



*Diamond Style  
Young Designer  
Contest 2017*

**Diamond Building Products  
Public Company Limited**

# **Annual Report 2017**



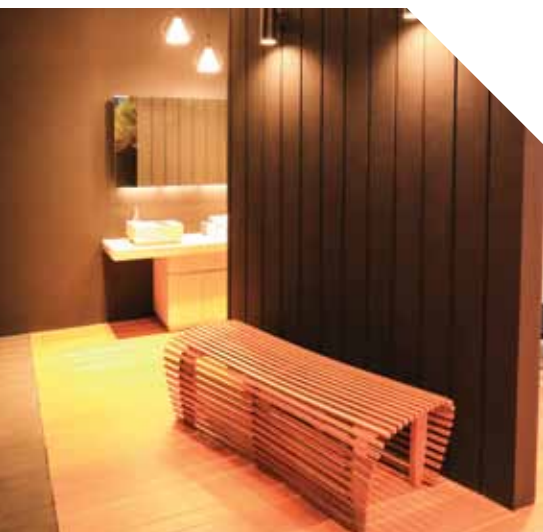
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# Baan Lae Suan Fair

October 27 - November 5, 2017

at Impact, Muang Thong Thani





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# VISION, MISSION, CORE VALUES, OBJECTIVES AND GOALS

## 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, accountable, 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 value generation.”

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:

D	B	U	I	L	D	S
Diligence	Balance	Unity	Integrity	Learning	Differentiation	Social Responsibility
Being focused in achieving success with account ability, work diligence and determination.	Insisting on maintaining the balance of interest for all stakeholders with fairness.	Believing that unity will bring on success.	Holding fast to honesty and transparency which will lead to excellence.	Promoting learning and sharing to become intellect and good person accepted by the society.	Unceasing development for superior differentiation.	Caring for the society, community and environment for sustainable value generation.



## Objectives and Goals

The Board of Directors has established objectives and goals of the Company by considering business that can generate values for the Company, stakeholders, and the society. Many aspects are considered, including the environment, changing factors, utilization of innovations and technologies, the needs of customers and stakeholders, readiness, skills, and competitiveness of the Company as follows.

### Objectives

1. The Company shall produce and sell roofing products, board and ceiling products, siding board products, as well as roof accessories and non-roof products. The Company shall also offer roof stripping and installation services under the trademarks of Diamond brand, Adamas brand, and Jearanai brand, as well as creating innovations as better alternatives for construction material and services.
2. The Company shall operate its business for competitiveness, good operating results, and sustainable growth.
3. The Company shall operate its business with ethics, transparency, respect and accountability to the rights of shareholders and all stakeholders, as well as contributing to the society and minimizing environmental impact, while being adaptable under changing conditions.
4. The Company shall promote communication, bolstering the objectives and goals of the Company as the guidelines for decision making and operations of employees at every level to foster the corporate values.

### Main Goals

- ① **Sales and Marketing:** 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 and Engineering:** 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 in order to meet consumers' demand and maintain the level of cost to stay competitive.
- ③ **Human Resource:** 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.
- ④ **Accounting and Finance:** Committed on adequate financial management by sourcing low-cost loans to support the business operation as per the objectives, main goals, strategies, work plan, and annual budget. The financial reports and analyses are also correctly prepared, accountable and in compliance with generally accepted accounting standards. This is to enable quick decision making from the executives, and reliable disclosure of financial and non-financial information.





## COMPANY PROFILE

<b>Company's Name</b>	Diamond Building Products Public Company Limited
<b>Abbreviation</b>	DRT
<b>Registration Number</b>	0107547001041
<b>Type of Business</b>	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.
<b>Registered Capital</b>	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

<b>1985</b>	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.
<b>2001</b>	April 3, 2001: The Company formally changed its name to Diamond Roofing Tiles Company Limited (DRT).
<b>2002</b>	December 26, 2002: There was a change in the shareholding structure with Myriad Materials Company Limited becoming a major shareholder.
<b>2004</b>	December 2, 2004: The Company was incorporated as a public company and became Diamond Roofing Tiles Public Company Limited.
<b>2005</b>	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".
<b>2011</b>	January 18, 2011: The Company formally changed its name to Diamond Building Products Public Company Limited (DBP).
<b>2013</b>	May 9, 2013: Formation and registration of a subsidiary company, Diamond Materials Co., Ltd. with initial, "DMATS".

### LOCATIONS

<b>Head Office :</b>	69-70 Moo 1, Mitraphap Road, Km. 115, Tambon Talingchan, Amphur Muang, Saraburi 18000 Tel: 0 3622 4171-8, Fax: 0 3622 4187
<b>Branch Office 1 :</b>	408/163-165, Phaholyothin Place Bldg., 40 <sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel: 0 2619 0742, Fax: 0 2619 0488
<b>Branch Office 2 :</b>	269 Moo 3, Tambon Samran, Amphur Muang, Khon Kaen 40000 Tel: 0 4339 3390-1
<b>Branch Office 3 :</b>	169-170 Moo 4, Mitraphap Road, Tambon Tan Diao, Amphur Kaengkhroi, Saraburi 18110 Tel: 0 3622 4171-8 Ext. 401-420
<b>Call Center :</b> 0 2619 2333	<b>Website :</b> www.dbp.co.th <b>E-mail Address :</b> 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, 50<sup>th</sup> – 51<sup>st</sup> 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](mailto:info@kpmg.co.th)  
E-mail (service request) : [yyothakarnpinij@kpmg.co.th](mailto:yyothakarnpinij@kpmg.co.th)  
Website : [www.kpmg.com](http://www.kpmg.com)



“เพิ่มพื้นที่ใช้ประโยชน์  
บน **ท็อปเคาน์เตอร์ครัว**”





## STATEMENT FROM THE CHAIRMAN



Listed company with sustainable business takes into consideration the environment, society and corporate governance or “**Thailand Sustainability Investment**” by the Stock Exchange of Thailand and Money&Banking Magazine.



“**Excellent**” level of recognition of Corporate Governance by the Thai Institute of Directors.



In year 2017, regional market and agricultural sector remain unrecovered, resulting in stagnant residential market overall. The Company thus has actively engaged with modern construction material outlets (modern trade), which has been continuously expanding. Moreover, consumer behavior is changing and many prefer buying construction materials from modern trade due to its convenience and complete selection. The Company also engaged with construction projects of both public and private sectors. According to the operating results in year 2017, the profit has increased from the previous year by 4.99 percent, which is deemed satisfactory.

**Overall Operating Results :** In year 2017, the total revenue was Baht 4,171.13 million, a slight increase from the previous year by 1.28 percent. The net profit was Baht 411.61 million, an increase from the previous year by 4.99 percent. The management in the previous year was as follows:

1. Production cost management by improvement on production processes and production efficiency, resulting in lower production cost, with profit margin increased from 27.78 percent in year 2016 to 28.46 percent in year 2017 as follows:
  - 1.1 Increasing production capacity by improving NT-9 production line by increasing products in autoclave machine by 20 percent, and improving production efficiency of NT-10 production line by 14 percent.
  - 1.2 Decreasing production cost by optimizing the production of colored tiles and colored siding boards, which decreased the production cost by 4.6 percent; improving the production efficiency of secondary process product group, decreasing the production cost by 0.6 percent; arranging various programs including quality control circle (QCC) and material cost improvement program (MCIP) to promote innovative thinking regarding production cost reduction among employees.
2. Production distribution through modern trade, which has been continuously expanding last year, as well as projects and export market. The production distribution through modern trade increased by 19.54 percent from the previous year, through projects by 10.46 percent, and through export market by 2.05 percent.
3. Development of new products that serve market requirements, including realistic synthetic wood or siding board colors, grooved gray siding boards with homogenous color, lap siding, T-Lock wood flooring which reduces nail works, and 2-in-1 eaves, etc. This is to add value to exterior and interior decorative products, as well as improving the wood quality for increased competitiveness and variety of color for roofing tiles and synthetic wood or siding boards. Additionally, improvement has been made on color quality to enhance sheen, durability, and reducing production cost.
4. Regarding financial management in year 2017, the Company’s liquidity is considered good, with cash flow from operating results of Baht 822.45 million, which was sufficient for the dividend payment of Baht 312.83 million, long-term and short-term loan repayment of Baht 393 million, resulting in a decrease in interest expense from Baht 18.56 million in year 2016 to Baht 12.58 million in year 2017, or a decrease of 32.21 percent; and a decrease in debt to equity ratio from 0.71 in year 2016 to 0.51 in year 2017, or a decrease of 28.17 percent.



After the end of the reoffering period, the Board of Directors has considered that the Company's capital after the share repurchase was adequate for the current amount of transaction of the Company, and sufficient for business expansion in the future. Therefore, on January 29, 2018, the Board of Directors has resolved to propose the shareholders' meeting to approve the reduction of registered capital of the Company at the amount equal to the share repurchase. The reduction of the registered capital would be beneficial to shareholders, since it would increase the return on equity, earnings per share, and dividend yield.

1. The Company was presented with “**Thailand Sustainability Investment (THIS) 2017**” award from the Stock Exchange of Thailand and Money&Banking Magazine. The award was for listed companies with sustainable business practice that consider the Environment, Society, and Governance (**ESG**).
2. The Company received a five-star award for the assessment of corporate governance among Thai listed companies year 2017, in which the Company received 91% score and was placed in the “**Excellent**” group, 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.
3. The Company received a four-star award for the annual general meeting (AGM) quality assessment of the listed companies year 2017, in which the Company received 97% score and was placed in the “**Very Good**” group.

**Appropriate The Earnings :** According to the Company's separate financial statements of year 2017, the net profit was Baht 408.32 million or Baht 0.43 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 0.36 per share to the shareholders. Accordingly, the Company had already paid the interim dividend of Baht 0.18 per share on September 29, 2017. Therefore, the remaining dividend of Baht 0.18 per share or 83.72 percent of the net earnings per share, which will be paid out on May 18, 2018, 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.

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

|||||



## BOARD OF DIRECTORS

The Company's Board of Directors comprises of 12 Directors.

### 1. Mr. Prakrit Pradipasen

Chairman

Age 75 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 1.40% : 1.55% of the paid-up capital and total voting rights.

**Position as the Director** : Started from January 9, 2003, totaling 14 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
- Year 2007 Role of Chairman Program

#### Work Experience

Time	Position	Company	Type of Business
<b>Listed Companies</b>			
2000 – Present	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee	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
<b>Companies (Not listed companies)</b>			
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 51 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.30% : 0.33% of the paid-up capital and total voting rights.

**Position as the Director** : Started from January 20, 2003, totaling 14 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	TCMC Furniture (UK.) Co., Ltd	Home & Office Products
2012 – Present	Director	Serenity Asset Co.,Ltd.	Tourism & Leisure
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 Group Co., Ltd.	Sport
1998 – Present	Executive Director	Srivikorn Group Holdings Co., Ltd.	A holding company that does not mainly invest in financial business.
1991 – Present	Executive Director	President Hotel and Tower Co., Ltd.	Tourism & Leisure

## 3. Mr. Thanit Pulivekin

Independent Director, Audit Committee Member and Corporate Governance Committee Chairman

Age 67 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017 = -None-

**Position as the Independent Director** : Started from April 24, 2013, totaling 4 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 and Manager	Phaholyothin Place Juristic Person	Property Development
2011 – Present	Director	Pattaya Grand Village Co., Ltd.	Property Development



#### 4. Mr. Sakda Maneeratchatchai

Independent Director and Audit Committee Chairman

Age 73 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.39% : 0.43% of the paid-up capital and total voting rights.

**Position as the Independent Director** : Started from April 17, 2009, totaling 8 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
<b>Listed Companies</b>			
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. Woodthikrai Soatthiyanon

Independent Director and Corporate Governance Committee Member

Age 64 Years / Nationality : Thai

Shareholding in the Company as of Year 2016 : 2017 = -None-

**Position as the Independent Director** : Started from January 12, 2011, totaling 6 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
<b>Listed Companies</b>			
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
<b>Companies (Not listed companies)</b>			
2008 – Present	Managing Partner	Woodthikrai Soatthiyanon Law office	Professional Services



## 6. Mr. Anun Louharanoo

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

Age 64 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.22% : 0.25% of the paid-up capital and total voting rights.

**Position as the Independent Director :** Started from January 10, 2005, totaling 12 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
<b>Listed Companies</b>			
2012 – Present	Independent Director and Audit Committee Chairman	TCM Corporation Plc. (Previous named as 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
<b>Companies (Not listed companies)</b>			
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
2004 – 2011	Independent Director and Audit Committee Member	Royal Porcelain Plc.	Home & Office Products



## 7. Mr. Warayu Pradipasen

Director

Age 40 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.01% : 0.01% of the paid-up capital and total voting rights.

**Position as the Director** : Started from November 5, 2015, totaling 2 years

### Education

- Diploma, 12<sup>TH</sup> 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

### Training

- Year 2016 Director Accreditation Program

### Work Experience



Time	Position	Company	Type of Business
Listed Companies : None			
Companies (Not listed companies)			
2017 – Present	Head of Rail transport Group	Office of the Permanent Secretary	Government Organization
2015 – 2016	Head of Infrastructure Development Group	Office of the Permanent Secretary	Government Organization

## 8. Mr. Chatchai Teepsuwan

Director

Age 48 Years / Nationality : Thai

Shareholding in the Company as of Year 2016 : 2017 = -None-

**Position as the Director** : Started from April 25, 2016, totaling 2 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)			
2015 – Present	Director	Myriad Materials Co., Ltd.	A holding company that does not mainly invest in financial business
2012 – Present	Managing Director	Pattaya Grand Village Co., Ltd	Property Development
2005 – Present	Director	Phahol 8 Co., Ltd	Property Development
2000 – 2012	Manager	Merrill Lynch International Bank Pte., Singapore	Bank



## 9. Mr. Asanee Chantong \*

Director, Management Committee Chairman and Chief Executive Officer

Age 65 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.10% : 0.11% of the paid-up capital and total voting rights.

**Position as the Director :** Started from January 1, 2007, totaling 10 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 – 2017	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

\* Mr. Asanee Chantong has resigned from the Management Committee Chairman and Chief Executive Officer positions since January 1, 2018 onwards due to his retirement and Mr. Satid Sudbuntad (formerly Chief Operation Officer) has been appointed as the Management Committee Chairman and Chief Executive Officer to replace the positions.

## 10. Mr. Satid Sudbuntad \*

Director, Management Committee Member, Corporate Governance Committee Member

and Chief Operating Officer / Age 57 Years / Nationality : Thai / Shareholding in the Company

as of Year 2016 : 2017 = 0.52% : 0.63% of the paid-up capital and total voting rights.

**Position as the Director :** Started from January 24, 2000, totaling 17 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 2001 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

\* Mr. Satid Sudbuntad (formerly Chief Operation Officer) has been appointed as the Management Committee Chairman and Chief Executive Officer, replacing Mr. Asanee Chantong, whom has retired since January 1, 2018 onwards.



## 11. Mr. Maitree Tawonatiwasna

Director, Management Committee Member and Deputy Chief Executive Officer

Age 71 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.26% : 0.31% of the paid-up capital and total voting rights.

**Position as the Director :** Started from January 12, 2011, totaling 6 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. Kamolaphat Teepsuwan \*

Director

Age 50 Years / Nationality : Thai

Shareholding in the Company as of Year 2017 = -None-

**Position as the Director :** Started from January 29, 2018

### Education

- Worcester Polytechnic Institute Management Engineering , USA
- Master of Business Administration (MBA), Boston University, USA

### Training

- Year 2015 Finance for Non-Finance Director

### Work Experience



Time	Position	Company	Type of Business
Listed Companies : None			
Companies (Not listed companies)			
2018 – Present	Director	Myriad Materials Co., Ltd.	A holding company that does not mainly invest in financial business
2016 – Present	Director	Wisdom Enterprise Co., Ltd	Educational Institution
2016 – Present	Director	Royal Porcelain Plc.	Home & Office Products
2014 – Present	Director	Pattaya Grand Village Co., Ltd	Property Development
2007 – Present	Director	Phahol 8 Co., Ltd	Property Development

\* Mr. Kamolaphat Teepsuwan has been appointed as the director, replacing Mr. Phaithoon Kijamrej, whom has passed away on January 9, 2018.



### 13. Mr. Phaithoon Kijssamrej \*

Director and Nomination and Remuneration Committee Member

Age 74 Years / Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017

= 0.14% : 0.00% of the paid-up capital and total voting rights.

**Position as the Director :** Started from January 9, 2003, totaling 14 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.	Electeic 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 Co., Ltd.	Administrative Service
1998 – Present	Director	SCMB Co., Ltd.	Financial Adviser

\* Mr. Phaithoon Kijssamrej has departed his position as the director due to his death on January 9, 2018 and Mr. Kamolaphat Teepsuwan has been appointed as the director to replace the vacant position.

### Company Secretary

### 14. Ms.Thanakarn Phanthapirat

Management Committee Member, Assistant Managing Director Accounting and Finance and Company Secretary / Age 62 Years/ Nationality : Thai / Shareholding in the Company as of Year 2016 : 2017 = 0.26% : 0.29% of the paid-up capital and total voting rights.

**Position as the Company Secretary :** Started from August 1, 2008, totaling 9 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





## 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 31<sup>st</sup> for each of the past 3 years:

Products and Services	2017		2016		2015	
	Million Baht	%	Million Baht	%	Million Baht	%
<b>Revenues from sales and services</b>						
1. Revenue from Product Sales	3,825.51	91.71%	3,803.83	92.36%	3,834.53	92.06%
1.1 Roofing Products	2,030.59	48.68%	2,063.92	50.12%	2,119.95	50.90%
1.2 Board and Ceiling Products	717.70	17.21%	685.26	16.64%	645.51	15.50%
1.3 Siding Board Products	729.96	17.50%	735.83	17.87%	720.81	17.31%
1.4 Special Products	347.26	8.32%	318.82	7.73%	348.26	8.35%
2. Revenue from Services	345.62	8.29%	314.47	7.64%	330.59	7.94%
<b>Total Revenues from sales and services</b>	<b>4,171.13</b>	<b>100.00%</b>	<b>4,118.30</b>	<b>100.00%</b>	<b>4,165.12</b>	<b>100.00%</b>



**ใหม่** ทะลุมิติ!  
**ไม้รั้ว** ส่น้ำตาลอินทนิล  
สวยงาม ติดตั้งเองง่าย

ไม้รั้วหัวโค้ง

ไม้รั้วหัวตรง

ออเจ้าทั้งหลาย  
ก็ซื้อติดเองได้นะขอรับ



# SUSTAINABILITY REPORT



Receiving “Thailand Sustainability Investment (THSI) for 2017” Award



## Economic Management

Baan Lae Suan Fair



Sales Promotion Campaign



## Environmental Management

Dust Management



Fire Drill Training



Attending new branch opening ceremony of Modern Trade group of customers

## “Diamond Heart Technician” Project



Year 2017

“Sufficient Diamond House” at the Phra Dabot Agricultural Area, Saraburi Province



## Social Management

### Caring for Diamond Employees



No playing on cell phone during working hours



### Caring for Diamond Community

Dress Code Compliance



Wearing safety shoes



Wearing safety helmet



**SHE**



**Rules**

7 basic safety rules



Smoking in permitted areas



Bicycles in good condition and ready for use



Alcohol level not exceeding 11 mg%



**Permits**

7 high risk areas requiring work permits

Repair Works



High Voltage

Chemical Loading



**Safety Manual**

Machinery Safety Manual

Spark



High Altitude



Confined Space



Radioactivity



The Company has been in the business for over 32 years by adhering to business ethics, corporate governance, to ensure effective, fair, and transparent management, as well as competitiveness and good operating results in long term. With commitment to sustainable development of the society, community, and environment, development on “**Diamond People**” is organized to instill honesty, generosity, love for learning, and attaining good quality of life; on the “**Diamond Society**” to ensure peaceful and safe living; and on the 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. The management on the “**Diamond Environment**” is organized by continuously improving the manufacturing process to minimize environmental impact, as well as raising awareness on environmental issues to build trust among all shareholders and stakeholders.

### Corporate Governance

The Company has an intention to become a leading organization that has effective, transparent, fair and accountable corporate governance and management system which is trusted and accepted by all stakeholders, and leads to successful business operation. Additionally, 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 on Corporate Governance on page 91)

### Corporate Social Responsibility

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, equally treated, and beneficial to every group of stakeholders with various expectations toward the business, the Company conducts satisfaction survey among every stakeholder, as well as receiving complaints via various channels to meet the needs of every stakeholder, meet the objectives, and proceed in the same direction. The stakeholders include employees, shareholders, customers, partners, competitors, consumers, communities, etc. Accordingly, the strategic plan toward every group of stakeholders for sustainable development has been established as follows.





1. **Company's Employees** : Create effective human resource management system; Create fair remuneration and welfare system; Maintain safe and standardized working environment; Develop personnel to have knowledge and competitiveness, and be a good citizen of the society; Instill corporate values; Establish working regulations which shall benefit the Company and employees; 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.



2. **Shareholders** : Build confidence for investors; 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.



3. **Domestic Customers** : Delivery products and provide quality services at fair prices; Contact customers with polite manner, presenting clear and timely price information and promotional activities, and being trusted by customer; Develop and provide customer with knowledge and capability for competitiveness; 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; Promptly resolve problem for the customer after receiving complaint from the customer in order to build confidence for the customers.



4. **Export Customers** : Delivery products and provide quality services at fair prices; Present clear price information and promotional activities; 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; Provide knowledge about the correct method for product storage in order to reduce space usage and damage from storage; Introduce products that are suitable for different environment in each country; Receive opinions about quality of products and services for further improvement.



5. **Trading Partners – Domestic & Export Accounts Payable** : Operate business based on business relationship of international standard, equality and fairness; Build confidence by strictly complying with contracts, financial responsibility and agreed conditions; Do not ask or receive or pay any dishonest benefits; Adhere to equitable, honest business operation and joint benefit



6. **Trading Partners – Contractors** : 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.





7. **Trading Partners – Transport Operators** : Establish product transport system with good standard to prevent social and environmental impact; Accept and hire local product transport or carrier operators and provide opportunity for personnel in the surrounding communities to work as the carriers; Organize training for the transport drivers about skill improvement, safety, and service manners for effective work; 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.



8. **Trading Partners – Financial Institutions and Banks** : Build credibility with financial institutions and banks to apply for credit line with good terms and low interest rate; Obtain advice on financial and investment issues, as well as electronic payment channels.



9. **Business Competitors**: Operate under good business competition rule and framework; Do not seek for confidential information of the business competitor illegally or inappropriately; Do not destroy reputation of business competitor's by making accusation in a bad way, either directly or indirectly.



10. **Consumers** : Deliver good quality product and services with correct order, on-time and fair prices; Provide training for shop sales personnel for universal sales principle, politeness and correct method of communication; Provide effective and prompt aftersales services.



11. **Mass Media** : Promote good corporate image; Build good relationship with the mass media; Refrain from false communication, distortion of fact or against morality.



12. **Governmental Offices** : Build confidence with the Government Office; 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; Strictly abide by the relevant laws and regulations; Do not ask, receive or pay any benefit illegally and stand against corruption.



13. **Community**: Promote job creation in the community via “**Diamond Heart Technicians**” Program; Respect the law and principles of human rights without discrimination; Promote activities to carry on fine tradition of the community; Listen to complaints and concerns on environmental impact for further development and improvement.



## 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 issues for further risk assessment by the Company and sustainable development activities.

## Assessment Steps for Sustainable Development Issues

- 1

Collecting issues related to sustainability throughout the supply chain.

Collecting issues related to sustainability throughout the supply chain from raw material procurement, manufacturing processes, freight, distribution, and consumers of the products and services offered by the Company via satisfaction survey for all stakeholders, as well as receiving complaints via various channels and risk assessment by the Company.
- 2

Prioritizing each issue by considering its impact to stakeholders.

Prioritizing each issue by considering its impact to stakeholders, via satisfaction survey, labor union meetings, and activities with the community to listen to opinion and complaints as an outside perspective from stakeholders.
- 3

Prioritizing each issue by considering its impact to the Company.

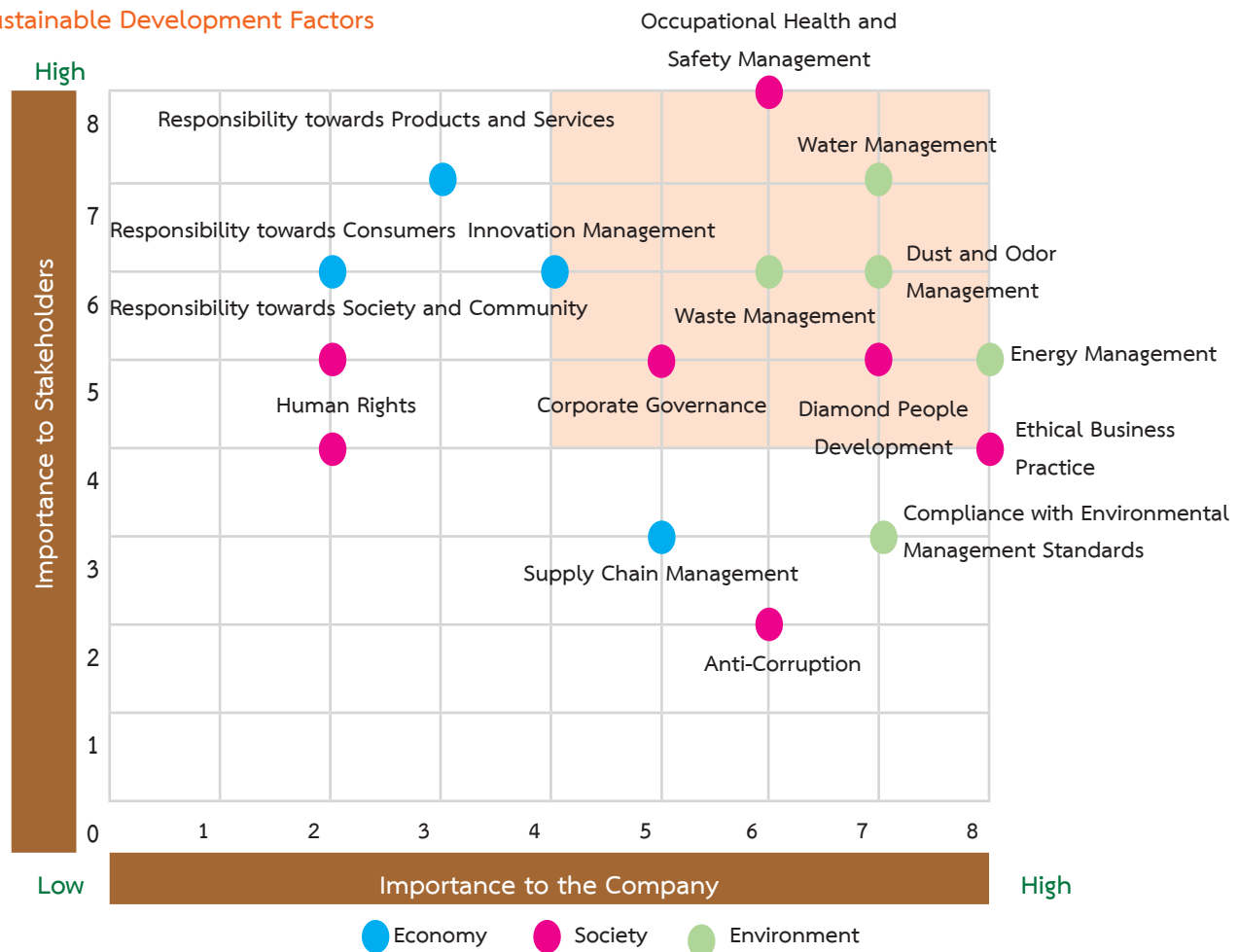
Prioritizing each issue by considering its impact or business opportunity for the Company, by listening to opinion, impact, and business opportunities via shareholders' meetings, meeting investors at the Opportunity Day being held quarterly at the Stock Exchange of Thailand, as well as meetings with analyst and media.
- 4

Prioritizing each issue by considering its overall impact.

Prioritizing each issue by considering its overall impact, by creating a priority matrix from the perspective of each stakeholders before proposing to the CSR Committee for sustainable development.



## Sustainable Development Factors



## Guidelines for Sustainable Operation

To ensure competitiveness and good operating results in long term, the Company is committed to ethical business operation, adherence to the corporate governance, along with fair and transparent management. With focus on unidirectional management following the value “**Determined, Transparent, Yearning for Development, Environmental Protection**”, the business operation focuses on sustainability, covering economic, societal, and environmental aspects.

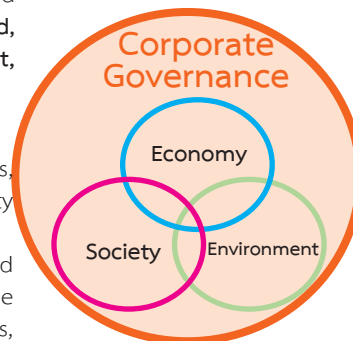
### Corporate Governance

Effective and transparent governance and management, following the value “**Determined, Transparent, Yearning for Development, Environmental Protection.**”

### Society

Conduct business on fair and equal principles, with responsibility towards surrounding society and community for better wellbeing.

- Managing the occupational health and safety of the Diamond People and the Diamond Society for wellbeing, happiness, and safety.
- Tending to the surrounding Diamond Society and Community via “**Diamond Heart Technician**” Program, providing knowledge to the people in the community related to roofing, creating jobs and revenue for the society sustainably.



### Economy

Ensuring competitiveness and good operating results in long term by:

- Managing the value chain from upstream to downstream to minimize environmental impact.
- Being responsible to the products and services, creating innovation differentiating from competitors.

