

**Diamond Building Products
Public Company Limited**

Annual Report 2018

**Dream Home
by DIAMOND**



DIAMONDBrandOfficial



www.dbp.co.th



+662 619 2333

แอปพลิเคชันใหม่ ที่จะช่วยให้บ้านคุณ

สอยครบเซต ตราเพชรทั้งหลัง

Product Catalog -

ระบบคำนวณวัสดุ -

แบบบ้านจำลอง -

ค้นหาตัวแทนจำหน่าย -

บริการติดตั้งระบบหลังคา -



- Video สาธิตการติดตั้ง

- Site Reference

- ข่าวสารและกิจกรรม

- Trips And Lifestyle

- ติดต่อเรา

Available Now!



โหลดเลย!



Download on the
App Store

or



GET IT ON
Google Play

ค้นหา : Diamond Brand



Annual Report 2018

Diamond Building Products Public Company Limited

2	Vision, Mission, Core Values, Objectives And Strategies
5	Company Profile
6	Statement from the Chairman
8	Board of Directors
16	Business Operations
18	Sustainability Report
57	Report of the Audit Committee
59	Report of the Nomination and Remuneration Committee
61	Report of the Corporate Governance Committee
63	Report of the Manufacturing Technology and Innovation Committee
65	Report of the Risk Management Committee
66	Report of the Corporate Social Responsibility Committee
68	Report of the Anti-Corruption Committee
70	Significant Changes in the Past Year
70	Future Projects
71	Financial Information
72	Organization Structure
73	Investment in Subsidiary Company
76	Industrial Situation and Competition
80	Shareholding Structure
81	Shareholding of Directors and Executives
82	Remuneration for Directors, Executives and Employees
84	Audit Fee of the Company and Subsidiary Company
85	Management Structure
99	Nomination of Directors and Executives
101	Use of Internal Information
102	Dividend Payment Policy
103	Corporate Governance
117	Anti-Corruption
118	Human Resource Management
120	Risk Management
124	Internal Control
130	Related Transactions
132	Report of the Board of Directors' Responsibilities to the Financial Statements
133	Summary of Operating Results and Financial Analysis
139	Report of the Independent Auditor and Financial Statements

VISION, MISSION, CORE VALUES, OBJECTIVE AND STRATEGIES

Vision

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

Mission

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

For our customers

We shall deliver quality products and design differentiation with value and competitive pricing by utilizing modern technology and offering excellent services to the customers with our strong distribution channels and effective management.

For our employees

We shall build and promote an environment of learning and well-being of employees as well as their families in order to allow the employees to achieve their fullest potential.

For our society

We shall support and help the society that we live in to have good quality of life by realizing that the society is an important mechanism for promoting and pushing forward the Company for its existence and sustainable development.

For our shareholders

We shall create financial return with continuous growth and stability.

Core Values

We shall be diligent, focused at work, 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.

Determined

Transparent

Yearning for
Development

Environmental
Protection

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

Diligence

Being focused in achieving success with accountability, work diligence and determination.

B

Balance

Insisting on maintaining the balance of interest for all stakeholders with fairness.

U

Unity

Believing that unity will bring on success.

I

Integrity

Holding fast to honesty and transparency which will lead to excellence.

L

Learning

Promoting learning and sharing to become intellect and good person accepted by the society.

D

Differentiation

Unceasing development for superior differentiation.

S

Social
Responsibility

Caring for the society, community and environment for sustainable value generation.

Objectives and Main 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 Jeeranai 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. To ensure long-term sustainability, 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



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.



Production and Engineering

Emphasis is put on effective and flexible production planning in accordance with the marketing plan, supporting the marketing side by creating innovation, development of new products, and improvement of current products to have more variety in such colors, sizes, looks and features in order to improve competitiveness, meet consumers' demand, and maintain the level of cost to stay competitive.



Human Resources

Focus on fostering learning environment, ensuring good quality of life and welfare by development of knowledge and capabilities in both manufacturing and marketing skills, in order to be ready to propel the organization toward success and excellence in both domestic and overseas market, as well as promoting creativity to create innovation for sustainable development.

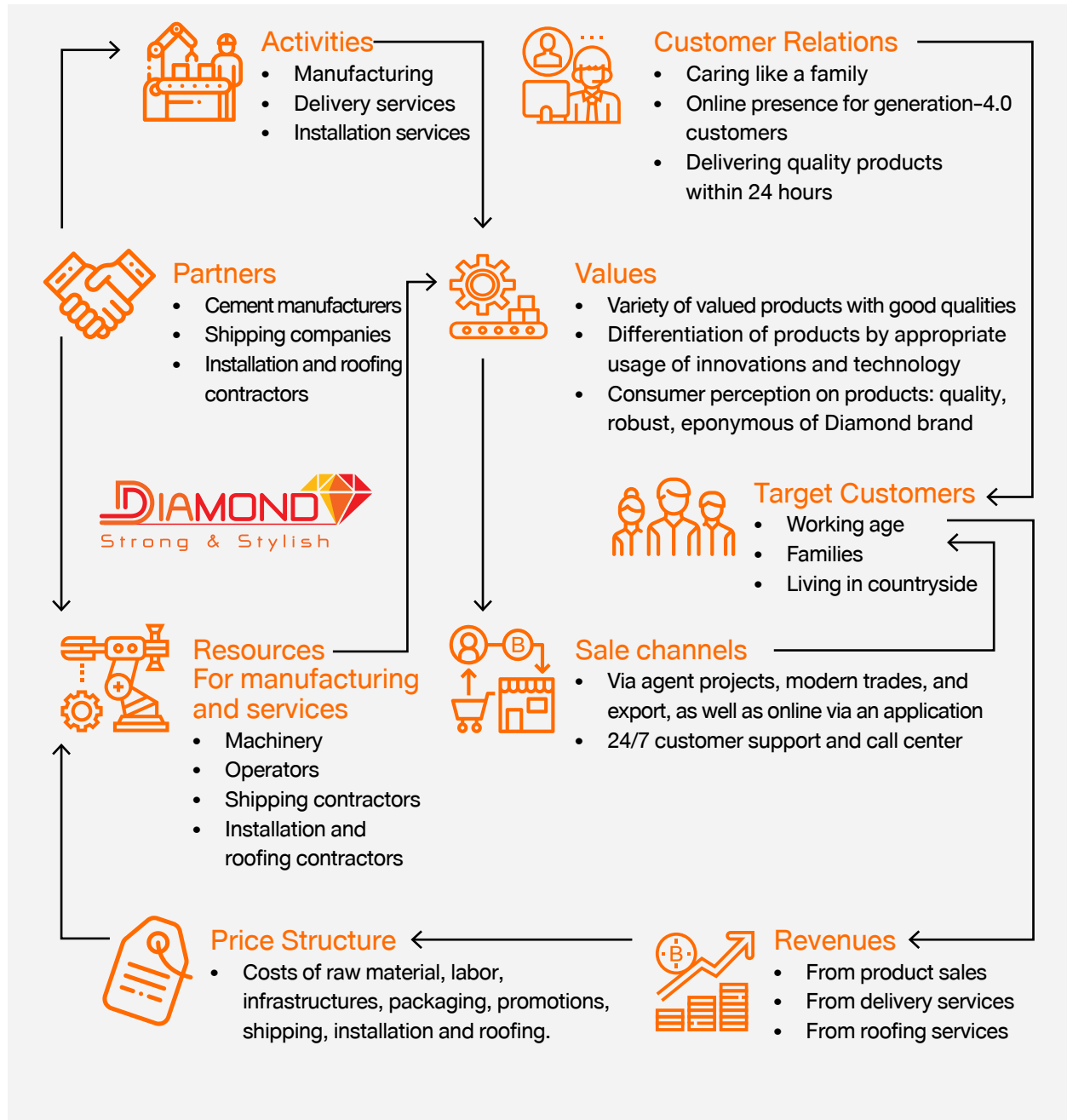


Accounting and Finance

Committed on adequate liquidity, debt-paying ability, and operating mechanism during financial difficulties 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.

Businesses

The Company is a manufacturer and distributor 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, having the following business model.



Annual Strategy and Operational Plan

To ensure success of the Company's operations according to the objectives and goals, the Board of Directors has established a mid-term and/or annual strategy and operational plan according to the objectives and goals of the Company. It includes environmental analyses; assessment of potential risks of stakeholders for the whole value chain; promotion of innovations and implementation of manufacturing technologies to enhance competitiveness, on the basis of social responsibility and sustainability; communication of the objectives and goals, strategy, and operational plan to the whole organization; and follow-up and monitoring to ensure regular success according to the objectives and goals.

COMPANY PROFILE

Company's Name	Diamond Building Products Public Company Limited
Abbreviation	DRT
Registration Number	0107547001041
Type of Business	Production and distribution of roofing products, boards and ceilings, siding boards, and other roof accessories and non-roof products as well as being a service provider for roof stripping and installation under the trademark names of Diamond, Roof, Adamas and Jearanai.
Registered Capital	947,961,800 ordinary shares at a par value of Baht 1 per share totaling Baht 947,961,800 and 947,961,800 issued and paid-up ordinary shares totaling Bath 947,961,800.

BACKGROUND

1985	August 28, 1985: The Company was established under the name of Siam City Tiles and Pipes Company Limited (SCTP) with Siam City Cement Public Company Limited as a major shareholder.
2001	April 3, 2001: The Company formally changed its name to Diamond Roofing Tiles Company Limited (DRT).
2002	December 26, 2002: There was a change in the shareholding structure with Myriad Materials Company Limited becoming a major shareholder.
2004	December 2, 2004: The Company was incorporated as a public company and became Diamond Roofing Tiles Public Company Limited.
2005	November 9, 2005: The Company was given permission by the Securities and Exchange Commission (SEC) to register its ordinary shares for trading on the Stock Exchange of Thailand (SET) and its shares were first traded on November 29, 2005 under the stock trading acronym of "DRT".
2011	January 18, 2011: The Company formally changed its name to Diamond Building Products Public Company Limited (DBP).
2013	May 9, 2013: Formation and registration of a subsidiary company, Diamond Materials Co., Ltd. with initial, "DMATS".

LOCATIONS

Head Office:	69-70 Moo 1, Mitraphap Road, Km. 115, Tambon Talingchan, Amphur Muang, Saraburi 18000 Tel: 0 3622 4171-8, Fax: 0 3622 4187
Branch Office 1:	408/163-165, Phaholyothin Place Bldg., 40 th Floor, Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400 Tel: 0 2619 0742, Fax: 0 2619 0488
Branch Office 2:	269 Moo 3, Tambon Samran, Amphur Muang, Khon Kaen 40000 Tel: 0 4339 3390-1
Branch Office 3:	169-170 Moo 4, Mitraphap Road, Tambon Tan Diao, Amphur Kaengkhroi, Saraburi 18110 Tel: 0 3622 4171-8 Ext. 401-420
Call Center:	0 2619 2333
Website:	www.dbp.co.th
E-mail Address:	Corpcenter@dbp.co.th

REFERENCES

Registrar

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

Auditor

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



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



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

During the past year 2018, the construction business in the private sector remains fiercely competitive due to surplus production capacities among many manufacturers. Regardless, the market was considered robust overall, and most operators could only increase their sale volume by small amount. Most of the growth in the residential construction concentrated in the Bangkok Metropolitan Region and other major provinces. Additionally, the construction business this year has received positive impact from the Governmental policies, including the **Eastern Economic Corridor (EEC)** and the **One Million Homes Project** in which the Government Housing Bank offering low-interest loans for low income citizens for purchasing houses that are less than one million Baht in value. This policy should positively affect the residential and construction material industries until year 2019.

Overall Operating Results

In year 2018, the Company’s total revenue from product sales and services was Baht 4,401.35 million, a 5.52 percent increase from the previous year with the revenue of Baht 4,171.13 million. Most of the increased revenue was from the increased sale volume with a slight increase in sale price per unit. Despite the Company’s revenue increase of 5.52 percent, the net profit increased by only 1.04 percent (net profit increased by 2.73 percent when the subsidiary company

is included). The main reason that the increase of net profit was not in line with the increase of revenue was due to an intense fluctuation of both domestic and overseas raw material prices, such as cement and paper pulp, etc. This change in raw material prices decreased the gross profit from 27.04 percent in year 2017 to 25.93 percent in year 2018. This reduced gross profit already accounts for cost reduction measures in manufacturing processes and other operation expenses.

The increased revenue in year 2018 was in part from the sale of new products, such as trusses, and market expansion policy to continuously increase sales for both existing products and new products. Additionally, sales agent retention policy in every channel ensures that existing sales agents are retained and new sales agents are recruited to cover all areas. Furthermore, expansion of Modern Trade as well as large and small residential projects are closely monitored. Focus has also been placed on expanding the export market, especially to neighboring CLMV countries. With these aggressive sales distribution policies, the Company could increase revenue from all the sale channels.

General Management, Technological Improvement and Innovation Creation

The Company has a strict policy on manufacturing efficiency. Employees are seriously motivated to create

BOARD OF DIRECTORS

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



Mr. Prakit Pradipasen

Chairman / Age 76 Years / Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018 = 1.55% : 1.56% of the paid-up capital and total voting rights.

Position as the Director : Started from January 9, 2003, totaling 15 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
Listed Companies			
2000 – Present	Independent Director and Audit Committee	Susco Plc.	Energy & Utilities
2000 – Present	Chairman and Independent Director	Asian Marine Service Plc.	Transportation & Logistics
Companies (Not listed companies)			
2002 – Present	Director	Myriad Materials Co., Ltd.	A holding company that does not mainly invest in financial business.
2004 – 2011	Chairman	Thai Sugar Millers Crop	Food & Beverage
2000 – 2018	Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Compensation Committee	Supalai Plc.	Property Development
2000 – 2018	Chairman, Independent Director and Nominating and Corporate Governance Committee Chairman	The Erawan Group Plc.	Tourism & Leisure

Mr. Chaiyut Srivikorn

Director and Nomination and Remuneration Committee Chairman

Age 52 Years / Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018 = 0.33% : 0.33% of the paid-up capital and total voting rights.

Position as the Director : Started from January 20, 2003, totaling 15 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)			
2016 – Present	Chairman	Srivikorn Foundation	Foundation
2015 – Present	Executive Director	TCMC Furniture (UK.) Co., Ltd.	Home & Office Products
2012 – Present	Chairman	Action Perfect Co., Ltd.	Sport
2002 – Present	Director	Myriad Materials Co., Ltd.	A holding company that does not mainly invest in financial business.
1999 – Present	Executive Director	TCH Suminoe Co., Ltd.	Automotive
1999 – Present	Chairman	Thai Outdoor Sport 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

Mr. Thanit Pulivekin

Independent Director, Audit Committee Member and Corporate Governance

Committee Chairman / Age 68 Years / Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018 = -None- of the paid-up capital and total voting rights.

Position as the Independent Director : Started from April 24, 2013, totaling 5 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)			
2018 – Present	Chairman	Phaholyothin Place Juristic Person	Property Development
2014 – 2018	Director and Manager	Phaholyothin Place Juristic Person	Property Development
2011 – 2018	Director	Pattaya Grand Village Co., Ltd.	Property Development



Mr. Sakda Maneeratchatchai

Independent Director and Audit Committee Chairman / Age 74 Years

Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018

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

Position as the Independent Director : Started from April 17, 2009, totaling 9 years

Education

- Bachelor of Electrical Engineering, FEATI University, Philippines

Training

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

Work Experience

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



Mr. Woodthikrai Soatthiyanon

Independent Director and Corporate Governance Committee Member

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

2017 : 2018 = -None- of the paid-up capital and total voting rights.

Position as the Independent Director : Started from January 12, 2011, totaling 7 years

Education

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

Training

- Year 2011 Director Accreditation Program

Work Experience

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

Mr. Anun Louharanoo

Independent Director, Audit Committee Member and Nomination and Remuneration Committee Member / Age 65 Years / Nationality : Thai
Shareholding in the Company as of Year 2017 : 2018 = 0.25% : 0.25%
of the paid-up capital and total voting rights.

Position as the Independent Director : Started from January 10, 2005, totaling 13 years

Education

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

Training

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



Work Experience

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



Mr. Warayu Pradipasen

Director and Corporate Governance Committee Member / Age 41 Years

Nationality : Thai / Shareholding in the Company as of Year

2017 : 2018 = 0.01% : 0.02% of the paid-up capital and total voting rights.

Position as the Director : Started from November 5, 2015, totaling 3 years

Education

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

Training

- Year 2016 Director Accreditation Program

Work Experience

Time	Position	Company	Type of Business
Listed Companies : None			
Companies (Not listed companies)			
2018 – Present	Manager, Aviation Industry Promotion Department	The Civil Aviation Authority of Thailand	Government Organization
2017 – 2018	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



Mr. Chatchai Teepsuwan

Director and Nomination and Remuneration Committee Member

Age 49 Years / Nationality : Thai / Shareholding in the Company as of Year

2017: 2018 = -None- of the paid-up capital and total voting rights.

Position as the Director : Started from April 25, 2016, totaling 3 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

Mr. Asanee Chantong

Director and Production Technology and Innovation Committee Chairman
Age 66 Years / Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018 = 0.11%: 0.11% of the paid-up capital and total voting rights.

Position as the Director : Started from January 1, 2007, totaling 11 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. Satid Sudbuntad

Director, Chief Executive Officer, Management Committee Chairman and Production Technology and Innovation Committee Member / Age 58 Years
Nationality : Thai / Shareholding in the Company as of Year 2017 : 2018 = 0.63% : 0.74% of the paid-up capital and total voting rights.

Position as the Director : Started from January 24, 2000, totaling 18 years

Education

- Bachelor of Engineering, King Mongkut's Institute of technology North Bangkok
- Master of Science in Engineering Administration (Major in Marketing Technology) The George Washington University, Washington D.C., USA
- Managing Change and Change of Management in Asia, Insead Euro-Asia Center, Hong Kong (2/2000)
- Orchestrating Winning Performance International Institute for Management Development, Lausanne, Switzerland (6/2000)

Training

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



Work Experience

Time	Position	Company	Type of Business
Listed Companies : None			
Companies (Not listed companies)			
2018 – Present	Chairman	Diamond Materials Co., Ltd.	Construction Materials
2013 – 2017	Director	Diamond Materials Co., Ltd.	Construction Materials
1995 – 1999	Director	Karat faucet Co., Ltd.	Construction Materials



Mr. Maitree Tawonatiwasna

Director, Production Technology and Innovation Committee Member, Management Committee Member and Deputy Chief Executive Officer Production and Engineering

Age 72 Years / Nationality : Thai

Shareholding in the Company as of Year 2017 : 2018 = 0.31% : 0.31% of the paid-up capital and total voting rights.

Position as the Director : Started from January 12, 2011, totaling 7 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



Mr. Kamolaphat Teepsuwan

Director

Age 51 Years / Nationality : Thai

Shareholding in the Company as of Year 2018 = -None-

Position as the Director : Started from January 29, 2018, totaling 1 years

Education

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

Training

- Year 2015 Finance for Non-Finance Director
- Year 2018 Director Accreditation Program

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

Company Secretary

Ms.Thanakarn Phanthapirat

Management Committee Member, Assistant Chief Executive Officer Accounting and Finance and Company Secretary

Age 62 Years / Nationality : Thai

Shareholding in the Company as of Year 2017 : 2018 = 0.29% : 0.29% of the paid-up capital and total voting rights.

Position as the Company Secretary : Started from August 1, 2008, totaling 10 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**, **CT Venice**, **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, including steel roof with volcanic rock coating "**DECRA**" etc.

4.2 Non-Roof Product Group, namely Truss, Beam, Purlins and Gypsum Boards, etc.

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

5.1 Installation service from the central part stationing at Saraburi Plant who are experts normally work on housing projects, etc.

5.2 Installation service in the local part stationing at the distribution agents throughout the Country by local technicians whom have been trained and examined on knowledge and skills on installation of roof, truss and siding board group of products professionally, capable of transferring their knowledge to other local technicians, creating job and revenue for the people in the surrounding communities, including recommendation on the correct methods for disposal of wastes or scraps from work to help reduce air pollution.

Revenue Structure

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

Products and Services	2018		2017		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Revenues from sales and services						
1. Revenue from Product Sales	4,020.85	91.35%	3,825.51	91.71%	3,803.83	92.36%
1.1 Roofing Products	2,056.40	46.72%	2,030.59	48.68%	2,063.92	50.12%
1.2 Board and Ceiling Products	764.66	17.37%	717.70	17.21%	685.26	16.64%
1.3 Siding Board Products	785.81	17.85%	729.96	17.50%	735.83	17.87%
1.4 Special Products	413.98	9.41%	347.26	8.32%	318.82	7.73%
2. Revenue from Services	380.50	8.65%	345.62	8.29%	314.47	7.64%
Total Revenues from sales and services	4,401.35	100.00%	4,171.13	100.00%	4,118.30	100.00%

กระเบื้องคอนกรีต

CT VENICE

CT เวนิส

คุณสมบัติพิเศษ

- รูปลอนกระเบื้องโค้งสูงสไตล์อิตาลี สวยงาม คลาสสิก สร้างมิติแสงเงามากกว่ารุ่นเดิม เพิ่มมุมมองที่แตกต่างตามช่วงเวลา
- ก้าวล้ำนำเทรนด์ด้วยสีพิเศษ Tri Tone Color มีถึง 3 เวนิสบนกระเบื้องแผ่นเดียว มิติใหม่ของการดีไซน์หลังคาที่ช่วยให้หลังคาบ้านโดดเด่น แตกต่างจากบ้านทั่วไป
- การเคลือบด้วยเทคโนโลยี Super Coating ด้วยการพ่นสารเคลือบสูตรพิเศษเฉพาะ ทำให้สีของกระเบื้องคงทนกว่ารุ่นทั่วไปและลดปัญหาสีซีดจาง
- ผิวกระเบื้องสีทั้งด้าน ใหม่ เรียบหรูทุกมุมมองของทุกเอนไซส์เอร์โคโน
- รูปลอนโค้งแบบแหลม ช่วยรับแรงได้มากกว่ากระเบื้องคอนกรีตมาตรฐานทั่วไปถึง 2 เท่า

- ร่องรางลึก ช่วยระบายน้ำได้ดีกว่ากระเบื้องหลังคาอื่นทั่วไป



- ปลายกระเบื้องโค้งมน ดีไซน์สวยงามกลมกลืนทุกรายละเอียด

ใหม่!



กระเบื้องคอนกรีต CT เเพชร รุ่นเวนิส (Concrete Tile : Venice)

รูปลอนโค้งสูงโดดเด่นเป็นเอกลักษณ์ หูหระในสไตล์ยุโรป ร่องลึกระบายน้ำได้ดี

บริษัท ผลิตภัณฑ์ตราเพชร จำกัด (มหาชน) | www.dbp.co.th | Call Center : 02 619 2333

Sustainability Development Report

Sustainability Operation Strategy



Innovative Organization Year 2018” Awards



Sustainable Stocks” Year 2018 Awards



Participation in Customer Branch Openings
in Thailand and Overseas



New Concrete Tile
“CT Venice”



“High Energy Efficiency
Label” Standard



“Mobile Application”
Technology Development

ENVIRONMENTAL MANAGEMENT

“Energy Saving Conscience
Campaign, “Saving Day”

SOCIAL MANAGEMENT

Occupational Health and Safety Aspect



SHE 7 Rules
7 Permits
7 Enforcement Rules
Accident Prevention
Measure Handbook

Care for Diamond People



**Fire Evacuation and
Extinguishing Drill**



Safety Training Program



“DBP Run For Health” Activity



“Let’s Get Fit with DBP” Activity



“New Year Party” Activity

Sustainable Society and Community Development



**National Children’s Day
Activity**



National Mother’s Day Activity



**Mind Development
for Balanced Life Activity**

Diamond Heart Technicians Project Year 2018



Class 9
In cooperation with Muak Lek
Technical College, Saraburi
Province



Class 10
In cooperation with Phra Dabot
Foundation on Phra Dabot
Agricultural Area, Saraburi
Province

Sustainability Operation Strategy

For over 33 of business operation, the Company has been upholding 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 development of the surrounding society, community, and environment, the development starts with the **Diamond People**, which is the internal community comprises all directors, executives, and employees, to instill honesty, generosity, love for learning, and attaining good quality of life; with the **Diamond Society** to ensure peaceful and safe living; and with 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 youths 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 preservation on the **Surrounding Diamond Environment** is organized by continuously improving the manufacturing process to minimize environmental impact, as well as raising awareness on environmental preservation, with commitment to ethical business practice for sustainable value creation.

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 page 103, Corporate Governance)

Corporate Social Responsibility

The 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 to promote 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 in long-term.
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 generate sustainable and sound benefits 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.

Employees



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

Responsible Unit: Human Resource Division

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

Sustainability Development Plan:

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.

Shareholders



Communication Channels:

- 1) Arrangement of the Annual General Meeting of Shareholders, listening to suggestions or complaints.
- 2) Arrangement of factory site visits to see manufacturing process.
- 3) Company's website, "Investor Relations" section.
- 4) Attending investor meeting events held by the Stock Exchange of Thailand and others, such as, Opportunity Day, Thailand Focus, domestic and overseas road show.

Responsible Unit: Investor Relations Office

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

Sustainability Development Plan:

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.

Domestic Customers



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

Responsible Units: Sales Division

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

Sustainability Development Plan:

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.

Export Customers



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

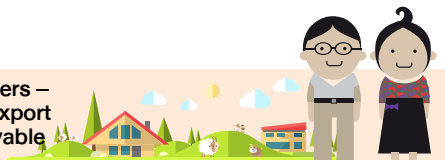
Responsible Units: Export Department and Marketing Division

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

Sustainability Development Plan:

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.

Trading Partners – Domestic & Export Accounts Payable



Communication Channels: Meeting with trading partners, visits from trading partners, trading partner inspection, and receiving suggestions and complaints in writing or by e-mails

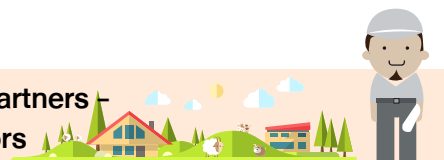
Responsible Units: Purchasing Department and Administration Division.

Expectation: Builds satisfaction as business partners.

Sustainability Development Plan:

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; Uphold equitable, honest business operation and joint benefits.

Trading Partners – Contractors



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

Responsible Units: Contractor Coordination Section and Administration Division

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

Sustainability Development Plan:

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

Consumers

Communication Channels: Customer satisfaction survey on products and services.
Responsible Units: Marketing Division and Sales Division

Expectations:

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

Sustainability Development Plan:

Deliver good quality products and services that are correct as ordered, on-time and with fair prices; Provide training for shop sales personnel for universal sales principle, politeness and correct method of communication; Provide effective and prompt aftersales services.

Government Offices

Communication Channels: Consult legal and taxation issues via telephone and through website of the Revenue Department

Responsible Units: Legal Office and Accounting and Finance Division.

Sustainability Development Plan:

Build confidence with the government offices; 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.

Trading Partners – Transport Operators

Communication Channels: Meetings and monitoring with transport operators on daily, weekly, and monthly basis, as well as annual visits of operator's premises. Survey on customer satisfaction of product delivery services.

Responsible Units: Transport Department, Customer Support Section, Logistics Division.

Expectations: Equitable treatment, for example, receiving work amount suitable for the assessed performance, receiving compensation according to agreement terms and equivalent to other businesses, and providing safe work environment according to related laws.

Sustainability Development Plan:

Establish product delivery system with good standard, suitable work distribution system, and safety measures from truck loading to handling to customers, preventing 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:

- Basic physical examination before operations, such as, alcohol level.
- Full load and roundtrip hauling.
- Load capacity control and product covering before leaving the factory. Reduce road traffic by utilizing rails and waterways.

Communities

Communication Channels: Organization of activities with the community and listen to complaints.

Responsible Unit: Human Resources Division

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

Sustainability Development Plan:

Promote job creation in the community by establishing policy for hiring from the surrounding communities as a priority, and 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; Community support by donating Diamond brand products for repairs of governmental, educational, and religious buildings in the surrounding communities, as well as building homes for the impoverished, etc.

Business Competitors

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

Responsible Units: Marketing Division and Investor Relations Office

Sustainability Development Plan:

Operate under good business competition rule and framework; Do not seek for confidential information of the business competitor illegally or inappropriately; Do not damage reputation of business competitor's by making damaging accusation, either directly or indirectly.

Mass Media

Communication Channels: Executives meet mass media activities and offering opinions.

Responsible Unit: Marketing Division and Investor Relations Office

Expectations: Most complete facts and good reception from the Company.

Sustainability Development Plan:

Promote good corporate image; Build good relationship with the mass media; Refrain from false communication, distortion of facts, or against morality.

Trading Partners – Financial Institutions and Banks

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

Responsible Units: Accounting and Finance Division and Management Division

Expectations: Financial transactions and stable financial status for continuing financial benefits.

Sustainability Development Plan: Build credibility with financial institutions and banks for applying for credit lines with good terms and low interest rate. Obtain advice on financial and investment issues.

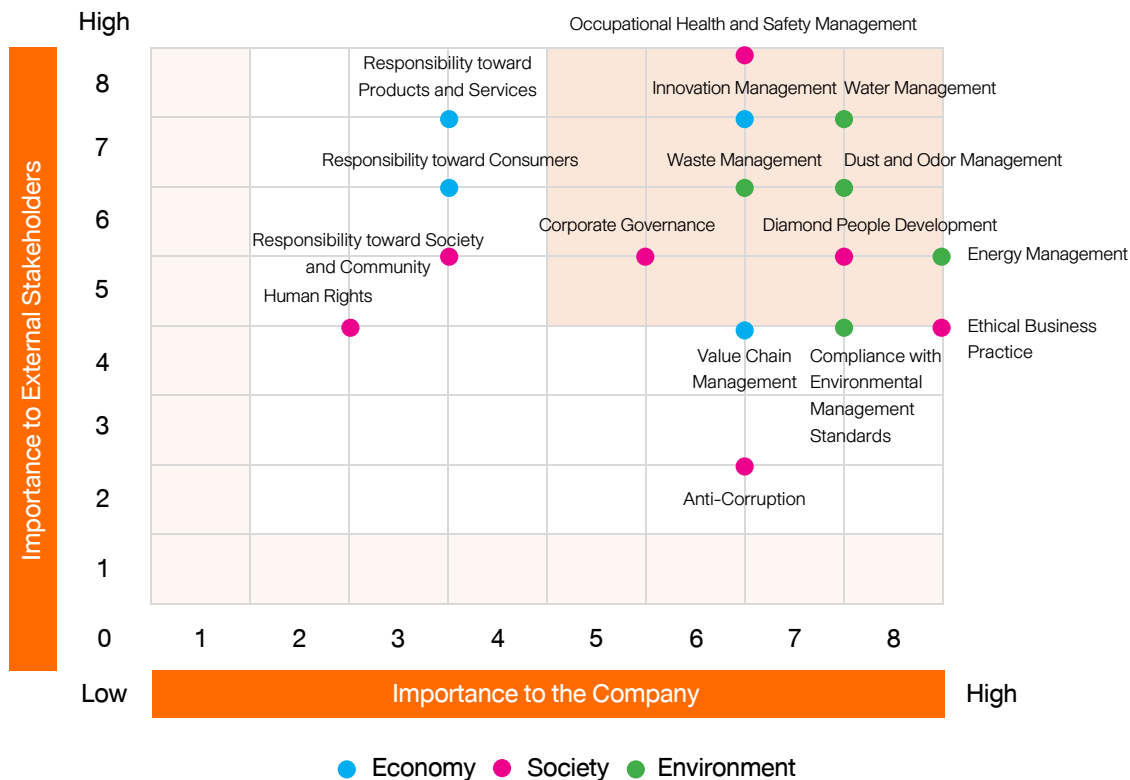
Analysis of Sustainability Development Factors

The CSR Committee, which comprises representatives from every department, has convened meetings and discussions to review issues concerning sustainable development under changes of economic, social and environmental conditions, as well as addressing some of the United Nations' sustainable development goals. The process is derived from analyses of sustainable development issues for further risk assessment by the Company and sustainable development activities.

Assessment Steps for Sustainability Development Issues



Sustainability Development Factors



Guidelines for Sustainable Operations

Corporate Governance

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

Society

Conduct business based on equitable principles, with responsibility toward surrounding society and community, ensuring good quality of life, addressing the United Nations

Sustainable Development Goals (SDGs), Goal 1: No poverty, for increased prosperity for the people in the community.

- 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.

Environment

Improving the manufacturing process to manage environmental issues, minimizing environmental impact. Organizing environmental awareness activities, such as management of water, waste, dust, odor, and energy saving. Decreasing wasteful energy and reduce emission by reusing steam from the autoclave aerated concrete process and improving the efficiency of siding board curing process, etc., resulting in reduction of greenhouse gases emission.

Economy

Ensuring competitiveness and good operating results in long term by:

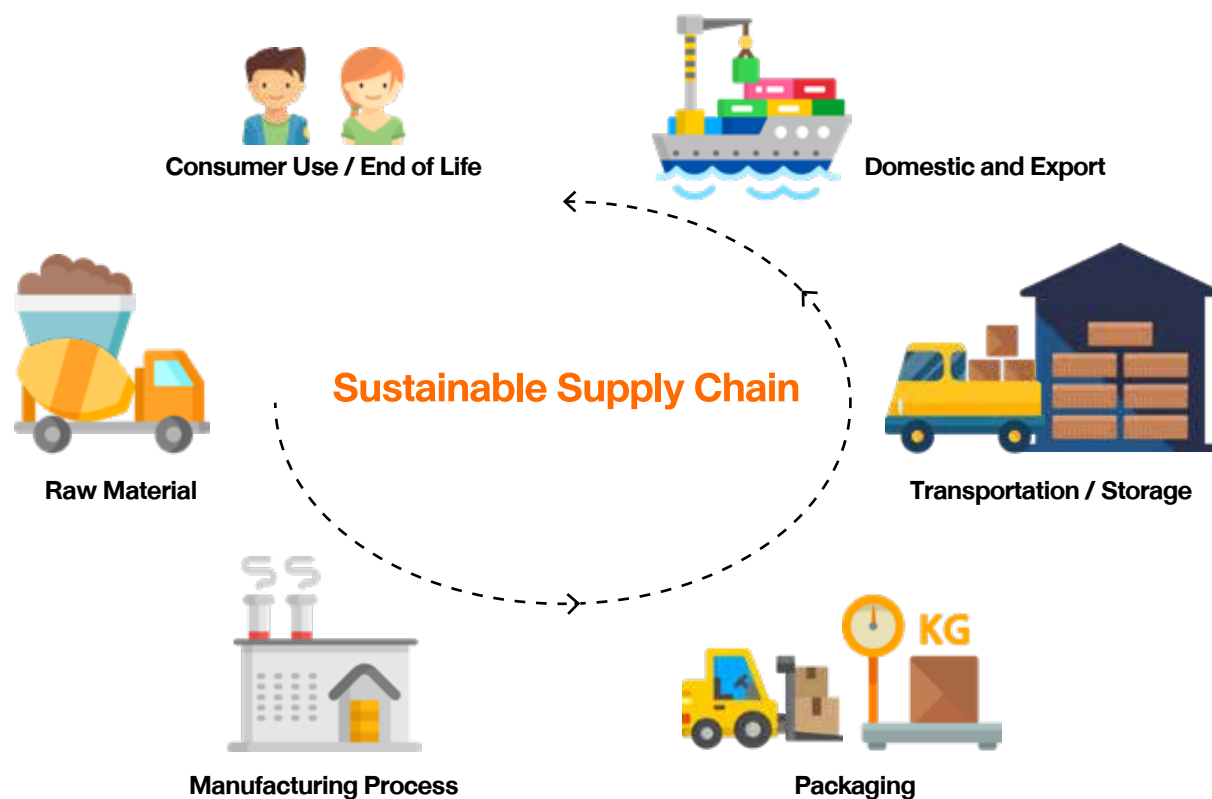
- Managing and balancing the value chain from upstream to downstream to minimize environmental impact.
- Being responsible for the products and services, creating innovation differentiating from competitors including tax-related process.

1. Economic Management

1.1 Sustainable Supply Chain

With emphasis on effective use of resources to prevent business disruption that would affect the credibility toward all stakeholders, 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, transportation, and distribution through 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

Raw materials are keys to the Company's business operations. Therefore, the Company has established procurement policy for each type of raw materials. In particular, the main raw materials must pass the quality inspection and must be available from at least two suppliers to mitigate risk from shortage of raw materials. Each supplier is carefully selected, and the criteria for selecting new supplier are as follows:

Main Raw Materials: Processes must follow standards and control, such as, ISO 9001 and ISO 14001 certifications. Suppliers are assessed or present documents related to environmental management at least once per year. As for sand and kaolin, suppliers must have a legitimate sand concession. The same standard is applied to credit policy and price comparison with other trading partners. Raw materials are inspected before entering the manufacturing process to ensure the established standard, ensuring 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; zero-tolerant to bribery; receiving and giving of gifts, accommodation, service fee, or any other benefits. 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 committed to manufacturing process improvements by applying new technology and innovation in each manufacturing process. With focus on personnel development to foster innovation ideation, and with good cooperation with all employees, many programs have been organized, such as, Total Productive Maintenance (TPM), Quality Control Circle (QCC), and Material Cost Improvement Program, resulting in increased overall equipment effectiveness (OEE), and reduced production cost. Moreover, environmental impact mitigation activities were carried out such as water management, air pollution reduction, energy saving, process waste reduction, resource consumption reduction, greenhouse gas reduction, etc.

(C) Packaging

In 2018, from the development and innovation ideation, the Company has introduced the robotic system in place of manual labor at risk-prone areas. Initially, the system has been used at the concrete ridge packaging machine, which required manual labor to move substantially heavy products and was accident prone. After the implementation, the productivity is increased, and the production cost is reduced. Apart from this, the packaging must be robust, preventing product breakage during delivery, ensuring that the products reach dealers and consumers safely and with good quality as from the factory. Additionally, transporters must return the pallets being used to load the products in the previous trip for reuse, resulting in reduced packaging cost and minimized impact to the environment.

(D) Transportation / Storage

The Company employs many transport operators as trading partners, and thus committed to develop an effective transportation system, delivering products to the hands of customers and consumers safely. Also, drivers and assets 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 for Reduced Energy Consumption:

- 1.1) The cost structure for product delivery is revised to better suit changing fuel cost during different periods. The level of difficulty in each area is also considered to ensure fair consideration for all parties, such as, distance, risk-prone areas, or areas with steep slopes, etc.
- 1.2) 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 and reduce risk from road accidents. Additionally, strategies such as roundtrip transport and full-load are employed to increase loading efficiency, decrease transport distance, and reduce energy consumption.
- 1.3) 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.
- 1.4) Using crane-equipped trucks 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.

(2) Safety:

- 2.1) Arrangement of training courses on safety and work procedure for every driver, both from transport companies and from customers, domestically and overseas. Moreover, operation at risky areas are being monitored, such as, loading areas and canvas covering areas, to reassure that safety equipment are fully used.
- 2.2) Arrangement of training courses on safety and work procedure for all employees and permanent workers at the warehouses, as well as improvements 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 and canvas covering areas to ensure work safety.

