into an interest rate swap contract with the same financial institution to swap a 3-month THBFX plus 1.05% margin per annum floating interest rate to a fixed rate at 2.96% per annum for such long-term loan. The contract term is 3 years up to December 2017. As at 31 December 2016, the outstanding balance of loan amounted to Baht 100.0 million (2015: 200.0 million).

As at 31 December 2016, the Group had unutilised credit facilities amounting to Baht 2,291.1million (2015: Baht 3,045.7 million).

The Company is committed to comply with conditions and covenants stipulated in the loan agreements such as maintaining the debt service coverage ratio and the debt to equity.

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

| (in thousand Baht) | | | |
|--------------------------------------|--|--------------|---|
| | Consolidated financial statements 2016 | | |
| | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 6,690 | 1,055 | 5,635 |
| After one year but within five years | 14,391 | 1,283 | 13,108 |
| Total | 21,081 | 2,338 | 18,743 |
| (in thousand Baht) | | | |
| | Consolidated financial statements 2015 | | |
| | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 7,236 | 1,322 | 5,914 |
| After one year but within five years | 19,824 | 2,005 | 17,819 |
| Total | 27,060 | 3,327 | 23,733 |
| (in thousand Baht) | | | |
| | Separate financial statements 2016 | | |
| | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 6,690 | 1,055 | 5,635 |
| After one year but within five years | 14,391 | 1,283 | 13,108 |
| Total | 21,081 | 2,338 | 18,743 |

(in thousand Baht)

| | Separate financial statements 2015 | | |
|--------------------------------------|------------------------------------|--------------|---|
| | Future minimum lease payments | Interest | Present value of minimum lease payments |
| Within one year | 7,236 | 1,322 | 5,914 |
| After one year but within five years | 19,824 | 2,005 | 17,819 |
| Total | 27,060 | 3,327 | 23,733 |

As at 31 December 2016 and 2015, the Company entered into finance lease agreements with several local leasing companies to purchase vehicles. Such lease agreements have terms expiring up to 2021, and bear interest at rates ranging from 6.0% to 13.0% per annum in 2016 (2015: ranging from 5.6% to 12.0% per annum). The agreements are repayable in 60 installments starting from March 2012.

Interest-bearing liabilities of the Group and the Company as at 31 December 2016 and 2015 were denominated entirely in Thai Baht.

16. Trade accounts payable

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Related parties | 186 | - | - | - |
| Other parties | 123,994 | 145,684 | 123,117 | 145,197 |
| Total | 124,180 | 145,684 | 123,117 | 145,197 |

The currency denomination of trade accounts payable as at 31 December was as follows:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Thai Baht (THB) | 100,654 | 89,061 | 99,591 | 88,574 |
| United States Dollars (USD) | 23,454 | 56,623 | 23,454 | 56,623 |
| Euro (EUR) | 72 | - | 72 | - |
| Total | 124,180 | 145,684 | 123,117 | 145,197 |

17. Other payables

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Accrued operating expenses | 46,378 | 53,660 | 45,403 | 52,405 |
| Payables for acquisition of asset | 180 | 8,142 | 167 | 8,142 |
| Others | 55,522 | 64,362 | 54,523 | 63,957 |
| Total | 102,080 | 126,164 | 100,093 | 124,504 |

18. Other current liabilities

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Revenue department payable | 15,738 | 13,004 | 15,559 | 12,692 |
| Contract guarantee | 7,411 | 6,575 | 7,241 | 6,555 |
| Retention | 1,165 | 1,298 | 1,165 | 1,298 |
| Others | 32 | 13 | 32 | 13 |
| Total | 24,346 | 20,890 | 23,997 | 20,558 |

19. Employee benefit obligations

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------|-------------------------------|--------|
| | 2016 | 2015 | 2016 | 2015 |
| Statement of financial position | | | | |
| Obligations for: | | | | |
| Post-employment benefits | 116,077 | 81,712 | 115,583 | 81,337 |
| For the year ended 31 December | | | | |
| Statement of comprehensive income: | | | | |
| Recognised in profit or loss: | | | | |
| Post-employment benefits | 9,767 | 9,259 | 9,838 | 9,175 |
| Recognised in other comprehensive income: | | | | |
| Actuarial losses recognised in the year | (26,397) | - | (26,207) | - |