### Environment

Improving the manufacturing process to manage environmental issues, minimizing environmental impact. Organizing environmental awareness activities, such as water, waste, dust, odor, and energy saving. Reduction of wasteful energy by reusing steam from autoclave process and efficiency improvement of siding board heating process, reducing greenhouse gas which causes global warming impacts.

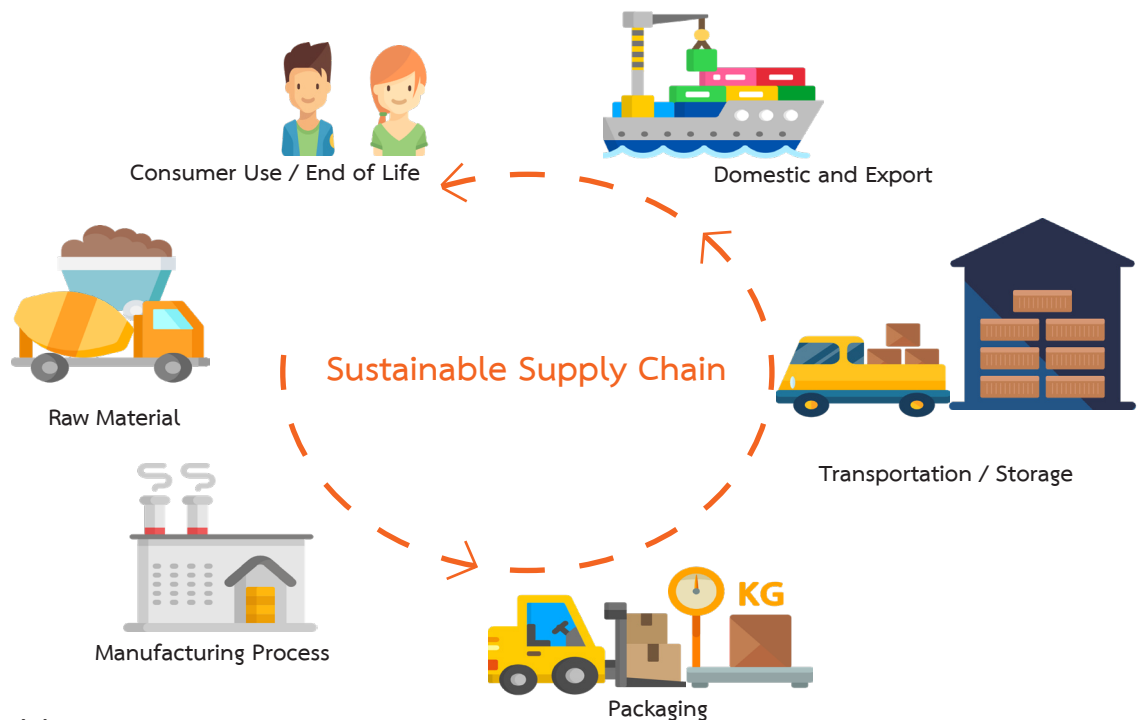


## 1. Economic Management

### 1.1 Sustainable Supply Chain

With emphasis on effective use of resources, 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 raw material procurement, manufacturing process, freight, and various groups of trading partners such as domestic and export sales representatives, housing projects, modern trade, and responsibility to the consumers using the products and services offered by the Company, whom 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, such as cement, sand, and paint, is very important. The selection criteria for the new supplier must follow standard system and manufacturing process control, with cooperation to improve the raw material quality being produced at the partner's factory and 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 sand trading partner must have legitimate sand concession from the government office. 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 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, adjust the process to reduce the use of natural resources, with cooperation from employees of every department. Programs and activities such the Total Productive Maintenance (TPM), Quality Control Circle (QCC), and Material Cost Improvement Program (MCIP) 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, process waste reduction, resource consumption reduction, energy consumption reduction, greenhouse gas reduction, etc.

**(C) Packaging**

The Company puts emphasis on the selection of packaging as products are construction materials what are heavy and fragile. Therefore, the packaging 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 is committed to develop an effective transportation system, delivering products to the hands of 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.
- 1.5) Arrangement of 6-wheeler trucks installed with product lifting cranes to minimize manual labor in product handling and increase transport efficiency, ensuring the product quality and supporting heavy or large products, such as counters, lintels, and trusses, etc.

**(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 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.
  - 2.7) Study the laws related to the Department of Land Transport to ensure compliance by the transport operators, such as the law related to installation of reflective panels on large trucks, 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 dealers have over 800 establishments throughout Thailand, separating into 3 groups, namely: dealers group, modern trade group, and public and private real estate project group. The Company has a policy to take care of existing dealers and focus on increase coverage of new dealers in all provinces in Thailand. As for export dealers, they are in over 10 countries, which are mostly ASEAN countries. Every group of dealers is treated as a Diamond family member with fair and appropriate management of compensation and benefits. Consultation or advice is provided when the dealers is faced with business problems. Training and development plans and courses in several topics have been set up and carried out to provide and increase knowledge and competitiveness for the dealers, such as:

- (1) Training courses on storage organization 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 on knowledge and skills required for competitive edges.
- (3) Training course for new products and installation techniques, such as Diamond Counters, Diamond Lintels, as well as walling systems and aerated autoclave concrete, specifically on the fast speed of installation and reduced labor, etc.
- (4) The Company has made dealers satisfaction assessment nationwide and found that the dealers have loyalty to the brand and the Company. It is well known that the Company



offers various products and is a recognizable brand to the consumers, as well as offering 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 Information and Installation Guides :** To ensure thorough access of information by consumers, product information and installation guides are available at points-of-sale, and as downloadable files on the website.
- (2) Labelling :** Providing detailed information clearly on the products including product name, size, color, model, pattern, and design; how the products are displayed at the stores of dealers; caution on stacked storage on the label or insert.
- (3) Communication :** Providing communication channels for consumers on product information, services, prices, dealers, after-sale services, giving feedback and complaints via the call center (Tel 02 619 2333), e-mail (callcenter@dbp.co.th), www.dbp.co.th, www.facebook.com/diamondbrandofficial. These channels have gain considerable interest from consumers.
- (4) Product Exhibitions :** In year 2017, several exhibitions have been arranged that included product display and demonstration for consumers, as well as queries on product and service information with specialists. The exhibitions include Baan Lae Suan Fair at Muang Thong Thani, and Home Expo at BITEC Bangna.

**1.2 Responsibilities 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:

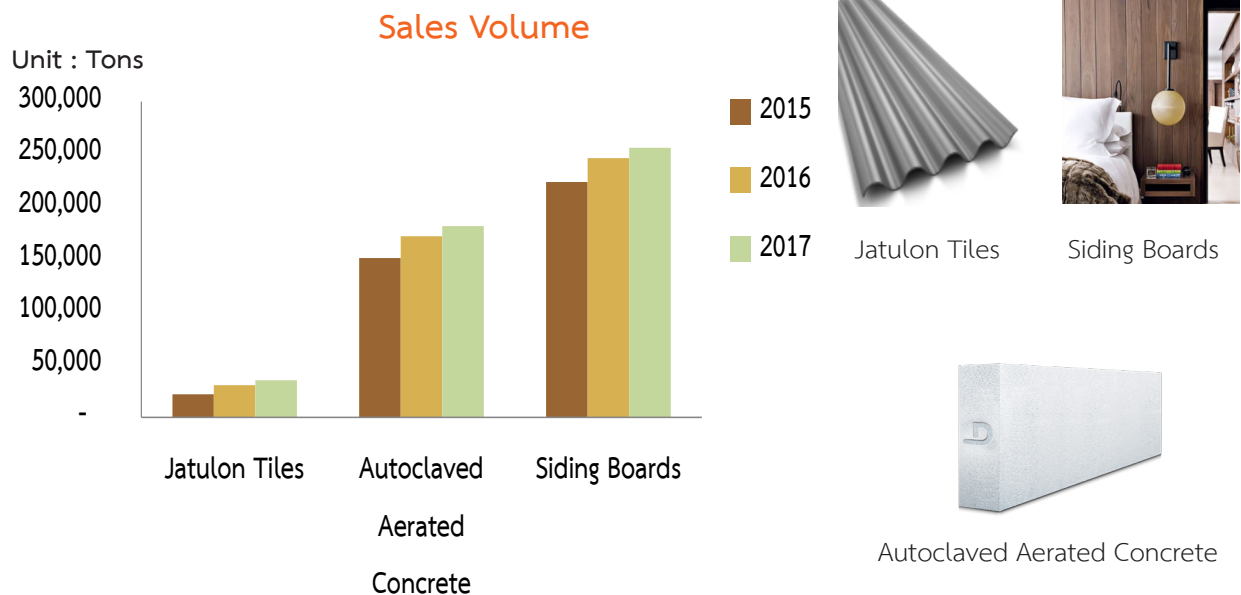
- (1) Roofing Product Group** can be divided into two categories:
  - 1.1) Fiber Cement Tile Group, namely Roman Tiles, Small Corrugated Tiles, Jatulon Tiles, Jearanai Tiles and Fiber Cement Ridges, etc.
  - 1.2) Concrete Tile Group, namely CT Diamond, Adamas and Concrete Ridges, etc.
- (2) Board and Ceiling Product Group**, namely boards, “**Diamond Board**” ceiling, and autoclaved aerated concrete or Diamond Block, prefabricated lintel “**Diamond Lintel**”, and prefabricated kitchen “**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) Innovation Management

Products of the Company are construction material, 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, reduce usage of real wood, reduce deforestation to tackle with climate change, and reduce impacts to the environment. The most important aspect is the development of Diamond People to be creative to innovate sustainable.



### (1) Manufacturing Process Innovations

To add values for exterior and interior decoration and to meet the market requirements, new product development this year includes realistic synthetic wood colors, grooved gray siding boards with homogenous color, lap siding, T-Lock wood flooring which reduces nail works, and 2-in-1 eaves, for example. Additionally, the quality of flooring has been improved to increase competitiveness, and the colors of the roof tiles and siding board products have been further diversified. Moreover, manufacturing process has been modified to improve the color quality for added sheen, durability, and reduced production cost.

### (2) Manufacturing Trial Innovations

In year 2017, the Company's research and development expenses totaled Baht 2.00 million which include product development, such as development of manufacturing composition and product diversity, etc.

### (3) Roof Installation Innovations

3.1) Tile conveyor system development project: The system convey roof tiles up and down the roof of a construction area. This can reduce time and labor for handling, improve work efficiency and safety, add opportunities, and meet the demand of project customers.



- 3.2) Truss manufacturing project: The trusses are particularly developed for the products of the Company to ensure quality and effective installation, as well as to meet the demand of customers, who use trusses more recently.

## 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 or 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 from the Past 4 Years

Accident Statistics (Unit: Persons)	Total	Employees	Contractors	Contractors			Total	
				by Group			Level of Severity	
				Production/ Maintenance	Transport	Repairs/ Construction	Causing Stoppage	No Stoppage
2014	22	10	12	11	1	-	13	9
2015	12	6	6	5	1	-	6	6
2016	6	2	4	4	-	-	3	3
2017	7	4	3	1	1	1	5	2

### Accident Prevention Measures

#### (A) Accident Prevention 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 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, 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.

- (3) In year 2017, accident incidents occurred 7 times, or an increase of 16 percent. Thus it was deemed required to add 7 Machinery Safety Manuals (7 Safety Manuals) to put an emphasis on accident prevention in factory areas. The manuals include: 1) Roof Tile Repair Handbook for Administrative Department, 2) FC Tile Manufacturing Safety Handbook, 3) NT 8, NT 9, NT 10 Tile Manufacturing Safety Handbook, 4) Water Jet Tile Manufacturing Safety Handbook, 5) CT Tile Manufacturing Safety Handbook, 6) CL 4, CL 5, CL 6, CL 7, GV, Pack Tile Manufacturing Safety Handbook, 7) Safety Assurance Handbook for equipment that legally requires safety assurance. The manuals were created to help prevent accidents from occurring to the Diamond People.

**(B) Risky Behavior Reduction Campaign Year 2017**

- (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, 2,262 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 7,455 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 814 reports, and the OHS Committee with the area owners have managed to reduce near miss incidents to create safe working areas.
- (4) **Safety Talk and KYT (Kiken Yoshi Training):** An activity to help remind about safety in over 20 areas per week, totaling over 1,000 times per year.

**(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 60,000 working hours of safety training have been recorded.

**(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.

**Fire Evacuation Drill**



**(E) Safety Check**

In year 2017, the OHS Committee and SHE Section have perform safety checks in manufacturing plants to ensure compliance with regulations from 365 times per year in 2016 to 765 times per year in 2017, or an increase of 207 percent.

**2.2 Care for Diamond People**

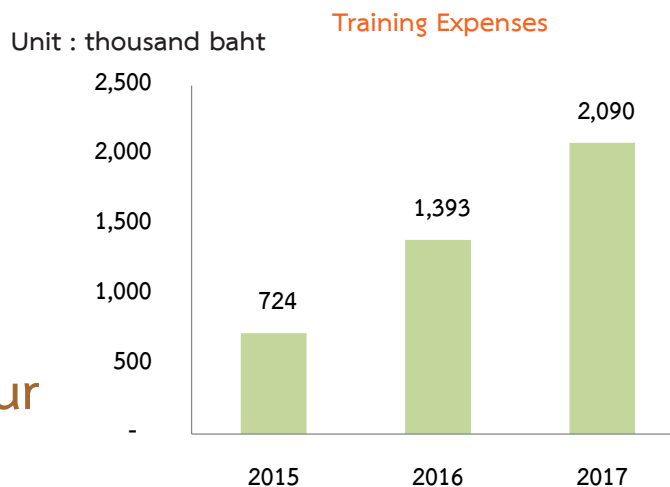
The Company believes that Diamond People have the potential to conduct and take the business to sustainable success. Hence, the development of Diamond Society to attain good quality of life and safe living is the main task that must be undertaken continuously as follows.

**(A) Training and Development for Diamond People**

Training and development course were organized for the Diamond People to gain knowledge, skills, and capabilities for their work, creating knowledge base in preparation for the growth of the Company along with creating corporate values and engagement in sharing opinions. To raise working potential and competitiveness, the training and development programs are planned in advance every year. In year 2017, the Company has arranged 75 personnel development programs in 91 classes, with total training hours of 6,312 hours (7.2 hour per person per year on average), and training expenses of Baht 2.09 million. The training in year 2017 focused on basic skills of technicians, modern leadership development, sale team development and brush-up courses for product consultants, anti-corruption, and safety & environment conscience.

**Year 2017 = 7.2 hour**

**Average Employee  
Training Hours per Person**



Type of Courses	2015	2016	2017		
	Training Hours	Training Hours	Number of Courses	Number of Classes	Number of Training Hours
1. Productivity Improvement	1,203	706	2	2	24
2. Standard System (ISO)	1,065	1,070	5	5	318
3. Human Resource Development	720	2,882	19	31	2,769
4. Technical Training	1,878	369	35	37	2,010
5. Safety	4,139	1,710	7	9	990
6. Energy	558	96	5	5	183
7. Others	444	199	2	2	18
<b>Total</b>	<b>10,007</b>	<b>7,032</b>	<b>75</b>	<b>91</b>	<b>6,312</b>



## (1) Building Conscience on Productivity Improvement

TPM, Kaizen, OPL, QCC, and 5S Diamond People are able to apply these different tools in their operation to increase productivity, improve work efficiency, and reduce production cost. The 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	2015	2016		2017	
		.BM	Target	Actual	Target	Actual
1. FC Plant	%	87.00	86.00	86.00	86.00	86.00
2. CT Plant	%	90.00	87.00	89.70	89.70	87.00
3. AAC Plant	%	68.00	70.00	73.00	73.00	70.00

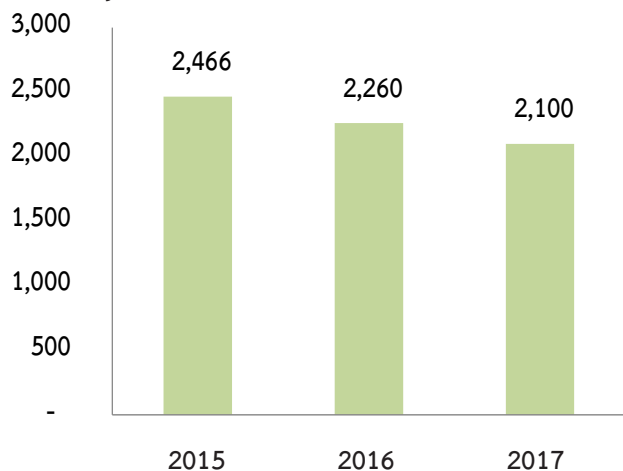
**Remark :** BM = Standard criteria obtained from the past year, FC = Fiber Cement Production Division,  
CT = Concrete Tile Production Division, AAC = Autoclaved Aerated Concrete Production Division

- 1.3) Losses: The reduction of losses in 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.
- 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 2017, OPL program was conducted with a total 2,600 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 efficiency improvement, reduction of cost, and energy consumption. In year 2017, there were 2,100 Kaizen topics proposed by employees. Kaizen Awards is also held every year.



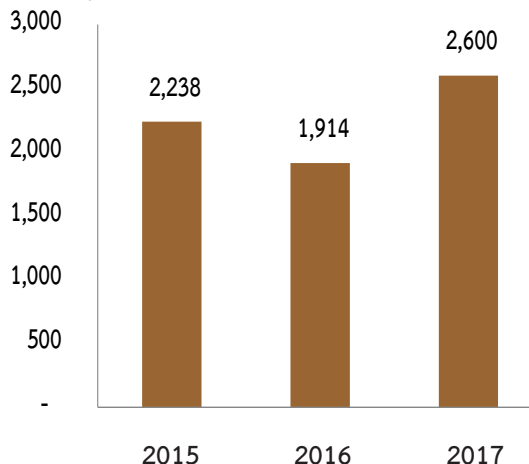
## KAIZEN

Unit : Subject



## OPL

Unit : Subject



Winners of Kaizen Awards in Year 2017 are as follows:

### Productivity

- Kaizen Award to FC0137/60. Subject: Position Adjustment for Guide Roll No. 3 and 5 to Reduce Stress and Extend the Usage of Felt.
- Consolation Prize to CT0344/60. Subject: Tile Front- and Rear-end Protrusion Prevention on AP Unloader Teeth.

### Cost

- Consolation Prize to FC0077/60. Subject: Cost Reduction on New Taiwanese Pallet Type 1/2 Horizontal.

### Delivery

- Consolation Prize to TN0020/60. Subject: Reduction on Wood Floor Separator Installation Time.

### Quality

- Consolation Prize to FC0459/60. Subject: Fin Installation.

### Safety

- Consolation Prize to FC0007/60. Subject: Coating Leakage Prevention in Stock Tank due to loosen/broken indicator tube.

### Morale

- Consolation Prize to CT0188/60. Subject: Improvement on Screw of Slipper Up-Down Alternative.

### Environment

- Consolation Prize to AAC0060/60. Subject: Dust Reduction from Reinforced Aerated Autoclave Concrete Production.

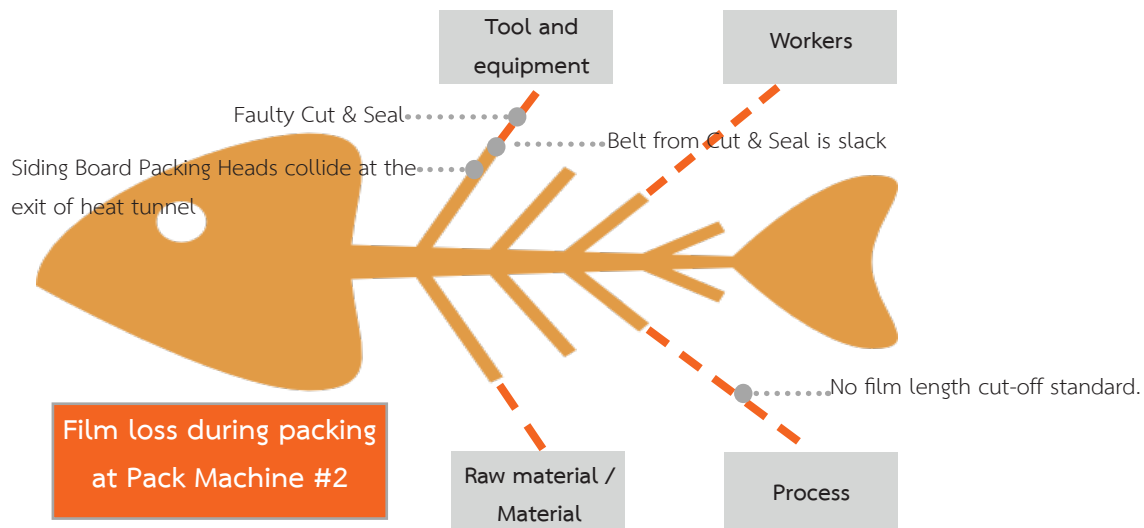


- 1.6) QCC (Quality Control Circle): QCC is the quality control group activity carrying out work on improvement of quality in the work process by working in a team using procedure and steps for resolving problems scientifically. QCC Story course was organized and the works of QCC group were disseminated 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 2017 :** 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 2017, there was one QCC Awards contest with 5 participants, and the winners in three categories are as follows:

**1<sup>st</sup> Prize: Siding Board Packing Film Loss Reduction at Pack Machine 2**

**Root Cause Analysis:** Using Fish-bone Diagram



**Solutions :** Establish a measure and work plan by reinstalling sensors, using thicker steel plate for the conveyor, adjusting the sliding grooves of the conveyor so that it is closer to the film, installing a roller unit to help pulling the film coming out of the tunnel.

**Outcome Monitoring :** From March to November 2017, the cost of film was decreased by Baht 140,000.

**1<sup>st</sup> Consolation Prize:** Reduction of truck calibration error before covering, which reduce the number of trucks requiring recalibration by 54 percent (target of 50%).

**2<sup>nd</sup> Consolation Prize:** Reduction of connection error in the communication system of the concrete tile machinery in CT-5 Production Line from 0.12 percent to 0 percent.

- 1.7) 5S Activities: 5S activities are 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 Awards in year 2017 are as follows:

Large Plant Area	<ul style="list-style-type: none"> <li>First Place: 97 points, Water Paint Prep, Technology Department.</li> </ul>
Small Plant Area	<ul style="list-style-type: none"> <li>First Place: 90 points, Electrical Maintenance, Engineering Department.</li> </ul>
Storage Area	<ul style="list-style-type: none"> <li>First Place: 94 points ,Central Parcel Storage, Engineering Department.</li> </ul>
Office Area	<ul style="list-style-type: none"> <li>First Place: 98 points, Acc. &amp; Finance Department.</li> </ul>

## (2) Building Conscience on Corporate Social and Environmental Responsibility

The Company encourages employees and executives to enroll on training courses organized by the Corporate Social Responsibility Institute (CSRI) of the Stock Exchange of Thailand and Thaipat Institute to apply the knowledge and guidelines on sustainability to business operations of the Company as well as disclosure via Sustainability Report. In year 2017, employees and executives have enrolled on the following courses.

- 2.1) Training with CSRI: All seven courses including the fundamental course and CSR practitioner for sustainability courses in both theoretical and practical parts as follows:
- 1) Corporate Social Responsibility Management for Sustainable Development,
  - 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,
  - and 7) Sustainability Report Creation.
- 2.2) Seminars and campaigns related to sustainable development.
- 2.3) Participation in Thailand Sustainability Awards 2017, “**Thailand Sustainability Investment (THIS)**” for the first time. 90 companies have participated in the contest, with 65 companies passed the assessment criteria. The Company has passed the assessment criteria from the Stock Exchange of Thailand. It was found that the Company possessed effective management, risk management throughout the supply chain, as well as sustainable innovations for the business and society. The Company was among four companies being categorized in the group of companies with market



capital of Baht 3,000-10,000 million. The award was received on November 8, 2017.

**(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, with zero tolerance on discrimination on race, nationality, religion, and culture. Sustainable development as a whole is encouraged. Additionally, the Company does not support 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 human resource management, and treating all Diamond People with equality, fairness, and dignity as they are a part of the organization which drives the business towards success. The Company also adheres to the Labor Protection Act, the Labor Relations Act, and other related laws and regulations, including personnel recruitment; employment; training; employee retention; wages, compensations, and benefits; welfare; complaints; equal opportunity; and arranging Intranet and website for communication of important information. In year 2017, the Company has presented awards of diligence as moral support to employees who had been working for over 25 years, in form of gold jewelry. With constant consideration to employee's welfare, this year the Company has also established a **"Diamond Fitness Room"**, which is replete with fitness equipment. (More details in Human Resource Management, page 102).

**2.3 Sustainable Social and Community Development**

**(A) Responsibility towards Diamond Society**

Responsibility toward Diamond Society is the main mission of the Company 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) :**

- 1.1) **"Annual Health Checkup Year 2017"** Activity: held on November 29 to December 1, 2017, by Thai Occupation Medicine Medical Research Center Co., Ltd, conducting health checkup for employees and contractors according to health risk factors.
- 1.2) **"Diamond Fitness Room"**: An all-purpose room with various gym equipment, established to promote good health among employees and their family.
- 1.3) **"DBP Run For Health"**: An activity promoting physical activity and wellbeing among



Diamond employees, with a morning group walk-run activity during New Year's Eve.

- 1.4) **"Vegetable Garden at CT-KK"** Activity: An activity which involves growing of garden vegetable 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.
  - 1.5) **"DBP Health Me: GET TESTED GET TREATED"**: A program jointly organized with Kasemrad Hospital (Saraburi), in which employees and contractors are offered a blood test and treatment without any cost for Hepatitis B and blood sugar level.
  - 1.6) **"Raising Awareness on Cervical and Breast Cancer"**: A health promoting activity with no cost on cervical and breast cancer prevention for employees and contractors.
- (2) **Happy Heart (Kindness) :**
- 2.1) **"Blood Donation"** Activity: Employees were encouraged to donate blood at every quarter. The Company has received the Certificate of Honor and Appreciation from Thai Red Cross Society for the blood donation activities.
  - 2.2) **"Diamond Drinking Water Donation"**: The Company contributed Diamond brand bottled water to flood victims in Sakonnakhon Province in July 2017.
  - 2.3) **"999 Cremation Flowers for the Late King"**: On July 12, 2017, Diamond People jointly crafted cremation flowers as a part of the Royal Cremation Ceremony of His Majesty King Bhumibol Adulyadej on October 26, 2017.
  - 2.4) **"DBP Marigold Planting"**: In remembrance on His great generosity of the late king, the executives and employees planted marigold around the perimeters near Gate 1.
  - 2.5) **"Used Staples for the Disabled"**: The Company collected used staples for donation to Association of Persons with Physical Disability as material for walking sticks for persons with physical disability in need.
- (3) **Happy Soul (Peace) :**
- 3.1) **"Mind Development for Balanced Life – 7<sup>th</sup> Year"** Activity: The Company has organized this activity annually to promote Buddhism by encouraging employees to participate in practicing the dharma at the Sang Tham Song Chevit Buddhist Meditation Center, Nongkhao 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 (Relaxation) :**
- 4.1) **"Refreshing Green Tea, Cordially from Diamond Year 6"**: An activity of giving out refreshing cool drinks to all employees and contractors during hot summer days in April and May.
  - 4.2) **"New Year Party"**: A jolly activity to celebrate new year altogether among Diamond employees.
- (5) **Happy Family (Good Family) :** National Mother's Day Activity, **"Blowing Love to Mother"** was the Mother's Day activity this year involved a contest of fan design with a theme of sending love to a mother, and the employees were asked to write loving thoughts on postcards to be sent to their mothers, instilling conscious of love for the mother and promoting family institution.
- (6) **Happy Society (Good Society) :** Children's Day, Vassa Candle donation, **"DBP Marigold Planting"**, support on community products, and **"Baan Pracharat"** Project.
- (7) **Happy Brain (Knowledge Quest) :** Promoting awareness on the danger of drugs and



prevention.

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

**(B) Responsibility towards Diamond Business**

With adherence to fair business practice, the Company ensures that employees conduct their duties with carefulness and integrity. The Company abides by the Code of Conduct on every interaction with all stakeholders, namely, investors, customers, partners, and competitors, with fair conscience and not seeking personal gain with conflict of interest against the Company and stakeholders. To ensure utmost value, the Company also ensure confidentiality related to business operations with stakeholders. The policy can be summarized as follows.

**(1) Fair Business Practice**

- 1.1) The Company has a policy to operate the business with fairness to generate good revenue to “**shareholders**” sustainably. With fair and equal protection of basic rights, the Company is committed to treat every shareholders with equality, and put in place a prevention against conflict of interest and misuse of internal information.
- 1.2) With recognition as a driving force for success the business, the Company has a policy toward “**customers**” by effectively meeting the demand of customers; offering products and services with good quality and fair price; correct, sufficient, and timely communication; respectful interaction; offering complaint channels regarding product quality; and giving advice on how to use products and services for the best benefits of customers.
- 1.3) The Company has a policy to treat its “**trading partners**” equitably and fairly based on fair compensation to both parties, with strict compliance with laws, contractual obligations, financial obligations, and any agreed terms. Negotiations are based on good business relationship. A measure is established to check connected transactions within the business chain between trading partners and the Diamond People. Should there be any connection, the transactions must be disclosed in the Company’s financial statements within fair business operation framework.
- 1.4) 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’ utilization.
- 1.5) 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 equipment 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 from groups of people in the community providing them with income.
- 1.6) 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.



- 1.7) 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 Audit Committee, with the Audit Committee checking the information and reporting to the Board of Directors afterward.
- 1.8) 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](http://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**

With recognition of the threat of anti-corruption on business operation, 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 in year 2016.