- 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 boosting morale among the workers that they are being taken care as the permanent employees of the Company, arranging lounge areas and restrooms for drivers waiting for products, etc.
- 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 ensure road safety for road-side communities.
- 2.6) Promote engagement in safety activities for workers in transport services or drivers receiving the products, raising awareness for vigilance against danger from accidents, such as reminder on danger in each areas (KYT), etc.
- 2.7) Familiarize with laws related to the Department of Land Transport to ensure compliance by the transport operators, such as, laws related to installation of reflective panels on large trucks, etc.

(3) Work Efficiency Improvement:

- 3.1) Encourage employees to engage in Kaizen, OPL, and QCC projects to improve work efficiency. In year 2018, employees have designed a tile counting machine that utilizes laser sensors to count Roman tiles and Jatulon tiles to confirm order fulfillment before loading the products on the delivery trucks. This technique is much faster and more precise than manual labor.
- 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.

(E) Domestic and Export

The Company's domestic dealers have over 800 establishments throughout Thailand, separating into 3 groups, namely: original dealer 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, 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 sale 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 autoclaved aerated concrete, specifically on the fast speed of installation and reduced labor, for example.

(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 uses. 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:** Product information and installation guides are available at points-of-sale, and as downloadable files on the website. In year 2018, a mobile application, Diamond Brand app, has been released for Android and iOS devices to ensure thorough access of information by consumers and as a tool to calculate the required number of products.
- (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), and online channels which garnered much attention from consumers:
 - www.dbp.co.th, www.facebook.com/DiamondBrandOfficial,
 - www.facebook.com/DiamondBrandCambodia,
 - www.youtube.com/DiamondBrandOfficial,
 - www.instagram.com/DiamondBrandOfficial

- (4) **Exhibitions:** In year 2018, 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 Architect '18 at Muang Thong Thani, and HomeExpo at BITEC Bangna.

1.2 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 tow 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**, **CT Venice**, **Adamas**, and Concrete Ridges, etc.

(2) **Board and Ceiling Product Group**, namely, **“Diamond Board”** boards and ceiling, **“Diamond Block”** autoclaved aerated concrete, **“Diamond Lintel”** prefabricated lintel, and **“Diamond Counter”** prefabricated kitchen tops, 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, as well as **“DECRA”** volcanic rock coated steel roof.
- 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.

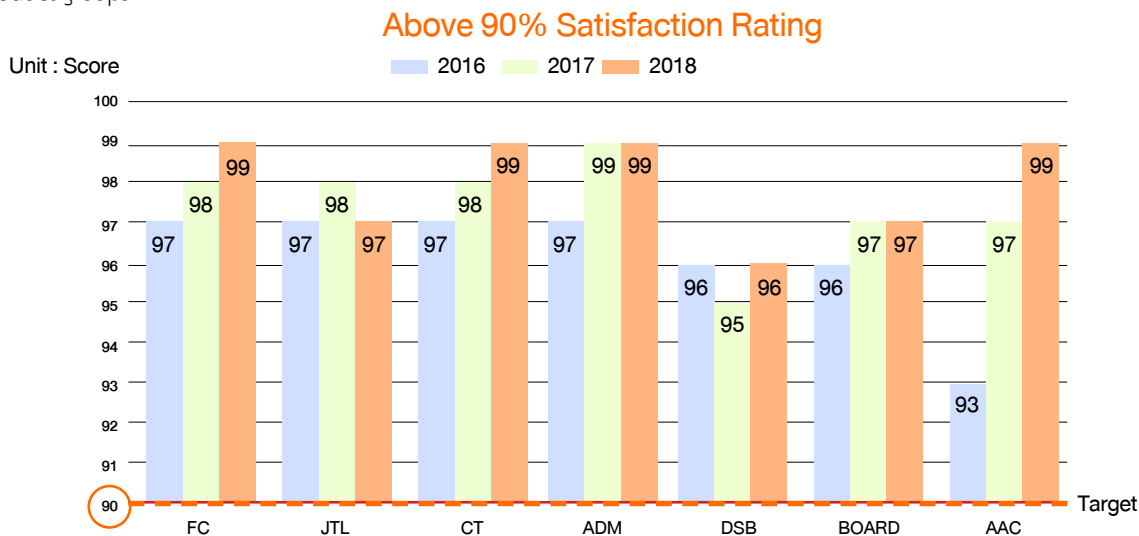
- 5.1) Installation service from the central part stationing at Saraburi Plant who are experts normally work on housing projects, etc.
- 5.2) Installation service in the local part stationing at the distribution agents throughout the Country by local technicians whom have been trained and examined on 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) Satisfaction Assessment on Products and Services

The Company has arranged satisfaction assessment for dealers nationwide. It was found that dealers have loyalty toward the brand (Diamond Brand), which is well known among consumers, has varieties of products, and with systematic installation and after-sale services. In year 2018, the Marketing Division has arranged the satisfaction assessment for dealers nationwide with the sample size of 629 dealers, and 40 percent responses within the target. The details are as follows.

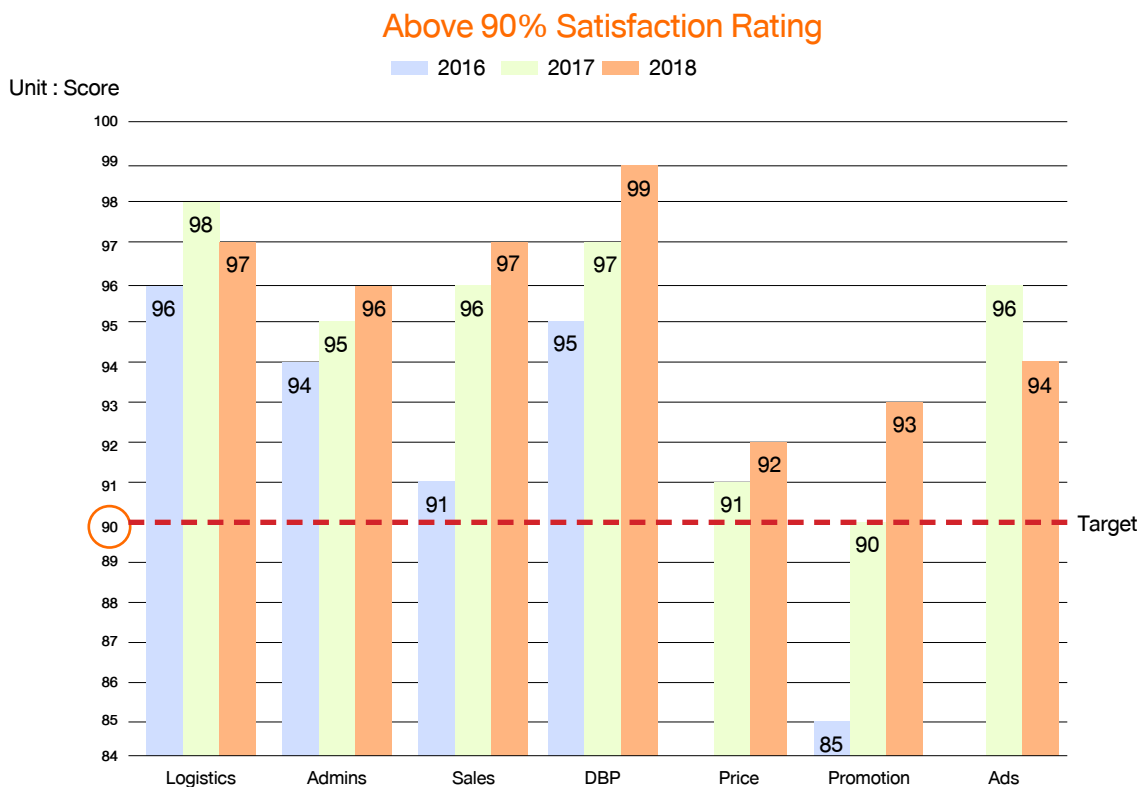
Satisfaction toward Product Groups

The target satisfaction rating is above 90 percent. The satisfaction ratings from year 2016 to 2018 are above the target for all product groups.



Satisfaction toward Products and Services

The target satisfaction rating is above 90 percent. The satisfaction ratings for year 2018 are above the target for all products and services. Promotion on the sale support tool has been improved this year as a result from the survey results.



Satisfaction Categories with Lowest Ratings

In year 2018, the satisfaction categories with lowest ratings are: color variety of wooden products, convenience of receiving products at factory (by the dealers themselves), regularity of customer visits by sale agents, and customer support on weekends. The Marketing Division has presented the satisfaction assessment results to the MC Committee for further assignments of rectification measures to related units. Matters concerning with the products shall be brought to the Product Development Working Group, which comprises of representatives from every department in order to effectively make improvements to the products and services, including continue to follow up with the next satisfaction assessment.

(C) Innovation Management

In recognition of the importance of innovation related works, in year 2018 the Board of Directors has established the PTI Committee with an established innovation policy: “The Company strives for innovative business operations by developing the personnel to be knowledgeable, capable, and creative to foster innovation ideation to develop new products, leading to increased competitive potential and reduced impacts to the society and the environment, ensuring that the Company can sustainably adapt to changing situations.” Many of the projects stem from fundamental projects such as Kaizen, QCC, and TQM, adapting experiment results to actual manufacturing processes, resulting in decreased production costs and increased competitive edges. The works on innovation are as follows:

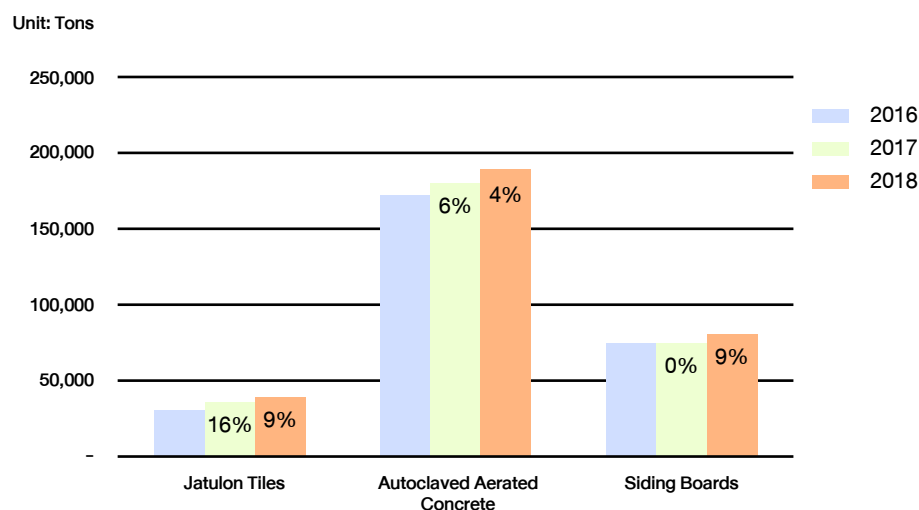
(1) Innovation on Products and Development

- (1.1) In 2018, the Company has expense related to research and development of around Baht 2.3 million to ensure the fulfilment of the Company’s vision “To Be a Better Choice for Construction Materials and Services,” along with continual development of environmental friendly products. The Company has developed roof tile production formula without asbestos but with comparable strength, such as, Roman tiles and Jatulon tiles. Examples of other developments include improvement on roof tile screw quality and development of alternative, new products for consumers. In 2018, the Company has designed and developed a new ridged, Italian style tile with the name of **CT VENICE**, which features higher ridges and better water flow, embodying classic beauty with perceived shade and dimension varying on the time of day. An elegant piece of work, CT Venice incorporates a unique manufacturing design for the Diamond Brand and uses environmentally friendly raw materials. The product has been commercialized in December 2018.

Additionally in 2018, the Diamond Brand products have received “**High Energy Efficiency Label**” standard from the Department of Alternative Energy Development and Efficiency, Ministry of Energy, for 11 models to be affixed on the Company’s products, which include development of heat insulating autoclaved aerated concrete formula and development of roof tiles with solar radiation reflectance of 45 percent or above (based on ASTM E903 test method), being able to better reflect heat than ordinary roof, reducing electricity cost from air conditioners. These techniques are incorporated in fiber cement tile group, concrete roof tile group, and autoclaved aerated concrete. These products have a total sale volume of 126 tons in 2018, with growth target for 2019 of at least 5 percent.

Previous innovated products include Jatulon tiles, autoclaved aerated concrete, and siding boards, with growth target of at least 5 percent.

Sale Volume



(2) Process Innovation

(2.1) Manufacturing Innovation includes:

- (1) RID Robopack project for curved ridge packaging in place of manual labor. The project was implemented at the curved ridge packaging system at the concrete tile production line, which has improved precision and speed, mitigated labor shortage, and reduced accidents. The production is expected to start in the first quarter of 2019.
- (2) Solar roof top project at autoclaved aerated concrete production line to reduce electricity consumption from the grid and divert to on-site solar energy for the autoclaved aerated concrete production. This is a pilot project for further implementation of solar energy in the future. The production is expected to start in the first quarter of 2019.

(2.2) Roof Installation Innovation

- (1) Tile conveyor system development project: The system conveys roof tiles up and down the roof of a construction area. This can reduce time and labor for tile handling, improve work efficiency and safety, as well as meet the demand of project customers.
- (2) Ground-level roof frame prefabrication project: The roof frame is assembled at the ground level. The finished roof frame is then lifted up and installed on the designated spot. This can reduce downtime, improve productivity, and ensure safety for working from height.
- (3) Truss manufacturing project: The trusses are particularly developed as 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.

(2.3) Innovation on Sales and Marketing

Mobile application project: With recognition on the importance of technological development and to ensure contemporary business operations in today's "**digitalized**" world, the Company has developed "**Diamond Brand**" **mobile application** for Android and iOS devices, which allows quick access of information for consumers. The features include simple material calculations, product catalogue, sample home model, dealership search, information on roof installation service, news and events. The application is a channel for product sales, marketing communication, and corporate image. Additionally, communication is also engaged on Facebook, Instagram, YouTube, and LINE, with much attention from consumers.

(2.4) Learning Promotion toward "Innovative Culture"

The Company has participated in an innovation capability promotion program for businesses hosted by the National Innovation Agency (NIA) and the Stock Exchange of Thailand. The program aimed to elevate understanding on organizational innovation management and to gauge the innovative capacity of the Company. The Company has been selected by the NIA to receive the "**Innovative Organization Year 2018**" award on October 5, 2018. Additionally, the Company has engaged in the following innovation workshops in 2018 as follows:

- (1) Assigned executives to attend high-level innovative capacity training by the NIA in cooperation with Mahidol University, with an aim to develop an innovation system and corporate innovative culture, which is a key factor for continuous innovative development and goal achievement.
- (2) Attended "Process Innovation Coaching Program 2018" being held by the Stock Exchange of Thailand and Thailand Productivity Institute. The objective of the program is to elevate internal process of companies, leading to actual innovation development from within. The Company is among the five companies that have been coached by experts on innovation from Thailand Productivity Institute. The practical workshop held in the Company was attended by 79 executives and employees.

1.3 Tax Related Work

The Tax Policy: *"The Company aims to be a growing organization with values, strictly accountable to tax laws, and to be a good enterprise upholding tax related work to add sustainable value to the society."*

In order to achieve the tax policy, the following tax related objectives have been established:

- (1) Committed to comply with laws related tax administration in every sector of the Company and the subsidiary.
- (2) Lawfully exercise tax benefits and use tax structures in an appropriate manner with no tax evasion.

The guideline on tax related work:

- (1) Establish monitoring process on changes to tax related policies and laws of the government. The Accounting and Financial Division, Human Resources Division, Legal Office, and other units relating to each tax category are to regularly monitor and report on new laws to the Management Committee and the Board of Directors.
- (2) Establish guidelines and duties regarding tax submissions and refund submissions for each tax category to ensure timeliness and compliance to the Company's regulations.
- (3) Risks regarding to tax laws are assessed by the Internal Audit Office to ensure compliance with tax laws and to systematically mitigate such risks.
- (4) Tax related systems are reviewed, from tax payments and tax refund to tax benefits and tax related reports by the external independent auditor and the Internal Audit Office. The results are to be reported to the Audit Committee and the Board of Directors regularly.

In 2018, the review shows that there was no error on tax related work of the Company. Details of tax being paid each year are disclosed in the financial statements of the Company.

2. Social Management

2.1 Occupational Health and Safety Management

The Company believes that accidents, injuries, and illness 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 Department (SHE) 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 5 Years

Accident Statistics (Unit: Persons)	Total	Employees	Contractors	Contractors			Total	
				By Group			By Level of Severity	
				Production/ Maintenance	Transport	Repair/ 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
2018	2	2	-	-	-	-	1	1

Rate of Accident Statistics from the Past 4 Years

Rate of Accidents Unit: case/1,000,000 man-hours	Accident Record Frequency Rate (AFR)	Lost Time Injury Frequency Rate (LTIFR)	Lost Time Injury Severity Rate (LTISR)
2015	1.97	0.99	23.33
2016	0.99	0.49	9.12
2017	1.32	0.80	7.92
2018	0.32	0.16	1.62

Additionally, accident prevention measures are produced, which continually reduce accident.

(A) Accident Prevention Measure Handbook

The OHS Committee and the SHE Department 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, which can be summarized as follows:

- (1) Since 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.
- (2) Since 2016, **7 Risky Work Permits or “7 Permits”** have been added to prevent accidents in highly risk-prone areas. It has been established that permits are required before entering to work in high risk areas, which include the follow 7 risky areas: (1) working from height, (2) places with heat or sparks, (3) confined spaces, (4) places with radiation, (5) places with high voltage, (6) chemical loading, and (7) repair/construction.
- (3) In 2018, **“7 Enforcement” rules** are added which include: (1) modification notification, (2) risky behavior coaching, (3) probations, (4) CAR being issued in standard system, (5) monetary penalty, (6) plant access ban, and (7) disciplinary action. Additional measures to eliminate risky behaviors include “Stop Card” reports, risky area reports, and near-miss incident reports.

With strong commitment on safety, the Diamond People has become actively aware of accident prevention. As a result, the Company was able to reduce the number of accidents from 22 incidents in 2014 to 2 incidents in 2018, and the Lost Time Injury Severity Rate (LTISR) was reduced from 23.33 in 2015 to 1.62 in 2018.

(B) Risky Behavior Reduction Campaign Year 2018

- (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, 2,234 accident prone areas have been eliminated, contributing to safe environment.
- (2) **Unsafe Action (UA) or 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 were 7,502 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 was 918 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 900 times per year.
- (5) **Walk Rally:** An activity being held at least 6 times per year on safety fundamentals aimed as a refresher on rules, penalties in case of breach.

(C) Safety Knowledge Training

The OHS Committee and the SHE Department 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 50,000 working hours of safety training have been recorded.

(D) Training on Emergency Response

The OHS Committee and the SHE Department 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



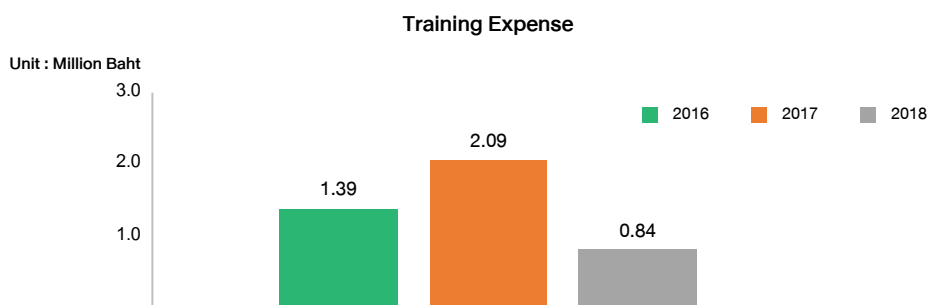
(E) Safety Check

In 2018, the OHS Committee and SHE Department have performed safety checks in manufacturing plants to ensure compliance with regulations, from 765 times per year in 2017 to 833 times per year in 2018, or an increase of 8.89 percent.

2.2 Care for Diamond People

(A) Training and Development for Diamond People

The Company has a goal to provide training and development for Diamond People for 4 hours per person per year. In 2018, there were 58 development courses in 67 classes, with total training hours of 4,023 hours, or 4.28 hours per person per year on average, and training expense of Baht 840,194. Training and development for this year focused on innovation, which leads to development of modern leadership, with supports from the Stock Exchange of Thailand, the National Innovation Agency, Thailand Productivity Institute, and Mahidol University.



Type of Courses	Year 2016 Training Hours	Year 2017 Training Hours	Year 2018		
			Number of Courses	Number of Classes	Training Hours
1. Productivity Improvement	706	24	3	3	780
2. Standard System (ISO)	1,070	318	1	4	189
3. Human Resource Development	2,882	2,769	10	16	1,527
4. Technical Training	369	2,010	31	31	786
5. Safety	1,710	990	9	9	588
6. Energy	96	183	3	3	84
7. Others	199	18	1	1	69
Total	7,032	6,312	58	67	4,023

Apart in-house and public training, the Company also supports training of Diamond People in other forms, such as, coaching, consulting, and development programs.

(1) Build Conscience of Productivity Improvement

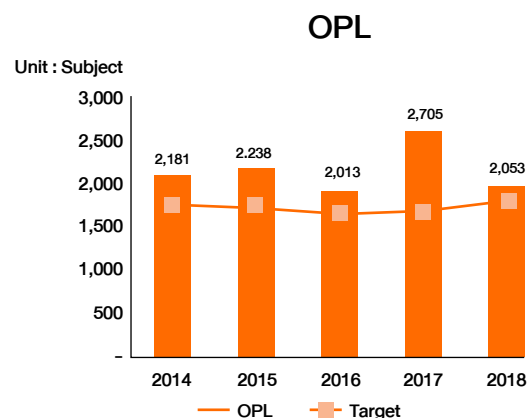
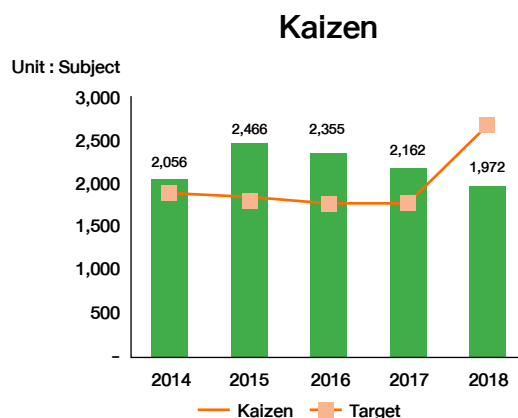
The Company recognizes that employees are the driving force for sustainability of the organization, who have provided suggestions and have engaged in the following activities:

- 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 Diamond People. The employees shall be trained to become experts on machinery, who can utilize and maintain the machinery with highest efficiency, which is beneficial to the operation and performance of the organization. TPM methods include: Autonomous Maintenance, Focus Improvement, Overall Equipment Effective, and Maintenance Awareness, which have been well received and participated by the Diamond People from every department.
- 1.2) **OEE (Overall Equipment Effectiveness)** : OEE is the indicator of efficiency and effectiveness of the equipment having three main variables: 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 Items	Unit	Year 2016 BM	Year 2017		Year 2018	
			Target	Actual	Target	Actual
1. FC Plant	%	88.00	86.00	86.22	80.00	82.57
2. CT Plant	%	91.00	89.70	91.46	91.40	90.78
3. AAC Plant	%	70.00	73.00	70.00	75.00	81.30

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 2018, OPL program was conducted with a total 2,053 lessons.
- 1.5) **Kaizen**: An activity promoting mental acuity among employees to come up with suggestions to improve the work under their responsibility, resulting in increased productivity, reduced cost, environmental conservation, and safety. In 2018, there were 1,972 Kaizen projects proposed by employees. Apart from the internal Kaizen Awards being held every year, the consideration on the projects for this year was more comprehensive, in which each division shall establish their own objectives in preparation for proposing the topics to the Kaizen Awards of the Technology Promotion Association (Thailand-Japan) or TPA.



Proposals for improvement being selected to compete in the Kaizen Awards in 2018 are the follow twelve projects:

No.	Proposals for Improvement	Categories
1	Replacing 400W Spotlights with 200W LEDs.	Energy
2	LED Light Improvement	Cost Saving
3	Improvement on One-Way Pallets for Autoclaved Aerated Concrete	Cost Saving
4	Optimization of Product Price Check - ZARE008	Delivery
5	Sensor Crane Device 1 on Position Track 11, 12, 13	Delivery
6	Utilize instead of Storing	Environment
7	Color-coded Storage by Production Line	Delivery
8	Water Usage Optimization in Dosing Tank to Reduce Waste and Blockage in Pipes and Tank Bottoms	Productivity
9	Pending Debt Update Notification via LINE to Expedite Payments from Customers	Delivery
10	Improvement on Feeding Chain of Grooving Machine	Delivery
11	E_Logbook Utilization to Control Inter-Department Documents	Delivery
12	Swinging Water Spray In-Out of CT5	Productivity

1.6) QCC (Quality Control Circle): QCC is a quality control group activity promoting teamwork in work quality improvement using analytical, rectification, and follow-up methods and procedures. Details of all projects are disseminated on the Company's Intranet knowledge base, accessible for all employees for their own implementation. The Company also arranges QCC Awards to provide all employees with opportunities to demonstrate their capabilities and develop QCC presenting skills. The projects which have been selected to compete in the QCC Awards for year 2018 are from the follow seven teams.

No.	Projects	Team Name	Division
1	Reducing Flaking in NT9	FC Plant NT-9	FC
2	Glass Sand Preparation Optimization	QCC RM-CT	CT
3	Product Conveying at Packing Machine	Zero Breakdown	EN
4	Using 5.0-Percent Solid Crushed Block Scraps in Autoclaved Aerated Concrete Formula	AAC Powder Crusher	AAC
5	Product Cost Reduction for D-Truss with Design	Designing Division	LG
6	Reducing Product Storing Time at CT Warehouse	CT Warehouse	LG
7	Reducing Stock-Based Product Pending Delivery at FC	Demand Planning Team	LG

Remark: FC = Fiber Cement Tile Production Division, CT = Concrete Tile Production Division, AAC = Autoclaved Aerated Concrete Division, EN = Engineering Division, and LG = Logistics Division

The teams receiving the QCC Awards for Year 2018 are:

1st Prize : Using 5.0-Percent Solid Crushed Block Scraps in Autoclaved Aerated Concrete Formula

Cause of Problem: Transport cost for discarding solid block scrap from autoclaved aerated concrete in 2017 was Baht 199,745, with landfill depth of 1 meter, using about 10 rai (16,000 m²) per year.

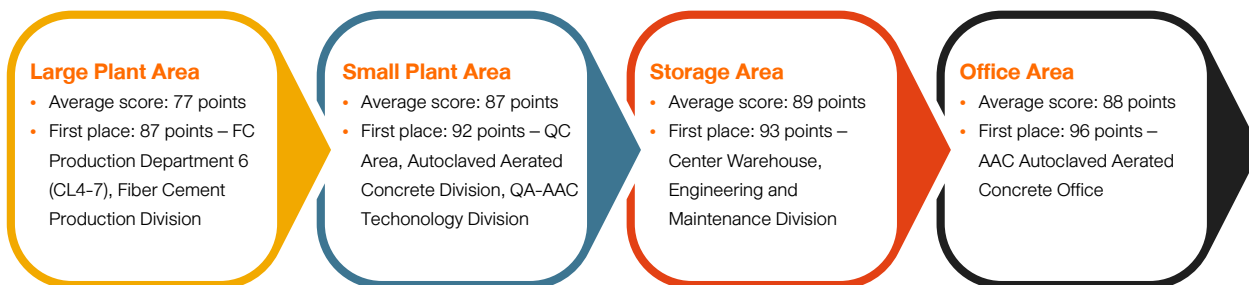
Solution: Establish measures and work plans to optimize the production process by recycling crushed block scraps as precursory material for 1-3 percent.

Outcome: Monitoring from November 2017 to April 2018, being able to reduce production cost by Baht 749,883.

1st Consolation Prize : Optimization of product conveying at packing machine, being able to reduce stoppage to fix sliding belt by 100 percent (target 80 percent).

2nd Consolation Prize : Glass sand preparation optimization to support CT tile production, being able to increase the rate of glass sand preparation by 75 percent, from 32 bags per hour to 56 bags per hour.

- 1.7) **5S Activities:** 5S activities involve improvement on 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) (TPA) 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, and the results of the **5S Award** for 2018 are as follows.



(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, as well as sustainability-related activities, to apply the learned practices to business operations of the Company for sustainability. The enrolled courses include:

- 2.1) Enroll the executives with the Corporate Social Responsibility Institute (CSRI) of the Stock Exchange of Thailand in multiple fundamental and workshop courses on business management for sustainability.
- 2.2) Enroll the executives in “**Sustainability Reporting Workshop: Get Started with GRI Standards**” and “**CVC: New Investment Strategy – Innovation Ideation for Today’s Business World**” hosted by the Stock Exchange of Thailand.
- 2.3) Participate in “**Thailand Sustainability Awards 2018**” for the second year. The Company passed the sustainability assessment criteria from the Stock Exchange of Thailand, and was listed in “**Sustainable Stocks**” list or “**Thailand Sustainable Investment (THIS)**” for year 2018. The Company was considered as a company with commitment on balanced operations between financial results and responsibilities toward all stakeholders, as well as caring for the society and the environment, being able to implement the environmental, societal, and governance aspects as mechanisms for effective business development toward sustainability. This year, there were 114 participating companies, in which 79 companies passing the criteria. The Company was categorized in Group 4 as per the market value, and received the award on October 31, 2018.
- 2.4) Participate in “**Sustainability Report Awards 2018**” hosted by Thai Listed Companies Association. The Company received a certificate of honor for participating in the Sustainability Report Awards 2018, promoting and elevating the quality of sustainability reports of the Company and listed companies in the Stock Exchange of Thailand.

(B) Respect for Human Rights

The Company has a policy “**Conducting businesses by abiding by the law and adhering to the human rights principle, with zero tolerance toward discrimination on race, nationality, religion, and culture, encouraging sustainable development as a whole.**” The Company does not support any acts that violate human rights, and extend human rights principle toward all stakeholders, including, Company’s employees, shareholders, domestic and overseas customers, trading partners, competitors, consumers, mass media, communities, and government. This principle has been established in the Code of Conduct, which is used as a guideline for business operations as follows:

- (1) Adhere to the principle of human rights and give no support to trading partners who violate the principle of human rights. The principle of human rights includes 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. The Company ensures humane working environment, health and safety of the employees without forced labor and child labor, all according to the laws and being inspected by related agencies.
- (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 Department (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 fairness 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 toward 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 2018, 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. The Company has also arranged a **“Diamond Fitness Room”**, which is replete with fitness equipment to promote better quality of life (More details in Human Resource Management, page 118)

In 2018, the Internal Audit Office has monitored the Company’s adherence to the principle of human rights and fair labor practice. No complaints were found, and the result was duly reported to the Audit Committee and the Board of Directors.

2.3 Sustainable Social and Community Development

(A) Responsibility toward Diamond Society

Responsibility toward Diamond Society is the main mission of the Human Resources Division of 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,”**; namely, (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. Some examples of the activities are as follows:

(1) Happy Body (Good Health):

- 1.1) **“DBP, Health Me, Please” Project:** A long-term project promoting good health for all employees, from senior and high-risk individuals to raising awareness among young individuals. The project is ongoing from May to December 2018, with monthly activities related to health, and a joint-objective to reduce body fat for better health among employees at the end of the project.
- 1.2) **“Four Influenza Strains Vaccination”:** A health-promoting and infectious disease preventing activity for employees, their family, and contractors to get vaccination services at special price, provided by Kasemrad Hospital, Saraburi Province, on August 31, 2018.
- 1.3) **“Office Syndrom Prevention with Muscle Exercise”:** An activity aimed at preventing the widespread office syndrome and promoting good health among employees by correctly exercising muscle groups for relaxation and preventing chronic pain. The activity included workshop from a physical therapist at the Diamond Brand Kitchen Seminar Room on October 10, 2018.
- 1.4) **“Let’s Get Fit with DBP”:** An activity promoting physical exercise and good health for Diamond colleagues to exercise together. Professional trainers were present to demonstrate correct training methods at the sports ground of the Company on November 21, 2018.
- 1.5) **“Factory Team vs Sales and Marketing Team Traditional Football Match”:** An activity promoting good health and strong relations among Sales Division, Marketing Division, and various teams from Production Division, on December 25, 2018.
- 1.6) **“DBP Run for Health 2019”:** An activity promoting physical activity and wellbeing among Diamond employees, with a morning group walk-run activity during New Year’s Eve, welcoming 2019.

(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) **“Used Staples for the Disabled”**: On December 3, 2018, the Diamond Brand provided used staples from offices to Association of Persons with Physical Disability as material for making walking sticks for persons with physical disability in need.
- (3) **Happy Soul (Peace)**:
- 3.1) **“Mind Development for Balanced Life – 8th Year” Activity** : The Company has organized this activity annually to promote Buddhism by encouraging employees to participate in practicing the dharma at the Wat Tham Khao Wong, Phra Phutthabat District, Saraburi Province.
- 3.2) **“Kathina for Local Temples” Activity**: An activity promoting Buddhism activities with temples and the local in the community, by hosting Kathina (robe presenting) together at Wat Tha Yiam and Wat Tan Diaw, Saraburi Province.
- (4) **Happy Relax (Relaxation)**:
- 4.1) **“Refreshing Drinks, Cordially from Diamond Brand Year 7”**: An activity of giving out refreshing cool drinks to all employees and contractors during hot summer days in April and May in 2018.
- 4.2) **“New Year Party”**: A jolly activity to celebrate new year altogether among Diamond employees.
- (5) **Happy Family (Good Family)**: The Mother’s Day activity, **“Little DBP Bears...Love Mom”**, this year involved a design contest of cute basket filled with little bear dolls on theme of mother appreciation, promoting family institution.
- (6) **Happy Brain (Knowledge Quest)**: The Diamond Brand promotes and encourages employees and contractors on continual learning, with regular activities including, work discipline in business training, how to use health insurance benefits for year 2018, and health promoting talks by doctors and physical therapists for good health in long-term, etc.
- (7) **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 toward Diamond Business

With adherence to fair business practice, the Company ensures that the Diamond People 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, and not seeking personal gain with conflict of interest against the Company and all stakeholders. To ensure utmost value, the Company also ensures 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 according to the Code of Conduct to generate good revenue to **“shareholders”** sustainably. With fair and equal protection of basic rights, the Company is committed to treat every shareholder with equality, and put in place 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 Independent Directors and AC Committee, with the AC 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 Corporate Governance Handbook and Code of Conduct on Company’s website (www.dbp.co.th) for the executives and employees to acknowledge and strictly follow throughout the organization with routine monitoring on compliance of the regulations.

In 2018, the Internal Audit Officer has monitored the compliance with the Code of Conduct. There was one complaint on treatment toward trade partners and two complaints on corruption. The matter was reported to the Audit Committee and the Board of Directors. The investigation was concluded, and there was no significant impact to the business operations.

(2) Anti-Corruption

With recognition of the threat of corruption on business operations, the Company is against all form of corruption, being certified as a member of the Private Sector Collective Action Coalition Against Corruption (CAC), initially on October 16, 2015, and with its membership extended on August 21, 2018. The re-certification of CAC membership is valid for three years from the certified date.

In 2018, the Company has revised the “**Anti-Corruption Policy**” and the “**Anti-Corruption Handbook**” for relevancy to related laws. Corruption risk assessments have been arranged in all departments to raise the awareness among executives and employees about their accountability to perform their duties according to the rule of law and the Anti-Corruption Policy. Measures have also been established to prevent such corruption risks. The logo “**Nong Petch in Anti-Corruption Stance**” has been designed for anti-corruption campaigns of the Company. Infographics have been installed in various places in the Company headquarter, branches, and the subsidiary company, and anti-corruption rallies have been held. The Anti-Corruption Handbook has been made known to all employees for their acknowledgment. Trainings have been arranged for employees regarding best practice on anti-corruption, anti-bribery while dealing with partners, etc.

The Company has arranged whistleblowing and complaint channel via e-mail: Audit_Com@dbp.co.th, which is directly reported to the AC Committee. Also, whistleblower protection policy has been in place.

The procedure regarding anti-corruption: after receiving a complaint regarding corruption, the Internal Audit Office shall summarize the matter and present it to the AC Committee for further analysis, before presenting to the Board of Directors. In year 2018 there was no severe violation of law or regulations related to corruption, and no significant impact to the Company business operations.

(C) Responsibility toward Diamond Community

The Company is committed to responsibility toward Diamond Community, with operations that benefit the 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.

Additionally, the Company recognizes the importance of the Sustainable Development Goals (SGDs) of the United Nations, and incorporates the goals specifically with its construction material business, especially **Goal No. 1 “No Poverty,” Target No. 1.4 “Equal rights to economic resources, as well as access to basic services”**, ensuring equal opportunity for fundamental needs, including, job creation and increase in income. Specifically, knowledge of building one’s own home is promoted, and the Company has been providing its products and trainers for the **“Diamond Heart Technicians”** project, which has been organized continuously.

(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, Labor Proficiency Promotion Center of Saraburi, 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:

From 2013-2015, four classes have been held 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.”** The training courses were of considerable interest among the students.

In 2016, two classes have been held 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 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 theoretical and practical knowledge about roof installation, eave installation, and together have built a shelter on the land of Saraburi Technical College, garnered much interest from the students.

In 2017, two classes have been held 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 on roof and eave installation, providing products and equipment to build houses on Phra Dabot agricultural area, Saraburi Province.

In 2018, two classes have been held as follows:

Class 9: In cooperation with Muak Lek Technical College, Saraburi Province, to arrange theoretical and practical training course students of vocational college level and high vocational college level – constructor branch, providing knowledge about roof installation and eave installation and together have built shelters, **“Diamond Heart Technicians Shelter”**, on the land of Muak Lek Technical College, Saraburi Province. More than 50 students have participated in the project and enjoyed learning roof installation.

Class 10: In cooperation with Phra Dabot Foundation to arrange theoretical and practical training for students of Phra Dabot School on roof and eave installation, providing products and equipment to build houses with toilets, **“Diamond Heart Technicians House”**, on Phra Dabot agricultural area, Saraburi Province.

(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) **Happy Society Activities for the Diamond Community (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 Khon Hom School and Wat Huai Li School, Saraburi Province on January 13-14, 2018 for joy and happiness of children and people in the community.

3.2) **Candle Offering Activity Year 2018**: The Company jointly hosted candle and robe offering at the beginning of the Buddhist Lent at Wat Khon Hom and Wat Na Bun, Saraburi Province.

3.3) **"San Sampan Sports" Activities**: The Company sponsored a soccer competition to reinforce relationship between the Company, community leaders, and government offices in Saraburi Province.

3.4) **"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.

3.5) **"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 50 communities, totalling Baht 1.4 million.

3.6) **"Yellow Star Tree Planting (commemorating Rama X)"**: on July 24, 2018 at the Tan Diaw Subdistrict Administration Office, Saraburi Province.

(D) Social Assistance Projects

(1) **Blood Donation Project**, promoting volunteer spirit among Diamond People by hosting blood donation event every quarter.

(2) **"Baan Pracharat" Project**: A project providing roof tiles and siding boards for house construction and reparation for impoverished people in Saraburi province, in which village headmen, subdistrict headmen, and governmental offices surveying the livelihood of people in the community.

(3) **"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 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.

(4) **"This Computer, DBP Gives to You Kids" Activity**: The Company provided unused computers with good conditions and operational for educational purposes. Fifteen computers were provided to Wat Ta Khae School, Sao Hai District, Saraburi Province on January 30, 2018, and twenty computers to Baan Non Ka Long Noi, Buntharik District, Ubon Ratchathani Province, on March 18, 2018.

