



รายงานประจำปี 2561
บริษัท แอ็พพลาย ดีบี จำกัด (มหาชน)

ANNUAL | 2018
REPORT

Collaboration
Becomes
Success

www.adb.co.th

สารบัญ

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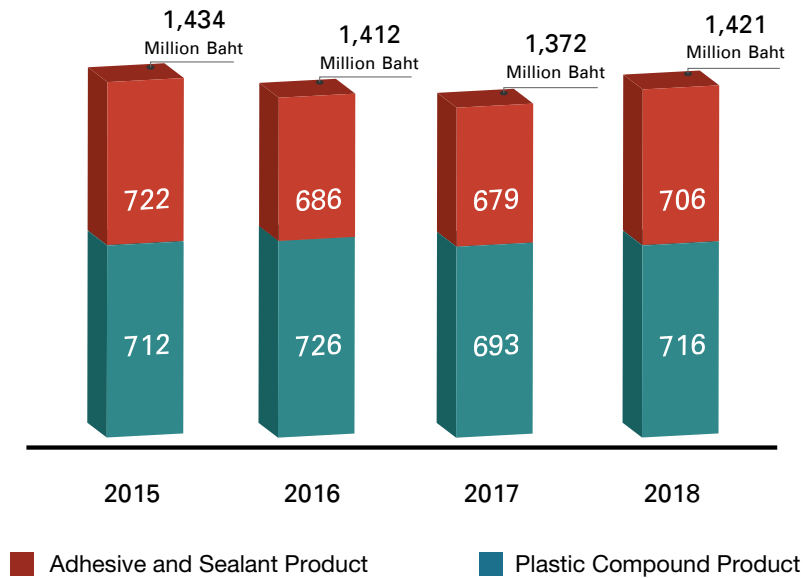
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Highlights

ข้อมูลและเหตุการณ์สำคัญ

1. Financial Highlights

Revenue 2015 - 2018



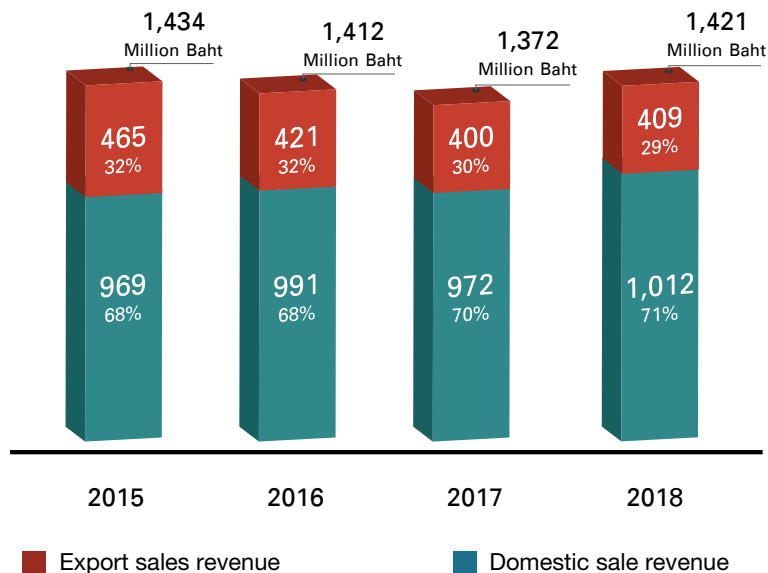
• Revenue from PVC Compound Business

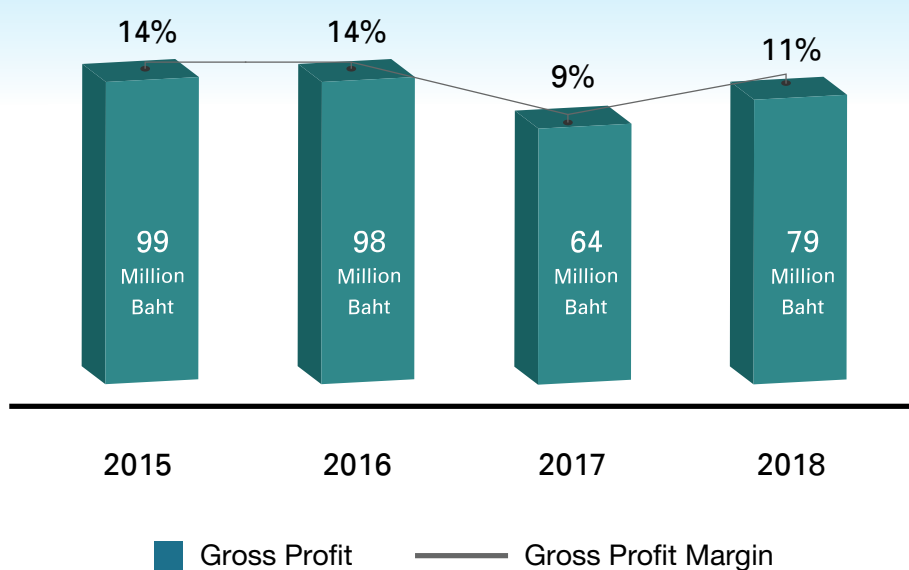
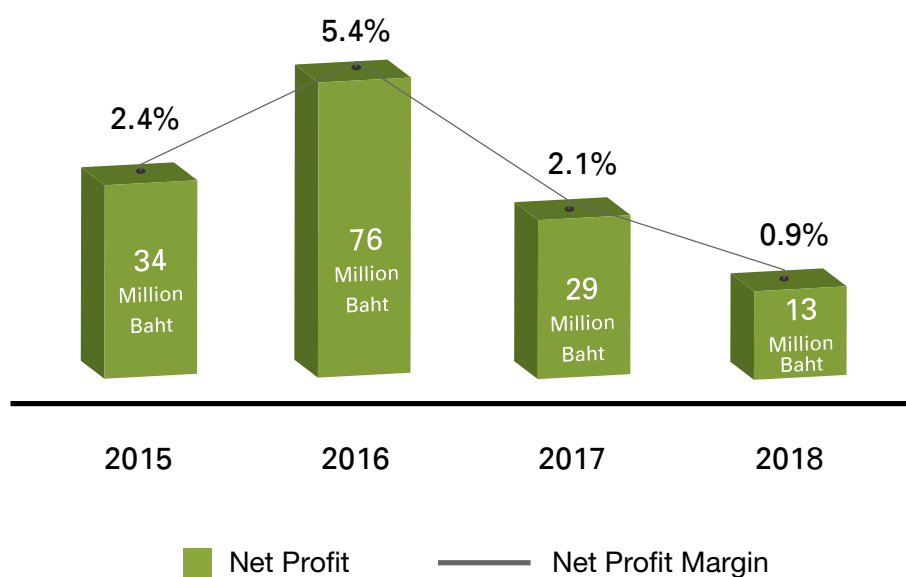
The increase in sales of Plastic Compound in 2018 for THB 23 million or +3% leading by growing demand of both General Grade PVC including new products of Medical PVC which has started commercial sale since 2nd quarter of 2018

• Revenue from Adhesive and Sealant Business

Despite the slowdown of fashion segment, lower demand of shoes adhesive, ADB gains higher market shares on SIL and DIY, accounted for 61% of Adhesive & Sealant BU, the sales of Adhesive and Sealant Business is THB 706 million.

Domestic and overseas income ratio



Gross Profit and Gross Profit Margin**Net Profit and Net Profit Margin**

Main factors that impacted the decrease of net profit as follow:

1. The slowdown in shoe industry and price competition both in domestic and overseas have significantly affected the adhesive sales.
2. The decline of margins in Adhesive and Sealant products related with raw material price fluctuation which has been driven by the major material provider.
3. The increase in pricing competition in Compound business led the lower gross profit, meanwhile the slowdown of government bidding projects also has affected the sales of plastic compound.

Financial Statement

• **Assets**

Asset	2016		2017		2018	
	MB	%	MB	%	MB	%
Cash and cash equivalents	38.02	3.55	72.72	6.00	33.22	2.65
Account Receivables	374.68	34.94	315.96	26.16	328.46	26.22
Other receivables	29.03	2.71	42.82	3.55	42.37	3.38
Inventories	266.57	24.86	319.04	26.42	304.88	24.34
Current asset	708.31	66.05	750.24	62.12	708.93	56.59
Fixed asset	355.21	33.12	447.43	37.07	534.70	42.68
Other non-current asset	8.88	0.83	9.78	0.81	9.07	0.72
Total asset	1,072.39	100.00	1,207.75	100.00	1,252.70	100.00

• **Liabilities**

Liabilities	2016	2017	2018
	MB	MB	MB
Current liabilities	742.43	554.52	609.95
Non-current liabilities	33.40	68.34	56.91
Total liabilities	774.82	622.86	666.86

• **Financial Ratio**

Financial Ratio	2016	2017	2018
Liquidity ratio (times)	0.95	1.35	1.16
Gross profit margin (%)	20.27	13.92	13.65
EBIT margin (%)	6.42	2.23	0.72
Net profit margin (%)	5.30	2.09	0.90
Return on Assets (%)	7.49	2.55	1.06
Return on Equity (%)	26.54	6.58	2.23
Debt to Equity (times)	2.60	1.06	1.14

• **Dividend Payout Ratio**

Dividend			
ปี	Dividend (Baht)	Net Profit (Baht per share)	Dividend Payout Ratio (%)
2017	0.02	0.065	41.32
2018	0.01	0.022	46.06

2. The major changes and improvements

General Company Information

Company name	:	Applied DB Public Company Limited
Symbol	:	ADB
Registration No.	:	0107560000117
Business Type	:	Manufacturers and distributors of two groups of products, which are 1) plastic compound and 2) adhesive sealant. For the plastic compound, the main customers are from the industrial sector that use the Company's product to make the electrical wire&cable, and shoe soles. Moreover, for the adhesive and sealant, the main customers are the factories or manufacturers of shoes, furnitures, constructions and automotive products. Both of the groups are sold domestically and internationally, directly to customer and also through the other distributors. Besides, the Company also manufactures and sells the products under the Company's brands and also under internationally well-known customers' brands.
Head Office	:	252 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280
Factory and Plant	:	1) 252 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 Adhesive and Sealant Plant 2) 260 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 PVC Compound Plant 3) 271 Moo 4 Sukumvit Road, Prakasa , Muangsamutprakan Samutprakan 10280 Adhesive production, PVC Compound Production, Rigid Copound production and Medical Compound production Line 4) 816 Bangpumai Muangsamutprakan Samutprakan 10280 Under construction for Sealant Plant
Telephone	:	02-7094040
Facsimile	:	02-7094370
Web Site	:	http://www.adb.co.th
Registered Capital	:	600 million common shares with Par value of THB 0.50 per share, the total of THB 300 million
Paid-Up Capital	:	600 million common shares with Par value of THB 0.50 per share, the total of THB 300 million

Company's Secretary	:	Mrs. Wichittra Thubburi Telephone 0-27094040 Email: wichittra@adb.co.th
Investor Relation	:	1. Miss Pornpiwan Niramondchay Telephone 0-27094040 Email adb_ir@adb.co.th 2. Miss Kanokwan Kongtanakomtanyakid Telephone 0-27094040 Email adb_ir@adb.co.th
The name of securities registrar	:	The Thailand Securities Depository Co., Ltd. (TSD)
Auditor	:	KPMG Phoomchai Audit Ltd.
Internal outsourcing service	:	Unique Advisor Company Limited

• ADB's 2018 Precious Moments and Events

On March 8th 2018 ADB kick off the Environmental Management System ISO 14001:2015



Opportunity Day 2018 The Stock Exchange of Thailand has organized the event “Opportunity Day” for 2018 which aims to facilitate investor relations activities of the listed companies. An Opportunity Day makes it convenient for analysts, investors, and the media to find out about the business and operations of listed companies - and for listed firms to communicate with these key audiences. The Stock Exchange of Thailand schedules such events after every periodic disclosure of financial statements. In addition, ADB has participated the opportunity Day for 2 days on March 28, 2018 and May 14, 2018 that Ms. Pornpiwan Niramondchay (CFO) and the management presented the Company's overall performance and responded to the investors' inquiries.



On April 19th, 2018, ADB Annual General Meeting of Shareholders for the Year 2018. ADB Board of Directors and Management altogether participated and warmly welcome our valued shareholders for our first Annual General Meeting.

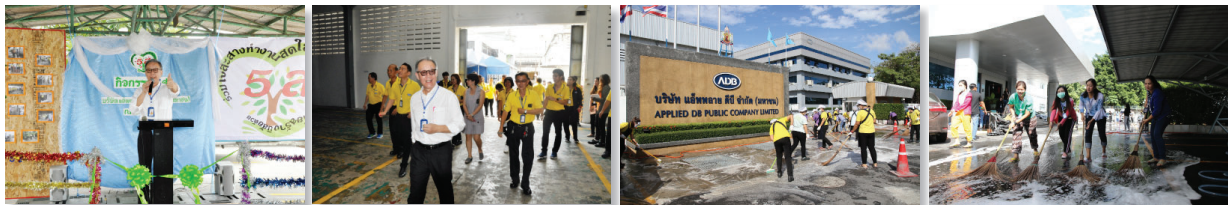


On June 1, 2018, Mr. Wang Wanapaisan, the Chief Executive Officer, Ms. Pornpiwan Niramondchay, Senior Vice President of Financial & Accounting as well as Mr. Wei Kai Wang, Vice President of Corporate Development of Applied DB Public Company Limited participated the fifth MAI FORUM 2018 to introduce the Company and present the ADB business operations for Adhesive, Sealant and PVC compound products as well as met with the Investors and analyst at Centara Grand & Bangkok Convention Centre at CentralWorld.



18th August 2018 Participated in the Company Snapshot @ Nomura project to introduce the company to institutional investors, analysts, Nomura marketing staff

On August 20th, 2018, ADB Big Cleaning Day and Top Management's 5S Patrol Inspection for 3 ABD Plants



On August 30th, 2018, ADB staffs together with Bangpoo Industrial Estate officials and other companies, participated the Mangrove Reforestation campaign, planting Mangrove trees and collecting garbage around BangPoo resort areas



On September 22nd, 2018, the company organized the activities to improve the walls of the elementary school class, student lunch activities, 5S activities, the school library, giving scholarships to students with good grades. And donated funds to schools at Wat Sawet Silaram School, Plai Klad Subdistrict, Bang Sai District, Phra Nakhon Si Ayutthaya.



On November 9th, 2018, the Opening Ceremony of ADB Branch 4th Factory, it consisted of Merit Making activities, the opening of ADB Sign in front of the Factory that there were many ADB valuable guests and customers visited us and congratulated on the opening of new Plant.



On December 8th, 2018, ADB Happy New Year 2018 Party, Cowboy Themed, it was a fantastic Night Party for all ADB members to join.



• The major changes and improvements

Month/Year	Event
January 2005	<ul style="list-style-type: none"> Applied DB Public Company Limited ('the Company') used to be under another name, which was Applied DB industrial Company Limited that was founded from the merger between DB Chemical Company Limited (the producer and distributor of adhesives) and Applied Chemical Industry Company Limited (the producer and distributor of PVC compound). The Company was established with initial registered capital of THB 150 million with the par value of 5 baht per share. The purpose of the Company is to be the producer and distributor of two product groups, which are Plastic compound and Adhesive & Sealant to sell within the country and without the country. The main customer in Thailand are the factories that used the Company's products for their production and the main customer overseas are including the countries in ASEAN, middle east, Africa, Europe, Australia and South America
July 2005	<ul style="list-style-type: none"> The Company received the ISO 9001:2008 certified the quality of the products and services management.
October 2007	<ul style="list-style-type: none"> The Company started the new production line, which are the sealant also adhesive and sealant in small packages to sell to end customers or Do It Yourself (D.I.Y.) products. The D.I.Y. product sells under the Company's brands and also under the (OEM) customer's brands, which are international brand.
July 2010	<ul style="list-style-type: none"> The Company increased its registered capital from 150.00 million Baht to 200.00 million Baht in order to be used as working capital.
July 2012	<ul style="list-style-type: none"> The Company increased its registered capital from 200.00 million Baht to 210.00 million Baht in order to be used as working capital by issuing 10.00 million common shares and sold to the new shareholder (Showa Global Limited) a leading manufacturer and distributor of the PVC compound in Japan.

Month/Year	Event
August 2014	The Company purchased the empty land to build the silicone compound factory, which is the new business that can expand the Company's current business further. The total space of the land is 5 Rai 1 Ngan 29.5 Square wha, located in Bang Poo Factory Land (Moo 5 Bang Poo District Samutprakarn), which bought from Charoensilp Property LTD. ("Charoensilp Property"). The Charoensilp Property might be the group that might have a conflict with the Company owing to they have the majority shareholders as well as the Company and also 1 board that is the board of both company. However, the price of the land is comparatively according to the price of the land around that area.
November 2015	<ul style="list-style-type: none"> The Company received the ISO 9001:2015 certified the quality of the products and services management.
March 2017	<ul style="list-style-type: none"> The Company's 2017 Annual General Meeting of shareholders on 13 March 2017 has resolved and approved the followings: <ol style="list-style-type: none"> The Company converted to the public company and changed the name to Applied DB Public Company Limited. The Company changed its par value of common share from 10.00 Baht per share to 0.50 Baht per share. The Company increased its registered capital from 210.00 million Baht to 300.00 million Baht by issuing new 180,000,000 common shares with the par value of 0.50 Baht for Initial Public Offering (IPO). The Company set up 2 subsidairy companies, which are ADB USA Inc. and SPARKO USA Inc. to support the marketing, provide the marketing and sale information, including expanding the demand for D.I.Y. products of the Company for overseas market. The Company is the sole shareholder of both companies with the 100% of registered capital.
9 November 2017	<ul style="list-style-type: none"> The Company is listed on Market for Alternative Investment (mai). The initial public offering (IPO) is Bt 1.69 per share.
9 November 2018	<ul style="list-style-type: none"> ADB New Factory Opening Ceremony Plant 4 No 816 816 Bangpumai Mauang - samutprakan Samutprakan 10280 Sealant Plant
11 February 2018	<ul style="list-style-type: none"> The company got ISO 14001: 2015 environmental certification from BSI, the British Standard Certification Institute.

• **PROJECTS IN PROGRESS**

1. Investment in equipment for technical department and research and development

- Purchase testing equipment for Modified silicone polymer (MS sealant)
- Purchase testing equipment for Halogen free compound
- Enhance learning process among technical staff for future product development

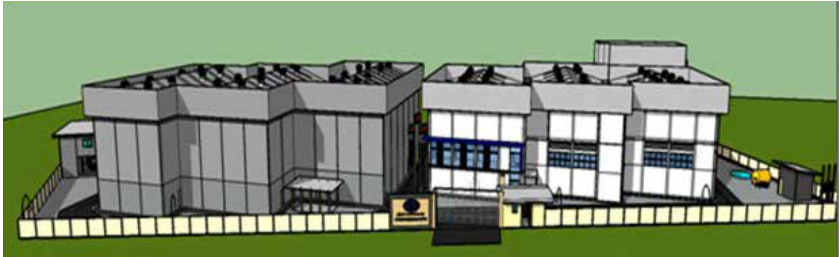

2. Investment in Warehouse and infarsturcture for more utilization and reduce transportation cost

- Improvement warehouse building for Plant 2 and 3 for new Semi Auto racking more space and reduce Transportation cost
- More Space for the specifice products such as Medical products

3. Investment in sustainable development

- Development of information technology and ERP for administration and follow up on time
- Adopt environmental standards ISO140001: 2015 and prohibited substances regulations in the organization
- Sustainable human resources development through strategy and organizational knowledge

4. Factory No. 4th New Sealant Factory

Project Name	 Sealant factory 5 rai 1 ngan 29.5 square wah
Location	816 Bangpoo Factory Land, Moo 5 Bang Poo Mai, Muang Samutprakarn, Samut Prakarn 10280
Building and space utilization	Constructed as a factory covering 4,018 square meters A warehouse covering 1,680 square meters
Budget investment	Budget on land, buildings, factories, warehouses, utilities and machinery excluding laboratories is 257.65 million baht, divided into three phases, starting from 2018 to 2020
Current construction status January 17, 2019	 <ol style="list-style-type: none"> 1.The construction of new Factory, Warehouse and Facilities has been completed and available for use. 2.“The first phase“ machine has been completely installed and during the stage of trial production and sending the product samples for the customers for the Quality assurance and approval. The progress of the product formulation has been almost 40 percent completed. Additionally, it is expected to start the production and generate the Sales revenue in the second quarter of 2019.

1. Policies and general business overview

In order for the operation of the company to achieve its goals and create maximum benefits for stakeholders in all sectors, the company has therefore used the guideline to operate under the following principles.

VISION

The Company aims to be one of the manufacturers and distributors of plastic compound and adhesive and sealant products. The vision is to be a potential manufacturer of quality PVC compound and adhesive and sealant products with high management capability and international standard production procedures to create business partners and trust and serve the highest customer satisfaction

MISSION

- To move toward being a leader in PVC compound business and adhesive and sealants products in ASEAN
- To develop quality and a wide range products and services, focusing on maintaining a testimony and meeting customer needs.
- To advance manufacturing technology to increase competitiveness.
- To provide personnel training development to support business growth and promote knowledge and quality of working life for employees with appropriate balance so that all employees can work effectively and have a good quality of life.
- To provide reasonable returns to shareholders.

ADB Culture

ซื่อสัตย์และจริงจัง	Integrity and Practical	诚信与务实
ลูกค้าเป็นที่หนึ่ง	Customer Priority	客户至上
สร้างสรรค์สิ่งใหม่ๆ	Innovation	创新
มุ่งสู่ความเป็นเลิศ	Excellent Driven	追求卓越
ชนะด้วยกันทุกฝ่าย	Win-win Orientation	造就双赢

“Creating sustainability value” is the goal and commitment for all in ADB to be aware and always behave. To build the person, create the best is the main basis for sustainability. Personnel capability development, life learning, change your thinking to adapt to the change are based on the basis that creating the knowledge. ADB staff can do and behaving knowledge within an organization for customer, concern and our stakeholders, including all departments related to us and also the surrounding community. ADB staff commits, with proud and enthusiastic, also communication, and cooperation to transfer from generation to generation in order to create sustainable value and knowledge to the organization for further achievement.

OBJECTIVES AND GOALS

Applied DB Public Company Limited systematically performs a review of the Company's vision, mission and direction every year in accordance with surrounding factors and business trends in the long run. The Company aims to become a leader in the three areas by 2020 as follows.

1. BUSINESS GROWTH

ADB aims are to foster continual growth by being a leader in quality and competitive price for PVC compound and adhesive and sealant products. The Company also aims to have forefront competitiveness capability in industry and have stable and growing customer base every year.

2. RETURNS ON INVESTMENT

ADB is determined to make returns on investment comparable to that in line of industry and bring reasonable returns to all stakeholders.

3. SUSTAINABILITY

ADB is committed to operating business that attains the balance among business operations, society and environment for sustainable growth.

BUSINESS STRATEGIES

The direction and strategic plan of the Company focus on creating and maintaining competitiveness capabilities, sustainable growth, and preparation for various areas to support prospective business plans. The Company has adopted this direction and strategies as an operational framework and monitors the results regularly so as to achieve both short and long-term organizational goals. The main strategies are as follows.

1. Customer : To maximize customer satisfaction, we focus on the following areas.

- 1.1 Production and distribution of diverse products to meet customer needs.
- 1.2 Quality and standard products accepted by customers at competitive prices.
- 1.3 Fast & On- time Delivery
- 1.4 Quick Response
- 1.5 Customer Relation Management

2. Sales and Marketing

- 2.1 To research and develop products to meet market needs and increase distribution channels to expand products to both domestic and international markets.
- 2.2 To produce diverse products and to continually grow in the industry.
- 2.3 To have competitive potential in product differentiation with a research and development team who are ready to adjust products to serve customer needs and utilization.
- 2.4 To have sales staff and customer service staff with expertise in products to answer questions and give recommendations on products that suit customer needs and to provide quick responses to complaints.
- 2.5 To provide product quality guarantee as agreed with customers.

3. Supplier

- 3.1 To develop existing partners and continually seek new business partners.
- 3.2 To develop relationships with business partners contributing to having the same business goals.

3.3 To have integrated supply chain management.

4. Employees as essential resources for organization

- 4.1 To maximize employees' capabilities at all levels continuously.
- 4.2 To develop employees to have expertise skill sets to become specialists in each field.
- 4.3 To adopt an integrated working style, establish collaboration with various parties and offer an opportunity to employees to participate in management.
- 4.4 To develop performance management system that relates organizational goals to personal goals by relating employees' performance and capabilities in performance evaluation of each period.
- 4.5 To define succession hierarchy in all command lines so as to define knowledge development format and knowledge and ability of personnel who can take higher positions.
- 4.6 To offer an opportunity to talented persons to compete in creating innovation for business purposes and for creating happiness at work.

5. Cost

- 5.1 To develop the most effective working system with the minimum cost and enable competitive potential through loss management with minimum damage.
- 5.2 To continually seek substitute materials.
- 5.3 To make the most of assets efficiently.
- 5.4 To reduce workforce by replacing labor intensive with semi-automatic machines in some production parts so as to achieve quality standards, reduce waste and reduce labor costs that tend to rise every year.

6. Management System

- 6.1 To develop effective management system in accordance with international standards and adopt good corporate governance to compete in the global market.
- 6.2 To develop product and service quality and business risk management by controlling and mitigating risk factors that have a negatively impact on business operations.
- 6.3 To develop a successful management system for teamwork and continual development.

7. Research and Development

- 7.1 To enhance research and development potential this creates new innovation that adds value to products.
- 7.2 To develop new innovation and seek business opportunities contributing to sustainable growth.
- 7.3 To prepare for product development in the next level in Green Industry.

8. Technology

- 8.1 Development of production technology Product design and modern management system
- 8.2 Develop the company's website for a variety of benefits. Easy access Have current information both to customers those interested in the products, shareholders, investors and the general public
- 8.3 Commit to use CRM customer relationship management system (Customer Relation Management) to track and respond to customers' needs and analyze sales problems at important point

9. Society and Environment

- 9.1 To contribute and participate in the development of quality of life of stakeholders such as employees society and community.
- 9.2 To promote job creation and income generation in social community development.

To develop community, maintain the environment comply with the rules of estate authority and destroy products properly which eliminates pollution in the organization and surrounding society effectively.

Message from Chairman

สารจากประธานกรรมการ



“Thanks all shareholders from our heart”

During 2017-2018, there is the tremendous change of Applied DB Public Company Limited with the success of Initial Public Offering on 9 November, 2017 to the public. This mentioned offering is great welcome by local and foreign investors, including institute investors, individual investors who create confidence for investors to further invest with us.

Commitment for Success

The Company has brought the investment capital from this IPO to continue the business as commitment to shareholders as follows:

First To invest in the fourth sealant factory

The Company has expertise in the adhesives products and expanded business into sealant which is silicone type. The Company is very keen on that production and will continue to generate revenue and to strengthen Company's business. The construction of this manufacturer and be ready for disposal in November, 2018. However, for production and sell are delayed from plan due to the Company has postponed the investment in accordance with the market demand. The Company expects that to deliver the product in the second quarter of 2019.

Second To adjust debt to net equity

The Company brings the investment capital from this IPO to pay for bank debt and shareholders, this affects to the portion of debt to net equity as of 2017 decrease to 1.06 times, and 1.14 in 2019. The Company can see that this is the appropriate financial cost.

Third Development planning for sustainable growth

The Company also plans for sustainable growth by allocate some money to improve equipment in laboratory in order to research and develop required products, to see the new material in order to decrease the cost and to reduce volatility or to have less dependent with less suppliers, etc. The Company also focuses on human resources development as major issue to drive Company's business stability.

The above mentioned is just the first success of Applied DB Public Company Limited, management and all employees still have power and commitment to bring the Company to be the leader in the international level. I am as the representative of management and all employees would like to thank all shareholders and high expects that you will still reliable on us.

Finally on behalf of the Board of Directors would like to thank shareholders, customers, business partners and all employees for your cooperation, and continually supporting the Company at always. The Board of Directors is ensure that we will bring the Company grow and achieve target, together with sustainable development with maintaining transparency, as well as environmental concern, including focusing on the highest overall benefits.

Mr. Pawat Wongtangtrakul
Chairman of the Board

Message from Chief Executive Officer

สารจากประธานเจ้าหน้าที่บริหาร



In 2018, directors and Executive are dedicated themselves to drive the organization in order to solve working issues, and to maintain performance in the appropriate level due to the impact from economic condition problem and stagnation of purchasing power from local and abroad. Struggling through the crisis and several competitions are passed. The Company would like to thank for all cooperation from employees, vision and capabilities of Board of Directors and all Executive, including thanks for continually supporting, and reliability from shareholders, investors, financial institution, business partners and customers, at always.

In 2019, The Company expects that the adhesive and sealant manufacturer which is the fourth of the Company will support the growth of business. After complete the construction, this manufacturer will have the trial production and machine testing. The Company expects that this expansion will increase the capabilities to produce several and varieties products to support the new market and to increase the market share.

The Company commits that the Company will aim for quality, new product development, increase the competitive advantage in order for business growth stability by using management strategies of Director and experienced executive, including the commitment of all employees to create the work for the success of the Company sustainably

On behalf of Chief Executive Officer and all executives, would like to thank for dedication, sacrifice of all employees, and also thanks to the reliability of shareholders, investors, customers, and business partners for always support to the Company. The Company will hold the corporate governance for benefit of shareholders and society; including review all related policies, in order to build the transparency, stability and trust of shareholder, customers, and business partners of the Company for present and future.