During year 2017, the Anti-Corruption Committee has arranged corruption risk assessment for all department so that the executives and employees become aware of their accountability under the rule of law and the policy on the anti-corruption. Measures have been established to prevent risk from corruption, and preparation has been made to extend the certification of CAC membership in year 2018. The guidelines supporting the anti-corruption policy have been also reviewed, which includes: 1) Policy on Political Neutrality, 2) Giving and Receiving of Gifts, Reception, Services or Other Benefits, 3) Sponsorship, 4) Charitable Donations, and 5) Whistleblowing and Complaints Guidelines, and Protection of Whistleblowers and Complainants. Whistleblowing and complaints can be sent via e-mail: [Audit\\_Com@dbp.co.th](mailto:Audit_Com@dbp.co.th), which is directly reported to the Audit Committee in writing.

**Building Conscience on Anti-Corruption :** In year 2017, the Company has sent the executives to enroll on the following training courses:

- (1) Assigned directors to “**Action Papers for Anti-Corruption Measures in Organizations**”, a training program on November 15-16, 2017 by Federation of Accounting Professions aimed at providing knowledge for effective review of anti-corruption measures.
- (2) Arranged coaching for section managers and higher positions about “**anti-corruption**” in the quarterly meetings, and internal training for operational staffs and team leaders from February to October 2017 in order to communicate about corruption in activities such as walk rally, and provide knowledge about anti-corruption measures of the Company in form of games.

**(C) Responsibility towards Diamond Community**

Responsibility toward Diamond Community refers to endeavors to benefit the society and surrounding community, creating jobs and income, and improve 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 Saraburi Technical College, Muak Lek Technical College, 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 project made a connection to the business of the Company, by creating skills technicians and trust in products of the Company, which will contribute to the purchase of the products in the future. The project can be summarized as follows:

- Class 1-2: In cooperation with Tan Diao Subdistrict Administrative Organization and Taling Chan Subdistrict Administrative Organization 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 training courses were of considerable interest among the students.
  - In year 2016, there were two activities as follows:
    - Class 5: In cooperation with Saraburi Skill Development Center to arrange a training course for the general public with interest on roof installation, comprising both the theoretical and practical parts.
    - Class 6: 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 the “**Sufficient Diamond**” Pavilion, which was granted to Suthiwittaya School, Saraburi Province.
  - In year 2017, there were two activities as follows:
    - Class 7: In cooperation with Muak Lek Technical College to arrange a training course for students of vocational college level – constructor branch, providing knowledge about roof installation, eave installation, and autoclaved aerated concrete laying.
    - Class 8: In cooperation with Phra Dabot Foundation to arrange theoretical and practical training for students of Phra Dabot School to build “**Sufficient Diamond Houses**” on Phra Dabot agricultural area, Saraburi Province. The Company also provided support on the products and construction equipment.
- (2) Job Creation in the Community: The Company has established policy to hire people from the surrounding community 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.
- 3.1) National Children’s Day Activity: In cooperation with Tan Diao Subdistrict Administrative Office, the Company organized Children’s Day activities at Wat Na Bun School and Wat Nong Bua School, Saraburi Province on January 13-14, 2017 for joy and happiness of children and people in the community.



- 3.2) **“Merit Making, Candle Offering, Offering to Buddhist Monks”** Activity: The Company performed merit making at the beginning of the Lent day at Wat Ta Yiam and Wat Taling Chan, 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 roofing 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.
- 3.5) **“San Sampan Sports”** Activity: The Company sponsored a soccer competition to reinforce relationship among the Company, community leaders, and government offices in Saraburi Province.

**(D) Social Assistance Projects**

- (1) **“Baan Pracharat”** Project: A project providing roof tiles and siding boards for house construction and reparation for impoverished people in Saraburi Province.
- (2) **“DBP’s Kindness to the Disabled”** Project: Since year 2013, the Company has organized supporting and promotion of income for disabled people and their caretakers by providing opportunities for them to sell products, including market fair, coffee shop, phone payment machine, laundry machine, and weigh measuring machine, etc. so that they can be self-dependent without being a burden to their family and society, creating self-esteem.
- (3) **“Diamond Drinking Water Donation”**: The Company contributed support to flood victims in Sakonnakhon Province in July 2017.

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

The Company establishes an annual budget for investment in social activities that correspond to the business operation of the Company for the best interest of the community, creating jobs and profession for the people in the community. According to the assessment on social impact in the previous year, there was no complaint from the community 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> 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 the manufacturing process, including organizing activities and campaign on conservation of environment, which can be summarized as follows.

#### **3.1 Water Management**

Water is considered an important raw material of the Company. According to the ISO 14001 standard, the water used in the manufacturing 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 over 50 percent of the water used in the whole system. 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. The Company always has a water management plan in



place during crisis by using the following measures:

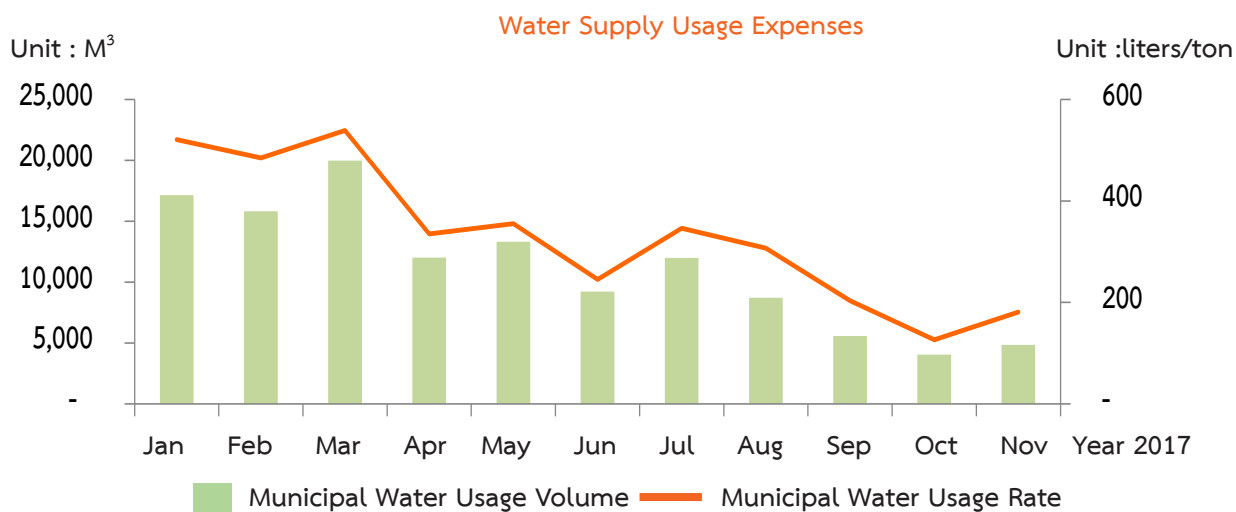
(A) **Water Management under Crisis Working Group** was established to prevent and mitigate water crisis, as well as to monitor the water level and discharge at Pa Sak Jolasid Dam, especially during mid-2017 with flood in the northeastern region. The working group is to report the situation and its plan to the Managing Committee regularly.

(B) **Water Management in Manufacturing Process Project** was undertaken to reduce water usage, examine and repair leakages, and campaign to promote water conservation. In year 2017, the following water saving projects has been engaged:

- (1) NT-10 Production Line recycling wastewater from the manufacturing process instead of using municipal water supply.
- (2) CT-KK Production Line recycling water used in slurry unit washing.
- (3) AAC-1 Production Line implementing RO water system to feed boilers, resulting in higher quality water with lower mineral content and suspension. The boiler's efficiency was increased, with reduced heat loss from blow-down by 17 percent, or heat saving of 8,340 MMBTU per year or Baht 2.2 million per year. This also helps reduce ground water usage, and reduce waste discharge from RO unit by 1,300 cubic meters. The water can also be reused at the water supply plant, saving water cost by Baht 54,600 per year.

(C) **FC1 – NT10 Reduction of Municipal Water Supply Usage at FC1-NT10 Production Line**

FC Manufacturing Unit, in cooperation with Engineering and Maintenance Department, started a reduction of municipal water supply usage project, which included hard water treatment system to reduce particulates in water so that it is suitable to use instead of municipal water supply. The pressurized water pipe system was improved to be able to supply water to the seal of the shaft of the machine in FC1-NT10 Production Line instead of using municipal water supply. This reduces the municipal water usage by 90,000 cubic meters per year, or a reduction of 46 percent, equivalent to about Baht 0.5 million per year.

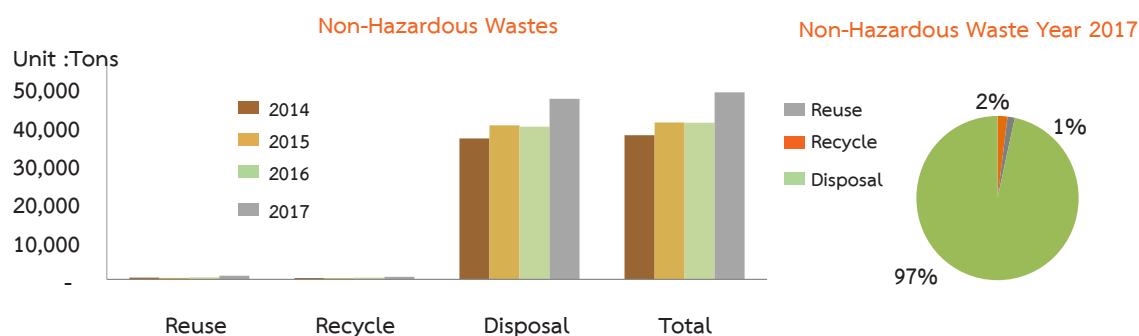


### 3.2 Waste Management

In accordance with the ISO 14001, management of waste in the manufacturing process to mitigate impact to the environment is undertaken to minimize environmental impact and to effectively reduce manufacturing cost. The wastes are grouped into two categories, namely non-hazardous wastes and hazardous wastes, which can be summarized as follows:

**(A) Non-Hazardous Wastes** which mainly are tile chips, woodchips, plastic pieces, scrap iron, scrap paper, dust, and other garbage are treated based on ISO 14001 guideline as follows:

- (1) Reuse: autoclaved aerated concrete chips are reused in the mixture; damaged wooden pallets are repaired for reuse; big bag are used for putting in residual and dust, etc.
- (2) Reduce: size of pallets are designed to be smaller so that less wood is used; reduction of paper pulp usage; reduction of strap usage; reduction of film size used for siding board packaging, etc.
- (3) Recycle: scrap papers from offices are recycled for use in pulp process in the plant; dust from siding board shaping are recycled in various form; sediment from hard water pond is used to make cleats for support of tiles or paving blocks, for example. Non-recycleable materials such as woodchips, plastic pieces, and scrap iron are separated and sold, etc.
- (4) Disposal: such as broken tiles are treated according to the law and used as landfill at permitted areas.

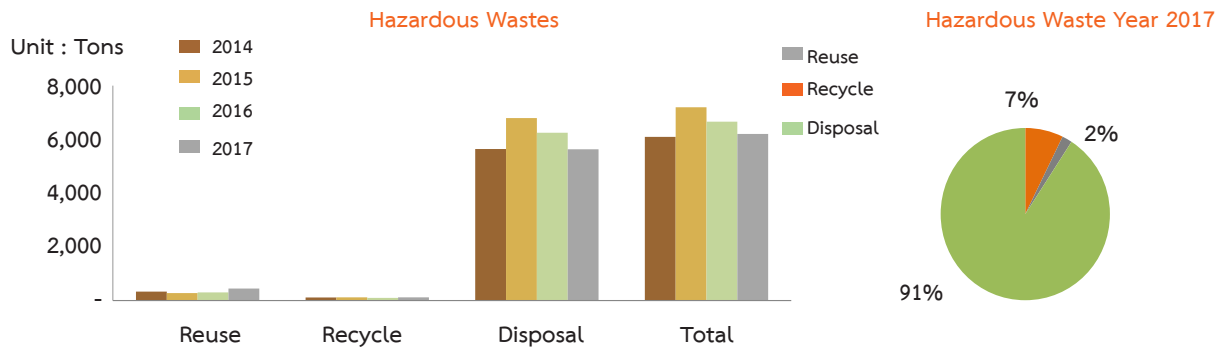


In year 2017, 42,916 tons of wastes were produced, of which 3.43 percent was able to be reused and recycled. This was an increase from year 2016, with had reused and recycled wastes of 2.48 percent of total non-hazardous waste.

**(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 being used 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. Twenty six tons of sediment from the sediment pond cleaning process are repurposed to make foot paths and traffic barriers in the premise, decreasing disposal cost by Baht 67,040. Mortar pieces that stuck with molds and tile pushers are recycled as sand alternative; 240 tons of mortar pieces have been recovered. Color sludge, oil color, sealer remains, and other contaminated materials are used as mixed fuel or alternative fuel, etc.
- (3) Disposal: Some materials are required to be disposed by law, such as wet cake, which is disposed as landfill after being made into solid mass by Better World Green Plc., and Professional West Technology (1999) Plc.





In year 2017, the amount of hazardous wastes decreased by 6.81 percent due to recycling of water cake into cleats for tile support, bricks, and tile sheet support. The amount of reused and recycled hazardous waste was 9.19 percent, which is an increase from year 2016 of 6.12 percent of total hazardous waste.

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

In year 2017, the FC production line has adopted 3R strategy to engage in several projects to reduce manufacturing cost and manage the waste that may affect the society and environment. The projects were able to reduce material usage, such as paper pulp and tile packing film. The pallets are also reused, and products are improved in certain ways. As a result, FC production line was able to reduce industrial waste by 7,835 tons and cost by Baht 32.76 million.

3R Strategy	Project Name	Production Line	Decrease (tons)
Reduce	1. Reduction of virgin paper pulp	NT9-10	145.33
	2. Reduction of film packing	Pack 1-4	3.86
	3. Reduction of dust from embossing	NT9	373.47
	4. Reduction of felt at NT10/NT9	NT10	14.40
	5. Reduction of fiber cement ridges	HM & CL1	39.55
	6. Reduction of lathe loss	Gv.1-4	215.47
	7. Reduction of color tile loss	CL5-7	216.83
<b>Total</b>			<b>1,008.91</b>
Reuse	1. Development of two-way pallets for rotation from Grade F	Manufacturing Support	691.60
	2. Modification of asbestos pellet into ridge pellet	Manufacturing Support	315.70
	3. Silo Modification (Recycling cement from dust collector)	Manufacturing Support	11.21
<b>Total</b>			<b>1,018.51</b>
Recycle	1. Remanufacturing of FR-grade products to Jearanai tiles	Water Jet	632.82
	2. Remanufacturing of FR-grade 6-, 8-, and 12-inch floor board to 4-, 6-, and 8-inch floor board	Wood Saw	2,354.75
	3. Remanufacturing of FR-grade 16-18mm boards to fences	Water Jet / Support	366.52
	4. Remanufacturing FR-Grade eaves to fences	Support / (GV)	2,200.02
	5. Remanufacturing of FR-grade siding boards to bird guards	Water Jet	178.59
	6. Reduction of wet wastes by remanufacturing to tile supporting sheets	Manufacturing Support	75.11
<b>Total</b>			<b>5,807.81</b>
<b>Grand Total</b>			<b>7,835.23</b>



### 3.3 Dust Management

#### (A) Dust Reduction Project – Reinforced Autoclaved Aerated Concrete Cutting (LINTEL)

Generally, the cutting process of reinforced autoclaved aerated concrete (LINTEL) at autoclaved aerated concrete production line (AAC-1) causes a large amount of dust, which is dangerous to employees and the surrounding areas. Thus, wet cutting process has been adopted to reduce dust dissipation, reduce bag filter cost, prolong the life of the cutting blades. As a result, the cost of cutting blades has been decreased by Baht 192,000 per year, as well as the reduction of dust in the surrounding area. The work environment has become better, minimizing the impact to the surrounding community and environment, as well as increasing the production capacity.

#### (B) Dust Reduction Project – Siding Board Product Embossing

At the siding board production line, the process uses sand papers to create wood grains on the siding board products, such as fences, lap siding, and floor planks. The process uses lots of energy, labor, and sand papers, and produces a large amount of dust, which is harmful to employees and the surrounding area. Thus, steel embossing rollers were implemented to press wood grain pattern on wet wooden plank right after forming, before entering the autoclave. As a result, the implementation has reduced the manufacturing steps, costs, and dust due to sanding. The amount of dust reduced was 355 tons per year, creating a better work environment, and minimizing the impact to the surrounding community and environment.

#### (C) Dust Reduction Project – Concrete Tile Production Line, Saraburi Province (CT-SR)

In the concrete tile manufacturing process, major raw materials being used are sand, cement powder, crushed stones, and fly ash which are being conveyed, blown, weighed, mixed, pressed, and polished, spreading a large amount of dust. Therefore, the dust reduction project has been implemented to ensure good working environment and minimize impact to the surrounding community and environment. In year 2017, the concrete tile production lines in Saraburi Province and Khon Kaen Province have undertaken the following projects:

- (1) Construction of Settling Chamber: Large settling chambers have been constructed that allow dust particles to settle down on the chamber floor by themselves. These chambers are suitable for large and heavy dust particles. In year 2016, the chamber has been implemented at the CT-KK production line in Khon Kaen Province. And in year 2017, CT-2, CT-3, and CT-4 production lines in Saraburi Province have also implemented these chambers as well.
- (2) Utilization of Silo-top Dust Collector: Silo-top dust collectors are a high efficiency dust filtering system use for collecting cement dust being blown into the silo using special filtering elements, which are cleaned by an automatic air jet system. The collected dust is separated and falls within the silo, and all of the collected dust can be recycled, reducing loss of raw material and production cost.
- (3) Utilization of Large Dust Collector: The collector collects dust from the manufacturing process using bag filter system, which eliminates small-sized dust. This system is used to collect dust during mixing, weighing, and polishing. All collected dust can be recycled by partly substituting sand and crush stones, which can reduce loss of raw material and production cost. In year 2017, additional collectors were installed at CT-2 and CT-3 concrete tile production lines, covering all concrete tile production lines.

Dust collectors are also installed and paint mixing facility and aluminum pallet polishing brush facility. The collector collects dust from the manufacturing process using bag filter system, which eliminates small-sized dust. This system is used to collect cement and paint dust. All collected dust can be recycled.

Accordingly, the measurement of air quality was conducted on April 27-28, 2016 by Global Environmental Management Co, Ltd. and on July 24-25, 2017 by CNY Co., Ltd.,



whom have 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 Locations	Air Quality Indices	Units*	Measuring Results		Standard Values
			2016	2017	
1. CF-1	Total Dust	mg/m <sup>3</sup>	3.14	0.29	Not exceeding 15
	Respiration Dust	mg/m <sup>3</sup>	1.45	0.23	Not exceeding 5
2. Powder Coat Preparation	Respiration Dust	mg/m <sup>3</sup>	1.85	0.23	Not exceeding 5

**Source :** Report of Environmental Measurement on April 27-28, 2016, and July 24-25, 2017

: mg/m<sup>3</sup> = milligram per cubic meter

**Remarks**

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

### 3.4 Solution Odor Management

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

In concrete tiles manufacturing process, 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, with health impact to 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. The systems are monitored, and 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 2016-2017, the Company carried out air quality measurement and monitoring activities in the manufacturing process, 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 are within standard values as follows.

Measuring Locations	Air Quality Indices	Units**	Measuring Results		Standard Values
			2016	2017	
1. Tile machine	Total Dust	mg/m <sup>3</sup>	1.04	1.29	Not exceeding 15
2. Fence area	Xylene	mg/m <sup>3</sup>	< 0.001	0.299	Not exceeding 435 *
		ppm	< 0.001	0.069	Not exceeding 100
3. Paint spraying machine	Xylene	mg/m <sup>3</sup>	4.072	5.964	Not exceeding 435 *
		ppm	0.938	1.374	Not exceeding 100

**Source :** Report of Environmental Measurement on June 6-7, 2016, June 12-13, 2017

: mg/m<sup>3</sup> = 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.

Measuring Locations	Air Quality Indices	Units**	Measuring Results		Standard Values
			2016	2017	
1. Stack1	Xylene	mg/m <sup>3</sup>	0.375	1.350	Not exceeding 435 *
		ppm	0.086	0.311	Not exceeding 100
2. Stack2	Xylene	mg/m <sup>3</sup>	0.449	1.134	Not exceeding 435 *
		ppm	0.103	0.261	Not exceeding 100
3. Stack3	Xylene	mg/m <sup>3</sup>	0.150	1.300	Not exceeding 435 *
		ppm	0.035	0.300	Not exceeding 100

**Source:** Report of Environmental Measurement on June 6-7, 2016, June 12-13, 2017

: <sup>1/</sup> Concentration of Pollution at Dry Air, Standard Pressure 760 Millimeter of Mercury, Temperature 25 degrees Celsius

: <sup>2/</sup> Concentration of Pollution during Measurement

: mg/m<sup>3</sup> = 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)

**(B) Reduction of Coating Loss in Concrete Tile Manufacturing Process**

Concrete tile production line has engaged in reduction of coating loss project to minimize odor from solutions and reduce manufacturing wastes in tile coating process that need to be treated. The spraying system has been optimized, and the air pressure adjusted. The optimization has resulted in a reduction of coating loss, better control on coating thickness as per standards, reduced wastes from manufacturing process, reduced expensive coating cost, and better control on coating usage rate.

In year 2017, all concrete tile production lines in Saraburi and Khon Kaen have improved their coating system. The results have shown that coating usage have reduced by 3.9 percent on average, or a reduction of 22,517 liters/year or Baht 1.25 million.

**3.5 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) Electricity Usage Reduction Project**

In year 2017, the Energy Management Work Team has engaged in the electricity usage reduction project at FC tile production line and the central area, which comprises of the plant, and Office Building no. 2, which is an office building for Accounting and Finance Department, Customer Service Section, and Sales Department. The project can be summarized as follows.



Project Names	Location/ Production Line	Reduction in Electricity	
		kWh/year	Baht/year
1. Air pressurizer optimization	FC	97,736	342,076
2. Chiller optimization	CL-7	19,813	69,346
3. Automatic basin pump control system	FC 1-2	38,016	133,056
4. Automatic hard water discharge system	NT-9	55,411	193,940
5. Installation of lamp pull switches for interior lighting	Office Building 2	2,480	8,681
6. Replacement of metal halide lighting to LED	FC Plant	32,760	114,660
<b>Total</b>		<b>246,216</b>	<b>861,759</b>

**Remark :** Electricity cost = Baht 3.5 per kWh

Concrete tile production line, in cooperation with the Energy Management Work Team, have engaged in the following electricity usage reduction projects in year 2017.

Project Names	Location/ Production Line	Reduction in Electricity	
		kWh/year	Baht/year
1. Air pressurizer optimization and management	CT-3 , 4, 5 , CF	30,823	107,880
2. Leakage reduction in the production line	CT3,4,CF-1,2,3	3,024	10,584
3. Improvement on water supply piping to batching plant	CT-3, 4	4,497	15,740
4. Replacement of metal halide rack lighting	CT-2 , 3 , 4	541	1,894
<b>Total</b>		<b>38,885</b>	<b>136,098</b>

**Remark :** Electricity cost = Baht 3.5 per kWh

**(B) Recycling of Excess Steam and Heat at Autoclaved Aerated Concrete Production Line (AAC-1)**

- (1) Recycling of Vented Steam: A steam transferring program has been implemented at autoclaves, recycling the steam that is normally vented to the atmosphere. The steam is transferred to the next autoclave, reducing vented steam by about 180,000 Nm<sup>3</sup>, and natural gas (NG) usage by 6,552 MMBtu or Baht 1.8 million per year.
- (2) Recycling of Heat Loss to Feed into Boiler Project: An economizer has been installed on the boiler to recycle heat loss to heat water being fed into the boiler. This helps reduce NG usage, the temperature at heat venting funnel, as well as global warming. The heat loss is reduced by about 4,572 MMBtu or about Baht 1.2 million per year.
- (3) Motor Speed Control Project: Excess air control unit is installed on the boiler in order to control the speed of the motor. This is to control the air feed to optimize the combustion of the boiler, reducing NG usage, the temperature of vented gas, global warming. The heat loss is reduced by about 1.12 percent of the total heat being used by the boiler.

**(C) Siding Board Autoclaving Optimization Project at NT-9 Production Line**

NT-9 production line uses autoclaves in siding board production, which results in energy loss. By adjusting the size of the container from 5.2 meters to 4.2 meters, the 4-meter siding board is fitted perfectly, and the autoclave can support more containers: from 9 containers to 12 containers. This helps reduce energy loss, improve efficiency, increase siding board production capacity by 20 percent, save time, and best utilize the energy. As a result, the manufacturing cost is decreased by about Baht 16 million per year.



**(D) Energy Saving Conscience Campaign:** The objective of the campaign is to encourage engagement from the employees in saving energy, such as turning off faucets, light, and air conditioners, and most importantly, to innovate how to reduce energy usage in the manufacturing process. In year 2017, the Energy Management Work Team has organized the Energy Saving Day, with a motto contest, booths displaying energy saving achievements, and how to use energy economically. The activities can be summarized as follows:

- The winner of the motto contest is the Accounting and Financial Department with the motto, “DBP emphasizes and recognizes the value and together helps preserve the energy”.
- A booth displaying information about alternative energy, such as solar energy (solar roof), water energy, wind energy, steam energy, as well as human on bicycle making fruit smoothie without electricity, etc.
- A booth demonstrating activities that help reduce global warming, such as tree planting, reduce paper usage, etc.
- A booth demonstrating recycling of used materials and wastes, etc.

### 3.6 Diamond People’s Contribution to the Climate

Currently, global warming, also known as climate change, is a major issue globally, with marked observed changes in temperature at unprecedented level. Greenhouse gases such as carbon dioxide and methane are one of the main causes of the temperature changes. The greenhouse effect is the process by which absorption and emission of infrared radiation by gases in the Earth’s atmosphere warm the lower atmosphere and surface. Without the atmosphere, the air temperature near the surface would be well below the freezing temperature of water. However, human activities in the past century have significantly increased the amount of greenhouse gas in the atmosphere, leading to the global warming. Additionally, Thailand have ratified the Montreal Protocol, an international treaty signed at Montreal, Canada, and designed to protect the ozone layer by phasing out the production of numerous substances that are responsible for ozone depletion a decline of the total amount of ozone in Earth’s stratosphere, also known as the ozone layer, which prevents most harmful UVB wavelengths from passing through the atmosphere. As a ratifier, Thailand needs to fulfill its obligation by phasing out the substances by 2030.

#### **(A) Greenhouse Gas/Ozone Depleting Gas Reduction Project**

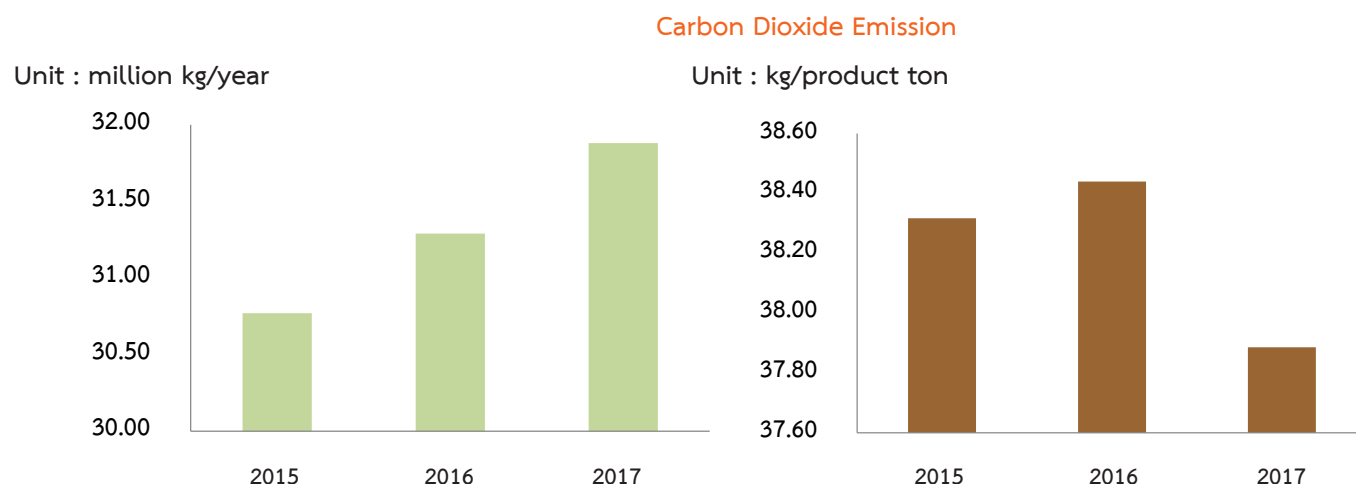
The Energy Management Work Team, in cooperation with Engineering and Maintenance Department, has engaged in the project that reduce greenhouse gas and ozone depleting gas being used in the business operation. At the first stage, air conditioning system in the Company has been examined to identify its refrigerant. According to the Montreal Protocol, certain compounds that have significant effect to ozone depletion, such as chlorofluorocarbon (CFC) are prohibited. Additionally, a minor leak of such substances would release a significant amount of greenhouse gas. It was found that 308 air conditioners being used in offices, factories, and employee dormitory used R-22, which is one of the compound that needs to be phasing out due to its ozone depletion potential (ODP) and high global warming potential (GWP). Instead, R-32 is to be used due to its lower GWP, as well as 0 ODP, comparing to 0.05 ODP of R-22.

In year 2017, 9 air conditioners have been changed to use R-22 instead R-32 as their refrigerant, amounting to a reduction of carbon dioxide equivalent (CO<sub>2</sub>e) of 7.77 tons per year, a reduction of energy usage of 13,346 kWh per year, or Baht 46,697 per year. The Company has established a plan to replace R-22 with R-32 on the remaining air conditioner continuously.