(E) Social Investment and Social Impact Assessment

The Company establishes an annual budget for investments in the society 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

- Internally within the Company via the Intranet <http://drt/> under the topic of **"Corporate Social Responsibility"**
- Outside the Company via <http://www.dbp.co.th> in the part of **"Investor Relations"** 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. In 2018, the Company has been “**Green System Level 3**” certified from the Department of Industrial Works, underpinning its systematic environmental management and continual monitoring and development. The environmental management activities are as follows:

3.1 Water Management

The Company recognizes the importance of water resource and support the Sustainable Development Goals (SDGs), Goal No. 6 “**Clean Water and Sanitation,**” Target No. 6.3 “**Improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally**”

The Company has established a policy, goals, and operating guidelines to ensure that the Company’s operations maintain the water quality level and sustainably balance water usage for production with water usage of the Community. The policy is as follows:

“The Company is committed to operate its business sustainably, minimizing negative impact to natural water sources, ensuring that the community and the citizen of the country have access to sufficient good quality water for wellbeing.” The goals and guidelines are as follows:

- (1) Improve efficiency and reduce water usage, with a goal of using water from natural sources not exceeding 0.5 cubic meters per ton-product.
 - (1.1) All departments are expected to use water economically and increase their water usage efficiency, with activities including water usage reduction project that utilizes technology as a solution for water shortage.
 - (1.2) Implement water treatment system to recycle water from manufacturing process, reducing water usage by over 50 percent of all water used. Various technologies are used to maintain water quality and reduce pollution, chemicals, and garbage.
- (2) Risk assessment has been made regarding water resource related risks, obstacles in complying with water conservation guideline, as well as changing climate that may affect water usage in the manufacturing processes, such as flood and drought.
- (3) Employees and stakeholders are made aware of water resource conservation efforts by providing training, sharing sessions, and activities related to preservation and conservation of the ecosystem, such as, tree planting, water quality maintenance of Pa Sak River, for example.
- (4) Cooperating with governmental agencies, the Pa Sak Cholasit Dam, educational institutes, communities, and other agencies to jointly resolving water resource management issues at local and national level.
- (5) As for water management during crisis, in 2018 the Company was able to maintain the water quality level as per the ISO 14001 standard, with economical usage of water, balancing the used amount and loss from manufacturing processes. Measures have been put in place for potential disasters from flood or drought. The water management plan to prevent crisis is as follows:

(A) Water Management under Crisis Working Group

The Company has established the Water Management under Crisis Working Group. In 2018, the Company experienced flood in some areas due to heavy rain and inadequate draining of rain water out of the factory. As a result, a project has been initiated to study the water level and systematically install flood prevention system all over the factory, including water pumps for pumping water out of the factor, drainage inspection and clearance, installation of rain water level indicator. “Flood Prevention and Response Handbook” is distributed to employees. At the same time, the ground water level around the water supply plant area has been surveyed in preparation of drilling in case of draught. The water situation and management results have been reported to the MC Committee regularly.

(B) Water Management in Manufacturing Process Project

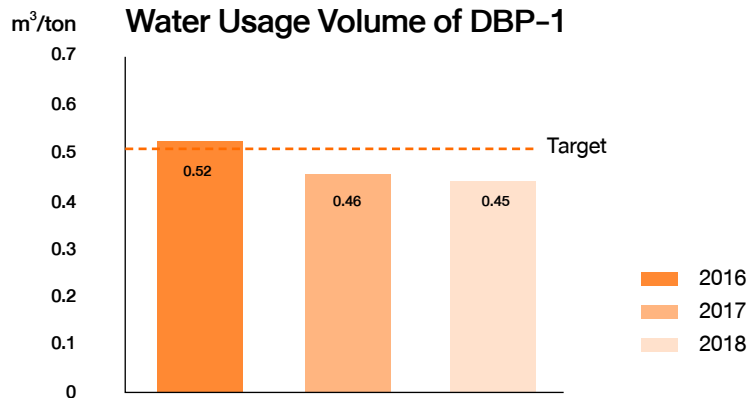
A settling pond system has been installed to treat water from manufacturing processes before being recycled into the processes, with zero discharge out of the factory. The water consumption was reduced by over 50 percent of the water used in the whole system.

(C) Reduction of Municipal Water Supply Usage at Fiber Cement Production Line (FC)

In 2018, the FC Production Division, in cooperation with the Engineering and Maintenance Division, started a reduction of municipal water supply usage project, reducing the municipal water supply usage by 5

percent, from 0.33 cubic meters per ton-product to 0.30 cubic meters per ton-product. Hard water treatment system was in place to make the water suitable for recycle instead of using 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 all production lines, instead of using municipal water supply. The amount of hard water discharge was reduced, and the amount of municipal water supply usage was decreased by 12,000 cubic meters per year, or a decrease of 9.1 percent.

(D) Results of Water Usage Reduction in Manufacturing Process



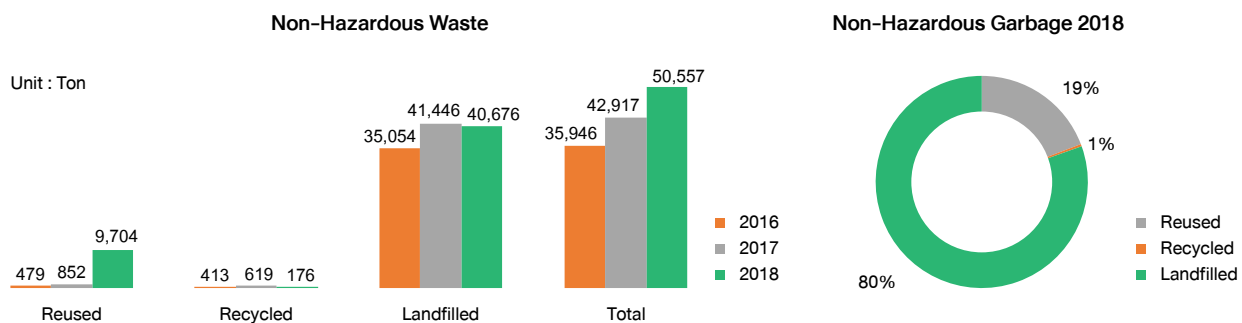
In 2018, the FC and CT Divisions, both of which are main production lines, have a total water usage in manufacturing process of 0.45 cubic meters per ton-product, a decrease of water from natural sources from 2017 of 52,000 cubic meters or 2.8 percent, which is not exceeding the target of 0.5 cubic meters per ton-product.

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:

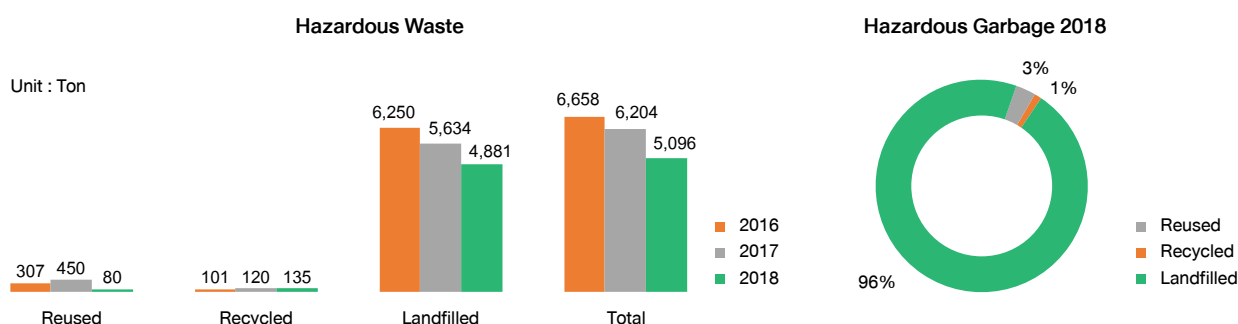
- (1) Reuse: damaged wooden pallets are repaired for reuse; big bags are used for putting in residual and dust, for example.
- (2) Reduce: size of pallets are designed to be smaller so that less wood is used; reduction of strap usage; reduction of film size used for siding board packaging, for example.
- (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, such as, cleats for support of tiles or paving blocks. The remaining tile support such as woodchips, plastic pieces, and scrap iron are separated and sold.
- (4) Disposal: such as broken tiles are treated according to the law and used as landfill at permitted areas.



In 2018, 50,557 tons of waste were produced, of which 9,880 tons or 19.54 percent of total non-hazardous waste. This was an increase from 2017, with reused and recycled waste of only 3.43 percent of total non-hazardous waste.

(B) Hazardous Wastes, mostly come from the manufacturing process, 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. Color sludge, oil color, sealer remains, and other contaminated materials are used as mixed fuel.
- (3) Disposal: Some materials are required to be disposed by law, such as wet cake, oil color sludge, and water color sludge, which are disposed as landfill after being made into solid mass by Better World Green Public Co., Ltd., and Professional West Technology (1999) Public Co., Ltd. Oil contaminated waste is disposed by TPI Polene Public Co., Ltd.



In 2018, the amount of hazardous waste was 5,096 tons, a decrease of 1,108 tons or 17.86 percent from 2017, due to the recycling of wet cake into cleats for tile support, bricks, and tile sheet support, as well as used oil recycling. In 2018, 4.22 percent of all hazard waste are reused and recycled.

(C) Factory Garbage Reduction Project

In 2018, the Company has adopted the 3R strategy to engage in several projects aimed at managing the waste that may affect the society and the environment. The projects were able to reduce material usage and reduce garbage, such as, reduction of paper pulp and tile packing film usage, reuse of pallets and containers, reuse of raw material waste, sediment filter press, etc. Overall, the amount of garbage in 2018 was reduced by 3.21 percent, with the garbage generation of 48.43 kilograms per ton-product (target of not exceeding 50 kilograms per ton-product).

3R Strategy	Project Name	Production Line	Decrease (tons)
Reduce	1. Using crushed brick chips instead of sand	AAC	5,468
	2. Using CT tile chips instead of sand	CT	277
	3. Filter press	FC	2,000
	Total		7,745
Reuse	1. Repair of pallets for reuse	LG-AAC-CT-FC	4,463
	2. Refilling containers	FC-CT-AAC	200
	Total		4,663
Recycle	1. Reduction of wet waste by remanufacturing to tile supporting sheets/paving blocks	FC	240
	2. Remanufacturing wet cake into traffic barrier and side walks	SHE	10
	Total		250
Grand Total			12,658

Remark : FC = Fiber Cement Tile Production Division, CT = Concrete Tile Production Division, AAC = Autoclaved Concrete Division, SHE = Safety Health & Environment Department, Human Resource Division, and LG = Logistics Division

(D) Sediment Waste Reduction Project

The FC production line has a problem with a large amount of sediment from production of 16,127 tons per year, some of which is hazardous and requires professional disposal by law, costing a large amount of expense. To sustainably reduce the impact to the environment, the Company has initiated the sediment reduction project by using 3R strategy. The diluted cement waste is sent to the filter press to recover water for reuse, replacing municipal water supply usage by 5.8 percent. Additionally, a pipe system conveying diluted cement has been made to send the material to the adjacent machine in case of stoppage, resulting in reduced sediment waste, reduced raw material usage, and reduced waste disposal cost by using belt press. Comparing to 2017, the sediment disposal cost was reduced by 56 percent, or Baht 2.4 million per year. The projects can be summarized as follows.

(1) Sediment Waste Reduction by Using Diluted Cement Pipe across Production Lines (Reuse)

During machine stoppage, diluted cement will be discharged about 5.63 tons per stoppage. By installing cross-production line piping, the diluted cement can be diverged to another production line in case of stoppage, instead of disposal of diluted cement as sediment.

Operating Results:

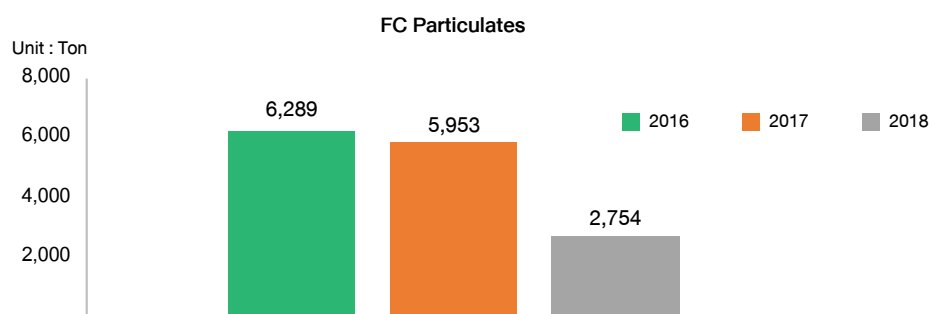
In 2018, raw material usage was reduced by 3.65 kilograms per ton-product, and diluted cement disposal was reduced by 924 tons per year, or about Baht 0.7 million per year, resulting in reduced waste disposal, reduced waste water that requires treatment, and reduce environmental impact.

(2) FC Sediment Waste Reduction by Using Belt Press (Reduce)

The FC production line has a problem with overfilled hard water pond due to clogged filters, resulting in sediment waste contaminating the liquid flowing to the hard water pond. After the pond is full with sediment, it requires three days to allow the sediment to dry before transporting. To minimize such problem, the Company has designed and installed a belt press to separate and press the sediment out. The sediment is used to manufacture cleats for tile support or paving bricks, reducing the FC sediment around 2,000-3,000 tons per year.

Operating Results:

Comparing to 2017, in 2018 the sediment waste was reduced by 3,199 tons per year, or a reduction of 53 percent. The sediment can be used to make cleats for tile support, which helps with product delivery, or paving bricks for used in the factory or donation. Additionally, the cost of sediment disposal was reduced, and the environmental impact was minimized.



(E) Autoclaved Aerated Concrete Recycling Project

The autoclaved aerated concrete recycling project has an objective to reduce disposal of waster from the manufacturing process by mixing broken and damaged brick with sand and anhydride blend, and feed to the mill, resulting in autoclaved aerated concrete with higher compressive strength, and effectively reduce disposal of brick chips.

Operating Results:

In 2018, the Company was able to reduce the disposal of autoclaved aerated concrete chips by 4,822 tons, or 35 percent of all disposed chips, resulting in the reduction of raw material cost by about Baht 5.8 million per year.

3.3 Dust Management

(A) Dust Reduction Project – Concrete Tile Production Line (CT)

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 2018, 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 their own weight. These chambers are suitable for large and heavy dust particles. The settling chambers have been installed in all CT production lines in both Saraburi Province and Khon Kaen Province.
- (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. The system has been installed in all CT production lines.
- (4) **Dust Collector Installation at Paint Mixing Facility and Aluminium Pallet 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.
- (5) **Powered Door Installation for Coating Spray Chamber** : In 2018, powered doors, which can be shut and open quickly, are installed in the coating spray chambers in four CT production lines in Saraburi Province. The chambers are always filled with coating particulate, and the powered doors allows the operators to conveniently shut and open the chamber and reduces a large amount of dissipation of the solution to the outside.
- (6) **Installation of Airless Spray Set**: In 2018, the Company has installed an airless spray set using high-pressure pump emitting coating via small orifices, creating miniscule particles. The sprayed content thus contains 100 percent coating without air, making a better finish on the tile than conventional air sprays. This technique prevents water seepage and reduces coating dissipation. The system has been installed and operational at CT3 line, and will be extended to CT2, CT4-5, and CT-KK lines within 2019.

The Quantitative Targets for Air Quality of the Company is equal to the standards required by law. In 2018, the measurement of air quality found that the total dust value in every are of the concrete tile plant is within the standard values as stipulated in the Announcement of the Department of Labour Protection and Welfare Re: Hazardous Chemical Concentration Limit B.E. 2560 (2017).

Measured Locations	Air Quality Indices	Units	Measuring Results		Standard Values and Quantitative Targets
			2017	2018	
1. CF-1	Total Dust	mg/m ³	0.29	0.42	Not exceeding 15
	Respiration Dust	mg/m ³	0.23	<0.15	Not exceeding 5
2. Powder Coat Preparation	Respiration Dust	mg/m ³	0.23	<0.15	Not exceeding 5

Source : Report of Environmental Measurement on July 24–25, 2017 and July 23–24, 2018 by Global Environmental Management Co., Ltd.

Remark : mg/m³ = milligram per cubic meter

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

The cutting process of reinforced autoclaved aerated concrete (LINTEL) at autoclaved aerated concrete production line (AAC-1) can cause 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, and reduce 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.

(C) Dust Reduction Project – Siding Board Embossing

At the siding board production line, the process uses sand papers to create wood grains on siding board, 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. Since 2017, the implementation has reduced the manufacturing steps, costs, and dust due to sanding, creating a better work environment, and minimizing the impact to the surrounding community and environment.

(D) Remanufacturing of Dust Particle from Board Manufacturing

In 2018, a central dust collector system has been installed to allow the dust particle of 3,200 tons per year from board manufacturing to be remanufactured as raw material in the board production. The installation period is 12 months, and the project will be complete in April 2019. After completion, the production cost will be decreased by about Baht 3.6 million per year, minimizing dust disposal which has impact to the environment and the community.

3.4 Solution Odor Management**(A) Solution Odor Elimination and Control Project at CT-KK production line, Khon Kaen Province.**

In 2018, the Company has monitored the inspection of the solution odor elimination system by arranging Global Environmental Management Co., Ltd. to monitor the air quality in the production process after the investment for the environment by installing the solution odor elimination at CT-KK production line in 2015 to eliminate odor from coating solution. 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. To minimize impact to employees' health and the surrounding community, three odor elimination systems have been installed, monitored, and inspected 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)

The results are as follows:

(1) Measurement of Chemicals in Workplace

The results of chemical measurement in the workplace found that the Total Dust value in all three areas are with standard values according to the Announcement of the Department of Labour Protection and Welfare Re: Hazardous Chemical Concentration Limit B.E. 2560 (2017) as follows:

Measured Locations	Air Quality Indices	Units	Measuring Results		Standard Values and Quantitative Targets
			2017	2018	
1. Tile machine	Total Dust	mg/m ³	1.29	0.88	Not exceeding 15
2. Fence area	Xylene	mg/m ³	0.299	55.596	Not exceeding 434
		ppm	0.069	12.81	Not exceeding 100
3. Paint spraying machine	Xylene	mg/m ³	5.964	90.511	Not exceeding 434
		ppm	1.374	20.885	Not exceeding 100

Source : Report of Environmental Measurement on June 12-13, 2017 and July 16-17, 2018 by Global Environmental Management Co., Ltd.

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

(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 (2006) as follows:

Measured Locations	Air Quality Indices	Units	Measuring Results		Standard Values and Quantitative Targets
			2017	2018	
1. Stack1	Xylene	mg/m ³	1.350	387.63	Not exceeding 868
		ppm	0.311	89.321	Not exceeding 200
2. Stack2	Xylene	mg/m ³	1.134	98.219	Not exceeding 868
		ppm	0.261	22.631	Not exceeding 200
3. Stack3	Xylene	mg/m ³	1.300	35.679	Not exceeding 868
		ppm	0.300	8.221	Not exceeding 200

Source : Report of Environmental Measurement on June 12-13, 2017 and July 16-17, 2018 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, ppm. = parts per million

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

The objective of the reduction of coating loss project is to minimize odor from solutions and reduce manufacturing wastes in concrete 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 at every production line in Saraburi and Khon Kaen, creating standards on coating usage rate at every production line, and reducing expensive coating cost. In the past 4-5 years, the Company has effectively reduced coating usage and minimized impacts to the environment.

Due to the introduction and multiple test runs of a new product, CT Venice, in 2018, as well as the increase in coating thickness of concrete tiles to improve product quality, the amount of coating being used per ton-product in all production lines has increased by 2.24 liters per ton-product, or an increase of 2.23 percent.

3.5 Energy Management

The Company gives precedence to and realizes the importance of energy conservation and management. The “**Energy Management Working Group**”, which comprises executives from all departments, has established the “**Energy Conservation Policy**” as follows:

1. The Company shall manage and develop a proper energy management system, establishing energy conservation as a part of business operations that comply with related law and regulations.
2. The Company shall continually optimize energy usage as appropriate to the technology being used and best practice.
3. The Company shall establish energy conservation plan and targets for each year, and communicate to all employees to ensure proper execution.
4. Energy conservation is considered a duty of all executives and employees to comply as per the established standards, monitor, and report to the Energy Management Working Group.
5. The Company shall provide necessary support and resources, including personnel, technology, budget, work time, trainings, as well as feedback sharing to improve energy related works.

The focus for this year was on reduction of greenhouse gas emission and establishing long-term plans for reducing energy usage in every manufacturing process, as well as alternative energy adoption, such as solar energy. The projects for this year can be summarized as follows:

(A) Electricity Usage Reduction Project

- (1) In 2018, the Energy Management Committee has engaged in the electricity usage reduction project at FC tile production line and the central area of the Company, which comprises the plant, and Office Building No. 2, which is an office building for Accounting and Finance Department, Customer Service Section, and Sales Division, totaling 7 projects, being able to reduce energy usage by 461,805 kWh per year, or Baht 1.6 million, reducing CO₂ emission by 259.06 tons. The projects can be summarized as follows:

Fiber Cement Tile Production Line

Project Names	Location/ Production Line	Reduction		
		kWh/year	ton-CO ₂ /year	Baht/year
1. Air pressurizer optimization	FC-1,2,5,6	103,818	58.24	357,136
2. Sedimentation tank valve control of FC-3	FC-3	17,184	9.64	59,113
3. Solar roof	FC Product Yard	12,713	7.13	43,731
4. Back motor speed control	NT-8	112,856	63.31	388,224
5. Installation of lamp pull switches for interior lighting	Office Building	1,488	0.83	5,118
6. Chiller optimization	CL-7	92,057	51.64	316,677
7. Mixing time reduction	NT-8-10	121,689	68.27	418,608
Total		461,805	259.06	1,588,607

Remarks : Electricity cost = Baht 3.44 per kWh

Apart from the abovementioned FC production line, every plant and every branch of the Company have also engaged in energy usage reduction projects to help with the climate change and support the work plan to ensure objective achievements altogether.

(2) Mixing Time Reduction at NT8-10 Production Line

One of the board manufacturing processes requires electricity to mix raw materials before entering into next process. Experimentation to reduce the raw material mixing time in mixers that may be unnecessary overmixing, using unnecessary power. The results were impressive in which the mixing time was reduced by 50 percent, reducing electrical energy loss by about 121,689 kWh per year, or Baht 418,608 per year.

(B) Effective Use of Steam in Manufacturing Process

- (1) Reduction of steam pressure in autoclave at NT-8 production line: The objective is to reduce heat energy in production by reducing steam pressure used to bake tiles in autoclave to appropriate level without the need for additional investment.

Items	Amount per month (Mega Joule)	Amount per year (Mega Joule)	Baht per year
Before optimization	2,556,607	30,679,284	4,488,459
After optimization	2,472,648	29,671,776	4,341,057
Total Saving	83,959	1,007,508	147,402

Remark : Mega Joule (MJ) equals 1 million Joule, a unit of energy.

- (2) **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 to the atmosphere by about 180,000 Nm³, and natural gas (NG) usage by 6,552 MMBTU or Baht 1.8 million per year. The project has been ongoing since 2017.
- (3) **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. The project has been ongoing.
- (4) **Excess Air Control Project:** In 2018, the excess air control unit has been installed at the boilers in autoclaved aerated concrete production line in order to control the motor speed, to control and add air as appropriate to the combustion of the boilers, reducing the usage of NG, reducing the temperature of the emitted gas, helping with climate change, and reducing heat loss from 3.5 percent to 1.12 percent of the heat being used in boilers, or a decrease of 810 MMBTU, or Baht 0.2 million per year.
- (C) **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 processed. On July 5-6, 2018, the Energy Management Working Group hosted the “DBP Saving Day” event for all 10 units to prepare booths displaying their achievements related to energy saving, waste reduction, plastic usage reduction, paper usage reduction, and application of 4.0 technology in energy saving, monitoring system on energy usage within the Company from a dealer, and future robotic technology, etc. Each division has sent a candidate to compete in a friendly, recycle-themed, fashion show. Share sessions have been arranged to present ideas on energy savings, promoting energy conservation conscience. The activities have been well received by employees from all divisions.

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.

The Company has placed emphasis and contributed to the reduction of greenhouse gas by reducing energy usage as abovementioned, as well as replacing the refrigerant in air conditioners, and reducing carbon dioxide (CO₂) emission. The projects can be summarized as follows:

(A) Greenhouse Gas Reduction by Replacing Air Conditioner Refrigerant Project

In the past year, the Energy Management Committee, in cooperation with Engineering and Maintenance Department, has engaged in a continuous project that replaces air conditioners. Air conditioners use refrigerant, which is an ozone depleting gas and a greenhouse gas. Chlorofluorocarbon (CFC) is a controlled substance due to its significant amount of greenhouse gas potential. It was found that 308 air conditioners being used in offices, factories, and employee dormitory used R-22 (reduction target for carbon dioxide equivalent (CO₂e) is about 290 tons), which is one of the compounds 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.

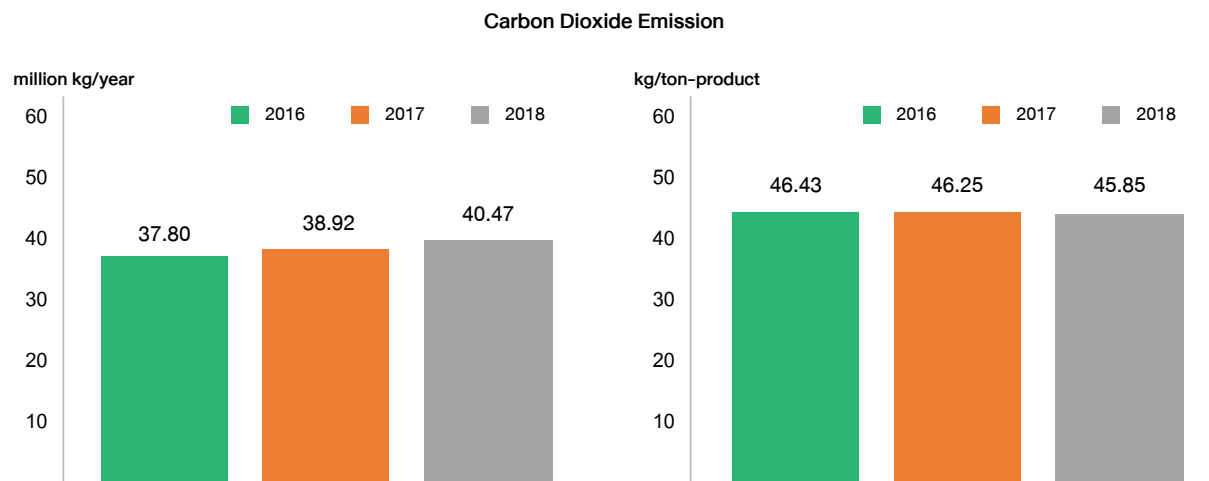
In 2018, additional 13 air conditioners have been changed to use R-22 instead R-32 as their refrigerant, totaling 22 air conditioners when combine with 9 air conditioners in 2017, amounting to a reduction of carbon dioxide equivalent (CO₂e) of 20.26 tons per year, a reduction of energy usage and effect on global warming.

(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 (CO₂) emission, both directly and indirectly. As a greenhouse gas which contributes to global warming, the Company, with responsibility to the environment, has engaged in greenhouse gas emission reduction through various projects continuously. The progress of such projects is evident by the trend of falling carbon dioxide emission per ton-product.

Objective: Carbon dioxide emission per ton-product not exceeding 46.2 kg-CO₂ per ton-product.

Results: In 2018, the CO₂ emission was 45.85 kg-CO₂ per ton-product, a reduction from 2017 with CO₂ emission of 46.25 kg-CO₂ per ton-product, or a reduction of 0.97 percent.

**3.7 Environmental Management according to Industrial Standards**

With the established quantitative targets related to environmental management, 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 2018, 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/ Targets
		2017	2018	
1. FC raw material preparation area	fiber/cm ³	< 0.001-0.004	< 0.001	Not exceeding 0.1
2. Tile testing area	fiber/cm ³	-	-	Not exceeding 0.1
3. Cover pacing/glazing area	fiber/cm ³	< 0.001-0.003	< 0.001	Not exceeding 0.1
4. Chrysotile storage area	fiber/cm ³	< 0.001	< 0.001	Not exceeding 0.1
5. Product discharge yard	fiber/cm ³	< 0.001	< 0.001	Not exceeding 0.1

Source : Reports of Environmental Measurements on July 24-25, 2017 by CNY Co., Ltd., November 15, 2017 by Global Environmental Management Co., Ltd., 23-24 July 2018 by Global Environmental Management Co., Ltd.
: fiber/cm³ = fiber per one cubic centimeter atmosphere

(2) Monitoring of Air Quality in the Workplace

Monitored Items	Units	Measured Values		Standard Values/ Targets
		2017	2018	
1. Total suspended particulate in factory	mg/m ³	0.21-1.29	< 0.15-1.42	Not exceeding 15
2. Particle matter (<10 micron)	mg/m ³	0.13-0.56	< 0.15-2.40	Not exceeding 5
3. Xylene	ppm	0.02-18.06	< 0.004-2.319	Not exceeding 100

Source : Reports of Environmental Measurements on July 24-25, 2017 by CNY Co., Ltd., November 15, 2017 by Global Environmental Management Co., Ltd., July 23-24, 2018 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, ppm = parts per million

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

Monitored Items	Units	Measured Values		Standard Values/ Targets
		2017	2018	
1. Total Suspended Particulate (TSP)	mg/m ³	0.01 - 16.1	3.39-28.44	Not exceeding 400
2. Sulfur Dioxide	ppm	<0.05 - 1.3	< 0.05-14.71	Not exceeding 60
3. Carbon Monoxide	ppm	2.0 - 3.69	< 1.00-8.50	Not exceeding 690
4. Nitrogen Dioxide	ppm	10.2 - 18.34	<0.05-26.39	Not exceeding 200
5. Xylene	ppm	2.79 - 45.15	0.031-4.267	Not exceeding 200

Source : Reports of Environmental Measurements on July 24-25, 2017 by CNY Co., Ltd., November 15, 2017 by Global Environmental Management Co., Ltd., July 23-24, 2018 by Global Environmental Management Co., Ltd.
: mg/m³ = milligram per cubic meter, ppm = parts per million

(4) Monitoring of Air Quality around Factory Fences

Monitored Items	Units	Measured Values		Standard Values/ Targets
		2017	2018	
1. Particle Matters (PM-10) 24-hr Avg.	mg/m ³	0.002	0.054-0.114	Not exceeding 0.120
2. Noise Level 24-hr Avg.	dB(A)	54.5	60.0-64.30	Not exceeding 70
3. Disturbance Sound Level 24-hr Avg.	dB(A)	1.0	1.9-7.0	Not exceeding 10

Source : Reports of Environmental Measurements on July 24-25, 2017 by Global Environmental Management Co., Ltd., July 23-24, 2018 by Global Environmental Management Co., Ltd.
: mg/m³ = 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. Reduction of sediment waste by investment in belt press to press the sediment for remanufacturing into cleats for tile support, etc.
- (F) **Treatment of waste**, broken tiles, sealer remains, oil residue and other wastes are transported and disposed outside the factory, which is permitted by the Department of Industrial Works, including reporting via website of the Department of Industrial Works (www.diw.go.th).

(G) Investment on Reduction of Environmental Impact for the Past 4 Years

Year	Description	Investment (Baht million)
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
2018	Central dust collection, diluted cement control system, airless spray coating system, solar roof, FC product discharge building, paving block mixer	10.09

Awards of Pride

1. Industrial Standard Certification

The Company has received industrial standard certifications from internationally recognized certifying agencies, which guarantees that the Company's manufacturing process has good management system, having received the following three industrial standard certification systems.

- **ISO 9001 : 2008** : Quality management system for both factory and office since 2003-2015
- **ISO 9001 : 2015** : Quality management system for both factory and office since January 1, 2016 from TÜV NORD Thailand Co., Ltd., 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.
- **ISO 9001 : 2015** : Certified by Lloyd's Register Quality Assurance (Thailand) Co., Ltd. from December 6, 2018 to January 21, 2021
- **OHSAS 18001 : 2007** : Occupational health and safety management system since 2005, currently under extension process to ISO 45001 : 2018 in 2019
- **ISO 14001 : 2004** : Environmental management system since 2009
- **ISO 14001 : 2015** : Environmental management system, certified by Lloyd's Register Quality Assurance (Thailand) Co., Ltd. from December 6, 2018 to January 21, 2021

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 2008-2014: 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 2011-2012: Received the **"5S Award Model"** certificate at the Thailand 5S Award Event, from the Technology Promotion Association (Thai-Japanese) for the office area, Accounting and Finance Division, Logistics and Customer Service and Warehouse.
- Year 2012: The Company was placed as Number 1 Brand **"Diamond"** as the most admired brand for roofing tiles in the construction materials category from the "Thailand's Most Admired Brand 2012" ranking in the January 2012 issue of Brand Age Magazine.
- Year 2012: Received a quality symbol, **"Thailand Trust Mark"** from the Department of International Trade Promotion (DITP), Ministry of Commerce, a guarantee of excellent quality product from Thailand, which will add value to the product, build strong market opportunity and increase consumer confidence in year 2012.
- Year 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 2015-2020: The Company received the Thai Labor Standard (TLS 8001:2010) Basic Level Certification from the Department of Labor Protection and Welfare, Ministry of Labor, to certify that the Company conducts its business with social responsibility standard of Thai business in accordance with the laws relating to labor relations, occupational safety, health and environment.
- Year 2015: The Company received the Certificate of Honor for blood donation as an organization from the Thai Red Cross Society.
- Year 2018: Honorary Plaque - Highly Energy Efficient Product Label for “Roof tiles and Autoclaved Aerated Concrete” from Department of Alternative Energy Development and Efficiency.
- Year 2018: Certification from the Securities and Exchange Commission for participating “Happy Retirement Company”
- Year 2018: **“Green System Level 3”** certification from Department of Industrial Works for systematic environmental management with continual assessment and revision.

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



3.1 Awards related to Sustainable Business Operation

- Year 2015: The Company received **“ESG 100”** certification from Thaipat Institute from being selected as one of one hundred listed companies with remarkable operations related to the environment, the society, and governance, received on June 22, 2015.
- Year 2017-2018: The Company received **Thailand Sustainability Investment Award (THIS)** or **“Sustainable Stock”** from the Stock Exchange of Thailand. The award is for listed companies with sustainable business operation that consider the **environment, society, and governance (ESG)**.

3.2 Awards related to Corporate Governance

- Year 2010-2013, and 2015-2018: 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 90 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 related to Shareholders’ Meeting Evaluation

- Year 2011-2016 : The Company received a five-star award () from Thai Investors Association (TIA) for the annual general meeting (AGM) quality assessment of listed companies, in which the Company received 100% score and was placed in the **“Outstanding”** group.
- Year 2017 : The Company received a four-star award () from Thai Investors Association (TIA) for the annual general meeting (AGM) quality assessment of listed companies, in which the Company received 97% score and was placed in the **“Excellent”** 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 2011-2014.
- 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 2011-2016.

3.4 Awards related to Innovative Capacity

- On October 5, 2018, the Company received **“Innovative Organization”** award for year 2018 from the participation in the innovation capability promotion program for businesses hosted by the National Innovation Agency (NIA) and the Stock Exchange of Thailand.

หลังคาเดครา ตราเพชร

โดดเด่น น้ำหนักเบา
ทนทานทุกสภาพอากาศ



หลังคาเดครา ตราเพชร (Decra Roof by Diamond)

โดดเด่นด้วยลวดลายดูทันสมัยธรรมชาติ โดยการเคลือบด้วยเม็ดหินภูเขาไฟจากนิวซีแลนด์
ทนทานทุกสภาพอากาศ น้ำหนักเบา และป้องกันเสียงได้ดี

บริษัท ผลิตภัณฑ์ตราเพชร จำกัด (มหาชน) | www.dbp.co.th | Call Center : 02 619 2333

REPORT OF THE AUDIT COMMITTEE

The Audit Committee (AC Committee) has been assigned with the duties and responsibilities according to the Charter established by the Board of Directors. The important authorities 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 and determination of audit fee 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 including 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 AC Committee for the year 2018, which can be summarized as follows.

1. Reviewed the quarterly and yearly financial statements for year 2018 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 2018 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 2018. 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 2018. 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 during year 2018. 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 2018. The Management was advised on improvement of legal proceedings and outstanding debt collection so that they are more circumspect and appropriate.
7. Reviewed and considered amendments of the AC Committee Charter and the Internal Audit Charter to be in line with the Corporate Governance. The amended AC Committee Charter has been submitted to the Board of Directors for approval.
8. Engaged in the self-assessment of the AC Committee, both as a whole committee and individual for the year 2018, in which the assessors should specify the strengths, weaknesses, and aspects that required improvements. The AC Committee has altogether considered the assessment results and established a rectification guideline for more efficient and effective operation in the following years.
9. Reviewed the self-assessment concerning anti-corruption measures to extend the Certificate of Membership of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), by which the Company has been re-certified and extended with the CAC membership on August 21, 2018 for another 3 years.
10. Considered the selection of the independent auditor and determination of the audit fee for year 2019 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 2019 for the appointment of Miss Chanarat Chanwa, certified public accountant registration no. 9052, or Miss Thanyalux Kaedkeaw, certified public accountant registration no. 8179, or Miss Sophit Prompol, certified public accountant registration no. 10042, 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 2019. The audit fee for the Company is set at Baht 1,620,000, an

11. In year 2018, the AC Committee held a total of 6 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.

February 15, 2019
On behalf of the AC Committee

|||||

Mr. Sakda Maneeratchchai
Chairman of the AC Committee

REPORT OF THE NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee (NRC Committee) has carried out the duties as assigned by the Board of Directors. During the year 2018, NRC Committee held 4 meetings altogether to consider the following issues:

1. Nomination of Company's Directors for the replacement of Directors retiring by rotation

According to the regulation, one-third of the Company's directors must be retired by rotation during the Annual General Meeting of Shareholders. 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 for such selection and nomination:

- 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 of the same industry within the Stock Exchange of Thailand of similar performance levels. In addition, remuneration must be in the level 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 AC committee and AC 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 CGC Committee and the CGC 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 considered rules for the Key Performance Indicators (KPI) of the Company to be used for evaluation of 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 in each year.

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 considering Company's overall operating results and the performance of individual executive. Accordingly, the annual bonus for high ranking executives shall be based on the same rule 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 considering Company's overall operating results, market and economic conditions, and employment market situation by comparing salary adjustment and annual bonus with other companies in similar level of industry.

The NRC Committee has considered the restructuring of the organization structure by establishing Company Secretary Office, effective since January 1, 2019.

The NRC Committee has considered employment extension for Deputy Chief Executive Officer, Assistant to Chief Executive Officer, and Company Secretary by considering the suitability and business requirements, as well as past performances.

The NRC Committee has considered the recruitment and nomination of the Assistant Company Secretary as a succession plan for the retirement of the Company Secretary in 2020.

The NRC Committee has considered scholarship benefits for employee's children as a support and a promotion for education of employee's children from primary school to higher education. The criteria for receiving the scholarship have been appropriately established.

To ensure compliance with the revised Corporate Governance Principles of Listed Companies 2017, the NRC Committee has considered the amendment of the NRC Committee Charter to establish a clear and appropriate scope of authority, duty, and responsibility in writing.