Mr. Wang Wanapaisan
Chief Executive Officer

Nature of Business

ลักษณะการประกอบธุรกิจ

The company manufactures and distributes two products: plastic compound pallets, the main customers of which are industrial factories which use the company products to produce wires; cables and shoe soles, and adhesives and sealants for shoes; furnitures; construction and automobile factories. The products are sold to both domestic and international customers by means of direct sales and through distributors. In this regard, the company manufactures and sells products under the company's house brand and under the brand of leading customers, which are internationally recognized.

Nature of Products and Services

The products of the company can be divided into 2 main product groups based on the nature of products and usage as following categories.

1. Plastic Compound Product Group

The company manufactures and sells plastic compound pallets which consist of PVC compound and Polypropylene split yarn and Thermoplastic Elastomer (TPE) for industrial factories with details as follows.

1.1 PVC Compound

Polyvinyl Chloride or PVC is a thermoplastic plastic which can be melted by the heat and recycled several times. In terms of general characteristics, PVC is fine, white powder. When it catches fire, it can be self-extinguished. In the production of PVC compound, the PVC power is added with additives before use.

PVC compound is a PVC made of PVC resin mixed with various additives in the right proportions according to the requirements of use in various forms such as plasticizer, heat stabilizer, filler, pigment and various additives. The company is a manufacturer and distributor of PVC in a form of soft PVC compound and rigid PVC compound.



Soft PVC Compound

It is flexible plastic made from the process of mixing PVC powder with additives, softener or plasticizer, to adjust softness or hardness according to the proper use of PVC compound. The PVC compound in this group is used in injection molding, ironing molding, and compression molding depending on the type of product that customers want in order to be processed into various products. The main customers of the company who order PVC soft plastic are industries manufacturing wires and cables because the PVC does not cause fire and highly resistant to electricity. Therefore, it is used as insulation and cover for power cables and cables such as low voltage cables, power cables, and telephone wire insulation. The plastic is molded into rubber cables, soft edges for automobiles and other products. In addition, it can be molded into the footwear and soft touch products such as pen handles and tool handles.

Rigid PVC compound

It is a hard plastic - not flexible, strong, sticky and resistant to shock. It is made from mixing PVC resin with additives. The PVC compound in this group is used in injection molding, ironing molding, compression molding or blown film extrusion or blow molding depending on the type of product that customers want in order to be processed into various products such as furniture edges, product label films which are transparent and smooth and PVC joints.



In this regard, the manufacturing process of rigid PVC compound is similar to that of the soft PVC compound. The difference is that chemicals are controlled under appropriate temperature by the cooling mixer, which is a process after mixing chemicals as ingredients in the rigid PVC compound production before undergoing flow process.

1.2 Polypropylene split yarn

It is a Polypropylene from Thermoplastic, the characteristics of which are sticky, durable and effective in electrical insulation. The Polypropylene split yarn is processed to be fillers used with plastic compound in the production of power lines and cables by wrapping it around the wires to seal the holes as seen in the pictures below.



Nevertheless, in terms of portion of revenue from plastic compound products, 80 - 90 percent is derived from the sales of PVC compound, and the rest of the revenue is derived from the sales of Polypropylene and Thermoplastic Elastomers.

2. Adhesive and Sealant Product Group

The company manufactures and sells adhesives and sealants which are used for glueing materials or filling leaking holes, and they come in large container. The company manufactures and sells these products for industrial use. While the adhesives and sealants are small and Do It Yourself (DIY) products, the company will produce them in small packages for distribution through distributors. Such distributors will distribute the products to industrial customers and end-users.

In terms of distribution under the company's house brand, there are 5 brands namely ADB, SPARKO, DB, OMAKU and DAI-I-CHI. The company is also hired to produce products under the license and supervise the production process of the product brand Original Equipment Manufacturer (OEM), which is a leading international brand. The adhesives and sealants are as follows.

2.1 Adhesive

It is a fluid chemical used to glue materials. However, the adhesives produced and sold by the company can be classified according to the properties of products and use with details as follows.

2.1.1 Contact adhesive

It is an adhesive composed of a solution of natural rubber or synthetic rubber which will become stick when in contact with the solvent. It is a sticky fluid with high and effective adhesion, suitable for furniture, repair work and gluing materials of the shoes. In addition, it can also be used to glue various types of materials, such as plastic, wood, formic, laminate, foam, rubber, leather and synthetic leather, insulation and metal. The company distributes this product for use in both industries and households.



2.1.2 Graft adhesive

It is a graft copolymer combined with Polychloroprene and Acrylic monomer which is fluid like rubber adhesive but is more transparent and whiter. It is suitable for gluing upper and lower materials of shoes or general items such as leather, synthetic leather, PC, PVC, rubber, canvas, EVA foam, etc. The company distributes this product for use in both industries and households.



2.1.3 Polyurethane adhesive : PU adhesive

It is produced from Polyurethane which is a special kind of adhesive with high adhesion, fast setting and excellent resistance to weather conditions and heat. It is also resistant to light absorption, which results in less color change after use, and it is to use and time-saving. The adhesive can glue several materials such as shoe soles, leather and shoe heels, rubber, sponge, leather, nylon, PU, PU leather, PVC, latex, foam, bedding, etc., as well as porous materials. It can also be used to glue at a normal temperature and high temperature.



2.1.4 Vinyl adhesive

It is composed of pipe adhesive, multi-purpose adhesive and plastic adhesive used to glue PVC pipes and hard joints, including other assembling works where plastic parts are glued together. The pipe adhesive melts into the PVC pipe texture. When PVC pipes are connected to the joints, they are combined into one without leakage of liquid inside the pipes. The property of this adhesive is different from that of others as it melts into the pipe texture and resistant to high pressure works such as drainage system in tall buildings or swimming pool pipe work, etc. The company distributes this product for use in both industries and households. While the multi-purpose adhesive is used to glue in general works such as stationary. The company distribute it in small containers. As for the plastic adhesive, it is used to glue plastic parts such as acrylic sheets, etc.



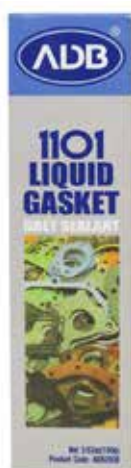
2.1.5 Epoxy adhesive

It is mixed with 2 ingredients: epoxy and hardener at an appropriate portion to be of the maximum effectiveness. Epoxy adhesive is highly flexible and resistant to temperature and chemical; therefore, it is suitable for use in industries and used with wood, metal, tile, glass, plastic, etc. The company distributes this product for use in both industries and households.



2.1.6 Liquid gasket

It is synthetic rubber adhesive for gluing or combining metal flanges. It is highly viscous and can prevent leakage of liquid or gas from equipment at the surface of the flange as the contact of two flanges may not be smooth enough to prevent leakage. Liquid gasket can penetrate into the groove between the combined materials perfectly. The company distributes this product in small packages through distributors, and it can be used for customers who manufacture automotive products.



2.1.7 Super glue

It is a multi-purpose glue which is specifically fast to dry. Its chemical name is Cyanoacrylate adhesive. The glue sets by chemical reaction between the glue and the moisture on the surface of material, and it is suitable for industrial use in parts assembling such as automotive parts, sports equipment and electronic devices, etc. It is also suitable for household use as it can glue various kinds of materials: wood, metal, aluminum and plastic. The company buys the ready-made super glue or elephant glue in small DIY packages and distribute it for household use only.



2.1.8 Super nail

It is synthetic rubber glue with high adhesion handling the weight gain. It is used to glue aesthetic works for furniture, installation and general construction work instead of nail. It is used to glue various materials such as wood, plastic, gypsum, stainless steel, lightweight wall panels, mirrors, corbels, as well as materials made of cement or concrete, etc. The company distributes this product for use in factories and households.



2.1.9 Water-based adhesive

It is a water-based adhesive that is water-soluble and in liquid form. This adhesive is easy to use and suitable for use in a variety of industries such as furniture, packaging, carpets, wood, laminates and labels.

The Company also produces and distributes additional products which are used with adhesive products to enhance the effectiveness of adhesion and potential of adhesive. The products are Primer, Thinner, and Hardener with details as follows.

- **Primer** A chemical that adjust the condition of surface prior to using the adhesive to optimize the adhesion.



- **Thinner** A volatile liquid and a solvent used in conjunction with adhesive products make them more liquid. In addition, this material can be used to clear stains caused by adhesive.
- **Hardener** A chemical with the property that increase the adhesion of material and increase the strength of adhesive. This chemical is used in conjunction with adhesive products to increase the strength of adhesion. However, the portion of hardener added to the adhesive must be appropriate. If the hardener is added exceedingly, the adhesive will dry too quickly and adversely affect the product



2.2 Sealant

It is used to seal joints between materials, whether they are the same material, to be neat and beautiful and to prevent dust, spray, water and gas from entering the joints. This sealant is semi-liquid, so it can penetrate the joints, harden and become flexible to allow materials to move slightly. This sealant does not crack. In the construction work, it is necessary to use the sealant in the structural works such as sealing joints between the structures as determined by the engineers according to construction design or sealing joints between longitudinal structures to accommodate the expansion of expansion of structure. It can also be used in architectural works by sealing joints to finish up the work such as sealing joints between aluminum doors and windows, masonry walls, ceilings and walls, built-in furniture, etc. The company distributes two types of sealant products, classified by product properties and characteristics of usage with details as follows.

2.2.1 Acrylic sealant

It is sealant which is little flexible and resistant to environment. It can be used for exterior and interior works, so it is suitable for sealing joints such as joints between the wall and door frame, window, wood, aluminum, or small cracks. In addition, it can be refined and painted over, and it can be used with both smooth and rough surfaces.



2.2.2 Silicone sealant

It is flexible sealant which is highly resistant to changes in the environment, UV and chemical. It is suitable for both indoor and outdoor use, as it is used to fill and seal joints of smooth surfaces and polished surfaces such as mirror, ceramic, fiberglass, wood and aluminum. However, this material cannot be painted over. The company distributes this products for both industrial and household use.



The silicone sealant can be divided into 2 types: Acetic and Neutral, with details as follows.

- **Acetic cure**

This type of silicone, when used, has the scent of acid, evaporates and dries quickly. It is suitable for sealing joints between glasses with strong adhesion. If used with transparent glass, the sealant is smooth and transparent. It is not suitable for surfaces affected by acetic corrosion, such as metals or marbles, and it is less expensive than the neutral one.

- **Neutral cure**

This type of silicone is neutral and less transparent than the acetic one (turbid). It dries more slowly and is less strong but more flexible, and it is used with surfaces not suitable for exposure with acid. Also, it is more expensive than the former.

In addition, with its flexibility and resistance to temperature, chemical and weather, it is used as liquid gasket in industries and automotive industries, the details of which are as follows.

2.2.3 Room Temperature Vulcanizing Silicone : RTV

It is a silicone material used for forming gasket or formed-in-place-gasket. It has the ability to mold new gasket to replace the old gasket that is out of use. The new gasket molded is silicone rubber. It is commonly known as liquid gasket. Nevertheless, this material is highly flexible and resistant to temperature resistance, tear and pressure. Therefore, it is suitable for use in the electronics, automotive, machine, tool and precision instrument industries. In this regard, the RTV silicone of the company is of various colors to meet various customers' needs.



Currently, sealant products are the products that the company does not have its own production process; the company buys a large quantity of finished sealant and packages it under the company's brand and customers' brand (OEM).

In addition, to reduce the cost of raw materials, the company also produces aluminum packaging tubes used in the packing of adhesive and sealant products. The main raw materials used in the packaging are slugs imported from abroad.

The company earns its revenues from adhesive and sealant products (including small household products) of approximately 43.00% and 57.00%, respectively. In 2018, however, the company plans to expand its business in terms of sealant because there is opportunities from the market demand and profitability of the product continues to grow. Moreover, the company also has products outsourced under the company's brand which are PU foam, Thread Locker, Rust-proof Lubricant, PE tape, Butyl tape and PVC tape (PVC Tape) to provide a complete product distribution to meet the customers' needs.

Revenue Structure of the Company Classified by Product Groups in 2016-2018

Revenue Structure	2016		2017		2018	
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
1. Plastic compound	725.83	51.41	725.83	51.41	715.59	49.76
2. Adhesive and Sealant	685.95	48.00	685.95	48.00	705.5	49.06
Total Revenues	1,411.78	98.79	1,411.78	98.79	1,421.09	98.82
Other Revenues ¹	15.63	1.09	15.63	1.09	13.12	0.91
Profit (Loss) subject to Net Exchange Rate	1.73	0.12	1.73	0.12	3.92	0.27
Total	1,429.14	100.00	1,429.14	100.00	1,438.13	100.00

Remark: 1. Other revenues consist of received interest, compensation income, 19 bis duty fee, returned bad debt, profit (loss) from sales of assets, and miscellaneous revenues from sales of materials.

Marketing and Competition

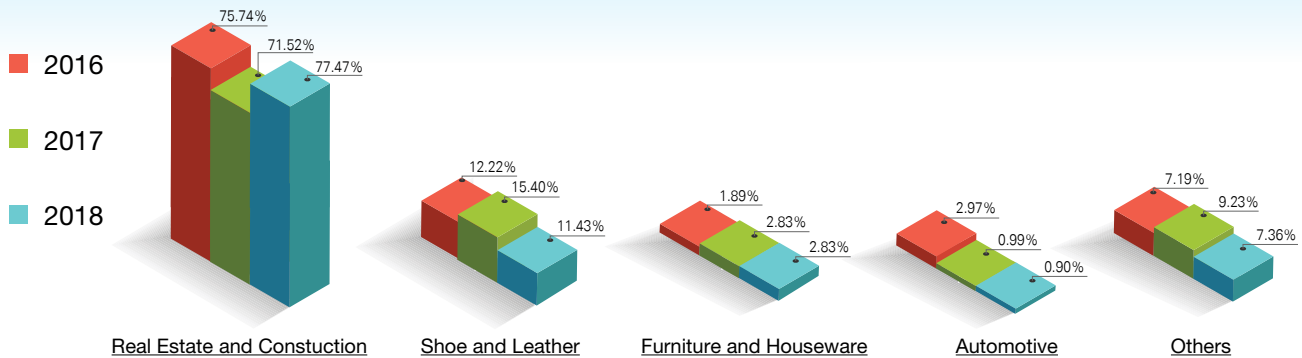
Target Customer

The target customers of the company consist of industries that use the company's products in the production and processing and sell them as a distributor distributing products to end users or retail shops like an intermediary who distributes products to users directly. The industries which are the main customers of the company are as follows:

1. Real estate and construction industry
2. Shoe and leather industry
3. Furniture and general wood industry
4. Automotive Industry
5. Other Groups

The company has a large customer base both domestically and internationally which uses the company's products: plastic compound and adhesive and sealant. The company's customers are spread in certain various industries from large to medium and small industries. The portion of revenues is derived from domestic and overseas sales in 2018 which is approximately 70% and 30% of the total revenue of the Company, respectively. The portion of main industry group of main customers from the sales in the country and abroad of 2018 is detailed as follows.

Domestic Portion of Main Industry of Customer



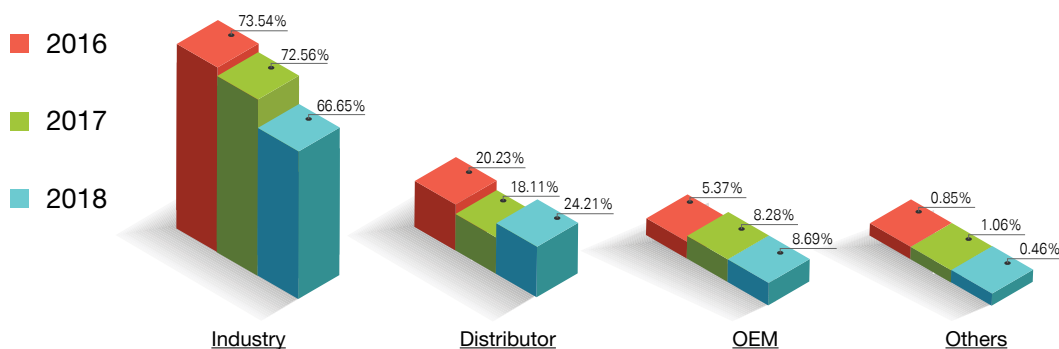
From the figure above, in terms of proportion of domestic sales of products in each product group, it demonstrates that the sales are derived from top 3 main industry groups of customers which are the real estate and construction industry, shoes and leather industry and furniture and houseware industry, respectively. The domestic sales are more than 70% derived from the sales of PVC compound sold to domestic industries, while 30% is derived from the sales of adhesive products for use in industries. and sealant products through distributors under Original Equipment Manufacturer (OEM).

In terms of the main customers who buy PVC compound classified as the real estate and construction customer group, they are large wire and cable manufacturers in the country, and they are ones of the manufacturers place purchase order for the production of power wires for the governmental agency (Provincial Electricity Authority) under the annual budget for the investment of power wires. The company has a market share from selling PVC compound of more than 65% of the value of PVC compound market for production of power wire in Thailand.

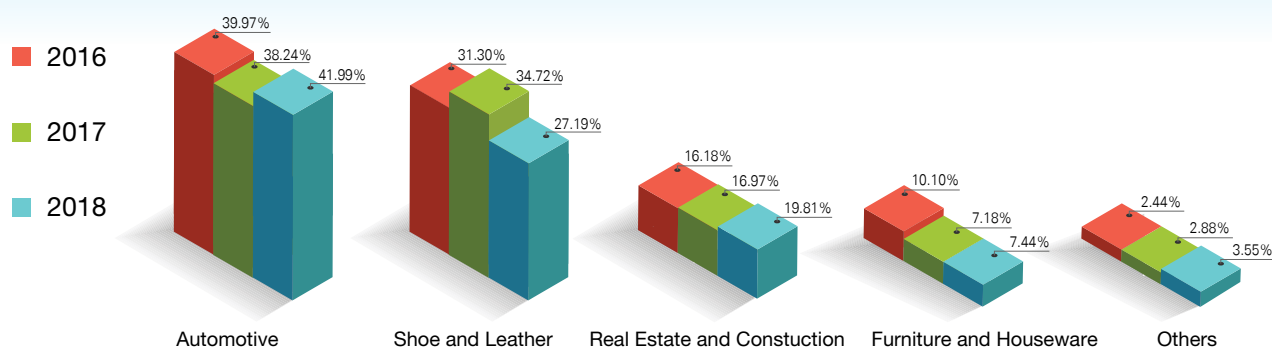
For the production of adhesive products, most of them are sold through industries to be used in shoes and leather manufacturing industries, as well as furniture and houseware. Most of the sealant products are sold to the dealers and manufactured under the customers' brand which will also be used in the real estate and construction industry.

The company has 3 main distribution channels: 1) distribution to industrial customers 2) distribution through distributors and 3) production of Original Equipment Manufacturer, which is approximately 66.65%, 24.21% and 8.69% respectively, of the total domestic sales of 2018.

The Domestic Portion of Sales Chanel



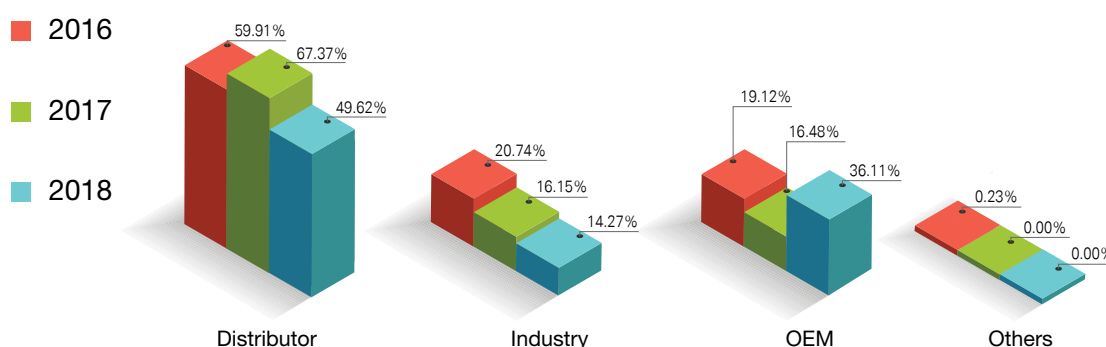
Oversea Proportion of Main Industrial Group of Customers



From the figure above, in terms of proportion of international sales of products in each product group, it demonstrates that the sales are derived from top 3 main industry groups of customers which are the automotive industry, shoes and leather industry and real estate and construction industry, respectively. It does not include the domestic sales of more than 42% or sales of adhesive and sealant products in small packages for household use. While 31% is derived from the sales of adhesive products through distributors overseas, 22% of international sales are derived from sealant products which are produced by the company and Original Equipment Manufacturer (OEM).

The company has 3 main distribution channels: 1) distribution to industrial customers 2) production of Original Equipment Manufacturer and 3) distribution to industries, which is approximately 49.62%, 36.11% and 14.27% respectively, of the total international sales of 2018.

Oversea portion of Sale Channel



Distribution Channel

The company has 2 main product distribution channels: Direct distribution and Indirect distribution with details as follows.

1. Direct Distribution Channel

The company manufactures and distributes products to end users who are industrial factories that use the company's products as raw materials to manufacture goods and repair machines and equipment in the factory and household users who use the company's products to construct and repair equipment. The products sold through the direct distribution channel will be products from both product groups: PVC compound and adhesive and sealant. However, the company is located in Bangpoo Industrial Estate in Samut Prakarn Province which is the location of many factories that are the target customers of the company; therefore, it is easier to deliver products and reach more target customers. In terms of direct distribution channel, in 2018, the proportion of domestic and overseas sales was approximately 80% and 20% from the direct distribution channel, respectively.

In addition, the revenues of the company from the direct distribution channel represent approximately 68.40% of total revenues of the company. In this regard, the direct distribution channel also includes the distribution of products produced under the OEM. The revenue generated by the OEM is approximately 16.67% of sales revenues through direct sales channel.

2. Indirect Distribution Channel

The company manufactures and distributes products through its distributors who are domestic and international. In 2018, the proportion was approximately 54.30% and 45.70% of the revenues from sales through the indirect distribution channel, respectively. However, the revenues of the company derived from the indirect distribution channel account for approximately 31.60% of total revenues of the company. Most of the products sold through indirect distributors are adhesive and sealant products which the distributors sell at their retail shops or sell to direct users. The users use the products for construction and repair works. However, the company has selected its distributor, namely Borneo Technical (Thailand) Co., Ltd., which is reliable, has had a good relationship with customers or is likely to reach new customers.

Distribution Channel for Each Product

Product	Distribution Channel
1. Plastic compound	<ul style="list-style-type: none"> • Mostly distributed in both forms of soft PVC compound and rigid PVC compound. The company distributes these products to industries that manufacture goods such as power wire and cable manufacturing plants, furniture plants in the country. • The rest is distributed through domestic distributors which focuses on distribution of middle-grade soft PVC compound.
2. Adhesive	<ul style="list-style-type: none"> • Mostly distributed through both domestic and international distributors to Asia and Africa.
3. Sealant	<ul style="list-style-type: none"> • Mostly distributed through distributors to users in Thailand and Foreign countries. The company has assigned the sales representative in each country, and the main market is in Asia, Middle East and Africa. • The rest is the OEM production with both domestic and international markets.
4. Small-Package Product for Household Use (DIY)	<ul style="list-style-type: none"> • Mostly distributed through distributors to Foreign markets including Asia, Middle East and Africa. • The rest 10-15% of the products are DIY's distributed through domestic distributors. • In addition, the company manufactures DIY products under the OEM, most of which are ordered by foreign customers such as European customers.

Product exhibition is another channel that the company emphasize so that it can meet customers, traders and investors. The company participates in the product exhibition or meet customers through 3 channels as follows:

1. Hold the product exhibition by ourself both domestically and internationally
2. Hold the product exhibition with customers both domestically and internationally
3. Meet and discuss business by traveling with the Department of Export Promotion

Date	Location	Topic
31 JAN - 2 FEB 2018	India	India International Leather Fair 2018, Chennai,INDIA
15-19 APR 2018	China	Canton Fair 2018
26-29 APR 2018	Thailand @Bitec	TAAPA 2018
23 - 28 APR 2018	Vietnam	AUTOMECHANIKA HO CHI MINH, Vietnam (25 – 27 April 2018)
1-3 MAY 2018	UAE	Automechanika Dubai 2018
1-6 MAY 2018	Thailand	Architect 2018 - Bangkok (Borneo)
13 JUN 2018	Borneo Trade Fair	Trade fair 4 time in Thailand -1st time 13 June 2018 (Suratthanee)
03 - 05 May 2018	Indonesia	Indo Leather & footwear
8 JUL 2018	Borneo Trade Fair	Trade fair 4 time in Thailand -2nd time (AUTO FAIR NAKONSAWAN)
13-15 JUL 2018	Vietnam	Shoe & leather - Vietnam 2018
3-5 AUG 2018	India	India International Footwear Fair 2018, Delhi,INDIA
15-19 OCT 2018	China	Canton Fair 2018

Marketing Strategy

1) The quality of the product has been standardized

The company focuses on producing products of quality and standard that meet the needs of customers because the products that the company manufactures and distributes are used as raw materials in the production process and repair of equipment in industries and households. Therefore, the company is aware of the importance of quality and effectiveness of use of the products. The company has a quality assurance team which is under the technical department and is responsible for quality assurance of raw materials prior to entering the production and for quality assurance of finished goods prior to entering in warehouses to test the quality and correction of products before delivering to customers. In addition, the company has established a quality control team and assigned personnel for during the production process in every product.

The company was certified with ISO 9001: 2015 Quality Management System, which is the certification of the production and distribution of two types of industrial products, namely PVC compound and adhesive and sealant products. Customers are ensured of the quality of production, management and standards which are accepted both nationally and internationally. Moreover, the company manufactures PVC compound for wire and cable manufacturing companies which meet the industrial standards and certified by the Institute of Electrical and Electronics Engineers which is the standard for power wire producers to the Provincial Electricity Authority.

2) Variety of Products

The company manufactures and sells a wide range of industrial products, which can serve the needs of different industries. The company focuses on providing a wide range of industrial products to facilitate its customers on a one-stop-stop basis. The company manufactures and distributes products used in the production of various industries such as plastic compound that can be processed into industrial products like power wires, products in the plastic industry, products in the automotive industry and products in the real estate and construction industry, etc. Moreover, the company plan to manufacture medical-grade compound (to make medical equipment such as blood bag, urine bag, medical gloves, suction pipe and infusion drip chamber) with a leading Japanese PVC compounder as partner and health-friendly halogen-free compound. For adhesive and sealant products, which are used in the production and repair of equipment and machine in industries, the company has developed new sealants to cover most of the market needs such as Hybrid Sealant, Waterbased Sealant etc. In addition, the company sells the products in all packages from bulk to small size to facilitate end users directly. The company has a research and development team that develops the products continuously to meet the needs of different customers and industries.

3) Service and Delivery

The Company recognizes the importance of service and delivery to customers. Therefore, it focuses on customer satisfaction in terms of both quantity and quality according to the agreed standards. In addition, the company delivers the products on time, and the customers can order the company to manufacture and deliver products in installments (partial ordering) according to the customers' plans. The company will cooperate with customers to plan the production to meet the needs of each customer. Customers can also save cost of storage. As the company has been operating the business for more than 30 years and always had a close customer base and good relationships, as well as having its office located in Bangpoo Industrial Estate, Samut Prakarn Province, the company can support the needs of the service and deliver the products according to the customers' needs. Furthermore, the company has a sales department to provide advice to customers concerning the company's products which is before and after-sales service.

4) Research and Product Development

The company is aware of the importance of research and development of all products in order to product and distribute the products according to the needs of customers. The company also seek new innovations to increase the potential of production and obtain the products with the maximum effectiveness. The company has a research and development team with experienced and knowledgeable staffs who have been with the company for more than 12 years. With more than 50 Research and Development members, team is responsible for researching and developing the quality of products to meet the needs of customers and improve the features of products to be suitable to the customer's application. Also, the team is responsible for researching new product innovations which are trending in the market by surveying the market or discussing with customers and sending data to the R&D team to create new alternatives for the customers, as well as increasing the effectiveness of production. In addition, the company researches and collaborates with the customers to put new products in its production line. With collaboration between customers and the company, samples of new products will be provided to the sales staff to pass to the research and development department for developing and testing. Then, after the initial product is created, it will be tested by the customers in actual production to confirm the product is meet customer requirement perfectly.

Additionally, the research and development team applies knowledge from studies and traders both domestically and internationally such as raw material suppliers of the company to reduce costs and increase the effectiveness of production. As a result, the company can change and choose more various types of raw materials including the quantity of raw materials required in the production appropriately and according to the production demand. It will also benefit the company as the company's production costs are lower than its competitors'.

In addition, the company is ready in terms of tools and equipment to maintain the standard of production for customers. The company also retains its potential in the competition by having testing equipment with modern standards and technology to research and guarantee the quality of products. Therefore, almost all of our testing tools and equipment are imported from abroad such as England, Taiwan and Japan.

5) Good Relationship with Customers

The company has close relationships with its main customer base. The company focuses on the selection of products to meet the needs of customers and attaches importance to efficient delivery management to maximize satisfaction of customers both domestically and internationally. In terms of domestic customers, the company is a business partner in the manufacture and distribution of both products, namely PVC compound and adhesive and sealant products to many companies. Some customers have been trading with the company for more than 10 years. In terms of international customers, the company's marketing team had a chance to visit the factory and talk with the executives of the company's partners to strengthen relationships and increase future business opportunities. Moreover, the company also cooperates with customers in developing and researching to design various products to be appropriate. The company also develops special-grade products for each customers to meet the direct needs of specific customers. The company also develop products with customers to reduce customers' production costs which is the main factor that help strengthen the relationship between the company and its customers, as well as maintaining the competitiveness of the company in the industry.