## (B) Energy Usage and Carbon Dioxide Emission

The manufacturing processes of roof tiles, wood substitute products, and autoclaved aerated concrete require electricity, steam, and natural gas. The processes result in carbon dioxide (CO<sub>2</sub>) emission, both directly and indirectly. As a greenhouse gas which contributes to global warming, the Company, with responsibility to the society, has engaged in greenhouse gas emission reduction through various project continuously. The progress of such projects are evident by the trend of falling carbon dioxide emission.



### 3.7 Environmental Management according 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 2017, 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

Areas	Units	Measured Values		Standard Values
		2016	2017	
1. FC raw materials preparation area	fiber/cm <sup>3</sup>	< 0.001 – 0.001	< 0.001-0.004	Not exceeding 0.1
2. Tile testing area	fiber/cm <sup>3</sup>	< 0.001	-	Not exceeding 0.1
3. Cover pacing/glazing area	fiber/cm <sup>3</sup>	< 0.001	< 0.001-0.003	Not exceeding 0.1
4. Broken tiles storage area	fiber/cm <sup>3</sup>	< 0.001	< 0.001	Not exceeding 0.1
5. Chrysotile storage area	fiber/cm <sup>3</sup>	< 0.001	< 0.001	Not exceeding 0.1

**Source :** Report of environmental measurements on April 27-28, 2016 by Global Environmental Management Co., Ltd., on July 24-25, 2017 by CNY Co., Ltd., on November 15, 2017 by Global Environmental Management Co., Ltd.

: fiber/cm<sup>3</sup> = fiber per one cubic centimeter atmosphere

: In year 2017, the law requires chrysotile asbestos in the air not exceeding 0.1 fiber/cm<sup>3</sup>



**(2) Monitoring of Air Quality in the Workplace**

Monitored Items	Units	Measured Values		Standard Values
		2016	2017	
1. Total suspended particulate in factory	mg/m <sup>3</sup>	1.10 - 3.14	0.21-1.29	Not exceeding 15
2. Particle matter (<10 micron)	mg/m <sup>3</sup>	0.37 – 1.98	0.13-0.56	Not exceeding 5
3. Xylene	ppm	0.085 – 5.924	0.02-18.06	Not exceeding 100

**Source:** Report of environmental measurements on April 27-28, 2016 by Global Environmental Management Co., Ltd., on July 24-25, 2017 by CNY Co., Ltd., on November 15, 2017 by Global Environmental Management Co., Ltd.

: mg/m<sup>3</sup> = milligram per cubic meter, ppm = parts per million

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

Monitored Items	Units	Measured Values		Standard Values
		2016	2017	
1. Total Suspended Particulate (TSP)	mg/m <sup>3</sup>	2.72	0.01 - 16.1	Not exceeding 400
2. Sulfur Dioxide	ppm	-	<0.05 - 1.3	Not exceeding 60
3. Carbon Monoxide	ppm	-	2.0 - 3.69	Not exceeding 690
4. Nitrogen Dioxide	ppm	-	10.2 – 18.34	Not exceeding 200
5. Xylene	ppm	1.946 – 6.339	2.79 - 45.15	Not exceeding 200

**Source :** Report of environmental measurements on April 27-28, 2016 by Global Environmental Management Co., Ltd., on July 24-25, 2017 by CNY Co., Ltd., on November 15, 2017 by Global Environmental Management Co., Ltd.

: mg/m<sup>3</sup> = milligram per cubic meter, ppm = parts per million

**(4) Monitoring of Air Quality around Factory Fences**

Monitored Items	Units	Measured Values		Standard Values
		2016	2017	
1. Total Suspended Particulate (TSP) 24-hr Avg.	mg/m <sup>3</sup>	0.187	-	Not exceeding 0.330
2. Particle Matters (PM-10) 24-hr Avg.	mg/m <sup>3</sup>	0.062	0.002	Not exceeding 0.120
3. Noise Level 24-hr Avg.	dB(A)	50.8 – 58.1	54.5	Not exceeding 70
4. Disturbance Sound Level 24-hr Avg.	dB(A)	3.3 – 4.9	1.0	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/m<sup>3</sup> = milligram per cubic meter, dB(A) = decibel A = 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**, the analysis showed that it is within 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](http://www.diw.go.th)).



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

Year	Description	Investment (Million Baht)
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
2017	Sediment separator connecting to base solution pond, brick block press	5.70

Awards of Pride

1. Industrial Standard Certification

The Company has received industrial standard certifications from TÜV 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 2003-15
- 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

- 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.
- 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.

### 3. Awards from the Stock Exchange of Thailand and Thai Investors Association

#### 3.1 Awards concerning Business Sustainability

- 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 2017: The Company received “**Thailand Sustainability Investment (THSI) 2017**” award from the Stock Exchange of Thailand and Money&Banking Magazine. The award is for listed companies with sustainable business operation that consider the environment , society, and governance (ESG).

#### 3.2 Awards concerning Corporate Governance

- Year 2010-13, and 2015-17: The Company was placed in the “**Excellent**” group with a five-star award (  ) for assessment of Corporate Governance in the Top Quartile level in the group of companies with market capitalization of Baht 3,000 to 9,999 million. This year the Company received score of 91 percent.
- 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.

#### 3.3 Awards concerning Quality Assessment of the Meeting of Shareholders

- Year 2011-16: The Company received a five-star award (  ) from the Thai Investors Association (TIA) for AGM quality assessment of listed companies, in which the Company received 100% score and was placed in the “**Excellent**” group.
- Year 2017: The Company received a four-star award (  ) for the annual general meeting (AGM) quality assessment of listed companies, in which the Company received 97% score and was placed in the “**Very Good**” group.
- Year 2014: On September 25, 2014, the Company received “**Investors’ Choice Award**” from Thai Investors Association (TIA) for the quality assessment of the annual general meeting (AGM). The Company received full 100 score for four consecutive years from 2011-14.
- Year 2016: On July 27, 2016, the Company received “**Investors’ Choice Award**” from Thai Investors Association (TIA) for the quality assessment of the annual general meeting (AGM). The Company received full 100 score for six consecutive years from 2011-16.





## 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; selection and nomination 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 and anti-corruption guidelines for appropriateness and effectiveness; review and providing comments on the audit plan and operational scope 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 2017, which can be summarized as follows.

1. Reviewed the quarterly and yearly financial statements for year 2017 of the Company and subsidiary company. It was 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. Considered the plan and established the scopes of audit work in year 2017 to cover significant risk factors and anti-corruption guidelines, as well as 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. 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 and anti-corruption guidelines during year 2017. Emphasis has been placed on accuracy and completeness of the information disclosed to all stakeholders with fairness and equality, which can be referred and verified with transparency.
4. Reviewed transactions involving acquisition and disposition of assets, as well as related party transactions and transactions with potential conflict of interests during year 2017. It was concluded that the prices and commercial terms of these transactions were in accordance with general business practice.
5. Reviewed the risk management system and anti-corruption guidelines during year 2017. The Management was advised to improve on various working procedures and deficiencies to be more circumspect and appropriate.
6. Reviewed the progress of legal cases during year 2017. The Management was advised on improvement of legal proceedings and outstanding debt collection so that they are more circumspect and appropriate.
7. Complaints via whistleblowing channel were received concerning the operation of the Management. The Internal Audit was assigned with the investigation, and the resulting feedback was presented to the Management for appropriate actions on a case by case basis.
8. Reviewed and considered amendments of the Audit Committee Charter and the Internal Audit Charter to be in line with the

Corporate Governance and the anti-corruption practice guidelines. The amended Audit Committee Charter has been submitted to the Board of Directors for approval.

9. Engaged in the self-assessment of the Audit Committee, both as a whole committee and individual for the year 2017, 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.
10. Considered the selection of the independent auditor and determination of the audit fee for year 2018 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 2018 for the appointment of Mrs. Sasithorn Pongadisak, certified public accountant registration no. 8802, or Mr. Thanit Osathalert, certified public accountant registration no. 5155, or Mrs. Wilai Buranakittisophon, certified public accountant registration no. 3920, or Miss Chanarat Chanwa, certified public accountant registration no. 9052, 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 2018. The audit fee for the Company is set at Baht 1,540,000, an increase of Baht 100,000, and the audit fee for the subsidiary company is set at Baht 400,000, an increase of Baht 30,000, for a total of Baht 1,940,000, a total increase of Baht 130,000 or 7.18 percent which is deemed appropriate.
11. Considered the plan and scope of audit work for year 2018, as well as the manpower and the quality of Internal Audit officers to ensure sufficiency and effective operation in line with the workload and duties.
12. In year 2017, 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 13, 2018

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 Committee) has carried out the duties as charged by the Board of Directors. During the year 2017, the Committee held 5 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 General Shareholder Meeting. The NRC Committee is charged with selecting and nominating qualified candidates to replace the retiring directors. The NRC Committee has established the following rules and procedures:

- 1.1 The NRC 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 NRC 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 NRC 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 NRC 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 NRC Committee has considered the remuneration of the directors and has proposed to the Board of Directors for approval at the Annual General Meeting of Shareholders on 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 NRC Committee and the NRC Committee members.
- (D) Amount of monthly remuneration for the Chairman of the Corporate Governance Committee and the Corporate

Governance Committee members.

- (E) 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 NRC 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 NRC 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 salary adjustment and annual bonus for the Company's executives and employees**

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

4.2 The NRC Committee has considered the salary increase and annual 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.

**5. Nomination of new Chief Executive Officer due to retirement**

The NRC Committee has nominated a new Chief Executive Officer due to retirement of the former Chief Executive Officer on December 31, 2017. The NRC Committee has selected a suitable person in both qualification and seniority, who possesses past work experiences and achievements.

**6. Consideration of Organization Restructuring**

The NRC Committee has considered the restructuring of the organization structure that is more appropriate and in line with the operational plan of the company. The new organization structure has been effective since January 1, 2018.

January 29, 2018

On Behalf of the NRC Committee



Mr. Chaikut Srivikorn

Chairman of the NRC Committee



# REPORT OF THE RISK MANAGEMENT COMMITTEE



During the year 2017, the Risk Management Committee, comprising of 15 executives from every department of the Company, held 7 meetings altogether to consider and determine risk prevention and mitigation measures, as well as to organize effective risk control activities to ensure that established objectives would be achieved. The Report of the Risk Management Committee 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 and services, personnel development, regulations, and other areas which may impact Company's operations. The risks are categorized into urgent risks requiring prompt actions (Red Risks) and potential risks for monitoring (Yellow Risks).
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. Closely monitored the management of urgent risks requiring prompt actions (Red Risks) and prevention of potential risks for monitoring (Yellow Risks). The Management Committee and the Audit Committee were presented with the summary report at least once every quarter before presenting to the Board of Directors for acknowledgement and consideration.
4. Prepared risk management plan during crisis 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 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 was able to 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 group of stakeholders.

January 10, 2018

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 2017, 5 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 2017, the Company established that there were 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 2017 had an average score ranging between 82.3 and 99.3 percent. Accordingly, the committee members gave suggestions for work improvement for each of the committees, which were beneficial to the Company.
4. The directors, executives, and employees of the Company have participated in the following training programs in year 2017:
  - 4.1 "Zoom In: Thai Business Trend through Big Data" being held on April 21, 2017 by the Stock Exchange of Thailand in cooperation with Market for Alternative Investment (MAI), with the objectives to promote better understanding and application of Big Data for business operations.
  - 4.2 "Qualification of Chief Financial Officers and Chief Accounts" being held on August 3, 2017 by the Stock Exchange of Thailand, with the objectives to promote good financial reports from listed companies and to ensure compatibility of governance by the Stock Exchange of Thailand and the Securities and

Exchange Commission.

- 4.3 "Extensive Drill for full 100 Score for AGM Checklist" being held on December 12, 2017 by Thai Listed Companies Association in cooperation with the Stock Exchange of Thailand, with the objectives to review and facilitate the preparation of the annual general meetings of shareholders, including the meeting invitations and related reports and disclosure.
5. In year 2017, the Company received the following awards of pride relating to the assessment of corporate governance:
  - 5.1 The Company was presented with "Thailand Sustainability Investment (THSI) 2017" award from the Stock Exchange of Thailand and Money&Banking Magazine. The award was for listed companies with sustainable business practice that consider the Environment, Society, and Governance (ESG).
  - 5.2 The Company received a five-star award (  ) for the annual general meeting (AGM) quality assessment of the listed companies year 2017, in which the Company received 97% score and was placed in the "Excellent" group.
  - 5.3 The Company received a four-star award (  ) for the assessment of corporate governance among Thai listed companies, in which the Company received 91% score and was placed in the "Very Good" group.
6. The improvement guidelines for the corporate governance in year 2018 include:
  - 6.1 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 onwards.
  - 6.2 Organizing company-wide activities promoting corporate culture and corporate governance, improving knowledge towards adherence of the corporate governance, for example, incorporating corporate governance training in new employee orientations continuously, introducing whistle-blowing channels, setting up informational booths or board to provide knowledge on corporate governance, and organizing "CG Day" promoting and fostering awareness among employees on the importance of good corporate governance, etc.

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 continuously build confidence and be accepted by every group of stakeholders.

January 29, 2018

On behalf of the Corporate Governance Committee



Mr. Thanit Pulvekin  
Chairman of the Corporate Governance Committee



# REPORT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE



The Corporate Social Responsibility Committee (CSR Committee) has performed its duties for social responsibility and minimizing environmental impact. The CSR Committee comprises of 14 executives from every department. During the year 2017, the CSR Committee held 3 meetings altogether to consider and determine guidelines related social corporate social responsibility as well as arranging related activities, which can be summarized as follows:

1. 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 minimizing environmental impact for sustainable development.
2. Concerning with the responsibility to **"Diamond Society"**, trainings were organized to promote awareness of work safety, responsibility towards society and environment, anti-corruption policy, 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, etc.
3. 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 Phra Dabot Foundation and Muak Lek Technical College, in year 2017 the Company has arranged training courses for students, comprising both theoretical and practical parts on installation of roof, roof frames, and artificial wood products of the Company. The participants were provided with the knowledge to build or repair houses on their own, generating more jobs and income in the community. The Company also provided products and equipment for the construction of student's dormitory in the agricultural area of the Phra Dabot Foundation, Saraburi Province, as well as continuously organizing various public relation and community service activities.
4. Concerning with the responsibility to **"Environment"**, the Company realizes the importance of environmental responsibility and has emphasized on the improvement of manufacturing process to minimize environmental impact. This year, various projects have been implemented, including the reduction of greenhouse gas emission, 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 projects, etc. The Company also organized several energy related activities and booth exhibitions in order to promote energy conservation consciousness.
5. In year 2017, the Company received **"Thailand Sustainability Investment for 2017"** award by participating in Thailand Sustainability Awards for the first time. The sustainability of

the Company was assessed by the Stock Exchange of Thailand, in which it was found that the Company passed the criteria, having effective management and risk management throughout the supply chain, as well as sustainable innovations for the business and society. The Company received the award on November 8, 2017.

6. Concerning with the trainings and activities related to social and environmental responsibility in year 2017:
  - 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 courses promoting CSR practical skills in order to use the knowledge as a guideline for further sustainable development.
  - 6.2 The Company's executives were assigned to participated in activities and seminars related to sustainability throughout year 2017.
  - 6.3 The Company organized activities promoting energy saving by encouraging innovations in each department, such as, improving the efficiency of coolers, utilization of solar panels, food processing using human power on bicycle, paper saving, indoor planting to reduce heat from the sun, etc.
7. Prepared the Sustainability Report for reporting its operation during year 2017.

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.

December 11, 2017

On behalf of the Corporate Social Responsibility Committee



Mr. Satid Sudbuntad

Chairman of the Corporate Social Responsibility Committee



## REPORT OF THE ANTI-CORRUPTION COMMITTEE



The Company is committed to promote awareness of the danger of corruption, which can adversely affect Company's operation and every group of stakeholders. Therefore, the Company has declared its intent and joined the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). The membership of the coalition has been approved since October 16, 2015. In year 2017, the members of the Anti-Corruption Committee were increased from 14 to 21 persons from every department. During year 2017, the Anti-Corruption Committee held 5 meetings altogether to consider and achieve its objectives, which can be summarized as follows:

1. Reviewed the Anti-Corruption Handbook and Anti-Corruption Best Practice.
2. Disseminated the Anti-corruption Handbook to employees and stakeholders for acknowledgment continuously through various channels, such as, the Company's website and intranet, leaflets, mails, and employee training, etc.
3. Arranged self-assessment on each activity having potential risks of corruption. The assessment considered the risks in terms of its probability and impacts towards the department and the Company. In year 2017, it was found that there was no significant impact from the risks towards the operation of the Company. Regardless, the Anti-Corruption Committee has put in place additional preventative measures for such risks by regularly revising the regulations of the Company to cover those risks.
4. Prepared the self-assessment for the re-certification from the Private Sector Collective Action Coalition Against Corruption in year 2018.
5. Arranged training for employees and members of the Anti-Corruption Committee during year 2017 as follows:

5.1 Assigned the committee members to "**Action Papers for Anti-Corruption Measures in Organizations**", a training program on November 15-16, 2017 by Federation of Accounting Professions aimed at providing knowledge for effective review of anti-corruption measures.

5.2 Arranged coaching for section managers and higher positions about anti-corruption in the quarterly meetings, and internal training for operational staffs and team leaders from February to October 2017 in order to communicate about corruption in activities such as Walk Rally, and provide knowledge about anti-corruption measures of the Company in form of games and activities.

During the past year, the 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 11, 2017

On behalf of the Anti-Corruption Committee



Mr. Asanee Chantong

Chairman of the Anti-Corruption Committee



## SIGNIFICANT CHANGES IN THE PAST YEAR



Year 2017  
December

- Commencement of the truss production line for commercial selling on December 1, 2017, with the investing budget of Baht 9.53 million.
- The Board of Directors' Meeting No. 308 dated December 18, 2017 resolved to appoint Mr. Satid Sudbuntad as Chief Executive Officer (currently the Managing Director) due to the retirement of Mr. Asanee Chantong, effective from January 1, 2018 onwards. The meeting also resolved to establish the Production Technology and Innovation Committee as a sub-committee, with its main duties and responsibilities on production technology related aspect, which is a key factor to cost reduction and improved productivity. The Committee's duty also includes the preparation of work plan related to innovation and new product development for continued competitiveness. With directions as assigned by the Board of Directors, the Production Technology and Innovation Committee shall perform its duties from January 1, 2018 onwards.



## 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, 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. **New Profile Product Differentiation Project** as alternatives for customers and for increased competitiveness and potential sales, including decorative wood products with engraving, stencil, or detailed profile, and manufacturing process improvement project for new types of concrete tiles, etc.
2. **Production Capacity Increase on Existing Machinery Project** to support an increased demand in the market and reduce the production cost, e.g. modifying the equipment for production of various products, recycling of synthetic wood chips, increasing the production capacity of paper pulp preparation to support the increased NT tile production, and increasing the production capacity of Adamas tiles, etc.
3. **Efficiency Improvement on Existing Machinery Project** to reduce the production cost, enhance product quality, and minimize environmental impact, which can be summarized as follows:
  - 3.1 Production Cost Reduction – e.g. development of automatic loading system in place of human labor to mitigate labor shortage and maintain consistent production capacity, and to reduce labor cost.
  - 3.2 Product Quality Enhancement – e.g. improvement on product sheen treatment process, concrete tile coating improvement for sturdy coating, shine, and waterproof, mixer improvement for quality control, reduced dust pollution, and minimized environmental impact.
  - 3.3 Environmental Impact Reduction – e.g. improvement on production process to reduce energy usage, water usage, and air pollution, etc. A dedicated work team has been established for every project to ensure success as per the objectives and work plan. The operation is also revised as needed for sustainable efficiency and minimized environmental impact.



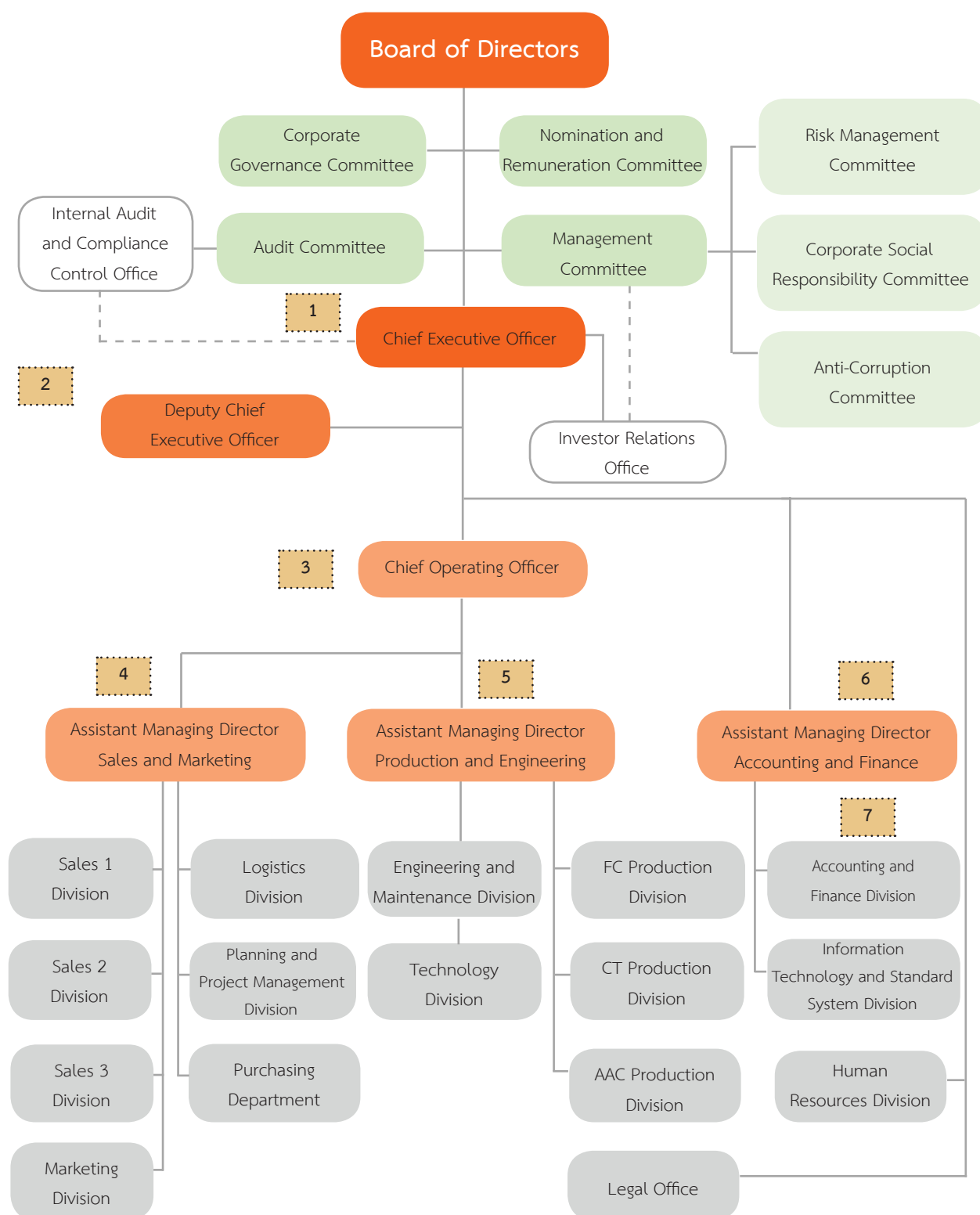


## FINANCIAL INFORMATION

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	2017	2016	2015	2017	2016	2015
<b>Financial Status</b>						
Total Assets	3,017	3,238	3,593	3,046	3,257	3,613
Total Liabilities	1,023	1,342	1,269	1,031	1,338	1,266
Total Shareholders' Equity	1,994	1,896	2,324	2,015	1,919	2,347
<b>Operating Results</b>						
Revenue from sales of goods and rendering of service	4,171	4,118	4,165	4,171	4,118	4,165
Gross Profit	1,141	1,096	1,077	1,127	1,105	1,075
Income before depreciation, finance costs and income tax expense (EBITDA)	774	808	765	755	778	765
Income before finance costs and income tax expense	523	514	451	520	508	464
Net Income	412	392	331	408	392	344
<b>Financial Ratios</b>						
Net Profit Margin (%)	9.87	9.52	7.95	9.79	9.53	8.26
EBITDA Margin (%)	18.57	19.62	18.37	18.09	18.90	18.36
Return on Equity (%)	21.16	18.58	14.49	20.76	18.39	14.95
Return on Total Assets (%)	13.16	11.48	8.97	12.96	11.42	9.28
Debt to Equity Ratio (Times)	0.51	0.71	0.55	0.51	0.70	0.54
Interest Coverage Ratio (Times)	73.26	43.82	22.90	73.18	43.56	22.84
Net Gearing Ratio (Times)	0.25	0.47	0.35	0.25	0.47	0.35
Earnings Per Share (Baht Per Share)	0.43	0.39	0.32	0.43	0.39	0.33
Book Value (Baht Per Share)	2.10	1.90	2.22	2.13	1.92	2.24
<b>Summary Stock Information "DRT"</b>						
Market Price as at Year End (Baht Per Share)	5.70	5.20	4.14	5.70	5.20	4.14
Number of Registered Common Shares (Million Shares)	1,048	1,048	1,048	1,048	1,048	1,048
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	-	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)	5,973	5,449	4,339	5,973	5,449	4,339
Price Earnings Ratio as at Year End (Baht Per Share)	13.26	13.33	12.94	13.26	13.33	12.55
Dividend Per Share (Baht Per Share)	0.36	0.30	0.25	0.36	0.30	0.25
Dividend Payout Ratio (%)	83.72	76.92	78.13	83.72	76.92	75.76



# 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., 40<sup>th</sup> Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400

Tel : 0 2619 0742, Fax : 0 2619 0488

#### 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.”

**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.

#### 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 of the Subsidiary Company, 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 of the Subsidiary Company

The Board of Directors of the Subsidiary Company 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 subsidiary company, shareholders and every stakeholder.

As at December 31, 2017, there were four Directors appointed by the Parent Company.

Name	Position	Board of Director of the Subsidiary Companies' Meeting (Times)	
		2017	2016
1. Mr. Asanee Chantong	Chairman of the Board	3/3	3/3
2. Mr. Satid Sudbuntad	Director	3/3	3/3
3. Mr. Maitree Tawonatiwasna	Director	3/3	3/3
4. Ms. Thanakarn Phanthapirat	Director and Secretary	3/3	2/3



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

**Scope of Duties of the Board of Directors of the Subsidiary Company** 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 Subsidiary 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 sub-committee as deemed appropriate and in accordance with the established objectives.
4. Appointment of the Secretary to the Board of Directors of the Subsidiary Company and establishment of scope of duties and responsibilities for work coordination among the Plant Manager, directors and shareholders of the Subsidiary Company, arrangement and minutes taking of shareholders' meetings and Board of Directors of the Subsidiary Company's 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 of the Subsidiary Company.

### **Internal Control**

The Audit Committee of the parent company has duty to review the operation of the Subsidiary Company in compliance with the policy and regulations of the Subsidiary 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 Subsidiary 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 Subsidiary Company has adequate and effective risk management framework.

### **Related Transactions**

During year 2017, 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 38,327.87 tons of autoclaved aerated concrete totaling Baht 93.00 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 2017, Thailand's overall construction industry improved from the previous year, with significant supporting factors contributing to the domestic construction material market being investment in governmental projects, which is the main driving force to the economy this year with direct benefits to the cement, concrete and steel product businesses. Regardless, investment in private sectors remains the same as the previous year, with the direction of economic recovery remains a major concern. Investment in residential real estate remains stagnant as operators stalled new projects due to sluggish market, unrecovered purchasing power, and residential over-supply in various region. This adversely affects the construction material market, including roofing tiles, flooring, walling, and sanitary ware. With stagnant market and new players in the market focusing on inexpensive products, the competition on pricing is intense. To mitigate such impact, the Company has expanded its product distribution through overseas, projects, and modern trade, as well as focusing on more marketing communication.

Regarding marketing communication, the slogan **"Strong and Stylish"** is used as well as **"Nong Petch"** mascot, along with other promotional materials for better awareness among consumers. The marketing department has put in place a plan on continuous marketing communication and corporate communication, reinforcing the **"Diamond Brand"** image. Stylish billboards and brochures are also developed, as well as promotional plan and advertisement online and on television, both domestically and internationally. These marketing initiatives were well received by consumers. Notably, the Company has held the **"DIAMOND STYLE Young Designer Contest 2017"**, a competition with total prize of Baht 200,000 in scholarships in which undergraduate students could submit a design of kitchen for senior citizens, using materials from Diamond Brand products. The contest drew interests from several educational institutions with over one hundred designs being submitted. An exhibition booth was also held at **"Baan Lae Suan Fair 2017"**, in which the displayed products garnered much attention from the participants.

Furthermore, the Company has organized development training for domestic distribution agents to enhance their capabilities and improved their competitiveness, as well as to support the stores for modern look, organized and clean product arrangement and display for consumer's convenience in production selection.

**Industrial situation and competition** 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. 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.