To identify obstacles contributing to unsuccessful objectives in the previous year, the NRC Committee has considered and prepared self-assessment form of NRC Committee for the whole committee and individual at least once per year. This would clarify the individual roles, duties, and responsibilities, as well as facilitate effective follow-up and evaluation of performance as per the goals as approved by the Board of Directors.



In the previous year, the NRC Committee has conducted its duties effectively, as per the corporate governance principles, and as authorized by the Board of Directors for the fullest benefits of the Company.

On Behalf of the NRC Committee,

Chairman of the NRC Committee

REPORT OF THE CORPORATE GOVERNANCE COMMITTEE

The Corporate Governance Committee (CGC 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 2018, 8 meetings were held to consider several matters, which can be summarized as follows.

1. Rectified the Good Corporate Governance Handbook based on the “**Corporate Governance Code for listed companies 2017 (CG Code)**”, according to the Notification of the Securities and Exchange Commission which is effective from year 2019 onward.
2. Amended the CGC Committee Charter and the Code of Conduct, and disseminated them on the Company’s website and intranet system.
3. 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 parts of employee trainings, as well as disseminating the information to employees.
4. Reviewed the self-assessment form on the performance of the Board of Directors as a whole and as an individual at least once a year by using the assessment forms as guided by the Thai Institute of Directors (IOD) and the Stock Exchange of Thailand as improvement guidelines for the assessment forms of the Company. In year 2018, the Company established that there were the self-assessment on the performance of the Board of Directors, Sub-Committees as a whole and as an individual, having the following objectives:
 - 4.1 For acknowledgment of problems and obstacles which have caused the work not achieving its objective during the past year.
 - 4.2 For more effective work of the Board of Directors due to clear acknowledgment of its roles, duties and responsibilities.
 - 4.3 For improvement of relationship between the Company’s Board of Directors and the Management.
 - 4.4 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 2018 had an average score ranging between 88.3 and 99.3 percent. Accordingly, the committee members gave suggestions for work improvement for each of the committees, which were beneficial to the Company.
5. The directors, executives, and employees of the Company have participated in the following training programs in year 2018:
 - 5.1 The seminar on information disclosure as per the CG Code, being held on May 17, 2018 by the Securities and Exchange Commission as a preparation for compliance by listed companies.
 - 5.2 The Sharing Session on “**Information Disclosure as per the CG Code by using “Apply or Explain” principle**”, being held on June 12, 2018 by the Thai Listed Companies Association, in cooperation with the Securities and Exchange Commission, as a guideline for list companies for compliance with the Corporate Governance Code for Listed Companies 2017 (CG Code), as well as for implementation to sustainably foster values for companies in context of the Company’s business.
6. In year 2018, the Company received the following awards of pride relating to the assessment of corporate governance:
 - 6.1 The Company was presented with “**2018 Thailand Sustainability Investment (THSI) Award**” or “**Sustainable Stock**” for 2 consecutive years from the Stock Exchange of Thailand. The award was for listed companies with sustainable business practice that consider the Environment, Society, and Governance (ESG).
 - 6.2 The Company received a **five-star award** () for the assessment of corporate governance among Thai listed companies year 2018, in which the Company received 90% 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.
 - 6.3 The Company received a **five-star award** () for the annual general meeting (AGM) quality assessment of the listed companies year 2018, in which the Company received 100% score and was placed in the “**Excellent**” group.

- During the past year, the CGC Committee has achieved its established plan on the work involving the corporate governance. The CGC Committee is determined to improve on the good corporate governance to have effective and transparent management which should continuously build confidence and be accepted by every group of stakeholders.

On behalf of the CGC Committee

Chairman of the CGC Committee

REPORT OF THE PRODUCTION TECHNOLOGY AND INNOVATION COMMITTEE

With commitment toward being an innovative corporation, the Company has established the Production Technology and Innovation (PTI Committee) to enhance the Company's competitiveness and confidence among all stakeholders. During year 2018, the PTI Committee has held 12 meetings altogether to establish work guidelines for manufacturing innovations, manufacturing productivity enhancement, and manufacturing cost reduction, which can be summarized as follows:

1. **RID Robopack – A Curved Spine Packaging Robot:** A main robotic machine has been designed and installed in the curved spine packaging system at the concrete tile production line. Not only the system can help with worker shortage, it also increases precision, speed, and effectively eliminates concerns for fatigued workers in the production line.
2. **Solar Roof Top at the Autoclaved Aerated Concrete Block Production Line:** A project with objectives to decrease electricity cost in the autoclaved aerated concrete block manufacturing process and to be a pilot project for further investments and potential solar power projects in the future.
3. **Cost-reduction Formula for Roman Tiles:** A project at the Fiber Cement Tile Production Line with an aim to diversify product offering to customers and to enhance commercial competitiveness.
4. **New Rolled Concrete Tiles (CT-Venice):** A new take on a rolled concrete tiles is made as a new choice for customers. The production line has been fully equipped with machinery and equipment and has been ready for production and commercial distribution before December 2018. With a **high-roll, Italian design**, this concrete tile is commercialized under the name of **CT VENICE**.
5. **Participation in the Innovation Capability Promotion Program for Businesses**, a program hosted by the National Innovation Agency (Public Organization) (NIA) and the Stock Exchange of Thailand. The program aimed to elevate understanding on organizational innovation management and to gauge innovative capacity of companies. The Company has been selected by the NIA to receive “**Innovative Organization Year 2018**” award on October 5, 2018. Additionally, the Company received entitlement to trainings for employees on innovative capacities, as well as innovation project proposal for supporting fund from the NIA.
6. **Development Training and related activities** in year 2018 are as follows:
 - 6.1 Assigned executives to attend high-level innovative capacity training by the NIA in cooperation with Mahidol University, with an aim to develop an innovation system and corporate innovative culture, which is a key factor for continuous innovative development and goal achievement.
 - 6.2 Attended “**Process Innovation Coaching Program 2018**” being held by the Stock Exchange of Thailand and Thailand Productivity Institute. The objective of the programe is to elevate internal process of companies, leading to actual innovation development from within. The Company is among the five companies that have been coached by experts on innovation from Thailand Productivity Institute. The practical workshop held in the Company was attended by 79 executives and employees.
 - 6.3 The undertaking of QCC and Kaizen projects since their inception to the present were being considered, and it has been agreed for the Company to participate in the Kaizen Award 2019 held by the Technology Promotion Association (Thailand-Japan) (TPA) for the first time. This was to allow the Company to have a fresh experience in the competition and produce a ground work that can lead to more effective operation.
7. Revised the PTI Committee Charter to clearly and appropriately establish the scope, authorities, duties, and responsibilities in writing corresponding to the revised Good Corporate Governance Code for Listed Companies 2017.
8. **Prepared self-assessment form for the performance of PTI Committee as a whole committee and as an individual** at least once a year in order to identify obstacles contributing to unsuccessful objectives in the previous year and for more effective operation, having recognized the individual roles, duties, and responsibilities, as well as facilitating effective follow-up and assessment of performance according to objectives as approved by the Board of Directors.

December 24, 2018
On behalf of the PTI Committee

64

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), which could become risk factors in the future.
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 and effectively monitored the management of urgent risks requiring prompt actions (Red Risks) and prevention of potential risks for monitoring (Yellow Risks). The Management Committee (MC Committee) and the AC 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 (ATC 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 form on the performance of the RMC Committee as the whole and as an individual at least once a year in order to identify obstacles contributing to unsuccessful objectives in the previous year, clearly acknowledging its individual roles, duties, and responsibilities, as well as facilitating effective follow-up and evaluation of performance as per the goals as approved by the Board of Directors.

Mr. Satid Sudbuntad
Chairman of the RMC Committee

REPORT OF THE CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee (CSR Committee) has comprised of 14 executives from every department. During the year 2018, the CSR Committee held 3 meetings altogether to consider and determine guidelines related to corporate social responsibility, minimizing impacts to the environment, as well as arranging related activities for sustainable development. The activities can be summarized as follows:

1. Reviewed the corporate social responsibility policies, prepared the plan and budget for work and activities on social and environmental aspects to take care of the livelihood of employees, society, and community, as well as appropriately minimizing environmental impact.
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 organized 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. The Company shall continue to carry out these activities for sustainable development.
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 Muak Lek Technical College, in year 2018 the Company has arranged training courses for students, comprising theoretical subjects such as construction materials and roof frames, and practical subjects such as installation of roof, roof frames. The participants were provided with the knowledge to build or repair houses on their own, generating more job opportunities and income in the community. The Company also provided products and equipment for the construction of dormitories, workplaces, and restrooms 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 (1) reduction of greenhouse gas emission, (2) reduction of dust and air pollution project, (3) reduction of coating loss, (4) use of raw material residue and remaining materials for recycling into other products, (5) reduction of sediments, (6) product processing, and (7) energy management projects, etc. The Company also organized several energy related activities and booth exhibitions in order to promote energy conservation consciousness.
5. In 2018, the Company has engaged in the following sustainability related activities:
 - 5.1 The Company participated in the Thailand Sustainability Awards, held by the Stock Exchange of Thailand, for the second year. The Company passed the assessment criteria and was listed in **“2018 Thailand Sustainability Investment (THSI)”**, being a company with balanced emphasis on both financial operating results and responsibilities toward stakeholders, society, and environment. The Company also effectively takes into consideration the environmental, social, and governance aspects (ESG) as a mechanism for sustainable development of its business. The award ceremony was held on October 31, 2018.
 - 5.2 The Company participated in the Sustainability Report Awards 2018 held by Thai Listed Company Association. The award was to promote and enhance the sustainability reports of listed companies. The Company received an honorary certificate for participating in the program.
6. Concerning with the trainings and activities related to social and environmental responsibility in year 2018:
 - 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 globally accepted sustainable development.
 - 6.2 The Company’s executives were assigned to attend courses held by the Stock Exchange of Thailand, namely **“Sustainability Reporting Workshop: Get Started with GRI Standards”** and **“CVC: A New Investing Strategy with Innovation”** to improve upon the sustainable development of the Company.

During the past year, the CSR 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 24, 2018

On behalf of the CSR Committee

|||||

Mr. Satid Sudbuntad

Chairman of the CSR Committee

architect'18

The 32nd ASEAN's Largest Building Technology Exposition

1 – 6 May 2018
at
Impact,
Muang Thong Thani



DIAMOND
Strong & Stylish

SIGNIFICANT CHANGES IN THE PAST YEAR

Year 2018

April

On April 24, 2018, the 33rd Annual General Meeting of Shareholders (Year 2018) had approved the reduction of the registered capital of the Company of Baht 99,996,200 from the previous registered capital of Baht 1,047,958,000 to a new registered capital of Baht 947,961,800 divided into 947,961,800 ordinary shares at a par value of Baht 1 per share by Writing Off Unsold Treasury Shares according to Share Repurchase Program for Financial Management Purpose and the Amendment on Clause 4 of Company's Memorandum of Association in Conformity with the Reduction of Registered and Paid-up Capital. The Company completed the registration of the reduction of the registered capital and amendment of Clause 4 of the Company's Memorandum of Association with the Ministry of Commerce on May 18, 2018.

FUTURE PROJECTS

In 2018, the Company received the “**Innovative Organization Year 2018**” Award from the National Innovation Agency and the Stock Exchange of Thailand. The award recognizes companies that put priorities on human resource development, research, and innovation utilization. The Company continuously expands its operations according to the market demand, as well as constantly develops new products and improves manufacturing efficiency to increase competitiveness. As per the market demand, the current production capacity of the Company is increased to 1,100,000 tons per annum, with projects including improving the efficiency of the current machinery to increase the capacity, decreasing the production cost, and reducing environmental impact. There are also improvement projects on auxiliary machinery to support continuous growth in the future. The projects are as follows:

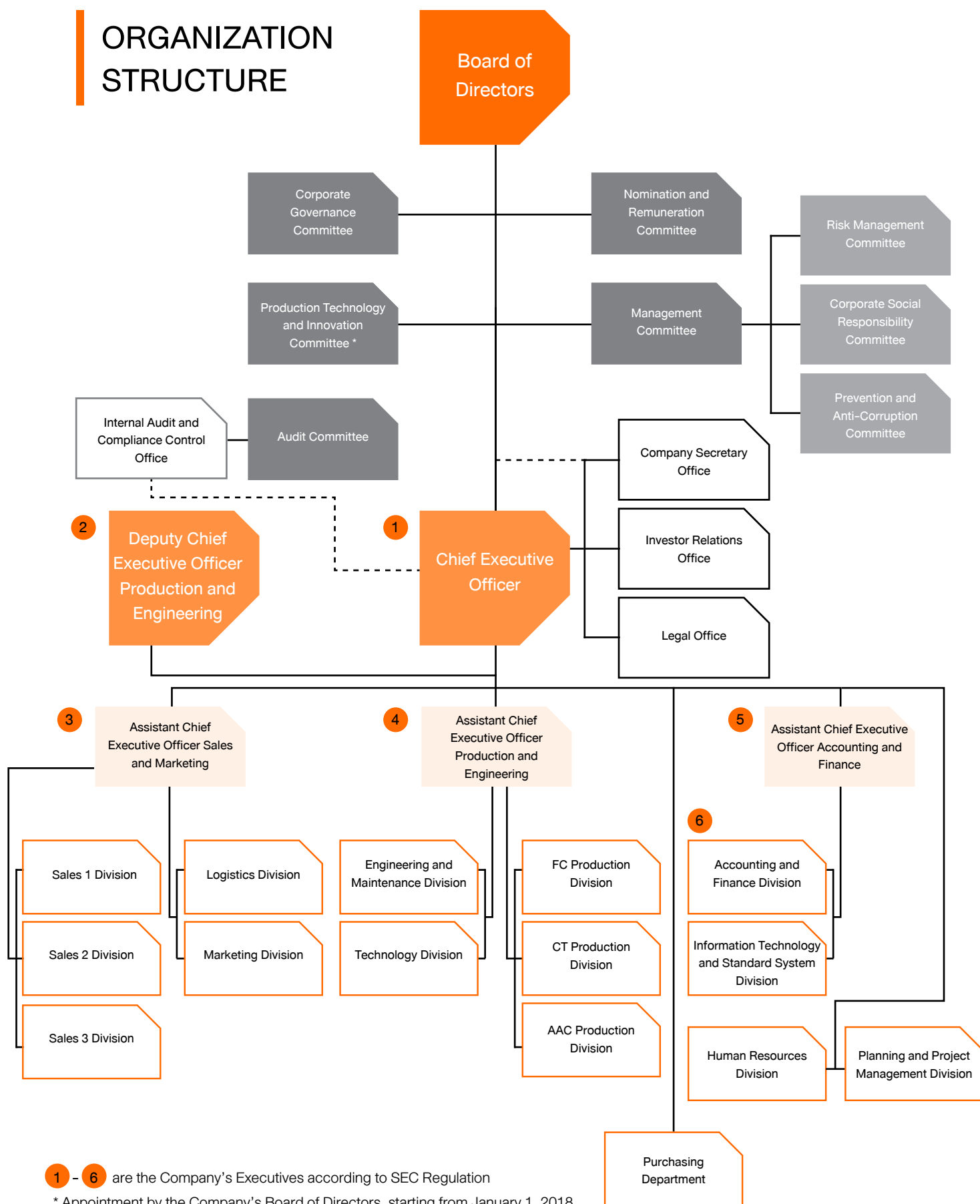
1. **Efficiency Increase and Cost Reduction in Production Processes**, including machinery utilization in high-risk, accident-prone areas, allowing continuous increase in production capacity, for example, the automatic loading machine, and RID Robopack for automatic packaging, etc.
2. **Product Quality Control**, utilizing machinery in quality control processes, for example, Double Knife Project to reduce uneven tiles, extend useful life of wear parts in tile machine chain set, and reduce the production cost; and on-site automatic film packaging machine to eliminate the risk of tile breakage due to transport, etc.
3. **Environmental Impact Reduction Projects**, the Company establishes a working group for every project to ensure completion of objectives and plan. The operations are reviewed to ensure effectiveness and sustainable reduction of impact to the environment. Some of the projects include:
 - Installation of blowers and dust center system to reduce groove dust dispersion and reduce waste disposal cost.
 - Energy cost reduction by installing solar cell system at the autoclaved aerated concrete block plant.
 - Improvement on odor treatment system to reduce air pollution and water usage reduction project, etc.

FINANCIAL INFORMATION

(Unit : Million Baht)	Consolidated Financial Statements			Separate Financial Statements		
	2018	2017	2016	2018	2017	2016
Financial Status						
Total Assets	3,138	3,017	3,238	3,182	3,046	3,257
Total Liabilities	1,062	1,023	1,342	1,096	1,031	1,338
Total Shareholders' Equity	2,076	1,994	1,896	2,086	2,015	1,919
Operating Results						
Revenue from sales of goods and rendering of service	4,401	4,171	4,118	4,401	4,171	4,118
Gross Profit	1,160	1,141	1,096	1,141	1,127	1,105
Income before depreciation, finance costs and income tax expense (EBITDA)	768	774	808	742	755	778
Income before finance costs and income tax expense	531	523	514	521	520	508
Net Income	423	412	392	413	408	392
Financial Ratios						
Net Profit Margin (%)	9.61	9.87	9.52	9.37	9.79	9.53
EBITDA Margin (%)	17.45	18.57	19.62	16.86	18.09	18.90
Return on Equity (%)	20.78	21.16	18.58	20.12	20.76	18.39
Return on Total Assets (%)	13.74	13.16	11.48	13.25	12.96	11.42
Debt to Equity Ratio (Times)	0.51	0.51	0.71	0.53	0.51	0.70
Interest Coverage Ratio (Times)	72.96	73.26	43.82	72.82	73.18	43.56
Net Gearing Ratio (Times)	0.24	0.25	0.47	0.24	0.25	0.47
Earnings Per Share (Baht Per Share)	0.45	0.43	0.39	0.44	0.43	0.39
Book Value (Baht Per Share)	2.19	2.10	1.90	2.20	2.13	1.92
Summary Stock Information "DRT"						
Market Price as at Year End (Baht Per Share)	5.30	5.70	5.20	5.30	5.70	5.20
Number of Registered Common Shares (Million Shares) *	948	1,048	1,048	948	1,048	1,048
Number of Paid – up Common Shares (Million Shares)	948	1,048	1,048	948	1,048	1,048
Number of Treasury Common Shares (Million Shares)	0	100	100	0	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)	5,024	5,973	5,449	5,024	5,973	5,449
Price Earnings Ratio as at Year End (Baht Per Share)	11.78	13.26	13.33	12.05	13.26	13.33
Dividend Per Share (Baht Per Share)	0.36	0.36	0.30	0.36	0.36	0.30
Dividend Payout Ratio (%)	80.00	83.72	76.92	81.82	83.72	76.92

Remarks : * During the year 2018, there was a change in the Company's paid-up capital (details can be seen in the "Significant Changes in the Past Year" on Page 70).

ORGANIZATION STRUCTURE



1 - 6 are the Company's Executives according to SEC Regulation

* Appointment by the Company's Board of Directors, starting from January 1, 2018

INVESTMENT IN SUBSIDIARY COMPANY

The Board of Directors has established policies and operations for subsidiary company and other businesses, which the Company has significant investment at appropriate level for each business, and also the subsidiary company and other businesses that the Company has investment in have the same and correct understanding, which can be summarized as follows:

1. The Board of Directors has established a governance policy for subsidiary company as follows:
 - 1.1 The Board of Directors shall appoint directors, executives, or other authorized persons in subsidiary company in writing to ensure operations that are compliant with the parent company.
 - 1.2 The scope of duties and responsibilities of the representatives as in 1.1 is established according to the policy of the subsidiary company. In case of joint investment with other parties, the representatives shall perform their duties at their best for the subsidiary's interest and in compliance with the policy of the parent company.
 - 1.3 The internal control system and risk management system for the subsidiary company are suitably and circumspectly established, ensuring that transactions are compliant with related laws and regulations.
 - 1.4 Information to be disclosed include financial status and operating results, related party transactions, acquisition or disposition of assets, other important transactions, capital increase and reduction, and closure of subsidiary company, for example.
2. Significant rules and criteria for joint investment in other business have been established, such as, holding shares with voting right of equal to or more than 20 percent, but not exceeding 50 percent, as well as investment amount or required additional investment that is significant to the Company. The Board of Directors has also established that a Shareholders' Agreement or other agreements shall be made to make certain the executive authorities and role in decision making on important matters.
3. The operating results of subsidiary companies are monitored to ensure that the information can be used to prepare Company's financial statements in accordance with the standards and within the specified period.

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

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

Location:

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

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

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

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

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

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

Business Structure

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

Management Structure

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

1. Board of Directors 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 subsidiary, shareholders and every stakeholder.

As at December 31, 2018, there were three Directors appointed by the Parent Company.

Name	Position	Board of Directors of the Subsidiary Company' Meeting (Times)	
		2018	2017
1. Mr. Satid Sudbuntad (started January 1, 2018)	Chairman of the Board	4/4	3/3
Mr. Asanee Chantong (ended December 31, 2017)	Chairman of the Board	-	3/3
2. Mr. Maitree Tawonatiwasna	Director	4/4	3/3
3. Ms. Thanakarn Phanthapirat	Director and Secretary	4/4	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 the Subsidiary Directors can be summarized as follows.

1. Establishment of policy, strategy, business plan and annual budget as well as supervision of performance by the directors and plant manager to carry out work as assigned effectively for the best interest of the 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 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 AC Committee of the parent company has duty to review the operation of the Subsidiary Company in compliance with the policy and regulations of the Company, as well as laws, rules and regulations of relevant supervision units, to promote development of financial and accounting reporting system in accordance with the generally accepted accounting standards as well as to review Company's internal control system, internal audit system and risk management system so that they are secured, appropriate, modern and effective, including adequate disclosure of information with transparency in line with the principles of good corporate government based on international standard.

Risk Management

The RMC 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 2018, the subsidiary company had significant transactions with the parent company which holds 99.99 percent of shareholding in the subsidiary company and has three 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 50,091.06 tons of autoclaved aerated concrete totaling Baht 121.52 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

In 2018, the overall construction business in the private sector remained positive, but with similar rate of growth as in 2017 due to surplus supply in residential market in various areas and the recovery of purchasing power from the low-income to middle-income group of people was still not obvious. Residential construction remained concentrated around areas with purchasing power, such as, Bangkok Metropolitan Region and major provinces in each region. In second-tier provinces, residential constructions were several, but the value of each construction project was not very high. As for construction in private sector, both commercial and industrial, there was positive impact from the Governmental policy, supporting tourism in the second-tier provinces and large investments, including (1) the Eastern Economic Corridor (EEC) and (2) One Million Homes project being introduced in late 2018, where the Government sector together with the Government Housing Bank offer low-interest loans for low income citizens to purchase houses with value of one million Baht or less, which will have a good impact in 2019.

Due to increasing trend in raw material costs for both steel and cement, each manufacturer increases their selling prices, and the domestic sale channels remain fiercely competitive. To mitigate such impact, the Company has distributed the products to overseas markets, large scale projects, and Modern Trade, as well as focusing more in marketing communication.

Regarding the marketing communication, the Company has used slogan **“Complete set of beauty, entirely filled with Diamond Brand”** as well as **“Nong Petch”** mascot, along with other promotional materials for better awareness among the 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 have also been developed, as well as promotional plan and advertisement online and on television, both domestically and internationally. These marketing initiatives are well received by the consumers. Notably, the Company has held the **“DIAMOND STYLE Young Designer Contest 2018”**, a competition with a total prize of Baht 200,000 in scholarships in which undergraduate students could submit a design of **“Zero-Waste”** vacation homes, using materials from Diamond Brand products. The contest drew interests from several educational institutions with over 150 designs being submitted. An exhibition booth was also held at the **“Architect Expo 2018” (32th)**, the largest architectural technology and construction material exhibition in ASEAN, 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 political uncertainty and small economic growth, as well as and new manufacturers focusing on selling low price products, price competition has become fierce. While there remain the excess supply and substitute products that are popular among the consumers such as metal sheet, manufacturers must adapt to the changing situations.

Domestic Market Shares in 2017 are as follows:

Manufacturers (Unit: Million Baht)	Sales in 2017	
	Amount	Market Share
1. Siam Cement Group	10,917.34	52.66%
2. Mahaphant Group *	2,421.99	11.68%
3. Diamond Building Products	4,171.13	20.12%
4. Kitemit Group (Olanvanich)	971.34	4.69%
5. Conwood	1,186.72	5.72%
6. Thai Ceramic Roofing Tiles Co., Ltd.	1,062.00	5.12%
7. Srikungdhonburi Co., Ltd.	0.24	0.01%
Total	20,730.76	100.00%

Source : Department of Business Development, Ministry of Commerce

Note : * Mahaphant Group has engaged in acquisition. The revenue of Baht 2,421.99 million was from August to December 2017.

1.3 Competition in Foreign Market

In year 2018, the value of exported roofing tiles, siding boards, boards and ceilings from Thailand to foreign market was Baht 6,679.69 million, an increase of 10.60 percent from year 2017, being categorized according to trading countries as follows:

Export Value of Construction Products are as follows:

Product Description (Unit: Million Baht)	2018	2017	2016
Fiber Cement Tiles	1,157.72	1,158.66	1,223.24
Concrete Tiles	772.75	655.04	577.13
Boards and Ceilings	4,432.61	3,891.90	3,389.21
Siding Boards	316.61	333.70	261.52
Total Export Value	6,679.69	6,039.29	5,451.10
Expansion rate increase (decrease) (%)	10.60%	10.79%	7.33%

Source : Thai Customs Department

Trading Countries

Trading Countries (Unit: Million Baht)	Fiber Cement Tiles	Ratio	Concrete Tiles	Ratio	Boards & Ceilings	Ratio	Siding Boards	Ratio
Philippines	23.37	2.02%	18.51	2.40%	1,280.04	28.88%	6.44	2.04%
Myanmar	19.92	1.72%	31.48	4.07%	931.04	21.00%	50.40	15.92%
Cambodia	201.64	17.42%	371.50	48.08%	293.04	6.61%	40.62	12.83%
Laos	481.85	41.62%	349.90	45.28%	174.62	3.94%	80.66	25.48%
China	104.36	9.01%	0.00	0.00%	0.26	0.01%	5.69	1.80%
United Kingdom	128.69	11.12%	0.00	0.00%	1.06	0.02%	0.61	0.19%
Vietnam	105.69	9.13%	0.14	0.02%	743.38	16.77%	1.16	0.37%
India	7.18	0.62%	0.07	0.01%	206.38	4.66%	1.36	0.43%
Indonesia	1.18	0.10%	0.00	0.00%	103.23	2.33%	0.39	0.12%
South Korea	2.21	0.19%	0.00	0.00%	122.42	2.76%	2.90	0.92%
Others	81.63	7.05%	1.15	0.14%	577.14	13.02%	126.38	39.90%
Total Export Value	1,157.72	100.00%	772.75	100.00%	4,432.61	100.00%	316.61	100.00%

Source : Thai Customs Department

The Company mainly exports its products to neighboring countries adjacent to Thailand, namely Laos, Cambodia, Myanmar and China, etc. Since the products are heavy and fragile with high transportation cost, there is a limitation for long distance transport. Total export value for year 2018 was at Baht 687.35 million or 3.09 percent of the total export value, 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 competition, 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 expedited megaprojects from the Government and construction in private sectors in the second-tier provinces, the demand for the products has been increased, and the steel-reinforced autoclaved aerated concrete products have gained more popularity, such as prefabricated kitchen and counter tops, etc. However, there was a surplus in production capacity from the manufacturers, resulting in fierce 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)	2018	Ratio	2017	Ratio	2016	Ratio
1. Domestic Market	3,333.50	82.91%	3,158.77	82.57%	3,150.46	82.82%
• Agent Group	2,214.35	55.07%	2,119.53	55.41%	2,250.52	59.16%
• Modern Trade Group	622.87	15.49%	595.15	15.56%	497.88	13.09%
• Housing Project Group	496.28	12.35%	444.09	11.60%	402.06	10.57%
2. Foreign Market (Export)	687.35	17.09%	666.74	17.43%	653.37	17.18%
Total	4,020.85	100.00%	3,825.51	100.00%	3,803.83	100.00%

The Company has four main distribution channels as follows:

2.1 Domestic Market has revenue proportion of 82.91 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): These channels account for 17.09 percent of the revenue. The markets in the neighboring CLMV countries still remain of interest due to continuous expansion of construction material industry. Nonetheless, due to economic impact in many countries and new manufacturers in the market offering products at low prices, it is necessary to expand the market, such as, Myanmar and Vietnam, etc.

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 digital marketing 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 research and development on new products to meet the market demand, such as, Eaves Plus that reduces installation time, and CT Venice, a concrete tile that features higher ridges for increased strength and better water flow.

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 1st 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 2nd quarter of year 2013.

4. Management of Products or Services

4.1 Production

The Company has continued to expand its production capacity, having current production capacity of 1,100,000 tons per year, which is sufficient for the market demand. In year 2018, the Company's overall production capacity was estimated at 85 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 decreased from 63.26 percent in 2017 to 60.55 percent in 2018.

(B) Foreign sources

Raw materials such as asbestos, synthetic fibers and paper pulp, etc., are manufactured overseas. The proportion of purchases from foreign sources increased from 36.74 percent in 2017 to 39.45 percent in 2018.

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	58.85%
2. Bualuang Long-Term Equity Fund	23,947,600	2.53%
3. Bualuang Long-Term Equity Fund 75/25	15,690,400	1.66%
4. Mr. Prakit Pradipasen *	14,769,500	1.56%
5. Thai NVDR Co.,Ltd.	13,183,000	1.39%
6. Bualuang Siriphol Corporate Governance	10,433,500	1.10%
7. Mrs. Siriwan Jungthirapanich	10,000,000	1.05%
8. Mr. Prinya Tieanworn	10,000,000	1.05%
9. Bualuang Flexible Retirement Mutual Fund	8,662,100	0.91%
10. Mr. Satid Sudbuntad	8,000,000	0.84%
11. Others	275,427,800	29.06%
Total	947,961,800	100.00%

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

The Company has determined the name list of shareholders with rights to attend the 34th Annual General Meeting of Shareholders (Year 2019) and rights to receive dividends on the Record Date of Wednesday, March 13, 2019.

Currently, Myriad Material Co., Ltd. is the major shareholder of the Company, having the group of Mr. Chaikut Srivikorn and group of Mr. Prakit Pradipasen as the major shareholders of both directly and indirectly with shareholding of 40.00 percent and 25.11 percent, respectively. Accordingly, the representatives of Myriad Materials Co., Ltd. group, having four positions of directorship in the Company, namely Mr. Prakit Pradipasen, Mr. Chaikut Srivikorn, Mr. Warayu Pradipasen, 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, 2018.

Names	Ordinary Shares (shares)		
	As at December 31, 2018	As at December 31, 2017	Increase / (Decrease)
1. Mr. Prakit Pradipasen *	14,769,500	14,669,500	100,000
2. Mr. Chaikut Srivikorn	3,100,100	3,100,100	-
3. Mr. Warayu Pradipasen	150,000	120,000	30,000
4. Mr. Thanit Pulivekin	-	-	-
5. Mr. Sakda Maneeratchatchai	4,099,600	4,099,600	-
6. Mr. Anun Louharanoo	2,350,000	2,350,000	-
7. Mr. Asanee Chantong	1,048,000	1,048,000	-
8. Mr. Satid Sudbuntad	7,000,000	6,000,000	1,000,000
9. Mr. Maitree Tawonatiwasna *	3,000,000	2,900,000	100,000
10. Mr. Chatchai Teepsuwan	-	-	-
11. Mr. Woodthikrai Soatthiyanon	-	-	-
12. Mr. Kamolaphat Teepsuwan	-	-	-
13. Ms. Thanakarn Phanthapirat	2,760,000	2,760,000	-
14. Mr. Krit Kullertprasert	420,000	420,000	-
Total	38,697,200	37,467,200	1,230,000

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

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 by considering as follows.

- (A) Considering by comparing with other companies in the same industry and listed companies in the Stock Exchange of Thailand within the same industrial sector.
- (B) Considering 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) Considering based on the operating results of the Company for each year.
- (D) Considering based on the self-assessment of the Board of Directors' Performance for each year on both the whole board and individual for further improvement of the effectiveness in work performance of the Board of Directors.
- (E) Considering and reviewing the 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 further 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 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 Committee 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 Committee 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. Since 2016, the fund saving proportion has been increased so that the employee may choose to pay at the rate of 3%, 5%, 8% to 15% with Company's contribution at the rate of 3%, 5%, not exceeding 8% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.
 - (2) The Company has conducted assessment of benefits of employee at retirement or when the employee quits the job determined by actuarial method, which derives from projected benefit liability of employee having right to receive severance benefit at retirement in accordance with the Labor Protection Act. Such liability has been calculated by the independent actuary and from assumptions based on the actuarial method termed the Projected Unit Credit Method, which is projected from current value of cash flow of benefit expected to be paid in the future by calculating based on salary of the employee, turnover rate of employees, mortality, employment period and other factors.
 - (3) Other remunerations such as the Employee Stock Option Program (ESOP) with the objective of getting the employees motivated and work with all capacity, which should result in an increase of Company's share value. Moreover, the program should motivate those employees with knowledge and capability and are important to increase competitiveness of the Company, etc.

Remuneration Policy:

"The Company intends to pay fair and appropriate remuneration, both in short-term and in long-term, by considering the scopes of duties and responsibilities, achievements, and expected benefits to be received from the directors, executives and employees. The remuneration is evaluated against the overall operating results of the Company and the performance of the Board of Directors. Additionally, comparisons are made with other companies in the same industry and listed companies in the Stock Exchange of Thailand of the same industrial sector."

2. Remuneration Payment

2.1 Explicit Remuneration

(A) Monthly Remuneration of the Directors (for the year ending December 31, 2018)

Position (Unit : thousand Baht)	Monthly Remuneration per Person			
	Board of Directors	AC Committee	NRC Committee	CGC Committee
Chairman of the Board	80.00	30.00	20.00	20.00
Directors	50.00	20.00	10.00	10.00

(B) Annual Remuneration of the Directors (for the year ending December 31, 2018)

Name (Unit : million Baht)	Annual Remuneration				Bonuses	Total
	Board of Directors	AC Committee	NRC Committee	CGC Committee		
1. Mr. Prakit Pradipasen	0.96	-	-	-	0.30	1.26
2. Mr. Chaiyut Srivikorn	0.60	-	0.24	-	0.25	1.09
3. Mr. Warayu Pradipasen	0.60	-	-	0.08	0.25	0.93
4. Mr. Thanit Pulivekin	0.60	0.24	-	0.16	0.25	1.25
5. Mr. Sakda Maneeratchatchai	0.60	0.36	-	-	0.25	1.21
6. Mr. Anun Louharanoo	0.60	0.24	0.12	-	0.25	1.21
7. Mr. Asanee Chantong	0.60	-	-	-	0.25	0.85
8. Mr. Satid Sudbuntad	0.60	-	-	-	0.25	0.85
9. Mr. Maitree Tawonatiwasna	0.60	-	-	-	0.25	0.85
10. Mr. Chatchai Teepsuwan	0.60	-	0.12	-	0.25	0.97
11. Mr. Woodthikrai Soatthiyanon	0.60	-	-	0.08	0.25	0.93
12. Mr. Kamolaphat Teepsuwan	0.60	-	-	-	0.25	0.85
Total	7.56	0.84	0.48	0.32	3.05	12.25

(C) Comparison of Remunerations of Directors and Executives

Remuneration (Unit : Million Baht)	2018		2017		2016	
	Persons	Amount	Persons	Amount	Persons	Amount
Directors' Remuneration & Bonus	12	12.25	12	11.93	12	11.33
Executives' Salary, Bonus and Others *	4	28.42	5	36.45	5	34.30
Total		40.07		48.38		45.63

Remarks : * This includes provident fund of year 2018 : 2017 : 2016 = 1.64 : 2.12 : 1.82 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, 2018.

The Company has appointed KPMG Phoomchai Audit Ltd. as the certified public accountant for the Company and its subsidiary company from year 2013 to 2018 as approved by the Annual General Meeting of Shareholders. The appointed certified public accountant in 2017 was Ms. Bongkot Amsagaem, certified public accountant registration no. 3684, and in 2018 was Ms. Chanarat Chanwa, certified public accountant registration no. 9052. The audit fee in 2018 increased from 2017 by 6.82 percent, having details as follows.

Description (Unit: Baht)	2018	2017	Increase / (Decrease)	
			Amount	%
Audit Fee of the Company				
Annual audit fee	1,140,000	760,000	380,000	50.00
Interim financial statements audit fee	150,000	360,000	(210,000)	(58.33)
consolidated financial statements audit fee	250,000	320,000	(70,000)	(21.88)
Other expenses *	74,540	76,000	(1,460)	(1.92)
Total	1,614,540	1,516,000	98,540	6.50
Audit Fee of the Subsidiary Company				
Annual audit fee	340,000	310,000	30,000	9.68
Interim financial statements audit fee	60,000	60,000	-	-
Other expenses *	6,500	6,000	500	8.33
Total	406,500	376,000	30,500	8.11
Total	2,021,040	1,892,000	129,040	6.82

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

During the past 2018, the Company and subsidiary company only engaged KPMG Phoomchai Audit Ltd. as the Company's financial auditor only without engaging in other services from KPMG Phoomchai Audit Ltd. and individual or business related to the auditor or audit office that the auditor belongs to.

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 2018, the Board of Directors held 12 meetings altogether.

As of December 31, 2018, the Company’s Board of Directors had 12 directors, comprising of 4 independent directors, 6 non-executive directors, and 2 executive directors.

Names	Positions	Board of Directors’ Meeting (Sessions)	
		2018	2017
1. Mr. Prakit Pradipasen	Chairman of the Board	12/12	12/12
2. Mr. Kamolaphat Teepsuwan	Director (started January 29, 2018)	10/11	-
Mr. Phaithoon Kijamrej	Director (ended January 9, 2018)	-	6/12
3. Mr. Chaiyut Srivikorn	Director	9/12	9/12
4. Mr. Warayu Pradipasen	Director	11/12	12/12
5. Mr. Thanit Pulivekin	Independent Director (started April 24, 2013)	11/12	12/12
6. Mr. Sakda Maneeratchatchai	Independent Director (started April 17, 2009)	12/12	11/12
7. Mr. Anun Louharano	Independent Director (started January 10, 2005)	12/12	11/12
8. Mr. Asanee Chantong	Director	12/12	12/12
9. Mr. Satid Sudbuntad	Director / Chief Executive Officer (started January 1, 2018)	12/12	12/12
10. Mr. Maitree Tawonatiwasna	Director / Deputy Chief Executive Officer	12/12	12/12
11. Mr. Chatchai Teepsuwan	Director	12/12	11/12
12. Mr. Woodthikrai Soatthiyanon	Independent Director (started January 12, 2011)	12/12	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. Chaiyut Srivikorn, Mr. Asanee Chantong, Mr. Satid Sudbuntad and Mr. Maitree Tawonatiwasna. Two of these five Directors shall co-sign and affix with the Company’s seal.