6) Company's Expertise in the Business

The company started from merging the business between DB Chemical Industrial Co., Ltd., an adhesive manufacturer established in 1985 and Applied Chemical Industry Co., Ltd, a PVC plastic products manufacturer established in 1986. At present, the company has the executives experience in the business related to production of PVC compound and adhesive and sealant products for more than 30 years. However, even though the production process of PVC compound and adhesive and sealant products is not complex or requires advance technology, it requires expertise and skills as well as ability to control the costs because the price of raw materials fluctuates. In addition, the production process requires various types of raw materials and produces a large number of products which affects the management of raw material storage and inventory. The experience and ability of the management is critical to the company's competitiveness.

In addition to the competent and knowledgeable executives, the company also encourages its personnel to your knowledge and potential through training courses such as a course concerning time management techniques for effective planning or a course concerning human resource planning to reduce costs and meet business strategies.

Pricing according to the Source of Goods

The company has raw materials sources from both from local and abroad suppliers or sharing raw materials with other business units of the company. Therefore, the company has different pricing policies for different sources of raw materials. The details are as follows.

• Original Equipment Manufacturer (OEM) Products

The company has a pricing policy for its OEM products by using the cost price as determined by the selling companies plus appropriate profit rate for raw materials in the products under the company's brand. Most of raw materials are imported from overseas such as Japan, Taiwan, South Korea and India. The cost price of raw materials include the cost of packaging production for ready-made products.

• House brand

The company has a policy to determine the price of products received to assemble under the company's brand by using the cost price of raw materials of the company plus appropriate profit rate. However, the raw materials under the company's brand are different from the sales of products under the customers' brand

because the raw materials are ordered from both domestic and international suppliers. The price is agreed with the old suppliers who have had a long trading relationship with the company, making the price not too high or too low than the market price.

Nonetheless, the determination of profit rate in the sales of the company's products may change or be flexible according to the market conditions, costs, quantity of purchase order, competitiveness of price with other companies that sell similar products and business relationship with certain traders.

Industrial and Competitive Condition

Industrial Condition

The industrial condition of the company considers the impact from the capital factor of materials consisting of the world oil market and the income factor of the company's target customers consisting of the overall economic condition of Thailand, the contracting industrial market, the footwear and leatherwork industrial market and the world motor vehicle industrial market.

• Capital Factor of Materials

The capital factor of materials of the company is the oil market because the company products consisting of plastic compound products and sealant products which main materials from petroleum refinement such as PVC resin, plasticizer, solvent and synthetic rubber; an adhesive industry with the main products: Ethylene, Propylene, Benzene and Xylene; a plastic compound classified in downstream petrochemicals with the main products: HDPE, LDPE, PVC, synthetic rubber and other chemicals. The price of upstream petrochemicals will be likely to vary by the direction of oil price and in faster period when comparing with a change of downstream petrochemicals. However, the most of downstream industries such as plastic compound and chemical products in Thailand are to produce the commodity grade product with elasticity of demands per high price product. It tends to notice the direction of decreasing price from the competitive reason in the world market. Therefore, the product price of the company will not as variable as the price of upstream petrochemicals. Consideration towards the oil price factor only is not enough to indicate the net impact of downstream chemical and petrochemical industry. Still, demand and supply must be considered.

• Income Factor of Target Customer

• Overview Economic Condition



Source: The Office of the National Economic and Social Development Board in November 2018

Gross Domestic Product in the third quarter of 2018 increased by 3.3%, compared to a 4.6% rise in the second quarter, driven mainly by domestic demand while external demand slowed down.

For the external sector, exports of goods and services declined by 0.1% in contrast to a rise of 6.8% in 2018 Q2 whereas imports of goods and services grew significantly by 10.7%, compared to a rise of 8.3% in 2018 Q2. After seasonal adjustment, the Thai economy in 2018 Q3 growth remained unchanged (QoQ SA).

Gross Domestic Product Growth Rates in Real Terms by the Expenditure Approach (YoY) (%)

	2017p1	2017p1				2018p1		
		Q1	Q2	Q3	Q4	Q1	Q2	Q3
Private Final Consumption Expenditure	3.2	3.1	2.9	3.4	3.4	3.7	4.5	5.0
General Government Final Consumption Expenditure	0.5	-0.7	0.4	1.8	0.2	1.9	2.0	2.1
Gross fixed capital formation	0.9	1.7	0.3	1.2	0.3	3.4	3.7	3.9
Private	1.7	-1.1	3.0	2.3	2.4	3.1	3.2	3.9
Public	-1.2	10.0	-6.9	-1.6	-0.0	4.0	4.9	4.2
Export of goods and services	5.5	2.7	5.1	6.9	7.4	6.0	6.8	-0.1
Goods	5.6	2.8	4.9	8.2	6.6	4.7	7.4	-0.2
Services	5.1	2.5	5.7	2.6	9.9	9.5	4.9	0.2
Import of goods and services	6.8	5.9	7.2	6.5	7.5	8.7	8.3	10.7
Goods	8.5	7.3	9.2	9.2	8.3	9.3	7.2	9.4
Services	0.3	0.4	-1.0	-5.0	4.0	6.2	13.3	16.9
Gross Domestic Expenditure (GDP)	4.1	3.5	4.1	4.5	4.2	5.0	4.5	3.1

Source: The Office of the National Economic and Social Development Board in November 2018

Moreover, according to the Monetary Policy Report of Bank of Thailand in December 2018, the Monetary Policy Committee (MPC) revised down the growth projection of Thailand's trading partners to 3.6 and 3.4 percent in 2018 and 2019, respectively. Growth drivers stemming from external demand were expected to moderate as merchandise and services export growth would be lower than expected. Meanwhile, domestic demand would remain a key growth driver, especially on the back of sustained private consumption growth.

• Overview Contracting Industrial Market

The contracting business is important for the economy and considered the business resulting in employment relating to and based of the business development in various industries such as business of construction materials or business of real estate development. After the government's announcement of an action plan to expedite large infrastructure investments in 2016-2018 with being the Eastern Economic Corridor (EEC) program with THB trillions of investment, there are infrastructure projects have shown satisfactory progress. Moreover, a major contractor expands construction to neighboring countries, especially Cambodia, the Lao People's Democratic Republic and Myanmar because the aforementioned countries have expanded the investment of infrastructures and accommodations such as road network or large residence. The overall contracting industry during 2017-2019 tends to have the positive factors from the investment plan of large projects from the government until 2024 over 50 projects whereas the private sector will have been recovering since 2018. The accumulated amount of construction from the governmental sector will drive the contracting industry positively influencing a major contractor and motivating the private sector's investment considered the factor of demanding the company's products: plastic compound products and sealant products, which will be also continue to 2019 construction trend.

Thailand GDP From Construction



SOURCE: TRADINGECONOMICS.COM | NESDB, THAILAND

According to Trading Economics global macro models and analysts expectations, GDP From Construction in Thailand is expected to be 72245.00 THB Million by the end of Q3 2018,. Looking forward, they estimated GDP from Construction in Thailand to stand at 74934.00 in 12 months time.

Apart from the domestic factor, the contracting industry has a growth chance from construction in neighboring countries such as Cambodia, the Lao People's Democratic Republic and Myanmar with investment speed-up in infrastructures and accommodations, especially in the city area and the special economic area including the expansion from tourism of these countries. Therefore, a major contractor has the opportunity to invest in the market expansion for new customers. It is advantageous from the boundary distance and the readiness of knowledge, tools and equipment which positively affect the marketing strategy of the company with the plan of distributive expansion to neighboring countries.

• Overview of Footwear and Leather Product Industry

According to the industry economic report of Ministry of industry, year 2018, Tanning and Finishing of Leather Production increased by 9.70% from production for export and expansion of Automotive industry for the manufacture of luggage and shoes Production decreased by 5.65% and 2.49% respectively. As a result of the demand for brand-name products to expand Resulting in a higher proportion of imports from foreign countries and Entrepreneurs with their own brands have changed production methods by employing neighboring countries to produce instead of domestic production. Moreover, facing low competitiveness Because of the intense price competition Especially from countries with low labor costs And have a cost advantage

Bleaching and finishing of leather, in 2018, with the production index increased by 9.70% compared to the previous year. Due to the production for export and the expansion of the automotive industry. While the production index of suitcase decreased by 5.65% compared to the previous year partly due to the demand for brand-name products to expand Resulting in a higher proportion of imports from foreign countries. The Shoes production index decreased by 2.49% compared to the previous year because entrepreneurs who have their own brands have changed their production methods by employing neighboring countries produce instead of producing themselves such as Myanmar, Cambodia and Laos where have lower labor costs and have a cost advantage. Including economic factors of major trading partners such as the European Union And China is still slowing as well as a slowdown in private investment in the country. Because Thai exports are influenced by the global trade flows that are still in a slow state and are highly uncertain which affects the purchasing power and imports of trading partners.

The contraction of the footwear and leather products industry demonstrates the reduced demand and may affect the demand for plastic resin products which are raw materials to be processed into shoe soles and adhesive products used for bonding between shoes or leather products. However, the company recognizing the industry situation, therefore has a policy to reduce investment and reduction of products to be sold to customers in the footwear and leather products industry to focus on expanding the business of other products of the company such as sealant products.

• Overview of Global Automotive Industry

The global automotive market trend continues to grow. As a result, the demand for automotive products for automobile assembly is increasing, so is the production of automotive parts and accessories for motor vehicles. Hence, it is a business opportunity for the company to manufacture and distribute products used in the production of equipment and parts to repair and decorate automobiles. Most of the products produced and distributed by the company are adhesive and sealant products. Another part comes from PVC compound products distributed to automotive industries directly or sold through distributors to the target customers abroad. This resulted in the Company having the potential to gain more revenues and customer bases.

The automotive industry group and the automotive part manufacturing group consist of upstream industries which includes the steel industry, plastic industry, rubber industry, mechanical industry, electronic Industry, automotive parts industry and the downstream industries which are the automotive assembly industry. The latter can be sub-divided into the motorcycle assembling industry, passenger car assembling industry and commercial vehicle assembling industry.

In addition to the manufacturing of automotive parts, the automotive parts industry and the accessories industry of which the market direction directly depends on the automotive industry market are other main

industries likely to grow higher than the automotive industry because nowadays car users tend to decorate their cars more and automobiles are expensive. Therefore, consumers pay attention to decorating and repairing used cars rather than buying a new one. The main factors affecting the demand in the car industry are taste and purchasing power of consumers.

Competitive Condition

• Plastic Compound

The plastic compound can be the raw material to make many products such as the wire and cable, shoe soles, the furniture assembly parts, and the plastic label film for packaging, so the Company has a lot of competitors that provide similar product range or plastic compound products. The competitors that produce and distribute similar plastic compound to the Company are ranked as follows:

1. Thai Plastic and Chemicals Public Company Limited
2. Applied DB Public Company Limited
3. Bangkok PVC (1996) Company Limited
4. Vinyltec Industry Company Limited
5. Hymix Company Limited

Nevertheless, the Company provides the various types of plastic compounds for many manufacturer to use as raw materials to make several types of plastic products to serve the different needs of end-user or their customers, so it is impossible that the Company's competitors will provide exactly the same products that the Company provides. If consider only the plastic compound business which is used for production of wire & cable low voltage, it can be ranked as follow:

1. Applied DB Public Company Limited
2. Thai Plastic and Chemicals Public Company Limited
3. Bangkok PVC (1996) Company Limited

For plastic compound, ADB has key customers who are major players in the wire and cable industry, which enable ADB to gain 65% share of the wire and cable plastic compound market in Thailand.

• Adhesive and Sealant

The adhesive & sealants are the multi-purpose products that can be applied in many several ways such as the construction, repairing the machine and equipment in factories, and repair general household equipments, so that makes these product on demand from the customers from many sectors. Therefore, that makes the Company has many competitors that also provided the similar product range. The competitors that produce and distribute adhesive and sealant with similar property to the Company are ranked as follows:

1. Henkel (Thailand) Company Limited ("Henkel")
2. Three Bond VIV Sales (Thailand) Company Limited ("Three Bond")
3. Applied DB Public Company Limited
4. Selic Corp Public Company Limited
5. Patanachai Chemical Company Limited
6. Bond Chemicals Co., Ltd

The ranking above are the Company's management opinion that considered from the product offering that these companies offer to the same or similar group of customers. Some of these companies are international companies the have the base or parent company located in other countries such as Henkel (Germany) and Threebond (Japan). However, the Company produces and distributes the adhesive and sealant products under its own housebrand such as DB, ADB, and SPARKO, which have been popular in Thailand for a very long time. Moreover, the Company also produces and distributes adhesive and sealant products under the customers brand or (OEM). Most of the OEM brands are internationally well-known and that is also the competitive advantage for the Company because other competitors have to take sometime to do marketing and be trusted by customers for each brand that distributed.

Product or Service Provision

• Material Provision

The company aims for selecting the materials with good quality and standard used to produce the products for the customer's demand. The main materials used by the company for production are PVC resin and solvent they are mainly used to produce plastic compound products and adhesive and sealant products respectively. The company appreciates the material quality used for production; therefore, for the material purchase, the company has the procedures and rules of distributor selection evaluated from the creditability of business partners, the trading history of business partners, the product standard and the reasonable price. When the company considers the distributor lists from the aforementioned rules, the company will select and register the approved supplier lists for the selected distributor lists. Nevertheless, adding new distributor lists each time, R&D Team will examine the quality of product samples from the distributor first to ensure the quality of those materials. R&D Team will bring the materials to produce the product samples with the right physical and chemical properties. After that, R&D Team will confirm the quality to the purchase department to purchase the material from the aforementioned distributors.

Moreover, due to the company experience in the industry for a long time, planning the material provision from all over the world, not specified the distributors in Thailand only, can be accurately predicted the trend of material prices in the future which helps the planning of material purchase more effective. Finally, the materials with good qualities but low prices are obtained.

The material provision is divided into 3 groups: plastic compound products, adhesive and sealant products as the following details:

	Plastic Compound Product	Adhesive Product	Sealant Product
Material Used in Production	PVC Resin, Additive, Plasticizer and Filler	Solvent, Synthetic Rubber and Additive	Mixed Material (Especially Silicone)
How to Find Material	The company provides the materials in Thailand and in foreign countries depending on the material quality in each source, the price and the relationship between the company and the suppliers. All of the material purchase in Thailand will be delivered via a truck whereas all of the material purchase from foreign countries will be delivered via a ship.		
Purchase	The company will purchase the materials when ordered by customers because most plastic compound products have the specific characteristics as its physical and chemical property informed to the sale department such as color, solidness and flexibility of plastic beads. Therefore, these will be produced from the customer's demand.	The company will purchase some of the materials to produce and wait for distribution they will be stored in a warehouse whereas some will be distributed when ordered by customers under the company's brand and the customer's brand produced by the company (OEM).	The company will purchase mixed sealant products to pack up and affix the company's brand and the customer's brand produced by the company (OEM).

	Plastic Compound Product	Adhesive Product	Sealant Product
Period of Material Purchase from Supplier until Material Receipt	Around 3 Days in Thailand and Around 60 Days in Foreign Countries	Around 3 Days in Thailand and Around 60 Days in Foreign Countries	Around 45-60 Days in Foreign Countries Depending on Supplier's Country

However, at the present time, the company has purchased the materials from the business partners in Thailand and in foreign countries. The material purchases from 2015 to 2018 are listed below:

Type of Materials (Unit: Million Baht)	Year 2015	Year 2016	Year 2017	Year 2018
Materials in Thailand				
PVC Resin, Solvent, Plastic Bead and Plastic Package	582	614	561	533
Materials in Foreign Countries				
Synthetic Rubber, PVC Resin, Additive and Plastic Package	370	395	439	490
Total	952	1,008	1,000	1,023

How to Purchase Materials

1. The manager of purchase department will consider the details of purchase request as specified in the purchase order received from the production department.
2. Consideration of the distributor lists, the legal conditions, the regulations and the material prices is selected from the approved supplier lists.
3. The purchase department issues the purchase order to purchase the materials or packages relating to production.
4. The warehouse department examines the materials or packages relating to production delivered to the company.
5. The quality assurance department examines the received material quality before produced whether the materials have the right characteristics and properties to the standard or the customer's demand or not.
6. The purchase department makes the assessing report of delivery and product quality of distributors.

However, the company has never experienced the problem of material provision or the problem of material shortage but the problem of variation of material prices because the price of main materials which the company uses to produce those products such as PVC resin, plasticizer and solvent –it is considered the outgrowth from petroleum refinement with the varied price on the world oil price. Nevertheless, the company updates the news and trends of material price in order to plan the capital management of material purchase as effectively as possible or advanced purchase in proper numbers considered from the factor of demand and supply of the material price.

• Environmental Impact

The company's factory is located at the industrial estate area whose operation is controlled by the terms and laws by Industrial Estate Authority of Thailand ("IEAT"). Moreover, there is the process of industrial control with environmental impacts. However, the company strictly complies with the conditions in the contract of land use for industry, the license of land use and operation for industry and other terms in accordance with the Factory Act. Moreover, because the company runs the business of plastic compound products and adhesive and sealant products, the company's processing will use chemicals such as oil, solvent and others. In some procedures, there will be waste from the processing. However, the company employs outsiders to treat wastewater and eliminate refuse and industrial waste from the processing. Also, the environmental quality is examined and controlled such as wastewater and drain water or odor and dust disposal system. The outsiders later make the report of environmental

quality examination. The aforementioned examination will be done every year, and its result will be submitted to the Department of Industrial Works.

The company focuses on the environmental impact and strictly complies with the rules and regulations relating to the environment. At the present time, the company has been applied for ISO14001:2015 certifying which will be effective in 2019.

- **Unsent Assignment**

- There is no unsent assignment.

1. Business Risk

• Industry Competition Risk

PVC Compound Manufacturing Business is one of the highly competitive businesses. There are many entrepreneurs that could be large, medium and small including listed and non-listed companies in the Stock Exchange of Thailand. Moreover, with the production process, production technology, machines operation and low skilled labors including adhesive products are used as important components in many industries; the price competition in this industry is unavoidable.

However, the company believes that the important factors to compete in the industry are products with good quality and meet customer standard, on time delivery, and close relationship with customer. Due to each customer has specific requirement of chemical properties such as flexibility, resistivity, adhesion etc., and different physical properties, company will always support testing and developing products for each customer apart from supplying company's standard product. The researching and developing value added products with competitive advantage over the competitors will support the company in term of more new products and market expansion as well. This R&D activity factor support company always been well-accepted and have a long time relationship among famous customer both domestic and abroad customers.

During 2018, company has started manufacturing medical-grade compound with new machine installation at production line no.1 and plan for fully supplying within 3rd quarter 2018. The installation of another machine is planned to finish by 1st quarter 2019 to fulfill the continuous customer needs. This expansion will reduce the price competition impact of compound supplied to wire and cable industries.

• Sales and Marketing Risk

Plastic compound for wire and cable segment is mainly supplied to government project. As a result, the risk will be depended on the economic slowdown, the uncertainty of political with unclear of election date. Even though 2018 overall economy is getting better than 2017 because of the increasing of capacity utilization rate in the industrial sector, the increasing of export from the expansion of global economy and government projects for the large infrastructure investment, 2018 economy still face the risk factor from monetary policy slow down, tightening conditions and clear uptrend of interest (interest policy of FED) and the unstable with strengthen of US dollar including the trade war between China and USA effect to the lower market buying power.

The company's risk management

To reduce the risk impact from economy and financial situation, the company carefully conducts the business. The company has set the approval level to be flexible according to the situation to ease the working between financial and sales which will balance the profit proportion according to different market condition. Moreover, with the increasing production capacity, the company focuses on market expansion by provide related product to other customer apart from Government bidding both domestic and abroad market.

• Pricing and Supply of raw material Risk

The main raw materials are PVC plastic, solvent and silicone which the price is uncontrollable and vary by the world market oil price including demand and supply of each raw material.

The Company's Risk management

The company assigns the sourcing, corporate development and research and development departments to closely monitor the raw material price change in world market. Moreover, the CEO is also keep update the raw material price, periodically analyze the price trend and review the raw material requirement which not relying on one vendor, and continuous searching for alternative raw material. The improvement of product formulation is to create variety in

order to be a cost alternative and reduce raw material shortage risk. During the operation period, the company can well manage the effective raw material sourcing and no significantly impact with acceptable risk level.

• Investment Risk

The company has a strategic goal to drive business growth and control supply material. As plan for business expansion and maintain the competitive ability, the company would invest new technology and innovation to improve production for more efficiency including the machine and equipment (that more than 30 service years). Moreover, the company is continuously looking for investment opportunity in order to expand business not only adhesive and sealant but also medical grade compound. The company definitely could achieve long term business objective if the expansion investment is process as planned. However, there would be some uncertainty in term of both risk and opportunity which the company has planned for proactive and passive strategies. For plant no.4 (adhesive and sealant), the construction and installation has been delayed because the investment was slowdown from Silicone raw material price fluctuation and lower than the final product price.

The Company's Risk management

When the company considers investing for increasing the production efficiency and promoting new products to support the good business opportunity which leads to achieving the business long-term growth, the Board of Directors appoint an Investment Advisory Committee to consider important investments and affect the operations of the company. The committee and board of director will review the investment in each step such as investment opportunity searching, project feasibility study, including investment approval by board of director. In each step, there will be executives and experts involved in each aspect to analyze both internal and external factors and gathering all the choices to gain the best and worst case for the board of director review and final the suitable decision.

Then, after follow-up of the project that has already been processed, the committee will consider together as a learning experience and any caution to use as further management information.

• Delay Payment Risk

Because the company Exports of goods to African countries such as Kenya, Nigeria, Gana, where the financial and exchange rate is unstable, the company may have a risk of payment delay or non performance debt from customer in these countries. Moreover, there are restrictions on sending money out of the countries and most customers will transfer money through a representative of a foreign bank which the document inspection is time consuming cause long payment period.

The Company's Risk management

The company has policy of credit limit and supply to only customer who is stable and good payment record. For any new customer, the financial report has to be investigated before agree to supply and deposit is needed before delivery.

• Fluctuations in Foreign Currency exchanger rates Risk

The exchange rate fluctuation is because some part of the company's revenue is export in US Dollar. At the same time, the company also imported machinery, equipment, important materials including the trading products which mostly in US Dollar.

The Company's Risk management

The company has reduced the risk from exchange rate fluctuation which consider as "Natural Hedge". Also, the company keeps closely monitoring news and movements of foreign exchange rates. Sometime "Forward Contract" is planned to cover both foreign account receivable and account payable within 180 days period. Finance and Accounting Department will analyze the situation and environment during that time and inform all related departments about the risk protection decision for work synchronization and effective exchange rate protect policy.

• Risk related to the Quality and Efficiency Personnel Risk

Due to the company is supplying various products and production process, most people have specialist in specific knowledge instead of multi-task skill. This will cause the company has low flexibility of maximize labor force utilization. However, the limit budget of people development and job overload may lead to lack of potential staff improvement to growth in the efficiency higher position. Moreover, job appraisal system to reflect the personnel performance with the rewards from company performance cannot be applied to all staff levels and not on the same standard.

The company aims to develop staffs to show the good productivity in term of quality and service which serve the customer needs and build employee engagement by improve organization structure, working process, and assign labor force in accordance with the business plan and performance development. Training Roadmap project is started to create skill labor, strengthen the organization strength in the succession plan, and appropriately improve the performance rate for all positions.

2. Other Risks

Apart from all factors mentioned above, there may be some other factor which would impact to the business such as domestic political, trade policy of partner countries, environmental regulation etc.

The company's risk management

The risk management committee and the company management have set the regular meeting to review all the risk factor (at least by quarter) and present to company board of director for reviewing and plan promptly suitable process.

Legal Disputes

ข้อพิพาททางกฎหมาย

- Throughout the year 2018, the company has no legal disputes.

Securities and Shareholding Structure

ข้อมูลหลักทรัพย์และการถือหุ้น

Securities Information

As of 31 December, 2018, Company, having paid registered capital for 300,000,000 Baht as common stock which value for 0.50 Baht/share.

Shareholders

List of major shareholders as of 8 January, 2019 (The Latest Book Closing Date), Company has 2,081 shareholders in total. (Calculated from paid registered capital for 600,000,000 shares)

Therefore, the major 10 shareholders are listed below:

ลำดับ	Shareholder	Number of shares	% of shareholding
1	Wongcharoensin Family	151,991,700	25.33%
2	Mr. Pawat Wongtangtrakul and Related person	94,513,140	15.75%
3	Mr. Wang Wanapaisan and Related person	84,025,500	14.00%
4	Mr. Wei Kai Wang and Related person	40,871,880	6.81%
5	Thai NVDR Co.,Ltd.	26,818,621	4.47%
6	Showa Global	20,000,000	3.33%
7	Ms. Mei Ling Shih	13,190,800	2.20%
8	Mrs. Chen Shu Mei	9,181,760	1.53%
9	Ms. Pornpiwan Niramonedchai and Related person	7,468,040	1.24%
10	Mr. Vorathep Srichawla	7,000,000	1.17%
11	Other Shareholder	144,938,559	24.16%
TOTAL		600,000,000	100.00%

Company does not have any shareholders who have major intention to influence for policy establishment or company's operation significantly.

The Increasing or Decreasing of Shareholding by Director and Executive directly or indirectly for year 2018.**As of 8 January, 2019**

No.	Name of Director/ Executive	Position	Bring Forward as of 20 November, 2017	Change		Balance as of 8 January, 2019
				Receive	Disposal	
1	Mr. Pawat Wongtangtrakul	Chairman of the Board	22,215,920	0	0	22,215,920
2	Mr. Wang Wanapaisan	Director Chief Executive Officer	66,325,500	1,100,000	15,000,000	52,425,500
	- Spouse and Minor children	Chairman of Executive Committee Risk Management Committee	0	15,000,000	0	15,000,000
3	Mr. Rattanachai Wongcharoensin	Director	245,500	0	0	245,500
4	Mr. Wei Kai Wang	Director Executive Committee Vice President of Corpo- rate- Development	19,988,720	0	0	19,988,720
5	Ms. Pornpiwan Niramoncherdchay	Director Executive Committee Risk Management Committee	5,273,840	94,200	0	5,368,040
	- Spouse and Minor children	Senior Vice President of Finance & Accounting	200,000	1,900,000	0	2,100,000
6	Mr. Wutthichai Wongcharoensin	Director Executive Committee Risk Management Committee	245,500	0	0	245,500
7	Mr. Veerachai Wongcharoensin	Director Executive Committee Vice President of Manu- facturing	495,500	300,000	0	795,500
8	Mr. Mongkon Laoworapong	Independent Director Chairman of Audit Committee Risk Management Committee Investment Advisory Board	250,000	0	0	250,000
9	Mrs. Monpilai H. Narasingha	Independent Director Audit Committee Risk Management Committee Investment Advisory Board	100,000	0	0	100,000
10	Mr. Chung Jen Yang	Independent Director	250,000	0	0	250,000
11	Mrs. Kanchana Piyasatit	Independent Director Audit Committee	0	0	0	0

No.	Name of Director/ Executive	Position	Bring Forward as of 20 November, 2017	Change		Balance as of 8 January, 2019
				Receive	Disposal	
12	Mr. Kang Hsu Liu	Executive Committee Vice President of Sales	2,269,700	0	0	2,269,700
13	Mr. Siripong Luewongwattana	Vice President of Sales	350,000	0	0	350,000
14	Mr. Piriya Moungram	Vice President of Technical	300,000	0	0	300,000
15	Mr. Jirawat Akkranupornpong	Vice President of Financial & Accounting	606,160	0	0	606,160
16	Mr. Santan Cheeranoravanich	Vice President of IT&ERP	300,000	0	0	300,000
17	Mrs. Wichitra Thubburee	Company Secretary	1,843,960	46,500	0	1,890,460
18	Mrs. Nokjinda Non-asa	Accounting Manager	5,000	0	5,000	0

Shareholders' Agreement

Company does not have any case that the major shareholders have shareholders' agreement which impact to the issuance and offer security or Company's operation which Company already signed.

Dividend Payment Policy

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The Company and Subsidiary has the policy to pay dividend at least 30 percent of its net profit of each fiscal year after providing a legal reserve and carried forward of loss (if any) as required by law. However, the actual dividend payment will depend on the individual company's cash flow position, investment plan, obligations and other conditions of the agreements as well as other necessities and appropriateness in the future.

The Board of Directors approved a dividend payment must be presented for approval at the AGM. For an interim dividend payment, The Board of Directors is authorized to pay a dividend when the Company has sufficient profits to do so. The Board of Directors has to report to the meeting of shareholders accordingly.