Domestic Market Shares in 2016 are as follows:

Manufacturers (Unit: Million Baht)	Sales in 2016	
	Amount	Market Share
1. Siam Cement Group	11,964.50	46.20%
2. Mahaphant Group	6,256.47	24.16%
3. Diamond Building Products	4,118.30	15.90%
4. Kiternit Group (Olanvanich)	1,193.24	4.61%
5. Conwood	1,335.47	5.16%
6. Thai Ceramic Roofing Tiles Co., Ltd.	1,020.39	3.94%
7. Srikungdhonburi Co., Ltd.	7.97	0.03%
<b>Total</b>	<b>25,896.34</b>	<b>100.00%</b>

*Source : Department of Business Development, Ministry of Commerce*

### 1.3 Competition in Foreign Market

In year 2017, the value of exported roofing tiles, siding boards, boards and ceilings from Thailand to foreign market was Baht 6,039.29 million, an increase of 10.79 percent from year 2016, being categorized according to trading countries as follows:

**Export Value of Construction Products** are as follows:

Product Description (Unit: Million Baht)	2017	2016	2015
1. Fiber Cement Tiles	1,158.66	1,223.24	1,244.46
2. Concrete Tiles	655.04	577.13	495.99
3. Boards and Ceilings	3,891.90	3,389.21	2,929.03
4. Siding Boards	333.70	261.52	409.18
<b>Total Export Value</b>	<b>6,039.29</b>	<b>5,451.10</b>	<b>5,078.66</b>
<b>Expansion rate increase (decrease) (%)</b>	<b>10.79%</b>	<b>7.33%</b>	<b>(13.87%)</b>

*Source : Thai Customs Department*

### Trading Countries

Trading Countries (Unit: Million Baht)	Fiber Cement Tiles	Ratio	Concrete Tiles	Ratio	Boards & Ceilings	Ratio	Siding Boards	Ratio
1. Australia	0.87	0.08%	0.22	0.03%	0.39	0.01%	4.59	1.38%
2. Laos	455.48	39.31%	253.82	38.75%	163.34	4.20%	139.05	41.67%
3. Cambodia	178.10	15.37%	371.79	56.76%	210.06	5.40%	50.20	15.04%
4. Singapore	17.34	1.50%	0.08	0.01%	2.20	0.06%	2.00	0.60%
5. China	115.52	9.97%	0.15	0.02%	0.62	0.02%	0.27	0.08%
6. Myanmar	24.11	2.08%	20.13	3.07%	848.48	21.80%	48.84	14.64%
7. United Kingdom	168.81	14.57%	0.00	0.00%	0.68	0.02%	0.84	0.25%
8. Vietnam	99.82	8.62%	1.38	0.21%	667.95	17.16%	0.05	0.02%
9. Others	98.61	8.50%	7.47	1.15%	1,998.18	51.33%	87.86	26.32%
<b>Total Export Value</b>	<b>1,158.66</b>	<b>100.00%</b>	<b>655.04</b>	<b>100.00%</b>	<b>3,891.90</b>	<b>100.00%</b>	<b>333.70</b>	<b>100.00%</b>

*Source : Thai Customs Department*  
Annual Report 2017



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 2017 was at Baht 666.74 million or 11.04 percent of the export value of construction products, an increase of 2.05 percent from the previous year.

#### 1.4 Future Competitive Trends

**(A) Roofing Product Group :** The Roman tile and small corrugated tile product group have 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 :** New products in this group have been continuously developed to meet variety of usage, becoming full and practical alternative to wood products, as well as being able to promptly respond to the market demand. Additional manufacturers in the market have resulted in an excess capacity, creating a more intense market competition. Therefore, it is important to properly manage 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 and with investments from the private sector and general consumers slowing down, the demand on the product has been decreased. However, the increasing popularity of steel-reinforced autoclaved aerated concrete product group, such as prefabricated kitchen and counters, has resulted in a trend of continuous intense competition.

## 2. Trading Partner Characteristics 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)	2017	Ratio	2016	Ratio	2015	Ratio
<b>1. Domestic Market</b>	<b>3,158.77</b>	<b>82.57%</b>	<b>3,150.46</b>	<b>82.82%</b>	<b>3,208.67</b>	<b>83.68%</b>
• Agent Group	2,119.52	55.41%	2,250.52	59.16%	2,278.34	59.42%
• Modern Trade Group	595.15	15.56%	497.88	13.09%	504.96	13.17%
• Housing Project Group	444.09	11.60%	402.06	10.57%	425.37	11.09%
<b>2. Foreign Market (Export)</b>	<b>666.74</b>	<b>17.43%</b>	<b>653.37</b>	<b>17.18%</b>	<b>625.86</b>	<b>16.32%</b>
<b>Total</b>	<b>3,825.51</b>	<b>100.00%</b>	<b>3,803.83</b>	<b>100.00%</b>	<b>3,834.53</b>	<b>100.00%</b>

The Company has two main distribution channels as follows:

**2.1 Domestic Market** has revenue proportion of 82.57 percent, categorized into 3 groups as follows:

- (A) Agent Group :** There are over 700 main distribution agents, covering 75 provinces and 6,000 stores throughout Thailand.
- (B) Modern Trade Group :** This group consists of modern trade stores including Thai Watsadu, Siam Global House and Mega Home with over 100 branches altogether located throughout Thailand.
- (C) Housing Project Group :** This group consists of several housing or residential projects such as Land and House, Supalai, Pruksa, Sansiri, etc. For this year, the Company focuses on finding more projects from the government, condominium and high-rise buildings.



**2.2 Foreign Market (Export) :** The markets in neighboring CLMV countries still remain of interest due to continuously expanding construction industry. But with economic impact in many countries and new players in the market offering products at lower price, it is also necessary to expand to new markets, such as China and India.

### **3. Competitive Strategies**

The Company has established strategy and marketing plan in accordance with the established target. 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 with an emphasis on development of sales personnel and after sales team 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, tele-sales and online system 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 appropriate logistics and product storage.

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

The Company still emphasizes on continuous research and development to improve product quality and reduce production costs. Emphasis has been placed on development of products according to market demand, such as T-clip floor board for quick installation, 230-cm Jatulon tiles for quick installation of modern roof at lower cost, etc.

#### **3.4 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 and competitive return to the customers, distribution agents acceptable by all parties.

#### **3.5 Strengthening of competitive 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 country in order to increase its market share. Additionally, the Company has focused on product communication channels both domestically and internationally to increase product accessibility by consumers via point-of-sale displays, banners, online advertisement, and television commercial or 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 1<sup>st</sup> quarter of year 2014. Located in Khon Kaen Province, the plant is the product distribution center to the Northeastern region and overseas.
- 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 2<sup>nd</sup> 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 2017, the Company's overall production capacity was estimated at 80 percent as the result of stagnant economy in Thailand. Regardless, should all situations return to normal, the existing production capacity would be sufficient for the market requirement.

### 4.2 Procurement of raw materials

The Company has revised its Procurement Handbook as a clear and effective guideline and procedure 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 63.26 percent in year 2017, which was similar to the previous year.

#### (B) Foreign sources

Raw materials such as asbestos, synthetic fibers and paper pulp, etc., are manufactured overseas. The proportion of purchases from foreign sources was 36.74 percent 2017, which was similar to the previous year.

### 4.3 Problems concerning raw materials

The Company has never faced problem with raw 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 *	14,669,500	1.40%
6. Bualuang Siriphol Corporate Governance	10,433,500	1.00%
7. Mrs. Siriwan Jungthirapanich	10,000,000	0.95%
8. Bualuang Flexible Retirement Mutual Fund	8,662,100	0.83%
9. Bualuang Siriphol Corporate Governance RMF	7,394,100	0.71%
10. Mr. Prinya Tieanworn	7,000,000	0.67%
11. Others	292,316,700	27.88%
<b>Total</b>	<b>1,047,958,000</b>	<b>100.00%</b>

**Remark :** \* 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 33<sup>rd</sup> Annual General Meeting of Shareholders (Year 2018) and rights to receive dividends on the Record Date of Tuesday, March 6, 2018.

Currently, Myriad Material Co., Ltd. is the major shareholder of the Company, having the group of Mr. Chaiyut Srivikorn and group of Mr. Prakit Pradipasen as the major shareholders of both directly and indirectly with shareholding of 40.00 percent and 25.11 percent, respectively. Accordingly, the representatives of Myriad Materials Co., Ltd. group, having five positions of directorship in the Company, namely Mr. Prakit Pradipasen, Mr. Chaiyut Srivikorn, Mr. Warayu Pradipasen, Mr. Chatchai Teepsuwan and Mr. Kamolaphat Teepsuwan.

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, 2017.

Names	Ordinary Shares (shares)		
	As at December 31, 2017	As at December 31, 2016	Increase / (Decrease)
1. Mr. Prakit Pradipasen *	14,669,500	14,619,500	50,000
2. Mr. Phaithoon Kijssamrej **	-	1,000,100	(1,000,100)
3. Mr. Chaiyut Srivikorn	3,100,100	3,100,100	-
4. Mr. Warayu Pradipasen	120,000	109,000	11,000
5. Mr. Thanit Pulivekin	-	-	-
6. Mr. Sakda Maneeratchatchai	4,099,600	4,099,600	-
7. Mr. Anun Louharano	2,350,000	2,350,000	-
8. Mr. Asanee Chantong	1,048,000	1,048,000	-
9. Mr. Satid Sudbuntad	6,000,000	5,400,000	600,000
10. Mr. Maitree Tawonatiwasna *	2,900,000	2,700,000	200,000
11. Mr. Chatchai Teepsuwan	-	-	-
12. Mr. Woodthikrai Soatthiyanon	-	-	-
13. Ms. Thanakarn Phanthapirat	2,760,000	2,760,000	-
14. Mr. Krit Kullertprasert	420,000	420,000	-
<b>Total</b>	<b>37,467,200</b>	<b>37,606,300</b>	<b>(139,100)</b>

**Remark :** \* Number of shareholding including spouse and minor child.

\*\* Mr. Phaithoon Kijssamrej has retired from the director position since January 9, 2018 due to his death. Mr. Kamolaphat Teepsuwan was appointed as the director on January 29, 2018 in place of the vacant director position. Mr. Kamolaphat Teepsuwan does not hold share in the Company.



# REMUNERATION FOR DIRECTORS, EXECUTIVES AND EMPLOYEES



The Company's Board of Directors has assigned duty to the NRC Committee 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 Committee 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 industry 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 Committee 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) Establish the monthly salary payment structure, annual remuneration (bonus), and annual salary increase for high-level executives and employees of the Company.
- (2) Establish the Key Performance Indicators (KPI) for the Company to be used for consideration of

#### 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 industrial sector. Assessments on Company's operating results and Directors' performance are also used for consideration."



salary adjustment and bonus payment for high-level executives and employees of the Company by considering the annual budget and achievement of main targets of the Company, as well as the market and economic situation and in the same level as others in the same industry. The NRC then provides its opinions to the Company's Board of Directors for its consideration and approval.

- (3) Establish the rule for assessment of work performance of high-level executives and executives with additional assigned duties as per the overall KPI of the Company. Based on the assessments, the salary adjustments and annual remuneration (bonus) are then considered. The NRC then provides its opinions to the Company's Board of Directors for its consideration and approval.
- (4) Consider benefits 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%, 8% to 15% with Company's contribution at the rate of 3%, 5% and 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.

## 2. Remuneration Payment

### 2.1 Explicit Remuneration

#### (A) Monthly Remuneration of the Directors (for the year ending December 31, 2017)

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



(B) Annual Remuneration of the Directors (for the year ending December 31, 2017)

Name (Unit : million Baht)	Annual Remuneration			Bonuses	Total
	Board of Directors	Audit Committee	Nomination and Remuneration Committee		
1. Mr. Prakit Pradipasen	0.96	-	-	0.30	1.26
2. Mr. Phaithoon Kijssamrej	0.60	-	0.12	0.25	0.97
3. Mr. Chaikut Srivikorn	0.60	-	0.24	0.25	1.09
4. Mr. Warayu Pradipasen	0.60	-	-	0.25	0.85
5. Mr. Thanit Pulivekin	0.60	0.24	-	0.25	1.09
6. Mr. Sakda Maneeratchatchai	0.60	0.36	-	0.25	1.21
7. Mr. Anun Louharanoo	0.60	0.24	0.12	0.25	1.21
8. Mr. Asanee Chantong	0.60	-	-	0.25	0.85
9. Mr. Satid Sudbuntad	0.60	-	-	0.25	0.85
10. Mr. Maitree Tawonatiwasna	0.60	-	-	0.25	0.85
11. Mr. Chatchai Teepsuwan	0.60	-	-	0.25	0.85
12. Mr. Woodthikrai Soatthiyanon	0.60	-	-	0.25	0.85
<b>Total</b>	<b>7.56</b>	<b>0.84</b>	<b>0.48</b>	<b>3.05</b>	<b>11.93</b>

(C) Comparison of Remunerations of Directors and Executives

Remuneration (Unit : Million Baht)	2017		2016		2015	
	Persons	Amount	Persons	Amount	Persons	Amount
1. Directors' Remuneration & Bonus	12	11.93	12	11.33	12	11.28
2. Executives' Salary, Bonus and Others*	5	36.45	5	34.30	5	32.40
<b>Total</b>		<b>48.38</b>		<b>45.63</b>		<b>43.68</b>

Remarks : \* This includes provident fund of year 2017 : 2016 : 2015 = 2.12 : 1.82 : 1.64 Million Baht.

## 2.2 Other Remunerations

No other remunerations in addition to the above remuneration.





## AUDIT FEE OF THE COMPANY AND SUBSIDIARY COMPANY

For the fiscal year ended December 31, 2017.

The appointed certified public accountant for the Company and its subsidiary from year 2013 to 2017 was Ms. Bongkot Amsageam, certified public accountant registration no. 3684, of KPMG Phoomchai Audit Ltd. The audit fee for year 2017 decreased from year 2016 by 2.44 percent, which can be summarized as follows.

Description (Unit: Baht)	2017	2016	Increase / (Decrease)	
			Amount	%
<b>Audit Fee of the Company</b>				
Annual audit fee	760,000	730,000	30,000	4.11
Interim financial statements audit fee	360,000	360,000	-	-
consolidated financial statements audit fee	320,000	320,000	-	-
Other expenses *	76,000	173,425	(97,425)	(56.18)
<b>Total</b>	<b>1,516,000</b>	<b>1,583,425</b>	<b>(67,425)</b>	<b>(4.26)</b>
<b>Audit Fee of the Subsidiary Company</b>				
Annual audit fee	310,000	290,000	20,000	6.90
Interim financial statements audit fee	60,000	60,000	-	-
Other expenses *	6,000	5,900	100	1.69
<b>Total</b>	<b>376,000</b>	<b>355,900</b>	<b>20,100</b>	<b>5.65</b>
<b>Grand Total</b>	<b>1,892,000</b>	<b>1,939,325</b>	<b>(47,325)</b>	<b>(2.44)</b>

**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 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 2017, the Board of Directors held 12 meetings altogether.

As of December 31, 2017, 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)	
		2017	2016
1. Mr. Prakit Pradipasen	Chairman of the Board	12/12	12/12
2. Mr. Phaithoon Kijamrej	Director	6/12	10/12
3. Mr. Chaikut Srivikorn	Director	9/12	10/12
4. Mr. Warayu Pradipasen	Director	12/12	12/12
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	11/12
7. Mr. Anun Louharanoo	Independent Director (started January 10, 2005)	11/12	12/12
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)	11/12	9/9
Mr. Krit Phanratnamala	Director (ended April 25, 2016)	-	3/3
12. Mr. Woodthikrai Soatthiyanon	Independent Director (started January 12, 2011)	11/12	11/12
13. Ms. Thanakarn Phanthapirat	Company Secretary	12/12	12/12

**Directors authorized to sign on behalf of the Company** are Mr. Prakit Pradipasen, Mr. Chaikut Srivikorn, Mr. Phaithoon Kijamrej, 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 at least within five years and participate in the formulation of vision and mission so that the executives and employees share the same goals and direction.
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 NRC 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 to ensure effective operations; 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 daily routine works in accordance with the established objectives, targets, policies, and work plan as approved by the Board of Directors and within 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 position 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 as the coordinator among the executives, directors and shareholders of the Company. The Company Secretary has duty to organize meetings and take minutes of the Board of Directors' Meeting and the Shareholders' 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, affiliated 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 shall be in accordance with the Company's regulations.
11. To clearly appoint managing authorities to the Management in writing, and monitor its operation to ensure alignment with the assigned duties. The roles and duties of the Board of Directors and the Management are clearly separated, which can be categorized into 3 groups as follows: 1) Matters being overseen by the Board of Directors, 2) Matters being jointly undertaken by the Board of Directors and the Management, and 3) Matters being delegated by the Board of Directors to the Management.
12. To ensure compliance with related laws, rules, and regulations, as well as the shareholders' meeting resolution, laws related to securities and exchange, regulations and guidelines from the SEC, as per Securities and Exchange Act B.E. 2535, section 89/7-89/10, for example.
13. The Board of Directors and sub-committees are required to prepare a board charter for each committee, establishing clearly the duties, roles, and responsibilities of each committee as references for each director. The board charters are to be reviewed as least once a year as per the directions of the Company.

#### **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](http://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 end of term causing the number of members to be 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 latest within 3 months from 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 2017, the Audit Committee held 7 meetings altogether.

As of December 31, 2017, the Audit Committee comprised the following 3 members.



Names	Positions	Audit Committee's meeting (Sessions)	
		2017	2016
1. Mr. Sakda Maneeratchatchai	Audit Committee Chairman	7/7	7/7
2. Mr. Anun Louharanoo *	Audit committee Member	7/7	7/7
3. Mr. Thanit Pulivekin	Audit committee Member	7/7	7/7

**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 Ms. Wasana Tochuwong 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 review the validity of references and self-assessment forms related to anti-corruption measures as per the commitment to the Thailand's Private Sector Collective Action Coalition Against Corruption; 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. Ms. Wasana Tochuwong, Manager of the Internal Audit and Compliance Control Office, has been appointed as the Secretary to the Audit Committee.

## 2.2 NRC Committee

The NRC Committee comprises at least 3 non-executive directors and at least 1 member must be an independent director. The NRC Committee members shall be appointed by the Board of Directors and shall have an office term of 3 years. The NRC Committee shall select and appoint one member to be the Chairman of the NRC Committee. If the number of NRC Committee 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 2017, the NRC Committee held 5 meetings altogether.

As of December 31, 2017, the NRC Committee comprised of the following 3 members.

Names	Positions	Nomination and Remuneration Committee Meeting (Sessions)	
		2017	2016
1. Mr. Chaikut Srivikorn	NRC Committee Chairman	5/5	4/4
2. Mr. Phaithoon Kijssamrej	NRC Committee Member	4/5	4/4
3. Mr. Anun Louharanoo	NRC Committee Member	5/5	4/4

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



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

The NRC Committee 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, as well as to consider nomination criteria and process to recruit suitable candidates for the directorship position, by using the board skill matrix as reference information for the consideration in order to establish the required qualifications. The qualification of the nominated directors includes knowledge, specialized skills that are beneficial to the Company, experience in business or industries related to the Company's main operations. This is to enable the Board to effectively oversee compliance to the strategy and policies. The opinions shall be submitted to the Board of Directors before being proposed 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 appropriate remuneration format and criteria for the Board of Directors and sub-committees by comparing with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industry. Remuneration is considered based on 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 opinion shall be submitted to the Board of Directors before proposing to the shareholders' meeting for consideration and approval.
- 2.2 To consider performance evaluation format 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 yearly performance, annual budget and operating objectives as well as market and economic situations. The opinion shall be submitted to the Board of Directors before proposing to the shareholders' meeting for consideration and approval.
- 2.3 To perform other duties as assigned by the Board of Directors.

3. **The Report of the NRC Committee 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, or a person deemed appropriate by the CG Committee, 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 an event that the number of CG Committee members is lower than required, the NRC shall nominate a new CG Committee member and propose to the Board of Directors for appointment within 3 months for continuity in operation.



In year 2017, the Corporate Governance Committee held 5 meetings altogether.

As at December 31, 2017, the Company has a total of 3 Corporate Governance Committee members as follows.

Names	Positions	Corporate Governance Committee Meeting (Sessions)	
		2017	2016
1. Mr. Thanit Pulivekin	CG Committee Chairman	5/5	3/3
2. Mr. Woodthikrai Soatthiyanon	CG Committee Member	4/5	2/3
3. Mr. Satid Sudbuntad	CG Committee Member	5/5	3/3

*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 Corporate Governance Handbook and the Code of Conduct for the directors, executives and employees at every level to adhere to as operating guidelines, which is deemed as an important duty 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 to nurture into corporate culture in practice. 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 2017, there were self-assessment of the performance of the Board of Directors and the sub-committees, as a whole and as an individual, 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 and the Sub-committees as a Whole and as an Individual:

- (A) The Board of Directors and the sub-committees, as a whole and as an individual, received an average score of between 82.3 percent and 99.3 percent. The Board of Directors has provided feedback and recommendation for each committee, which were beneficial to the Company.
- (B) Summary results of the assessment for every board and sub-committee are as follows.



Board of Directors/Committees	Performance Assessment	
	2017	2016
1. Board of Directors as a whole	92.1%	92.9%
2. Board of Directors as an individual	92.8%	92.2%
3. Audit Committee as a whole	96.1%	92.4%
4. Audit Committee as an individual	97.0%	90.9%
5. Nomination and Remuneration Committee as a whole	86.9%	89.1%
6. Nomination and Remuneration Committee as an individual	95.5%	93.2%
7. Corporate Governance Committee as a whole	96.8%	96.1%
8. Corporate Governance Committee as an individual	97.0%	96.2%
9. Management Committee as a whole	99.3%	99.1%
10. Management Committee as an individual	97.7%	97.7%
11. Risk Management Committee as a whole	87.8%	87.3%
12. Risk Management Committee as an individual	82.3%	80.2%

#### 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 2017, the Management Committee held 48 sessions of weekly meeting altogether.

As of December 31, 2017, the Management Committee comprised the following 4 members.

Names	Position	Management Committee Meeting (Sessions)	
		2017	2016
1. Mr. Asanee Chantong	Management Committee Chairman	46/48	49/49
2. Mr. Satid Sudbuntad	Management Committee Member	48/48	49/49
3. Mr. Maitree Tawonatiwasna	Management Committee Member	48/48	49/49
4. Ms. Thanakarn Phanthapirat	Management Committee Member and Secretary	44/48	47/49

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

To manage the Company's business in accordance with objectives, target, policies, strategy, business plans, and budget as approved by the Board of Directors, and assess the results against the KPI (Key Performance Indicators) for submission to the NRC before proposing 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, quarterly, and annual operating results, which are compared with the target and annual budget, as established by the Board of Directors' Meeting, perform self-assessment according to the KPIs for individuals as already approved and provide opinion to the NRC before proposing 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 was assigned to appoint the following committees for special purposes as follows.

#### 2.4.1 Risk Management Committee

The Management Committee has appointed the Risk Management Committee, comprising of the Company's executives ranking from the Department Manager level and above for at least one person from each department, including the Legal Office Manager, to be the Risk Committee Members, totalling at least 10 members. 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 2017, the Risk Management Committee held 7 meeting altogether and several other separate meetings according to specific tasks.

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

To establish risk management policy and work plan 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 risk 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 2017, 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 appointed the Corporate Social Responsibility Committee (CSR Committee) comprising of the Company's executives from the Department Manager level and above for at least one person from each department to be the CSR Committee members, 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 2017, 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 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 Anti-Corruption Committee**

The Management Committee has appointed the Anti-Corruption Committee and enroll and join the Thailand's Private Sector Collective Action Coalition against Corruption (CAC) as approved by the Board of Directors 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. Anti-Corruption Steering Committee** comprises of at least 3 Company's executives from the level of Assistant Managing Director or higher, having the Chief Operating Officer be appointed as the Chairman of the Anti-Corruption Steering Committee. Its duties and responsibilities include establishment of anti-corruption policy, supporting, offering advice and resolving problems of the Anti-Corruption Working Committee for effective operation, etc.
- 2. Anti-Corruption Working Committee** comprises of at least 9 Company's executives from the level of Department Manager or 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 2017, the Anti-Corruption Committee held 5 meetings in year 2017 and several other separate meetings according to specific tasks 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, 2017, 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, target, policies, strategy, business plan, annual budget, financial plan, investment plan, human resources and information technology management, etc. by assessing Company's achievements against the KPI (Key Performance Indicators) for submission to the Management Committee before proposing to 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 Department Manager positions or higher to 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 Level and Higher**

The Company has conducted performance assessments of the executives from the Assistant Managing Director level 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 increase shall be proposed to the NRC Committee for consideration before proposing to the Board of Directors of the Company for consideration and approval.



# NOMINATION OF DIRECTORS AND EXECUTIVES



The Company has designated the Nomination and Remuneration Committee to consider and screen individual according to the principles and procedure that are stipulated by the Company's regulations before proposing the said individual to the Board of Directors or the Shareholders' Meeting for consideration and approval, according to the regulations for the nomination of directors and executives as stated in the Nomination and Remuneration Committee Charter and 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 by using the board skill matrix as reference information for the consideration in order to establish the required qualifications. The qualification of the nominated directors includes knowledge, specialized skills that are beneficial to the Company, experience in business or industries related to the Company's operations. This is to enable the Board to effectively oversee compliance to the strategy and policies. Information from the Director Pool is also considered 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](http://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 appointment of the directors.
- 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 directorship positions available or elected 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-committee members 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 (NRC) 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 and higher 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 10 executives at the level of Division Manager and above and select one Executive Director to become the Chairman of the Corporate Social Responsibility Committee.
- 3.3 Anti-Corruption Committee comprises of the following anti-corruption working groups:
  - (A) **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 Anti-Corruption Steering Committee by position.
  - (B) **Anti-Corruption Working Committee** comprises of at least 9 Company's executives from the level of Division Manager and above, 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](http://www.dbp.co.th)) from October 17, 2017 until January 18, 2018. 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

### Dividend Payment

#### of Diamond Building Products Public Company Limited (Parent Company)

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 2017 are as follows:

#### Dividend Payment Policy:

“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	2017	2016	2015
Earnings Per Share (Baht Per Share)	0.43	0.39	0.33
Dividend Per Share (Baht Per Share)	0.36	0.30	0.25
Dividend Payout Ratio (%)	83.72%	76.92%	75.76%
Dividend Paid (million Baht)	341	284	262
Number of Paid – up Common Shares (Million Shares)	1,048	1,048	1,048
Number of Treasury Shares (Million Shares)	100	100	-
Par Value (Baht Per Share)	1.00	1.00	1.00

**Remark :** \* According to the Table above for year 2017, 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 2017; 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 6, 2018.

### Dividend Payment of Diamond Materials Co., Ltd. (Subsidiary Company)

According to the Articles of Association of the subsidiary company, Article 26 states that “At every dividend payment, the company must appropriate fund for reserve capital for at least one-twentieth of the net profit according to the separate financial statements, which the company has made from its business operation until such reserve capital reaches one-tenth of the capital of the company or more.”



# CORPORATE GOVERNANCE



The Company, as a listed company in the Stock Exchange of Thailand 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 2017, the Company received awards relating to corporate governance as follows.

## Good Corporate Governance Policy :

“The Company is committed to effective business operation, competitiveness, and good operating results, with responsibility, circumspection, integrity, transparency, and business ethics. All shareholders and stakeholders are equally and fairly treated. To achieve sustainable business value, the Company also focuses on contribution to society and minimizing environmental impact, as well as respect to human rights, political neutrality, and anti-corruption.”

1. The Company was presented with “**Thailand Sustainability Investment (THSI) Award for 2017**” from the Stock Exchange of Thailand and Money&Banking Magazine. The award was for listed companies with sustainable business practice that consider the Environment, Society, and Governance (ESG).
2. The Company received a five-star award (  ) for the assessment of corporate governance among Thai listed companies year 2017, in which the Company received 91% score and was placed in the “**Excellent**” group, 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.
3. The Company received a four-star award (  ) for the annual general meeting (AGM) quality assessment of the listed companies year 2017, in which the Company received 97% score and was placed in the “**Very Good**” group.

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 of every level to adhere to and practice and accepted by every group of stakeholders. The Company has revised and improved on the Corporate Governance Handbook appropriately and consistently every year according to the CG Code provided by the SEC, which has disseminated on the Company’s website ([www.dbp.co.th](http://www.dbp.co.th)) for the first time since 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. Procedure before the 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 Shareholders' 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.
- 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 established 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 NRC Committee to consider in accordance with 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 on 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 party 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.
- 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 Sustainability Report in the Annual Report (Form 56-2).

#### 2. Disclosure of Compliance with the Policy and Preparation of Sustainability Report

- 2.1 The Company has established the Corporate Social Responsibility Committee to establish policy, rules and practice guidelines related to corporate social responsibility as well as promote and support cooperation and involvement from every employee in the operation.
- 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. 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 Procedure after Whistleblowing or Complaint Notification

- (A) 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.

- (1) In the case of severe impact to the reputation of the Company, it must be processed urgently.
- (2) In other cases, they must be processed quickly.

Record information from the Complainant as follows: 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.

- (B) After the registration of complaint, the level of confidentiality is set according to the content of the matter and shall be processed as follows.

- (1) 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.
- (2) In case of complaint on the Board of Directors or Chief Executive Officer or Assistant Managing Director or above, 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.
- (3) 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.

- (C) Collection of Facts.

- (1) 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.
- (2) 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.
- (3) 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.

- (4) 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.

(D) 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

- (A) The stakeholder whistleblowing or complaining according to (3.1) above shall not need to disclose the name.
- (B) 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.
- (C) 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.
- (D) 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 Measures 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, target, 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 and yearly 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 top executive 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:
  - (A) 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.
  - (B) 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.

- 1.13 The Company has established a policy for communication on social networks to ensure effective and beneficial discourse by directors, executives, and employees on social networks. This also prevents misconstrued information that can affect the image and trustworthiness of the Company and stakeholders.
- 1.14 The Company has ensured that personnel related to the creation and dissemination of information are knowledgeable, skilled, and possess required experience for their duties, with adequate manpower. The personnel also includes the top-level accounting and financial executives, internal auditors, and investor relations officers.
- 1.15 The Company has put emphasis on the credibility of financial disclosure. Various factors are considered, including assessment of the sufficiency of the internal control, auditor's opinion on financial reports and auditor's observation on the internal control, as well as auditor's observation via other channels (if any), opinion of Audit Committee, compliance with the objectives, main target, strategy, and policies of the Company, etc.
- 1.16 The Company has ensured that accounting records are complete, valid, and transparent as per the regulations of the Company and related laws. In every business undertaking, all employees are required to commit to honesty, integrity, and ethics – specifically, the validity of the accounting records, accounting and financial reports, and compliance to the laws, etc.