Authorities, duties and responsibilities of the Board of Directors are summarized as follows:

The Board of Directors has compiled the Board Charter to establish the management authorities, duties, and responsibilities in writing that conform with objectives, main goals, Company’s regulations, and resolutions of shareholders’ meetings. The Board of Directors also has a duty to comply with laws on securities and exchange, regulations and best practice of the SEC and the Stock Exchange of Thailand, as well as other laws related to business operations. The details are as follows:

1. Duties in good corporate governance

The Board of Directors must recognize its duties and accountability as the leader, and must ensure that the organization possesses proper management. The authorities, duties and responsibilities of the Board of Directors regarding this matter are as follows:

- 1.1 To establish clear and proper objectives and main goals, as well as the corporate vision, mission, and values that create values for the Company, all stakeholders, and the society overall.
- 1.2 To establish policies for business operations, strategies, business plan, and annual budget by appropriately allocating important resources with the Management. The Board of Directors is to also ensure effective performance of assigned duties of directors and executives.
- 1.3 To establish financial management policy, ensure adequate liquidity and ability to repay, as well as put in place measures in case of financial issues. The Management has been authorized to manage financial matters and establish the Company's provident fund to support savings among employees.
- 1.4 To regularly monitor, evaluate, and report on the operations to ensure most effective performance.

2. Duties in creating sustainable corporate values

As the leader, the Board of Directors must create sustainable corporate values, managing the business to ensure success, competitiveness, and good operating results while considering long-term benefits. The authorities, duties and responsibilities of the Board of Directors regarding this matter are as follows:

- 2.1 To establish the code of conduct in writing to create corporate values that uphold ethics. As the leader in corporate governance, the Board of Directors must behave as a good role model.
- 2.2 To establish the corporate governance in writing that is in line with the laws on securities and exchange, regulations and best practice of the SEC and the Stock Exchange of Thailand, as well as other laws related to business operations.
- 2.3 To establish appropriate and sufficient internal control and risk management system throughout the organization.
- 2.4 To establish guidelines for transactions with potential conflict of interest between the Company and its stakeholders. The stakeholders should not be a part of the decision making process. Additionally, the proper and transparent disclosure process for potential conflict of interest is described in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).
- 2.5 To establish the corporate social responsibility policy in writing to promote consciousness on social responsibility and environmental impact minimization among all employees.
- 2.6 To establish the anti-corruption policy in writing to promote awareness among all directors, executives and employees on the danger of corruption, and disclose the anti-corruption policy on the Company website.
- 2.7 To ensure adequate communication of policies to all directors, executives, and employee, and put in place sufficient mechanism to ensure actual implementation of such policies. The CGC Committee regularly monitors and reviews the implementation of each policy regularly every year.

3. Exercising duties with responsibility, diligence, and integrity

- 3.1 To ensure that the Company's operation complies with related laws, rules, and regulations, as well as the resolutions of shareholders' meetings and the laws on securities and exchange, regulations and best practice of the SEC and the Stock Exchange of Thailand.
- 3.2 To ensure that the Internal Control Office has duties to review and audit the Company's operations that they comply with related laws, rules, and regulations, as well as the resolutions of shareholders' meetings and established policies or guidelines.

4. Having an authority to appoint sub-committees, top executives, and an authority to authorize various matters as follows:

- 4.1 To appoint sub-committees through consideration of the NRC Committee. Each sub-committee shall establish its charter that clearly specifies authorities, duties and responsibilities to ensure that important matters are considered in details before further presenting opinions to the Board of Directors. The sub-committees are as follows:
 - (A) Audit Committee (AC Committee)
 - (B) Nomination and Remuneration Committee (NRC Committee)
 - (C) Corporate Governance Committee (CGC Committee)
 - (D) Production Technology and Innovation Committee (PTI Committee)
 - (E) Management Committee (MC Committee)

4.2 To establish that the Chairman of the Board and the Chief Executive Officer are not the same person. The authorities, duties and responsibilities of both positions are clearly separated, and such authorities and duties are to be regularly reviewed as per the direction of the Company.

(A) **Roles, duties and responsibilities of the Chairman of the Board**

1. To be the leader of the Board of Directors, and thus possesses leadership quality. The Chairman of the Board has a duty to preside as the chairman for both the Board of Directors' meetings and shareholders' meetings, and support and encourage meeting attendants to exercise their voting right by strictly and effectively adhering to principles of good corporate governance for the best interest of the Company.
2. To ensure that the Board of Directors performs its duties effectively, achieving the objectives, policies, and main goals of the Company for the interest of the Company.
3. To ensure that every director takes part in promoting corporate culture with ethics and good corporate governance, as well as behaves as a good role model in long term.
4. To determine the agenda of the Board of Directors' meetings in cooperation with the Chief Executive Officers, having a measure in place to ensure that important matters are included in the agenda of the Board of Directors' meetings and shareholders' meetings as required by law.
5. To allocate adequate and appropriate time at the Board of Directors' meetings for the Management to propose matters with enough time for directors to discuss on important matters with prudence and diligence altogether, as well as encourage directors to participate in careful discretion, and give opinions freely without influences from any person.
6. To enhance good relationship between executive directors and non-executive directors, and between the Board of Directors and the Management, and ensure that the directors are not under influences from the Management.

(B) **Roles, duties and responsibilities of the Chief Executive Officer:** The Chief Executive 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 (see details on Page 96 under topic "Executive").

(C) 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.

4.3 Appointment of top executives or in case of vacancy, with consideration from the NRC Committee, and clear assignment of authorities, duties and responsibilities.

4.4 Appointment of a suitable person as Company Secretary, and Assistant Company Secretary in case that the Board of Directors deems appropriate, or in case of vacancy. The qualification, authorities, duties, and responsibilities of the Company Secretary are according to the laws regarding securities and exchange, regulations and best practice of the SEC and related laws. The qualification and experience of the Company Secretary are disclosed in the Annual Registration Statement (Form 56-1), the Annual Report (Form 56-2), and the Company website.

4.5 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 SEC, the Stock Exchange of Thailand, and relevant laws concerning the acquisition or disposition of assets.

4.6 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 SEC, the Stock Exchange of Thailand, and relevant laws concerning the acquisition or disposition of assets.

4.7 To provide right for 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.

4.8 Authority to approve important matters in order for the Board of Directors to achieve the objectives and goals as follows:

(A) Financial approval authority above the appointed authority of the MC Committee, including:

- Long-term loan or promissory note of more than one year contract term.
- Procurement and service employment contracts of more than one year contract term.
- Write-off of assets that are no longer in use, damaged, deteriorated, to be destroyed or sold as scrap, which has been duly reviewed by the AC Committee.
- Write-off of inventory or adjustment of differing items from inventory counting, which has been duly reviewed by the AC Committee.
- 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 regulations stipulated in the Revenue Code, which has been duly reviewed by the AC Committee.
- Opening or closing of fixed deposit account, saving account and current account with the financial institution, and acceptance or termination of credit line with the financial institution, as well as authorization for Company's executives to engage in financial transaction, whether over-the-counter or via Internet banking systems, to ensure circumspection and flexibility in daily business operations.

(B) Other approvals shall follow the regulations of the Company.

5. **Compilation of report on operating results of the committees:** Each sub-committee is required to compile a report on its operating results at least once per year, and proposes it to the Board of Directors for consideration, as well as discloses it 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 chairman of the sub-committee, stating the number of meetings being held and number of attendance of each individual member.

6. **Authority to appoint an individual or Professional Search Firm** with skills and being independent or no conflict of interest as a consultant for the Board of Directors in case the Board of Directors does not possess skills in the particular matter. Additionally, Director Pool is to be used to select new directors. The details of consultants are disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

7. **Skill development of the Board of Directors and sub-committees**

To foster knowledge, improve upon the operations, and lend to more effective performance, the Board of Directors continuously promotes and supports all directors to attend seminars and courses, being held by the Thai Institute of Directors, the SEC, the Stock Exchange of Thailand, or other independent organizations.

7.1 Directors are regularly supported to train and develop skills that are necessary for performing their duties.

7.2 Promoting understanding regarding laws, regulations, standards, risks, information technology, and environmental matters that are related to the Company's operations, and ensuring up-to-date information.

7.3 Continuous training and development of directors are disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

8. **Succession plan:** The Board of Directors ensures that a proper process is in place for selecting employees assuming important executive positions, as well as proper selection of top executives, which shall be in line with the procedure set out by the NRC Committee. A succession plan is established to prevent lack of talents, which could have a significant impact to the business operation. Lack of human resources can occur due to retirement, early retirement, or job promotions. Therefore, the Company has put in place succession strategy for important positions to prevent such issues as follows: (1) Analyze the situation of the Company, (2) Explore positions at risk, (3) Plan for the selection and employee development, (4) Assess and evaluate the employee potential, (5) Appoint the successor, (6) Regular development and evaluation.

Criteria for Nomination of Independent Director

The Company has established descriptions of the independent director in compliance with the laws of the Securities and Exchange and relevant laws, having details on the criteria for nomination and qualification of the independent director stated in the Good Corporate Governance Handbook, which is disseminated on the Company's website (www.dbp.co.th).

2. Sub-Committees

The Board of Directors has established that sub-committee members must pass the selection of the NRC Committee. At the end of a rotation of a sub-committee member, or in case of premature retirement for any reason, resulting in a number of members of less than the requirement, the NRC Committee shall consider a new sub-committee member and propose to the Board of Directors to complete the sub-committee within 3 months to ensure continuity of operations.

2.1 The Audit Committee (AC Committee)

The AC Committee comprises at least 3 independent directors having a three-year term. The Audit Committee shall have a composition and qualifications in compliance with the criteria specified by the Stock Exchange of Thailand and the SEC. The Company must have at least 3 AC Committee members and all members must be independent directors, and one of them must have good knowledge in accounting and finance. The AC Committee shall be appointed by the Board of Directors or by the shareholders' meeting.

In year 2018, the AC Committee held 6 meetings altogether.

As of December 31, 2018, the AC Committee comprised the following 3 members.

Names	Positions	AC Committee's meeting (Sessions)	
		2018	2017
1. Mr. Sakda Maneeratchchai	AC Committee Chairman	6/6	7/7
2. Mr. Anun Louharanoo *	AC committee Member	6/6	7/7
3. Mr. Thanit Pulivekin	AC committee Member	6/6	7/7

Remark : * Mr. Anun Louharanoo is the AC 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 AC Committee are summarized as follows:

1. To review and ensure that the Company has correct and adequate financial reports.
2. To review and ensure that the internal control and the internal audit systems are sufficient and effective, and 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.
3. 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 businesses.
4. To select and propose appointment of the independent auditor and the audit fee by taking into consideration reliability, resourcefulness, work load of the audit office, and the experience of the appointed employees who audit the Company, including attending the meeting with the independent auditor without the Management at least once a year.
5. To consider connected transactions or transactions that may have conflicts of interest, and ensure compliance with the laws and regulations of the Stock Exchange of Thailand, being reasonable transactions and beneficial for the Company.
6. 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.
7. To prepare AC Committee reports to be disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company. The reports shall be duly signed by the Chairman of AC Committee, comprising at least but not limited to, opinion on the sufficiency and reliability of financial statements of the Company, opinion on the sufficiency of internal control and risk management of the Company, etc.
8. To perform any other duties as assigned by the Board of Directors and approved by the AC Committee.
9. To periodically report the operation of the AC Committee to the Board of Directors at least once every quarter. The report should cover the abovementioned duties. The AC Committee is directly accountable to the Board of Directors, and the Board of Directors still holds the Company's operation accountable to the external parties.

10. While performing its duties, if the AC Committee finds or suspects that any transactions or actions would have a significant impact to the financial status and the operating results of the Company, the AC Committee shall report such matters to the Board of Directors for rectification within a timeframe that was deemed appropriate by the AC Committee.
11. To ensure achievement of objectives of the AC Committee, the AC Committee has the following authorities:
 - 11.1 An authority to invite the Management, relevant managers/supervisors or employees of the Company to attend a meeting, to give opinions, or to provide any documents that are deemed relevant and necessary.
 - 11.2 An authority to approve the appointment, dismissal, transfer or termination, as well as merits of the Internal Audit Office Supervisor, for example.
 - 11.3 An authority to approve the appointment, dismissal, and termination of external auditors, to propose the list of auditors to the Board of Directors, as well as compensation for the annual audit, which are to be proposed for approval at the shareholders' meeting. The AC Committee also reviews the operating result evaluation of the auditor.
 - 11.4 An authority in other matters: to hire specialists as consultants if the AC Committee considers appropriate, and to ensure that departments perform their duties that are related to the AC Committee.

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 by position.

2.2 The Nomination and Remuneration Committee (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 have a three-year office term. The NRC Committee shall select and appoint one member to be the Chairman of the NRC Committee. The Chief Executive Officer shall be the Secretary to the NRC Committee by position, and has a duty to prepare meetings and to ensure communication with the Board of Directors and related departments (if any).

In year 2018, the NRC Committee held 4 meetings altogether.

As of December 31, 2018, the NRC Committee comprised of the following 3 members.

Names	Positions	NRC Committee's Meeting (Sessions)	
		2018	2017
1. Mr. Chaikut Srivikorn	NRC Chairman	4/4	5/5
2. Mr. Chatchai Teepsuwan	NRC Member (started January 29, 2018)	2/3	-
Mr. Phaithoon Kijamrej	NRC Member (ended January 9, 2018)	-	4/5
3. Mr. Anun Louharanoo	NRC Member	4/4	5/5

Mr. Satid Sudbuntad, Chief Executive Officer, is the Secretary to the NRC Committee.

Authorities, duties, and responsibilities of the NRC Committee can be summarized as follows:

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

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

- 1.1 To establish and review proper structures and qualifications of the Board of Directors and sub-committees, as well as to consider nomination criteria and process to recruit suitable candidates for directorship positions, 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, and experience in business or industries related to the Company's main operations. This is to enable the Board of Directors 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 Chief Executive Officer 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.
3. The NRC Committee has the authority to invite the Company's executives and/or relevant employees of the Company to attend a meeting and clarify all relevant matters.
4. To perform any other duties as assigned by the Board of Directors on a case by case basis.

2.3 Corporate Governance Committee (CGC Committee)

The CGC Committee comprises of at least 3 Company's Directors, one of whom must be an independent director. The CGC Committee has a three-year office term. The CGC Committee nominates one of the members who is an independent director to be the Chairman of the CGC Committee. The head person responsible for Company's secretary task, or a person deemed appropriate by the CGC Committee, shall take up the position of the Secretary to the CGC Committee, having responsibility to organize CGC Committee's meetings as well as coordinate so that there is report to the Board of Directors and other relevant work units (if any).

In year 2018, the CGC Committee held 8 meetings altogether.

As at December 31, 2018, the Company has a total of 3 CGC Committee members as follows.

Names	Positions	CGC Committee's Meeting (Sessions)	
		2018	2017
1. Mr. Thanit Pulivekin	CG Committee Chairman	7/8	5/5
2. Mr. Woodthikrai Soatthiyanon	CG Committee Member	8/8	4/5
3. Mr. Warayu Pradipasen (started January 30, 2018)	CG Committee Member	6/7	-
Mr. Satid Sudbuntad (ended January 30, 2018)	CG Committee Member	1/1	5/5

Ms. Thanakarn Phanthapirat, Company Secretary, is the Secretary to the CGC Committee.

Authorities, duties, and responsibilities of the CGC Committee are as follows:

1. To establish policies, rules, and guidelines 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 are deemed of important duty for everyone not to neglect these practices as appeared within the Corporate Governance Handbook.
2. To monitor, review, and improve the operations of the Company to ensure compliance with the good corporate governance principle of the SEC, the Stock Exchange of Thailand, and relevant laws.

3. To support the dissemination of corporate governance culture in the organization to nurture into corporate culture in practice among all directors, executives and employees.
4. To establish a policy and to support corporate governance evaluation within the Company at least once per year, in order to identify operating obstacles that prevent achievement of objectives, and to further report to the Board of Directors for acknowledgement and consideration.
5. To perform any other tasks as assigned by the Board of Directors occasionally.
6. To consider the self-assessment of the performance of the Board of Directors and sub-committees at least once per year, and to propose the results to the Board of Directors for its consideration. In year 2018, improvements have been made to allow both group- and individual-assessment in one set of the assessment, according to the charter of each committee, with clearly defined roles, duties, and responsibilities that are in line with the Company's operations. It can be summarized as follows.

6.1 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, both as a group and as an individual, to accomplish more effective work by clearly acknowledging their own roles, duties, and responsibilities.
- (C) To become aware of the ability to utilize knowledge and skills, and independence in expressing opinions by the Board of Directors.

6.2 Assessment Procedure: Each member of the Board of Directors shall use the self-assessment of performance forms for the Board of Directors and sub-committees. The assessment can be made for both the whole group and as an individual, specifying comments from each member from 0-4 in "group and individual" box, having the following definitions.

0 = Strongly Disagree 1 = Disagree 2 = Agree 3 = Mostly Agree 4 = Strongly Agree

6.3 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 group and as an individual, received an average score of between 88.3 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 as a whole group		Performance Assessment as an individual	
	2018	2017	2018	2017
1. Board of Directors	98.1%	92.1%	97.7%	92.8%
2. Audit Committee	99.2%	96.1%	96.9%	97.0%
3. Nomination and Remuneration Committee	97.2%	86.9%	98.0%	95.5%
4. Corporate Governance Committee	98.6%	96.8%	96.4%	97.0%
5. Management Committee	98.5%	99.3%	98.5%	97.7%
6. Risk Management Committee	88.3%	87.8%	88.3%	82.3%
7. Production Technology and Innovation Committee *	97.0%	-	97.0%	-
8. Corporate Social Responsibility Committee *	92.6%	-	91.7%	-
9. Anti-Corruption Committee *	90.6%	-	90.5%	-

Remark: * First time assessments in 2018

2.4 Production Technology and Innovation Committee (PTI Committee)

The PTI Committee comprises at least 3 directors or top executives from the Assistant Chief Executive Officer or above, with a three-year office term. The PTI Committee shall select a non-executive director as the Chairman of the PTI Committee, and appoint a suitable executive as the Secretary to the PTI Committee to prepare meetings and coordinate the reporting to the Board of Directors and other relevant departments (if any).

In year 2018, the PTI Committee held 11 meetings altogether.

As at December 31, 2018, the Company has a total of 3 PTI Committee members as follows:

Names	Positions	PTI Committee's Meetings (Sessions)
		2018 *
1. Mr. Asanee Chantong	PTI Committee Chairman	11/11
2. Mr. Maitree Tawonatiwasna	PTI Committee Director	11/11
3. Mr. Satid Sudbuntad	PTI Committee Director and Secretary	11/11

Remark : * The PTI Committee has been appointed by the Board of Directors' Meeting No. 308, dated December 18, 2017, being effective from January 1, 2018 onwards.

Authorities, duties, and responsibilities of the PTI Committee are as follows:

1. To establish cost reduction guidelines for manufacturing cost and other costs to ensure effectiveness in manufacturing processes.
2. To establish a work plan for innovation and new product developments.
3. To consider investment budget to expand production capacity and to optimize the manufacturing process.
4. To consider the annual operating plan and budget before proposing to the Board of Directors for further approval.
5. To compile a report on the operating result of the PTI Committee to be proposed to the Board of Directors for acknowledgement at least once every quarter.
6. To perform any other duties as assigned by the Board of Directors on a case by case basis.

2.5 Management Committee (MC Committee)

The MC Committee comprises at least 3 executives, ranking from the Assistant Chief Executive Officer and above, which are appointed by the Company's Board of Directors. The MC Committee is chaired by the Chief Executive Officer by position, and a MC Committee member or a suitable executive as the Secretary to the MC Committee with a duty to prepare meetings, as well as to coordinate the reporting to the Board of Directors and other departments (if any).

In year 2018, the Management Committee held 49 sessions of weekly meeting altogether.

As of December 31, 2018, the MC Committee comprised the following 3 members.

Names	Positions	MC Committee's Meeting (Sessions)	
		2018	2017
1. Mr. Satid Sudbuntad (started January 1, 2018)	MC Committee Chairman	49/49	48/48
Mr. Asanee Chantong (ended December 31, 2017)	MC Committee Chairman	-	46/48
2. Mr. Maitree Tawonatiwasna	MC Committee Director	48/49	48/48
3. Ms. Thanakarn Phanthapirat	MC Committee Director and Secretary	47/49	44/48

Authorities, duties, and responsibilities of the MC Committee are summarized as follows:

1. To manage the Company's business in accordance with objectives, direction, targets, policies, mission, strategies, business plans, and budget as approved by the Board of Directors.
2. To consider the proposals from the Management on defining the objectives, direction, targets, policies, mission, strategies, business plans, annual budget, financial and investment plan, human resources and information technology management, for example, by assessing the operating results of the Company against the KPI (Key Performance Indicators) and proposing to the Board of Directors for further approval.
3. To monitor the Company's monthly, quarterly, and annual operating results, which are compared against the targets and annual budget, and to regularly provide opinion to Board of Directors for acknowledgement and consideration.
4. To foster corporate culture that upholds ethics and code of conduct, and to set an example for the organization.
5. To establish and review the corporate structure and scopes of managing authorities, as well as the appointments, recruitments, transfers, dismissals, wages, compensations, annual bonus, and termination for employees ranking from department manager or below, which shall then be proposed with opinions to the NRC Committee to consider for further acknowledgement and approval from the Board of Directors.
6. To consider the interim and annual dividend payments according to the operating results of the Company in each year, and proposing to the Board of Directors for acknowledgement and approval before proposing to the shareholders' meeting for further approval.
7. Having an authority to delegate one or many individuals and/or executives to perform a specific task within a specific timeframe, which shall be under governance and control from the MC Committee, including termination, revocation, or change to the person being authorized, or the specific authorization as appropriate.
8. Having an authority for approval on financial matters, operating regulations, and approval authorities as approved by the Board of Directors' meeting.
9. Having an authority to establish sub-committees or work teams as a mechanism to circumspectly consider important matters. The MC Committee shall establish the scopes of authorities, duties, and responsibilities, as well as ensure achievement of objectives and goals by the sub-committees as follows:
 - 9.1 The RMC Committee, having duties to ensure suitable and sufficient risk management system for Company.
 - 9.2 The CSR Committee, having duties to ensure that the Company contributes to the benefit of the society, as well as improving the environment and minimizing the environmental impact.
 - 9.3 The ACC Committee, having duties to ensure that the Company puts in place proper and sufficient anti-corruption measures.
 - 9.4 Other sub-committees shall be established periodically as appropriate for a particular matter.
10. To perform other duties as assigned by the Board of Directors for each matter on a case by case basis.

2.5.1 Risk Management Committee (RMC Committee)

The RMC Committee comprises the Company's executive directors and executives ranking from the Department Manager level and above totaling at least 10 members. One of the RMC Committee member shall be appointed as the Chairman of the RMC Committee, and one of the committee member or a suitable executive shall be appointed as the Secretary to the Risk Management Committee, having duties to prepare meetings, as well as to coordinate reporting to the MC Committee, the ACC Committee and the Board of Directors, and other relevant departments (if any).

In year 2018, the RMC Committee held 7 meeting altogether and several other separate meetings according to specific tasks.

Authorities, duties, and responsibilities of the RMC Committee can be summarized as follows:

1. To establish risk management policy according to the objectives, main goals, strategies, and acceptable risks of the business. The policy shall be a framework for risk management tasks for every person in every department as in the same direction. Any warning signs should be considered, and the risk management policy shall be revised regularly according to changing situation and events.

2. To analyze all types of risk, internal and external factors, potential impacts to overall business operation, ranging from strategic risks, operational risks, financial risks, compliance risks, etc.
3. To establish risk management measures and work plans, which can be categorized as acceptance of some risks, reduction, avoidance, and transferring or sharing of risks.
4. The analysis and evaluation of risk factors are used as bases for risk management and rectification guidelines. The risk factors can be categorized as a risk map as follows:
 - **Red Risk** : Risk factors required urgent rectification, and risk mitigation guidelines must be established as the first priority.
 - **Yellow Risk** : Risk factors required monitoring, with potential to become an actual risk, and risk prevention guidelines must be established.
 - **Green Risk** : Risk factors considered to be risks without the need for immediate management.
5. To monitor management of unacceptable risks for setting rectification and prevention guidelines for potential risks in the future. Reports on the management of each individual risk shall be made and presented to the MC Committee, the AC Committee, and the Board of Directors.
6. To review policies and control systems established for risk evaluation, management, and control, including auditing and reporting to ensure that the Company has an adequate and effective risk management framework.
7. To ensure compliance with relevant laws and standards, both domestically and globally, and to sufficiency of the disclosure of risk information to the compliance unit and the public adequately and promptly.
8. To ensure that the subsidiary company and/or affiliated companies follow a risk management and an internal control with the same amount of rigor as the parent company.
9. To perform any other duties as assigned by the Board of Directors, the AC Committee or the MC Committee on a case by case basis.

During the year 2018, the RMC 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.

2.5.2 Corporate Social Responsibility Committee (CSR Committee)

The CSR Committee comprises executive directors and executives ranking from department manager level and above totalling at least 10 members. One of the CSR Committee member shall be appointed as the Chairman of the CSR Committee, and a CSR Committee member or a suitable executive shall be appointed as the Secretary to the CSR Committee, having duties to prepare meetings, as well as to coordinate reporting to the MC Committee, the Board of Directors, and other departments (if any).

In year 2018, the CSR Committee held 3 meetings altogether and several other separate meetings according to specific tasks.

Authorities, duties, and responsibilities of the CSR Committee can be summarized as follows:

1. To establish the corporate social responsibility policy to be proposed to the MC Committee for approval, before proposing to the Board of Director for further approval.
2. To establish the annual work plan and budget, and propose to the MC Committee for approval before implementation.
3. To follow the approved work plan and budget. Individuals, departments, or established sub-committee may be appointed to carry out each task, or rely on external specialists as necessary and appropriate in case of no such skills. The Board of Directors shall be proposed for approval for each matter on a case by case basis.
4. To monitor and evaluate the progress of the undertaking, and to further give opinion to the MC Committee.
5. To prepare the Sustainability Report, a report on CSR works throughout the past year, at least once a year to be proposed to the MC Committee and the Board of Directors for approval. The report shall be disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) of the Company.

6. To perform any other duties as assigned by the Company and/or the MC Committee for each matter on a case by case basis.

2.5.3 Anti-Corruption Committee (ACC Committee)

The ACC Committee aims to ensure transparent business operations and best practice in the Company that are accepted by every group of stakeholders, encompassing proper and adequate anti-corruption measures. The committee comprises executive directors and executives ranking from department manager position and above, as well as Legal Office Manager, Internal Control Office Manager, totaling at least 10 members. The Chief Executive Officer is appointed as the Chairman of the ACC Committee by position, and one of the ACC Committee or a suitable executive is appointed as the Secretary to the ACC Committee, having duties to prepare meetings, as well as to coordinate reporting to the Board of Directors and relevant departments (if any).

Authorities, duties, and responsibilities of the ACC Committee can be summarized as follows:

1. To establish the Company's anti-corruption policies and measures.
2. To prepare a handbook, best practice, and regulations related to anti-corruption, as well as financial approval authorities that are according to related policies and directives, and penalties in case of breaches of such handbook and regulations by executives and/or employees.
3. To arrange assessment and revision on corruption risk of every department regularly every year, or periodically as appropriate. Risk prevention measures concerning corruption shall be concisely and appropriately established for Company's business operation.
4. To arrange self-assessment on anti-corruption measures to be qualified for membership status of the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) and review on this matter shall be performed within specified time period.
5. To organize development trainings for executives and employees at every level to ensure understanding on anti-corruption.
6. To regularly revise work plans, policies, risk assessments, and measures regarding anti-corruption as appropriate to ensure monitoring and control measures that reflect transparent and accountable operation and good guidelines, and readily available for inspection.
7. To communicate, publish and monitor the operations of every department to ensure compliance with anti-corruption policies as established by the Company.
8. To perform any other duties as assigned by the Board of Directors, the AC Committee or the MC Committee for each matter on a case by case basis.

2.5.4 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 Committee and approval by the Board of Directors. The executives at the level of Assistant Chief Executive Officer and above are appointed as members of the Management Committee by position.

As of December 31, 2018, The Company had 4 Executives as follows.

Names	Position
1. Mr. Satid Sudbuntad	Chief Executive Officer
2. Mr. Maitree Tawonatiwasna	Deputy Chief Executive Officer Production and Engineering
3. Ms. Thanakarn Phanthapirat	Assistant Chief Executive Officer in Finance and Accounting (CFO)
4. Mr. Krit Kullertprasert	Accounting and Finance Division Manager (Chief Accountant)

3.1 Authorities, duties and responsibilities of the Chief Executive Officer can be summarized as follows:

With responsibility, diligence and integrity, the Chief Executive Officer ensures that the Company daily operations comply with the objectives, policies, business plans and budget as approved by the Board of Directors. The scope of authorities, duties, and important responsibilities of the Chief Executive Officer are as follows:

- To establish vision, corporate values, objectives, policies, directions, business plans, operating strategy, financial plan, investment management, human resources management, annual budget, Key Performance Indicators (KPI) target, and assess Company's performance before presenting opinions to the MC Committee before proposing to the Board of Directors for further approval and/or further providing opinion.
- To monitor and evaluate the Company's performance 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 set salaries, compensation, bonuses or annual remunerations, as well as benefits for the employees ranking from the Division Manager level and below.
- To have authority to issue rules and regulations, directives, notifications for the operations to be in line with the Company's objectives, directions, and main targets to maintain disciplines, effective operation within, and best interest for the organization.
- To have authority to approve for the purchase and hiring, 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 efficiently and effectively with specified financial amount for Department Manager positions or higher and sub-committees, including matters that must be proposed for the Board of Directors for consideration and approval. Approval authorities are specified which can be summarized as follows:
 - Accounting and taxation: authorized persons are specified for each item.
 - Approval for purchasing/hiring and repairing: financial amount is specified by rank.
 - Financial approval, cash or check payment: financial amount is specified by rank.
 - Service employment contracts not more than 1 year term: financial amount is specified by rank.
 - Short-term loan not more than 1 year term: financial amount is specified by rank.
- Having an authority to appoint working group to operate business operations; to define the scope of authorities, duties and responsibilities of the working group; and to ensure that the appointed working group achieve the established policies, directions, and targets. The Chief Executive Officer also has the authority to delegate specific tasks to one or many executives or individuals within a specified timeframe, which shall be control and supervised by the MC Committee, as well as termination, dismissal, or amendment to the delegations as appropriate on a case by case basis.
- To ensure compliance with Company's regulations and laws regarding securities and exchange, regulations and best practice of the SEC and the Stock Exchange of Thailand, as well as laws relevant to Company's businesses.
- To perform other duties as required by law or assigned by the Board of Directors for each matter on a case by case basis.

3.2 Authorities, Duties and Responsibilities of the Deputy Chief Executive Officer

To manage Company's daily operations related to Production Division, Engineering Division, and Technology Division, and to perform other duties as assigned by the MC Committee or the Board of Directors, ensuring achievement of policies, business plan, and annual budget. The qualifications and scope of authorities, duties, and responsibilities of the position are according to the laws regarding securities and stock exchange, regulations and best practice of the SEC, the Stock Exchange of Thailand, Company's regulations, and related laws.

3.3 Authorities, Duties and Responsibilities of the Assistant Chief Executive Officer in Finance and Accounting (CFO)

To manage Company's daily operations related to accounting and finance. The person in position is required to be knowledgeable on accounting and financial matters, ensuring the reliability, validity, adequacy, and transparency of financial statements, being accepted by directors, executives, and all stakeholders. The person in position also has a duty to oversee other tasks as assigned by the Board of Directors and the MC Committee. The qualifications and scope of authorities, duties, and responsibilities of the position are according to the laws regarding securities and stock exchange, regulations and best practice of the SEC, the Stock Exchange of Thailand, Company's regulations, and related laws.

3.4 Authorities, Duties and Responsibilities of Accounting and Finance Division Manager (Chief Accountant)

To manage Company's daily operations related bookkeeping and finance. The person in position is required to be knowledgeable on accounting and financial matters, ensuring that financial statements comply with generally accepted accounting standards, having accurate and adequate information that can be audited, being prepared in timely manner as information for decision making by directors and executives. The qualifications and scope of authorities, duties and responsibilities of the position are according to the laws regarding securities and exchange, regulations and best practice of the SEC, the Stock Exchange of Thailand, Company's regulations, and related laws.

Performance Assessments of the Executives from the Assistant Chief Executive Officer Level and Higher

The Company has conducted performance assessments of the executives from the Assistant Chief Executive Officer 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 NRC Committee has a duty 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 NRC Committee has a duty to consider and screen the individuals whom possess suitable 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 NRC Committee shall nominate and select the director of the Company according to established rule for nomination by using the board skill matrix as reference information for the consideration in order to establish the required qualifications. The consideration also 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 or the information can be sought from the Director Pool in order to have sufficient details and information for the consideration, such as education background and work experience of such person without gender discrimination to benefit the Board of Directors and shareholders in the decision making.

Accordingly, the diversity of the Company's Board of Directors comprises of individuals possessing knowledge, capability, experience and skill in various professional fields; for example (1) construction materials business (2) business administration (3) engineering and/or industry and/or innovation (4) internal audit (5) accounting (6) finance and banking (7) jurisprudence and laws related to the business (8) risk management (9) corporate governance (10) marketing and competitive strategy (11) economics (12) transport and logistics and (13) information technology, etc.

1.2 The NRC Committee has a policy to provide equal rights to every shareholder, especially the minority shareholders in the nomination of new director in advance by establishing the rules, conditions and procedures for the nomination, which are disseminated on the Company's website (www.dbp.co.th) under "Investors Information" topic with specified period for exercising the right of at least 3 months before the end of fiscal year. Subsequently, the Nomination and Remuneration Committee shall select the Company's directors according to the established rules and conditions.

1.3 The NRC 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 NRC Committee has a duty 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 AC 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 NRC Committee comprises of the Company's Directors whom are non-executive Directors of at least 3 persons and one of whom must be an Independent Director.
- 2.3 The CGC Committee comprises of the Company's Directors whom are non-executive Directors of at least 3 persons and one of whom must be an Independent Director.
- 2.4 The PTI Committee comprises of non-executive Directors, or senior executives in position of Deputy Chief Executive Officer or higher, of at least 3 persons, and the Chairman of the PTI shall be a non-executive Director.
- 2.5 The MC Committee comprises of the Company's executives in position of Chief Executive Officer or higher of at least 3 persons, and the Chairman of the MC Committee shall be the Chief Executive Officer by position.

3. Executives

The NRC Committee has a duty to consider and screen the individuals who possess knowledge, skills, and work experience for the interest of the Company's business to become the Company's executives at the level of Deputy Chief Executive Officer or above. The criteria and procedure for nominations of senior executives are as follows:

- 3.1 The Board of Directors has a duty to maintain an appropriate number of executives that is in line with the Company's operation. The Board of Directors and/or the NRC Committee, in conjunction with the Chief Executive Officer shall consider the nomination criteria and procedure to select and appoint a person that is deemed suitable to be an executive of the Company.
- 3.2 The Board of Directors has a duty to ensure continuous operation of the Company, with a succession plan in place for executive positions, in order to prepare for the succession of executive positions. The Chief Executive Officer shall report the progress of the results according to the succession plan regularly at least once per year.
- 3.3 The NRC Committee has a duty to establish and revise the Company structure as appropriately for the current and future Company's operation, which shall be further approved by the Board of Directors.
- 3.4 The NRC Committee has a duty to establish the criteria and procedure for nomination of suitable persons for executive positions or for the vacancy of such positions and provide opinion, which shall be further approved by the Board of Directors.
- 3.5 The NRC Committee has a duty to nominate persons with necessary knowledge, skills, and experience as executives to drive the corporate forward toward its objectives and goals. The consideration shall put priorities on the Company's executives with potential according to the succession plan. External persons shall then be considered if none of the Company's executives are suitable.

Accordingly, the Company had provided opportunity for shareholders to propose meeting agenda and to nominate new directors according to principles of good corporate governance through the Company's website (www.dbp.co.th) from October 1, 2018 until December 31, 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 Company's internal information that has not been disclosed to the public, having important content for its own and other's benefit, which can be summarized 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 30 days before disclosure of such 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 the 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 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 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 2018 are as follows:

Dividend	2018 *	2017	2016
Earnings Per Share (Baht Per Share)	0.44	0.43	0.39
Dividend Per Share (Baht Per Share)	0.36	0.36	0.30
Dividend Payout Ratio (%)	81.82%	83.72%	76.92%
Dividend Paid (million Baht)	341	341	284
Number of Paid – up Common Shares (Million Shares)	948	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 2018, 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 2018; 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 13, 2019.

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

The subsidiary company did not have dividend payment policy as at December 31, 2018.

CORPORATE GOVERNANCE

With a commitment to be an organization with effective business operations, competitive advantage, and good operating results while being accountable, circumspect, honest, and transparent, including upholding the code of conduct, providing equitable treatment to all stakeholders, contributing to the society, minimizing environmental impact, no violation on human rights, upholding political neutrality, and zero tolerance toward corruption, the Board of Directors has established the corporate governance policy as a guideline for all directors, executives, and employees toward “Sustainable Value Creation for the Enterprise”.

Corporate Governance Policy :



“The Company commits to be an organization with effective business operations, competitive advantage, and good operating results while being accountable, circumspect, honest, and transparent, including upholding the code of conduct, providing equitable treatment to all stakeholders, contributing to the society, minimizing environmental impact, no violation on human rights, upholding political neutrality, and zero tolerance toward corruption, all of which lead toward creating sustainable values for the enterprise in long term.”

In year 2018, the Company received the following awards related to corporate governance:

1. The Company was presented with “**Thailand Sustainability Investment (THSI) 2018 Award**” or “**Sustainable Stock**” consecutively for the second year from the Stock Exchange of Thailand. 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 2018, in which the Company received 90% 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 **five-star award** () for the annual general meeting (AGM) quality assessment of the listed companies year 2018, in which the Company received 100% score and was placed in the “**Excellent**” group.

1. Corporate Governance Structure

As the leader of the enterprise, the Board of Directors as a duty to govern the business at policy level and set the direction for the operations by establishing objectives and main targets for the Company, as well as set out the vision, mission, and core values. To ensure that all directors, executives, and employees can implement the strategy and work plan successfully and effectively according to the objectives and main targets of the Company, leading to sustainable development, the policy shall be regularly reviewed as least once per year.

Executive Level	Roles / Important Issues
Board of Director 	<ul style="list-style-type: none"> Establishing objectives and main targets, providing strategies that drive good corporate governance for the enterprise. Creating sustainable value for the enterprise, ensuring competitiveness and good operating results. Fostering corporate values that uphold ethics by considering contribution to the society and minimizing environmental impact.
Chief Executive Officer, Deputy Chief Executive Officer and Assistant Chief Executive Officer 	<ul style="list-style-type: none"> Establishing strategies, targets, work plans, and annual budget according to the assigned objectives and main targets. Ensuring suitability and adequacy of risk management and internal control as assigned. Monitoring efficiency and effectiveness of the strategies (KPI)
Division Managers	<ul style="list-style-type: none"> Implementing the strategies, monitoring, and reporting the operating results.



2. Monitoring and Reporting on Operating Results toward Sustainability

All directors, executives, and employees at every level of the Company have duty to uphold the good corporate governance principles, as well as the code of conduct and best practices of the Company, as guidelines for work without neglecting the principles described in this handbook.