History of Dividend Distribution compared with Net Profit of 2014 – 2018

Year	Net profit per share (%)	Dividend per share (Baht / Share)	Dividend payout ratio per net profit (%)	Dividend Payment (Million baht)
2014	0.06	0.0125	20.00	5.25
2015	0.08	0.0250	30.44	10.50
2016	0.18	0.1750	97.08	73.50
2017	0.065	0.02	41.32	12.00
2018	0.022	0.01	46.06	6.00

Subsidiary company dividend payment policy

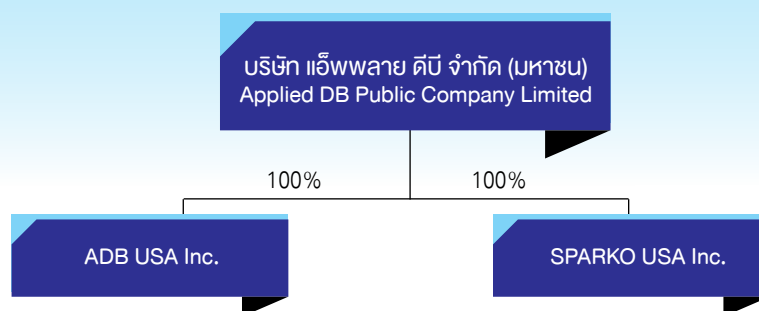
The subsidiary company has the policy to pay dividend of its net profit of each subsidiary company to the share- holders each year at a rate of not less than 50 per cent of net profit after tax. And after the various reserves. All categories are legal. The dividend payment will depend on the cash flow. The adequacy of working capital in business operations Investment plan Loan Repayment Terms and Conditions Subsidiary company Including legal, necessity and other future constraints.

The Board of Directors approved a dividend payment must be presented for approval at the AGM. The Board of Directors is authorized to pay a dividend when the Company has sufficient profits to do so. The Board of Directors has to report to the meeting of shareholders accordingly.

Shareholding in subsidiaries

The Company registered the two subsidiaries at Delaware State, USA including ADB USA Inc. and SPARKO USA Inc. on March 3, 2017 and March 10, 2017 respectively. The Company holds 100.00% shares in both subsidiaries.

Establishing these two subsidiaries aims to promote the Company's marketing and sales and to provide marketing information to the Company such as the economic situation and demand of the trading partners so as to expand demand for DIY products in foreign countries in the future. Some DIY products are traded under Group of ADB USA Inc. and Group of SPARKO USA Inc. However, neither of the two subsidiaries has any commercial transactions. If the Company wishes to expand its overseas markets, the Company can use the two subsidiaries as a distribution channel to overseas markets.



Remark As of December 31, 2016, ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State) were not founded as subsidiaries of the Company. Before March 30, 2016, Mr. Wei Kai Wang, the Company Director, was a shareholder of ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State). However, in order to eliminate possible conflicts of interest, the Company was restructured by closing ADB USA Inc. and SPARKO USA Inc. (registered at Delaware State) held by Mr. Wei Kai Wang and opened a new company under the same name, registered at Delaware State. The Company has shareholding ratio of 100% and 100% of the registered capital respectively.

The Board of Directors and Executives of ADB USA Inc. and SPARKO USA Inc. are Mr. Wei Kai Wang, the Chairman of the Board of Directors and Mr. Jirawat Akkarapunpong and Mrs. Wichitra Thubburee, the Director.

Investment in Subsidiary and Affiliated Companies

As of 31 December, 2018, Company has 2 subsidiaries in USA, having objectives for marketing. The value of investment in subsidiaries by cost method calculation is in total for the amount of 200 USD or approx. 6,500 Baht (Exchange Rate for one USD is 32.50 Baht) or equivalent to 0.0006% of total asset according to Company's Financial Statement as of 31 December, 2018. Detail is as follows:

Company	Registered Capital (baht)	Paid-in Capital (baht)	Investment Ratio (%)	Value of investment (baht)
ADB USA Inc.	3,250	3,250	100.00	3,250
Sparko USA Inc.	3,250	3,250	100.00	3,250

Policy to invest in Affiliated Companies

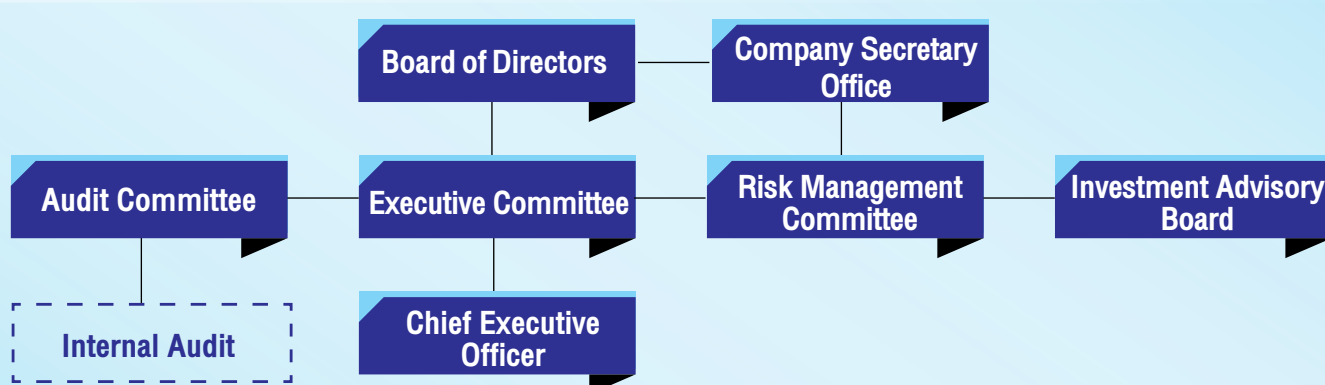
Any investment in affiliated companies shall comply with corporate objective by focusing on development and generating revenue and profit in order to protect shareholder's interests. Therefore, any investment company will carefully be considered and analyzed in accordance with the suggestion of investment specialists for creating the good returns when comparing with investment, risks, Company's and affiliate companies' financial status that plan for investment, including other criteria according to the context for each investment. Any investment, Company shall consider and receive approval by Board of Director Meeting and Shareholders Meeting in compliance with Company's regulation or required law and Company shall perform in accordance with Notification of CAPITAL MARKET SUPERVISORY BOARD and related Notification of Board of Stock Exchange of Thailand. Company will appoint representative to duties as Director of affiliated companies which Company has invested in order for participating and controlling the operation of affiliated companies in accordance with relevant Company's standard.

Management Structure

โครงสร้างการจัดการ

Management Structure and Board of Director

Management Structure of Company consists of Board of Directors and 4 Subcommittees; Audit Committee, Executive Committee, Risk Management Committee, and Investment Advisory Board. Therefore, Company has Management Structure which has independent directors, not less than 3 persons and not less than one-third of total directors of the Company. The qualification of each independent directors and Audit Committee are complied with the Rules of Notification of The Capital Market Supervisory Board No. Thor. Jor. 28/2551; (Application and permit for offering the new corporate share (and additional revision)) completely.



Board of Director

As of 31 December, 2018, Board of Directors consists of the following directors and no. of attendance in meeting as listed below:

Name of Directors	Position	Type of Directors	Attendance Meeting of 2017	Attendance Meeting of 2018
1. Mr. Pawat Wongtangtrakul	Chairman of the Board	Non-Executive Directors	5/7	5/5
2. Mr. Rattanachai Wongcharoensin	Director	Non-Executive Directors	6/7	4/5
3. Mr. Veerachai Wongcharoensin	Director Executive Committee Vice President of Manufacturing	Executive Director	7/7	5/5
4. Mr. Wutthichai Wongcharoensin	Director Executive Committee Risk Management Committee	Executive Director	6/7	5/5

Name of Directors	Position	Type of Directors	Attendance Meeting of 2017	Attendance Meeting of 2018
5. Mr. Wang Wanapaisan	Director Chief Executive Officer Chairman of Executive Committee Risk Management Committee	Executive Director	7/7	5/5
6. Mr. Wei Kai Wang	Director Executive Committee Vice President of Corporate Development	Executive Director	6/7	5/5
7. Ms. Pornpiwan Niramomcherdchay	Director Executive Committee Risk Management Committee Senior Vice President of Finance & Accounting	Executive Director	7/7	5/5
8. Mr. Mongkon Laoworapong ²	Independent Director Chairman of Audit Committee Chairman of Risk Management Committee Investment Advisory Board	Independent Director	7/7	5/5
9. Mrs. Monpilai H. Narasingha	Independent Director Audit Committee Risk Management Committee Investment Advisory Board	Independent Director	7/7	5/5
10. Mr. Chung Jen Yang	Independent Director	Independent Director	4/6	3/5
11. Mrs. Kanchana Piyasatit ³	Independent Director Audit Committee	Independent Director	-	3/3
12. Mr. Jesadavat Priebjrivat ¹	Independent Director Chairman of Audit Committee	Independent Director	7/7	0/1

Note :

1. Mr. Jesadavat Priebjriwat retired from Director position since 30 April, 2018
2. Mr. Mongkon Laoworapong is appointed as Chairman of Audit Committee in order to replace Mr. Jesadavat Priebjriwat since 1 May, 2018.
3. Mrs. Kanchana Piyasatit is appointed as Director in order to replace Mr. Jedsadawat Priebjriwat since 11 May, 2018.

Authorization, Duties and Responsibilities of Board of Director

1. To perform duties in accordance with laws, objectives, article of association, as well as the resolutions of the Shareholder's Meeting with honest, and care to protect the Company's interests.
2. To formulate vision, policies, strategies, and directions for the Company, as well to govern the management to effectively perform their duties according to such policies, strategies and directions with a purpose of shareholder's wealth and sustainable growth of the Company.
3. To follow up the operation performance according to policies and corporate targets by setting up clear key performance indicator in order to be the measurement for operation by considering the possibilities and reasonably, also to review policies and operation according to assigned policies regularly.
4. To consider carefully for the conflict of interests, also to consider any transaction which may have the conflict of interests by having clear direction for the Company's and shareholder's interests and for any shareholders who have not been participated in the decision, also to govern the operation according to the regulation of operation and information disclosure of any transactions which may have conflict of interest correctly, standard and transparency.
5. To authorize and set up the approval level of transaction and other operation related to the Company's operation to directors or person as appropriate or required by related law by providing authorization manual and to review at least once a year.
6. To ensure that the Company has reliable accounting system, financial reports and auditing process as well as to provide personnel or independent department for operation, to be responsible for the measurement to assess the appropriateness of the internal control system and the efficiency and effectiveness of the mentioned auditing regularly.
7. To formulate policy of corporate risk management by having operators to conduct according to policies by management and to report to committee regularly. To review or to assess the effectiveness of risk management regularly and in periodically. So when it is found out that the risk level is changed in the targeted direction, as well as paying attention to the any warning and abnormal events.
8. Shall appoint subcommittee or any person to perform, monitor and control management of Company related to major issues, under the supervisory of Board of Directors, including performance assessment and setting up the remuneration for sub-committees or such person or to mandate in order for those subcommittee or person can have authority as such and as appropriate time which can be cancelled, deleted, revoked, changed or revised the assigned authorities.
9. To set up scope of duties for recruitment, promotion, transfer, deletion, or decreasing salary, relieve, dismiss, or performance assessment, penalty, reward, promotion to Chief Executive Officer and Chief Financial Officer.
10. To duties as Nomination and Remuneration Committee and to replace when this Committee is vacant, or no any appointment by nomination and to consider remuneration plan for Board of Directors, Chief Executive Officer, Chief Financial Officer when complete the term or vacant, also to provide the recruitment process of these major positions with transparency, fairness, and appropriate mechanism of remuneration for executive of the Company, in parallel with the performance of the Company in order to have short and long term motivation.
11. To evaluate management, Chief Executive Officer and other Committee's performance regularly at least once per year.
12. To be leader and role model for good governance, with ethics according to the good corporate governance of the Company.
13. To provide communication channel to shareholders and interested parties appropriately and to govern to disclose information in order to ensure the correctness, clearness, transparency, trust and good standard.

14. To report to the Company for the self's interest and also related interested parties to Company's management or affiliated companies.
15. To participate in the Board of Directors Meeting and Shareholder's Meeting every time. When having other mission and cannot participate in the meeting, shall inform Chairman of Board of Directors.
16. To prioritize the business operation in order to be responsible for the society and environment, by promoting the better sustainable living of employees, society and nation, and also by starting campaign of creating conscious of environment in factory, households and neighborhoods for sustainably living.
17. To promote Company to have an ant-corruption policy in all terms in order for better society.
18. Directors shall provide clear directions for the complainants or whistleblowers that directly report to the Company through the complaint channel, or may be through the independent director or Audit Committee of the Company in order to ensure to provide investigation according to the Company's process and further report to Committees.
19. Directors shall provide the governance mechanism of affiliated companies in order to protect the interest of Company's investment. Directors shall have duties to recruit personnel appropriately to be director in the affiliated companies in order to have the controlling management according to the Company's policies and any transaction required by law and rules of Securities and Exchange Law and Notification of Stock Exchange of Thailand.
20. For the transactions that according to regulation or required by law, shall receive the Board of Directors approval including;
 - 1) Approval of proposed agenda to Shareholder's Meeting for consideration.
 - 2) Approval for appointment of new director to replace retired director before end of term.
 - 3) Approval for interim dividend payment
 - 4) Approval for the transaction proposed for consideration and approval by Audit Committee or Chief Executive Officer.
 - 5) Approval of transactions which assigned by Shareholder's Meeting or required by law.
 - 6) Approval for transactions proposed by Board of Directors

Therefore, delegation to subcommittees or any above mentioned persons will not include the delegation to subcommittee and the above mentioned persons to approve any transactions which have conflict, interest or any conflict with the Company, including to receive approval from Shareholder Meeting for the related transaction and to receive or dispose any major Company's assets in order to comply with the regulation of Capital Market Supervisory Board and/or Stock Exchange of Thailand. In case of director's transaction has any conflict to Notification of the Securities and Exchange Commission, Thailand, and/or Stock Exchange of Thailand), any interest or conflict of interest, director or that person will not have any right for voting or have approval on that transaction.

According to the good corporate governance for listed company of the Securities and Exchange Commission, Thailand and Stock Exchange of Thailand has instruction for committee structure. In case of Chairman is not independent director, composition of committees consists of independent director more than half of number of total directors. Therefore, Mr. Pawat Wongtangtrakul as Chairman of the Company is not independent director, due to have relationship with other directors, executives, major shareholders, controller, or assigned person to be director, management, or controller in which not the management of the Company. This is not belongs to the good corporate governance. However, current management structure is classified into:

1) Audit Committee and Independent Director are for 3 and 4 persons respectively. Their duties are to review the operation and balance the power of the Company transparency and perform in compliance with securities law and Stock Exchange of Thailand, criteria of Stock Exchange of Thailand and required law thoroughly. The 4 independent directors do not have any interest in the Company business and to balance the power. Then it can be ensure that committee structure of the Company will have appropriate good corporate governance in compliance with required by Stock Exchange of Thailand.

2) 3 directors who are not management are; Mr. Pawat Wongtangtrakul as Chairman of Board of Director, Mr. Ratanachai Wongcharoensin and Mr. Wutthichai Wongcharoensin. All 3 directors are independent to formulate Company's policies.

3) 4 directors who are management; Mr. Wang Wanapaisan as Chief Executive Officer, Miss Pornpiwan Niramoncherdchay as Senior Vice President of Accounting and Financial Department, Mr. Weerachai Wongcharoensin as Vice President of Factory, Mr. Wei Kai Wang as Vice President of Organization Development, also duties for major important management.

Therefore, Mr. Pawat Wongtangtrakul is appropriate to undertake position as Chairman of the Board of Directors due to Mr. Pawat Wongtangtrakul is very skillful and experience of compound plastic production and distribution management, glue product, and grouting products and also he is one of the founders of the Company, including provide advice of corporate direction and products development since starting the Company till present. With his advice and professional experiences of Mr. Pawat Wongtangtrakul is the highest benefit to the Company. Therefore, to appoint Mr. Pawat Wongtangtrakul to preside the Chairman of the Board of Directors will promote the reliability to shareholders for the operation of the Company in the appropriate way in order for the highest interest of the Company and Shareholders.

Therefore, in order to perform in accordance with Good Corporate Governance Year 2017, the Company foresees that at any moment if the Chairman of the Company has missed any qualification to be independent director. However, the composition of directors has been consisted of independent director, not more than half of total number of directors. Board of Directors Meeting shall consider appointing one independent director to participate in the meeting as appropriate as per agenda mentioned in the notice to Board of Directors Meeting prior to the mentioned notification submission. The Board of Director Meeting No. 3/2017 dated 20 June, 2017 has resolution to appoint Chairman of Audit Committee to review the notice of the Company, also invitation letter for Board of Directors Meeting and Invitation letter for Shareholder Meeting since June 2017 onwards.

Authorization, Duties and Responsibilities of Chairman

According to Company's regulation article 24; specifies that; Chairman shall invite directors for meeting and in the meeting Chairman or assigned person to dispatch invitation letter to the director, not less than 7 days prior to the meeting date, except any urgent case, more than 2 directors may request for Board of Directors meeting. For this case, Chairman can set up date and time for meeting within 14 days. In case of unavailability of Chairman or cannot perform duties, more than 2 directors together may request for Board of Directors Meeting. In order to divide authorization for setting up Company's policy and management clearly, Company has assigned Chairman and Chief Executive Officer to be different persons, so Chairman has duties and responsibilities as follows:

1. To invite for Board of Directors Meeting, to preside as chairman of the Board of Directors Meeting and Shareholders Meeting, as well as has the roles of setting up agenda together with Chief Executive Officer.
2. To encourage all directors to participate in the meeting, as well as monitoring the Board of Directors Meeting and Shareholders Meeting effectively and successfully.
3. To support and to promote Board of Directors to perform with full capacities according to scope, duties and responsibilities and in compliance with the Good Corporate Governance.
4. To monitor management of Board of Directors and other sub-committee according to set objectives.
5. To provide the casting vote in case of Board of Directors Meeting has equal votes.

Authorized Directors

Mr. Wutthichai Wongcharoensin or Mr. Veerachai Wongcharoensin, either person shall sign with Mr. Pawat Wongtangtrakul or Mr. Wang Wanapaisan or Mr. Wei Kai Wang, to have two signature and seal with Company's stamp.

Composition of Board of Directors

Composition of Board of Directors is as follows:

1. Board of Directors is not necessary to hold corporate shares.
2. Board of Directors shall have the numbers in accordance with the Shareholders Meeting assigned but shall have at least 5 directors and not less than half of total numbers of directors shall reside in the kingdom.
3. Board of Directors shall consist of at least one-third independent directors but not less than 2 directors.
4. Chairman of Board of Director and Chief Executive Officer has different responsibilities. Board of Director has clearly defined authorities and duties of Chairman of Board of Director and Chief Executive Officer in order to

avoid any person to have unlimited power.

5. The company's definition of "independent director" should be carefully considered by the board as to whether or not the minimum qualification specified by the SEC and the SET is appropriate for the company. In addition, the board of directors should clearly state a policy that independent directors who have served on the Board beyond nine years from the date of their first appointment should be subject to particularly rigorous review of their continued independence.
6. To ensure that directors have sufficient time to perform their duties, the board should consider the extent to which having multiple board memberships lessens the effectiveness of directors. Thus the board should set a limit of five board seats in publicly-listed companies, which an individual director can hold simultaneously. Also, the company should disclose information about board memberships of individual directors to the public.
7. The board should clearly state the policies and procedures regarding board positions in other firms held by the company's managing director and/or top executives, both in terms of director type and the number of board positions that can be held. For example, the board may state that any board position held in other firms by the company's managing director must be approved by the board.

Therefore, Board of Directors shall select one of directors to be "Chairman" and if appropriate, directors shall consider any directors or some directors to be "Deputy Chairman".

Terms and Board of Directors Selection

1. The Board of Directors will assign Executive Committee to nominate and to propose person who has qualification to be the Board of Directors to propose to Shareholder Meeting for further approval.
2. To have Shareholder Meeting to appoint the Board of Director. In case of replacement for vacant by other reason, not end of the term, so the Board of Directors can proposes any person by Executive Committee to be director. That person will have remaining term is equal to the remaining term of retired directors.
3. In Annual General Meeting of Shareholder, one-third of directors shall retire by rotation. In case the number to be divided cannot be made, the retiring number should be the number nearest to one-third. For the retiring director in the first and second years after the company's registration, drawing-lots method shall be applied to decide who will retire by rotation whereas for the next year, directors holding the longest service term shall retire and those retiring are eligible to be re-elected for another term.
4. Except the retirement due to end of term, Board of Director will retire when
 - (a) Dead
 - (b) Retirement
 - (c) Lack of some qualifications to be director or ineligible qualification as required by Public Company Law and related law or inappropriate to receive trust to govern public company as shareholder in accordance with Securities and Exchange Law.
 - (d) As per Shareholder Meeting resolution to discharge from position
 - (e) By judicial order to discharge.
5. Any director would like to retire from this position, shall notify to Chairman of Board of Director

Audit Committee

As of 31 December, 2018, Audit Committee consists of 3 directors as listed below:

Name - Last Name	Position
1. Mr. Mongkon Laoworapong	Chairman of Audit Committee
2. Mrs. Monpilai H. Narasingha	Audit Committee
3. Mrs. Kanchana Piyasatit	Audit Committee

Note:

1. Mr. Jedsawat Priebjriwat retired from Audit Committee due to his personal mission since 27 February, 2019, it's effective since 30 April, 2018.
2. Appointed Mr. Mongkon Laoworapong to be chairman of Audit Committee by receiving resolution from Board of Directors meeting no.1/2018 dated 27 February, 2018, then will commence his functions as Chairman of Audit Committee dated 1 May, 2018 onwards.
3. Appointed Mrs. Kanchana Piyasatit to be Audit Committee to replace director who retired. The remaining term is equal to the remaining term of retired directors. This receives approval from the Board of Directors Meeting No. 2/2018 dated 11 May, 2018.
4. Mr. Mongkon Laoworapong is the Audit Committee who has knowledgeable and professional experience in auditing the reliability of Financial Statement.
5. Therefore, in order to perform in accordance with Good Corporate Governance Year 2017, the Company foresees that at any moment if the Chairman of the Company has missed any qualification to be independent director. However, the composition of directors shall consist of independent director, not more than half of total number of directors, Board of Directors Meeting shall consider to appoint one independent director to participate in the meeting as appropriate as per agenda mentioned in the notice to Board of Directors Meeting prior to the mentioned notification submission. The Board of Director Meeting No. 3/2017 dated 20 June, 2017 has resolution to appoint Chairman of Audit Committee to review the notice of the Company, also invitation letter for Board of Directors Meeting and Invitation letter for Shareholder Meeting since June 2017 onwards.

Authorization, Duties and Responsibilities of Audit Committee

Audit Committee has duties according to the assignment by Board of Directors as follows:

Internal Control System

1. To review the internal control system and internal audit system, risk management system and to ensure appropriateness and effectiveness in accordance with international standard.
2. To give advice to management regarding work process improvement or work process to reduce any risks in order to receive correct financial reporting and good advantage, and also to have effective work system.
3. To advise for setting up good corporate governance policy, including appraising Committee's performance according to good corporate governance.
4. To review and ensure that the Company's operations are in compliance with the rules and regulations of relevant laws, as well as resolution of Board of Directors Meeting.
5. To consider the connected transactions or transactions that may lead to any conflict of interest which may damage to the Company.
6. To review the process of preparation financial statement in order to provide reliable financial information and to disclose major information accurately and in accordance with acceptable general accounting standard.

Internal Audit System

7. To approve internal audit plan, budget, manpower loading for internal audit, also to consider the independent of internal audit by considering the operation and reporting and line of command.
8. To review and to comment the operation of Internal Audit Work.
9. To consider together with management in order to provide comment to Executive Committee for transferring, relieve, and to pay remuneration for performance of Internal Audit Head and/or the officers within the Internal Audit Department or from external.

Auditor

10. To review and to assess the performance of Auditor, including to select and to propose to appoint Auditor for the Company, together with the remuneration.
11. To review the highest effective coordination between Auditor, Internal Auditor and/or the officers within the Internal Audit Department, from external and director of association

Other Duties

12. To provide performance appraisal for Audit Committee annually and to report to Executive Committees. Therefore, the objective of the performance appraisal is to build the confidence for related parties working under

the framework completely and effectively, it is also the opportunities to consider, to review and to exchange the idea among the committee aiming for seeking the development guidelines and operation improvement effectively and efficiently.

13. To perform any other duties as assigned by the Board of Directors and agreed upon by the Audit Committee. Audit Committee shall receive information in order to continually develop knowledge related to the operation of Audit Committee and related to the business operation.
14. To perform according to scope and duties, Audit Committee has authorization to invite President of Association, directors, subcommittees, management, department heads, employees or relevant parties to participate in the meeting for discussion or clarification or to submit document which thinks it's related, including to seek for the independent comment from other professional advisors when it's necessary. All the cost shall be borne by the Company.

Qualification of Audit Committee

The qualifications of the Audit Committee are set out as follows:

1. To be qualified completely as independent director in accordance with the criteria and condition of Securities and Exchange Commission, Thailand and Stock Exchange of Thailand, Capital Market Supervisory Board and / or notification of Stock Exchange of Thailand.
2. Neither be nor have been an executive director, officer, employee, controlling person or advisor who receives a salary of the Company, its parent company, subsidiary, joint venture, major shareholder or controlling person.
3. Not to be directors of the main office affiliated companies, same affiliated companies only for the listed company.
4. Has adequate knowledge and experiences to perform as Audit Committee, shall have at least one Audit Committee has adequate knowledge and experiences to review the reliability of financial statement.

Appointment and Terms of Audit Committee

The Board of Directors or Shareholder Meeting will appoint independent director to be Audit Committee according to the terms of the Board of Director. Therefore the Audit Committee, who retires from the position, can be selected to be Audit Committee again.

In case of Audit Committee is holding till the end of his term or cannot stay till the end of his term which affects that number of director is less than 3 persons. The Board of Director or Shareholder Meeting will appoint new Audit Committee to fulfill immediately or within 3 months after the date of missing number of Audit committee in order for continuity of Audit Committee's operation.

Attendance Meeting of Audit Committee

No. of Attendance Meeting of Audit Committee as of 31 December, 2018 as listed below:

Audit Committee	Attendance Meeting / Number of meetings		
	2016	2017	2018
1. Mr. Jesadavat Priebjriwat ¹	4/4	5/5	0/1
2. Mr. Mongkon Laoworapong	4/4	5/5	4/4
3. Mrs. Monpilai H. Narasingha	4/4	5/5	4/4
4. Mrs. Kanchana Piyasatit ³	-	-	2/2

Note:

1. Mr. Jedsadawat Priebjriwat retired from director since 30 April, 2018.
2. Mrs. Kanchana Piyasatit is appointed as director to replace Mr. Jedsadawat Priebjriwat since 1 May, 2018.

Executive Committee

As of 31 December, 2018, Executive Committee consists of 6 directors as listed below:

Name - Last Name	Position	Attendance Meeting / Number of meetings	
		2017	2018
1. Mr. Wang Wanapaisorn	Chairman of Executive Committee	7/7	14/14
2. Mr. Wei Kai Wang	Executive Committee	7/7	13/14
3. Mr. Kang Hsu Liu	Executive Committee	7/7	12/14
4. Mr. Veerachai Wongcharoensin	Executive Committee	7/7	13/14
5. Ms. Pornpiwan Niramongcherdchay	Executive Committee	7/7	14/14
6. Mr. Wutthichai Wongcharoensin	Executive Committee	4/7	11/14

Authorization, Duties and Responsibilities of Executive Committee

1. To control the Company's management in accordance with the Board of Directors' policies and to report to the Board of Directors.
2. To formulate strategies and business plan, budget, including management structure corresponding to policy and target of the Board of Director, as well as to propose to the Board of Director for further consideration.
3. To set up authorization and approval level of each person appropriately and to separate duties which may be lead to fraud and propose to the Board of Directors for approval, including to control to conduct as principle and authorization principle.
4. To consider organization structure, to have authorization to set up management, salary structure of the Company, including authorization to set up scope and duties, recruitment, promotion, transfer, deletion, decreasing, relieve, termination, performance appraisal, penalty, reward to employees on Senior Vice President (SVP) level and Vice President (VP) level or equivalent through the delegation to Chief Executives Officer or the grantee to perform on behalf of the Company for labor contract signing.
5. To approve financial transactions with bank/financial institution for normal business operation such as opening account, borrowing, credit term, mortgage, pledge, warranty and others, including buying and selling, and land registration for normal business operation in accordance with the authorization manual, as well as resolution of Board of Directors Meeting.
6. To consider to approve the investment and budget for investment in accordance with authorization manual.
7. To consider new business or ceasing the business to further proposes to the Board of Directors approval.
8. To carry out other relevant issues to Company's risk as assigned by the Board of Directors. Therefore, the mentioned delegation shall not grant the power to Executive Committee or grantee by Executive Committee to approve any transaction which may have conflict, interest, or may have any conflict with other Company or affiliated companies required by Stock Exchange of Thailand, except any transactions according to the approval of the Board of Directors.

Risk Management Committee

Composition of Risk Management Committees consists of at least 3 directors and at least one director shall be independent director with the term of 3 years, by having Mrs. Vichitra Thupburi as Secretary of Risk Management Committee. In 2018, Risk Management Committee is held the official meeting 2 times in order to perform duties in accordance with the scope, duties and responsibilities as stipulated in charger and in accordance with the Company's assignment, including reporting the result to the Board of Directors and summary to Shareholders Meeting in Annual Report.