## **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: 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, corporate structure, invitation to shareholders' meetings, the Company's articles of association, memorandum of association, Company's policies, board of directors charter, charters of the sub-committees, code of conduct, investor relations information or investor relations office and information or other documents that the Company presented to the analysts, 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, and is established as a guideline for communication with shareholders.

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 2017, 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) organized by the Stock Exchange of Thailand.
- 3.3 Press releases in event of important investment transactions or business activities of the Company.
- 3.4 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 5 directors being appointed by the shareholders' 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. **Qualifications 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. Director's nomination is also considered based on established diversity of the board as one of the requirements.
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 for effective operation, and to give advice but no 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 Chief Operating Officer** have duties in daily routine management to ensure compliance with objectives, target, policies, strategy, and work plan as approved by the Board of Directors, within the scope of authorities as appointed by the Board of Directors.
4. **The Board of Directors** shall establish sub-committees for specific matters as necessary by the selection and nomination of the NRC Committee. The current sub-committees are: 1) Audit Committee 2) NRC 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. Development Training :** 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.

Trainings for directors and executives in year 2017 are as follows:

No.	Name of Director	Position	Training Course
1.	Ms. Thanakarn Phanthapirat	Management Committee Member, Assistant Managing Director Accounting and Finance, and Company Secretary	<b>Federation of Accounting Professions :</b> <ul style="list-style-type: none"> <li>• “Cost Reduction with Material Flow Cost Accounting” Class 6/60</li> <li>• “Financial Statements” Class 4/60</li> </ul> <b>Stock Exchange of Thailand :</b> <ul style="list-style-type: none"> <li>• “Preparation Workshop for Sustainable Assessment” Class of 2017</li> </ul> <b>Thai Listed Companies Association :</b> <ul style="list-style-type: none"> <li>• SET Social Impact Day 2017: Partnership for the Goals</li> <li>• “SDGs Implementation: Learned from the Pros”</li> </ul>

#### 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 2018

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. 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.



# ANTI-CORRUPTION



With commitment to transparency, ethics, and responsibility to shareholders, customers, employees, society, and every group of stakeholders, the Company has established the “**Anti-Corruption Policy**” in writing to raise awareness on the danger of corruption, instill good values, inspire trust among all stakeholders, as well as being a clear guideline supporting business operation of the Company to ensure achievement of objectives and target according to the established work plan.

## 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 with government officials, state agency and private organization, covering every business relevant to the Company and that regular check and review on the anti-corruption practice in order to conform with the changing business, rules, regulations and laws.”

In year 2017, the Anti-Corruption Committee comprises of executives from every department, totaling 21 persons. The committee held 5 meetings altogether to assess risk factors related corruption in every department, which may affect the operation of the Company and subsidiary company and no significant faults have been found. The work of the committee can be summarized as follows:

1. Reviewed the anti-corruption policy and work plan, as well as increase the number of committee members from 14 persons to 21 persons to cover all departments with corruption risks.
2. Arranged the assessment on corruption risks for all department at least once a year in order to raise awareness among executives and employees regarding accountability to law and anti-corruption policy compliance. Each department shall analyze its risk factors and determine “**High Risks**” which require further appropriate rectification and prevention. The risk assessment process is as follows:
  - 2.1 The Anti-Corruption Committee has reviewed the corruption self-assessment form and then forwards it to every department to conduct self-assessment and analyze “**High Risks**” factors for further determination of rectification and prevention measures of such risks.
  - 2.2 Managers of responsible departments establish rectification and prevention measures for risks labeled as “**High Risks**” level and report on the revised risk assessment to the Anti-Corruption Committee.
  - 2.3 The Anti-Corruption Committee considers the suitable rectification and prevention measures that can mitigate the risk to an acceptable level that does not affect the business operation of the Company.
  - 2.4 Corruption risks shall be reviewed at least once a year or as necessary and practical.
3. Prepared for the extension of the membership re-certification from the Thailand’s Private Sector Collective Action Coalition against Corruption (CAC). Guidelines being reviewed to support anti-corruption measures include:
  - 1) Policy on Political Affairs, 2) Receiving and Giving of Gifts, Reception, Services, and/or Other Benefits, 3) Financial Sponsorship, 4) Charitable Donation, and 5) Guideline on Whistleblowing and Complaints, which includes complainant protection measures. Whistleblowing and complaints can be made via email (Audit\_Com@dbp.co.th), which is directly submitted to the Audit Committee in writing.

Throughout year 2017, the Company and subsidiary company have no legal disputes or violations related to corruption, either under investigation, litigation, or court proceedings.





# 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 Policy :

“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.”

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 Development of a personnel recruitment tool called “**Workshop Station Test**” for the machinery service technical engineer position to employ individuals with important and practicable skills as required.
  - 1.2 Recruitment 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 Selection of candidates for “**Sales Area Manager**” positions, which includes development of questionnaire and interview to ensure that the recruited individuals in sales department are knowledgeable and possess experience as required.
  - 1.4 Improvement on the perceived image of the recruitment by providing satisfaction questionnaire for candidates, such as, 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 2017, 75 personnel training and development courses were arranged in 91 classes, with total training hours of 6,312 hours (average of 7.2 hours per person per year). The training and development in year 2017 focused on basic technical skill improvement, modern leadership, sales team development, and refresher on product knowledge for sale agents and PC staff, knowledge on anti-corruption measures and raising awareness on safety together with awareness on 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. In year 2017, the measures include:



- 3.1 Benefits :** The Company has improved benefits of employees for better quality of life as follows:
- (A) Establish “**Diamond Fitness Room**” to promote good health among employees and their family members. The facility is replete with fitness equipment, such as jogging lanes, treadmills, stationary bicycles, dumbbell weight set, etc.
  - (B) Arrange the first “**25 Years of Diamond Diligence**” award ceremony for 142 employees with employment period over 25 years at Saraburi Inn Hotel on April 10, 2017. The award ceremony was to inspire and express appreciation to the employees who had been working for over 25 years.
  - (C) Organize an early-retirement program for employees at level lower than section managers who are 55 years old or over, and with employment period of 10 years or more.
- 3.2 Activities promoting “Happy Workplace” :** The Company has continuously arranged activities promoting “Happy Workplace”, with employees and neighboring community participating in the activities. Fifteen activities that were arranged could be grouped into eight categories as follows: 1) Happy Body, 2) Happy Heart, 3) Happy Soul, 4) Happy Relax, 5) Happy Family, 6) Happy Society, 7) Happy Brain, and 8) Happy Money.
- 3.3 Labor Relations Promotion :** Based on the “**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, department stores, 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 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](http://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 actions, interaction and vigilance to stop risky behavior by using a stop card, and campaign promoting the use of near



miss report in the Company. All of these have made Diamond People become aware and actively take part in the accident prevention with full commitment. In year 2017, there were 7 accident incidents, an increase of 1 incident from year 2016 with 6 accident incidents.

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 skilled 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 Company possesses a suitable selection system for employees assuming roles in all important managerial positions. The nomination of top executives requires nomination procedure set out by the NRC Committee. The succession planning is as follows:

#### **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 of the Company. 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:

- 7.1 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.
- 7.2 Find out about positions with such risk, in which Human Resource Department shall conduct the research.
- 7.3 Plan on the nomination and development of employee, determine the knowledge, capabilities, skills, personality, and attitude, etc
- 7.4 Make selection by evaluation of performance and individual employee who has potential for higher position.
- 7.5 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.
- 7.6 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, with assessment and revision on risk factors that may affect every aspect of business operation. To prevent and mitigate potential risks and ensure trust among every group of stakeholders, the committee monitors and rectifies any unacceptable risks, as well as monitoring to ensure sufficient and appropriate risk management system according to the principles of good corporate governance.

## **Risk Management Policy :**

"The Company is determined to prevent and mitigate any potential risks by analyzing, assessing, and reviewing risk factors that may affect every aspect of business operation. Any unacceptable risks are monitored and rectified, and sufficient and effective risk management system is ensured according to the principles of good corporate governance."

During year 2017, the Risk Management Committee held 7 meetings altogether, comprising of executives from every department, totalling 15 persons, to analyze and assess risk factors to create a risk map, as well as determining risk management measures according to risk factors as follows:

- **Red Risk** : Risk factors required urgent rectification.
- **Yellow Risk** : Risk factors required monitoring due to potential risk that may need prevention measures.
- **Green Risk** : Risk Factors that are not yet considered as risk.

The analysis and assessment of risk factors results in 8 risk factors required urgent rectification (Red Risk), being 4 external risk factors and 4 internal risk factors. Guidelines and measures are established to mitigate risks that may significantly affect business operation of the Company and subsidiary companies, 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 study the impact for clarity. In year 2017, the government has yet to enforce such policy. Regardless, the Company has made preparations by developing machinery and manufacturing processes that do not contain asbestos, as well as expanding product offering to include new products and alternative construction materials as a diversification of product portfolio, including trusses, gypsum boards, and roof accessories, etc.

### **1.2 Risk related to the government issuing new laws**

In year 2017, the government has issued new laws throughout the year. The laws that are related to the Company's operations include 1) Computer Crimes Act; 2) Foreigners' Working Management Emergency Decree; 3) Labour Protection Act; 4) Customs Act; 5) Tax System and Electronic Transaction Document; 6) Emergency Decree issued by virtue of the Revenue Code on tax exemption, including personal income tax and corporate income tax; 7) Securities and Exchange Act; 8) Provision Amendment on Penal Offence of Legal Person Representatives Act, mostly concern with increased penalties to offending representatives of a legal person. The Company has assigned the legal office to study those laws in details to see if there are any impact to any departments. The affected departments that are to establish measures and circumspect guidelines to prevent breaches of law that may adversely affect the Company in the future.

#### **(A) Risk related to foreign labors**

According to the Foreigners' Working Management Emergency Decree B.E. 2560 (2017) that was effective from June 23, 2017 onwards, the law establishes duties and responsibilities of foreign worker agents and employers recruiting foreign workers domestically, as well as penalties for breaches of the emergency decree provisions. The Company categorized this risk as risk that



required monitoring, and assigned the human resource department and departments that required foreign labors to establish strict review on foreign workers' qualification to prevent breaches of law. The work plan to decrease a number of foreign labors in the risk group has been established, and shall be conducted within the time frame as established by the law.

**(B) Risk related to IT security**

With fast changing technology, the Computer Crimes Act (No. 2) B.E. 2560 (2017), effective from July 24, 2017 onwards, was issued by the government due to increasingly complex computer crimes occurring nowadays. Accordingly, the Ministry of Digital Economy and Society was created with objectives including: to establish cybersecurity standards and measures; to conduct surveillance on IT and communication security of the nation, and; to improve provisions related to deputies, define new offences and revise existing offences and related penalties.

The Company categorized this risk as risk that required monitoring, and assigned the IT department to monitor and assess the situation. "IT Usage Guideline" was also revised, which included: 1) computer networks, 2) e-mails, 3) computer applications, 4) communication on social networks, e.g. Facebook, Instagram, Line, etc. To ensure normality, efficacy, and highest benefits, public-facing IT systems are required to be ethical, adhere to the Code of Conduct, and comply with the Computer Crimes Act and related laws.

**1.3 Risk related to financial instruments**

**(A) Foreign currency exchange rate risk :** Due to the purchase and sales of products 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 foreign currency exchange rate to an acceptable level.

**(B) Interest rate related risk :** The Company has mitigated the risk by using fixed interest rate on long-term loans, but using floating interest rate for short-term loans or promissory notes with maturity of one year or less, which are used for daily operation. Operating cash flow reports are prepared daily to ensure sufficient management of income and expenses. Low-cost loan sources are also explored to support the established target and strategy.

**1.4 Risk related to influence from domestic economic condition**

In year 2017, the overall domestic construction sector has recovered from the previous year, with major supporting factor from government's investment on infrastructure driving the economy this year, directly affecting cement, concrete, and steel product businesses. However, investment in private sectors remained the same as the previous year, with lingering concerns on the direction of the domestic economy due to stagnant market condition and suppressed purchasing power. Therefore, the Company has prepared an effective and appropriate sale and marketing plan according to the economic condition by continuously focusing more on marketing communication, raising brand awareness, and promoting good image of the Company.

**2. Risk from Internal Factors**

**2.1 Risk related to strategy**

The Company determines the annual budget according to the economic condition each year; establishes the target, work plan, and business management strategy to achieve the target; and analyses risks that may inhibit the success of the target as follows:

**(A) Risk related to price competition**

The Company closely monitors the market situation and competition of each product in every distribution channel, and continuously reviews operational plans and sales strategy to ensure the achievement of the target. However, there is a risk due to constantly strong price competition from new players focusing on low price products. To mitigate such risk, the Company has revised the compensation for dealers in areas with fierce competition, as well as providing training for dealers to improve competitiveness. Products are also distributed to modern trade, projects,



and export markets in CLMV countries and others where construction materials are in demand.

**(B) Risk related to production capacity**

To ensure achievement of the target, the production department, the technology department, and the engineering department, are to maintain the equipment so that product manufacturing can run effectively and up to the market demand. In year 2017, the production capacity of several products started to be insufficient to the market demand. Thus this is a risk requiring proper management. A flexible operational plan has been established to allow production capacity that is adaptable to market demand. To support the market demand, several production lines have undergone improvement to increase their capacity, and feasibility study on the construction of new production lines has been conducted.

**(C) Risk related to new product development**

The production department and the technology department jointly conduct a study to explore new product development for at least 1 to 2 studies every year. The products of the Company include roofing tiles, siding boards,, boards, autoclaved aerated concrete, and installation accessories. Therefore, new product development involves diversification of existing products, creating different and better advantages apart from the competitors, as well as using modern technology and lower energy. This year, the product development includes realistic artificial wood colors, grooved gray siding boards with homogenous color (lap siding), T-Lock wood flooring which reduces nail works, and 2-in-1 eaves, for example.

Although new product development requires time and expenses on trial production to ensure product quality and marketability, with potential risk in case of unsuccessful attempts, it is a necessary endeavor to ensure competitiveness and sustainable footing in the industry. Research and development thus requires proper proceeding, and trainings must be provided to Diamond People to inspire creativity for sustainable innovation.

**2.2 Risk related to operation**

Supporting departments, such as procurement and human resources, are required to support the sale department and production department to achieve the established target. The risk factors that may inhibit the target are as follows:

**(A) Risk related to shortage of raw materials**

The Company's raw materials are comprised of cement, synthetic fiber, paper pulp, sand and water; there is a risk related to the increase in price and shortage of raw materials. 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 raw materials both locally and overseas; effective management of procurement, distribution, and storage to mitigate potential shortage risk. As water is one of the necessities in the manufacturing processes, during drought or flood the Crisis Management Working Group has established a measure to monitor the water level of Pa Sak Jolasid Dam, which is the main source of water for the manufacturing processes of the Company; and establishing secondary plan, find other water source to support future demand.

**(B) Risk related to manpower and employment**

The Company has risk related labor shortage due to the requirement for skilled workers in industrial factories. Recruitment, training and retention of personnel are properly managed. Emphasis has been placed on ensuring that Diamond People are happy, healthy, well compensated with fair and appropriate benefits. Additionally, the production department and the engineering department have jointly developed automatic machinery throughout all production lines, which otherwise require large number of manpower. Moreover, robotic technology is being explored to tackle labor shortage in the future.



## 2.3 Risk related to Diamond Society and Environment

### (A) Risk related to occupational health and safety

The Company gives precedence to occupational health and safety to ensure wellbeing of the Diamond People and related persons. The Occupational Safety, Health, and Workplace Environment Committee (OSHWE), in cooperation with SHE unit, have published the Accident Prevention Measures Handbook and, 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 (**7 Permits**) to prevent accidents in high risk areas. As a results, the accidents incidents in year 2016 were reduced from 12 times to 6 times, but increased to 7 times in year 2017. To ensure safety among employees and related persons, the OSHWE and SHE unit have thus published Machinery Safety Handbook (**7 Safety Manual**), and investigated risky areas to establish risk mitigation measures.

### (B) Risk related to environmental impact

The Company has received industrial standard certificate on environmental management system, ISO 14001:2015 from TÜV NORD since year 2016. With emphasis on judicious use of resources and waste management with 3R methodology (Reuse, Reduce, and Recycle), waste from manufacturing process is reduced, as well as waste being discarded out of the system and waste disposal cost. Manufacturing processes are improved to decrease water and energy usage, as well as greenhouse gas emission. The manufacturing processes are also improved to reduce dust and odor. An assessment has shown that the Company has passed the industrial standard, with no impact to the environment and surrounding community

## 2.4 Risk related to administration and management of majority shareholders

The Company is a subsidiary Company of Myriad Materials Co., Ltd., which is the Company's majority shareholder with 53.23 percent of shares (as at December 31, 2017). 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, before proposing to the Board of Directors and/or the shareholders' meeting for consideration and approval. The Company shall disclose the related party transactions in the notes to the Company's financial statements to the public as well.



# INTERNAL CONTROL



The Board of Directors has established that the Company must have circumspect and appropriate internal control system, including regular result assessment and monitoring, by having the Internal Audit and Compliance Control Office monitor the results of the operation and report 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 related stakeholders. The assessment of the Company's internal control system in year 2017 complied with international standards. The Audit Committee has an opinion that the Company's internal control system is well circumspect and appropriate, which can be summarized as follows.

## 1. Control Environment

1.1 The Company adheres to the values of morality and integrity 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 at every level 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 on the Company's website for acknowledgment by the employees and outsiders.
- (B) The Company has established measure and procedure for approval of connected transactions or transactions with conflict of interest, 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 all employees at every level of the Company and subsidiary company 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 on the compliance with the Code of Conduct, in which executives of every department are required to perform self-assessment. The Internal Audit and Compliance Control Office shall review those self-assessment forms.
- (D) The Company reviews and rectifies the actions that are against the principles of honesty and business ethics appropriately and periodically.

1.2 The Board of Directors of the Company is independent and separated from the Management and has oversight function and development of internal control system 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 the Board of Directors and each sub-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.
- (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 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 the corporate structure specifying 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 circumspect and 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.
- (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 department to jointly consider and resolve the issue 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 in 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)

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 work plan and annual budget regularly every year.
- (C) The Board of Directors and executives have reviewed that the KPI does not put too much pressure on each employee performing his/her duties, by linking it to the success of performance in accordance with the internal control system also.

## 2. Risk Assessment

2.1 The Company has established clear, appropriate 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 and fair values and complete and accurate disclosure of information, having been reviewed by the Audit Committee and regularly 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 in order to have sufficient information for the decision making reflecting actual business activities of the Company.

(C) The Risk Management Committee has established policy and guideline for the risk management in writing and communicated with every executive and employee at every level 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 Board of Directors has established the Risk Management Committee, comprising of executives from every department totaling at least 15 persons. The Risk Management Committee 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 factors required urgent rectification.
- **Yellow Risk** : Risk factors required monitoring due to potential risk that may need prevention measures.
- **Green Risk** : Risk factors that are not yet considered as risk.

The Risk Management Committee shall regularly 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 as follows: “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 with government officials, state agency and private organization, covering every business relevant to the Company and that regular check and review on the anti-corruption practice in order to conform with the changing business, rules, regulations and laws.”

(B) The Board of Directors has resolved for the Company to announce its intention be a member of the Thailand’s Private Sector Collective Action Coalition against Corruption (CAC). In order for the Company to operate with transparency, the Anti-Corruption Committee 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. The certificate is valid for three years after the date of certification; the Company shall need to extend CAC membership certificate in year 2018.

(C) The Company shall regularly review operating targets every year during the preparation of work plan and 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 work plan and 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 appropriate and adequate measures 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, domestic economic influence, financial instruments, etc.
- Internal risk factors such as environmental impact, occupational health and safety, manpower and recruitment, sufficiency of production capacity to market demand, IT security, administration and management by the major shareholders, etc.

Accordingly, in the previous year 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 Activities

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 and consideration periodically.

(B) The Company has established the control measures in writing, circumspectly 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.

(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.

(E) The Company has established various circumspect and 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 as follows:

(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 system so it can proceed according to the established plan as follows:

- (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 each 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 adequate 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 and meeting supporting documents, 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**", etc.

(B) Communication channels outside the Company

- The Company has established the Investor Relations Office by designating the top executives to be responsible for communicating and provide information to 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](mailto:Corpcenter@dbp.co.th).
- On Company's website : [http://www.dbp.co.th/trade\\_information.htm](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 ext. 282, E-mail Address : [Audit\\_Com@dbp.co.th](mailto:Audit_Com@dbp.co.th)

## 5. Monitoring System

5.1 The Company has a system for monitoring and assessment of internal control system 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 generally accepted international standards 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 acknowledgment and consideration at the first opportunity or 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 2017, the Company had related transactions with related persons as follows.

### 1. Product Sales and Service Rendering

1. Product sales and service rendering						
Company	Relationship	Transactions	Amount (Million Baht)			
			Product Sales and Services		Accounts Receivable	
			2017	2016	2017	2016
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.	78.22	66.01	17.36	13.23
		Pricing Policy				
		Use normal pricing as compared with real estate development group with normal commercial conditions in general.				
Total			78.22	66.01	17.36	13.23



## 2. Purchase of Finished Products for Sale

Company	Relationship	Transactions	Amount (Million Baht)			
			Purchase of Finished Products		Other Receivables/ (Account Payable)	
			2017	2016	2017	2016
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.	93.00	60.46	(14.38)	3.62
		Pricing Policy				
		Use market price according to normal business.				
Total			93.00	60.46	(14.38)	3.62

## 3. Purchase of Coal

Company	Relationship	Transactions	Amount (Million Baht)			
			Purchase of Coal		Account Payable	
			2017	2016	2017	2016
The Lanna Resources Plc. (Seller)	Having common director but no cross shareholding as follows. <ul style="list-style-type: none"><li>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.</li><li>Lanna Resouces Plc. (Seller) has Mr. Anun Louharanoo as Director and Financial Adviser.</li></ul>	Purchase of coal for fuel in the production of autoclaved aerated concrete.	5.61	1.44	0.57	0.19
		Pricing Policy				
		Use market price according to normal business.				
Total			5.61	1.44	0.57	0.19



#### 4. Office Rental and Property Service Fee

Company	Relationship	Transactions	Amount (Million Baht)			
			Office Rental and Property Service Fee		Other Payables	
			2017	2016	2017	2016
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.	0.19	0.16	-	-
		Pricing Policy				
		Use rental and service fee not exceeding the average rental fee of nearby rental buildings.				
Phahol 8 Co., Ltd. (Service Provider)	Having mutual directors but no possession of inter-related 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.	3.37	2.51	-	-
		Pricing Policy				
		Use rental and service fee not exceeding the average rental fee of nearby rental buildings.				
Total			3.56	2.67	-	-

#### Opinion of the Audit Committee

The Audit Committee examined and reviewed the related transactions occurred in the Company's accounting record during the year 2017 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 2017 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 uncerntained 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 2017.

February 19, 2018

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



Mr. Prakit Pradipasen  
Chairman of the Board

Mr. Satid Sudbuntad  
Chief Executive Officer



# SUMMARY OF OPERATING RESULTS AND FINANCIAL ANALYSIS



Management Discussion And Analysis (For the Consolidated Financial Statements of the Year Period Ending December 31, 2017)

## 1. Overall Operating Results

For the year 2017, the total revenue from sales and services of the Company and its subsidiary (together referred to as the “Corporate Group”) was Baht 4,171.13 million, which increased from the previous year by 1.28 percent and the net profit of year 2017 was Baht 411.61 million, which increased from the previous year by 4.99 percent. However, if the extra profit from the sale of unused land of Baht 23.12 million had not been included in the net profit of previous year, the net profit would increase by Baht 42.70 million or an increase of 11.57 percent from the same period of previous year, due to effective management of production cost and selling expenses.

## 2. Analysis of Operating Results and Profitability

### 2.1 Revenues from Sales and Services

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	3,825.51	91.42	3,803.83	91.42	21.68	0.57
Revenues from Services	345.62	8.26	314.47	7.56	31.15	9.91
<b>Total Revenue from Sales and Services</b>	<b>4,171.13</b>	<b>99.68</b>	<b>4,118.30</b>	<b>98.98</b>	<b>52.83</b>	<b>1.28</b>
Gain on Sales of Fixed Assets	3.89	0.09	31.33	0.75	(27.44)	(87.58)
Gain on Foreign Exchange Rate – Net	2.30	0.05	4.32	0.10	(2.02)	(46.76)
Other Revenue	7.35	0.18	6.90	0.17	0.45	6.52
<b>Total Other Revenue</b>	<b>13.54</b>	<b>0.32</b>	<b>42.55</b>	<b>1.02</b>	<b>(29.01)</b>	<b>(68.18)</b>
<b>Total Revenue</b>	<b>4,184.67</b>	<b>100.00</b>	<b>4,160.85</b>	<b>100.00</b>	<b>23.82</b>	<b>0.57</b>

The Corporate Group’s total revenue of year 2017 increased from the same period of previous year by 0.57 percent, consisting of:

- Revenues from sales were Baht 3,825.51 million, which increased from the same period of previous year by Baht 21.68 million or 0.57 percent, due to the increase in product sales volume of 3.33 percent.
- Revenues from services were Baht 345.62 million, which increased from the same period of previous year by Baht 31.15 million or 9.91 percent, due to the increase in revenue from transportation of Baht 5.69 million and increase in revenue from services of Baht 25.46 million.
- Other revenue was Baht 13.54 million, which decreased from the same period of previous year by Baht 29.01 million or 68.18 percent, due to the profit from sale of non-utilized land of Baht 31.08 million (before corporate income tax).



## 2.2 Cost of Sales and Services

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	2,678.19	64.21	2,704.68	65.67	(26.49)	(0.98)
Cost of Services	352.33	8.45	318.06	7.72	34.27	10.77
<b>Total Cost of Sales and Services</b>	<b>3,030.52</b>	<b>72.65</b>	<b>3,022.74</b>	<b>73.40</b>	<b>7.78</b>	<b>0.26</b>

The Corporate Group's total cost of sales and services of year 2017 increased from the same period of previous year by 0.26 percent, consisting of:

- Cost of sales was Baht 2,678.19 million, which decreased from the same period of previous year by Baht 26.49 million or 0.98 percent, due to the decrease in raw material cost and depreciation of 4.15 percent in spite of increase in product sales volume of 3.33 percent.
- Cost of services was Baht 352.33 million, which increased from the same period of previous year by Baht 34.27 million or 10.77 percent, due to the increase in transportation cost of Baht 13.71 million and increase in the cost of services of Baht 20.56 million.

## 2.3 Selling and Administrative Expenses

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	192.70	4.62	201.75	4.90	(9.05)	(4.49)
Administrative Expenses	389.76	9.34	377.13	9.16	12.63	3.35
Management's Remuneration*	48.38	1.16	45.63	1.11	2.75	6.03
<b>Total Selling and Administrative Expenses</b>	<b>630.84</b>	<b>15.12</b>	<b>624.51</b>	<b>15.16</b>	<b>6.33</b>	<b>1.01</b>

**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 2017 increased from the same period of previous year by 1.01 percent, consisting of:

- Selling expenses were Baht 192.70 million, which decreased from the same period of previous year by Baht 9.05 million or 4.49 percent, due to the decrease in marketing and sales promotion expenses of Baht 16.96 million but there were increase in salary and benefits of the employees of Baht 3.36 million and increase in service expenses of Baht 3.56 million.
- Administrative expenses were Baht 389.76 million, which increased from the same period of previous year by Baht 12.63 million or 3.35 percent, due to the increase in salary and benefits of the employees of Baht 15.57 million, increase in product packaging expenses of Baht 2.32 million and increase in processing expenses for export products of Baht 2.31 million, but there were decrease in consulting expenses of Baht 1.74 million, decrease in depreciation and amortization of Baht 4.23 million and decrease in bank fee of Baht 1.98 million.
- Management's remunerations were Baht 48.38 million, which increased from the same period of previous year by Baht 2.75 million or 6.03 percent due to increase in provision for post-employment benefits obligation of the executives.



## 2.4 Profitability

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	4,171.13	100.00	4,118.30	100.00	52.83	1.28
Costs of Sales and Services	3,030.52	72.65	3,022.74	73.40	7.78	0.26
GP	1,140.61	27.35	1,095.56	26.60	45.05	4.11
EBITDA	774.43	18.57	808.07	19.62	(33.64)	(4.16)
EBIT	523.32	12.55	513.61	12.47	9.71	1.89
NP	411.61	9.87	392.03	9.52	19.58	4.99
EPS (Baht per Share) *	0.43		0.39		0.04	10.26
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96		997.41		(49.45)	(4.96)
Return on Equity (ROE) (%)	21.16%		18.58%		2.58%	
Return on Assets (ROA) (%)	13.16%		11.48%		1.68%	

**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 2017 was Baht 1,140.61 million, an increase from the same period of previous year by Baht 45.05 million or 4.11 percent, due to the increase in revenues from sales and services of 1.28 percent and the costs of sales and services increased by 0.26 percent.

### Net Profit (NP) :

The Corporate Group's net profit and net earnings per share of year 2017 increased from the same period of previous year as follows:

- The Corporate Group's net profit was Baht 411.61 million, an increase from the same period of previous year by Baht 19.58 million or 4.99 percent (However, if the extra profit from the sale of unused land of Baht 23.12 million had not been included in the net profit of previous year, the net profit would increase by 11.57 percent) due to the increase in gross profit margin of 4.11 percent in spite of increase in selling and administrative expenses of 1.01 percent.
- The Corporate Group's net earnings per share was Baht 0.43 per share, an increase from the same period of previous year of Baht 0.04 per share or 10.26 percent, due to the increase in net profit of 4.99 percent and the decrease in weighted average number of ordinary shares of 4.96 percent due to the share repurchase in year 2016.