The Corporate Governance Committee (CGC) has duty to monitor Company's operations to ensure compliance with the good corporate governance principles and the code of conduct. The CGC Committee also has duty to review Company's guidelines and provide opinions to the Board of Directors, leading to sustainable operating results.

The Audit Committee (AC) has assigned the Internal Audit and Compliance Control Office (Internal Audit Office) to be the division responsible for auditing and monitoring compliance with the Company's good corporate governance principles and the code of conduct. The audit results shall be reported to the AC Committee for further proposal with opinion to the Board of Directors.

All directors, executives, and employees at every level of the Company can also report in good faith to their superiors regarding violation or potential violations on such principles. It is a duty of the superiors in inspecting and giving advice to the subordinates for compliance with the good corporate governance principles and the code of conduct.

Executive Level	Monitoring and Reporting Methods	Frequency
Board of Directors	<ul style="list-style-type: none"> Board of Directors' meetings 	<ul style="list-style-type: none"> Monthly
 Chief Executive Officer, Deputy Chief Executive Officer, and Assistant Chief Executive Officer	<ul style="list-style-type: none"> MC Committee meetings EXCO meetings following strategic plans 	<ul style="list-style-type: none"> Weekly Monthly
 Division Managers Section Managers Department Managers	<ul style="list-style-type: none"> Division Managers' meetings in each plant Executive meetings for Division Managers Chief Executive Officer meetings with mid-level executives, department managers Sustainability report preparation 	<ul style="list-style-type: none"> Weekly, monthly Quarterly Quarterly Annually

Corporate Governance Code

The Company's Corporate Governance Code is divided into 8 principles as follows:

Principle 1 :

Establish Clear Leadership and Responsibilities of the Board

The Board of Directors is considered the key to good corporate governance. It comprises a diverse set of qualified persons with knowledge, experience, leadership, vision, independence in decision making, full devotion of time and commitment to perform the duty of care and duty of loyalty for the best interest of the Company.

Roles, Duties, and Responsibilities of the Board of Directors

The Board of Directors has compiled the Board Charter to establish the management authorities, duties, and responsibilities in writing that conform to the objectives, main goals, Company's regulations, and resolutions of shareholders' meetings. The Board of Directors also has duty to comply with laws on securities and exchange, regulations and best practices of the SEC and the Stock Exchange of Thailand, as well as other laws related to business operations (see details on Page 85 under topic "Management Structure").

Principle 2 :

Define Objectives that Promote Sustainable Value Creation

The Board of Directors has established clear and appropriate main objectives and goals as guidelines for employees at every level to move forward in the same direction. The Board of Directors also determines the vision, mission, core values, strategies, and annual plan that are in line with the nature of businesses, while considering all stakeholders and the society overall to ensure sustainable value creation (see details on Page 2 under topic "Vision, Mission, and Core Values, Objectives And Strategies").

Principle 3:

Strengthen Board Effectiveness

3.1 The Board Structure

The Board of Directors has assigned the NRC Committee to determine and review the board structure, in terms of size, composition, and the proportion of independent directors that are appropriate and necessary so as to ensure its leadership role in achieving the Company's objectives (see details on Page 85 under topic "Management Structure").

3.2 Sub-committees

The Board of Directors has authority to appoint specific sub-committee as necessary through consideration of the NRC Committee to ensure that important matters are carefully considered with detailed information in specific issues before further presenting with opinions to the Board of Directors (see details on Page 85 under topic "Management Structure").

3.3 Nomination of the Board of Directors members and Sub-committee members

The Board of Directors has assigned the NRC Committee with a duty to select and nominate the Company's directors with a transparent and clear procedure, in compliance with the Company's regulations and regulations of the SEC and the Stock Exchange of Thailand, to obtain Company's director with appropriate qualifications as required by the Company, without discrimination toward genders, races, or religions (details on Page 99 under topic "Nomination of Directors and Executives").

3.4 Consideration of Remuneration for the Board of Directors and Sub-committees

The Board of Directors has assigned the NRC Committee with a duty to consider remuneration structure and amount, which are appropriate for the roles and responsibilities, and provide incentives for the directors to lead the organization in meeting its objectives, both in short and long term (see details on Page 82 under topic "Remuneration for Directors, Executives, and Employees").

3.5 Accountability to Ones' Duties and Sufficient Time Allocation

The Board of Directors ensures that all directors are accountable for their duties and allocate sufficient time as directors

of the Company. A regulation has been established that executive directors may take up positions in other companies listed in the Stock Exchange of Thailand not exceeding 3 companies. As for directors or executives with direct or indirect interests in other businesses with conflict of interests, or with possibilities to use Company's information to ones' own interests, the Company has established measures and procedures regarding approval on connected transactions, which must be considered by the AC Committee before proposing to the Board of Directors for consideration, and disclosed in the Annual Report (Form 56-2) or informing the shareholders as appropriate. Additionally, each director should attend at least 75 percent of all Board of Directors meetings annually.

3.6 Policies on Investment in Subsidiaries / Affiliated Companies

The Board of Directors has established policies and operations of subsidiaries and other businesses with significant investment at a level appropriate for such businesses, ensuring that the subsidiaries and other invested businesses have mutual understanding on such matter. The Board of Directors shall appoint individuals to hold directorship, executive, or authoritative positions in the subsidiaries in writing, ensuring operations that are consistent with the parent company. The operating results of the subsidiary are monitored to ensure standard-compliant and timely compilation of the Company financial statements (see details on Page 73 under topic "Investment in Subsidiary Company").

3.7 Self-Assessment on the Performance of the Board of Directors and Sub-committees as a Group and as an Individual

The Board of Directors has assigned the CGC Committee to establish self-assessment on the performance of the Board of Directors and sub-committees, both as a group and an individual, at least once per year. With some adaptations to suit the Company, the assessment form is derived from the guidelines of the Thai Institute of Directors and the Stock Exchange of Thailand with the following objectives:

- (A) To identify any obstacles that were the causes of unsuccessful objectives during the past year.
- (B) For the Board of Directors and sub-committees, both as a group and an individual, to accomplish more effective work by clearly acknowledging their own roles, duties, and responsibilities.
- (C) To become aware of the ability to utilize knowledge and skills, and freedom to give opinion of the Board of Directors.
- (D) To summarize the self-assessment on performance of the committees, by which the CGC Committee has a duty to summarize the self-assessment of the Board of Directors and sub-committees, both as a group and an individual, and propose to the Board of Directors for consideration.

3.8 Directors' Training and Development

The Board of Directors ensures that sub-committees and each individual director recognize their roles, duties, and responsibilities as directors of the Company, nature of the businesses, and laws related to Company's businesses. Additionally, all directors are encouraged to reinforce skills with regular training and development on directorship, including new director orientations and sending directors to various seminars and training courses. The details on trainings and continuous development of directors are disclosed in the Annual Report (Form 56-2).

Trainings and development for directors and executives in 2018 were as follows:

No.	Names	Positions	Training Institutes/Courses
1.	Mr. Kamolaphat Teepsuwan	Director	Thai Institute of Directors <ul style="list-style-type: none"> Director Accreditation Program Class 155/2018 (DAP 155/2018)
2.	Mr. Krit Kullertprasert	Accounting and Financial Division Manager	Thai Institute of Directors <ul style="list-style-type: none"> Company Reporting Program Class 22/2018 (CRP 22/2018) Company Secretary Program Class 90/2018 (CSP 90/2018)

3.9 The Board of Directors' Meetings

The Board of Directors ensures that directors' works proceed smoothly with access to necessary information. The Board of Directors is to convene meetings at least 6 sessions per year. The Company Secretary has duty to prepare sufficient and appropriate meeting documents, and to send directors meeting invitations at least 5 working days before the meeting and within the period required by law. The Company Secretary shall compile minutes of the Board of Directors' meeting within 14 days after the date of the meeting.

As for the meetings of sub-committees, meetings shall be held as necessary and appropriate. The secretaries to the sub-committees have duty to inform members of the sub-committees and relevant persons on the meetings. The meetings of the Board of Directors and sub-committees may be held via electronic media as allowed by the law.

Principle 4:

Ensure Effective CEO and People Management

The Board of Directors ensures that a proper mechanism is in place for the nomination and development of top executives to ensure that they possess the knowledge, skills, experience, and characteristics necessary for the Company to achieve its objectives.

4.1 Management Structure

The management structure comprises the Board of Directors, sub-committees, top executives, and Company's executives. The top executives must possess proper qualifications, with stated roles, duties, and responsibilities (see details on Page 85 under topic "Management Structure").

4.2 Nomination of Top Executives

The Board of Directors has designated the NRC Committee with a duty to consider and screen individuals as per the procedure set out in the Company's regulations, by selecting individuals as top executives who possess knowledge, capabilities, and experience that would benefit the Company's operations. Additionally, each director should not hold positions in companies listed in the Stock Exchange of Thailand that suit the nature of businesses of the company not exceeding 3 companies listed in the Stock Exchange of Thailand, as the performance as a top executive of the Company may falter with too many positions. These regulations are to be disclosed in the Annual Report (Form 56-2) (see details on Page 99 under topic "Nomination of Directors and Executives").

4.3 Consideration of Remuneration for Top Executives and Employees of the Company

The Board of Directors has assigned the NRC Committee with a duty to consider the structure and amount of remuneration that are appropriate with the responsibilities and able to motivate top executives and employees of the Company to drive the Company toward its main objectives and goals, according to the short-term and long-term remuneration policies (see details on Page 82 under topic "Remuneration for Directors, Executives and Employees").

4.4 Performance Assessment of Top Executives and Employees of the Company

The Board of Directors together with the NRC Committee have prepared the performance assessment form for top executives and assigned the Chief Executive Officer and Human Resources Division Manager to arrange performance assessment for department managers and operational employees, which can be summarized as follows:

4.4.1 Performance Assessment for Top Executives

The NRC Committee has arranged performance assessments for top executives. The top executives are to fill out the assessment form, specifying each individual's responsible work plan including additional assigned tasks in the sub-committees. Key performance indicators (KPI) are jointly established by the assessor and the one being assessed, having incentives for the business management according to the main objectives and goals, in line with long-term benefits for the Company. Preliminarily, top executives shall assess their performance against the established KPI, and further propose to the NRC Committee for consideration.

4.4.2 Performance Assessment for Executives Ranking from Division Managers to Operational Employees

The Chief Executive Officer assigns the Human Resources Division Manager to arrange performance assessments for executives ranking from the division managers to operational employees. The performance assessment criteria and assessment forms are sent out to every department to assess each individual. The topics of assessment are to be in line with the overall KPI of the Company and being further proposed to the person's supervisors for approval before being used in the annual performance assessment. Assessment forms are categorized into 6 forms for division managers to operational employees / mechanics / officers, namely, Form E (Executives), M (Managers), SP (Specialists), SV (Supervisors), S (Staff) / SS (Senior Staff) / P (Professional, and operational employees / mechanics / officers. The performance assessments shall be conduct twice per year, etc.

4.5 Top Executive Development

The Board of Directors arranges an orientation for all new directors to familiarize them with the nature of businesses and to prepare and expedite the executive to effectively undertake the directorship position. The Human Resources Division shall coordinate on various matters and provide support to the Chief Executive Officer and top executives to attend trainings and seminars being held by the Thai Institute of Directors, the Stock Exchange of Thailand, the SEC, and other independent institutions to expand their knowledge, skills, experience, and characteristics required for driving the Company forward toward the objectives, and to improve their performance. Plans are also put in place for job rotations and succession plan for top executives in case of vacancy, with regular assessment on the top executives.

4.6 Executive Committee Meeting (EXCO)

The MC Committee has established that the executives, which comprises executives ranking of division managers and section managers, to regularly convene meetings to summarize the operating results as appropriate, for example, meetings of the MC Committee; meetings of the Executive Committee (EXCO), which comprises executives ranking from division managers or above; meetings of executives ranking from section managers or above, and meetings of mid-level executives, etc.

4.7 Human Resource Management

The Company places emphasis on human resource management to ensure proper response toward the changing economic climate and environment. The Company believes that our personnel has capabilities to operate businesses toward sustainable success (see details on Page 118 under topic "Human Resource Management").

4.8 Shareholding Structure

The Board of Directors attends to Company's shareholders and relationship with major shareholders that may affect the operations of the Company. Therefore, rules for connected transaction approval have been established, by which major shareholders having more than 60 percent in aggregate shareholding, having controlling power in Company's operations, and any persons with potential conflict of interests may not approve any transactions that are related to themselves, with consideration from the AC Committee before proceeding with the transactions.

Principle 5:

Nurture Innovation and Responsible Business

The Board of Directors places emphasis on and support creations of innovation that adds values for the Company, as well as provides benefits to customers, partners, or related parties, but still remain the responsibility toward society and environment, and thus the innovation shall not support inappropriate behavior, illegal or unethical activities.

As a framework for developing innovation toward the future, the Board of Directors has established the "Production Technology and Innovation Committee (PTI Committee)" with an objective to "focus on fostering creativity among the personnel to create innovation for sustainable development." The PTI Committee has been assigned with the authorities, duties, and responsibilities to establish objectives and work plans related innovation, new product development, manufacturing process optimization and cost reduction. This is to improve competitiveness, ensure good operating results and benefits for the Company. The PTI Committee shall present its progress to the Board of Directors at least once every quarter, which can be outlined as follows:

5.1 Innovation Creation

Products of the Company are construction materials, such as, roof tiles, siding boards, boards, autoclaved aerated concrete, and accessories. Innovation thus relates to differentiating existing products to create benefits which are unique, different and better than the competitors. Production development policies include utilization of modern, energy efficient technology, and reduction of real wood usage, leading to less deforestation, minimizing climate change and environmental impact. The priority is put on the development of Diamond people to foster creativity, leading to innovation in sustainable development. The principle is to foster **“Innovative Culture”** as an important corporate culture for sustainable business operations of the Company.

5.2 Code of Conduct

The Board of Directors is committed to good corporate governance, and thus has established the Code of Conduct as the operating framework and guideline for all directors, executives, employees, ensuring effectiveness and transparency, inspiring confidence and acceptance among all stakeholders, leading to sustainable value creation for the businesses. The Code of Conduct includes practices toward: (1) Conflict of interests, (2) Shareholders, (3) Customers, (4) Partners, (5) Commercial competitors, (6) Creditors, (7) Employees, (8) Social and environmental responsibility, (9) Respect to human rights laws and principles, (10) Local culture and traditions, (11) Marketing communication, (12) Political activities, and (13) Anti-corruption, etc.

5.3 Effective Resource Management

The Company has an effective resource management by considering impacts and ensuring sustainable value chain for the best interest of all stakeholders, from procurement, manufacturing process, and logistic partners, to different types of customers, such as, domestic and overseas sale agents, as well as responsibility to the consumers. This is to ensure that the main objectives and goals are achieved as follows:

5.3.1 Sustainable Value Chain

The Company recognizes the importance of procurement and hiring, manufacturing process, transportation system, domestic and overseas sale agents, and consumers. Marketing communication is utilized to promote correct usage of products for the best benefits for consumers, etc.

5.3.2 Energy Consumption

The Company recognizes the importance of management on energy consumption and has thus established **“Energy Management Working Group”** to ensure effective energy management, and to abide by the **Energy Conservation Act** and related laws. The working group focuses on creating guidelines for energy conservation and promotes energy conscious mindset among all employees, leading to effective use of energy, and reduced energy cost. Awareness on climate change is also promoted, including measures to reduce greenhouse gases which lead to global warming, such as, reducing usage of refrigerant that cause ozone depletion, etc.

5.3.3 Packaging Management

The Company has assigned the Procurement Division to manage the sourcing of packaging as required by all divisions, particularly for the Production Division to ensure the required product quality and best usage of materials. To reduce waste from manufacturing processes and prevent impacts to the environment, measures and procedures have been made regarding the sourcing of packaging with required standards, with systematic sourcing according to circumspect, theoretical principles, and changing the procedures according to the business changes.

5.4 Information Technology Management

The Board of Directors has established the information technology management framework that is in line with business needs. To achieve the main objectives and goals, the information technology is utilized to create more business opportunity and improve the operations and risk management. Thus, the policy has been established regarding

disclosures on social media and directives regarding IT usage, which is a joint responsibility and common guidelines for all employees.

- (A) Policy regarding communication on social media: Social media refers to communication channels via the Internet that any persons can use to communicate and present information to the public via computers and communication devices. Examples of social media include, Facebook, Instagram, Twitter, and LINE, etc.
- (B) Directives regarding IT usage include (1) Computer network usage, (2) E-mail usage, (3) Software usage, (4) Marketing communication via social media, (5) Human resource management via social media.
- (C) Penalties in case of violation of the above policies and directives.

6.5 Corporate Social Responsibility Management

The Company ensures that business operations uphold the good corporate governance, and incorporates the corporate social responsibility in the Code of Conduct. The Company recognizes that the “**society**” is an important mechanism that ensures sustainable growth of the Company with acceptance from all stakeholders, by starting from a small society within the organization, which includes directors, executives, and employees, who are the key to the development of potential and competitive advantage toward the society at the community level. The director, executives, and employees engage in a common framework that is in line with the core values (see details on Page 18 under topic “Sustainability Development Report”).

Principle 6:

Strengthen Effective Risk Management and Internal Control

The Board of Directors ensures that the Company possesses risk management system and internal control system that ensure effective objective achievements and compliance with related laws and standards.

6.1 Risk Management

The Board of Directors has authorized the MC Committee to appoint the RMC Committee to manage risks of the Company. Policies on risk management have been established in writing and communicated to all executives and employees as guidelines (see details on Page 120 under topic “Risk Management”).

6.2 Internal Control

The Board of Directors ensures that the Company has adequate and appropriate internal control system, with regular assessments on relevant matters. The Internal Audit and Compliance Control Office has autonomy to directly report on its work to the AC Committee. International standards are used for the best interest of the Company and being accepted by all stakeholders (see details on Page 124 under topic “Internal Control”).

6.3 Use of Internal Information

The Company has established measures and practices on use of Company’s significant internal information that have not been disclosed to the public for its own and other’s benefit. The directors and executives has a duty to report the possession of securities of the Company by oneself, spouse, and minors, as well as to report changes of the possession of the securities to the Security and Exchange Commission and the Stock Exchange of Thailand as per Section 59 and Penal Code according to Section 275 of the Securities and Exchange Act B.E. 2535 (1992). The Company has also determined penalties in case of breaches (see details on Page 101 under topic “Use of Internal Information”).

6.4 Confidentiality

The Company has established measures and guidelines regarding confidentiality of trade secrets which are significant to business operations which cannot be disclosed to the public. Information security measures have been established which include measures and practices regarding confidentiality, integrity, and availability of information, as well as management of market sensitive information.

6.5 Trading of Company's Securities

The Company has established rules and procedures for reports on sales and purchases of Company's securities in possession of directors and executives of the Company, which abide by the regulations of the SEC and the Stock Exchange of Thailand, including (1) Report on possession of securities according to the regulations of the SEC and the Stock Exchange of Thailand, (2) Compliance with laws regarding use of internal information, (3) Security measures are established to prevent unsolicited disclosure of confidential information, (4) Directors and top executives may not trade Company's security within 30 days before the disclosure of financial statements, and (5) Directors and top executives must inform the Company Secretary regarding their trade of Company's securities at least one day prior to the trade of Company's securities.

6.6 Anti-Corruption

The Company operates its businesses with transparency and fairness, strictly upholding the good corporate governance principles and the code of conduct, as well as policies and best practice toward all stakeholders and related laws. The Company is committed against all types of corruption and has thus established "**Anti-Corruption Policy**" in writing, raising awareness among all directors, executives, and employees about the danger of corruption, instilling proper values, and inspiring confidence from all stakeholders. The policy is also a clear guideline for business operations, leading to sustainable development (see details on Page 117 under topic "Anti-Corruption").

6.7 Anti-Corruption Best Practices

To ensure achievement of objectives, the Company has established anti-corruption best practices on various matters according to the established anti-corruption policy. In order for the operation to achieve the objectives with orderliness and transparency, the directives and best practices have been established as follows: (1) Political affairs, (2) Receiving of gifts, allowances, service charges, or other benefits, (3) Giving of gifts, allowances, service charges, or other benefits, (4) Charitable donations, (5) Financial sponsorship, and (6) Guideline on whistleblowing and complaints, which include whistleblower and complainant protection, problem solving and damage compensation measures, etc..

6.8 Connected Transactions and Transactions Related to Acquisition or Disposition of Assets

The Board of Directors has established measures and approval procedures for connected transactions and transactions related to acquisition or disposition of Company's assets to ensure compliance with regulations of the SEC, the Stock Exchange of Thailand, and related laws. The persons having interest in the transaction, or with potential conflict of interests, may not approve the transaction that is related to themselves. The price or compensation must be in accordance with normal business and general commercial terms. The AC Committee must consider the transaction before proposing with opinions to the Board of Directors, and the transaction must be disclosed according to the rules and procedures as required by the SEC.

6.9 Reports of Directors and Top Executives Interest

The Company has established rules, terms, and procedures for reports on the interest of directors, executives, and related persons according to Section 89/14 of Securities and Exchange Act B.E. 2535 (1992) as amended by Securities and Exchange Act (No. 4) B.E. 2551 (2008), which requires directors and executives to report their interest or of their related persons with the written and established timeframe and procedures. The Company Secretary shall forward a copy of the information to Chairman of the Board and Chairman of the AC Committee within 7 days after the Company has been informed of the report. The information shall also be disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2).

Principle 7:

Ensure Disclosure and Financial Integrity

The Board of Directors has a responsibility to ensure that financial reports and important information are made and disclosed correctly, adequately, fairly, and punctual as per the related regulations, standards, and practices.

7.1 Financial Integrity Maintenance

The Company has assigned the Accounting and Finance Division to compile and disclose financial information, and ensures that the responsible persons have adequate knowledge, skills, and experience, with adequate number of persons. The Company has established those with duty to disclose financial information, namely, the Chief Executive Officer, top position in the Accounting and Finance Division, and Company Secretary. The following factors are considered concerning with the disclosure of financial information.

- (A) Evaluation results of the adequacy of the internal control system.
- (B) Opinions of the auditor on financial reports, observation of the auditor on the internal control system, and observation of the auditor through other channels of communication (if any).
- (C) Opinions of the AC Committee.
- (D) Consistency with main objectives and goals, strategies, and policies of the Company, etc.
- (E) Measures have been in place to ensure that records are accurate, complete, and accountable, according to the generally accepted accounting standards and related laws. The involved personnel must exercise their duties with integrity and ethics, including accuracy of records and accounting and financial reports, and adherence to law, etc.

7.2 Information Disclosure

The Board of Directors ensures complete, timely, and transparent disclosure of important information related to the Company, including financial reports and non-financial information, as well as other related information as described in the regulations of the SEC and the Stock Exchange of Thailand, via Company website which is easily assessable, equitable and reliable.

Disclosure policy: “Information disclosure to external persons is appropriate, timely, not causing misunderstanding and sufficient for the users of information to make decisions. Information must be equally accessible and up-to-date via the established channels, protecting confidential information and information sensitive to the Company’s security price.”

Communication Policy: “Disclosable information according to the disclosure policy must be accurate, clear, presented in timely manner and fair to all parties. Inappropriate language or format must be avoided, including misinformation regarding the Company’s security. Mutual understanding on the policy implementation must be ensured throughout the whole organization.

7.2.1 Information Disclosure

The Company ensures that information disclosure is valid, not causing misunderstanding, and sufficient for decision making by investors. Up-to-date information is disclosed via the Company website in both Thai and English to ensure equitable access by the information users. The information being disclosed includes goals, strategies, audit fees, roles and duties of the Board of Directors and sub-committees, number of meeting sessions and attendance of each director in the past year, opinions on performance, vocational training and development, and remuneration policy for directors and top executives. The information is disclosed in the Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2) according to regulations of the SEC and the Stock Exchange of Thailand.

7.2.2 Information Being Disclosed on the Company Website

Apart from disclosing information according to the required channels according to the Stock Exchange of Thailand, namely, the downloadable Annual Registration Statement (Form 56-1) and the Annual Report (Form 56-2), the Company also discloses information in both Thai and English on the Company website; including vision, mission, goals, strategies, business operations, curriculum vitae of the Board of Directors, executives, and Company Secretary, financial statements, reports on financial status, and operating results, direct and indirect shareholding structures, organizational structure, corporate group structure, major shareholders, shareholding of directors and executives, invitations to general and extraordinary meetings of shareholders, Company’s regulations, Company’s Memorandum of Association and Articles of Association, agreements between groups of shareholders (if any), policies, code of conduct, charters of the Board of Directors and sub-committees, information related to investor relations, and any other information or documents being presented to analysts and the media, etc.

7.3 Monitoring and Assessment on Company's Financial Status

The Board of Directors monitors and assesses the Company's financial status, sufficiency of liquidity, and debt payment ability, by establishing financial management policy to ensure that the Company has adequate financial liquidity, ability to pay debt and mechanism for management in case of financial difficulties. The management is authorized to have duty in financial management and establish provident fund to support savings for the employees' future usage; regularly monitor and assess financial status of the Company and report to the Board of Directors. Board of Directors and the management shall jointly find solutions as soon as possible if there is any warning signs indicating problems with the liquidity and the ability to repay debt. For any transaction approval or proposal for the shareholders' meeting approval, the Board of Directors needs to confirm that such transaction shall not affect the business continuity, the liquidity, or the ability to repay debt.

7.4 In Case of Financial Difficulties or Potential Financial Difficulties

The Company used to face financial difficulty during the global financial crisis in year 1997, resulting in operating loss and lack of liquidity, and the Company needed to take both short-term and long-term loans from financial institutions for over Baht 1 billion. In addition, there was also problem with large surplus inventory during the crisis. As a result, the Board of Directors, in cooperation with the MC Committee, have established a long-term business plan, while monitoring the industry trend and ensuring that the operating results are in accordance with the established plan. Regarding sales and marketing, new sale channels with high revenue were added. On the production side, ineffective and unprofitable production lines were disposed in order to repay the loan. As for the finance, re-financing was engaged to find low cost financing sources. As for the supporting departments, various costs and expenses were reduced. Finally, the Company regained profit and was able to repay all the loans within year 2003.

From the past experience, the Board of Directors has ensured that the business operations proceed with circumspection to secure operating results according to established plan, resulting in good operating results, profit, and liquidity. The Company has been able to repay debt and regularly pay dividends to the shareholders, and never faced financial difficulties again. Regardless, businesses always have some risks. In case of financial difficulties or potential financial difficulties, the Board of Directors must ensure that the Company has in place rectification measures or mechanism for resolving the problems, while considering the rights of stakeholders. The Board of Directors shall be reported on the situation regularly until the problems have been solved.

7.5 Sustainability Report

The Company operates its businesses by abiding by the code of conduct, being accountable and respectful toward the rights of both internal and external stakeholders, and with responsibility toward the society, community, and environment. To create sustainable values for the businesses, the rights of all stakeholders according to the law are protected and treated equitably for benefits of all stakeholders. The CSR Committee has a duty to compile the sustainability report at least once a year, and to establish the corporate social responsibility policy, ensuring that the business management is in the same direction under the core value of **"Determined, Transparent, Yearning for Development, Environmental Protection"**. The sustainability report is disclosed in the Annual Report (Form 56-2) and the Annual Registration Statement (Form 56-1).

7.6 Investor Relations

The Board of Directors has assigned the management to establish the Investor Relations Office, which has a duty to communicate with shareholders and other stakeholders, such as investors and analysts, in a timely and appropriate manner. The communication policy and the disclosure policy have been established to ensure appropriate, equitable, and timely communication and disclosure to external persons. The communication and disclosure shall be made via the established channels to protect confidential and security price sensitive information. The persons in positions of Deputy Chief Executive Officer or above shall oversee works related to investor relations, ensuring effective direction and support.

7.7 Use of Technology in Disclosure

The Board of Directors promotes the use of information technology in disclosure, apart from disclosure according to the regulations and via the established channel of the Stock Exchange of Thailand. The Board of Directors regularly discloses information in both Thai and English via other channels, and provides up-to-date information on the Company website, as well as marketing information via mobile application, Facebook, Instagram, LINE, YouTube, etc., to suit the lifestyle of the current generation.

Principle 8:**Ensure Engagement and Communication with Shareholders**

The Board of Directors ensures that shareholders are involved in the decision making process of important matters.

8.1 Shareholders' Meetings include:

- (A) **General Meetings of Shareholders**, being held annually within four months after the end of accounting period of the Company.
- (B) **Extraordinary Meetings of Shareholders**, being held to consider urgent matters, including matters requiring shareholders' approval before proceeding by law, such as, capital increase, capital reduction, debenture issuance, partial or full disposition or transfer of Company's businesses to other persons, acquisition or transfer of businesses of other companies to the Company, and amendments of the Memorandum of Association or Articles of Association of the Company, etc.

Arrangement of Shareholders' Meeting: The Company recognizes the importance of shareholders, who possess the right in business ownership, controlling the business via the appointment of directors as proxy. Shareholders also have a right in decision making of important changes and matters. The Company shall not violate or undermine the rights of shareholders, and shall encourage every shareholder to exercise their lawful and basic rights. The arrangement procedure of shareholders' meeting is as follows:

8.1.1 Important Matters as Shareholders' Meeting Agenda

The Board of Directors recognizes the importance of placing important matters as shareholders' meeting agenda. Both matters required by law and matters that may affect the direction of business operations must be considered and/or approved by the shareholders meeting. It has been established that the Directors should not unnecessarily add meeting agenda that was not announced in advance, especially for matters that shareholders would require sufficient time for consideration before making decision.

8.1.2 Participation of Minority Shareholders

The Company has a policy that ensures equitable rights among all shareholders, especially for the minority shareholders. One of the measures is to allow shareholders to propose meeting agenda and new directors appointment in advance. This established measure provides additional right to shareholders apart from the requirement by Company's regulation and related laws. The procedure for such proposals is disclosed on the Company website, by which shareholders may propose agenda within three months before the end of financial year, from October to December of every year.

8.1.3 Shareholders' Meeting Invitations

The Company ensures that invitation to shareholders' meeting and related documents are delivered and disclosed on the Company website at least 30 days before the meeting in both Thai and English to provide shareholders sufficient time to study the information. The details of the invitation include (1) date, time, and venue of the shareholders' meeting that is conveniently accessible, (2) meeting agenda, (3) objectives, rationale, and opinions of the Board of Directors on each proposed agenda, including dividend payment approval agenda, director appointment agenda, directors' remuneration approval agenda, auditor appointment agenda, etc., (4) proxy forms as required by the Ministry of Commerce, and (5) meeting's supporting documents, such as, voting rules and practices of attendance and vote counting and reporting, etc.

8.1.4 Arrangement of Shareholders' Meeting**(A) Procedures Prior to the Shareholders' Meeting**

The Company maintains its website to present important information and news related to shareholders' meeting, such as, quarterly and annual financial statements, annual registration statements (Form 56-1), annual reports (Form 56-2), and meeting invitations that specify date, time, venue, meeting agenda, and supporting information for decision making in each agenda to allow sufficient time for shareholders' consideration. Also, shareholders are provided with an opportunity to propose meeting agenda and nominate qualified persons as new directors in advance. Shareholders can also send questions regarding the meeting agenda at least 3 weeks before the shareholders' meeting date, etc.

(B) Procedures at the Shareholders' Meeting

To ensure swift, valid, and precise proceedings, the Company utilizes technology during shareholders' meeting, from the registration to vote counting and reporting. Shareholders are informed of the voting and vote counting procedure for each agenda prior to the commencement of the shareholders' meeting.

Chairman of the Board, who chairs the shareholders' meetings, has duty to ensure that the meetings proceed according to related laws and Company's regulations. Sufficient time must be allocated for each agenda stated in the invitation, and shareholders must have opportunities to express opinion and make inquiries at the meeting on subjects related to the Company.

The Company ensures that independent persons are responsible for vote counting and reviewing, as well as disclosure of voting results – Approve, Disapprove and Abstain – in each agenda, and record the results in the minutes of the meeting.

(C) Procedures after the Shareholders' Meeting

The Company discloses shareholders' meeting resolutions and voting results for each meeting agenda on the next day after the shareholders' meeting by reporting to the Stock Exchange of Thailand and presenting accurate and complete minutes of the meeting to the Stock Exchange of Thailand within 14 days after the shareholders' meeting, as well as disclosing the minutes on the Company' website in both Thai and English. Additionally, the Company prepares the form for the quality assessment of the shareholders' meeting (AGM Checklist) compiled by the Thai Investors Association, as well as arranges plant visit at least once per year to provide opportunities for the shareholders and analysts to visit the businesses of the Company.

8.2 Communication with Shareholders

The Company utilizes its website as a channel for communicating important information and news to external parties, such as, shareholders, institutional investors, and general investors. Every group of individuals is provided with equal opportunities to access and inquire for information. Information being communicated is categorized, such as, investor information, marketing information, and general information, etc., to ensure appropriateness in each group without putting any group at a disadvantage or loss of opportunity for investment. The characteristics of information have been established to ensure equitable communication and understanding to all related parties.

8.3 Dividend Payments

The Board of Directors has established the dividend payment policy of the Company and the subsidiary that is in line with Company's regulations and related laws (see details on Page 102 under topic "Dividend Payment Policy").

The Corporate Governance Assessment of Thai Listed Companies

In 2018, the CGC Committee of the Company has revised the Corporate Governance Code (CG Code) to be in accordance with the Securities and Exchange Commission (SEC) that has revised the Corporate Governance Code for Listed Companies 2017, having main objective being as practice principles for the Board of Directors, as the leader and governing body of a listed company, to adapt them for its corporate governance so that the Company can adjust appropriately to changing business conditions, attain good relationship with surround parties, possess competitive advantage, achieve good operating results and long-term sustainable growth, in addition to fostering transparency and accountability of the Board of Directors to build confidence among the shareholders, investors and all stakeholders for the benefit of building long-term sustainable value creation. In 2018, the Company has not put into practice such following items.

Items Not Yet in Practice	Reasons
The Board of Directors should consider specifying the maximum number of not more than 5 listed companies that each director may take up directorship position without exception.	Although the Company has not specified the number of listed companies that each director may take up directorship position, every director has allocated time for the Board of Directors' meetings appropriately and adequately for the management to propose matters and sufficiently for the director to discuss important issues thoroughly and concisely overall, as well as the director has participated in the meeting with careful discretion and can offer opinion independently with any influence from any person.
The Board of Directors should clearly specify the term period of directorship position for the independent director to not more than 9 years without exception within the Corporate Governance Policy.	The Company has not specified the term period of directorship position for the independent director to not more than 9 years without exception. Nonetheless, those independent directors who have held the directorship position for more than 9 years have express their opinions independently and still have complete qualifications according to the definition of the independent director of the Company, having various expertise, especially in accounting and financial aspect and legal knowledge, as well as bringing these knowledge, experience and skills to offer opinions and advice which are beneficial for planning Company's business strategy and policy according to the principle of long-term sustainable development. Thus, the Board of Directors has proposed to the Shareholders' Meeting to consider approving the re-appointment of the independent directors for another term.
The Company should establish a policy specifying for the minimum number of directors as at time of voting during the Board of Directors' Meeting to be not less than two-third of the total directors to constitute a meeting quorum.	Due to the Company's Articles of Association, Chapter 5, Article 28 and Public Limited Company Act, Section 80 state that "Not less than one-half of the total directors must be present at a meeting of the Board of Directors to constitute a quorum....."
The Board of Directors should have arranged meeting for the non-executive directors without having the management present at the meeting during the past year.	The Company has arranged the non-executive directors' meeting without participation by the management but did not disclose such information and has already established this matter within the revised Corporate Governance Handbook of the Company.
The Board of Directors should disclose information on the compensation of CEO both in short-term and long-term, including the performance results of the CEO.	The Company has not disclosed the information.
The Chairman of the Board should be an independent director.	Although the Chairman of the Board of the Company is not an independent director; nonetheless, the Chairman of the Board has carried out his duties according to the role of Company's Chairman with fairness and transparency by considering Company's best interest without benefiting anyone in particular, as well as supporting and promoting the directors and independent directors to participate in discussion and offer their opinions independently. There has never been a case of the Chairman of the Board casting a deciding vote.
The Chairman of the Nomination and Remuneration Committee is an independent director.	Although the Chairman of the NRC Committee of the Company is not an independent director; nonetheless, he possesses knowledge, capability, skill and experience, and has understanding with regard to the authority, duties and responsibilities as the member of the NRC Committee, as well as having virtue, making decision with information and rationale, having maturity and adhering to systematic work and principle, able to offer independent opinion without being under influence by any person, and can sufficiently dedicate his time for the work of the NRC Committee.

ANTI-CORRUPTION

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

In year 2018, the ACC Committee held 6 meetings altogether to ensure that the operation was in line with the objectives and anti-corruption policy of the Company, including reviewing the policy, the handbook, and directives related to anti-corruption. The logo “**Nong Petch in Anti-Corruption Stance**” has been designed for anti-corruption campaigns of the Company. Infographics have been installed in various places in the Company headquarter, branches and the subsidiary company, and anti-corruption rallies have been held. The Anti-Corruption Handbook has been made known to all employees for their acknowledgment. Corruption risk assessments have been arranged in every department to raise the awareness among executives and employees about their accountability to perform their duties according to the rule of law. Trainings have been arranged for employees regarding best practice on anti-corruption, anti-bribery while dealing with partners, etc. This year the Company has submitted a membership re-certification for the Thailand’s Private Sector Collective Action Coalition Against Corruption (CAC), which has been approved on August 21, 2018 for three-year duration from the approval date.

Throughout year 2018, the Company and subsidiary company have no legal disputes or violations related to corruption. Additionally, corruption risk assessments have been arranged for every department to raise the awareness among executives and employees about their accountability to strictly perform their duties within the rule of law, ethics, and anti-corruption policy. In the past year, there was no significant shortcoming that would result in damage to the Company.

HUMAN RESOURCE MANAGEMENT

Policy on Human Resources :

"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."

The Company recognizes the importance of 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:

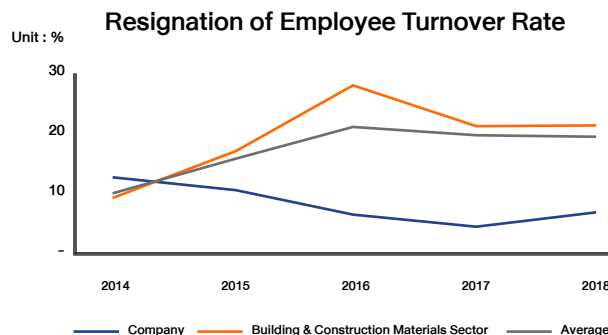
1. **Personnel Recruitment** : The Company has a fair policy and procedure for recruitment of personnel, by considering the qualifications, education background, experience, physical condition and other conditions required for employee in such position through several channels as follows:
 - 1.1 Constantly communicating recruitment opportunities on the Internet, via Facebook, DBP Career and LINE @DBP Career, focusing on building the brand by showcasing the products, usages, and applications.
 - 1.2 Improving on the "Analyst Present Test" recruiting tool for Marketing position recruitment, facilitating recruitment of employees with important and practical skills as required.
 - 1.3 Approaching local higher education institutes to introduce the Company and its products for branches with many job openings and vicinity areas of the Company (Khon Kaen Province).
 - 1.4 Continuous improvement on the perceived image of the recruitment by providing satisfaction questionnaire for candidates, focusing on inquiring about the atmosphere of the interview, impression on the contact for interview, and notification of related information.
2. **Personnel Development** : The Company has organized several programs for skills and competency development of employees to support future growth, as well as training and development courses to 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 courses are planned in advance every year to ensure competitiveness and enhance work potential of the personnel. During year 2018, the Company organized the following training and development courses:
 - 2.1 Total amount of 53 training and development courses were arranged in 60 classes, with total training hours of 3,630 hours (average 4.06 hours per person per year). The training and development courses in 2018 focused on personal development and innovation applications, modern leadership skills, sales team development, and refresher on product knowledge for sale agents and PC staff.
 - 2.2 Coaching on anti-corruption measures, awareness in

both safety and measures for reducing environmental impact.