In September 2018, Risk Management Committee by the proposed of Chief Executive Officer has appointed Risk Management Working Group for 4 issues that are under supervising of Miss Pornpiwan Niramoncherdchai as Director of Risk Management Working Group, in order to manage different problems which obstruct the trade competition and to increase opportunities to bring the existing resources to be the advantage to propose products and services in the appropriate environment. Since September, 2018 till present, the operation of the Risk Management Working Team has improved and shortens the working method such as inventory, cost structure which is risk factor for major competition. During Risk Management working will have Risk Management Committee participating in some occasions and Minutes of Meeting of the Working Group will report to Risk Management Committee every team. The four Risk Management Working Group are as follows:

1. Risk Management Working Group for Cost reduction
2. Risk Management Working Group for Human Resources Development
3. Risk Management Working Group for Cash Cycle
4. Risk Management Working Group for Investment Plan

The meeting of Risk Management Committee during 2017-2018 having committee participated in the meeting as follows:

Risk Management Committee	Position	Attendance Meeting / Number of meetings	
		2017	2018
1. Mr. Mongkon Laoworapong	Chairman of Risk Management Committee	3/3	2/2
2. Mr. Wang Wanapaison	Risk Management Committee	3/3	2/2
3. Ms. Pornpiwan Niramoncherdchai	Risk Management Committee	3/3	2/2
4. Mr. Wutthichai Wongcharoensin	Risk Management Committee	3/3	2/2
5. Mrs. Monpilai H. Narasingha	Risk Management Committee	-	1/1

Note: The Risk Management Committee Meeting no. 2/2018 dated 28 November, 2018 has resolution to appoint Mrs. Monpilai H. Narasingha to be Risk Management Committee in addition, its effective since the date of meeting onwards.

Authorization, Duties and Responsibilities of Risk Management Committee

1. To manage and to control Corporate's risk for investment and Company's operation in the appropriate level, not only to screen the policy or formulate overall major corporate risk management guidelines such as Financial risk, Investment Risk, and any risks which impacted to Corporate's image, etc.
2. To formulate strategies and risk management guidelines of the Company in compliance with Risk Management Policy by having Risk Management Committee to assess, follow up, and monitor Company's risk in the accepted level.
3. To consider risk criteria, risk levels of the Company can accept.
4. To report the result of Risk Management of the Business to the Board of Directors. In case of any factor or major events which may significantly impact to the Company, shall report urgently.
5. To appoint the Risk Management Working Group as necessary.
6. To consider for the mitigation to handle risk management for business and condition for each period.
7. To bring the update information technology system to implement in risk management process and to promote all personnel levels to access to risk management information, including providing risk management reporting to directors or any position in the Company effectively.
8. To carry out other relevant issues to Company's risk as assigned by the Board of Directors.

Investment Advisory Board

The Board of Directors foresees that the main business of the Company is the compound plastic, industrial glue and grouting glue for a while. Then in order to adapt to the current situation, future vision and environment analysis, both for opportunities and risk in several dimensions, then has resolution to appoint Invest Advisory Board which receives approval from the Board of Directors Meeting No. 3/2018 dated 10 August, 2018 by having Mr. Mongkon Laoworapong and Mrs. Monpilai H. Narasingha to be Investment Advisory Board with the main duties to screen investment in asset or investment for change in major operation structure which beyond the approval authorities of Executives Committee. The Meeting is not the routine meeting, depends on the event and agenda proposing to Investment Advisory Board and considers and approves by Executives Committee. Then resolution of Executives Committee will propose to the Board of Directors for further approval of investment.

Company Secretary

The Board of Directors Meeting No.5/2016 dated 18 November, 2016 has resolution to appoint Mrs. Wichitra Thubburi to be Company Secretary in accordance with article 89/15 of Public Company Law B.E.2535 with responsibilities, care and honest, including to perform in compliance with related law, objectives, Company's regulations, the Board of Directors Meeting's resolution, as well as Shareholders Meeting's resolution by having duties and responsibilities, together with the Company Secretary team to facilitate in every meeting of Board of Director Meeting and Sub-committees Meetings for the effectiveness. Details are as follows:

1. Give advice related to relevant laws and regulations including the code of conduct of corporate governance practice so that any activities of the Board of Directors are undertaken in compliance with those relevant laws.
2. Promote knowledge and understanding related to corporate governance, provide information and promote any activities of the Board of Directors are undertaken in compliance with those relevant laws, including the performance appraisal according to this.
3. Prepare agenda for meeting, supporting document for Shareholders Meetings and Board of Directors Meetings.
4. Arrange Shareholders Meetings and Board of Directors Meetings in compliance with those relevant laws, Company's regulations and the Code of Conduct of Corporate Governance Practices.
5. Record Minutes of Meeting of Shareholder Meetings and the Board of Directors Meeting, including following up the undertake in accordance with the resolutions of Shareholder Meetings and the Board of Directors Meetings.
6. Handle directors and executives to prepare for conflict report and related in compliance with relevant laws.
7. Handle for the disclosure of data and technology information of the assigned units in compliance with rules and regulation of relevant authorities.
8. Contact and communicate with shareholders for shareholder's right and Company's information, and to act as contact person between shareholders, Board of Directors, and executives.
9. Arrange for performance appraisal of Executives Committees and report the result to the Board of Directors.
10. Follow up relevant laws, regulations, including the code of conduct of corporate governance practice so that any activities of the Board of Directors are undertaken in compliance with those relevant laws.
11. Coordinate between Board of Directors and executives of the Company.
12. Prepare and file document related to:
 - 1) Director Registration.
 - 2) Keep record of conflict of interest report and independent certification letters of directors and executives and propose copies to Chairman of the Boards and Chairman of The Audit Committee in compliance with required law.
 - 3) Notice of the Board of Directors Meeting including sub-committees for which she acts as secretary to those committees; Audit Committee, Risk Management Committee (if case of non-specific secretary)
 - 4) Minutes of Meetings of the Board of Directors and those sub-committees' meetings.
 - 5) Notice and Minutes of Meeting of Meeting of Shareholders Meeting.
13. Carry out any tasks as assigned by the Company as appropriate, including other functions related to required law, related regulations which required Company Secretary to perform

Brief Curriculum Vitae of Company Secretary.

Mrs. Wichitra Thubburee (Age 53 years)

Education

- Master's Degree of Business Administration Logistics and Supply Chain Management Ramkhamhaeng University
- Bachelor's Degree in Public Administration Ramkhamhaeng University
- Bachelor's Degree in Accounting, Suan Dusit Rajabhat University

Training programs held by the Thai Institute of Directors (IOD) :

- Company Reporting Program (CRP) Class 18/2017
- Company Secretary Program (CSP) Class 80/2017
- How to Develop a Risk Management Plan (HRP) Class 15/2017
- Anti-Corruption: The Practical Guide (ACPG) Class 45/2018

Executives

The Company has executives as defined on the Notification of The Capital Market Supervisory Board no. Thor. Jor. 28/2551, which means that Vice President or the first four executives continued from Chief Executives Officer, equivalent to the positions of the four executives, also it means to include the executives in accounting and financial of division manager or equivalent. The name list is as follows:

As of 31 December 2018, the above definition of executives as listed below:

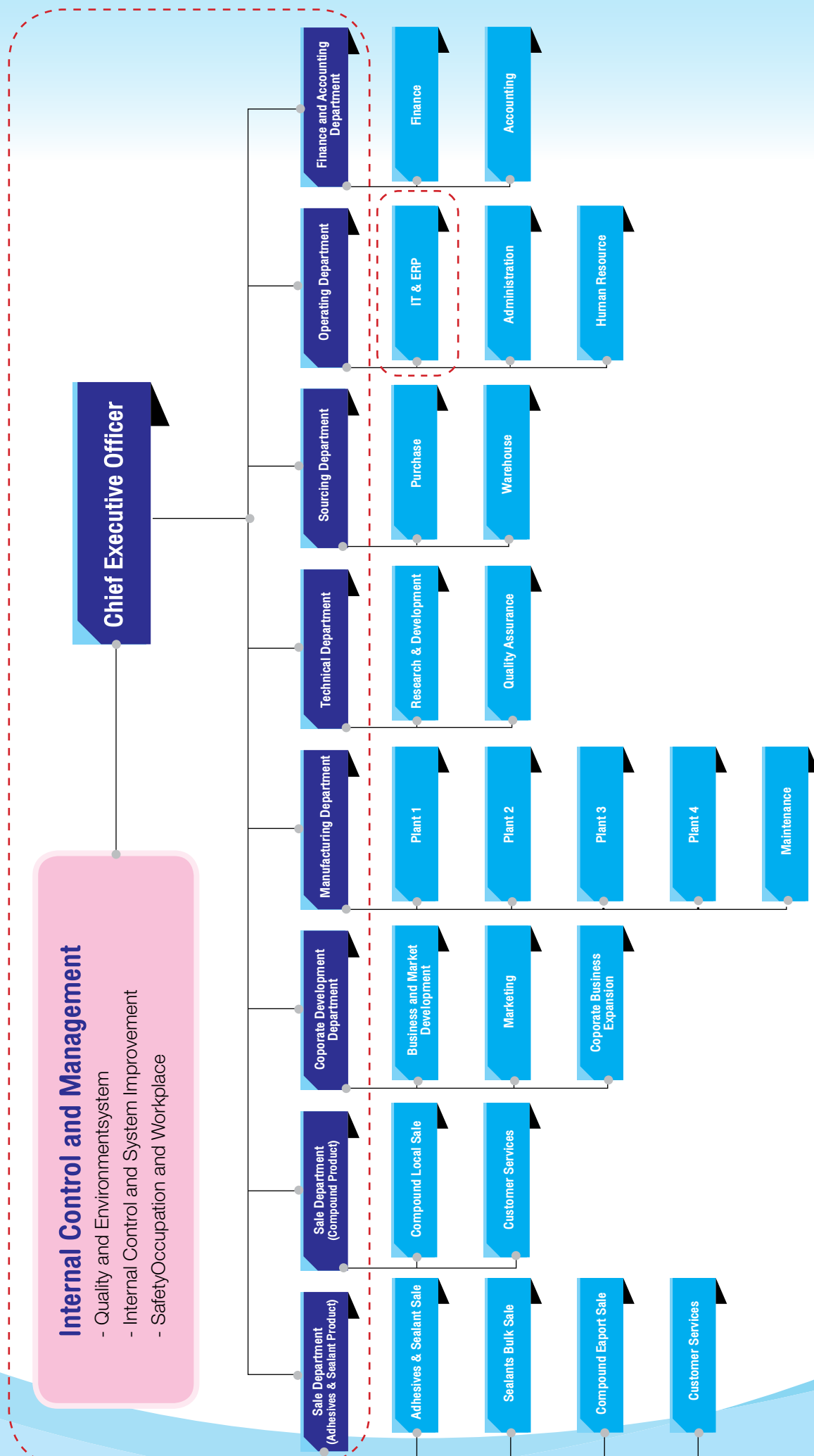
Executives	Director Position	Management Position
1. Mr. Wang Wanapaisan	Director Chairman of Executive Committee Risk Management Committee	Chief Executive Officer
2. Ms. Pornpiwan Niramoncherdchay	Director Executive Committee Risk Management Committee	Senior Vice President of Finance & Accounting Senior Vice President of Operating Department
3. Mr. Wei Kai Wang	Director Executive Committee	Vice President of Corporate Development
4. Mr. Veerachai Wongcharoensin	Director Executive Committee	Vice President of Manufacturing
5. Mr. Kang Hsu Liu	Executive Committee	Vice President of Sales Department Adhesives & Sealants Product
6. Mr. Siripong Luewongwattana	None	Vice President of Sales Department Compound Product
7. Mr. Piriya Mounkram	None	Vice President of Technical Department

Executives	Director Position	Management Position
8. Mr. Jirawat Akkranupornpong	None	Vice President of Finance & Accounting
9. Mr. Santan Cheeranoravanich	None	Vice President of IT&ERP
10. Mrs. Wichitra Thubburee	None	Vice President of Internal Control and Management System Office / Company Secretary
11. Ms. Nattha Likitrujanon	None	Acting to Vice President of Sourcing Department
12. Mrs. Nokjinda Non-asa	None	Accounting Manager

Authorization, Duties and Responsibilities of Chief Executive Officer

1. To have the authority to manage the business in accordance with all objectives, policies, rules, regulations, orders and resolution of Shareholders Meeting and/or resolution of Executives Meeting and Board of Directors, Meeting
2. To manage the business operation and daily routine work of the Company
3. To follow up and to provide performance appraisal of the Company regularly and to duties to report performance, progress to Executive Committee, .Audit Committee and Board of Directors.
4. To provide and to present business policy, business plan, target, operation plan, business strategies, and fundraising of the Company, annual budget of the Company for business operation, annual report and to set up the authorization for management in order to propose to Executive Committee, .Audit Committee and Board of Directors.
5. To consider profit and loss of the Company, to recommend interim dividend payment or annual dividend payment to propose to the Board of Directors for approval.
6. To set up management structure, management method covering details of selection, training, recruitment, and termination of Company's employees, set up remuneration plan, salary, fringe benefit, bonuses and others welfare for employees.
7. To have authorization to set up scope, duties, recruitment, promotion, transfer, deletion, decreasing, relieves termination, performance appraisal, penalty, and reward to employees on Assistant Vice president: AVP level or Manager Level or equivalent.
8. To consider entering into the contract related to normal corporate business, investment in new business, or ceasing the business in accordance with the authorization manual.
9. To approve expense for normal corporate business for each transaction in accordance with the authorization and the approval of the Board of Directors.
10. To have authority to command, contact, order, as well as for contract signing, order, or any notification as specified in the authorization manual.
11. To have authorization to appoint and manage several working groups for the interest and effectiveness of good corporate governance and transparency, also to delegate and/or to assign to other persons to work for the specific assignment. This delegation and/or assignment shall under the scope of authorization in accordance with power of attorney and/or in accordance with authorization manual and the approval of the Board of Directors.
12. To authorize, to order rules, notification, memorandum in order for all the operation in accordance with policy and Company's interest and to maintain rules and discipline of all internal work within organization. Therefore the delegation by Chief Executive Officer will not grant the power to Vice President or grantee from Chief Executive Officer to approve the transaction which may have conflict. (According to definition of related department), interest, or may have any conflict with other Company or affiliated companies, except any transactions according the normal business which clearly defined scope.
13. To perform any other duties as delegated by the Board of Directors and/or Executives Committees.

Organization and Executive



Note: Definition of "Executives" in accordance with notification of Securities and Exchange Commission no. Kor Jor 17/2008 in red dashed line.

Remuneration for Directors and Executives

Company has formulated remuneration plan for director and executives clearly and transparency, in accordance with duties and responsibility of corporate governance of the Company and also thoroughly consider the appropriateness of highest interest of the Company and shareholders as follows:

1. To provide remuneration for directors in which could compare with the industrial standard for experience, Accountability and Responsibility, including expected benefit from each director. For director who has more assignment such as: member of subcommittee, shall have additional and appropriate remuneration.
2. To provide remuneration for Board of Directors and top management in accordance with the principle and policy set up by Board of Director in order to maximize Company's benefit. Level of remuneration in terms of salary, bonus and motivated incentive shall in accordance with the performance of each executive based on the benefit of shareholders.
3. All directors who are not management, Nomination and Remuneration Committee shall assess the performance of directors and executive every year in order to set up the remuneration for director and executive by using agree the concrete indicator with directors and executives, including financial performance regarding long term strategic objectives, executive development, etc. and proposes the preliminary assessment to Board of Director for consideration and approval. Chairman of Board of Director and Senior Director shall communicate the result to Board of Director for acknowledgment.

Remuneration for Board of Directors

• Remuneration in Cash

The Annual General Meeting of Shareholders of 2018 dated 19 April, 2018, Board of Directors proposes in the Annual General Meeting of Shareholders of 2018 to consider remuneration from the size of business, appropriateness of duties and responsibilities of each committee, and to compare with other listed companies in the Stock Exchange of Thailand which have Market Capitalization similar to the Company, then agree to propose to the Annual General Meeting of Shareholders to approve the remuneration for director of 2018 in the same rate of 2017. The meeting approves to pay remuneration for Board of Directors, and subcommittees. Board of Directors and Subcommittees consist of Audit Committee, Executive Committee, and Risk Management Committee, its effective since 1 January, 2018 onwards as detailed below:

Remuneration and Allowance	2017	Existing (2018)	Proposed (2019)
1. Remuneration for the Board of Directors			
1.1 Monthly remuneration (Only for non-executive directors)	10,000 baht	10,000 baht	10,000 baht
1.2 Meeting allowance per time (Only for attendants)	15,000 baht	15,000 baht	15,000 baht
2. Remuneration for subcommittee			
2.1 Audit Committee	10,000 baht	10,000 baht	10,000 baht
2.1.1 Monthly remuneration			
2.2.2 Meeting allowance per time (Only for attendants)	15,000 baht	15,000 baht	15,000 baht
2.2 Risk Management Committee	Not receiving Remuneration	Not receiving Remuneration	Not receiving Remuneration
2.2.1 Monthly remuneration			
2.2.2 Meeting allowance per time (Only for attendants)	15,000 baht	15,000 baht	15,000 baht

Remuneration and Allowance	2017	Existing (2018)	Proposed (2019)
2.3 Executive Committee			
2.3.1 Monthly remuneration (Only for non-executive directors)	Not receiving Remuneration	40,000 baht	40,000 baht
2.3.2 Meeting allowance per time	Not receiving Allowance	Not receiving Allowance	Not receiving Allowance

Note: The approval of the Board of Directors Meeting No.10/2018 is to pay salary for executive committees who are non-executive directors : Mr. Wutthichai Wongcharoensin as scarified himself to use knowledge and capabilities to advice for management and participating in the executive meeting every month.

Information during 2018, Company pays remuneration in cash for director as detailed below:

Name	Position	Remuneration of Director (Baht)				
		Board of Director	Audit Committee	Executive Committee	Risk Management Committee	Total
1. Mr. Pawat Wongtangtrakul	Chairman of the Board	195,000				195,000
2. Mr. Rattanachai Wongcharoensin	Director	180,000				180,000
3. Mr. Veerachai Wongcharoensin	Director	1,812,432				1,812,432
4. Mr. Wutthichai Wongcharoensin ¹	Director	195,000		120,000	30,000	345,000
5. Mr. Wang Wanapaison	Director	8,539,217				8,539,217
6. Mr. Wei Kai Wang	Director	2,625,278				2,625,278
7. Ms. Pornpiwan Niramomcherdchay	Director	4,315,337				4,315,337
8. Mr. Jesadavat Priebjivat ²	Independent Director/ Chairman of Audit Committee		40,000			40,000
9. Mr. Mongkon Laoworapong ³	Independent Director/ Chairman of Audit Committee	75,000	180,000			390,000
10. Mrs. Monpilai H. Narasingha	Independent Director/ Audit Committee	75,000	180,000			255,000
11. Mr. Chung Jen Yang	Independent Director	165,000				165,000

Name	Position	Remuneration of Director (Baht)				
		Board of Director	Audit Committee	Executive Committee	Risk Management Committee	Total
12. Mrs. Kanchana Piyasatit ⁴	Independent Director/ Audit Committee	45,000	110,000			155,000
Total		18,222,264	510,000	120,000	165,000	19,017,264

Note:

1. The approval of the Board of Directors Meeting no. 10/2018 is to pay salary for executive committees who are not in management: Mr. Wutthichai Wongcharoensin as sacrificed himself to use knowledge and capabilities to advise for mangement and participating in the executive meeting every month since September, 2018 onwards.
2. Mr. Jedsadawat Priebjriwat retired from director since 30 April, 2018.
3. Appointed Mr. Mongkon Laoworapong to be chairman of Audit Committee in order to replace Mr. Jesadavat Priebjriwat since 1 May, 2018.
4. Appointed Mrs. Kanchana Piyasatit to replace Mr. Jedsadawat Priebjriwat since 1 May, 2018.

- **Other remunerations**

-None -

Remuneration for Executives

- **Remuneration in Cash**

During 2015 – 2018, Company pays remuneration in cash for executives as listed below:

Remuneration for Executives	2015		2016		2017		2018	
	Total of Person ¹ (person)	Remu-neration (Baht)	Total of Person ² (person)	Remu-neration (Baht)	Total of Person ² (person)	Total of Person ¹ (person)	Remu-neration (Baht)	Total of Person ² (person)
Salary and Bonuses ⁴	9	18,531,076	8	14,668,446	8	16,910,634	10	22,549,027
Others ⁵	8	9,738,494	7	8,623,100	7	5,079,751	9	8,965,679
Total		28,269,569		23,291,547		21,990,385		31,514,706

Note:

1. In 2015, Company has executives for 9 person; Mr. Pawat Wongtangtrakul, Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akkaranupornpong, Mr. Santan Cheeranorawanich, Miss Pornpiwan Niramongcherdchay.
2. During 2016 – 2017, Company has executives for 8 persons; Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akkaranupornpong, Mr. Santan Cheeranorawanich, Miss Pornpiwan Niramongcherdchay. The decreasing executive from 2015 due to Mr. Pawat Wongtangtrakul retired in September, 2015.
3. In 2018, Company has executives for 10 persons; Mr. Wang Wanapaisorn, Mr. Wei Kai Wang, Mr. Kang Hsu Liu, Mr. Siripong Luewongwattana, Mr. Piriya Muangkram, Mr. Jirawat Akkaranupornpong, Mr. Santan Cheeranorawanich, Miss Pornpiwan Niramongcherdchay, Mrs. Wichitra Thubburee and Mr. Veerachai

Wongcharoensin. The increasing of executives for 2 persons from 2017 due to the promotion of new executives for 2 persons.

4. Company pays remuneration in terms of bonuses for 2 times per year by paying first time at the end of December of every year and second time before Songkran Festival of every year.
5. Other fringe benefits such as position allowance, other welfares such as provident fund, living cost, management fee, travelling expenses, premium for vehicle, accident insurance, medical care, tuition fee, depreciation fee, renting fee, etc.

• **Other remuneration**

-None-

Personnel and Human Resources Development Policy

As of 31 December, 2015 – 2018, Company has employees (excluded executives) in total for 434 persons, 458 persons, 451 persons and 476 persons, respectively, and can classify per department as listed below:

Department	Number of Employees (person)				
	31 Dec 2015	31 Dec 2016	31 Dec 2017	31 Dec 2018	31 Jan 2019
1. COO	2	1	1	1	1
2. Accounting and Financial	25	26	25	22	21
3. Sales and Marketing	27	29	35	28	29
4. Technical	35	40	41	47	45
5. Operating	35	35	37	41	42
6. Manufacturing	310	327	327	270	271
7. Corporate Development	-	-	-	11	11
8. Sourcing	-	-	-	56	54
Total	434	458	451	476	474

Remuneration for Employees

During 2015–2018, Company pay remuneration in term of salary to employees (excluded executives) as follows:

Employees Remuneration (Baht)	2015	2016	2017	2018
Salary and Bonus ¹	94,845,607	96,804,501	102,895,657	119,094,975
Other ²	22,593,459	23,415,089	25,755,486	22,523,400
Total	117,439,066	120,219,590	128,651,143	141,618,375

Note:

1. Salary and bonuses is not provided for sales representatives. Company pays by commission in which is calculated with this portion.
2. Other fringe benefits such as position allowance, expertise fee, living cost, smell fee, mixed paint fee, lump sum OT, long distance fee, renting fee, retirement, etc.

Short Term and Long Term Remuneration to Employees in accordance with the Company's performance.**Short Term Remuneration**

The Company has policy to compensate employees based on fairness, appropriateness, skill, capabilities, labor market condition, and equivalent to the same industrial sector in order to retain Company's personnel. Criteria of performance assessment and Corporate's performance shall be assessed once a year in order to consider for remuneration and bonuses.

In 2018, the Company has revised working structure and also have additional investment resulting to the corporate performance which not nice. However, the Company still received the cooperation, working hard with dedication; patient, scarified from all employees to support the business plan in order to improve the work process, products and services quality development, cost reduction continually. In 2018, the Company still used the same rate of remuneration similar to previous year.

Long Term Remuneration

Long Term Remuneration Policy, the Company is still on-going progress of improvement the remuneration structure. Overall, performance assessment criteria is reviewed in order to connect to the remuneration and Company's performance, also the weighting of performance management of all levels framework is clearly reviewed. The Competency is not part of performance assessment but to be used as data for personnel development, aiming to create the challenging and possible targets when comparing with success performance. This is including that operation target shall be in parallel or support functional target and corporate target

Provident Fund Policy

Company has setup provident fund under the management by Kasikorn Asset Management Co.,Ltd. which is the fund management in accordance with Provident Fund Act B.E. 2530 (including additional revision) since 11 June 2002. Company has provident fund policy as follows:

1. Company selectes to invest with the reliable asset managemnet company and to formulate policy to invest in appropriate fund for employees by selecting medium risk investment (mixed stock fund not more than 25%) and low risk (Fixed Income Fund)
2. Provident Fund has been established as part of welfares to provide for employees. This is similar to increase addtiional salary from employers, to build saving displine in long term and to have large saving amount for living when retirement or resign and also can be the guarantee for family when employees pass away.

Labor Disputes

Company has set up the Labor Union since 2001 by registered as union No. Sor. Por.728 dated 14 February, 2001 in the name of "Apply DB Thailand Labor Union". Currently, in total of labor union committee are 15 persons by having 6 labor union committees from employees in compliance with Labor Relations Act B.E. 2518. In year 2018, Labor Union requested to change the employment conditions to the Company and had meeting negotiation till receiving the final resolution for the Memorandum of Understanding of Employment Condition dated 6 March, 2018, in which Company has registered this MOU of Employment Conditions with the Labor Protection and Welfare Office of Samutprakarn Province since 22 March, 2018. Since starting till present, Company does not have any disputes with continues to maintain good relationship with union.

Company does not have any significant on number of employees or any major labor disputes within the past 5 years.

Labor Protection Guideline

The Company prioritizes and focuses on Health, Occupational Safety and Environment of workplace of employees due to the different work in each function, then to set up Committee of Occupational Safety, Health and Work Environment of the Workplace by appointing one representative from employer for supervisor level and by election from employees side coming by volunteer, in order to be joint committees to formulate the operation guidelines according to the required law, work inspection, providing equipment, tools and machines for highest safety protection, facilities, in order to reduce accident or any hazard which might happen to employees during operation or external when visiting the factory. The Company also issue campaigns for employees to realize the safety during working and the process for labor protection, as well as providing medical treatment when having illness from working, etc.

Human Resources Development Policy

The Company has set up personnel development policy for all levels through personnel development and training for quality and standard for abilities and capabilities to be appropriate with the position and career growth in higher position. The Company also creates Learning Development Roadmap covering Core, Managerial and Functional competency for employees, preliminary, middle and high executives and talent by using several personal development tools through training and non-training such as: learning, coaching, on the job training, etc. Moreover, the Company also collects all data on Intranet in order to increase the opportunities for training, and to decrease the limitation of sending employees for training, and to decrease the cost of training. Then, in order to prepare for the readiness for employees and executives to perform in full capacities and to be promoted to higher position in the future, in order to support the operation and to drive the business further, personnel development guideline and creating core value for employees, and relevant executives as follows:

• Training for directors and executives.

Company has executive committees who have knowledge, skill, and also continue to seek knowledge for management and other skills. Company also supports directors and executive by providing studying and additional training in order to increase knowledge and other skills as follows:

1. Director and executives participates in the national activities to promote and increase good corporate governance and technology transfer and business negotiation with the major partners by visiting factories and work processes in order for director to understand business and also to bring knowledge, as well as experience to apply within the Company. Chief Executive Officer, Vice President of Corporate Development, Senior Vice President of Financial and Accounting and Independent Director visit Medical Japan 2018, Kaneka & Showa Factory, OSAKA, Japan and Far East Cable and 2 hot melt adhesive manufacturers.

2. Director and executives participates in the short term and long term training with several institution outside the Company, including in-house training. Company also supports directors and executives to be training other related training courses which can generate the benefit, then to further apply to Company's business. In this year 2018.