### EBITDA :

- The Corporate Group's EBITDA of year 2017 was Baht 774.43 million, a decrease from the same period of previous year of Baht 33.64 million or 4.16 percent (However, if the profit from the sale of unused land of Baht 31.08 million had not been included in the EBITDA of previous year, the EBITDA would decrease by 0.33 percent) due to the increase in gross profit margin of 4.11 percent.

### Earnings Efficiency :

- Return on Equity (ROE) :** The Corporate Group's ROE increased from 18.58 percent as at end of 2016 to 21.16 percent as at December 31, 2017 or an increase of 2.58 percent, due to the increase in net profit of 4.99 percent and decrease in average shareholders' equity per year of 7.81 percent from the previous year.



- **Return on Assets (ROA) :** The Corporate Group's ROA increased from 11.48 percent as at end of 2016 to 13.16 percent as at December 31, 2017 or an increase of 1.68 percent, due to the increase in net profit of 4.99 percent and decrease in average total assets per year of 8.43 percent from the previous year.

## 2.5 Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at December 31, 2017	As at December 31, 2016		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,017.15	3,237.51	(220.36)	(6.81)
Total Liabilities	1,022.64	1,341.79	(319.15)	(23.79)
Total Shareholders' Equity	1,994.51	1,895.72	98.79	5.21
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96	997.41	(49.45)	(4.96)
<b>Book Value (Baht per Share)*</b>	<b>2.10</b>	<b>1.90</b>	<b>0.20</b>	<b>10.53</b>

**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, 2017 decreased from the end of year 2016 by Baht 220.36 million or 6.81 percent, due to the decrease in fixed assets of Baht 127.90 million, decrease in intangible assets of Baht 6.34 million, decrease in inventory of Baht 45.96 million and decrease in trade accounts receivable and other accounts receivable of Baht 47.53 million, but there were increase in cash and cash in bank of Baht 3.25 million, increase in deferred income tax of Baht 1.99 million and increase in other current assets and other non-current assets of Baht 2.13 million.
- The Corporate Group's total liabilities as at December 31, 2017 decreased from the end of year 2016 by Baht 319.15 million or 23.79 percent, due to the decrease in short-term loan of Baht 293 million, decrease in current portion of long-term loan due within one year of Baht 100 million, decrease in financial lease liabilities of Baht 1.35 million and decrease in current income tax payable of Baht 3.09 million, but there were increase in trade accounts payable and other accounts payable of Baht 67.06 million, increase in other current liabilities of Baht 1.02 million and increase in provision for post-employment benefits obligation of Baht 10.21 million.
- The Corporate Group's total shareholders' equity as at December 31, 2017 increased from the end of year 2016 by Baht 98.79 million or 5.21 percent, due to the increase in net profit of Baht 411.61 million, but there were dividend payment of Baht 312.82 million, resulting in a increase in share book value from Baht 1.90 per share as at end of year 2016 to Baht 2.10 per share as at December 31, 2017.



## 2.6 Cash Flows

Description	Unit: Million Baht	
	Year 2017	Year 2016
Cash Flows from (used in) Operating Activities	822.46	710.22
Cash Flows from (used in) Investing Activities	(91.53)	24.66
Cash Flows from (used in) Financing Activities	(724.51)	(742.98)
Unrealized exchange gain (loss) of cash and cash equivalents	(3.18)	0.28
Cash Increase (Decrease) – Net	3.24	(7.82)
Cash at the Beginning of the Period	20.59	28.42
Cash at the Ending of the Period	23.83	20.60
<b>CFROE = Cash Flow Return on Equity Increase (Decrease) (%)</b>	<b>42.28%</b>	<b>33.66%</b>

- The Corporate Group's net cash from operating activities of year 2017 was Baht 822.46 million, which was higher than the net profit before tax by Baht 311.72 million due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 251.11 million, decrease in trade accounts receivable and other accounts receivable of Baht 47.41 million, net decrease in inventory of Baht 45.96 million, increase in trade accounts payable and other accounts payable of Baht 57.66 million, increase in other non-current liabilities of Baht 10.21 million, increase in other current liabilities of Baht 13.44 million, but there were increase in other current assets, other non-current assets of Baht 9.87 million, payment of accrued corporate income tax for year 2016 of Baht 38.36 million and payment of corporate income tax in the middle of year 2017 of Baht 61.15 million and payment of withholding tax of Baht 4.69 million.
- The Corporate Group's net cash used in investing activities of year 2017 was Baht 91.53 million, due to the expenses paid for tools and equipment replacement after their useful life of Baht 96.09 million, but there were cash received from interest of Baht 0.09 million and cash received from sale of damaged and unusable assets of Baht 4.47 million.
- The Corporate Group's net cash used in financing activities of year 2017 was Baht 724.51 million, due to the repayment of long-term loan and financial lease of Baht 107.04 million, interest payment of Baht 11.65 million, dividend payment of Baht 312.82 million and repayment of short-term loan of Baht 293 million.



## 2.7 Financial Ratios

Financial Ratios	As at December 31, 2017	As at December 31, 2016
Current Ratio (Times)	1.30	1.02
Quick Ratio (Times)	0.65	0.51
Cash flow Liquidity Ratio (Times)	0.78	0.62
Account Receivable Turnover Ratio (Times)	7.81	7.42
Average Collection Period (Days)	46	48
Inventory Turnover Period (Days)	19	18
Average Payable Period (Days)	17	16
Cash Cycle (Days)	48	50
Total Debt to Equity Ratio (Times)	0.51	0.71
Interest Coverage Ratio (Times)	73.26	43.82
Debt Service Coverage Ratio (Times)	6.55	2.59

## 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, 2017 account for 18.04 percent of the total assets with 81.71 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 2017 and there was no bad debt in the past year 2016.

### 3.2 Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at December 31, 2017 accounts for 19.09 percent of the total assets, of which 29.65 percent are finished products, 24.01 percent are work in progress and 34.11 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, 2017 was at 0.51 times, a decrease from end of year 2016, due to the decrease in total liabilities from the end of 2016 of 23.79 percent but the shareholders' equity increased from the end of year 2016 by 5.21 percent, and the interest coverage ratio was at 73.26 times, an increase from end of 2016, due to an increase in cash flow from operating activities from the previous year of 15.80 percent and decrease in interest on loan from the previous year of 32.21 percent.
- The Corporate Group's current ratio as at December 31, 2017 was 1.30 times, an increase from the end of year 2016, due to the decrease in current assets of 7.11 percent but there were decrease in current liabilities of 27.06 percent and the quick ratio of 0.65 times, which increased from the end of year 2016, due to the decrease in inventory by 7.39 percent and the cash flow liquidity ratio was 0.78 times, an



increase from end of year 2016, due to the increase in cash flow from operating activities from the previous year of 15.80 percent.

- The Corporate Group's cash cycle as at December 31, 2017 was 48 days, a decrease from the end of year 2016 by 2 days as the average collection period decreased by 2 days and average payable period increased by 1 days but there was an increase in inventory turnover period of 1 day.
- The Corporate Group's debt service coverage ratio increased from 2.59 times as at end of year 2016 to 6.55 times as at December 31, 2017 due to a decrease in long-term loan and financial lease liabilities due within one year of 64 percent and a decrease in loan interest payment of 32.21 percent in spite of decrease in EBITDA of 4.16 percent from the end of year 2016.

#### **5. Debt Obligation**

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Accordingly, as at December 31, 2017, the Corporate Group had no long-term debt obligation to comply with the terms and conditions of the loan agreement with the commercial bank.

#### **6. Factors Having Impact on Future Operating Results**

The economic situation for year 2018 is expected to recover going forward with modern construction materials retailers or modern trade operators still expanding their business with new branches and property development group beginning to open new projects. In addition, the government sector has continued to invest in infrastructure and public utility projects. Regional market and agricultural sector have also recovered. All of which should positively contribute to Company's business operation in year 2018, which is expected to grow continuously in spite of impact from fuel and labor costs that are expected to increase.



# REPORT OF THE INDEPENDENT AUDITOR AND FINANCIAL STATEMENTS



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 2017, 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 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

## Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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 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"> <li>- Understanding the policies and procedures that the Group’s management applied for setting up allowance for decline in value of inventories.</li> <li>- Testing on a sample basis items in the stock aging report and corroborating on whether these items were classified in the appropriate aging bracket.</li> <li>- 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.</li> </ul>



The key audit matter	How the matter was addressed in the audit
	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Considering of the adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.</li> </ul>

#### **Impairment of investment in subsidiary and related property plant and equipment in consolidated financial statements**

Refer to Notes 2(d), 3, 9 and 11 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 projected future cash flows is calculated based on the assumptions such as sales, costs and discounted rate. The calculation result is sensitive that may affect the significant change in present value of projected 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"> <li>- Assessing and making inquiries of management regarding processes related to identification of potential impairments of investment in subsidiary and related property, plant and equipment, the preparation of discounted cash flows and approval by management.</li> <li>- 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 forecasted performance and considered whether any factors exist that would suggest the investment in subsidiary and related property plant and equipment was impaired.</li> <li>- Considering of the appropriateness and adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.</li> </ul>

#### **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  
19 February 2018



## STATEMENT OF FINANCIAL POSITION

Units: Baht

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	5	23,829,328	20,585,222	23,135,430	19,980,683
Trade accounts receivable	4,6	510,611,179	539,097,867	510,611,179	539,097,867
Other current receivables	7	33,580,093	52,623,813	32,865,999	55,401,480
Inventories	8	575,898,640	621,859,890	561,935,132	610,864,254
Other current assets		6,834,625	4,712,317	6,811,457	4,663,018
<b>Total current assets</b>		<b>1,150,753,865</b>	<b>1,238,879,109</b>	<b>1,135,359,197</b>	<b>1,230,007,302</b>
<b>Non-current assets</b>					
Investment in subsidiary	9	-	-	170,000,000	170,000,000
Investment properties	10	48,249,704	49,162,391	48,249,704	49,162,391
Property, plant and equipment	11	1,765,224,882	1,892,210,157	1,650,252,207	1,764,449,179
Intangible assets	12	20,378,514	26,723,967	4,137,418	7,482,871
Deferred tax assets	13	31,269,768	29,276,810	36,999,148	34,976,074
Other non-current assets		1,269,614	1,259,735	1,219,614	1,206,735
<b>Total non-current assets</b>		<b>1,866,392,482</b>	<b>1,998,633,060</b>	<b>1,910,858,091</b>	<b>2,027,277,250</b>
<b>Total assets</b>		<b>3,017,146,347</b>	<b>3,237,512,169</b>	<b>3,046,217,288</b>	<b>3,257,284,552</b>



# STATEMENT OF FINANCIAL POSITION (CON)

Units: Baht

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>Liabilities and equity</b>					
<b>Current liabilities</b>					
Short-term borrowing from financial institutions	14	525,000,000	818,000,000	525,000,000	818,000,000
Trade accounts payable	15	156,329,471	124,180,368	169,058,725	123,116,805
Other current payables	16	136,990,700	102,079,511	134,099,010	100,093,017
Current portion of long-term liabilities					
from financial institutions	14	-	100,000,000	-	100,000,000
Current portion of finance lease liabilities	14	5,629,109	5,634,804	5,629,109	5,634,804
Current tax payable		35,275,882	38,363,074	35,275,882	38,363,074
Other current liabilities	17	25,367,246	24,346,324	24,813,243	23,996,884
<b>Total current liabilities</b>		<b>884,592,408</b>	<b>1,212,604,081</b>	<b>893,875,969</b>	<b>1,209,204,584</b>
<b>Non-current liabilities</b>					
Finance lease liabilities	14	11,756,350	13,107,844	11,756,350	13,107,844
Non-current provisions for employee benefits	18	126,287,740	116,077,419	125,701,741	115,583,437
<b>Total non-current liabilities</b>		<b>138,044,090</b>	<b>129,185,263</b>	<b>137,458,091</b>	<b>128,691,281</b>
<b>Total liabilities</b>		<b>1,022,636,498</b>	<b>1,341,789,344</b>	<b>1,031,334,060</b>	<b>1,337,895,865</b>
<b>Equity</b>					
Share capital:	19				
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	20	(520,760,210)	(520,760,210)	(520,760,210)	(520,760,210)
Additional paid in capital:					
Share premium on ordinary shares	19	166,511,520	166,511,520	166,511,520	166,511,520
Share premium on treasury shares	20	165,206,460	165,206,460	165,206,460	165,206,460
Retained earnings					
Appropriated					
Legal reserve	21	105,000,000	105,000,000	105,000,000	105,000,000
Treasury shares reserve	21	520,760,210	520,760,210	520,760,210	520,760,210
Unappropriated		509,833,869	411,046,845	530,207,248	434,712,707
<b>Total equity</b>		<b>1,994,509,849</b>	<b>1,895,722,825</b>	<b>2,014,883,228</b>	<b>1,919,388,687</b>
<b>Total liabilities and equity</b>		<b>3,017,146,347</b>	<b>3,237,512,169</b>	<b>3,046,217,288</b>	<b>3,257,284,552</b>



# STATEMENT OF CHANGES IN EQUITY TOTAL

## LIABILITIES AND EQUITY

Units : Baht

Consolidated financial statements	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury reserve	Retained earnings			Total equity
						Legal reserve	Treasury shares reserve	Unappropriated	
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 purchased	20	-	(520,760,210)	-	-	-	520,760,210	(520,760,210)	(520,760,210)
Dividends to owners of the Company	31	-	-	-	-	-	-	(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
For the year ended 31 December 2017									
Balance at 1 January 2017		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
Transactions with owners,recorded directly in equity									
Distributions to owners of the Company									
Dividends to owners of the Company	31	-	-	-	-	-	-	(312,827,394)	(312,827,394)
Total distributions to owners of the Company		-	-	-	-	-	-	(312,827,394)	(312,827,394)
Comprehensive income for the year									
Profit		-	-	-	-	-	-	411,614,418	411,614,418
Other comprehensive income		-	-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-	411,614,418	411,614,418
Balance at 31 December 2017		1,047,958,000	(520,760,210)	166,511,520	165,206,460	105,000,000	520,760,210	509,833,869	1,994,509,849



# STATEMENT OF CHANGES IN EQUITY TOTAL LIABILITIES AND EQUITY (CON)

Units : Baht

Separate financial statements	Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury reserve	Retained earnings			Total equity
						Legal reserve	Treasury shares reserve	Unappropriated	
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 purchased	20	-	(520,760,210)	-	-	-	520,760,210	(520,760,210)	(520,760,210)
Dividends to owners of the Company	31	-	-	-	-	-	-	(278,428,810)	(278,428,810)
<b>Total contributions by and distributions to owners of the Company</b>		-	(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)
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	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
For the year ended 31 December 2017									
Balance at 1 January 2017		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
Transactions with owners, recorded directly in equity									
Distributions to owners of the Company									
Dividends to owners of the Company	31	-	-	-	-	-	-	(312,827,394)	(312,827,394)
<b>Total distributions to owners of the Company</b>		-	-	-	-	-	-	(312,827,394)	(312,827,394)
Comprehensive income for the year									
Profit		-	-	-	-	-	-	408,321,935	408,321,935
Other comprehensive income		-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	-	-	-	-	408,321,935	408,321,935
Balance at 31 December 2017		1,047,958,000	(520,760,210)	166,511,520	165,206,460	105,000,000	520,760,210	530,207,248	2,014,883,228



## STATEMENT OF CASH FLOWS

Units : Baht

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>Cash flows from operating activities</b>					
Profit for the year		411,614,418	392,032,127	408,321,935	392,278,053
Adjustments to reconcile profit (loss) to cash receipts (payment)					
Tax expense		99,121,810	103,021,492	99,091,693	97,053,731
Finance costs		12,579,199	18,556,814	12,579,199	18,556,814
Depreciation		243,171,925	279,060,177	229,636,990	265,611,843
Amortisation of intangible assets		6,345,453	14,113,141	3,345,453	3,354,237
Impairment loss on investment		-	-	-	30,000,000
Provisions for employee benefits		11,784,670	9,767,223	11,692,653	9,838,788
Unrealised gain (loss) on exchange rate		3,102,453	(288,517)	3,102,453	(288,517)
Amortisation of premium on forward exchange contracts		1,595,330	1,507,203	1,595,330	1,507,203
Doubtful debts and bad debts (Reversal)		480,000	(950,000)	480,000	(950,000)
Allowance for decline in value of inventories (Reversal)		(824,775)	3,042,471	(582,176)	2,809,715
Reversal of impairment loss on assets		-	(200,000)	-	(200,000)
Gain on disposal of property, plant and equipment		(3,890,269)	(253,177)	(4,037,904)	(262,082)
Gain on sales of non-current assets classified as held for sale		-	(31,080,537)	-	(31,080,537)
Interest income		(96,143)	(90,633)	(91,957)	(89,148)
		<b>784,984,071</b>	<b>788,237,784</b>	<b>765,133,669</b>	<b>788,140,100</b>
<b>Changes in operating assets and liabilities</b>					
Trade accounts receivable		28,035,615	13,069,205	28,035,615	13,069,205
Other current receivables		18,891,355	(7,991,511)	22,383,116	1,270,072
Inventories		46,786,024	56,621,736	49,511,298	56,482,329
Other current assets		(3,567,828)	5,081,737	(3,593,959)	(2,024,089)
Other non-current assets		(5,423,923)	(1,592,753)	(5,426,923)	(1,592,753)
Trade accounts payable		32,352,872	(21,389,048)	46,145,689	(21,966,243)
Other current payables		25,305,264	(24,448,515)	24,433,239	(24,761,947)
Other current liabilities		863,916	3,447,869	659,353	3,430,106
Provisions for employee benefits paid		(1,574,349)	(1,799,262)	(1,574,349)	(1,799,262)
Net cash generated from operating		<b>926,653,017</b>	<b>809,237,242</b>	<b>925,706,748</b>	<b>810,247,518</b>



# STATEMENT OF CASH FLOWS (CON)

Units : Baht

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
Taxes paid		(104,200,949)	(99,020,943)	(104,200,949)	(99,020,943)
<b>Net cash from operating activities</b>		<b>822,452,068</b>	<b>710,216,299</b>	<b>821,505,799</b>	<b>711,226,575</b>
<b>Cash flows from investing activities</b>					
Proceeds from sale of property, plant and equipment		4,469,698	2,929,912	4,464,826	2,940,279
Acquisition of property, plant and equipment		(96,092,583)	(27,589,902)	(95,226,615)	(26,802,468)
Proceeds from sale of non-current assets classified as held for sale		-	49,229,950	-	49,229,950
Interest received		96,143	90,633	91,957	89,148
<b>Net cash from (used in) investing activities</b>		<b>(91,526,742)</b>	<b>24,660,593</b>	<b>(90,669,832)</b>	<b>25,456,909</b>
<b>Cash flows from financing activities</b>					
Proceeds from (repayment of) short-term borrowings from financial institutions		(293,000,000)	368,000,000	(293,000,000)	368,000,000
Repayment of long-term borrowings from financial institutions		(100,000,000)	(287,500,000)	(100,000,000)	(287,500,000)
Payment by lessee for reduction of the outstanding liability relating to finance lease		(7,032,477)	(7,257,101)	(7,032,477)	(7,257,101)
Purchase of treasury shares		-	(520,760,210)	-	(520,760,210)
Dividends paid to owners of the Company		(312,825,726)	(278,427,410)	(312,825,726)	(278,427,410)
Finance costs paid		(11,645,071)	(17,040,125)	(11,645,071)	(17,040,125)
<b>Net cash used in financing activities</b>		<b>(724,503,274)</b>	<b>(742,984,846)</b>	<b>(724,503,274)</b>	<b>(742,984,846)</b>
<b>Net increase (decrease) in cash and cash equivalents,</b>					
<b>before effect of exchange rates</b>		<b>6,422,052</b>	<b>(8,107,954)</b>	<b>6,332,693</b>	<b>(6,301,362)</b>
Effect of exchange rate changes on cash and cash equivalents		(3,177,946)	277,009	(3,177,946)	277,009
<b>Net increase (decrease) in cash and equivalents</b>		<b>3,244,106</b>	<b>(7,830,945)</b>	<b>3,154,747</b>	<b>(6,024,353)</b>
Cash and cash equivalents at 1 January		20,585,222	28,416,167	19,980,683	26,005,036
<b>Cash and cash equivalents at 31 December</b>		<b>23,829,328</b>	<b>20,585,222</b>	<b>23,135,430</b>	<b>19,980,683</b>
<b>Non-cash transactions:</b>					
Acquisitions of property, plant and equipment for which payment has not yet been made		9,807,005	179,584	9,773,834	166,466
Acquisitions of property, plant and equipment under finance lease agreements		4,539,760	935,000	4,539,760	935,000
Transfer prepayments for purchases of assets to property, plant and equipment		5,414,044	1,544,777	5,414,044	1,544,777
Transfer investment properties to property, plant and equipment		912,687	-	912,687	-



## STATEMENT OF COMPREHENSIVE INCOME

Units : Baht

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2017	31 December 2016	31 December 2017	31 December 2016
<b>Revenue</b>					
Revenue from sale of goods and rendering of services		4,171,133,281	4,118,301,866	4,171,133,281	4,118,301,866
Other income	23	13,540,957	42,551,963	13,328,992	42,507,503
<b>Total income</b>		<b>4,184,674,238</b>	<b>4,160,853,829</b>	<b>4,184,462,273</b>	<b>4,160,809,369</b>
<b>Expenses</b>					
Cost of sales of goods and rendering of services		3,030,515,065	3,022,740,559	3,043,637,879	3,012,935,444
Distribution costs	24	192,702,381	201,745,963	192,699,560	201,745,963
Administrative expenses	25	438,141,365	422,756,874	428,132,007	438,239,364
Finance costs	28	12,579,199	18,556,814	12,579,199	18,556,814
<b>Total expenses</b>		<b>3,673,938,010</b>	<b>3,665,800,210</b>	<b>3,677,048,645</b>	<b>3,671,477,585</b>
<b>Profit before income tax expense</b>		<b>510,736,228</b>	<b>495,053,619</b>	<b>507,413,628</b>	<b>489,331,784</b>
Tax expense	29	(99,121,810)	(103,021,492)	(99,091,693)	(97,053,731)
<b>Profit for the year</b>		<b>411,614,418</b>	<b>392,032,127</b>	<b>408,321,935</b>	<b>392,278,053</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss</b>					
Losses on remeasurements of defined benefit plans		-	(26,396,986)	-	(26,206,789)
Income tax relating to items that will not be reclassified		-	5,279,397	-	5,241,358
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>(21,117,589)</b>	<b>-</b>	<b>(20,965,431)</b>
<b>Total comprehensive income for the year</b>		<b>411,614,418</b>	<b>370,914,538</b>	<b>408,321,935</b>	<b>371,312,622</b>
<b>Earnings per share (in Baht)</b>	30				
Basic earnings per share		0.43	0.39	0.43	0.39



# 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 19 February 2018.

**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), Tambol 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 2017 and 2016 are given in notes 4 and 9.

**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 2017. 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 2018 and have not been adopted in the preparation of these financial statements. The Group has made a preliminary assessment of the potential initial impact on the 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.

**(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 9	Impairment test: key assumptions underlying recoverable amounts;
Note 13	Recognition of deferred tax assets : availability of future taxable profit against which tax losses carried forward can be used; and
Note 18	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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market 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 Note 32 - 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) 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.

**(H) 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 measured 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.

## **(I) Property, plant and equipment**

### **Recognition and measurement**

#### **Owned assets**

Property, plant and equipment are measured 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.

Any 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 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.

## **(J) 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:

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

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

#### **(K) 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.

#### **(L) 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.

#### **(M) Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **(L) 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.

#### **(O) 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.

#### **(P) 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.

#### **(Q) 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.

#### **(R) 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.

**(S) 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.

**(T) 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.

**(U) 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.

**(V) 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 transactions with related parties 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	
	2017	2016	2017	2016
<b>Subsidiary</b>				
Purchase of goods	-	-	93,002	60,459
<b>Key management personnel</b>				
Key management personnel compensation				
Short-term employee benefits	41,514	39,647	41,514	39,647
Post-employment benefits	2,018	471	2,018	471
<b>Total</b>	<b>43,532</b>	<b>40,118</b>	<b>43,532</b>	<b>40,118</b>
<b>Other related parties</b>				
Sales of goods or rendering of services	78,016	66,007	78,016	66,007
Purchase of raw materials	5,613	1,436	-	-
Office rental and space service fee	3,555	3,434	3,555	3,434

Balances as at 31 December with related parties were as follows:

(in thousand Baht)

Trade accounts receivable - related party	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Other related party</b>				
Supalai Public Company Limited	17,355	13,233	17,355	13,233

(in thousand Baht)

Other current receivable - related party	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Subsidiary</b>				
Diamond Materials Co., Ltd.	-	-	-	3,622



(in thousand Baht)

Trade accounts payable - related parties	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Subsidiary</b>				
Diamond Materials Co., Ltd.	-	-	14,377	-
<b>Related party</b>				
The Lanna Resources Public Company Limited	567	186	-	-

## 5. Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Cash on hand	100	100	100	100
Cash at banks - current accounts	13,383	11,084	13,376	11,077
Cash at banks - savings accounts	10,346	9,401	9,659	8,804
<b>Total</b>	<b>23,829</b>	<b>20,585</b>	<b>23,135</b>	<b>19,981</b>

## 6. Trade accounts receivable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Related parties	4	17,355	13,233	17,355	13,233
Other parties		502,866	534,995	502,866	534,995
<b>Total</b>		<b>520,221</b>	<b>548,228</b>	<b>520,221</b>	<b>548,228</b>
Less allowance for doubtful accounts		(9,610)	(9,130)	(9,610)	(9,130)
<b>Net</b>		<b>510,611</b>	<b>539,098</b>	<b>510,611</b>	<b>539,098</b>
Bad and doubtful debts expense for the year (reversal)		480	(950)	480	(950)



Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Related parties</b>				
Within credit terms	11,572	10,145	11,572	10,145
Overdue				
Less than 91 days	5,261	3,060	5,261	3,060
91 - 180 days	476	28	476	28
181 - 360 days	46	-	46	-
Over 360 days	-	-	-	-
	<b>17,355</b>	<b>13,233</b>	<b>17,355</b>	<b>13,233</b>
<b>Other parties</b>				
Within credit terms	433,097	444,645	433,097	444,645
Overdue				
Less than 91 days	58,720	81,961	58,720	81,961
91 - 180 days	2,798	3,235	2,798	3,235
181 - 360 days	3,436	11	3,436	11
Over 360 days	4,815	5,143	4,815	5,143
	<b>502,866</b>	<b>534,995</b>	<b>502,866</b>	<b>534,995</b>
<b>Total</b>	<b>520,221</b>	<b>548,228</b>	<b>520,221</b>	<b>548,228</b>
Less allowance for doubtful accounts	(9,610)	(9,130)	(9,610)	(9,130)
<b>Net</b>	<b>510,611</b>	<b>539,098</b>	<b>510,611</b>	<b>539,098</b>

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

**7. Other current receivables**

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Related party</b>	<b>4</b>	-	-	-	<b>3,622</b>
<b>Other parties</b>					
Accrued sales discount		24,229	41,871	23,785	41,653
Prepaid expenses		6,566	6,818	6,517	6,376
Advance for purchase of goods		1,806	2,290	1,633	2,105
Others		979	1,645	931	1,645
		<b>33,580</b>	<b>52,624</b>	<b>32,866</b>	<b>51,779</b>
<b>Total</b>		<b>33,580</b>	<b>52,624</b>	<b>32,866</b>	<b>55,401</b>



## 8. Inventories

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Finished goods	153,340	133,473	142,401	124,025
Merchandise goods	17,400	14,306	17,400	14,306
Semi-finished goods	98,905	107,582	98,905	107,582
Work in progress	39,379	37,500	39,379	37,500
Raw materials	196,460	213,889	194,390	212,424
Supplies	58,797	58,504	57,075	57,411
Goods in transit	24,591	70,404	24,591	70,404
	588,872	635,658	574,141	623,652
Less allowance for decline in value	(12,973)	(13,798)	(12,206)	(12,788)
<b>Total</b>	<b>575,899</b>	<b>621,860</b>	<b>561,935</b>	<b>610,864</b>
Inventories recognised as an expense in cost of sales of goods':				
- Cost	2,679,011	2,704,971	2,691,891	2,695,399
- Write-down to net realisable value	-	3,042	-	2,809
- Reversal of write-down	(825)	(3,329)	(582)	(3,329)
<b>Net</b>	<b>2,678,186</b>	<b>2,704,684</b>	<b>2,691,309</b>	<b>2,694,879</b>

## 9. Investment in subsidiary

(in thousand Baht)

	Separate financial statements	
	2017	2016
At 1 January	200,000	200,000
Allowance for impairment	(30,000)	(30,000)
<b>At 31 December</b>	<b>170,000</b>	<b>170,000</b>

Investment in subsidiary as at 31 December 2017 and 2016, were as follows:

(in thousand Baht)

Separate financial statements											
	Description of business	Ownership interest		Paid-up capital		Cost		Impairment losses		At cost - net	
		2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
<b>Subsidiary</b>											
Diamond Materials Co., Ltd.	Manufacturing of autoclaved aerated concrete	99.99	99.99	200,000	200,000	200,000	200,000	30,000	30,000	170,000	170,000
<b>Total</b>						200,000	200,000	30,000	30,000	170,000	170,000

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 which recognized included in administrative expense in the statement of comprehensive income for the year ended 31 December 2016.

The discount rate was a pre-tax measure based on the rate of 30-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 three 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.