3. **Employee Retention** : The Company puts great emphasis on employee retention by establishing a fair and appropriate compensation or remuneration according to the job description and capability of the employee; overseeing the welfare and benefits; maintaining safe and sanitary workplace environment; as well as organizing activities for the happiness of employees all year long and providing opportunity for employees to express opinions in order to improve work efficiency of the employees themselves and the Company. In year 2018, the following programs were carried out.
 - 3.1 **Benefits**: The Company has improved benefits of employees for better quality of life as follows:
 - (A) "DBP Health Me, Please!!" is a long-term program promoting good health among advanced age and high-risk employees, as well as raising the awareness on health related issues among younger generations. The program started from May to December 2018, with monthly activities related to health, and a collective goal for less body fat and better wellbeing among employees.
 - (B) Arranging "25 Years of Diamond Diligence" Awards for the second year for employees with employment period over 25 years on April 25, 2018 at the Chuanchom Resort. The award ceremony was to inspire and express appreciation to the employees who have been working for over 25 years.
 - 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, etc.
 - 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 Kaengkhoi” 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.

4. **Safety** : Occupational Safety, Health, and Workplace Environment Committee (OSHWE) of Plant DBP1 and Plant DBP2, in cooperation with Safety, Health and Environmental Unit (SHE) have implemented the “Seven Basic Safety Rules” (SHE 7 Rules), Work Permit for High Risk Jobs, Reports on Unsafe Actions and Unsafe Conditions, and Near Miss Reports within the premises of the Company. All of these have made Diamond People and business partners become aware and actively take part in accident prevention. With these endeavors, accident incidents decreased from 7 incidents in 2017 to 2 incidents in 2018.
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 employees who propose guidelines or feedbacks 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. **Resignation of Employee** : the Company has continuously taken care of employees in various dimensions including arranging activities promoting participation from the employees to create happiness in the workplace (8 Workplace), supervising over safety and environment in the workplace, improving on employees’ benefits, etc. These undertakings have resulted in the Resignation of employee turnover rate in 2018 of 6.81 percent, which was within the target of not exceeding 8 percent. When compared with the average value surveyed within the same type of business or every group of business, the Company’s employee turnover rate was significantly lower. Accordingly, the Company is confident that the employees have organizational commitment and the Company has effective and



Source : HR Center Co., Ltd.

adequate human resources management.

8. **Succession Plan** : The Company possesses a suitable selection system for employees assuming roles in all important managerial positions. The nomination of executive positions at Assistant Chief Executive Officer position or higher shall follow the procedure of the NRC Committee.

Succession Planning Strategy for Important Positions

The Company has put in place a succession plan to prevent shortage of talents due to inability to find replacement employees that are knowledgeable, which can greatly affect business operation 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:

- 8.1 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.
- 8.2 Find out about positions with such risk, in which Human Resource Department shall conduct the research.
- 8.3 Plan on the nomination and development of employee, determine the knowledge, capabilities, skills, personality, and attitude, etc.
- 8.4 Make selection by evaluation of performance and individual employee who has potential for higher position.
- 8.5 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.
- 8.6 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 RMC Committee's operation involves management and mitigation of risks, with assessment and revision on risk factors that may affect every aspect of Company's business operation by focusing on the control and determination of guideline for resolving unacceptable risks, as well as monitoring to ensure sufficient and appropriate risk management system in order to prevent and mitigate the risks that may occur in the future in accordance with the principles of good corporate governance to ensure trust among every group of stakeholders. During year 2018, the RMC Committee held 7 meetings altogether, comprising of executives from every department, totalling 14 persons, to analyze and assess risk factors to create a risk map, as well as determining guideline for risk management according to risk factors as follows:

- **Red Risk** : Risk factors required urgent rectification, with first priority on finding mitigating guidelines.
- **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 that requires immediate management.

The analysis and assessment of risk factors results in 9 risk factors required urgent rectification (Red Risk), being 4 external risk factors and 4 internal risk factors within the Company. Guidelines and measures have been established to mitigate risks that may significantly affect business operation of the Company and subsidiary company, 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 assigned to clearly study the impact again as the Government sector still had no clear direction in establishing such policy in 2018. According to the previous regulation, only permit for import of hazardous material was required from the Department of Industrial Works according to the Hazardous Substance Act B.E. 2535 (1992). However, according to the new regulation, there is an additional permit required each time for the import of asbestos issued by the Department of Primary Industries and Mines in accordance with the Minerals Act B.E. 2560 (2017). Accordingly, the Company has strictly followed and complied with relevant laws all this time without any problem or objection.

Nonetheless, the Company has continued to manufacture products with asbestos content due to the fact that the characteristic of fiber cement tiles with asbestos content is inexpensive, more durable and stronger than non-asbestos fiber cement tiles, noise and heat protection capability, as well as easier installation. These fiber cement tiles are still very popular among consumers in both locally and overseas.

Nonetheless, the Company has been prepared by developing machinery and equipment and improving the manufacturing process for non-asbestos products in order to increase variety of products such as concrete roof tiles, non-asbestos fiber cement tiles, autoclaved aerated concrete, trusses, roofing accessories, etc., which have been popular among the consumers.

1.2 Risk related to the government issuing new laws

In year 2018, the Government has issued new laws throughout the year. The laws that are related to the Company's operations include (1) Bankruptcy Act (No. 10) B.E. 2561 (2018), (2) Emergency Decree to Use the Average Price of Land in Use for Local Tax Valuation from B.E. 2521 to B.E. 2524 as the Local Tax Valuation for B.E. 2561 (2018), (3) Wage Council Announcement Re: Minimum Wage (No. 9), (4) Provision Amendment on Immigration Act B.E. 2522, B.E. 2561 (2018), (5) Emergency Decree issued by virtue of the Revenue Code on tax exemption B.E. 2561 (2018) No. 654, 655, 656, 657, and 669, (6) Notification of the Capital Market Supervisory Board Tor Jor. 36/2561 Re: Rules, Conditions and Procedures for Disclosure of Information relating to Financial Status and Operating Result of Issuing Company, (7) Ministerial Regulation No. 355 (B.E. 2561 (2018)) issued by virtue of the Revenue Code on tax exemption (8) Income tax from investment in bonds via mutual funds, (9) Revenue Department Directive Tor. Por. 299/2561 Re: Criteria for Revenue and Expense Calculation of Companies or Partnerships, (10) Compensation Act (No. 2) B.E. 2561 (2018), (11) DBD e-filing for shareholders

Risk Management Policy:

"The Company is determined to prevent and mitigate any potential risks that may occur in the future by analyzing, assessing, and reviewing risk factors that may affect every aspect of Company's business operation by controlling and determining guideline for resolving or managing unacceptable risks, as well as monitoring that risk management system is concise, appropriate, adequate, efficient and effective according to the principles of good corporate governance."

list as required by law, (12) National Legislative Assembly (NLA) passing the Land and Buildings Act (Draft), etc., which are mostly concerned 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 shall establish measures and concise guidelines to prevent breaches of law that may adversely affect the Company in the future, such as:

(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, with relaxation period until the end of June 2018, 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, the legal office, 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, in which the Company was able to limit foreign labor recruitment only for necessary parts of work, and could control and conduct such matter within the time frame as established by the law.

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 2018, 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. The Company has thus established a work plan to closely monitor selling prices and profitability of every product and sale channels, reviewed compensation payments for distributors in highly competitive areas, engaged in marketing communication via modern channels, such as Facebook and LINE, about product categories, usages, and design, providing convenient and fast services, 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 Company has managed the production capacity, in which the production department, the technology department, and the engineering department have jointly established production capacity management and maintenance plan to ensure efficient manufacturing. In year 2018, 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 counter tops, 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.

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 innovation for sustainable development.

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, procurement strategy that utilize multiple sellers; effective management of procurement, distribution, and storage to mitigate potential shortage risk; delivery risk distribution and creating price negotiation equilibrium; conducting research and development of production formulas that can use alternative raw materials; finding sources for raw materials both locally and overseas. 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, with appropriate and fair compensation and benefits. Additionally, the Company has assigned the engineering department and the production department to jointly improve and develop 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, such as foreign labor in particular.

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 employees 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 decreased from 7 persons in 2017 to 2 persons in 2018. The OSHWE in cooperation with SHE unit have put

in place additional monitoring plans to seek risk control measures in risk-prone areas and decrease accidents. Executives of each department have raised the awareness among employees and related persons, and encouraged cooperation with the work safety measures.

(B) Risk related to environmental impact

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. Regarding electricity consumption in particular, the Company has invested in the installation of solar cells as a pilot project at the premise of the aerated autoclave concrete production line to decrease the reliance on local thermal electricity generation as well as reduce greenhouse gas emission. The manufacturing processes are also improved to reduce dust and odor by which their measurements have been continuously conducted. According to the results of these measurement indicators in 2018, the Company has passed the industrial standards in every category with no impact or damage 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 58.85 percent of shares in the Company (as at December 31, 2018). In combination with the shares owned by the Directors who are the representatives of Myriad Materials Co., Ltd., the shareholding proportion is more than 60 percent of the shares in the Company. 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 AC 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 AC 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 2018 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, either with government officials, government agencies, private agencies encompassing related businesses of the Company. Additionally, a 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 MC Committee, comprising of the executives from the Assistant Chief Executive Officer 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 AC Committee.
- (B) The MC 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 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.

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 AC 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 RMC Committee has established policy and guideline for the risk management in writing and disseminated in the Corporate Governance Handbook, the Intranet, and website of the Company, as well as 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 RMC Committee, comprising of executives from every department totaling at least 10 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, with first priority on finding mitigating guidelines.
- **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 that requires immediate management.

The RMC Committee shall regularly prepare the Report of the RMC Committee to be proposed to the AC 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 ACC 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 membership has been duly re-certified on August 21, 2018, and is valid for the next three years from the approval date.
- (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 AC 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 the control of asbestos use, foreign labor, 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, new product developments, 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 RMC 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 AC 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, as well as regularly updates 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, preventative control and direct control.
- (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 development of 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, including the development of the Business Intelligence system (BI) for convenient preparation of any reports, as well as development of E-Office system to reduce paper usage, etc. 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 computer programmers who have expertise in developing reports corresponding to various controlling activities, such as termination of product sales program, debt collection program, price anomaly detection program, 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 AC 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 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 5 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 executives at the Assistant Chief Executive Officer level and higher 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:
 - On Company's website : http://www.dbp.co.th/trade_information.htm under the topic **"Investor Relations"**
- (C) Channels for Whistleblowing or Complaint by the Stakeholders: The policy and channels for the stakeholder have been established so that the stakeholder who wishes to express any opinions concerning the business operation including whistleblowing or complaints such as wrongful action or faults, violation of law or code of conduct or corruption, etc. can contact the AC Committee directly without passing through the executives of the Company as follows:
 - By mail to:- The Chairman of the AC 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

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 AC Committee according to the annual internal audit plan and guideline as established by the AC 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 AC 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 AC 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 Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand, as well as related laws within the 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 AC Committee has to consider and provide comments prior to making such transaction. If the AC Committee lacks expertise in a particular matter or transaction, an independent expert must be engaged to provide comments to the AC Committee as part of the consideration before proposing to the Board of Directors and/or the Shareholders Meeting for further consideration and approval.

In case that such transaction is a trade agreement of similar nature to agreements that a reasonable person would engage with another party in similar circumstances; with trade negotiating power in absence of influences from own positions as directors, executives, or related persons, whichever the case; or of normal business transactions or normal supporting transactions with general trade conditions such agreement must be approved by the Board of Directors, or be approved in principle by the Board of Directors, prior to engagement in such transaction. This is 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 shall inform the Company without delay when the following cases occur.
 - Having 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).
 - Holding ordinary shares or debentures in the Company or subsidiary companies by specifying total amount increase and decrease during the accounting period (if any). In any case, 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 top executive from the level of Assistant Chief Executive Officer or higher, including Accounting and Finance Department Manager, must follow the procedure in the same manner as the director as described in Item 5, by informing the Company Secretary as well.

In year 2018, the Company had related transactions with related persons as follows.

1. Product Sales and Service Rendering

Company	Relationship	Transaction	Amount (Million Baht)			
			Product Sales and Services		Accounts Receivable	
			2018	2017	2018	2017
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.	55.93	78.02	15.31	17.36
		Pricing Policy				
		Use normal pricing as compared with real estate development group with normal commercial conditions in general.				
Total			55.93	78.02	15.31	17.36

Remark: * Mr. Prakrit Pradipasen has resigned from the positions of Independent Director, Chairman of the Audit Committee and Chairman of the Nomination and Remuneration Committee of Supalai Public Co., Ltd., effective from October 15, 2018 onward.

2. Purchase of Finished Products for Sale

Company	Relationship	Transaction	Amount (Million Baht)			
			Purchase of Finished Products		Account Payable	
			2018	2017	2018	2017
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.	121.52	93.00	40.17	14.38
		Pricing Policy				
		Use market price according to normal business.				
Total			121.52	93.00	40.17	14.38

3. Office Rental and Property Service Fee

Company	Relationship	Transaction	Amount (Million Baht)			
			Office Rental and Property Service Fee		Other Payables	
			2018	2017	2018	2017
Phahol 8 Co., Ltd. (Service Provider)	Having mutual directors but no possession of inter-related shares. <ul style="list-style-type: none">• 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.	3.38	3.37	-	-
		Pricing Policy				
		Use rental and service fee not exceeding the average rental fee of nearby rental buildings.				
Total			3.38	3.37	-	-

Opinion of the Audit Committee

The AC Committee has reviewed the related transactions occurred in the Company's accounting record during the year 2018 as described above and found that these transactions had conditions and pricing that were fair and appropriate, which had been approved by the MC 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 strictly adhere to and 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 policy.

SUMMARY OF OPERATING RESULTS AND FINANCIAL ANALYSIS

Management Discussion and Analysis (For the Consolidated Financial Statements of the Year Period Ending December 31, 2018)

1. Overall Operating Results

For the year 2018, the total revenue from sales and services of the Company and its subsidiary (together referred to as the “Corporate Group”) was Baht 4,401.35 million, which increased from the previous year by 5.52 percent and the net profit of year 2018 was Baht 422.85 million, which increased from the previous year by 2.73 percent, 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 2018		Year 2017		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
Revenues from Sales	4,020.85	91.07	3,825.51	91.42	195.34	5.11
Revenues from Services	380.50	8.62	345.62	8.26	34.88	10.09
Total Revenue from Sales and Services	4,401.35	99.69	4,171.13	99.68	230.22	5.52
Gain on Sales of Fixed Assets	1.67	0.04	3.89	0.09	(2.22)	(57.07)
Gain on Foreign Exchange Rate – Net	4.61	0.10	2.30	0.05	2.31	100.43
Other Revenue	7.40	0.17	7.35	0.18	0.05	0.68
Total Other Revenue	13.68	0.31	13.54	0.32	0.14	1.03
Total Revenue	4,415.03	100.00	4,184.67	100.00	230.36	5.50

The Corporate Group’s total revenue of year 2018 increased from the same period of previous year by 5.50 percent, consisting of:

- Revenues from sales were Baht 4,020.85 million, which increased from the same period of previous year by Baht 195.34 million or 5.11 percent, due to the increase in sales revenue from the roofing tile, autoclaved aerated concrete blocks, siding board and truss.
- Revenues from services were Baht 380.50 million, which increased from the same period of previous year by Baht 34.88 million or 10.09 percent, due to the increase in revenue from transportation of Baht 5.26 million and increase in revenue from services of Baht 29.62 million.
- Other revenue was Baht 13.68 million, which increased from the same period of previous year by Baht 0.14 million or 1.03 percent, due to gain on foreign exchange rate but there was a decrease in sales of scrap.

2.2 Cost of Sales and Services

Description	Year 2018		Year 2017		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Cost of Sales	2,849.00	64.73	2,678.19	64.21	170.81	6.38
Cost of Services	392.61	8.92	352.33	8.45	40.28	11.43
Total Cost of Sales and Services	3,241.61	73.65	3,030.52	72.65	211.09	6.97

The Corporate Group's total cost of sales and services of year 2018 increased from the same period of previous year by 6.97 percent, consisting of:

- Cost of sales was Baht 2,849 million, which increased from the same period of previous year by Baht 170.81 million or 6.38 percent, due to the increase in product sales volume of 4.91 percent and increase in raw material cost, salary and benefits of the employees, electricity, gas expenses and repair and maintenance expenses.
- Cost of services was Baht 392.61 million, which increased from the same period of previous year by Baht 40.28 million or 11.43 percent, due to the increase in transportation cost of Baht 11.26 million and increase in the cost of services of Baht 29.02 million.

2.3 Selling and Administrative Expenses

Description	Year 2018		Year 2017		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Selling Expenses	199.84	4.54	192.70	4.62	7.14	3.71
Administrative Expenses	402.48	9.14	389.76	9.34	12.72	3.26
Management's Remuneration*	40.07	0.91	48.38	1.16	(8.31)	(17.18)
Total Selling and Administrative Expenses	642.39	14.60	630.84	15.12	11.55	1.83

Remark: * Management means the director, chief executive officer 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 2018 increased from the same period of previous year by 1.83 percent, consisting of:

- Selling expenses were Baht 199.84 million, which increased from the same period of previous year by Baht 7.14 million or 3.71 percent, due to the increase in service expenses of Baht 2.46 million, increase in salary and benefits of the employees of Baht 2.43 million, increase in marketing and sales promotion expenses of Baht 1.07 million, increase in donation expenses of Baht 0.70 million and increase in traveling domestic expenses of Baht 0.62 million.
- Administrative expenses were Baht 402.48 million, which increased from the same period of previous year by Baht 12.72 million or 3.26 percent, due to the increase in salary and benefits of the employees of Baht 3.74 million, increase in product packaging expenses of Baht 3.46 million, increase in consulting expenses of Baht 2.47 million, increase in service expenses of Baht 1.85 million, increase in fuel expenses of Baht 1.32 million, increase in repair and maintenance expenses of Baht 0.61 million, increase in tiles transportation handling expenses of Baht 0.59 million, increase in expenses from product claims of Baht 0.40 million, increase in other expenses of Baht 1.30 million, but there were decrease in depreciation and amortization of Baht 3.68 million.
- Management's remunerations were Baht 40.07 million, which decreased from the same period of previous year by Baht 8.31 million or 17.18 percent, due to the decrease in salary and benefits.

2.4 Profitability

Description	Year 2018		Year 2017		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
Revenues from Sales and Services	4,401.35	100.00	4,171.13	100.00	230.22	5.52
Costs of Sales and Services	3,241.61	73.65	3,030.52	72.65	211.09	6.97
GP	1,159.74	26.35	1,140.61	27.35	19.13	1.68
EBITDA	767.99	17.45	774.43	18.57	(6.44)	(0.83)
EBIT	531.03	12.07	523.32	12.55	7.71	1.47
NP	422.85	9.61	411.61	9.87	11.24	2.73
EPS (Baht per Share) *	0.45		0.43		0.02	4.65
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96		947.96		-	-
Return on Equity (ROE) (%)	20.78%		21.16%		(0.38)%	
Return on Assets (ROA) (%)	13.74%		13.16%		0.58%	

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 2018 was Baht 1,159.74 million, an increase from the same period of previous year by Baht 19.13 million or 1.68 percent, due to the increase in revenues from sales and services of 5.52 percent and increase in the cost of sales and services of 6.97 percent.

Net Profit (NP) :

The Corporate Group's net profit and net earnings per share of year 2018 increased from the same period of previous year as follows:

- The Corporate Group's net profit was Baht 422.85 million, an increase from the same period of previous year by Baht 11.24 million or 2.73 percent due to the increase in gross profit margin of 1.68 percent in spite of increase in selling and administrative expenses of 1.83 percent.
- The Corporate Group's net earnings per share was Baht 0.45 per share, an increase from the same period of previous year of Baht 0.02 per share or 4.65 percent, due to the increase in net profit of 2.73 percent.

EBITDA :

- The Corporate Group's EBITDA of year 2018 was Baht 767.99 million, a decrease from the same period of previous year of Baht 6.44 million or 0.83 percent, due to an increase in selling and administrative expenses excluding depreciation of 2.53 percent despite the increase in gross profit margin of 1.68 percent.

Earnings Efficiency :

- Return on Equity (ROE) :** The Corporate Group's ROE decreased from 21.16 percent as at end of 2017 to 20.78 percent as at December 31, 2018 or a decrease of 0.38 percent, due to an increase in net profit of 2.73 percent but there was an increase in the shareholders' equity of 4.65 percent from the previous year.
- Return on Assets (ROA):** The Corporate Group's ROA increased from 13.16 percent as at end of 2017 to 13.74 percent as at December 31, 2018 or an increase of 0.58 percent, due to an increase in net profit of 2.73 percent and there was a decrease in total assets of 1.60 percent from the previous year.

2.5 Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at December 31, 2018	As at December 31, 2017		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,137.70	3,017.15	120.55	4.00
Total Liabilities	1,061.61	1,022.64	38.97	3.81
Total Shareholders' Equity	2,076.09	1,994.51	81.58	4.09
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96	947.96	-	-
Book Value (Baht per Share) *	2.19	2.10	0.09	4.29

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, 2018 increased from the end of year 2017 by Baht 120.55 million or 4 percent, due to the net increase in inventory of Baht 186.07 million, net increase in trade accounts receivable and other accounts receivable of Baht 8.73 million, increase in cash advance payment for purchase of assets of Baht 4.49 million and increase in deferred income tax of Baht 0.53 million but there were decrease in fixed assets of Baht 70.14 million, decrease in intangible assets of Baht 3.99 million, decrease in cash and cash in bank of Baht 3.52 million and decrease in other current assets and other non-current assets of Baht 1.62 million.
- The Corporate Group's total liabilities as at December 31, 2018 increased from the end of year 2017 by Baht 38.97 million or 3.81 percent, due to the increase in trade accounts payable and other accounts payable of Baht 46.56 million, increase in other current liabilities of Baht 4.51 million and increase in provision for post-employment benefits obligation of Baht 3.55 million, but there were decrease in short-term loan of Baht 14 million, decrease in financial lease liabilities of Baht 1.60 million and decrease in current income tax payable of Baht 0.05 million.
- The Corporate Group's total shareholders' equity as at December 31, 2018 increased from the end of year 2017 by Baht 81.58 million or 4.09 percent, due to the increase in net profit of Baht 422.85 million, but there were dividend payment of Baht 341.27 million, resulting in an increase in share book value from Baht 2.10 per share as at end of year 2017 to Baht 2.19 per share as at December 31, 2018.

2.6 Cash Flows

Description	Unit: Million Baht	
	Year 2018	Year 2017
Cash Flows from (used in) Operating Activities	506.66	822.46
Cash Flows from (used in) Investing Activities	(139.97)	(91.53)
Cash Flows from (used in) Financing Activities	(369.59)	(724.51)
Unrealized exchange gain (loss) of cash and cash equivalents	(0.62)	(3.18)
Cash Increase (Decrease) – Net	(3.52)	3.24
Cash at the Beginning of the Period	23.83	20.59
Cash at the Ending of the Period	20.31	23.83
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	23.87%	42.28%

- The Corporate Group's net cash from operating activities of year 2018 was Baht 506.66 million, which was lower than the net profit before tax by Baht 16.34 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 236.96 million, increase in trade accounts payable and other accounts payable of Baht 28.13 million, increase in other non-current liabilities of Baht 3.55 million and increase in other current liabilities of Baht 12.23 million, but there were net increase in inventory of Baht 186.17 million, net increase in trade accounts receivable and other accounts receivable of Baht 9 million, increase in other current assets and other non-current assets of Baht 1.31 million and there were payment of accrued corporate income tax for year 2017 of Baht 35.31 million, payment of mid-year corporate income tax of year 2018 of Baht 59.49 million and payment of withholding tax of Baht 5.93 million.
- The Corporate Group's net cash used in investing activities of year 2018 was Baht 139.97 million, due to the expenses paid for tools and equipment replacement after their useful life of Baht 121.02 million and cash advance payment for purchase of assets of Baht 20.81 million, but there were cash received from sale of damaged and unusable assets of Baht 1.80 million and cash received from interest of Baht 0.06 million.
- The Corporate Group's net cash used in financing activities of year 2018 was Baht 369.59 million, due to the repayment of financial lease of Baht 7.59 million, interest payment of Baht 6.73 million, dividend payment of Baht 341.27 million and repayment of short-term loan of Baht 14 million.

2.7 Financial Ratios

Financial Ratios	As at December 31, 2018	As at December 31, 2017
Current Ratio (Times)	1.48	1.30
Quick Ratio (Times)	0.65	0.65
Cash flow Liquidity Ratio (Times)	0.54	0.78
Account Receivable Turnover Ratio (Times)	8.58	7.81
Average Collection Period (Days)	42	46
Inventory Turnover Period (Days)	19	19
Average Payable Period (Days)	18	17
Cash Cycle (Days)	43	48
Total Debt to Equity Ratio (Times)	0.51	0.51
Interest Coverage Ratio (Times)	72.99	73.26
Debt Service Coverage Ratio (Times)	56.23	6.55

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, 2018 account for 17.62 percent of the total assets with 82.78 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 2018 and there was no bad debt in the past year 2017.

3.2 Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at December 31, 2018 accounts for 24.28 percent of the total assets, of which 21.34 percent are finished products, 22.32 percent are work in process and 38.20 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, 2018 was at 0.51 times, which was equivalent to the end of year 2017, due to the increase in total liabilities from the end of 2017 of 3.81 percent and the shareholders' equity increased from the end of year 2017 by 4.09 percent and the interest coverage ratio was at 72.99 times, a decrease from end of 2017 due to a decrease in cash flow from operating activities from the previous year of 38.40 percent, but there was a decrease in interest on loan from the previous year of 36.17 percent.
- The Corporate Group's current ratio as at December 31, 2018 was 1.48 times, an increase from the end of year 2017, due to the increase in current assets of 18.69 percent but there was an increase in current liabilities of 4.27 percent and the quick ratio of 0.65 times, which was equivalent to the end of year 2017, due to the increase in inventory by 32.31 percent but there was an increase in current liabilities of 4.27 percent and the cash flow liquidity ratio was 0.54 times, a decrease from end of year 2017, due to a decrease in cash flow from operating activities from the previous year of 38.40 percent.
- The Corporate Group's cash cycle as at December 31, 2018 was 43 days, a decrease from the end of year 2017 by 5 days due to the decrease in average collection period of 4 days and increase in inventory turnover period of 1 day but the average payable period was 19 days, which was equivalent to the end of year 2017.
- The Corporate Group's debt service coverage ratio increased from 6.55 times as at end of year 2017 to 56.23 times as at December 31, 2018 due to a decrease in financial lease liabilities due within one year of 94.67 percent and a decrease in interest on loan payment of 36.17 percent in spite of decrease in EBITDA of 0.83 percent from the end of year 2017.

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, 2018, 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

It is anticipated that the economy in 2019 will not be so bright due to the forecast of slowdown in global economic growth. As for Thailand, it is projected that there will be some economic growth but not significant or about the same as 2018. As for the trend for 2019, the Corporate Group still emphasizes on its strength in variety of Diamond's products under the concept of **"Complete set of beauty, entirely filled with Diamond Brand"** to continue building brand recognition as well as having effective production management to maintain gross profit margin according to established target despite the increase in cost of certain raw materials this year. Nonetheless, the Corporate Group is confident that, with this year's operation model, the growth rate for year 2019 can be achieved at no less than that of 2018.

INDEPENDENT AUDITOR'S REPORT

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 2018, 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 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the 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 realisable 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 realisable value including the occurrence of the inventory obsolescence. The Group considers the allowance for decline in value and obsolescence by the management estimates and judgment. Consequently, I consider that this is a significant matter.	<p>My audit procedures were designed to assess the appropriateness of the allowance for decline in value of inventories and obsolescence included:</p> <ul style="list-style-type: none"> - Understanding the policies and procedures that the Group’s management applied for setting up allowance for decline in value of inventories. - Testing on a sample basis items in the stock aging report and corroborating on whether these items were classified in the appropriate aging bracket.

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

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

Refer to Notes 2 (d), 3, 10 and 12 to the financial statements.

The key audit matter	How the matter was addressed in the audit
<p>The Company has investment in subsidiary where the cost of investment has been higher than the net book value as a result of continuing operational losses.</p> <p>The Company's valuation of investment was depending on operating results of the subsidiary affecting to the carrying amount of the Group's property, plant and equipment pertaining to the subsidiary may be higher than recoverable amount. Accordingly, property plant and equipment needs to be reviewed for impairment.</p> <p>The Group considered that recoverable amount of the assets should be determined based on the value in use. The net present value of projected future cash flows is calculated based on the assumptions such as sales, costs and discount 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"> - 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. - 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. - Considering of the appropriateness and adequacy of the group's disclosures in accordance with the related Thai Financial Reporting Standards.

Other Information

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

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

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

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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.

(Chanarat Chanwa)
Certified Public Accountant
Registration No. 9052

KPMG Phoomchai Audit Ltd.
Bangkok
15 February 2019

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF FINANCIAL POSITION

(in Baht)

	Note	Consolidated financial statements		Separate financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Assets					
<i>Current assets</i>					
Cash and cash equivalents	5	20,314,824	23,829,328	19,562,874	23,135,430
Trade accounts receivable	4, 6	496,687,935	510,611,179	496,687,935	510,611,179
Other receivables	7	56,234,717	33,580,093	55,723,173	32,865,999
Inventories	8	761,969,907	575,898,640	749,011,373	561,935,132
Non-current assets classified as held for sale	9	25,445,330	-	25,445,330	-
Other current assets		5,211,307	6,834,625	5,179,851	6,811,457
Total current assets		1,365,864,020	1,150,753,865	1,351,610,536	1,135,359,197
<i>Non-current assets</i>					
Investment in a subsidiary	10	-	-	170,000,000	170,000,000
Investment properties	11	22,804,374	48,249,704	22,804,374	48,249,704
Property, plant and equipment	12	1,695,080,488	1,765,224,882	1,591,394,301	1,650,252,207
Intangible assets	13	16,384,273	20,378,514	3,143,177	4,137,418
Deferred tax assets	14	31,803,197	31,269,768	37,476,327	36,999,148
Other non-current assets		5,765,581	1,269,614	5,715,581	1,219,614
Total non-current assets		1,771,837,913	1,866,392,482	1,830,533,760	1,910,858,091
Total assets		3,137,701,933	3,017,146,347	3,182,144,296	3,046,217,288

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary

STATEMENT OF FINANCIAL POSITION (CON.)

(in Baht)

Note		Consolidated		Separate	
		financial statements		financial statements	
		31 December 2018	31 December 2017	31 December 2018	31 December 2017
Liabilities and equity					
Current liabilities					
Short-term loans from financial institutions	15	511,000,000	525,000,000	511,000,000	525,000,000
Trade accounts payable	16	175,478,514	156,329,471	213,202,538	169,058,725
Other payables	17	164,403,136	136,990,700	162,200,344	134,099,010
Current portion of finance lease liabilities	15	6,396,743	5,629,109	6,396,743	5,629,109
Current tax payable		35,225,878	35,275,882	35,225,878	35,275,882
Other current liabilities	18	29,880,256	25,367,246	29,408,293	24,813,243
Total current liabilities		922,384,527	884,592,408	957,433,796	893,875,969
Non-current liabilities					
Finance lease liabilities	15	9,383,283	11,756,350	9,383,283	11,756,350
Non-current provisions for employee benefits	19	129,840,955	126,287,740	129,158,361	125,701,741
Total non-current liabilities		139,224,238	138,044,090	138,541,644	137,458,091
Total liabilities		1,061,608,765	1,022,636,498	1,095,975,440	1,031,334,060
Equity					
Share capital:	20				
Authorised share capital		947,961,800	1,047,958,000	947,961,800	1,047,958,000
Issued and paid-up share capital		947,961,800	1,047,958,000	947,961,800	1,047,958,000
Treasury shares	21	-	(520,760,210)	-	(520,760,210)
Share premiums:					
Share premium on ordinary shares	20	166,511,520	166,511,520	166,511,520	166,511,520
Share premium on treasury shares	21	165,206,460	165,206,460	165,206,460	165,206,460
Retained earnings					
Appropriated					
Legal reserve	22	105,000,000	105,000,000	105,000,000	105,000,000
Treasury shares reserve	21, 22	-	520,760,210	-	520,760,210
Unappropriated		691,413,388	509,833,869	701,489,076	530,207,248
Total equity		2,076,093,168	1,994,509,849	2,086,168,856	2,014,883,228
Total liabilities and equity		3,137,701,933	3,017,146,347	3,182,144,296	3,046,217,288

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF COMPREHENSIVE INCOME

(in Baht)

Note	Consolidated financial statements		Separate financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
Revenue				
Revenue from sale of goods and rendering of services	4,401,354,674	4,171,133,281	4,401,354,674	4,171,133,281
Other income	13,675,958	13,540,957	13,510,287	13,328,992
Total income	4,415,030,632	4,184,674,238	4,414,864,961	4,184,462,273
Expenses				
Cost of sales of goods and rendering of services	3,241,611,842	3,030,515,065	3,260,141,501	3,043,637,879
Distribution costs	199,840,976	192,702,381	199,840,975	192,699,560
Administrative expenses	442,549,443	438,141,365	434,095,556	428,132,007
Finance costs	8,028,722	12,579,199	8,028,722	12,579,199
Total expenses	3,892,030,983	3,673,938,010	3,902,106,754	3,677,048,645
Profit before income tax expense	522,999,649	510,736,228	512,758,207	507,413,628
Tax expense	(100,150,082)	(99,121,810)	(100,206,331)	(99,091,693)
Profit for the year	422,849,567	411,614,418	412,551,876	408,321,935
Other comprehensive income				
Other comprehensive income for the year	-	-	-	-
Total comprehensive income for the year	422,849,567	411,614,418	412,551,876	408,321,935
Earnings per share (in Baht)				
Basic earnings per share	0.45	0.43	0.44	0.43

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF CHANGES IN EQUITY

(in Baht)

	Note	Consolidated financial statements						Total equity
		Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury shares	Legal reserve	Retained earnings	
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	1,895,722,825
Transactions with owners, recorded directly in equity								
<i>Distribution to owners of the Company</i>								
Dividends to owners of the Company	32	-	-	-	-	-	-	(312,827,394)
<i>Total distribution to owners of the Company</i>		-	-	-	-	-	-	(312,827,394)
Comprehensive income for the year								
Profit		-	-	-	-	-	-	411,614,418
Other comprehensive income		-	-	-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	-	-	-
Balance at 31 December 2017		1,047,958,000	(520,760,210)	166,511,520	165,206,460	105,000,000	520,760,210	1,994,509,849

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary

STATEMENT OF CHANGES IN EQUITY (CON.)

(in Baht)

Consolidated financial statements								
Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury shares	Retained earnings			Total equity
					Legal reserve	Treasury shares reserve	Unappropriated	
For the year ended 31 December 2018								
Balance at 1 January 2018	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
Transactions with owners, recorded directly in equity								
Distributions to owners of the Company								
20 Reduction of ordinary shares	(99,996,200)	-	-	-	-	-	99,996,200	-
21 Cancellation of treasury shares	-	520,760,210	-	-	-	(520,760,210)	-	-
32 Dividends to owners of the Company	-	-	-	-	-	-	(341,266,248)	(341,266,248)
Total distributions to owners of the Company	(99,996,200)	520,760,210	-	-	-	(520,760,210)	(241,270,048)	(341,266,248)
Comprehensive income for the year								
Profit	-	-	-	-	-	-	422,849,567	422,849,567
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	422,849,567	422,849,567
Balance at 31 December 2018	947,961,800	-	166,511,520	165,206,460	105,000,000	-	691,413,388	2,076,093,168

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF CHANGES IN EQUITY (CON.)

(in Baht)

Separate financial statements							
Note	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury shares	Retained earnings		Total equity
					Legal reserve	Treasury shares reserve	Unappropriated
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
Transactions with owners, recorded directly in equity							
Distribution to owners of the Company	-	-	-	-	-	-	(312,827,394)
Dividends to owners of the Company							
Total distribution to owners of the Company	-	-	-	-	-	-	(312,827,394)
Comprehensive income for the year							
Profit	-	-	-	-	-	-	408,321,935
Other comprehensive income	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-	-
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
							</

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary

STATEMENT OF CHANGES IN EQUITY (CON.)

(in Baht)

Note	Separate financial statements					
	Issued and paid-up share capital	Treasury shares	Share premium on ordinary shares	Share premium on treasury shares	Retained earnings	Total equity
					Legal reserve	Unappropriated
For the year ended 31 December 2018						
Balance at 1 January 2018	1,047,958,000	(520,760,210)	166,511,520	165,206,460	105,000,000	530,207,248
Transactions with owners, recorded directly in equity						
<i>Distributions to owners of the Company</i>						
Reduction of ordinary shares	(99,996,200)	-	-	-	-	99,996,200
Cancellation of treasury shares	-	520,760,210	-	-	-	-
Dividends to owners of the Company	-	-	-	-	-	(341,266,248)
<i>Total distributions to owners of the Company</i>	(99,996,200)	520,760,210	-	-	(520,760,210)	(341,266,248)
Comprehensive income for the year						
Profit	-	-	-	-	-	412,551,876
Other comprehensive income	-	-	-	-	-	-
<i>Total comprehensive income for the year</i>	-	-	-	-	-	412,551,876
Balance at 31 December 2018	947,961,800	-	166,511,520	165,206,460	105,000,000	701,489,076
						2,086,168,856

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF CASH FLOWS

(in Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
<i>Cash flows from operating activities</i>				
Profit for the year	422,849,567	411,614,418	412,551,876	408,321,935
<i>Adjustments to reconcile profit (loss) to cash receipts (payment)</i>				
Tax expense	100,150,082	99,121,810	100,206,331	99,091,693
Finance costs	8,028,722	12,579,199	8,028,722	12,579,199
Depreciation	230,848,741	243,171,925	218,212,674	229,636,990
Amortisation of intangible assets	3,965,606	6,345,453	965,606	3,345,453
Provisions for employee benefits	10,580,207	11,784,670	10,483,613	11,692,653
Unrealised loss on exchange rate	914,217	3,102,453	914,217	3,102,453
Amortisation of premium on forward exchange contracts	2,147,244	1,595,330	2,147,244	1,595,330
Bad and doubtful debt expense (reversal)	(1,130,000)	480,000	(1,130,000)	480,000
Loss on inventories devaluation (reversal)	143,864	(824,775)	(40,787)	(582,176)
Gain on disposal of property, plant and equipment	(1,476,088)	(3,890,269)	(1,477,696)	(4,037,904)
Loss on write-off of intangible assets	28,635	-	28,635	-
Interest income	(57,584)	(96,143)	(55,646)	(91,957)
	776,993,213	784,984,071	750,834,789	765,133,669
<i>Changes in operating assets and liabilities</i>				
Trade accounts receivable	15,035,653	28,035,615	15,035,653	28,035,615
Other receivables	(22,901,581)	18,891,355	(23,104,131)	22,383,116
Inventories	(186,318,238)	46,786,024	(187,035,454)	49,511,298
Other current assets	(716,711)	(3,567,828)	(708,423)	(3,593,959)
Other non-current assets	(6,912)	(5,423,923)	(6,912)	(5,426,923)
Trade accounts payable	19,614,621	32,352,872	44,609,392	46,145,689
Other payables	8,519,268	25,305,264	9,318,483	24,433,239
Other current liabilities	4,201,654	863,916	4,283,695	659,353
Provisions for employee benefits paid	(7,031,280)	(1,574,349)	(7,031,280)	(1,574,349)
Net cash generated from operating	607,389,687	926,653,017	606,195,812	925,706,748
Taxes paid	(100,728,934)	(104,200,949)	(100,728,934)	(104,200,949)
Net cash from operating activities	506,660,753	822,452,068	505,466,878	821,505,799

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary
STATEMENT OF CASH FLOWS (CON.)