The Group operate a defined benefit pension plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

Movement in the present value of the defined benefit obligations:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Defined benefit obligations at 1 January | 81,712 | 73,964 | 81,337 | 73,673 |
| Include in profit or loss: | | | | |
| Current service costs | 6,614 | 5,887 | 6,697 | 5,820 |
| Interest on obligation | 3,153 | 3,372 | 3,141 | 3,355 |
| | 9,767 | 9,259 | 9,838 | 9,175 |
| Include in other comprehensive income: | | | | |
| Actuarial loss | 26,397 | - | 26,207 | - |
| | 26,397 | - | 26,207 | - |
| Other | | | | |
| Benefits paid | (1,799) | (1,511) | (1,799) | (1,511) |
| | (1,799) | (1,511) | (1,799) | (1,511) |
| Defined benefit obligations at 31 December | 116,077 | 81,712 | 115,583 | 81,337 |

Actuarial losses recognised in other comprehensive income arising from:

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-----------------------|-----------------------------------|----------|-------------------------------|----------|
| | 2016 | 2015 | 2016 | 2015 |
| Financial assumptions | 18,537 | - | 18,375 | - |
| Experience adjustment | 7,860 | - | 7,832 | - |
| Total | 26,397 | - | 26,207 | - |

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

| | (%) | | | |
|----------------------|-----------------------------------|--------|-------------------------------|--------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Discount rate | 2.68, 2.56 | 4.77 | 2.56 | 4.77 |
| Future salary growth | 6.35 | 6.61 | 6.35 | 6.61 |
| Turnover rate | 0 - 50 | 0 - 15 | 0 - 50 | 0 - 15 |

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2016, the weighted-average duration of the defined benefit obligation of the Company and its subsidiary was 17 and 27 years, respectively (2015 : 24 and 31 years, respectively).

Sensitivity analysis

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

| | (in thousand Baht) | | | |
|--------------------------------------|-----------------------------------|----------|-------------------------------|----------|
| | Consolidated financial statements | | Separate financial statements | |
| | Increase | Decrease | Increase | Decrease |
| Defined benefit obligation | | | | |
| 31 December 2016 | | | | |
| Discount rate (0.5% movement) | (6,077) | 6,604 | (6,025) | 6,545 |
| Future salary growth (0.5% movement) | 6,032 | (5,626) | 5,976 | (5,577) |
| Turnover rate (0.5% movement) | (6,302) | 6,814 | (6,246) | 6,751 |
| Defined benefit obligation | | | | |
| 31 December 2015 | | | | |
| Discount rate (0.5% movement) | (5,715) | 1,969 | (5,676) | 1,925 |
| Future salary growth (0.5% movement) | 2,676 | (6,403) | 2,630 | (6,362) |
| Turnover rate (0.5% movement) | (7,037) | 3,403 | 6,990 | 3,350 |

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

20. Share capital

| (million shares / in million Baht) | | | | |
|------------------------------------|--------|--------|--------|--------|
| Par value per share (in Baht) | 2016 | | 2015 | |
| | Number | Amount | Number | Amount |
| Authorised | | | | |
| At 1 January | | | | |
| - ordinary shares | 1 | 1,048 | 1,050 | 1,050 |
| Reduction of authorised shares | 1 | - | (2) | (2) |
| At 31 December | | | | |
| - ordinary shares | 1 | 1,048 | 1,048 | 1,048 |
| Issued and paid-up | | | | |
| At 1 January | | | | |
| - ordinary shares | 1 | 1,048 | 1,048 | 1,048 |
| Issue of share | 1 | - | - | - |
| At 31 December | | | | |
| - ordinary shares | 1 | 1,048 | 1,048 | 1,048 |

In 2014, the outstanding unexercised warrants were 1.7 million units and the exercise period was ended. At the annual general meeting of the shareholders of the Company held on 24 April 2015, the Company's shareholders approved the reduction of the authorised share capital of Baht 1.7 million (1.7 million shares at Baht 1 par value) to a newly authorised share capital of Baht 1,048.0 million (1,048.0 million shares at Baht 1 par value). The Company registered the reduction of authorised share capital with the Ministry of Commerce on 30 April 2015.

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("premium on ordinary shares"). Premium on ordinary shares is not available for dividend distribution.