## 10. Investment properties

(in thousand Baht)					
	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
Cost					
At 1 January		51,662	51,662	51,662	51,662
Transfer to property, plant and equipment	11	(912)	-	(912)	-
At 31 December		50,750	51,662	50,750	51,662
Allowance for impairment					
At 1 January		(2,500)	(2,700)	(2,500)	(2,700)
Reversal of allowance for impairment		-	200	-	200
At 31 December		(2,500)	(2,500)	(2,500)	(2,500)
Net book value					
At 1 January		49,162	48,962	49,162	48,962
At 31 December		48,250	49,162	48,250	49,162

A portion of land title deed of investment properties, which had net book value as at 31 December 2017 of Baht 25.4 million (2016: Baht 25.4 million), was jointly owned by two other companies.

Investment properties are land held for future projects. The fair value of investment properties, as at 31 December 2017 of Baht 142.7 million (2016: Baht 160.1 million) was determined by an independent valuer based on the market approach. The fair value measurement for investment property has been categorized as a Level 3 fair value.



## 11. 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
<b>Cost</b>							
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>229,003</b>	<b>757,853</b>	<b>3,910,633</b>	<b>77,153</b>	<b>62,253</b>	<b>7,156</b>	<b>5,044,051</b>
Additions	-	1,502	28,380	5,763	13,919	66,290	115,854
Transfers	-	9,394	49,825	2,217	330	(61,766)	-
Transfer from investment Property	912	-	-	-	-	-	912
Disposals	-	-	(123,138)	(1,429)	(13,205)	-	(137,772)
<b>At 31 December 2017</b>	<b>229,915</b>	<b>768,749</b>	<b>3,865,700</b>	<b>83,704</b>	<b>63,297</b>	<b>11,680</b>	<b>5,023,045</b>
<b>Accumulated depreciation</b>							
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>408,397</b>	<b>2,629,311</b>	<b>67,768</b>	<b>42,514</b>	<b>-</b>	<b>3,147,990</b>
Depreciation charge for the year	-	34,273	196,121	4,266	8,512	-	243,172
Disposals	-	-	(122,580)	(1,408)	(13,205)	-	(137,193)
<b>At 31 December 2017</b>	<b>-</b>	<b>442,670</b>	<b>2,702,852</b>	<b>70,626</b>	<b>37,821</b>	<b>-</b>	<b>3,253,969</b>
<b>Allowance for impairment</b>							
At 1 January 2016	-	-	-	-	-	3,851	3,851
Increase (decrease)	-	-	-	-	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,851</b>	<b>3,851</b>
Increase (decrease)	-	-	-	-	-	-	-
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,851</b>	<b>3,851</b>



(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
<b>Net book value</b>							
<b>At 1 January 2016</b>							
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
	<b>229,003</b>	<b>381,703</b>	<b>1,494,199</b>	<b>9,556</b>	<b>27,145</b>	<b>2,092</b>	<b>2,143,698</b>
<b>At 31 December 2016 and 1 January 2017</b>							
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
	<b>229,003</b>	<b>349,456</b>	<b>1,281,322</b>	<b>9,385</b>	<b>19,739</b>	<b>3,305</b>	<b>1,892,210</b>
<b>At 31 December 2017</b>							
Owned assets	229,915	326,079	1,162,848	13,078	9,217	7,829	1,748,966
Asset under finance leases	-	-	-	-	16,259	-	16,259
	<b>229,915</b>	<b>326,079</b>	<b>1,162,848</b>	<b>13,078</b>	<b>25,476</b>	<b>7,829</b>	<b>1,765,225</b>

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 2,027.8 million (2016: Baht 1,715.9 million).



	Separate financial statements						
	Land and improvement	Building structures and improvement	Machinery and equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Cost</b>							
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>208,906</b>	<b>686,496</b>	<b>3,829,540</b>	<b>76,725</b>	<b>60,016</b>	<b>7,156</b>	<b>4,868,839</b>
Additions	-	1,502	27,519	5,725	13,919	66,290	114,955
Transfers	-	9,394	49,825	2,217	330	(61,766)	-
Transfer from investment Property	912	-	-	-	-	-	912
Disposals	-	-	(122,853)	(1,428)	(13,205)	-	(137,486)
<b>At 31 December 2017</b>	<b>209,818</b>	<b>697,392</b>	<b>3,784,031</b>	<b>83,239</b>	<b>61,060</b>	<b>11,680</b>	<b>4,847,220</b>
<b>Accumulated depreciation</b>							
At 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)
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>393,360</b>	<b>2,598,771</b>	<b>67,497</b>	<b>40,911</b>	<b>-</b>	<b>3,100,539</b>
Depreciation charge for the year	-	30,077	187,294	4,202	8,065	-	229,638
Disposals	-	-	(122,447)	(1,408)	(13,205)	-	(137,060)
<b>At 31 December 2017</b>	<b>-</b>	<b>423,437</b>	<b>2,663,618</b>	<b>70,291</b>	<b>35,771</b>	<b>-</b>	<b>3,193,117</b>
<b>Allowance for impairment</b>							
At 1 January 2016	-	-	-	-	-	3,851	3,851
Increase (decrease)	-	-	-	-	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,851</b>	<b>3,851</b>
Increase (decrease)	-	-	-	-	-	-	-
<b>At 31 December 2017</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,851</b>	<b>3,851</b>



(in thousand Baht)

	Separate financial statements						
	Land and improvement	Building structures and improvement	Machinery and equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
<b>Net book value</b>							
<b>At 1 January 2016</b>							
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
	<b>208,906</b>	<b>321,188</b>	<b>1,435,620</b>	<b>9,422</b>	<b>26,063</b>	<b>2,092</b>	<b>2,003,291</b>
<b>At 31 December 2016 and 1 January 2017</b>							
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
	<b>208,906</b>	<b>293,136</b>	<b>1,230,769</b>	<b>9,228</b>	<b>19,105</b>	<b>3,305</b>	<b>1,764,449</b>
<b>At 31 December 2017</b>							
Owned assets	209,818	273,955	1,120,413	12,948	9,030	7,829	1,633,993
Asset under finance leases	-	-	-	-	16,259	-	16,259
	<b>209,818</b>	<b>273,955</b>	<b>1,120,413</b>	<b>12,948</b>	<b>25,289</b>	<b>7,829</b>	<b>1,650,252</b>

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2017 amounted to Baht 2,027.8 million (2016: Baht 1,715.9 million).

#### Property, plant and equipment under construction

During the year ended 31 December 2017, the Group had equipment under installation. Cost incurred up to 31 December 2017 totalling Baht 11.7 million (2016: 3.3 million).

In 2017 and 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 were five years. The recoverable amount was higher than its carrying amount of subsidiary's property plant and equipment and no impairment was required.



## 12. Intangible assets

(in thousand Baht)

	Consolidated financial statements		
	Deferred know-how and technical assistance fees	Software licences	Total
<b>Cost</b>			
At 1 January 2016	30,000	33,542	63,542
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>30,000</b>	<b>33,542</b>	<b>63,542</b>
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2017</b>	<b>30,000</b>	<b>33,542</b>	<b>63,542</b>
<b>Accumulated amortisation</b>			
At 1 January 2016	-	22,705	22,705
Amortisation for the year	10,759	3,354	14,113
Disposals	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	<b>10,759</b>	<b>26,059</b>	<b>36,818</b>
Amortisation for the year	3,000	3,346	6,346
Disposals	-	-	-
<b>At 31 December 2017</b>	<b>13,759</b>	<b>29,405</b>	<b>43,164</b>
<b>Net book value</b>			
At 1 January 2016	30,000	10,837	40,837
<b>At 31 December 2016 and 1 January 2017</b>	<b>19,241</b>	<b>7,483</b>	<b>26,724</b>
<b>At 31 December 2017</b>	<b>16,241</b>	<b>4,137</b>	<b>20,378</b>



(in thousand Baht)

	Separate financial statements		
	Deferred know-how and technical assistance fees	Software licences	Total
<b>Cost</b>			
At 1 January 2016	-	33,542	33,542
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	-	33,542	33,542
Additions	-	-	-
Disposals	-	-	-
<b>At 31 December 2017</b>	-	33,542	33,542
<b>Accumulated amortisation</b>			
At 1 January 2016	-	22,705	22,705
Amortisation for the year	-	3,354	3,354
Disposals	-	-	-
<b>At 31 December 2016 and 1 January 2017</b>	-	26,059	26,059
Amortisation for the year	-	3,346	3,346
Disposals	-	-	-
<b>At 31 December 2017</b>	-	29,405	29,405
<b>Net book value</b>			
At 1 January 2016	-	10,837	10,837
<b>At 31 December 2016 and 1 January 2017</b>	-	7,483	7,483
<b>At 31 December 2017</b>	-	4,137	4,137

**13. Deferred tax**

Deferred tax assets and liabilities as at 31 December were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Deferred tax assets	31,270	29,277	36,999	34,976
Deferred tax liabilities	-	-	-	-
<b>Net</b>	<b>31,270</b>	<b>29,277</b>	<b>36,999</b>	<b>34,976</b>



Movements in total deferred tax assets during the year were as follows:

(in thousand Baht)

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2017	Profit or Loss	Other comprehensive income	At 31 December 2017
<b>Deferred tax assets</b>				
Trade accounts receivable (doubtful accounts)	1,826	96	-	1,922
Inventories (allowance for decline in value)	2,760	(165)	-	2,595
Investment properties (allowance for impairment)	500	-	-	500
Property, plant and equipment (allowance for impairment)	770	-	-	770
Finance lease liabilities	206	20	-	226
Employee benefit obligations	23,215	2,042	-	25,257
<b>Total</b>	<b>29,277</b>	<b>1,993</b>	<b>-</b>	<b>31,270</b>

(in thousand Baht)

	Consolidated financial statements			
	(Charged) / Credited to:			
	At 1 January 2016	Profit or Loss	Other comprehensive income	At 31 December 2017
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>22,637</b>	<b>1,361</b>	<b>5,279</b>	<b>29,277</b>



(in thousand Baht)

	Separate financial statements			
	(Charged) / Credited to:			
	At 1 January 2017	Profit or Loss	Other comprehensive income	At 31 December 2017
<b>Deferred tax assets</b>				
Trade accounts receivable (doubtful accounts)	1,826	96	-	1,922
Inventories (allowance for decline in value)	2,558	(117)	-	2,441
Investment properties (allowance for impairment)	500	-	-	500
Investment in subsidiaries (allowance for impairment)	6,000	-	-	6,000
Property, plant and equipment (allowance for impairment)	770	-	-	770
Finance lease liabilities	206	20	-	226
Employee benefit obligations	23,116	2,024	-	25,140
<b>Total</b>	<b>34,976</b>	<b>2,023</b>	<b>-</b>	<b>36,999</b>

(in thousand Baht)

	Separate financial statements			
	(Charged) / Credited to:			
	At 1 January 2016	Profit or Loss	Other comprehensive income	At 31 December 2016
<b>Deferred tax assets</b>				
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
<b>Total</b>	<b>22,407</b>	<b>7,328</b>	<b>5,241</b>	<b>34,976</b>

Deferred tax asset has not been recognised in respect of the following item:

(in thousand Baht)

	Consolidated financial statements		Separate financial Statements	
	2017	2016	2017	2016
Tax losses	43,349	46,523	-	-
<b>Total</b>	<b>43,349</b>	<b>46,523</b>	<b>-</b>	<b>-</b>



The tax losses of a subsidiary 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.

#### 14. Interest-bearing liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current</b>				
Short-term loans from financial institutions Unsecured	525,000	818,000	525,000	818,000
<b>Short-term loans from financial institutions</b>	<b>525,000</b>	<b>818,000</b>	<b>525,000</b>	<b>818,000</b>
Current portion of long-term loans from financial institutions				
Unsecured	-	100,000	-	100,000
<b>Current portion of long-term loans</b>	<b>-</b>	<b>100,000</b>	<b>-</b>	<b>100,000</b>
Current portion of finance lease liabilities	5,629	5,635	5,629	5,635
<b>Total current interest-bearing liabilities</b>	<b>530,629</b>	<b>923,635</b>	<b>530,629</b>	<b>923,635</b>
<b>Non-current</b>				
Finance lease liabilities	11,756	13,108	11,756	13,108
<b>Total non-current interest-bearing liabilities</b>	<b>11,756</b>	<b>13,108</b>	<b>11,756</b>	<b>13,108</b>

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	
	2017	2016	2017	2016
Within one year	525,000	918,000	525,000	918,000
After one year but within five years	-	-	-	-
<b>Total</b>	<b>525,000</b>	<b>918,000</b>	<b>525,000</b>	<b>918,000</b>



## Long-term loans

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Loan agreement	-	100,000	-	100,000
	-	100,000	-	100,000
Less current portion	-	(100,000)	-	(100,000)
<b>Total</b>	-	-	-	-

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 bore interest at 3-month THBFX plus 1.05% margin per annum and was 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 was 3 years up to December 2017. As at 31 December 2016, the outstanding balance of loan amounted to Baht 100.0 million. During 2017, the Company fully repaid the long-term loan.

As at 31 December 2017, the Group had unutilised credit facilities amounting to Baht 2,312.6 million (2016: Baht 2,291.1 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		
	2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	6,585	956	5,629
After one year but within five years	12,724	968	11,756
<b>Total</b>	<b>19,309</b>	<b>1,924</b>	<b>17,385</b>



(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
<b>Total</b>	<b>21,081</b>	<b>2,338</b>	<b>18,743</b>

(in thousand Baht)

	Separate financial statements		
	2017		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	6,585	956	5,629
After one year but within five years	12,724	968	11,756
<b>Total</b>	<b>19,309</b>	<b>1,924</b>	<b>17,385</b>

(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
<b>Total</b>	<b>21,081</b>	<b>2,338</b>	<b>18,743</b>

As at 31 December 2017 and 2016, the Company entered into finance lease agreements with several local leasing companies to purchase vehicles. Such lease agreements have terms expiring up to 2022, and bear interest at rates ranging from 6.0% to 13.0% per annum in 2017 (2016: ranging from 6.0% to 13.0% per annum). The agreements are repayable in 60 installments starting from February 2013.



## 15. Trade accounts payable

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Related parties	567	186	14,377	-
Other parties	155,762	123,994	154,682	123,117
<b>Total</b>	<b>156,329</b>	<b>124,180</b>	<b>169,059</b>	<b>123,117</b>

## 16. Other current payables

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Accrued operating expenses	59,184	46,378	58,699	45,403
Payables for acquisition of assets	9,807	180	9,774	167
Others	68,000	55,522	65,626	54,523
<b>Total</b>	<b>136,991</b>	<b>102,080</b>	<b>134,099</b>	<b>100,093</b>

## 17. Other current liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Revenue department payable	14,401	15,738	14,066	15,559
Contract guarantee	9,056	7,411	8,837	7,241
Retention	1,664	1,165	1,664	1,165
Others	246	32	246	32
<b>Total</b>	<b>25,367</b>	<b>24,346</b>	<b>24,813</b>	<b>23,997</b>



## 18. Non-current provisions for employee benefits

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Statement of financial position</b>				
<b>Obligations for:</b>				
Post-employment benefits	126,288	116,077	125,702	115,583
<b>For the year ended 31 December</b>				
<b>Statement of comprehensive income:</b>				
<b>Recognised in profit or loss:</b>				
Post-employment benefits	11,785	9,767	11,693	9,838
<b>Recognised in other comprehensive income:</b>				
Actuarial losses recognised in the year	-	(26,397)	-	(26,207)

### Defined benefit plan

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	
	2017	2016	2017	2016
At 1 January	116,077	81,712	115,583	81,337
<b>Include in profit or loss:</b>				
Current service costs	8,761	6,614	8,684	6,697
Interest on obligation	3,024	3,153	3,009	3,141
	<b>11,785</b>	<b>9,767</b>	<b>11,693</b>	<b>9,838</b>
<b>Include in other comprehensive income:</b>				
Actuarial loss	-	26,397	-	26,207
	<b>-</b>	<b>26,397</b>	<b>-</b>	<b>26,207</b>
<b>Other</b>				
Benefits paid	(1,574)	(1,799)	(1,574)	(1,799)
	<b>(1,574)</b>	<b>(1,799)</b>	<b>(1,574)</b>	<b>(1,799)</b>
<b>At 31 December</b>	<b>126,288</b>	<b>116,077</b>	<b>125,702</b>	<b>115,583</b>



Actuarial losses recognised in other comprehensive income arising from:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Financial assumptions	-	18,537	-	18,375
Experience adjustment	-	7,860	-	7,832
<b>Total</b>	<b>-</b>	<b>26,397</b>	<b>-</b>	<b>26,207</b>

**Actuarial assumptions**

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

(%)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Discount rate	2.68, 2.56	2.68, 2.56	2.56	2.56
Future salary growth	6.35	6.35	6.35	6.35
Turnover rate	0 - 50	0 - 50	0 - 50	0 - 50

Assumptions regarding future mortality have been based on published statistics and mortality tables.

At 31 December 2017, the weighted-average duration of the defined benefit obligation of the Company and its subsidiary was 17 and 27 years, respectively (2016: 17 and 27 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)

At 31 December 2017	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(6,169)	6,695	(6,111)	6,629
Future salary growth (0.5% movement)	6,647	6,187	6,581	(6,218)
Turnover rate (0.5% movement)	(7,014)	7,595	(6,947)	7,519



(in thousand Baht)

At 31 December 2016	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
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

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.

## 19. Share capital

(million shares / in million Baht)

	Par value per share (in Baht)	2017		2016	
		Number	Amount	Number	Amount
<b>Authorised</b>					
At 1 January					
- ordinary shares	1	1,048	1,048	1,048	1,048
<b>At 31 December</b>					
- ordinary shares	1	1,048	1,048	1,048	1,048
<b>Issued and paid-up</b>					
At 1 January					
- ordinary shares	1	1,048	1,048	1,048	1,048
<b>At 31 December</b>					
- ordinary shares	1	1,048	1,048	1,048	1,048

### Share premium on ordinary shares

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"). Share premium on ordinary shares is not available for dividend distribution.

As at 31 December 2017, the Company had premium on ordinary shares of Baht 166.5 million (2016: Baht 166.5 million).

## 20. 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 2017, the Company held the Company's shares of 100 million shares (2016: 100 million), comprising 9.5% (2016: 9.5%) of the Company's issued share capital, at a total cost of Baht 520.8 million (2016: 520.8 million).

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.

#### Share premium on treasury shares

Share premium on treasury shares represents the accumulated surplus on sale of treasury shares, net of any deficits on sale or cancellation of treasury shares. Share premium on treasury shares is not available for dividend distribution.

## 21. 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.

## 22. 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.

## 23. Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Gain on disposal of assets	3,890	253	4,038	262
Gain on exchange rate	2,296	4,322	2,296	4,322
Reversal of allowance for inventories	825	270	582	270
Gain on disposal of non-current assets held for sale	-	31,081	-	31,081
Reversal of doubtful debts and bad debts	-	950	-	950
Reversal of allowance for impairment	-	200	-	200
Others	6,530	5,476	6,413	5,423
<b>Total</b>	<b>13,541</b>	<b>42,552</b>	<b>13,329</b>	<b>42,508</b>



## 24. Distribution costs

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Sales promotional expenses	108,160	125,117	108,157	125,117
Employee benefit expenses	56,660	53,302	56,660	53,302
Others	27,882	23,327	27,883	23,327
<b>Total</b>	<b>192,702</b>	<b>201,746</b>	<b>192,700</b>	<b>201,746</b>

## 25. Administrative expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Employee benefit expenses	230,239	211,918	226,966	208,411
Storage expenses	92,158	87,532	92,069	87,375
Depreciation and amortisation	30,079	34,310	26,129	26,668
Service fees	28,464	27,789	27,662	26,845
Tax and fees	11,459	15,940	11,233	15,759
Utilities expenses	7,354	8,184	7,053	7,812
Rental expense	7,291	7,849	7,132	7,706
Fuel and energy expenses	7,146	6,575	6,938	6,390
Others	23,951	22,660	22,950	51,273
<b>Total</b>	<b>438,141</b>	<b>422,757</b>	<b>428,132</b>	<b>438,239</b>



## 26. Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Wages, salaries and bonus	386,703	374,522	380,510	368,975
Provident Fund	18,379	15,543	18,379	15,543
Post-employment benefits	11,785	9,767	11,693	9,838
Social securities	8,023	7,904	7,743	7,656
Others	85,716	73,201	84,081	72,200
<b>Total</b>	<b>510,606</b>	<b>480,937</b>	<b>502,406</b>	<b>474,212</b>

**Defined benefit plan**

Details of the defined benefit plan are given in note 18.

**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.

## 27. Expenses by nature

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Changes in inventories of finished goods and work in progress	(16,163)	4,570	(14,672)	5,233
Raw materials and consumables used	1,420,019	1,453,358	1,383,655	1,423,588
Employee benefit expenses	510,606	480,937	502,406	474,212
Depreciation and amortisation	251,113	294,463	234,578	270,473
Storage expenses	399,038	379,056	394,403	375,528
Service fees	300,157	264,145	293,021	258,030
Others	796,589	770,714	871,078	845,857
<b>Total cost of sales of goods and rendering of services, distribution costs and administrative expenses</b>	<b>3,661,359</b>	<b>3,647,243</b>	<b>3,664,469</b>	<b>3,652,921</b>



## 28. Finance costs

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Interest expense:</b>				
Bank overdrafts and loans from financial institutions	11,438	17,226	11,438	17,226
Interest on finance leases	1,141	1,331	1,141	1,331
<b>Total interest expense</b>	<b>12,579</b>	<b>18,557</b>	<b>12,579</b>	<b>18,557</b>

## 29. Income tax expense

Income tax recognised in profit or loss

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Current tax expense</b>				
Current year	101,115	104,382	101,115	104,382
<b>Deferred tax expense</b>				
Movements in temporary differences	(1,993)	(1,361)	(2,023)	(7,328)
<b>Total income tax expense</b>	<b>99,122</b>	<b>103,021</b>	<b>99,092</b>	<b>97,054</b>

Income tax recognized in other comprehensive income

(in thousand Baht)

	Consolidated financial statements					
	2017			2016		
	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)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,397)</b>	<b>5,279</b>	<b>(21,118)</b>

(in thousand Baht)

	Separate financial statements					
	2017			2016		
	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)
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(26,206)</b>	<b>5,241</b>	<b>(20,965)</b>



## Reconciliation of effective tax rate

(in thousand Baht)

	Consolidated financial statements			
	2017		2016	
	Rate (%)	Amount	Rate (%)	Amount
Profit before income tax expense		510,736		495,054
Income tax using the Thai corporation tax rate	20.00	102,147	20.00	99,011
Tax losses not recognised		(664)		3,346
Expenses not deductible for tax purposes		1,823		1,685
Expenses with tax deductible benefits		(4,184)		(1,021)
<b>Total</b>	<b>19.41</b>	<b>99,122</b>	<b>20.81</b>	<b>103,021</b>

(in thousand Baht)

	Separate financial statements			
	2017		2016	
	Rate (%)	Amount	Rate (%)	Amount
Profit before income tax expense		507,414		489,332
Income tax using the Thai corporation tax rate	20.00	101,483	20.00	97,866
Expenses not deductible for tax purposes		1,793		1,718
Expenses with tax deductible benefits		(4,184)		(2,530)
<b>Total</b>	<b>19.53</b>	<b>99,092</b>	<b>19.83</b>	<b>97,054</b>

## 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.

## 30. Earnings per share

## Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2017 and 2016 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	
	2017	2016	2017	2016
<b>Profit attributable to ordinary shareholders of the Company (basic)</b>	<b>411,614</b>	<b>392,032</b>	<b>408,322</b>	<b>392,278</b>
Number of ordinary shares outstanding at 1 January	947,962	1,047,958	947,962	1,047,958
Effect of treasury shares	-	(50,545)	-	(50,545)
<b>Weighted average number of ordinary shares outstanding (basic)</b>	<b>947,962</b>	<b>997,413</b>	<b>947,962</b>	<b>997,413</b>
<b>Earnings per share (basic) (in Baht)</b>	<b>0.43</b>	<b>0.39</b>	<b>0.43</b>	<b>0.39</b>



### 31. Dividends

At the Board of Directors' meeting of the Company held on 6 September 2017, the Board of Directors approved the appropriation of interim dividend of Baht 0.18 per share, amounting to Baht 170.6 million. The dividend was paid to shareholders in September 2017.

At the annual general meeting of shareholders of the Company held on 25 April 2017, the shareholders approved the appropriation of dividend of Baht 0.30 per share, amounting to totaling 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 was paid to shareholders in May 2017.

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.

### 32. 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 2016, the Company entered into 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 was 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
<b>2017</b>					
<b>Current</b>					
Short-term loans from financial institutions	1.64 - 1.66	525,000	-	-	525,000
<b>Non-current</b>					
Long-term loans from financial institutions		-	-	-	-
<b>Total</b>		<b>525,000</b>	<b>-</b>	<b>-</b>	<b>525,000</b>
<b>2016</b>					
<b>Current</b>					
Short-term loans from financial institutions	1.67	818,000	-	-	818,000
<b>Non-current</b>					
Long-term loans from financial institutions	2.96	100,000	-	-	100,000
<b>Total</b>		<b>918,000</b>	<b>-</b>	<b>-</b>	<b>918,000</b>

(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
<b>2017</b>					
<b>Current</b>					
Short-term loans from financial institutions	1.64 - 1.66	525,000	-	-	525,000
<b>Non-current</b>					
Long-term loans from financial institutions		-	-	-	-
<b>Total</b>		<b>525,000</b>	<b>-</b>	<b>-</b>	<b>525,000</b>
<b>2016</b>					
<b>Current</b>					
Short-term loans from financial institutions	1.67	818,000	-	-	818,000
<b>Non-current</b>					
Long-term loans from financial institutions	2.96	100,000	-	-	100,000
<b>Total</b>		<b>918,000</b>	<b>-</b>	<b>-</b>	<b>918,000</b>



### 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	
		2017	2016	2017	2016
<b>United States Dollars</b>					
Cash and cash equivalents	5	3,889	1,336	3,889	1,336
Trade accounts receivable	6	2,945	3,542	2,945	3,542
Other current receivables	7	18,231	37,327	18,231	37,327
Trade accounts payable	15	(41,468)	(23,454)	(41,468)	(23,454)
<b>Euro</b>					
Trade accounts payable	15	(81)	(72)	(81)	(72)
Other current payable	16	(80)	-	(80)	-
<b>Gross balance sheet exposure</b>		<b>(16,564)</b>	<b>18,679</b>	<b>(16,564)</b>	<b>18,679</b>
Currency forwards	33	19,371	16,341	19,371	16,341
<b>Net exposure</b>		<b>2,807</b>	<b>35,020</b>	<b>2,807</b>	<b>35,020</b>

### 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 hierarchy for financial instruments measured at 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.



(in thousand Baht))

	Carrying amount	Consolidated / Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2017</b>					
<b>Financial assets and financial Liabilities measured at fair value</b>					
Forward contracts	-	-	(151)	-	(151)

(in thousand Baht)

	Carrying amount	Consolidated / Separate financial statements			
		Fair value			
		Level 1	Level 2	Level 3	Total
<b>31 December 2016</b>					
<b>Financial assets and financial Liabilities measured at fair value</b>					
Forward contracts	-	-	24	-	24
Interest rate swaps	-	-	(293)	-	(293)

The Group and the Company did not disclose the fair value of financial instruments such as cash, trade accounts receivable, other current receivables, trade accounts payable, other current payables, short-term loans, long-term loans and finance lease liabilities because their book value are close to fair value as these financial instruments have short-term maturity.

#### Measurement of fair values

##### Valuation techniques and significant unobservable inputs

The following tables show the valuation techniques used in measuring Level 2 fair values at 31 December 2017 and 2016 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used.

#### Financial instruments measured at fair value

Type	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Forward contracts and interest rate swaps	Market comparison technique: The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instrument.	Not applicable.	Not applicable.



### 33. Commitments with non-related parties

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Capital commitments</b>				
Agreements of construction and acquisition of machinery and equipment	14,961	2,509	14,961	2,509
<b>Total</b>	<b>14,961</b>	<b>2,509</b>	<b>14,961</b>	<b>2,509</b>
<b>Future minimum lease payments under non-cancellable operating leases</b>				
Within one year	11,649	11,186	11,649	11,186
After one year but within five years	432	7,002	432	7,002
<b>Total</b>	<b>12,081</b>	<b>18,188</b>	<b>12,081</b>	<b>18,188</b>
<b>Other commitments</b>				
Unused letters of credit	113,710	157,988	113,710	157,988
Forward exchange contracts	19,371	16,341	19,371	16,341
<b>Total</b>	<b>133,081</b>	<b>174,329</b>	<b>133,081</b>	<b>174,329</b>

#### 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 July 2019 at the agreed amount stipulated in the rental agreement.

#### Forward exchange contracts

As at 31 December 2017, the Group had outstanding forward exchange contracts of US Dollars 0.6 million equivalent to Baht 19.4 million (2016: US Dollars 0.5 million equivalent to Baht 16.3 million).

### 34. Event after the reporting period

At the Board of Directors' meeting of the Company held on 29 January 2018, the Board of Directors had resolved to propose to the 2018 annual general meeting of the shareholders to approve the reduction of Company's paid-up capital by writing off the unsold treasury shares of 100 million shares, amounting to Baht 520.8 million, comprising 9.5% of the Company's issued share capital.

At the Board of Directors' meeting of the Company held on 19 February 2018, the Board of Directors had resolved to propose to the 2018 annual general meeting of the shareholders to approve the appropriation of dividend of Baht 0.36 per share, amounting to Baht 341.3 million after deduction of interim dividends of Baht 0.18 per share. The remaining unpaid dividends were Baht 0.18 per share totaling Baht 170.6 million. The dividend will be paid to shareholders in May 2018.



## “DIAMOND STYLE” Young Designer Contest 2017



# Diamond Building Products Public Company Limited



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