Directors and Executives	Training Date	Training courses	Institution
1. Mr. Wei Kai Wang	February 2017 – August 2018	1. 2017 SPRING COURSE EMBA IN THAILAND	National Taipei University of Technology (Taipei Tech)
	4 April 2018	2. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng
2. Mr. Veerachai Wongcharoensin	8-9 March 2018	1. ISO14001:2015 Requirements	Enermech / ADB
	4 April 2018	2. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng / In-House Training
	25 May 2018	3. Marketing to penetrate the organization	
	28 June 2018	4. Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	5. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	8 August 2018	6. Internal Audit Environment Standard	Enermech / ADB
	17 September 2018	7. KPI & Competency System	People Develop Center / In-House Training
	3 December 2018	8. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	9. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training

Directors and Executives	Training Date	Training courses	Institution
3. Ms. Pornpiwan Niramoncherdchay	4 April 2018	1. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng / ADB
	24 April 2018	2. Accounting Executive Workshop	Federation of Accounting Professions
	7 June 2018	3. Internal Control for IPO	Association of Securities
	11-12 June 2018	4. Orientation Course-CFO FOCUS ON FINANCIAL REPORTING Class 5	Federation of Accounting Professions
	28 June 2018	5. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	6. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	26 August – 1 September 2018	7. Directors Certification Program (DCP) 265/2018	IOD / Hyatt Regency Hua Hin
	17 September 2018	8. KPI & Competency System	People Develop Center / In-House Training
	25 September 2018	9. Corporate governance for business sustainability	
	27-28 September 2018	10. Embracing Innovation with corporate Venture Capital (CVC)	The Stock Exchange of Thailand
	3 December 2018	11. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	12. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training

Directors and Executives	Training Date	Training courses	Institution
4. Mr. Mongkon Laoworapong	18 March 2018	1. TFRS TALK 2018	KPMG
	16 August 2018	2. GDPR – Risks and Legal compliance, Data privacy and Protection	KPMG
5. Mrs. Monpilai H. Narasingha	24 April 2018	1. Accounting Executive Workshop	Federation of Accounting Professions
	16 August 2018	2. GDPR – Risks and Legal compliance, Data privacy and Protection	KPMG
6. Mr. Siripong Luewongwattana	9 July 2018	1. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
7. Mr. Piriya Moungram	4 April 2018	1. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng / In-House Training
	3 May 2018	2. Using test tools Quv & Di Water	TEC / In-House Training
	1 June 2018	3. Using test tools Tensile Machine	TEC / In-House Training
	28 June 2018	4. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	5. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	11 July 2018	6. Top-3 Plastic Additives Plus: Key Understandings 2011	GTO Corporation/ Dusit Princess Srinakarin Hotel
	18 July 2018	7. Plastic Resistance Evaluation; temperature and Weather	GTO Corporation/ Dusit Princess Srinakarin Hotel
	11 September 2018	8. Using a viscosity meter Economy Digital Viscometer	TEC / In-House Training
	6 December 2018	9. Schedule KPI and Competency	People Develop Center / In-House Training

Directors and Executives	Training Date	Training courses	Institution
8. Mr. Jirawat Akkranupornpong	18 March 2018	1. TFRS TALK 2018	KPMG
	4 April 2018	2. People Develop /ADB	Mr. Lu Yi-Cheng / In-House Training
	28 June 2018	3. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	4. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	17 September 2018	5. KPI & Competency System	People Develop Center / In-House Training
	18 September 2018	6. Preparation and management of budgets Class 4	Thammasat University
	3 December 2018	7. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	8. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training
9. Mr. Santan Cheeranoravanich	8 March 2018	1. ISO14001:2015 Requirements	Enermech / In-House Training
	4 April 2018	2. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng / In-House Training
	28 June 2018	3. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	4. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	4 August 2018	5. 5S and Company policy to everyone	In-House Training
	8 August 2018	6. Internal Audit Environment Standard	Enermech / In-House Training
	17 September 2018	7. Schedule of KPI & Competency System	People Develop Center / In-House Training
	18 September 2018	8. Preparation and management of budgets Class 4	Thammasat University
	3 December 2018	9. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	10. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training

Directors and Executives	Training Date	Training courses	Institution
10. Mrs. Nokjinda Non-asa	8 March 2018	1. ISO14001:2015 Requirements	Enermech / In-House Training
	15 March 2018	2. TFRS TALK 2018	
	28 June 2018	3. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	6-7 July 2018	4. Finance for entrepreneurs	Faculty of Commerce and Accountancy Thammasat University
	9 July 2018	5. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	8 August 2018	6. Internal Audit Environment Standard	Enermech / In-House Training
	17 September 2018	7. KPI & Competency System	People Develop Center / In-House Training
	18 September 2018	8. Preparation and management of budgets Class 4	Thammasat University
	3 December 2018	9. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	10. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training
11. Ms. Nattha Likitrujanon	12 January 2018	1. Understanding ROHS V2 in ADB products and production guidelines	ISO Team / In-House Training

Directors and Executives	Training Date	Training courses	Institution
12. Mrs. Wichitra Thubburee	April 2016 - August 2018	2. MBA: Logistic and Supply chain	Ramkumhang University
	12 January 2018	3. Understanding ROHS V2 in ADB products and production guidelines	ISO Team / In-House Training
	12 February 2018	4. Graph creation in Microsoft Excel	IT / In-House Training
	8 March 2018	5. ISO14001:2015 Requirements	Enermech / In-House Training
	4 April 2018	6. Development of Essential Skills for Executives	Mr. Lu Yi-Cheng / In-House Training
	16 May 2018	7. Strategic Performance Management System	Nation University
	21 May 2018	8. ISO37001 Anti -bribery management systems	PWC/Aura room 15F PwC office
	7-8 June 2018	9. CG Code workshop	Deloitte Touche Tohmatsu Chaiyos Aduit
	28 June 2018	10. Cost down production costs, increase value and sustainability for the organization Material Flow Cost Accounting Class 3/61	Federation of Accounting Professions
	9 July 2018	11. Techniques for using competency systems for organizational development	People Develop Center / In-House Training
	12-13 July 2018	12. Anti-Corruption: The Practical Guide (ACPG) Class 45/2018	IOD
	8 August 2018	13. Internal Audit Environment Standard	Enermech / In-House Training
	23 August 2018	14. Pallet-Shuttle for WH4.0	LPI GROUP/ Dusit Princess Srinakarin Hotel
	17 September 2018	15. KPI & Competency System	People Develop Center / In-House Training
	18 September 2018	16. Preparation and management of budgets Class 4	Thammasat University
	11 October 2018	17. Risk management that affects business operations for standards ISO 14001: 2015 according to ISO 31000: 2009 guidelines	BSI/ Amari Hotel Donmuang
	22 November 2018	18. Energy Conservation Promotion Act	Enermech / In-House Training
	3 December 2018	19. Schedule of KPI and Competency	People Develop Center / In-House Training
	17 December 2018	20. Schedule of Department KPI of Manager in accordance with Corporate	People Develop Center / In-House Training

- Guidelines for Human Resources Development and Core Value Creating for relevant employees and executive as follows:

Type of Development	Work Instruction
1. Human Resources Development	<ul style="list-style-type: none"> • (Succession Plan) <p><u>Year 2018:</u> To specify the key position together with Succession Plan and to provide training for review and set up Competency for the target group.</p> <p><u>Year 2019:</u> To analyse Competency and SWOT of the potential employees whom selected to participate in the project and to provide Training Road Map for the target group in order to analyse the potential employee to be promoted in his career path.</p> <p><u>Year 2020:</u> To provide Individual Development Plan : IDP and to follow up the appraisal and performance, then to conclude the assessment and name list of potential employees who pass the appraisal.</p> <ul style="list-style-type: none"> • <u>Annual Human Resources Development Training Plan</u> <p><u>Year 2018:</u> The Company has provided training for hard skill (work competency) and soft skill (social and emotional capabilities.)</p>
2. Develop and promote Innovation Creating	<p><u>Year 2018:</u> Company has policy to recruit intellectual employees, to provide competition in each department for several issues; cost reduction proposal, work improvement, Innovative product to create value and revenue and Company's image. The winner is the production department by implementing 7-Waste to reduce cost and to improve work in process of the Company.</p>
3. Conservation and Reduction of Resources use and waste reduction	<p><u>Year 2018:</u> The Company is in the process to set up ISO 14001:2015 in order to implement in the 4 factories by aiming for the sustainable business and together to protect environment, expect to complete within 2019.</p> <p>Company has the campaign for employee to separate waste correctly in order to reduce waste volume in the Company and to have better environment, expect to complete within 2019. Company will provide waste house in order to separate waste for reuse and to separate waste that may create revenue to the Company such as plastic, paper, etc.</p>
4. Occupational Safety and Health Management	<p>During working for 30 years, Company still maintains the operation under safety law seriously and improves the safety issues in compliance with the new changing law. By year 2019, will bring standard of Occupational Safety and Health Management for Work Place: OHSAS 45002 in order to reduce incident, lost time without necessary and to create better work place.</p>

Human Resource Development Training Course / Seminar for 2018 Information

Training Courses / Seminars	Targeted Seminar Participants	Number of Participants	Percentage
For Sales and Service	10	12	120.00%
1. Training for Silicone & Sealant Products	10	12	120.00%
For Products-Standard System	105	95	90.48%
2. Knowledge and Understanding of RoHS V2 for ADB Products as well as the approach to produce Non-Prohibited Substance Products (Environmental Standards)	65	57	87.69%
3. ISO13485:2016 Medical device Requirements	40	38	95.00%
For the Efficiency and Productivity Enhancement for Factory	323	312	96.59%
4. 7 wastes	60	52	86.67%
5. Reducing production costs with Material Cost Flow Accounting	15	15	100.00%
6. Forklift Operator Training Course (For Safe Driving and Maintenance)	23	20	86.96%
7. The Operating Method for Tensile Test Machine.	40	40	100.00%
8. Knowledge for X-ray machine and the Operating Method	40	40	100.00%
9. How to create a Graph in Microsoft Excel	50	53	106.00%
10. Viscometer (Fundamental knowledge & Operating Method)	45	45	100.00%
11. Energy Management System (Compiled with Energy Conservation Promotion Act)	50	47	94.00%
For General Management and Administration	761	657	86.33%
12. ISO14000:2015 Environment management Requirements	50	62	124.00%
13. Development of Essential Skills for Executives	30	25	83.33%
14. Professional Trainer/Speaker Techniques	30	30	100.00%
15. Environmental and Occupational Health and Safety Law	50	45	90.00%
16. The enhancement of essential skills to be professional leader.	50	44	88.00%
17. Develop Effective OJT Techniques	45	29	64.44%
18. Strategies to enhance the Competency for success	40	40	100.00%
19. Successor Enhancement Program	40	31	77.50%
20. Review of 5S Policy and essential regulations.	476	413	86.76%
Training rate of the year 2018	1,199	1,076	89.74%

Board of Director

คณะกรรมการบริษัท



Mr. Pawat Wongtangtrakul
Chairman of the Board



Mr. Wang Wanapaisorn
Director



Mr. Rattanachai Wongcharoensin
Director



Mr. Wei Kai Wang
Director



Mr. Pornpiwan Niramondchay
Director



Mr. Veerachai Wongcharoensin
Director



Mr. Wuttichai Wongcharoensin
Director



Mr. Chung Jen Yang
Independent Director



Mr. Mongkon Laoworapong
Independent Director / Chairman of the
Audit Committee



Mrs. Monpilai H. Narasingha
Independent Director /
Audit Committee



Mrs. Kanchana Piyasatit
Independent Director /
Audit Committee

Executive

คณะผู้บริหาร



Mr. Wang Wanapaisorn
Chief Executive Officer



Ms. Pornpiwan Niramondchay
Senior Vice President of Financial and
Accounting / Senior Vice President of
Operating



Mr. Wei Kai Wang
Vice President of Corporate
Development



Mr. Veerachai Wongcharoensin
Vice President of Manufacturing



Mr. Kang Hsu Liu
Vice President of Sales
Adhesive & Sealant Products



Mr. Piriya Mounkram
Vice President of Technical



Mr. Siripong Luewongwattana
Vice President of Sales
Compound Products



Mr. Santan Cheeranoravanich
Vice President of IT&ERP
Department



Mr. Jirawat Akkrasornpong
Vice President of
Financial & Accounting



Mrs. Wichitra Thubburee
Company Secretary / Vice President
of Internal Control and Management
System Office



Ms. Nattha Likitrujanon
Acting Vice President of
sourcing



Mrs. Nokjinda Non-arsa
Accounting Manager

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
1. Mr. Pawat Wongtangtrakul - Chairman of the board <u>Date of Appointment</u> January 4, 2005	76	High School, Mechanical Engineering Dept, Taichung Mechanical College, Taiwan <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 135/2017	Direct 22,215,920 Share (3.70%) Indirect - None	Mr.Wang Wana-paison's Brother, Mr.Wei Kai Wang and Mr.Kang hsu liu's Uncle	Other Listed Company -None				None
					Limited Company				
					2015 - Present	Director	Director of SAVEMOR International Co.,Ltd.	Import- Export Retail-wholesale of consumer products	
					2010 – Present	Director	Director of PWT Land Co.,Ltd.	Buying and selling all types of real estate	
2. Mr.Rattanachai Wongcharoensin - Director <u>Date of Appointment</u> January 4, 2005	69	Primary, Lasalle School <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 131/2016	Direct 245,500 Share (0.04%) Indirect - None	Mr.Wutthichai Wongcharoes-in's Father and Mr.Veerachai Wongcharoensin's Uncle	Other Listed Company -None				None
					Limited Company				
					2009 – Present	Director	Charoensin Tannery Co.,Ltd.	Leather Manufacturing and Distribution	
					2002 – Present	Director	Sang Burapa Rubber Co.,Ltd.	Real estate for rent	
					1990 – Present	Chairman of the board	Thai Technical Nonwoven Co.,Ltd.	Synthetic fibers and nonwoven fabric Manufacturing and Distribution	
					1989 – Present	Chairman of the board	Songmao Nonwoven Co.,Ltd.	Contracted sales and bedding accessories of all kinds.	
					1989 – Present	Director	Sunshine Plastic Products Co.,Ltd.	Manufacture, import and export raw mate-rials of plastic	
					1975 – Present	Director	Charoensin Tannery Indus-try Co.,Ltd.	Real estate for rent	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
3. Mr.Veerachai Wongcharoensin - Director - Executive Director - Vice President of -Manufacturing <u>Date of Appointment</u> May 2, 2013	40	- Master of Business Administration, University of Technology Sydney - Bachelor of Engineering (Industrial Engineering), Thammasat University <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 132/2016	Direct 795,500 Share (0.13%) Indirect - None	Nephew of Mr.Ratthanchai Wongcharoensin, Relative with Mr.Wutthichai Wongcharoensin	Other Listed Company -None				None
					Limited Company				
					2012 – Present	Director	Charoensin Holding Co.,Ltd.	Renting buildings and investing in associated companies	
					2012 – Present	Director	Charoensin Supermart Co.,Ltd.	Distribution of consumer products	
					2012 – Present	Director	CS Rubber Industry Co.,Ltd.	Manufacture, import and export of rubber products	
					2012 – Present	Director	Miracle jewelry Co.,Ltd.	Manufacturing and distribution of jewels	
					2012 – 2017	Director	Thai Wiring System Co.,Ltd.	Manufacture and distribution of wire mesh boxes	
					2012 – Present	Director	The Lovemarks Co.,Ltd.	Import and Export, jewelry retail	
					2006 – Present	Director	Charoensin Thani Co.,Ltd.	Real estate for rent	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
4. Mr. Wuttichai Wongcharoensin - Director - Executive Director - Risk Management Committee <u>Date of Appointment</u> July 21, 2016	42	- Master's, Master of Business Administration, Westminster College - Bachelor, International Business Management Faculty of Business Administration Assumption University <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 135/2017	<u>Direct</u> 245,500 Share (0.04%) <u>Indirect</u> - None	Son of Mr.Rat-thanachai Wongcharoensin and Relative of Mr.Veerachai Wongcharoensin	<u>Other Listed Company</u> -None <u>Limited Company</u>				None
					2015 – Present	Director	LEO Company Co.,Ltd.	Buy, sell, exchange, rent Land and buildings	
					2013 – Present	Director	UR Family Co.,Ltd.	Real estate for rent	
					2004 – Present	Director	Thai Wiring System Co.,Ltd.	Manufacture and distribution of wire mesh boxes	
					2003 – Present	Director	Sunshine Plastic Products Co.,Ltd.	Manufacture, import and export raw materials of plastic synthetic fibers	
					2003 – Present	Director	Eastern Fiber Products Co.,Ltd.	Manufacturing and distribution	
					2002 – Present	Director	Charoensin Holding Co.,Ltd.	Renting buildings and investing in associated companies	
					2002 – Present	Director	Songmao Nonwoven Co.,Ltd.	Contracted sales and bedding accessories of all kinds.	
					2001 – Present	Director	Thai Technical Nonwoven Co.,Ltd.	Synthetic fibers and nonwoven fabric Manufacturing and Distribution	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences			Record of Offense
					Time	Position	Company	
5. Mr. Wang Wanapaisan - Director - Chief Executive Officer - Chairman of Executive Committee - Risk ManagementCommittee	67	High School, Chemical Engineer, Tai Chung Tech- nical High School, Taiwan Training : IOD Director Accreditation Program (DAP) Class 131/2016	Direct 52,425,500 Share (8.74%) Indirect 15,000,000 Share (2.50%)	Mr.Pawat Wong- tantrakul's Brother, Mr.Wei Kai Wang and Mr.Kang hsu liu's Uncle	Other Listed Company -None			None
					Limited Company			
					2015 – Present	Director	TVDI Vietnam Co.,Ltd.	
					2013 – Present	Director	Hypanique Co.,Ltd.	
					2007 – Present	Director	All New Vision Co.,Ltd.	
6. Mr. Wei Kai Wang - Director - Executive Committee - Vice President of Corporate Devel- opment	45	- Master of Business Administration (EMBA), National Taipei University of Technology Taiwan - Bachelor of Business Administration,Cumber- land College, USA Training : IOD - Director Accreditation Program (DAP) Class 135/2017	Direct 19,988,720 Share (3.33%) Indirect - None	Mr.Pawat Wong- tantrakul and Mr.Wang Wana- paison's Nephew, Relative with Mr. Kang Hsu Liu	Other Listed Company -None			None
					Limited Company			
					2017 – Present	Director President	ADB USA Inc.	
					2017 – Present	Director President	SPARKO USA Inc.	
					2011 - Present	Director	Red Phoenix Venture	
Investment other companies								

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense	
					Time	Position	Company	Business		
7. Ms.Pompiwan Niramonchardhay - Director - Executive Committee - Risk Management Committee - Senior Vice President of Finance & Accounting - Senior Vice President of Operating - Investor Relations <u>Date of Appointment</u> June 1, 2006	48	- Master of Business Administration (Finance), Assumption University - Bachelor of Arts Council, Chulalongkorn University - Diploma Beijing Language and Culture University <u>Training : IOD</u> - Director Certification Program (DCP) Class 265/2018 - Director Accreditation Program (DAP) Class 131/2016	<u>Direct</u> 5,368,040 Share (0.89%) <u>Indirect</u> 2,100,000 Share (0.35%)	None	<u>Other Listed Company</u> - None				None	
8. Mr. Mongkon Laoworapong - Independent Director - Chairman of the Audit Committee - Chairman of the Risk Management Committee - Investment Advisory Board <u>Date of Appointment</u> July 1, 2016	49	- Doctoral Degree in Business Administration (Accounting), Thammasat University - Master's Degree in Accounting, Thammasat University - Bachelor's Degree in Accounting, Thammasat University	<u>Direct</u> 250,000 Share (0.04%) <u>Indirect</u> - None	None	<u>Other Listed Company</u>	2015-Present	Independent Director /Audit Committee	Sahakol Equipment Pcl.	Construction of non-residential buildings	None
							2011-Present	Independent Director / Audit Committee /Risk Management Committee	CPL Group Pcl.	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
		Training : IOD -Director Accreditation Program (DAP) Class BJC/2004 - Director Certification Program (DCP) Class 88/2007 - Audit Committee Program (ACP) Class 18/2007 - Monitoring the Internal Audit Function (MIA) Class 03/2008 - Successful Formulation & Execution of Strategy (SFE) Class 15/2012 - How to Measure the Success of Corporate Strategy (HMS) Class 03/2013 - Chartered Director Class (CDC) Class 08/2014 - Boardroom Success through Financing and Investment (BF) Class 5/2018			2018-Present	Independent Director	AEON Thana Sinsap (Thailand) Pcl	Credit card rental	
					Limited Company				
					2015-Present	Independent Director /	Charoensin Asset Co.,Ltd.	Rental property	
						Audit Committee /			
						Risk Management Committee			
Present	Director	Absolute Growth Co.,Ltd.	Accounting and consultants services	Educational institution					
2009-Present	Visiting Lecturer	Faculty of Commerce and Accountancy, Thammasat University							

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
9. Mrs. Monplai H. Narasingha - Independent Director - Audit Committee - Investment Advisory Board - Risk Management Committee <u>Date of Appointment</u> 1 July 2016	50	- Doctor of Philosophy of Mining and Minerals Engineering, Virginia Poly- technic Institute and State University, USA - Master of Science (Chemical Engineering), Chulalongkorn University - Bachelor of Science (Chemical Engineering), Chulalongkorn University <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 131/2016	<u>Direct</u> 100,000 Share (0.016%) <u>Indirect</u> - None		<u>Other Listed Company</u> -None				None
					<u>Limited Company</u>				
					2015 – Present	Director	TGGS Co.,Ltd.	Academic Coopera- tion Institute	
					1992 – Present	Lecturer	Department of Chemical Engineering Faculty of Engineering King Mongkut's Univer- sity of Technology North Bangkok	Educational institution	
10. Mr. Chung Jen Yang - Independent Director <u>Date of Appointment</u> March 13, 2017	46	- Master of Business Administration in Banking and Finance, Manchester Business School, The University of Manchester, United Kingdom	<u>Direct</u> 250,000 Share (0.04%) <u>Indirect</u> - None	None	<u>Other Listed Company</u> -None				None
					<u>Limited Company</u>				
					2000 – Present	Vice President	Bangkok Grand Pacific Lease Pcl.	Financial lease for con- sumer goods (Except for motor vehicles and motorcycles)	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
		- Bachelor's Degree, dual degrees in Business Ad- ministration and Tourism, Chinese Culture University <u>Training : IOD</u> - Director Accreditation Program (DAP) Class 139/2017							
11. Mrs. Kanchana Piyasatit	64	University	<u>Direct</u>	None	<u>Other Listed Company</u>				None
- Independent Director		- Master of Public Administration (M.P.A.), Chulalongkorn University	- None		2018–Present	Director /Independent Director	Built Land Pcl.	Real estate	
- Audit Committee		- Bachelor of Laws, Fac- ulty of Law, Thammasat University	<u>Indirect</u> - None		2015-2018	Independent Director / Chairman of the Audit Committee	Built Land Pcl.	Real estate	
<u>Date of Appointment</u> May 11, 2018		- Bachelor of Accounting, Faculty of Commerce and Accountancy, Thammasat University			<u>Limited Company</u>				
		<u>Training : IOD</u> - Director Accreditation Program (DAP) Class 123/2016 - Role of the Chairman Program (RCP) Class 38/2016			2012 - 2014	Revenue Department Region 10	The Revenue Department,	Government agency	

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences			Record of Offense
					Time	Position	Company	
12. Mr. Kang Hsu Liu - Executive Committee - Vice President of Sales (ADH & Sealant Product) <u>Date of Appointment</u> June 16, 2008	47	Bachelor in Engineering, Wichita State University, USA	<u>Direct</u> 2,269,700 Share (0.38%)	Mr.Pawat Wong- tangtrakul's and Mr.Wang Wana- paison's Nephew, Mr. Wei Kai Wang Cousin	<u>Other Listed Company</u> - None			None
					<u>Limited Company</u> - None			
13. Mr. Siripong Luewongwattana - Vice President of Sales (Compound Products) <u>Date of Appointment</u> January 4, 2005	47	Bachelor of Marketing, Kasem Bundit University	<u>Direct</u> 350,000 Share (0.06%)	None	<u>Other Listed Company</u> - None			None
					<u>Limited Company</u> - None			
14. Mr. Priya Moungram - Vice President Of Technical Department <u>Date of Appointment</u> January 4, 2005	39	- Bachelor of Materials Technology (Petrochemi- cals and Polymer Materi- als) Silpakorn University	<u>Direct</u> 300,000 Share (0.05%)	None	<u>Other Listed Company</u> - None			None
					<u>Limited Company</u> - None			

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense
					Time	Position	Company	Business	
15. Mr. Santan Cheeranoravanich - Vice President of IT&ERP Department <u>Date of Appointment</u> September 1, 2011	61	- Master of Computer Science Chulalongkorn University - Bachelor of Mechan- ical Engineering King Mongkut's University of Technology North Bang- kok Campus	Direct 300,000 Share (0.05%) Indirect - None	None	Other Listed Company - None				None
					Limited Company - None				
16. Mr. Jirawat Akkranupompong - Vice President of Financial & Accounting <u>Date of Appointment</u> May 17, 2010	41	- Master of Science in Accountancy, University of Illinois at Urbana Cham- paign, IL, USA - Master of Business Administration, California State University Fullerton, CA, USA - Bachelor of Finance, Faculty of Commerce and Accountancy Thammasat University	Direct 1,890,460 Share (0.32%) Indirect - None	None	Other Listed Company - None				None
					Limited Company				
					2017 – Present	Director	ADB USA Inc.	Marketing service business	
	2017 – Present	Director	SPARKO USA Inc.	Marketing service business					

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences				Record of Offense	
					Time	Position	Company	Business		
17. Mrs. Wichitra Thubburee - Company Secretary - Vice President of Internal Control and Management System Office	53	- Master of Business Administration Logistics and Supply Chain Man- agement Ramkhamhaeng university	<u>Direct</u> 1,890,460 Share (0.32%)	None	<u>Other Listed Company</u> - None					
		<u>Limited Company</u>								
		- Bachelor of Public Administration Ramkham- haeng University	- None			Director	ADB USA Inc.	Marketing service business		
<u>Date of Appointment</u> November 18, 2016		- Bachelor' of Account- ing, Suan Dusit Rajabhat University <u>Training : IOD</u> - Company Reporting Program (CRP) Class 18/2017 - Company Secretary Program (CSP) Class 80/2017 - How to Develop a Risk Management Plan (HRP) Class 15/2017 - Anti-Corruption: The Practical Guide (ACPG) Class 45/2018					Director	SPARKO USA Inc.	Marketing service business	None

Details of Director, Executive and Company Secretary of Applied DB Public Company Limited

Name	Age	Education / Training	Shareholding (%) (As of January, 8 2019)	Relationship	Work Experiences			Record of Offense
					Time	Position	Company	
18. Mrs. Nokjinda Non-asa - Accounting Manager <u>Date of Appointment</u> September 17, 2009	38	- Bachelor of Business Administration (Account- ing), Suan Dusit Rajabhat University - Bachelor of Science Rajabhat Maha Sarakham University	<u>Direct</u> 1,890,460 Share (0.32%) <u>Indirect</u> - None	None	<u>Other Listed Company</u> - None			None
					<u>Limited Company</u> - None			

Corporate Governance

การกำกับดูแลกิจการ

The Company has operated its business in the compliance by with corporate governance principle. Its focus is on the importance and responsibility to all shareholders and stakeholders. To invest in stock market in the first year, the Company's operation, based on corporate governance of registered Thai companies, the Company gained 69% of the assessment results, which is below the criteria. However, the Company is willing to accept and apply the results in each category of assessments to improve effective performance.

The Company's Board of Directors has emphasized on the compliance with good corporate governance to increase assurance of stakeholders, investors and all involved parties. The Company requires the review of corporate governance policy and the compliance with the policy at least once a year. The Company discloses its corporate governance policy on the Company's website to communicate with outsiders and employees in the organization, with the aim of acknowledging the Company's corporate governance and encouraging employees to participate in the implementation of such policy.

Throughout 2018, the Company has gradually adopted work procedures based on Corporate Governance Code (CG Code 2017). There are 8 practical guidelines for the Directors as follows.

1. Recognize the roles and responsibilities of the Board of Directors as the leader of an organization who creates value for business sustainably.
2. Determine the business's objectives and main goals for sustainability.
3. Strengthen the effective board.
4. Recruit and develop senior management and personnel management.
5. Promote innovation and responsible business practices.
6. Supervise and create appropriate risk management system and internal control.
7. Maintain financial credibility and disclosure.
8. Promote involvement of and communication with shareholders.

The above is used as a guideline for the Board of Directors to supervise good performance in a long run, which is reliable for shareholders and for the benefits of creating sustainable business value. At the Board of Directors' meeting 1/2018 on December 2018, the Company's Corporate Governance Code (CG Code 2017) was reviewed. The Corporate Governance Code (CG Code 2017) are adopted to suit the Company's business context as much as possible. Additional practical guidelines are established to ensure how the Company can improve to suit the Company's situation. In addition, the Board of Directors shall review the appropriate implementation of CG Code at least once a year.

Corporate Governance Policy

The Company's Board of Directors has placed the importance on shareholder supervision, enabling them to exercise their rights. The Company has the duty to safeguard the interest of all shareholders equally including institution investors or major/minor shareholders, investors in stock markets and shareholders who own companies in accordance with good corporate governance of well-known The Stock Exchange of Thailand. That is, in 2017 the Company complies with the Corporate Governance Code (CG Code 2017) as required by The Stock Exchange of Thailand as follows.

Section 1 Rights of Shareholders

The Company has recognized the importance of rights of shareholders with responsibility for well-rounded and careful company management. The Company has focused on the rights and equality of shareholders and maintained ultimate benefits of shareholders. The Company also encourages shareholders to exercise comprehensive basic rights as required by the law or tradition practice without any acts of violation or deprivation of shareholders' rights. Shareholders have the basic rights as follows.

1.1 Right to trade or transfer shares

- 1.2 Right to attend a shareholders' meeting
- 1.3 Right for vote 1 vote per 1 share for approval or rejection in different agendas
- 1.4 Right to appoint proxy for others to attend and vote on behalf of them
- 1.5 Right to propose additional agendas in a meeting
- 1.6 Right to nominate the Director's name
- 1.7 Right to receive dividend
- 1.8 Right to express opinion or ask questions in a shareholders' meeting
- 1.9 Right to receive the Company's information sufficiently and timely

Rights of shareholders in the shareholders' meeting 2019 are as follows.