As at 31 December 2016, the Company had premium on ordinary shares of Baht 166.5 million (2015: Baht 166.5 million).

21. Treasury shares

The treasury shares account within equity comprises the cost of the Company's own shares held by the Company.

As at 31 December 2016, the Company held the Company's shares of 100 million shares (2015: nil), comprising 9.5% (2015: nil) of the Company's issued share capital, at a total cost of Baht 520.8 million (2015: nil)

In May 2016, the Board of Directors of the Company approved a treasury share plan ('Plan') to re-purchase not more than 9.5%, or 100 million shares, of the Company's shares then in issue. The purpose of the Plan is to manage the Company's increased return on equity, earnings per share and dividend yield. The maximum amount approved for share purchase under the Plan is Baht 520 million and the price to be paid for the shares is not to exceed 111% of the closing price on the Stock Exchange of Thailand (SET) over the 30 business days prior to the date the Board of Director's meeting. The Company may purchase the shares offer to general shareholders during the period from 17 June 2016 to 30 June 2016. The shares purchased may be resold after 6 months but within 3 years from the date of purchase. The Company appropriated treasury share reserve to be equal to the full amount paid for treasury shares.

Surplus on treasury shares

The surplus on treasury shares represents the accumulated surplus on sale of treasury shares, net of any deficits on sale or cancellation of treasury shares. The surplus on treasury shares is not available for dividend distribution.

22. Reserves

Legal reserve

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company's own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

23. Segment information

The Group operates in one business segment which is manufacturing of roof tiles, artificial woods and autoclaved aerated concrete which is integrated and complementary line of products. Therefore, management considers that the Group has only one segment. As a result, income, profit and all assets presented in the financial statements relating to manufacturing of roof tiles, artificial woods and autoclaved aerated concrete.

24. Other income

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|--|-----------------------------------|--------------|-------------------------------|--------------|
| | 2016 | 2015 | 2016 | 2015 |
| Gain on disposal of non-current assets held for sale | 31,081 | - | 31,081 | - |
| Gain on exchange rate | 4,322 | 3,913 | 4,322 | 3,913 |
| Reversal of doubtful debts and bad debts | 950 | 110 | 950 | 110 |
| Reversal of allowance for inventories | 270 | - | 270 | - |
| Gain on disposal of assets | 253 | - | 262 | - |
| Reversal of allowance for impairment | 200 | - | 200 | - |
| Others | 5,476 | 5,177 | 5,423 | 5,149 |
| Total | 42,552 | 9,200 | 42,508 | 9,172 |

25. Selling expenses

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|----------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Sales promotional expenses | 125,117 | 130,204 | 125,117 | 130,239 |
| Employee benefit expenses | 53,302 | 50,934 | 53,302 | 50,934 |
| Others | 23,327 | 20,160 | 23,327 | 20,160 |
| Total | 201,746 | 201,298 | 201,746 | 201,333 |

26. Administrative expenses

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|-------------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Employee benefit expenses | 211,918 | 211,092 | 208,411 | 207,260 |
| Storage expenses | 87,532 | 89,641 | 87,375 | 89,641 |
| Depreciation and amortisation | 34,310 | 48,681 | 26,668 | 42,260 |
| Service fees | 27,789 | 26,615 | 26,845 | 25,384 |
| Tax and fees | 15,940 | 9,656 | 15,759 | 9,416 |
| Utilities expenses | 8,184 | 8,449 | 7,812 | 8,099 |
| Rental expense | 7,849 | 8,199 | 7,706 | 7,963 |
| Fuel and energy expenses | 6,575 | 7,711 | 6,390 | 7,374 |
| Others | 22,660 | 24,196 | 51,273 | 21,634 |
| Total | 422,757 | 434,240 | 438,239 | 419,031 |

27. Employee benefit expenses

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---------------------------|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Wages, salaries and bonus | 374,522 | 368,848 | 368,975 | 363,098 |
| Provident Fund | 15,543 | 14,128 | 15,543 | 14,128 |
| Post-employment benefits | 9,767 | 9,259 | 9,838 | 9,174 |
| Social securities | 7,904 | 7,954 | 7,656 | 7,694 |
| Others | 73,201 | 71,651 | 72,200 | 70,714 |
| Total | 480,937 | 471,840 | 474,212 | 464,808 |

Defined benefit plan

Details of the defined benefit plan are given in note 19.