(in Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
<i>Cash flows from investing activities</i>				
Proceeds from sale of property, plant and equipment	1,800,515	4,469,698	1,802,125	4,464,826
Acquisition of property, plant and equipment	(121,014,988)	(96,092,583)	(119,878,837)	(95,226,615)
Prepayment for purchases of assets	(20,812,746)	-	(20,812,746)	-
Interest received	57,584	96,143	55,646	91,957
Net cash used in investing activities	(139,969,635)	(91,526,742)	(138,833,812)	(90,669,832)
<i>Cash flows from financing activities</i>				
Repayment of short-term loans from financial institution	(14,000,000)	(293,000,000)	(14,000,000)	(293,000,000)
Repayment of long-term loans from financial institutions	-	(100,000,000)	-	(100,000,000)
Payment by lessee for reduction of the outstanding liabilities relating to finance leases	(7,591,309)	(7,032,477)	(7,591,309)	(7,032,477)
Dividends paid to owners of the Company	(341,264,448)	(312,825,726)	(341,264,448)	(312,825,726)
Interest paid	(6,730,422)	(11,645,071)	(6,730,422)	(11,645,071)
Net cash used in financing activities	(369,586,179)	(724,503,274)	(369,586,179)	(724,503,274)
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates	(2,895,061)	6,422,052	(2,953,113)	6,332,693
Effect of exchange rate changes on cash and cash equivalents	(619,443)	(3,177,946)	(619,443)	(3,177,946)
Net increase (decrease) in cash and equivalents	(3,514,504)	3,244,106	(3,572,556)	3,154,747
Cash and cash equivalents at 1 January	23,829,328	20,585,222	23,135,430	19,980,683
Cash and cash equivalents at 31 December	20,314,824	23,829,328	19,562,874	23,135,430
Non-cash transactions:				
Acquisitions of property, plant and equipment for which payment has not yet been made	18,791,798	9,807,005	18,681,481	9,773,834
Acquisitions of property, plant and equipment under finance lease agreements	4,790,902	4,539,760	4,790,902	4,539,760
Transfer prepayments for purchases of assets to property, plant and equipment	16,323,690	5,414,044	16,323,690	5,414,044
Transfer investment properties to property, plant and equipment	-	912,687	-	912,687
Transfer of inventories to property, plant and equipment	103,107	-	-	-
Transfer investment properties to non-current assets classified as held for sale	25,445,330	-	25,445,330	-

The accompanying notes are an integral part of these financial statements

Diamond Building Products Public Company Limited and its Subsidiary**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

Note	Contents
1	General information
2	Basis of preparation of the financial statements
3	Significant accounting policies
4	Related parties
5	Cash and cash equivalents
6	Trade accounts receivable
7	Other receivables
8	Inventories
9	Non-current assets classified as held for sale
10	Investment in a subsidiary
11	Investment properties
12	Property, plant and equipment
13	Intangible assets
14	Deferred tax
15	Interest-bearing liabilities
16	Trade accounts payable
17	Other payables
18	Other current liabilities
19	Non-current provisions for employee benefits
20	Share capital
21	Treasury shares
22	Reserves
23	Segment information
24	Other income
25	Distribution costs
26	Administrative expenses
27	Employee benefit expenses
28	Expenses by nature
29	Finance costs
30	Income tax expense
31	Earnings per share
32	Dividends
33	Financial instruments
34	Commitments with non-related parties
35	Thai Financial Reporting Standards (TFRS) not yet adopted

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 15 February 2019.

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. (58.85% shareholding), which 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 2018 and 2017 are given in notes 4 and 10.

2. Basis of preparation of financial statements

(a) Statement of compliance

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

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. 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 new and revised TFRS which are not yet effective for current periods. The Group has not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Group operations are disclosed in note 35.

(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 prepared and 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 material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 8	Valuation of inventories: key assumptions underlying allowance for decline in value of inventories;
Note 10	Impairment test: key assumptions underlying recoverable amounts;
Note 14	Recognition of deferred tax assets
Note 19	Measurement of defined employee benefit obligations: key actuarial assumptions.

Measurement of fair values

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

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

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that 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 33 - Financial instruments.

3. Significant accounting policies

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

(a) Basis of consolidation

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

Subsidiaries

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

Loss of control

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

Transactions eliminated on consolidation

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

(b) Foreign currencies

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

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

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

Foreign currency differences are generally recognised in profit or loss.

(c) Hedging

Hedge of future foreign currency transactions

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

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

(d) Cash and cash equivalents

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

(e) Trade and other accounts receivable

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

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

(f) Inventories

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

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

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

(g) Non-current assets classified as held for sale

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(h) Investments*Investment in a subsidiary*

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

Disposal of investments

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

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

(i) Investment properties

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

Investment properties are 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.

(j) 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 and installation.

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

(k) Intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

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.

(l) Impairment

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

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

Calculation of recoverable amount

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

Reversals of impairment

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

(m) Interest-bearing liabilities

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

(n) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(o) Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Short-term employee benefits

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

(p) Provisions

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

(q) Treasury shares

When share capital recognised as equity is repurchased, the amount of consideration paid, including directly attributable costs, is classified as treasury shares and recognised as a deduction from equity. An equal amount is appropriated from retained earnings and taken to a reserve for treasury shares within equity. When treasury shares are sold, the amount received is recognised as an increase in equity by crediting the cost of the treasury shares sold, calculated using the weighted average method, to the treasury shares account and transferring the equivalent amount back from reserve for treasury shares to retained earnings. Surpluses on the sale of treasury shares are taken directly to a separate category within equity, 'Surplus on treasury shares'. Net deficits on sale or cancellation of treasury shares are debited to retained earnings after setting off against any remaining balance of surplus on treasury shares.

(r) Revenue

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

Sale of goods and services rendered

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

Interest income

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

(s) Finance costs

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

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

(t) Operating leases

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

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

Determining whether an arrangement contains a lease

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

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

(u) Income tax

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(v) Earnings per share

The Group presents basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

(w) Segment reporting

Segment result that are reported to the Group's Management Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

4. Related parties

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or joint control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

Relationships with related parties were as follows:

Name of entities	Country of incorporation /nationality	Nature of relationships
Diamond Materials Co., Ltd.	Thailand	Subsidiary
Key management personnel	Thailand	Persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of the Company.
Myriad Materials Co., Ltd.	Thailand	Major shareholder, 58.85% shareholding and common director
Supalai Public Company Limited	Thailand	Common director until 14 October 2018
Phahon 8 Company Limited	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
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	
	2018	2017	2018	2017
Subsidiary				
Purchase of goods	-	-	121,517	93,002
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	32,923	41,514	32,923	41,514
Post-employment benefits	539	2,018	539	2,018
Total	33,462	43,532	33,462	43,532
Other related parties				
Sales of goods or rendering of services	55,929	78,016	55,929	78,016
Office rental and space service fee	3,378	3,367	3,378	3,367

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	
	2018	2017	2018	2017
Other related party				
Supalai Public Company Limited	-	17,355	-	17,355

(in thousand Baht)

Trade accounts payable – related party	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Subsidiary				
Diamond Materials Co., Ltd.	-	-	40,168	14,377

5. Cash and cash equivalents

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cash on hand	100	100	100	100
Cash at banks - current accounts	10,223	13,383	10,218	13,376
Cash at banks - savings accounts	9,992	10,346	9,245	9,659
Total	20,315	23,829	19,563	23,135

6. Trade accounts receivable

(in thousand Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
Related party	4	-	17,355	-	17,355
Other parties		505,168	502,866	505,168	502,866
Total		505,168	520,221	505,168	520,221
Less allowance for doubtful accounts		(8,480)	(9,610)	(8,480)	(9,610)
Net		496,688	510,611	496,688	510,611
Bad and doubtful debts expense for the year (reversal)		(1,130)	480	(1,130)	480

Aging analyses for trade accounts receivable were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related party				
Within credit terms	-	11,572	-	11,572
Overdue				
Less than 91 days	-	5,261	-	5,261
91 - 180 days	-	476	-	476
181 - 360 days	-	46	-	46
Over 360 days	-	-	-	-
	-	17,355	-	17,355

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Other parties				
Within credit terms	432,878	433,097	432,878	433,097
Overdue				
Less than 91 days	64,665	58,720	64,665	58,720
91 - 180 days	1,576	2,798	1,576	2,798
181 - 360 days	499	3,436	499	3,436
Over 360 days	5,550	4,815	5,550	4,815
	505,168	502,866	505,168	502,866
Total	505,168	520,221	505,168	520,221
Less allowance for doubtful accounts	(8,480)	(9,610)	(8,480)	(9,610)
Net	496,688	510,611	496,688	510,611

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

7. Other receivables

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accrued sales discount	37,114	24,229	36,972	23,785
Advance for purchase of goods	8,960	1,806	8,874	1,633
Prepaid expenses	8,309	6,566	8,098	6,517
Others	1,852	979	1,779	931
Total	56,235	33,580	55,723	32,866

8. Inventories

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Finished goods	145,232	153,340	136,237	142,401
Merchandise goods	17,368	17,400	17,368	17,400
Semi-finished goods	111,070	98,905	111,070	98,905
Work in progress	58,979	39,379	58,979	39,379
Raw materials	290,800	196,460	287,911	194,390
Supplies	59,594	58,797	57,567	57,075
Goods in transit	92,044	24,591	92,044	24,591
	775,087	588,872	761,176	574,141
Less allowance for decline in value	(13,117)	(12,973)	(12,165)	(12,206)
Total	761,970	575,899	749,011	561,935
Inventories recognised as an expense in ‘cost of sales of goods’:				
Cost	2,848,857	2,679,011	2,867,571	2,691,891
Write-down to net realisable value	144	-	-	-
Reversal of write-down	-	(825)	(41)	(582)
Net	2,849,001	2,678,186	2,867,530	2,691,309

9. Non-current assets classified as held for sale

At 31 December 2018, the Company classified land that co-owned with other two companies, which during the year was classified as investment properties to be non-current assets classified as held for sale since the Company entered into land purchase and sale agreement dated 21 December 2018 with a listed company. On the agreement date, the Company received a deposit totaling Baht 17.8 million.

At 31 December 2018, such land was stated at the carrying value in the amount of 25.4 million and fair value less cost to sell is Baht 83.3 million.

10. Investment in a subsidiary

(in thousand Baht)

	Separate financial statements	
	2018	2017
At 1 January	170,000	170,000
Addition	-	-
At 31 December	170,000	170,000

Investment in a subsidiary as at 31 December 2018 and 2017 were as follows:

Separate financial statements											
	Description of business	Ownership interest		Paid-up capital		Cost		Impairment losses		At cost – net	
		2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
		(%)		(in thousand Baht)							
Subsidiary											
Diamond Materials Co., Ltd.	Manufacturing of autoclaved Aerated concrete	99.99	99.99	200,000	200,000	200,000	200,000	200,000	(30,000)	170,000	170,000
Total						200,000	200,000	(30,000)	(30,000)	170,000	170,000

The subsidiary was incorporated in Thailand. The Company did not receive dividend for the year 2018 and 2017.

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 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.

Forecasted 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 investment, the recoverable amount was equal to the carrying. Therefore, any adverse movement in a key assumption would lead to further impairment.

The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources

(%)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Discount rate	9.4	9.4	9.4	9.4
Growth rate	6.0	6.0	6.0	6.0

11. Investment properties

(in thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Cost				
At 1 January	50,750	51,662	50,750	51,662
Transfer to property, plant and equipment12	-	(912)	-	(912)
Transfer to non-current assets classified as held for sale9	(25,445)	-	(25,445)	-
At 31 December	25,305	50,750	25,305	50,750
Allowance for impairment				
At 1 January	(2,500)	(2,500)	(2,500)	(2,500)
Reversal of allowance for impairment	-	-	-	-
At 31 December	(2,500)	(2,500)	(2,500)	(2,500)
Net book value				
At 1 January	48,250	49,162	48,250	49,162
At 31 December	22,805	48,250	22,805	48,250

Investment properties are land held for future projects. The fair value of investment properties as at 31 December 2018 of Baht 35.8 million (2017: Baht 142.7 million) was determined by an independent valuer based on the market approach. The fair value measurement for investment property has been categorised as a Level 3 fair value.

12. Property, plant and equipment

(in thousand Baht)

	Consolidated financial statements						
	Land and improvement	Building structures and improvement	Machinery and equipment	Office furniture, fixtures and equipment	Vehicles	Assets under construction and installation	Total
Cost							
At 1 January 2017	229,003	757,853	3,910,633	77,153	62,253	7,156	5,044,051
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 properties	912	-	-	-	-	-	912
Disposals	-	-	(123,138)	(1,429)	(13,205)	-	(137,772)
At 31 December 2017 and 1 January 2018	229,915	768,749	3,865,700	83,704	63,297	11,680	5,023,045
Additions	704	2,298	19,576	4,656	5,000	128,990	161,224
Transfers	-	16,439	64,129	911	392	(81,871)	-
Disposals	-	(344)	(40,799)	(1,681)	(2,055)	-	(44,879)
At 31 December 2018	230,619	787,142	3,908,606	87,590	66,634	58,799	5,139,390

(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
Accumulated depreciation							
At 1 January 2017	-	408,397	2,629,311	67,768	42,514	-	3,147,990
Depreciation charge for the year	-	34,273	196,121	4,266	8,512	-	243,172
Disposals	-	-	(122,580)	(1,408)	(13,205)	-	(137,193)
At 31 December 2017 and 1 January 2018	-	442,670	2,702,852	70,626	37,821	-	3,253,969
Depreciation charge for the year	-	31,559	185,060	5,316	9,109	-	231,044
Disposals	-	(326)	(40,502)	(1,671)	(2,055)	-	(44,554)
At 31 December 2018	-	473,903	2,847,410	74,271	44,875	-	3,440,459
Allowance for impairment							
At 1 January 2017	-	-	-	-	-	3,851	3,851
Increase (decrease)	-	-	-	-	-	-	-
At 31 December 2017 and 1 January 2018	-	-	-	-	-	3,851	3,851
Increase (decrease)	-	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	3,851	3,851

(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
Net book value At 1 January 2017 Owned assets Asset under finance leases	229,003	349,456	1,281,322	9,385	2,024	3,305	1,874,495
	-	-	-	-	17,715	-	17,715
	229,003	349,456	1,281,322	9,385	19,739	3,305	1,892,210
At 31 December 2017 and 1 January 2018 Owned assets Asset under finance leases	229,915	326,079	1,162,848	13,078	9,217	7,829	1,748,966
	-	-	-	-	16,259	-	16,259
	229,915	326,079	1,162,848	13,078	25,476	7,829	1,765,225
At 31 December 2018 Owned assets Asset under finance leases	230,619	313,239	1,061,196	13,319	7,206	54,948	1,680,527
	-	-	-	-	14,553	-	14,553
	230,619	313,239	1,061,196	13,319	21,759	54,948	1,695,080

The gross amount of the Group's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 2,144.4 million (2017: Baht 2,027.8 million).

(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
Cost							
At 1 January 2017	208,906	686,496	3,829,540	76,725	60,016	7,156	4,868,839
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 properties	912	-	-	-	-	-	912
Disposals	-	-	(122,853)	(1,428)	(13,205)	-	(137,486)
At 31 December 2017 and 1 January 2018	209,818	697,392	3,784,031	83,239	61,060	11,680	4,847,220
Additions	704	2,298	19,339	4,645	5,000	127,888	159,874
Transfers	-	16,426	63,432	911	-	(80,769)	-
Disposals	-	(344)	(40,799)	(1,763)	(2,055)	-	(44,961)
At 31 December 2018	210,522	715,772	3,826,003	87,032	64,005	58,799	4,962,133

(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
Accumulated depreciation						
At 1 January 2017	-	393,360	2,598,771	67,497	40,911	3,100,539
Depreciation charge for the year	-	30,077	187,294	4,202	8,065	229,638
Disposals	-	-	(122,447)	(1,408)	(13,205)	(137,060)
At 31 December 2017 and 1 January 2018	-	423,437	2,663,618	70,291	35,771	3,193,117
Depreciation charge for the year	-	27,426	176,845	5,255	8,881	218,407
Disposals	-	(326)	(40,502)	(1,753)	(2,055)	(44,636)
At 31 December 2018	-	450,537	2,799,961	73,793	42,597	3,366,888
Allowance for impairment						
At 1 January 2017	-	-	-	-	-	3,851
Increase (decrease)	-	-	-	-	-	-
At 31 December 2017 and 1 January 2018	-	-	-	-	-	3,851
Increase (decrease)	-	-	-	-	-	-
At 31 December 2018	-	-	-	-	-	3,851

(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
Net book value							
At 1 January 2017							
Owned assets	208,906	293,136	1,230,769	9,228	1,390	3,305	1,745,734
Asset under finance leases	-	-	-	-	17,715	-	17,715
	208,906	293,136	1,230,769	9,228	19,105	3,305	1,764,449
At 31 December 2017 and 1 January 2018							
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
	209,818	273,955	1,120,413	12,948	25,289	7,829	1,650,252
At 31 December 2018							
Owned assets	210,522	265,235	1,026,042	13,239	6,855	54,948	1,576,841
Asset under finance leases	-	-	-	-	14,553	-	14,553
	210,522	265,235	1,026,042	13,239	21,408	54,948	1,591,394

The gross amount of the Company's fully depreciated plant and equipment that was still in use as at 31 December 2018 amounted to Baht 2,134.5 million (2017: Baht 2,027.8 million).

Property, plant and equipment under construction

During the year ended 31 December 2018, the Group had equipment under installation, cost incurred until 31 December 2018 was totaling Baht 58.8 million (2017: 11.7 million).

In 2018 and 2017, 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.

13. Intangible assets

(in thousand Baht)

	Consolidated financial statements		
	Deferred know-how and technical assistance fees	Software licences	Total
Cost			
At 1 January 2017	30,000	33,542	63,542
Additions	-	-	-
Disposals	-	-	-
At 31 December 2017 and 1 January 2018	30,000	33,542	63,542
Additions	-	-	-
Disposals	-	(121)	(121)
At 31 December 2018	30,000	33,421	63,421

(in thousand Baht)

	Consolidated financial statements		
	Deferred know-how and technical assistance fees	Software licences	Total
<i>Accumulated amortisation</i>			
At 1 January 2017	10,759	26,059	36,818
Amortisation for the year	3,000	3,346	6,346
Disposals	-	-	-
At 31 December 2017 and 1 January 2018	13,759	29,405	43,164
Amortisation for the year	3,000	965	3,965
Disposals	-	(92)	(92)
At 31 December 2018	16,759	30,278	47,037
<i>Net book value</i>			
At 1 January 2017	19,241	7,483	26,724
At 31 December 2017 and 1 January 2018	16,241	4,137	20,378
At 31 December 2018	13,241	3,143	16,384

(in thousand Baht)

	Separate financial statements		
	Deferred know-how and technical assistance fees	Software licences	Total
Cost			
At 1 January 2017	-	33,542	33,542
Additions	-	-	-
Disposals	-	-	-
At 31 December 2017 and 1 January 2018	-	33,542	33,542
Additions	-	-	-
Disposals	-	(121)	(121)
At 31 December 2018	-	33,421	33,421
Accumulated amortisation			
At 1 January 2017	-	26,059	26,059
Amortisation for the year	-	3,346	3,346
Disposals	-	-	-
At 31 December 2017 and 1 January 2018	-	29,405	29,405
Amortisation for the year	-	965	965
Disposals	-	(92)	(92)
At 31 December 2018	-	30,278	30,278
Net book Value			
At 1 January 2017	-	7,483	7,483
At 31 December 2017 and 1 January 2018	-	4,137	4,137
At 31 December 2018	-	3,143	3,143

14. Deferred tax

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Deferred tax assets	31,803	31,270	37,476	36,999
Deferred tax liabilities	-	-	-	-
Net	31,803	31,270	37,476	36,999

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

(in thousand Baht)

	Consolidated financial statements			
	At 1 January 2018	(Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Trade accounts receivable (<i>doubtful accounts</i>)	1,922	(226)	-	1,696
Inventories (<i>allowance for decline in value</i>)	2,595	29	-	2,624
Investment properties (<i>allowance for impairment</i>)	500	-	-	500
Property, plant and equipment (<i>allowance for impairment</i>)	770	-	-	770
Finance lease liabilities	226	19	-	245
Provision for employee benefits	25,257	711	-	25,968
Total	31,270	533	-	31,803

(in thousand Baht)

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

(in thousand Baht)

	Separate financial statements			
	At 1 January 2018	(Charged) / Credited to:		At 31 December 2018
		Profit or loss	Other comprehensive income	
Deferred tax assets				
Trade accounts receivable (<i>doubtful accounts</i>)	1,922	(226)	-	1,696
Inventories (<i>allowance for decline in value</i>)	2,441	(8)	-	2,433
Investment properties (<i>allowance for impairment</i>)	500	-	-	500
Investment in subsidiaries (<i>allowance for impairment</i>)	6,000	-	-	6,000
Property, plant and equipment (<i>allowance for impairment</i>)	770	-	-	770
Finance lease liabilities	226	19	-	245
Provision for employee benefits	25,140	692	-	25,832
Total	36,999	477	-	37,476

(in thousand Baht)

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

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

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Tax losses	32,821	43,349	-	-
Total	32,821	43,349	-	-

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 this item because it is not probable that future taxable profit will be available against which the Group can utilise the benefits therefrom.

15. Interest-bearing liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current				
Short-term loans from financial institutions				
Unsecured	511,000	525,000	511,000	525,000
Short-term loans from financial institutions	511,000	525,000	511,000	525,000
Current portion of finance lease liabilities	6,397	5,629	6,397	5,629
Total current interest-bearing liabilities	517,397	530,629	517,397	530,629
Non-current				
Finance lease liabilities	9,383	11,756	9,383	11,756
Total non-current interest-bearing liabilities	9,383	11,756	9,383	11,756

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	
	2018	2017	2018	2017
Within one year	511,000	525,000	511,000	525,000
After one year but within five years	-	-	-	-
Total	511,000	525,000	511,000	525,000

As at 31 December 2018, the Group had unutilised credit facilities amounting to Baht 2,967.9 million (2017: Baht 3,036.0 million).

Finance lease liabilities

Finance lease liabilities as at 31 December were payable as follows:

(in thousand Baht)

	Consolidated / Separate financial statements		
	2018		
	Future minimum lease payments	Interest	Present value of minimum lease payments
Within one year	7,208	811	6,397
After one year but within five years	10,067	684	9,383
Total	17,275	1,495	15,780

(in thousand Baht)

	Consolidated / 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
Total	19,309	1,924	17,385

As at 31 December 2018 and 2017, the Company entered into finance lease agreements with several local leasing companies to purchase vehicles. Such lease agreements have terms expiring up to 2023, and bear interest at rates ranging from 6.0% to 13.0% per annum in 2018 (2017: ranging from 6.0% to 13.0% per annum). The agreements are repayable in 60 installments starting from July 2014.

Changes in liabilities arising from financing activities

(in thousand Baht)

	Consolidated / Separate financial statements		
	Loans	Finance lease liabilities	Total
Balance at 1 January 2018	525,000	17,385	542,385
Changes from financing cash flows	(14,000)	(7,591)	(21,591)
Other changes - new finance leases	-	4,791	4,791
Changes in other non-cash movement	-	1,195	1,195
Balance at 31 December 2018	511,000	15,780	526,780

16. Trade accounts payable

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Related party	-	-	40,168	14,377
Other parties	175,479	156,329	173,035	154,682
Total	175,479	156,329	213,203	169,059

17. Other payables

(in thousand Baht)

Note	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Accrued operating expenses	48,944	59,184	48,232	58,699
Payables for acquisition of assets	18,792	9,807	18,681	9,774
Deposits 9	17,749	-	17,749	-
Others	78,918	68,000	77,538	65,626
Total	164,403	136,991	162,200	134,099

18. Other current liabilities

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Revenue department payable	12,155	14,401	11,833	14,066
Contract guarantee	14,701	9,056	14,551	8,837
Retention	2,450	1,664	2,450	1,664
Others	574	246	574	246
Total	29,880	25,367	29,408	24,813

19. Non-current provisions for employee benefits

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	129,841	126,288	129,158	125,702
For the year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	10,584	11,785	10,488	11,693

Defined benefit plan

The Group operate a defined benefit 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.

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

Movements in the present value of the defined benefit obligations:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
At 1 January	126,288	116,077	125,702	115,583
Include in profit or loss:				
Current service costs	7,692	8,761	7,613	8,684
Interest on obligation	2,892	3,024	2,875	3,009
	10,584	11,785	10,488	11,693
Other				
Benefits paid	(7,031)	(1,574)	(7,031)	(1,574)
At 31 December	129,841	126,288	129,159	125,702

Actuarial assumptions

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

(%)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
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
Employee turnover	0 - 50	0 - 50	0 - 50	0 - 50

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

At 31 December 2018, the weighted-average duration of the defined benefit obligation of the Company and its subsidiary was 17 and 27 years, respectively (2017: 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)

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
At 31 December 2018				
Discount rate (0.5% movement)	(6,266)	6,785	(6,201)	6,711
Future salary growth (0.5% movement)	7,332	(6,817)	7,255	(6,748)
Employee turnover (0.5% movement)	(7,731)	8,383	(7,654)	8,295
At 31 December 2017				
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)
Employee turnover (0.5% movement)	(7,014)	7,595	(6,947)	7,519

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.

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Group will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated and the separate financial statements is estimated to increase by an amount of approximately Baht 29.0 million and Baht 28.8 million, respectively.

20. Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Amount	Number	Amount
		(million shares / in million Baht)			
<i>Authorised</i>					
At 1 January					
- ordinary shares	1	1,048	1,048	1,048	1,048
Reduction of shares	1	(100)	(100)	-	-
<i>At 31 December</i>					
- ordinary shares	1	948	948	1,048	1,048
<i>Issued and paid-up</i>					
At 1 January					
- ordinary shares	1	1,048	1,048	1,048	1,048
Reduction of shares	1	(100)	(100)	-	-
<i>At 31 December</i>					
- ordinary shares	1	948	948	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 2018, the Company had premium on ordinary shares of Baht 166.5 million (2017: Baht 166.5 million).

21. Treasury shares

	Par value per share (in Baht)	Consolidated / Separate financial statements				
		2018			2017	
		Number	Treasury shares	Treasury shares reserve	Number	Treasury shares reserve
		(million shares / in million Baht)				
Treasury shares						
At 1 January	1	100	(521)	521	100	(521)
Cancellation of treasury shares	1	(100)	521	(521)	-	-
At 31 December	1	-	-	-	100	(521)

In May 2016, the Board of Directors of the Company approved a treasury share plan (the “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 increase the Company’s 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 shall not 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 by offering to general shareholders during the period from 17 June 2016 to 30 June 2016. The Company appropriated treasury share reserve to be equal to the full amount paid for treasury shares.

In accordance to the Ministerial Regulation relevant to the repurchase of shares, the Company shall dispose all of its repurchased shares not more than three years from the completion of the share repurchased which the Company shall start dispose of the repurchased shares after six months from the completion of each share repurchase and must make the total disposal thereof within the timeframe specified. If the Company does not dispose or is unable to dispose all, the Company shall reduce its paid-up capital by deducting therefrom the registered shares not disposed of which is the cancellation of repurchased shares in terms of accounting basis. The timeframe for the Company to dispose of the repurchased shares already ended on 31 December 2017.

To comply with the stated Ministerial Regulation, at the annual general meeting of shareholders of the Company held on 24 April 2018, the shareholders approved the reduction of the registered and paid-up share capital from previously in the amount of Baht 1,048 million to be new registered and paid-up capital in the amount of Baht 948 million by cancelling the unsold treasury shares of 100 million shares, amounting to Baht 520.8 million, comprising 9.5% of the Company’s issued share capital. The Company registered the reduction of capital with the Ministry of Commerce on 18 May 2018.

Share premium on treasury shares

The 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. The share premium on treasury shares is not available for dividend distribution.

22. Reserves*Legal reserve*

Section 116 of the Public Companies Act B.E. 2535 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorised capital. The legal reserve is not available for dividend distribution.

Treasury shares reserve

The treasury shares reserve represents the amount appropriated from retained earnings equal to the cost of the Company’s own shares held by the Company. The treasury shares reserve is not available for dividend distribution.

23. Segment information

The Group operates in one business segment which is manufacturing of roof tiles, artificial woods and autoclaved aerated concrete which is integrated and complementary line of products. Therefore, management considers that the Group has only one segment. As a result, income, profit and all assets presented in the financial statements relating to manufacturing of roof tiles, artificial woods and autoclaved aerated concrete.

Geographical segments

The Group geographical segment is in domestic and overseas. The geographical segment of export sales by country constituted not exceed 10% of total sales, therefore, financial information by geographical segment was then not presented.

Major customers

The Group has no external customer as major customers of the Company.

24. Other income

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Gain on exchange rate	4,613	2,296	4,613	2,296
Gain on disposal of assets	1,670	3,890	1,671	4,038
Reversal of doubtful debts and bad debts	1,130	-	1,130	-
Reversal of allowance for decline in value of inventories	-	825	41	582
Others	6,263	6,530	6,055	6,413
Total	13,676	13,541	13,510	13,329

25. Distribution costs

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Sales promotional expenses	109,231	108,160	109,231	108,157
Employee benefit expenses	59,092	56,660	59,092	56,660
Others	31,518	27,882	31,518	27,883
Total	199,841	192,702	199,841	192,700

26. Administrative expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Employee benefit expenses	225,670	230,239	222,393	226,966
Storage expenses	96,381	92,158	96,249	92,069
Depreciation and amortisation	26,396	30,079	24,412	26,129
Service fees	30,315	28,464	29,464	27,662
Tax and fees	14,613	11,459	14,410	11,233
Fuel and energy expenses	8,469	7,146	8,205	6,938
Rental expense	7,454	7,291	7,219	7,132
Utilities expenses	7,160	7,354	6,803	7,053
Others	26,091	23,951	24,941	22,950
Total	442,549	438,141	434,096	428,132

27. Employee benefit expenses

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Salaries, wages and bonus	398,135	386,703	389,921	380,510
Contributions to provident fund	18,366	18,379	18,366	18,379
Post-employment benefits	10,580	11,785	10,484	11,693
Contributions to social securities	8,219	8,023	7,850	7,743
Others	87,757	85,716	85,320	84,081
Total	523,057	510,606	511,941	502,406

Defined benefit plan

Details of the defined benefit plan are given in note 19.

Defined contribution plan

The defined contribution plan comprises provident fund established by the Company for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 3% to 15% of their basic salaries and by the Company at the same rates but not exceed 8% of the employees' basic salaries. The provident fund is registered with the Ministry of Finance as juristic entity and is managed by licensed fund manager.

28. Expenses by nature

The statements of comprehensive income include an analysis of expenses by function. Expenses by nature disclosed in accordance with the requirements of various TFRS were as follows:

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	(23,625)	(16,163)	(25,569)	(14,672)
Raw materials and consumables used	1,548,240	1,420,019	1,503,364	1,383,655
Employee benefit expenses	523,057	510,606	511,941	502,406
Storage expenses	417,983	399,038	411,965	394,403
Service fees	335,422	300,157	328,444	293,021
Depreciation and amortisation	236,962	251,113	221,325	234,578
Others	845,963	796,589	942,608	871,078
Total cost of sales of goods and rendering of services, distribution costs and administrative expenses	3,884,002	3,661,359	3,894,078	3,664,469

29. Finance costs

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Interest expense:				
Loans from financial institutions	6,847	11,438	6,847	11,438
Interest on finance leases	1,182	1,141	1,182	1,141
Total interest expense	8,029	12,579	8,029	12,579

30. Income tax expense

Income tax recognised in profit or loss

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Current tax expense				
Current year	100,645	101,115	100,645	101,115
Adjustment for prior years	38	-	38	-
	100,683	101,115	100,683	101,115
Deferred tax expense				
Movements in temporary differences	(533)	(1,993)	(477)	(2,023)
Total income tax expense	100,150	99,122	100,206	99,092

Reconciliation of effective tax rate

	Consolidated financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		523,000		510,736
Income tax using the Thai corporation tax rate	20.00	104,600	20.00	102,147
Tax losses not recognised		(2,049)		(664)
Expenses not deductible for tax purposes		1,739		1,823
Expenses with tax deductible benefits		(4,178)		(4,184)
Tax under provided in prior years		38		-
Total	19.15	100,150	19.41	99,122

	Separate financial statements			
	2018		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		512,758		507,414
Income tax using the Thai corporation tax rate	20.00	102,552	20.00	101,483
Expenses not deductible for tax purposes		1,795		1,793
Expenses with tax deductible benefits		(4,179)		(4,184)
Tax under provided in prior years		38		-
Total	19.54	100,206	19.53	99,092

31. Earnings per share

Basic earnings per share

The calculations of basic earnings per share for the years ended 31 December 2018 and 2017 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	
	2018	2017	2018	2017
Profit attributable to ordinary shareholders of the Company (basic)	422,850	411,614	412,552	408,322
Weighted average number of ordinary shares outstanding (basic)	947,962	947,962	947,962	947,962
Earnings per share (basic) (in Baht)	0.45	0.43	0.44	0.43

32. Dividends

At the Board of Directors' meeting of the Company held on 27 August 2018, the Board of Directors approved the appropriation of interim dividend of Baht 0.18 per share, totaling Baht 170.6 million. The dividend was paid to shareholders in September 2018.

At the annual general meeting of shareholders of the Company held on 24 April 2018, the shareholders approved the appropriation of dividend of Baht 0.36 per share, totaling Baht 341.2 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 was paid to shareholders in May 2018.

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, totaling 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, 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.

33. Financial instruments

Financial risk management policies

The Group is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Group does not hold or issue derivative 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, principally interest rate swaps, to manage exposure to borrowings.

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:

	Consolidated / Separate financial statements				
	Effective interest rate	Within 1 year	After 1 year but within 5 years	After 5 years	Total
	(% per annum)	(in thousand Baht)			
2018					
Current					
Short-term loans from financial institutions	1.65 - 2.00	511,000	-	-	511,000
2017					
Current					
Short-term loans from financial institutions	1.64 - 1.66	525,000	-	-	525,000

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		
	2018	2017	2018	2017	
United States Dollars					
Cash and cash equivalents	5	2,981	3,889	2,981	3,889
Trade accounts receivable	6	788	2,945	788	2,945
Other receivables	7	25,889	18,231	25,889	18,231
Trade accounts payable	16	(67,187)	(41,468)	(67,187)	(41,468)
Other payables	17	(307)	-	(307)	-
Euro					
Trade accounts payable	16	(560)	(81)	(560)	(81)
Other payables	17	-	(80)	-	(80)
Gross balance sheet exposure		(38,396)	(16,564)	(38,396)	(16,564)
Currency forwards purchase	34	62,002	37,633	62,002	37,633
Currency forwards sales	34	-	(18,262)	-	(18,262)
Net exposure		23,606	2,807	23,606	2,807

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
31 December 2018					
Financial liability not measured at fair value					
Forward contracts	-	-	(556)	-	(556)
31 December 2017					
Financial liability not measured at fair value					
Forward contracts	-	-	(151)	-	(151)

The Group and the Company did not disclose the fair value of financial instruments such as cash, trade accounts receivable, other 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 2018 and 2017 for financial instruments measured at fair value in the statement of financial position, as well as the significant unobservable inputs used. Related valuation processes are described in note 2 (d)

Financial instruments measured at fair value

Type	Valuation technique
Forward exchange contracts	Forward pricing: 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.

34. Commitments with non-related parties

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
Capital commitments				
Agreements of construction and acquisition of machinery and equipment	81,022	14,961	81,022	14,961
Total	81,022	14,961	81,022	14,961
Future minimum lease payments under non-cancellable operating leases				
Within one year	1,413	11,649	1,413	11,649
After one year but within five years	228	432	228	432
Total	1,641	12,081	1,641	12,081

(in thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
<i>Other commitments</i>				
Unused letters of credit	99,933	113,710	99,933	113,710
Currency forwards purchase	62,002	37,633	62,002	37,633
Currency forwards sales	-	(18,262)	-	(18,262)
Total	161,935	133,081	161,935	133,081

Operating lease agreements

The Group has operating lease agreements for office space and other services for the periods of 1 year to 3 years up to July 2021 at the agreed amount stipulated in the rental agreement.

Forward exchange contracts

As at 31 December 2018, the Group had outstanding currency forward purchase of US Dollars 1.9 million equivalent to Baht 62.0 million (2017: currency forward purchase of US Dollars 1.1 million equivalent to Baht 37.6 million and currency forward sale of US Dollars 0.6 million equivalent to Baht 18.3 million).

35. Thai Financial Reporting Standards (TFRS) not yet adopted

The new and revised TFRSs have been issued but are not yet effective and have not been applied in preparing these consolidated and separate financial statements. The new and revised TFRSs that may be relevant to the Group's operations, which become effective for annual consolidated and separate financial periods beginning on or after 1 January 2019 and 2020. The Group does not plan to early adopt these TFRSs.

The Group has made a preliminary assessment of the potential impact of adopting revised TFRSs on the consolidated and separate financial statements and expects that there will be no material impact on the financial statements in the period of initial application.

The new TFRSs are set out below;

TFRS	Topic	Effective
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

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

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is presently considering the potential impact of adopting and initially applying TFRS - Financial instruments standards on the consolidated and separate financial statements.



DIAMOND STYLE

YOUNG DESIGNER CONTEST 2018



Diamond Building Products Public Company Limited

Head Office :

69-70 Moo 1, Mitraphap Road, Km. 115,
Tambon Talingchan, Amphur Muang, Saraburi 18000
Tel : +66 3622 4171-8 Fax : +66 3622 4187

Branch Office 2 :

269 Moo 3, Tambon Samran, Amphur Muang,
Khon Kean 40000
Tel : +66 4339 3390-1

Branch Office 1 :

408/163-165 Phaholyothin Place Bldg., 40th Floor,
Phaholyothin Road, Samsennai, Phayathai, Bangkok 10400
Tel : +662 619 0742 Fax : +662 619 0488

Branch Office 3 :

169-170 Moo 4, Mitraphap Road,
Tambon Tan Diao, Amphur Kaengkhroi,
Saraburi 18110
Tel : +66 3622 4171-8 Ext. 401-420



+662 619 2333

www.dbp.co.th

Corpcenter@dbp.co.th