1. The Company appoints Thailand Securities Depository Co., Ltd., which is the Company's share registrar, send an invitation letter to shareholders and supporting documents to all shareholders at least 21 days before a meeting date. The invitation letter shall completely include date, time, a location and a meeting agenda, meeting objectives, reasons and opinions of the Board of Directors in each agenda clearly in both Thai and English version to inform shareholders about the matters to be considered at the meeting as for factors in deciding to attend the meeting and to allow shareholders to receive information for decision making before attending the meeting. The Company avoids adding other agendas that require resolution in the meeting that is not scheduled in the shareholders' meeting, which is considered unfair to shareholders who do not attend the meeting.
2. At an annual general meeting of shareholders, the Company propose the Board of Directors' remuneration to shareholders to consider and approve on an annual basis as well as presenting the policy for determining remuneration and the criteria of the Board of Directors' remuneration for shareholders' consideration.
3. The Company provides an opportunity to shareholders to individually vote for the Board of Directors. Names of the Board of Directors are proposed to shareholders to vote individually in order to allow shareholders to have the right to choose the Board of Directors.
4. The Company provides an opportunity to shareholders to propose a meeting agenda and names of the Board of Directors through the channels provided by The Stock Exchange of Thailand and on the Company's website. The criteria for considering the proposed matters are clearly identified. The shareholders can directly propose a meeting agenda and a name of the Board of Directors in advance via the Company's website.
5. The Company provides an opportunity to shareholders to ask questions and express their opinions to the Board of Directors in relation to the Company in advance in order to answer in the shareholders' meeting. An announcement is made through the channels provided by The Stock Exchange of Thailand and on the Company's website. The shareholders can directly express their opinions and questions to the Company's secretary in advance via the Company's website and at the Board of Directors' meeting, where the meeting's chairperson offers an opportunity to and encourage shareholders to express their opinions and ask questions related to the meeting. The shareholders shall give their opinions or ask additional questions about the meeting agenda at the meeting, after reporting or present each agenda or express opinions or ask additional questions on issues other than in the agenda after the meeting agenda is completely covered.
6. The Company has a policy to facilitate and promote the shareholders, especially institution investors to attend a shareholders' meeting. A meeting registration can be made in advance.
7. The Company applies barcode system technology and a shareholder meeting management program offered by outsourcing company with high expertise in meeting including a self-registration system, proxy appointment, score counting system, a result displaying and report system to facilitate a rapid, precise and accurate meeting.
8. The Company has at least 2 legal advisor and independent person who act as witnesses for vote counting to represent shareholders for transparency in accordance with laws and regulations. The Chairman of the Board of Directors, as the chairman of the meeting, introduces auditors who count the votes to the meeting and arrange for recording a minute of the shareholders' meeting to display the results, whether they agree or disagree with the meeting, no voting and invalid ballots. To count the votes, the shareholders can check. The Company discloses the resolution together with the results of each agenda to the meeting as soon as the counting is completed and before the next agenda is discussed.
9. Letter of meeting invitation for shareholders: the Company includes details of each agenda consisting of the followings.

- 9.1 Agenda for an appointment of the Board of Directors includes name, last name, age, educational background, work experience, work positions in registered or general companies, rules and procedures for recruiting and times of attending the meetings within a year. In this year, no shareholders nominated names of the Board of Directors. The meeting agreed that the retired Directors shall be re-appointed for another term.
- 9.2 Agenda for an appointment of auditors clearly includes names of auditors, affiliated company, auditor licenses, experience, auditors' competency, years of auditing for the Company, issues relating to the independence of auditors and auditors' remuneration.
- 9.3 Agenda for a dividend approval includes the Company's dividend policy, rate of dividend, reasons and supportive details.
- 9.4 In a letter of meeting invitation, facts and reasons of each agenda are specified. Opinions of the Board of Directors in each agenda are clearly identified.
- 9.5 The Company prepares an effective and comprehensive shareholder's meeting report which covers important details as follows.
 - 9.5.1 A record of voting procedures which notifying voting procedures and counting votes using ballots and voting result display. The shareholders shall be informed before a meeting starts.
 - 9.5.2 A record of voting results of all types, agreement, and disagreement, no voting and invalid ballots. The results show a number of shareholders who vote and percentage of shareholders who attend the meeting and vote.
 - 9.5.3 A record of no voting in the event that a shareholder is a stakeholder in each agenda.
 - 9.5.4 A record of questions, answers which offer an opportunity to shareholders to ask or express their opinions in different agenda. Names of shareholders who ask questions at the meeting to inform shareholders who do not attend the meeting.
 - 9.5.5 A record of the meeting is clearly made. A number of votes in each agenda is clearly recorded covering agreement and disagreement in each agenda where the voting is required.
 - 9.5.6 A record of names and positions of the Board of Directors who attend the meeting and those who do not attend the meeting is made in order to check participation of the Board of Directors in each shareholder meeting.

The Company publicizes the resolution of shareholders' meeting via the SET news system and on the Company's website within the next working day. A complete report of shareholders' meeting is publicized on the Company's website or www.adb.co.th within 14 days after the meeting date. The shareholders can check such information before the next meeting.

Section 2 Equitable Treatment of Shareholders

Supervise the shareholders, treat and protect the basic rights for all shareholders equally. There are measures to prevent the use of internal information for the benefit of oneself or others in a wrongful way, which cause loss to shareholders as a whole.

Equitable Treatment of Shareholders: The Company practices as follows.

The Company has a policy to support and focuses on the importance of equitable treatment of shareholders no matter they are minor shareholder or foreign shareholders. In order to protect the basic rights of shareholders, the Company establishes the following measures.

1. The Company grants all shareholders the right to vote in one share for one vote for the equality of shareholders. The same types of shares shall have the equal right to vote.
2. The Company provides an opportunity to all shareholders to participate in the management by proposing meeting agendas in advance. An announcement is made on the Company's website and the SET's website in December – November every year. In 2017, no shareholders proposed additional agendas.
3. The Company establishes a guideline for the use of the Company's internal information prevention in a written form in accordance with the Company's Board of Directors. It is recognized as an important policy which prohibits the Board of Directors, the Management and employees exploit such opportunity to create self-interest or for

their friends or perform any acts violating Section 241 of Securities and Exchange Act BE 2535. In the past year, the Office of Secretary announced the Backout Period with a clear date before and after the announcement of financial statement in each quarter. No loss was detected. The Chief Executive Officer would like to view the list of shareholders from time to time to view changes and check irregularities.

4. The Company discloses details and reasons for related transactions that are required to disclose information or seek an approval from shareholders in accordance with the regulations of the Stock Exchange of Thailand. Names and relationships of related persons, pricing policy and transaction value including opinions of the Audit Committee regarding such transactions are disclosed. In the past year, trading between related persons and the Company showed only transactions with normal operations, general merchandise sales and general selling prices offered.
5. The Company facilitates shareholders who cannot attend the meeting by themselves. They can use voting rights by authorizing other persons to attend the meeting and vote on behalf of themselves. The Company nominates the audit committee, which is an independent committee, as an option for proxy of shareholders.
6. A letter of authorization and a letter of meeting invitation sent by the Company clearly include details, documents and evidence for proxy appointment as well as its procedure to enable shareholders to prepare accurate documents and proxies will not have problems attending the meeting.
7. The Company sends a letter of meeting invitation to shareholders at least 21 days in advance.
8. The Company publicizes a letting of meeting invitation with complete details on the Company's website 30 days in advance before the meeting date to allow shareholders to consider each agenda.
9. The Company sends a letter of meeting invitation and supportive documents to shareholders. A Thai version is sent to Thai shareholders and an English version is sent to foreign shareholders. Both Thai and foreign shareholders will receive complete documents within the time required by the law.
10. The Company does not have a policy to provide financial assistance such as loans or credit guarantees for companies that are not the Company's subsidiaries.

In the past year, the Company has not conducted any transactions in the manner that violates or does not comply with the regulations of the Stock Exchange of Thailand and/or the Securities and Exchange Commission.

Section 3 Roles of Stakeholders

The Company takes care of stakeholders as they have rights in accordance with relevant laws. The Company never performs any acts that violate the rights of stakeholders and establish work measures when complaints arise. There are procedures to encourage cooperation between the Company and stakeholders to ensure assurance and sustainability of the Company. A corruption policy is implemented. No payment is made with the aim of the Company's interest. Giving any objects or any other benefits to a person performing a duty or having business related to the organization for the Company's interest is prohibited.

For roles of stakeholders, the Company has emphasized on rights of all stakeholders including internal stakeholders such as employees, the Management and subsidiaries or external stakeholders such as customers, competitors, creditors, community, government sector and related organization. This is to ensure that the basic rights of such stakeholders are protected and supervised in accordance with the related laws and regulations. The Company has recognized support from stakeholders, which create competitive abilities and generate benefits to the Company. This can create long-term success to the Company. The Company's Board of Directors has established a corporate governance policy stating that the Company shall supervise stakeholders in accordance with the related laws. The Company shall not perform any acts that violate rights of stakeholders and establish measures to support stakeholders in the event of loss. The practical guideline for the Company's stakeholders is as follows.

1. Shareholders

- 1.1 Perform duties with honesty and fairness, considering both major and minor shareholders for the benefit of all stakeholders.
- 1.2 Manage the Company's business for stability and generate good returns to shareholders.
- 1.3 Manage the Company's assets not to lose or waste.
- 1.4 Disclose the Company's financial and non-financial information related to transactions and business profits. For example, in this year the Company participated in Opportunity Day for 2 times and participated

in Mai Forum. This offered an opportunity for shareholders to ask the Management and attend activities. An announcement was made in advance. Shareholders and interested persons could attend such event without charge.

- 1.5 The Company has treated shareholders in accordance with good corporate governance principle as stated in Rights of Shareholders Section and Equitable Treatment of Shareholders Section. The Company emphasizes on a shareholders' meeting. The Company employs quality assessment principles of general meeting of shareholders, determined by the Securities and Exchange Commission and the Thai Investors Association, before the meeting, on the meeting date and after the meeting in order to facilitate all shareholders to exercise their voting rights for equal meetings.

2. Partners and/or creditors

- 2.1 The Company treats partners and/or creditors equally and fairly, emphasizing on the Company's ultimate benefits and based on equal return for both parties.
- 2.2 Conditions for selecting partners shall employ written rules and inform partners in advance.
- 2.3 Use copyrighted products and services and do not support products or actions that are Intellectual property infringement.
- 2.4 Create an appropriate contract form under the same standard.
- 2.5 Provide a management and follow-up system to ensure the compliance with a contract. There is an internal control system to prevent corruption at all stages of procurement process.
- 2.6 Make a payment to suppliers on time and strictly comply with conditions as agreed and without fines from breach of a contract.
- 2.7 Never seek confidential information of business partners in a dishonest or inappropriate manner, such as paying wages to employees or executives of competitors.
- 2.8 Never accuse of partners without truth.
- 2.9 Avoid situations that cause conflicts of interest. Comply with a contract.
- 2.10 Use real information and accurate report. Negotiation and problem solving shall be based on business relationships that benefit all parties.
- 2.11 Comply with a contract or agreed conditions strictly including obligations and liabilities that may arise in the event that one of the conditions cannot be fulfilled or causes a default payment. One shall inform a creditor without concealing the facts to find a way to solve problems using reasonableness principles.
- 2.12 Manage the capital to have a proper structure in order to support the Company's business operations and maintain credibility with creditors.
- 2.13 Committed to maintaining a lasting relationship with creditors and mutual trust.

3. Customers or debtors

- 3.1 The Company has fair policies and practices and is accountable to customers solidly. The Company has good attitude toward working and emphasizes on customers. The Company's employees are enthusiastic, generous, polite and always keep customers' confidential information. The Company's employees never use such information for their self-interest or others' and treat minor and major customers equally.
- 3.2 Deliver quality products that meet customers' agreements at a reference price in the market, which is able to compete with others.
- 3.3 Provide accurate, sufficient and up-to-date information and suggestions about products and services to customers.
- 3.4 Strictly comply with different customer conditions. In the event that any conditions cannot be met, customers shall be informed as fast as possible to find solutions to problems together.
- 3.5 There is a process that allows customers to complain about service quality, procedure, consultation, quick response, delivery and ultimate operation to enable customers to receive fast response.
- 3.6 Allow customers to visit the factory and inspect the system according to customers' standards, enabling customers have convenience and independence for inspection. The Company and employees who are inspected have a chance to clarify information directly and gain effective suggestions, exchange regulations for work procedure improvement and develop product and service quality to serve customers.

In the past year, the Company was intensively inspected by customers in medical product group and rectified mistakes to meet customers' standards. The Company is waiting for feedback from customers and expecting to have positive feedback.

4. Competitors

- 4.1 The Company has fair policies and practice, which are responsible to competitors. The Company has ethics under the legal framework.
- 4.2 The Company has a free trade policy and is based on the belief that competitors drives the development of product and service standards and new innovations that increasingly meet customer needs.
- 4.3 Never destroy competitors' reputation by giving accusations without truth.
- 4.4 Never access competitors' confidential information through dishonest or other inappropriate methods.

5. Business stakeholders

The Company has clearly defined policies and procedures for approving related transactions in order to prevent potential conflicts of interest.

6. Employees

- 6.1 The Company has policies and practical guidelines on workplace safety and hygiene for employees, including creating a good working environment, encouraging employees to have good physical and mental health and to work happily. There are annual activities such as exercise competitions and annual party to encourage unity and good relation among employees at all levels.
- 6.2 The Company has realized the importance of employees. To achieve personnel development goal, the Company recruits and hires knowledgeable and experienced personnel to work and to serve the Company's need and growth. The Company continually offers knowledge and competency development programs to equip employees with high level of knowledge and to create good and talented people in the organization.
- 6.3 The Company has concrete policies and practices regarding equal and fair remuneration and welfare for employees and provision of benefits comparable to an industry and the legal requirements such as establishing a provident fund, financial support for employees or families when parents or husband or wife pass away or parental leave, an annual medical check-up and 5S activities in every area of the Company. This aims for providing comfortable and clean environment, suitable for work and is appreciated by visitors.
- 6.4 The Company focuses on personnel development by creating Training Roadmap to enable internal personnel to have appropriate potential of each department. The Company promotes employees in all levels, ranging from operational employees to the Management and the Board of Directors to receive training to develop theoretical and practical knowledge, creating skills at work and employment under fair conditions.
- 6.5 Provide fair and appropriate remuneration to employees based on work potential with the implementation of an employee performance evaluation system for measuring employee competency as a basis for competency development and performance measurement as a performance indicator. This is employed with all activities and work, applied to all departments in the system in the year 2019. This is to create the same standard, provide employees with clearer growth, encourage good motivation to develop work and remuneration relating to value creation for business in line the Company's performance both in the short and long term.
- 6.6 Create a collaborative work environment and teamwork by giving an opportunity to employees to thoroughly share opinions about work practices.
- 6.7 The Company has established a policy relating to respectation of human rights by defining clear operational practices and guidelines for non-discrimination, providing equal opportunities for employment of women with disabilities, the elderly and the recognition of the right to gather as a group and to negotiate among employees. In the year 2018, the Company had no labor disputes or complaints about human rights violations.
- 6.8 Supervision for employees to strictly comply with laws and regulations related to employees including giving advice to employees to prevent illegal acts. The Company forbids employees to drink alcohol or take narcotic. The Company randomly inspects employees from time to time. Any employees found to have

narcotic in the body will have treatment according to the Company's rules. The Company offers training to communicate with employees at all levels to prohibit any acts or involvement in corruption. Employees can inform relevant agents when corruption is found according to a whistleblowing manual. In 2018, the Company was not reported any corruption or business loss.

- 6.9 All employees are expected to protect and maintain the Company's confidentiality relating to property so that such information will not be disclosed. Employees shall not use the Company's intellectual property self-interest or other purposes without permission.
- 6.10 All employees shall respect and honor the intellectual property of others and never use the work under others' intellectual property, no matter as a whole or in some parts, without permission from the owners.
- 6.11 The Company forbids publication according to computer laws. All executives and employees forbid to forward messages via the Internet or other communication channels that damage or destroy reputation or disturb others or impolite acts. All executives and employees are prohibited from using illegal software.

7. Collective Society

- 7.1 The Company has fair and concrete policies and practices, which are clearly responsible to society. The Company discloses such practices based on collective interest and never perform any acts that damage the country's reputation, natural resources, the environment and public benefits. The Company complies with the rules and regulations of the environmental standards and standards of the Industrial Estate of Thailand for establishing factories and offices. The Company has not received any complaints from neighbors or settlements in violation of such laws and regulations.
- 7.2 Never support or act as a tool to avoid or not comply with the law.

8. Community

- 8.1 The Company respects the community as a part that the Company shall care for and facilitate. The Company's location and manufacturing factory are located in Bangpu Industrial Estate surrounded by villages at all exits. Advancement has always been nurtured. The Company cooperates with the Industrial Estate in doing activities with the community to return for society. In 2018, the Management and employees participated in forest planting activity and cleaning Bangpu Recreation Center to increase fresh and clean air to the community sustainably.
- 8.2 The Company is a members of several clubs of Bangpu Industrial Estate and a member of Samutprakarn organization in order to participate in activities organized for the community as appropriate for each situation.
- 8.3 The Company has established preventive or corrective measures for an impact on the environment and the community caused by the Company's operations.

9. The Environment

- 9.1 The Company has been certified by environmental management system standards ISO14001: 2015 from BSI, the company that provides standard certification worldwide.
- 9.2 Develop and improve the environmental management system in the Company's activities in order to reduce pollution and environmental impacts continuously with the aims of establishing action plans and assessments both within and outside the organization systematically.
- 9.3 Cooperate with government agencies in Samutprakarn. All employees shall support environmental protection campaigns.
- 9.4 There is a fast and effective response to the events that affect the environment and the community caused by the Company's operations.
- 9.5 Encourage employees to be conscious and responsible for the environment under the environmental management system and environmental campaigns to conserve energy and resources efficiently. This can be done through training and knowledge provision through public relations media such as intranet boards, public relations, training, activities, and news announcements to employees in order to increase knowledge and to communicate as the same practice throughout the organization.
- 9.6 Performance in accordance with the policy and plan on environmental responsibility is presented to the Senior Management in the form of a report of the Environmental Committee and is publicized within the organization. A model will be developed for external communication.

Communication Channels for Stakeholders

The Company provides an opportunity for stakeholders to directly express opinions to responsible persons. Suggestions will be collected and considered and reported to the Senior Management and the Company's Board of Directors respectively. The communication channels are as follows.

Company's Secretary	Tel: 0-27094040 ext. 1091, 1092
Khun Wichitra Thubburee	wichitra@adb.co.th , adb_cg@adb.co.th
Investor Relations	Tel: 0-27094040 ext. 1403
Khun Pornpiwan Niramoncherdchay	adb_ir@adb.co.th

Section 4 Disclosure and transparency

The Company's operations are transparent and available for inspection. The Company discloses information to relevant parties sufficiently and manages the Company's information disclosure including financial and non-financial information accurately and timely through easy-to-access channels under equality and reliability.

The Company focuses on good corporate governance. Significant information or information that may affect change of the Company's stock price or investment decisions or benefits of shareholders is disclosed in order to inform shareholders and investors equally and timely. The Company has a guideline for accurate, timely and transparent information disclosure to the public in accordance with the criteria set by the Securities and Exchange Commission and the Stock Exchange of Thailand. The Company's website is available in both Thai and English version. The practical guidelines are as follows.

1. The Board of Directors establishes a policy that requires the Company to operate with transparency and inspection availability. Sufficient information shall be disclosed to relevant parties. Information disclosure shall be accurate, timely and reliable. All parties can access such information equally in accordance with the requirement of the Stock Exchange of Thailand. The Company also publicizes the information on the Company's website www.adb.co.th. News is presented in both Thai and English version such as an annual report (Report 56-2), Annual Information Form (Report 56-1), financial statement, the management structure, shareholder structure, business structure, information of the Board of Directors and the Management, information of investors, a report of shareholder's meeting and social responsibility activities to disseminate such information to shareholders and investors as much as possible.
2. The Company will equip the Company's Board of Directors and the Management its subsidiaries with knowledge regarding the preparation and disclosure of the Company's securities holding report of themselves, spouses and underage children and changes of such securities holding. They shall report to the Securities and Exchange Commission ("SEC") in accordance with the rules and procedures announced by the Securities and Exchange Commission under Section 59, stated in the Securities and Exchange Act BE 2535. The Company also expresses penalty when not complying with the Securities and Exchange Act BE 2535 (as amended) or the Securities and Exchange Commission's announcement.
3. Spouses and underage children of the Company's Board of Directors and the Management are required to prepare the Company's securities holding report and changes of the Company's securities holding and report to the Securities and Exchange Commission within 3 days from the date of purchasing, selling, transferring of such securities in accordance with the rules and procedures announced by the Securities and Exchange Commission under Section 59, stated in the Securities and Exchange Act BE 2535. The Company's Board of Directors and the Management shall submit a copy of such report to the Company's secretary on the same date as reported to the Securities and Exchange Commission. The report will be collected and proposed at the Company's Board of Directors meeting, which is defined as a meeting agenda to acknowledge the securities holding report. The Company.
4. The Board of Directors, the Management and persons holding executive positions in accounting or finance in an assistant manager or equivalent level as well as equivalent employees who are acknowledged such information, which affect prices in stock market shall suspend selling – purchasing the Company's securities before the time of disclosing the Company's financial statement or financial status unless such information is publicized to the public. The Company will inform the Board of Directors, the Management and persons holding executive positions in accounting or finance in an assistant manager or equivalent level suspend the Company's

securities selling-purchasing through a written document at least thirty (30) days before disclosing information to the public. They shall wait for at least 24 hours after disclosing information to the public. Disclosure of significant information to others is prohibited.

5. The Company has established disciplinary action in the event of a violation of internal information for self-interest. Such action includes sending a written notice, deducting wage, being temporary suspended without wage or employment termination. The disciplinary action is determined by the intent of the act and the severity of offense. The person who violates the rules may also be punished according to the specified law.

Communication channel for the Company's investor relations via the Company's website www.adb.co.th or email at adb_ir@adb.co.th or telephone number at 02-7094040 ext. 1601 Khun Pornpiwan Niramoncherdchay.

In addition to information disclosure, the Company participates in several activities to make the Company well known widely and to offer an opportunity for interested investors to listen to investors' opinions directly. It also creates good relationships among investors through activities such as Opportunity Day, Company Visit, Analyst Meeting, Mai Forum Booth, etc. The Company's Board of Directors will participate in answering questions from investors and interested persons to gain opinions and to recognize investors' needs inside and outside the country by themselves. This includes Chief Executive Officer, Senior Vice President of Finance and Accounting Department, Directors and the Company's Secretary.

For internal communication, the Investor Relations Department has prepared an investor relations report to gather summary of questions and opinions of investors toward the Company's business operations to report to the Management for further work quality improvement.

Anti-Corruption

Use of Internal Information and Information Disclosure

The Company has clearly defined preventive measures to prevent the use of internal information in a written form as stated in the Code of Conduct and ADB Disclosure Handbook. It requires the Board of Directors and all employees to comply with such measures for internal management that affects securities prices, considered by the Company's Board of Directors. The relevant measures are that the Board of Directors, employees and persons involved in internal information are prohibited from selling-purchasing the Company's securities for 1 month before disclosing the financial statement (Blackout Period), before disclosing quarterly financial statements and annual financial statement and within 24 hours after disclosing financial statements. Changes of the Company's securities holding of the Company's Board of Directors and the Management shall be reported to make shareholders, investors and the public or stakeholders confident that the information disclosure of ADB is accurate, precise and consistent with the law and it is equally made.

Whistle Blowing or Complaints

The Company has established policies for all stakeholders to report clues or complaints of improper actions, violation of rights, unlawful acts or ethics, inaccurate financial reports or defective internal control systems. The Company has policies to protect a clue reporter. A complainer can choose not to reveal himself. A person to receive a complaint will keep the information confidentially and disclose such information as needed based on safety and loss to a complainer. Affected person will be relieved through appropriate and fair procedures. A full version of the whistle blowing and complaint policy is available of the Company's website in Investor Channel Section. How to deal with the Company's complaint is as follows.

1. Internal communication channels: Submit complaints and clues directly to the Company's relevant department through the following channels.

- Inform a department head
- Director of Internal Control and System Administration Office (Khun Wichitra Thubburee ext.1091)
- Human Resources Department Manager (Khun Sirisuda Sujariyanurak ext. 1215)
- Legal advisor (Khun Monsiam Sinworapan Tel. 081-710-2405)
- An opinion box at security guard offices in 3 branches
- E-mail: adb_cg@adb.co.th

2. Clue notification or complaint directly to the Board of Directors/Audit Committee/the Company's Secretary

- Submit a letter to the Board of Directors/Audit Committee/the Company's Secretary to the following address.
Applied DB Public Company Limited
252 M 4 Soi 3C Sukhumvit Rd. Prakasa Muang Samutprakarn 10280
- Website: www.adb.co.th
- Submit an email to the Audit Committee as follows.

1. Mr. Mongkon Laoworapong	mongkon.laoworapong@gmail.com
2. Mrs. Monpilai H. Narasingha	monpilai.n@tggs.kmutnb.ac.th
3. Mrs. Kanchana Piyasatit	kanjana.piy@gmail.com

Whistleblower Policy Procedure

The Company has prepared and announced Whistleblower Policy Procedure) as follows

1. Complaint screening: A responsible department considers significant information in accordance with the Whistleblower Policy Procedure including an anonymous letter. The information is obviously reasonable with evidence will be considered and report to a stakeholder who makes a complaint.
2. Fact investigation: A responsible department considers and prepares a report of fact investigation with opinions and suggestions. The report is submitted to Chief Executive Officer and related Department Directors for consideration as appropriate.
3. Consideration of order: The Chief Executive Officer and related Department Directors and/or the Risk Management Committee or other related sub-committees investigate the complaint according to the Company's regulations to ensure fairness for all parties.
4. Report: The terminated complaint will be reported to the stakeholder who makes such complaint in the event that the complaint gives a contact address and to the Board of Directors and the Audit Committee for acknowledgment complaint protective measures or cooperation.

The person who informs the clue or complaint with honesty or the person who cooperates in an investigation and examination will be protected in accordance with the complaint policy as follows.

1. The Company will keep information and identity of a complainer, a clue reporter and a person who is complained confidentially.
2. In the event that it is necessary to disclose the information of a clue reporter, the Company will disclose only necessary information in order to maintain safety and prevent loss that may happen to clue reporters.
3. In the event that a clue reporter considers that he or she may have loss caused by such complaint, the clue reporter can request the Company to establish an appropriate protective measure. If the Company agrees with that, it may establish a preventive measure without a request from the clue reporter as it is likely to cause damage, loss or danger.

In 2018, the Company did not receive clues or complaints of improper actions, violation of rights, unlawful acts or ethics, inaccurate financial reports or defective internal control systems through such channels.

Section 5 Responsibilities of Board of Directors

The Board of Directors performs their duties with integrity and prudence for the ultimate interest of the Company with fairness to all shareholders. The Company has good internal control systems and appropriate risk management and complies with the Company Code of Conduct.

The Board of the Directors recognizes its roles and responsibilities in instituting policies and directions of the Company's operations in compliance with the law, the Company's objectives and regulations as well as the resolution from the shareholder's meeting. The Company supervises and monitors departments to follow the set policies effectively to maintain the Company's interest, increase economic value to the business and promote stability among shareholders based on good corporate governance. The Board of Directors has followed up the implementation of strategies for sustainable business management. Roles and responsibilities of Board of Directors toward the Company and shareholders are important since the board consists of the expert persons with leadership skills, sharp vision, knowledge and high experience. They have honesty and independence for decision making, which is beneficial to the Company's maximum interest and overall shareholders.

The Board of Directors has operated in accordance with Corporate Governance Code (CG Code 2017) required by the Securities and Exchange Commission as follows.

Director Structure

1. The structure of the Board of Directors consists of 11 qualified persons with qualifications, skills, knowledge and experience useful to The Company and they can perform their duties effectively. These 11 persons include 4 Executive Director, 3 Directors relevant to the Executive and 4 Independent Directors, which constitutes a balance of non-executive Directors in accordance with the market rules. There are 7 male Directors and 4 female Directors. The independent Directors can express their opinions toward the Management's performance independently. The Company has clearly defined a term of the Board of Directors. Each Board of Directors has a 3-year term and can be re-elected, yet it shall not hold the position more than 9 years as stated in corporate governance policy.
2. Chairman of the Board and Chief Executive Officer have different responsibilities. The Board of Directors has clearly defined authority and responsibilities of Chairman of the Board and Chief Executive Officer in order to prevent one person from taking unrestricted authority. A person holding a position of Chairman of the Board is separated from a person holding a position of Chief Executive Officer.
3. All Directors understand their responsibilities and the Company's nature of business operation. They are ready to express their opinions independently and to improve themselves to keep up with the world all the time. The Directors perform duties with honesty, accuracy and providence, focusing on the Company's ultimate benefits based on equal return for all shareholders. Shareholders receive accurate and comprehensive information. Throughout the year 2018, all Directors devoted sufficient time to perform their duties in accordance with their responsibilities. It is Directors' responsibility to attend every meeting of the Board of Directors, except in the case of necessity that they cannot attend the meeting.
4. The Board of Directors shall appoint an independent Director to hold a position of Chairman of the Board. For this principle, the Chairman of Executive having a relationship with the Company's Chief Executive Officer, the Company has therefore taken this into the consideration. This matter shall be considered the Chairman of the Audit Committee before submitting a letter of meeting invitation.
5. The Board of Directors has defined the criteria for Directors to hold a position in other companies, considering the efficiency of the Directors who hold many positions in the company carefully and to ensure that the Directors can fully devote time to perform duties in the Company. The number of companies that each Director can hold positions are determined to suit The Company's nature or business condition, which shall not more than 5 registered companies. Efficiency of a Director's performance may decrease if he or she, as a Director, holds too many positions. The criteria shall be disclosed to the public.
6. The Board of Directors shall clearly define policies and practical guidelines for holding a position of direction in other company for the Chief Executive Officers and Top management. This shall cover types of position of the director and the number of companies the Company's are able to hold. This shall be considered and approved by the Board of Directors.
7. Recruitment process for the Directors to enable the shareholders' meeting to appoint a director shall be transparent without the influence of the shareholders or the Management, ensuring outsiders' assurance.
8. To ensure efficiency and effectiveness of the Board of Directors, the Company by the Directors provides sub-committees to examine and consider work as needed, especially in the case where neutrality is required for examination. Policies, roles, responsibilities and work procedure shall be clearly determined such as conducting meetings and reporting to the Board of Directors.
9. Determination of remuneration for Directors is directly about the Directors' interest. Related Directors are not approved to receive their remuneration. The Company does not have a Recruitment and Remuneration Committee. Selection of directors shall be based on appropriate criteria, not discriminating, and focusing on the Company's ultimate interest. Giving remuneration to each Directors shall be considered and approved by the Company's Executive Committee and Board of Directors respectively. Determination of remuneration shall be transparent and approved by shareholders. Level and components of remuneration shall be appropriate and sufficient to convince and maintain the qualified directors. Excessive remuneration shall be avoided.
10. The Company provides the Company's Secretary to give law advice and other rules and regulations the Directors

are supposed to know. The Company's Secretary monitors the Directors' activities and the compliance with the Directors' resolution. Therefore, the Directors shall determine qualifications and experience of the Company's Secretary who is suitable for taking this position. The Company reveals qualifications and experience of the Company's Secretary in an annual report and on the Company's website.