Defined contribution plan

The defined contribution plan comprises provident fund established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Company at the same rates but not exceed 8% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Manager.

28. Expenses by nature

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|------------------|-------------------------------|------------------|
| | 2016 | 2015 | 2016 | 2015 |
| Changes in inventories of finished goods and work in progress | 4,570 | 2,387 | 5,233 | 3,445 |
| Raw materials and consumables used | 1,453,358 | 1,453,281 | 1,423,588 | 1,419,000 |
| Employee benefit expenses | 480,937 | 471,840 | 474,212 | 464,808 |
| Depreciation and amortisation | 294,463 | 313,970 | 270,473 | 300,664 |
| Storage expenses | 379,056 | 421,463 | 375,528 | 418,011 |
| Service fees | 264,145 | 257,888 | 258,030 | 251,211 |
| Others | 770,714 | 802,443 | 845,857 | 853,054 |
| Total cost of sales of goods and rendering of services, selling expenses and administrative expenses | 3,647,243 | 3,723,272 | 3,652,921 | 3,710,193 |

29. Finance costs

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| <i>Interest expense:</i> | | | | |
| Bank overdrafts and loans from financial institutions | 17,226 | 33,458 | 17,226 | 33,458 |
| Interest on finance leases | 1,331 | 871 | 1,331 | 871 |
| Total interest expense | 18,557 | 34,329 | 18,557 | 34,329 |

30. Income tax expense

Income tax recognised in profit or loss

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|------------------------------------|-----------------------------------|---------------|-------------------------------|---------------|
| | 2016 | 2015 | 2016 | 2015 |
| Current tax expense | | | | |
| Current year | 104,382 | 88,270 | 104,382 | 88,270 |
| Over provided in prior years | - | (346) | - | (346) |
| | 104,382 | 87,924 | 104,382 | 87,924 |
| Deferred tax expense | | | | |
| Movements in temporary differences | (1,361) | (2,193) | (7,328) | (2,124) |
| Total income tax expense | 103,021 | 85,731 | 97,054 | 85,800 |

Income tax recognized in other comprehensive income

| | Consolidated financial statements | | | | | |
|---------------------------------------|-----------------------------------|-----------------------|-----------------|------------|-----------------------|------------|
| | 2016 | | | 2015 | | |
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Defined benefit plan actuarial losses | (26,397) | 5,279 | (21,118) | - | - | - |
| Total | (26,397) | 5,279 | (21,118) | - | - | - |

| | Separate financial statements | | | | | |
|---------------------------------------|-------------------------------|-----------------------|-----------------|------------|-----------------------|------------|
| | 2016 | | | 2015 | | |
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| Defined benefit plan actuarial losses | (26,206) | 5,241 | (20,965) | - | - | - |
| Total | (26,206) | 5,241 | (20,965) | - | - | - |

Reconciliation of effective tax rate

| | Consolidated financial statements | | | |
|--|-----------------------------------|--------------------|--------------|--------------------|
| | 2016 | | 2015 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 495,054 | | 416,722 |
| Income tax using the Thai corporation tax rate | 20.00 | 99,011 | 20.00 | 83,344 |
| Tax losses not recognised | | 3,346 | | 3,213 |
| Over provided in prior years | | - | | (346) |
| Expenses not deductible for tax purposes | | 1,685 | | 1,793 |
| Expenses with tax deductible benefits | | (1,021) | | (2,273) |
| Total | 20.81 | 103,021 | 20.57 | 85,731 |

| | Separate financial statements | | | |
|--|-------------------------------|--------------------|--------------|--------------------|
| | 2016 | | 2015 | |
| | Rate (%) | (in thousand Baht) | Rate (%) | (in thousand Baht) |
| Profit before income tax expense | | 489,332 | | 429,773 |
| Income tax using the Thai corporation tax rate | 20.00 | 97,866 | 20.00 | 85,955 |
| Over provided in prior years | | - | | (346) |
| Expenses not deductible for tax purposes | | 1,718 | | 1,863 |
| Expenses with tax deductible benefits | | (2,530) | | (1,672) |
| Total | 19.83 | 97,054 | 19.96 | 85,800 |

Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for accounting periods which begin on or after 1 January 2016.

31. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2016 and 2015 were based on the profit for the years attributable to ordinary shareholders of the Company and the weighted average number of ordinary shares outstanding during the years as follows:

| (in thousand Baht / thousand shares) | | | | |
|--|-----------------------------------|------------------|-------------------------------|------------------|
| | Consolidated financial statements | | Separate financial statements | |
| | 2016 | 2015 | 2016 | 2015 |
| Profit attributable to ordinary shareholders of the Company (basic) | 392,032 | 330,991 | 392,278 | 343,972 |
| Number of ordinary shares outstanding at 1 January | 1,047,958 | 1,047,958 | 1,047,958 | 1,047,958 |
| Effect of treasury shares | (50,545) | - | (50,545) | - |
| Weighted average number of ordinary shares outstanding (basic) | 997,413 | 1,047,958 | 997,413 | 1,047,958 |
| Earnings per share (basic) (in Baht) | 0.39 | 0.32 | 0.39 | 0.33 |

32. Dividends

At the Board of Directors' meeting of the Company held on 15 August 2016, the Board of Directors approved the appropriation of interim dividend of Baht 0.15 per share, amounting to Baht 142.2 million. The dividend was paid to shareholders in September 2016.

At the annual general meeting of shareholders of the Company held on 25 April 2016, the shareholders approved the appropriation of dividend of Baht 0.25 per share, amounting to totaling Baht 262.0 million after deduction of interim dividends of Baht 0.12 per share. The remaining unpaid dividends were Baht 0.13 per share totaling Baht 136.2 million. The dividend was paid to shareholders in May 2016.

At the Board of Directors' meeting of the Company held on 31 August 2015, the Board of Directors approved the appropriation of interim dividend of Baht 0.12 per share, amounting to Baht 125.8 million. The dividend was paid to shareholders in September 2015.

At the annual general meeting of the shareholders of the Company held on 24 April 2015, the shareholders approved the appropriation of dividend of Baht 0.27 per share, amounting to totaling Baht 282.9 million after deduction of interim dividends of Baht 0.15 per share. The remaining unpaid dividends were Baht 0.12 per share totaling Baht 125.8 million. The dividend was paid to shareholders in May 2015.

33. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative financial instruments for speculative or trading purposes.

Risk management is integral to the whole business of the Group. The Group has a system of controls in place to create an acceptable balance between the cost of risks occurring and the cost of managing the risks. The management continually monitors the Group's risk management process to ensure that an appropriate balance between risk and control is achieved.

Capital management

The Board of Directors' policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board monitors the return on capital, and also monitors the level of dividends to ordinary shareholders.

Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Group's operations and its cash flows because loan interest rates are mainly fixed. The Group is primarily exposed to interest rate risk. The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed interest rates and uses derivative financial instruments, principally interest rate swaps, to manage exposure to borrowings.

As at 31 December 2015, the Company had interest rate swap contracts with a financial institution to swap a 3-month THBFIX floating interest rate to fixed rate at 2.96% - 3.09% per annum for long-term loan of Baht 450.0 million. The contract term is 4 years up to March 2016.

As at 31 December 2016 and 2015, the Company entered into another interest rate swap contract with a financial institution to swap a 3-month THBFIX plus 1.05% margin per annum floating interest rate to a fixed rate of 2.96% per annum for long-term loan of Baht 250.0 million. The contract term is 3 years up to December 2017.

The effective interest rates of interest-bearing financial liabilities as at 31 December and the periods in which those liabilities mature or re-price were as follows:

(in thousand Baht)

| | Effective interest rate (% per annum) | Consolidated financial statements | | | |
|--|--|-----------------------------------|---------------------------------|---------------|----------------|
| | | Within 1 year | After 1 year but within 5 years | After 5 years | Total |
| 2016 | | | | | |
| Current | | | | | |
| Short-term loans from financial institutions | 1.67 | 818,000 | - | - | 818,000 |
| Non-current | | | | | |
| Long-term loans from financial institutions | 2.96 | 100,000 | - | - | 100,000 |
| Total | | 918,000 | - | - | 918,000 |
| 2015 | | | | | |
| Current | | | | | |
| Short-term loans from financial institutions | 1.68 | 450,000 | - | - | 450,000 |
| Non-current | | | | | |
| Long-term loans from financial institutions | 2.49 - 3.67 | 287,500 | 100,000 | - | 387,500 |
| Total | | 737,500 | 100,000 | - | 837,500 |

(in thousand Baht)

| | Effective interest rate (% per annum) | Separate financial statements | | | |
|--|--|-------------------------------|---------------------------------|---------------|----------------|
| | | Within 1 year | After 1 year but within 5 years | After 5 years | Total |
| 2016 | | | | | |
| Current | | | | | |
| Short-term loans from financial institutions | 1.67 | 818,000 | - | - | 818,000 |
| Non-current | | | | | |
| Long-term loans from financial institutions | 2.96 | 100,000 | - | - | 100,000 |
| Total | | 918,000 | - | - | 918,000 |
| 2015 | | | | | |
| Current | | | | | |
| Short-term loans from financial institutions | 1.68 | 450,000 | - | - | 450,000 |
| Non-current | | | | | |
| Long-term loans from financial institutions | 2.49 - 3.67 | 287,500 | 100,000 | - | 387,500 |
| Total | | 737,500 | 100,000 | - | 837,500 |

Foreign currency risk

The Group is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. The Group primarily utilises forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies. The forward exchange contracts entered into at the reporting date also relate to anticipated purchases and sales, denominated in foreign currencies, for the subsequent period.

At 31 December, the Group and the Company were exposed to foreign currency risk in respect of financial assets and liabilities denominated in the following currencies:

| (in thousand Baht) | | | | | |
|-------------------------------------|------|-----------------------------------|-----------------|-------------------------------|-----------------|
| | Note | Consolidated financial statements | | Separate financial statements | |
| | | 2016 | 2015 | 2016 | 2015 |
| United States Dollars | | | | | |
| Cash and cash equivalents | 5 | 1,336 | 1,212 | 1,336 | 1,212 |
| Trade accounts receivable | 6 | 3,542 | 1,080 | 3,542 | 1,080 |
| Other receivables | 7 | 37,327 | - | 37,327 | - |
| Trade accounts payable | 16 | (23,454) | (56,623) | (23,454) | (56,623) |
| Euro | | | | | |
| Trade accounts payable | 16 | (72) | - | (72) | - |
| Gross balance sheet exposure | | 18,679 | (54,331) | 18,679 | (54,331) |
| Currency forwards | 34 | 16,341 | 46,092 | 16,341 | 46,092 |
| Net exposure | | 35,020 | (8,239) | 35,020 | (8,239) |

Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or counterparty to settle its financial and contractual obligations to the Group as and when they fall due.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. At the reporting date there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, due to the large number of parties comprising the Group's customer base, Management does not anticipate material losses from its debt collection.

Liquidity risk

The Group monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Group's operations and to mitigate the effects of fluctuations in cash flows.

Carrying amount and fair values

The following table shows the carrying amount and fair values of financial assets and liabilities, including their levels in the fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

amount is a reasonable approximation of fair value.

(in thousand Baht)

| | Carrying amount | Consolidated / Separate financial statements | | | |
|------------------------------|-----------------|--|---------|---------|-------|
| | | Fair value | | | |
| | | Level 1 | Level 2 | Level 3 | Total |
| 31 December 2016 | | | | | |
| <i>Fair value disclosure</i> | | | | | |
| Forward contracts | - | - | 24 | - | 24 |
| Interest rate swaps | - | - | (293) | - | (293) |
| 31 December 2015 | | | | | |
| <i>Fair value disclosure</i> | | | | | |
| Forward contracts | - | - | (13) | - | (13) |
| Interest rate swaps | - | - | (751) | - | (751) |

Fair values of short-term loans approximate to the carrying values due to interest rates referencing to market interest rates and these financial instruments have short-term maturity.

Fair values of long-term loans and finance lease liabilities approximate to the carrying values due to interest rates reference to market rates.

Financial instruments carried at fair value

Fair value hierarchy

The table above analyses recurring fair value measurements for financial assets. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

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

The Group determines Level 2 fair values for financial liabilities by referencing to market interest rates.

For disclosure purposes, the Group determines Level 2 fair values for forward contracts and interest rate swaps were calculated using the rates quoted by the Company's bankers which were based on market conditions existing at the statement of financial position date.

34. Commitments with non-related parties

(in thousand Baht)

| | Consolidated financial statements | | Separate financial statements | |
|---|-----------------------------------|----------------|-------------------------------|----------------|
| | 2016 | 2015 | 2016 | 2015 |
| Capital commitments | | | | |
| Agreements of construction and acquisition of machinery and equipment | 2,509 | 936 | 2,509 | 936 |
| Total | 2,509 | 936 | 2,509 | 936 |
| Future minimum lease payments under non-cancellable operating leases | | | | |
| Within one year | 11,186 | 7,206 | 11,186 | 7,206 |
| After one year but within five years | 7,002 | 2,348 | 7,002 | 2,348 |
| Total | 18,188 | 9,554 | 18,188 | 9,554 |
| Other commitments | | | | |
| Unused letters of credit | 157,988 | 136,027 | 157,988 | 136,027 |
| Forward exchange contracts | 16,341 | 46,092 | 16,341 | 46,092 |
| Total | 174,329 | 182,119 | 174,329 | 182,119 |

Operating lease agreements

The Group entered into operating lease agreements for office space and other services for the periods of 1 year to 3 years up to February 2019 at the agreed amount stipulated in the rental agreement.

Forward exchange contracts

As at 31 December 2016, the Group had outstanding forward exchange contracts of US Dollars 0.5 million equivalent to Baht 16.3 million (2015: US Dollars 1.3 million equivalent to Baht 46.1 million).

35. Event after the reporting period

At the Board of Directors' meeting of the Company held on 20 February 2017, the Board of Directors passed a resolution to the annual general meeting of the shareholders to approve the appropriation of dividend of Baht 0.30 per share, amounting to Baht 284.4 million after deduction of interim dividends of Baht 0.15 per share. The remaining unpaid dividends were Baht 0.15 per share totaling Baht 142.2 million. The dividend will be paid to shareholders in May 2017.

36. Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Group's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Group does not plan to adopt these TFRS early.

| TFRS | Topic |
|-------------------------|--|
| TAS 1 (revised 2016) | Presentation of Financial Statements |
| TAS 2 (revised 2016) | Inventories |
| TAS 7 (revised 2016) | Statement of Cash Flows |
| TAS 8 (revised 2016) | Accounting Policies, Changes in Accounting Estimates and Errors |
| TAS 10 (revised 2016) | Events after the Reporting Period |
| TAS 12 (revised 2016) | Income Taxes |
| TAS 16 (revised 2016) | Property, Plant and Equipment |
| TAS 17 (revised 2016) | Leases |
| TAS 18 (revised 2016) | Revenue |
| TAS 19 (revised 2016) | Employee Benefits |
| TAS 21 (revised 2016) | The Effects of Changes in Foreign Exchange Rates |
| TAS 23 (revised 2016) | Borrowing Costs |
| TAS 24 (revised 2016) | Related Party Disclosures |
| TAS 26 (revised 2016) | Accounting and Reporting by Retirement Benefit Plans |
| TAS 27 (revised 2016) | Separate Financial Statements |
| TAS 33 (revised 2016) | Earnings per Share |
| TAS 34 (revised 2016) | Interim Financial Reporting |
| TAS 36 (revised 2016) | Impairment of Assets |
| TAS 37 (revised 2016) | Provisions, Contingent Liabilities and Contingent Assets |
| TAS 38 (revised 2016) | Intangible Assets |
| TAS 40 (revised 2016) | Investment Property |
| TFRS 3 (revised 2016) | Business Combinations |
| TFRS 5 (revised 2016) | Non-current Assets Held for Sale and Discontinued Operations |
| TFRS 8 (revised 2016) | Operating Segments |
| TFRS 10 (revised 2016) | Consolidated Financial Statements |
| TFRS 12 (revised 2016) | Disclosure of Interests in Other entities |
| TFRS 13 (revised 2016) | Fair Value Measurement |
| TSIC 15 (revised 2016) | Operating Leases - Incentives |
| TSIC 27 (revised 2016) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| TSIC 32 (revised 2016) | Intangible Assets - Web Site Costs |
| TFRIC 4 (revised 2016) | Determining whether an Arrangement contains a Lease |
| TFRIC 10 (revised 2016) | Interim Financial Reporting and Impairment |

The Group has made a preliminary assessment of the potential initial impact on consolidated and separate financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.





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