11. The Company's Secretary shall be trained and his or her knowledge about law, accounting or roles of secretary shall be continually developed.

Sub-Committee

The Company appoints 4 sub-Committee to closely follow up and monitor the Company's performance. The sub-Committee report the results to the Board of Directors regularly. The sub-Committee consists of the followings.

1. Executive Committee are appointed, consisting of 5 Directors and 1 Executive. They are responsible for giving advice beneficial to the Management and consider work proposed to the Directors. The Executive Committee expresses opinions and suggestions beneficial to the management. A monthly meeting is organized for quick consideration.
2. Audit Committee consists of 3 independent committee. The Committee is responsible for examining reliability of the Company's financial report before submitting to the Stock Exchange of Thailand. The Committee is also in charge of internal control system, disclosure of related information and giving comprehensive advice about good corporate governance to the management.
3. Risk Management Committee consists of 5 committee. The Committee is responsible for giving opinions, following up the compliance with good corporate governance, reviewing the Company's risk management in overall, reviewing strategies applied in risk management and assessment and monitoring risk management results
4. Investment Advisory Board consists of 2 independent committee. The Committee is responsible for considering and analyzing investment possibility, being an investment consultant of the Company and proposing the investment to the Executive Committee for an approval.

Roles and Responsibilities of the Board

1. The Board of Directors is knowledgeable, skilled and experienced who can make independent judgment and possess leadership. They are responsible for determining the Company's vision, mission, strategy, goals, business plans and budgets as well as supervising the management to ensure that the business plans and budgets are efficiently effectively operated in order to increase economic value to the business. They also follow up performance in order to achieve objectives, complying with related policies, rules, regulations, laws and restrictions. The Company reviews its mission, vision, policies, objectives, operational plans every year in order to enable the Board of Directors to implement strategies appropriate for different business contexts effectively.
2. The Board of Directors has established a good corporate governance policy. Such policy shall be reviewed at least once a year
3. The Company has prepared the Company's Code of Conduct Guide since when it was a registered company in 2017. The Board of Directors agreed to implement the Code of Conduct which consists of Code of Conduct for Directors, Executives and employees, practical guidelines, behavior toward the Company, colleagues, outsiders and society. Throughout the past years, Directors, Executives and employees are aware of the importance of the policy. Important policy training is organized at least once a year. The Board of Directors and relevant employees are trained on good corporate governance and ethics organized by outsider organizations. They bring such knowledge to train employees in the Company. There shall be a review of content in the Code of Conduct Guide at least once a year.
4. The Board of Directors has established an Internal Audit to directly report to the Audit Committee. The internal audit is responsible for monitoring and reviewing the Company's operations and operational systems in different departments. The Company has hired Unique Advisor Company Limited, an expert auditing company, for 2 consecutive years to examine operations in each quarter according to the audit plans, approved by the Audit Committee. So far, there have not been any records of violations in the Company's operations according to regulations of the Securities and Exchange Commission of Thailand.
5. The Board of Directors and Audit Committee express opinions toward sufficiency of internal controls in an annual report.
6. The Board of Directors has considered a list of events that may cause conflict of interest or related transactions

or appropriate related transactions under a good management framework. It is considered and given opinions by the Audit Committee. It complies with the regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission. Such transactions are disclosed in an annual report and on the Company's website. The Company's Executives and employees know a policy of doing transaction between related persons and add preventive regulations and an authority to approve related transactions in the Company's information system.

7. The Board of Directors follows up and is informed about the Company's risk management plan from a report prepared by the Management in a performance report at the meeting and from a report of the Risk Management Committee. The Company has established and assessed risk of operations, preventive measures and effective risk management system for the whole organization. The Board of Directors, Executives, employees and departments/risk owners are responsible for assessing, following up and supporting risk management effectively.
8. All departments in the Company shall have risk management and systematic and continual risk assessment and follow-up. Appropriate procedures shall be improved to meet a change of business at least once a year.
9. A risk assessment is a part of an annual plan of all departments. All risk in the entire organization shall be considered and both internal and external risk factors shall be considered. There shall be appropriate risk management.
10. The Risk Management Committee is responsible for assessing risk and proposing opinions to the Board of Directors.
11. Corporate culture shall be created for mutual understanding and awareness of risks. A knowledge base shall be generated so that employees at all levels can study and research information, exchange experience, which will lead to the development and improvement of the risk management process, enabling it to be an effective mechanism for strategic management.
12. Separation of responsibilities between the Directors and the Management
13. The Company has clearly separated roles and responsibilities between the Board of Directors and the Management. The Board of Directors is responsible for determining the Company's policies and supervising the operations of the Management. The Management manages tasks according to the policies determined by the Board of Directors.

The Board of Directors has followed up the implementation of the Company's strategies. Determination of policy is clear and is ready to be put into practice. There is a meeting with both high-level executives, executives and employees about planning process and the process of implementing the plan into actual condition which requires close cooperation to convey knowledge and understanding of the implementation of the plan to all relevant personnel/departments, including those who are responsible for creating projects and plans, auditors and inspectors. There shall be a framework for performance reporting and indicators. If it is found that the performance is lower than the target, there shall be other ways to adjust the plan to achieve the goal.

At the Board of Directors Meeting no.5/2018, the Company's Secretary informed about a report of format change, preparation of a report on changes of securities and derivatives holdings of the Directors, the Executives, the Auditors, plan makers and plan administrators (Form 59). That is, a hardcopy cannot be submitted again after electronic submission on August 15, 2018 to November 15, 2018, according to the Form 59- a report submission system. Therefore, the Directors and the Executives must register according to the manual and submit a report on changes of securities and derivatives holdings of the Directors, the Executives, the Auditors, plan makers and plan administrators.

Since the reporting under Section 59 is the Directors, the Executives and the auditors of listed companies' individual responsibility, the Securities and Exchange Commission has designed the system for each person to have their own user ID and password to prepare and submit the report to the Securities and Exchange Commission. The report under individual responsibility shall be complete and accurate according to the report submitted to Securities and Exchange Commission. At the meeting, the Board of Directors was acknowledged the new regulations and will continue to request the User ID manually.

Board of Directors Meeting

The Company has scheduled all Board of Director Meetings in advance throughout the year, allowing the Directors to allocate time and attend meetings. Unless there is a special agenda, the Chairman of the Board or

Directors required by law can hold additional meetings as necessary. The Board of Directors has regular meetings in every 3 month. The Corporate Secretary Office will send a letter of meeting invitation together with the agenda and meeting documents to members at least 7 days in advance so that the Board could have sufficient time to study the information before attending each meeting.

The meeting agenda will be considered by the Chairman of the Board of Directors and the Chief Executive Officers and reviewed by the Chairman of the Audit Committee. In 2018, there were 5 meetings for the Board of Directors. In addition, the Executive Committee meeting is held every month. Most Directors attend the meeting unless they have another important or urgent mission to do. At every meeting, the Chairman of the Executive Committee will act as the Chairman of the meeting, ensuring that the consideration of each agenda is complete and allowing all Directors to freely express opinions and discuss. The relevant top management will attend the meeting to clarify the information as a person directly related to the operations and receive all the information before voting on each agenda. The minute of a meeting is kept as a written document in an orderly and safe manner for further examination by relevant agencies.

Self-Assessment of Board of Directors and Sub-Committee

The Board of Directors has a policy to evaluate the overall performance of the Board at least once a year. In 2018, the Company's Secretary submitted a performance evaluation form to each director to evaluate the Board's performance as a whole group including the Directors and the Sub-Committee in order to use evaluation results to consider and improve the performance of the Board of Directors.

The results are divided into 6 topics, namely the structure and qualifications of the Board of Directors, roles and responsibilities of the Board of Directors, relationship with the Management and self-development of the Board of Directors, which can be summarized as follows.

Self-Assessment of Board of Directors

1. The Board of Directors and the Sub-Committee shall evaluate their own performance at least once a year to allow the Board of Director to consider work and problems for further improvement. There shall be the criteria applied to compare the results of performance.
2. The performance evaluation of the Board of Director shall be conducted as a whole or individual. The criteria, procedures, results of overall evaluation are disclosed in an annual report.
3. The Company provides an external advisor to establish guidelines and recommend issues in evaluating the performance of the Board of Directors at least every 3 year. Such procedures are disclosed in an annual report.

In 2018, the Company provided a self-evaluation form for the Board of Directors as the whole or individual. The Company's Secretary made a request for an approval on using a form, explained how to use the form and informed important information of the Board of Director and Sub-Committee evaluation according to the standard form of the Stock Exchange of Thailand at the Board of Directors Meeting No.3/2561. The Company's Secretary submitted the form to the Board of Directors for self-evaluation in October and collected the evaluation results without disclosing it. The collected data was summarized and reported at the Board of Directors Meeting No.5/2561 on December 10, 2018. The essence the Board of Director and the Sub-director evaluation results is as follows.

Types of Evaluation	Self Assessment of Faculty Committee	Self-evaluation of Sub-Committee as a Faculty Committee	Self-evaluation of Sub-Committee as a Faculty Committee and Sub-Committee a individual
1. Structure and qualifications of the Board	87.24%	90.26%	95.45%
2. Roles and responsibilities of the Board	89.77%	92.05%	93.64%
3. The Board's meeting	90.15%	79.25%	89.20%
4. The Board's performance	92.53%		
5. Relationship with the Management	92.27%		
6. Self-development of the director and executive development	84.47%		
Average score of all item	89.28%	83.52%	92.36%

Opinions and suggestions from the Director evaluation

1. Appointment of suitable sub-committee, personnel is too little. At the meeting, the Board of Directors agreed to have a discussion to recruit additional Executive Committee at the next meeting.
2. At the meeting, too much time was spent on many unimportant issues. The settlement was not clear, causing many follow-up meetings. The meeting therefore asked all Directors to keep the time. The Secretary shall monitor the time and remind them to get into the scheduled agenda.
3. There are development projects and succession plan of the Directors and the Executives, yet they are not precise. The Management has set such projects and plan in the work plan for 3-5 years. It is a starting period of the plan and is under the supervision of the Human Resources Department.

Development of Directors and Executives

The Board of Directors has a policy to promote and facilitate training and education for the Directors and Executives. In order to improve and perform continually, training courses inside and outside the country are offered to the Directors, enabling them to understand the directors' performance. The Board of Directors and Top Management place the importance on attending training courses or seminars or developing knowledge and competency in the following ways.

1. The Board of Directors encourages and facilitates training and education for those involved in the Company's corporate governance system such as Directors, Audit Committee, Executives, Company's Secretary, etc. in order to improve operations continuously. Training and knowledge may be made within the company or using external institution services.
2. For every new appointment, the Management team provides documents and information useful performance and responsibilities of new directors including the introduction of the Company's business and business practices to new directors.
3. The Board of Directors requires the Managing Director to report about a development plan and a succession plan regularly. The Chief Executive Officer and Top Management shall prepare such plans continually and be ready to pass on such plans to the successors in the event that he or she is unable to perform duties
4. The Board of Directors shall prepare the Executive Development Scheme that required the Chief Executive Officer to report and assess the outcome/action plans annually as well as take the Succession Plan into account.

Orientation for New Directors

The Board of Directors establishes an orientation for every new director in order to create knowledge and understanding in the business including the Company's operations. This aims to prepare readiness of new directors, enabling them to recognize their roles and responsibilities. There is a policy to enhance knowledge and new so that

directors can hold positions as quickly as possible with efficiency. The Secretary organizes the following issues.

1. Things to know, business structure, structure of the Board of Directors, authority of the Directors, laws related to the Company's business, etc.
2. General knowledge of business operation guidelines, work policies, good corporate governance policy and factory visits in production processes and laboratories.
3. Arrange a meeting, a discussion with all Board members to exchange ideas and ask for in-depth information for the benefits.

The Company has an orientation for a new director, Mrs. Kanchana Piyasatit, who is an Audit Committee member, replacing a position of Mr. Jesadavat Priebjrivat, the Chairman of the Audit Committee who resigned on 30 April 2018. The Company's Secretary prepared information which the director must know above and was a coordinating agency between the Director and the Company, supporting additional information as needed until the new director was able to participate as a director in accordance with the regulations of the Company, rules and regulations of the Stock Exchange of Thailand in accordance with the corporate governance policy and good business ethic.

Succession Plan

The Board of Directors has established a succession plan in the management level and positions in the main line by considering performance, potential and readiness of the individual. The Company has equipped a successor with knowledge development, skills required by job positions so that he or she will take important positions in the future and to promote and prepare senior executives to success important positions. For 2019, the Company has a policy for high-level executives to have training for the Director Certification Program (DCP) or Director Accreditation Program (DAP) to create basic understanding of rules and responsibilities of the Board of Directors in listed companies. In addition to preparation, it is also useful for the Executive to support the Board of Directors.

Social Responsibility

ความรับผิดชอบต่อสังคม

Company is also aware of social responsibility and environment and all stakeholder groups within organization and society under the Code of Business Conduct and Anti-Corruption Policy. Company is holding as the approach of society responsibilities as required by Stock Exchange of Thailand to be the code of conduct of executive and employees, which have major 8 components as listed below:

1. Maintaining fair business practices
2. Anti-corruption
3. Respect for human rights
4. Fair treatment to labor
5. Responsibility to customer
6. Conservation and promotion of the Environment
7. Community and social development
8. Innovation and distribution of innovation is derived from social and environment responsibility and stakeholders concern.

Social Responsibility Practices

Moreover of the business operation which already set up the structure framework with transparency and ethics, together with the expecting for strengthen the business growth, the Company is also aware of duties and responsibilities to society, environment, and stakeholders within organization and in society by prioritizing to community and society participation in order to sustainably develop lifestyle and better living. Therefore, the Board of Director Meeting No.6/2016 dated 13 December, 2016 had resolution to set up policy of social responsibility by having corporate social responsibility practices in accordance with international standard, under the code of business conduct framework and corporate social responsibilities practices in compliance with Stock Exchange of Thailand as defined for 8 items as follows:

1. Maintaining fair business practices

The Company has been operated the business on the fair basis, ethics, honest and good relationship with businesses, including personnel to personnel with governmental sectors, and promoting the fair competition with other business, including competitors also. The Company also is aware of business can still be growth sustainably and effectively, shall operate with transparency, having working process standard, and good control. The Company will treat customer and business partners with fair, and will not request or receive any unfair benefit from business partners. If the Company cannot perform according to the trade condition, the Company will inform the business partners in advance, in order to find the correction, and will not to seek any dishonestly advantage beyond the business partners. The Company focuses on the free and fair competition for the overall interest of society. For products, the Company opens opportunities for consumer or business partners, at any time to complain regarding the incomplete product. The Company will disclose information of all types of products correctly and complete. Moreover, the Company has strictly to keep consumer's data which received during business operation confidential. The mentioned data will be the normal data which cannot be disclosed, except required by law.

In 2018, there was no reporting any complaints from consumer or business partners related to fair business practices.

2. Anti-corruption

ADB imposes the measure and action against the corruption dramatically by Director, Management Team, and ADB staffs are prohibited from operating or accepting every type of corruption both in direct or indirect manner covering every business and related department. The Anti-corruption Policy is needed to be reviewed regularly, including with a possible revision of such policy and implementation provision in order to accord with business changes, regulation, standard, and laws.

From the community policy in 2018 regarding fraud and anti-corruption and whistleblowing by employees and stakeholders to participate by sending any evident directly to directors, Chief Executive Officer, Senior Vice President of Accounting & Finance, Human Resources Manager, Company Secretary through mail, electronic-mail, telephone or comment box which provided in various locations, so any personnel finds any fraud and corruption, or receives unfair treatment. Throughout the year, including the audit system within internal audit department and outsourcing auditors, there was no reporting of complaints or whistleblowing relating to fraud or corruption.

3. Respect for human rights

The Company is aware of how important of respect to human right by behaving with relevant parties, not only among employees, communities, and surrounding societies. The Company pays respect to value of human being that shall be treated with equality, not violate the human right in several types, not discriminate related to race, nationality, region, language, complexion, gender or physical condition, etc. and not involve in human right violation either child labor, or forced labor or sexual harassment. In order to pay respect to human right effectively, the Company also promotes and opens opportunities for employees, community and society to comment or complain regarding his right violation if any employees in the Company or Company violate right or create any trouble to any person in community or society. Therefore, anyone who finds the mentioned event, can report through Human Resources Department of the Company.

The Company complies with labor law strictly and there was no any reporting of complaints of right violation or creating trouble to any person in organization or community.

4. Fair treatment to labor

The Company holds principle of fair and equality treatment to employees in accordance with the law protection. The Company has been performing according to law, ethics, and respect to personal right in order to create stability and peace, including promoting the opportunities for career growth, as well as providing potential development of employees, and also taking care of living standard of employees such as; providing several welfare for employees as required by law, providing good safety and hygiene for working, safety protection measure, encouraging employees to create mind set of safety, including providing training, promotion, transfer, reward, penalty of employees based on fairness and legal requirement and opening opportunities to all employees to comment, to complain to Human Resources Department. The Company treats all employees with fairness, provides in-house and outsources trainings in order to improve capabilities. In 2018, there was no any reporting of complaints of labor dispute with employees in the Company.

5. Responsibility to customer

The Company commits to provide standard products and operates with ethics, based on the following principles.

5.1 Commit to develop product in order to response to customer's requirement.

5.2 Provide all information products to customer accurately.

5.3 Any decision based on fact and figure, no exaggerate for advertising or other communications through customer.

5.4 Treat customer with fairness for products or after sales services, no discrimination or non-disclose customer's information.

5.5 Open opportunities for customer to inform any problem of production or inappropriated services in order for better product improvement to customer and Company can bring this data for further improve product and services in the future.

5.6 Continually research and develop products and product quality in order to serve customer requirement and also to create value added for business.

In 2018, the company did not have any disputes with customers or consumers.

6. Conservation and promotion of the Environment

The Company prioritizes community and surrounding society with the awareness that the Company is also part of society and requires to develop society, environment and community together with the business operation. The Company has policy to operate business by focusing for the environment and providing waste disposal effectively in order to avoid any impact to environment and surrounding. Moreover, the Company also encourages management and employees in all levels to build mind set and responsibility to environment and society through inside and outside campaigns of using resource efficiently, less consumption and Reuse/Recycle in order to reduce waste, together with several energy saving activities. For the responsibility to customer and environment, the Company set up policy related to all packaging that in 2019, not allow using chemical in compliance with RoHS2 standard of EU. All specification of control chemicals, testing, procurement and warranty are specified in the quality management system of the Company.

In 2018, the Company, the Company arranged 5S activity, and environmental management system (ISO14001:2015), aiming to build mindset and good attitude of environmental care for both inside and outside Company for all employees levels, as well as to promote the participation and harmony among employees, including building the good image of Company.

7. Community and social development

The Company is aware of to be part of community by setting policy of promotion of social responsibility with aiming to develop business sustainably, together with environmental care and community safety. The Company also plans for social responsibility: supporting to recruit local people, participating in community activities, supporting and donation to school and disadvantaged children, as well as rough areas such as; Wat Thunghean, Chonburi Province, Nongnamkhaocharoenrat School, Chachoengsao Province. For the responsibility to internal employees such as; scholarship welfare for employee's children, first aid room, annual medical check and other fringe benefit as required by law strictly.

In 2018, the Company has have policy to recruit employees from local community and to be responsible for society by arranging CSR activities for Wat Sawatesilaram School, Phranakorn Sriyudhaya Province by rehabilitation of elementary' s wall, lunch for student, scholarship for good study performance, and donation.

8. Innovation and distribution of innovation

The Company will promote to create innovation both in the work flow process in organization level and cooperation between organization levels. This means to work with new method, including production change or value creation. Hence, the objectives of innovation are to create positive change for better change. Therefore, innovation distribution is one part of social responsibility, either through communication or publicize to stakeholders directly or indirectly or through several communication channels, in order to ensure that Company's stakeholders, can have extensively access to Company's information .

Moreover, the Company also looks for new knowledge, new concept from the existing practice or known before. This shall cover business, economy, social, technology and environment in order to create extensive advantages to the Company and society.

In 2018, the Company supported project to reduce any failure of operation by implement 7 Waste technique in order to initiate and to develop work instruction to reduce any waste, including to modify some equipment to reduce time with effectiveness. This is to efficiently and effectively support the operation of production department.

Activities to benefit society and the environment (After Process)

The Company aims to perform business, together to prioritize the participation and creating good relationship between Company, communities and society. Throughout the year, the Company has arranged several projects and activities to promote the benefit for socio and environment development every year, main focusing that all employees will have mind set of social development. Details are as follows:

- **Activities support and develop Thai Youth quality**

On 22 September, 2018, the Company set up wall improvement activities of elementary school, student lunch activity, 5S at school's library, scholarship to student who receives good study performance, and also donated some

money to Wat Sawatesilaram School, Plaiklud Sub-district, Bangsai District, Phranakorn Sriayudhaya Province. This aimed to increase the education study for youth and to promote the study and to encourage employee to be aware of CSR participation.



• Activities support develop inside organization

In 2018, the Company arranged the Cost Down activities by having all personnel to participate and to comment for the saving both for energy saving and less paper in the office, etc. The Company will mainly aim to reduce energy consumption. Currently, using solar roof top is also in consideration.

Award Scholarship

Moreover, the Company awarded 40 scholarship of 2018 to employee's children who have outstanding study performance of score average 3.5 up for Elementary to Bachelor as part of welfare to Company's employee, aiming to promote the education opportunities for employee's families. This is also to increase the employee's living standard in the future and also to create the good relationship between employee and Company.



• Activities for the benefit of society and environment

On 30 August, 2018, the Company participated in CSR Network together with Bangpoo Industrial Estate Office for Mangrove and Canal Conservation/Restoration 2018.



On 28 September, 2018, the Company joined the activities with Stock Exchange of Thailand together with 25 coaches, executive volunteers of listed company in Mai, participating in SET Social Impact Gym 2018: Six Pack Day, to present business plan of 19 SE in order to receive knowledge and intensive experience transfer from coaches, so that the Company could find opportunities to extend the business, and further multiply good socio and economic results.



Internal Control

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The Board of Directors and the Management give the importance to internal control. The Company has continuous monitoring and supervision as it realizes that an internal control system is an important mechanism that enables the Company to conduct business and achieve its objectives efficiently and effectively. Internal control also creates long-term benefit, use of resources, taking care of properties, reliable financial and operational data reporting, compliance with laws, rules and regulations and prevention or mitigation of risks from actions that may cause loss to the Company's properties and reputation. Internal control evaluates performance based on Good Corporate Governance (GCG) and Collective Action Coalition Against Corruption (CAC). The Board of Directors has clearly defined roles and responsibilities and the Directors shall comply with such roles and responsibilities. The Company clearly defines structure of organization, committee and the Management and monitors work lines in order to balance the authority and internal control appropriately, leading to appropriate work. The Company's Key Performance Indicators (KPI) are established to evaluate work performance, follow up results and compare the results to the Company's objectives regularly.

The good corporate governance refers to business ethic, ethic of The Board of Directors, Executives and employees, anti-corruption policies and measures and policies for reporting clues or complaints, determination of punishment for offenses, disciplinary action and serious offenses. The Company has supervised the implementation of such policies, effective performance under transparency and fairness to all parties, promoting all employees to have conscience and continuous implementation by providing training to give knowledge to employees. The Company reviews and updates an operational authority manual and an operation manual of work systems to be employed as a guideline for operations and to facilitate business' flexibility and systematic operation. The Company considers a scope of roles and responsibilities which makes the internal control appropriate and be consistent with current operations. The Company also recognizes changes in the future.

The Board of Directors appoints the Audit Committee to supervise and manage the internal control system, risk management system, corporate governance and compliance with the Company's policy and anti-corruption measures to ensure its appropriateness and effectiveness. The internal control also requires the Company to comply with related regulations and laws. It ensures that there will be no conflict of interest, relate transaction and use of properties to prevent fraud or misconduct. The Company has established a balance mechanism by hiring an auditing company or Unique Advisor Co., Ltd that Mr.Kosol Yamleemoon acted as an audit supervisor as well as his team with their great expertise in the auditing and been completely trained according to the current internal audit regulatory compliance and measurements (Please see the details of the Auditing company in Appendix 3) which is an independent auditor directing working under the Audit Committee, to inspect and evaluate effectiveness and sufficiency of internal control systems, risk management system, corporate governance in all departments in the Company and its subsidiaries. The Committee of Sponsoring Organizations of the Tread way Commission (COSO) and Enterprise Risk Management and criteria of the Stock Exchange of Thailand and the Thai Institute of Directors (IOD) are adopted to the Company's internal control, risk management and corporate governance so that it becomes more comprehensive. Inspection of compliance with policy and anti-corruption measure is employed to make the Company's operation the most effective and efficient.

In addition, The Board of Directors evaluates sufficiency of internal control systems every year in accordance with the Securities and Exchange Commission (SEC) and the Committee of Sponsoring Organizations of the Tread way Commission (COSO) covering 5 elements and 17 sub-elements. The Company does not find any significant deficiencies in The Company's internal control systems.

Operational Control

The Company has internal control measures consistent with the risk and suitable for the business type in order to achieve the organizational objectives. The Company has established an organizational structure and clearly separated roles and responsibilities of each position in order to ensure that the operations are appropriate, flexible and consistent with the changing business conditions. Each position can balance the power or uses a mechanism that can be traced back appropriately, especially where significant risks are found in order to prevent and reduce deficiencies such as financial transaction, selling, procurement, asset management and human resource management, etc. The

Company appoints the Audit Committee to review the Company's internal control systems. The Internal Control Inspection Department reviews performance to ensure its compliance with rules, regulations of an operational authority manual and an operation manual of work systems regularly. This is to ensure that operations employ sufficient and appropriate internal control systems and overall performance is efficiency. There is a review of information system management used in operations to inspect whether it is a systematic practice, allowing operations to be fast and efficient.

Moreover, the Company has established policies and regulations of transactions among those related to the Company and it shall go in the same way. For example, major shareholders, Directors, Executives and related persons shall make accurate, transparent and fair transactions by realizing the Company's ultimate benefit in accordance with the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC).

Risk assessment

The Company recognizes the importance of risk management that may affect business operations caused by both external and internal factors. The Company's Risk Management Committee (RMC) is established to supervise the risk management in order to meet the goals at the acceptable level. Risk management policy is defined so that everyone can practice. Risk management is evaluated based on both internal and external factors, covering all risk aspects including strategy, financial operation, and compliance with regulations, different events and corruption. Risk evaluation is divided into organizational level and department level in order to manage risk sufficiently, appropriately and in time. The Risk Management Committee and the Management have prepared a risk assessment plan and assigned the Risk Management Working Group. Risk aspects cover 4 issues including cost management for efficiency, cash cycle management, employee Development Program "Competency Roadmap" and investment in Sealant Project. The 4 projects have started in July 2018. At the initial stage, it is about an improvement of work system, analysis of various data to determine the causes of risk in order to find the right way for risk protection. The operation received good results and gained cooperation from many departments. It is reported to the meeting of the Board of Directors about the progress on a monthly basis. There is a review of risk factor changes based on internal and external factors that may affect the organization on an annual basis. In addition, it is required that the results shall be reported to the Audit Committee and The Board of Directors on a quarterly basis.

Information System and Communication

The Company focuses on the importance of information system and communication and promotes and supports continuous development to make information accurate and up-to-date through the use of advance and effective information technology. Such technology safeguards information from data collection, data processing, data storage to data management, ensuring that the use of significant information by the Board of Directors, Executives, employees, shareholders, customers or stakeholders is accurate and sufficient within an appropriate timeframe for business decision making. Information Technology Safety Policy and Information Usage is established. The Company provides several communication channels to enable information recipients both inside and outside the organization can access information quickly and easily, such as intranet and the Internet system, etc. This can be used as a channel to publicize and disseminate information, policies, rules, regulations, manuals/procedures and important news or to gain suggestions and information beneficial to the Company's operation. There are communication channels to gain Whistle Blowing provided by the Company.

Following-up System

The Board of Directors has established an evaluation and following-up system for business operation performance to compare it with The Board of Directors every month. There are an evaluation and following-up, internal control system and risk management, covering all aspects such as accounting and finance, compliance with laws/regulations and property supervision and corruption that cause significant impacts on status, reputation significantly. This is to ensure that the internal control systems are fully operated as defined so that immediate solution can be proceeded in a timely manner. The Board of Directors assigns the Audit Committee to review the internal control systems through the Auditing Department to ensure that what is detected or a review is corrected appropriately and in time. Furthermore, the assessment of internal control in financial and accounting departments is examined by authorized auditors. The results are presented to the Audit Committee on a quarterly basis.

The Audit Committee and The Board of Directors considered sufficiency of internal control systems, discussed and gave useful advice to the Management so that such issues will be adopted into development of work effectiveness.

Internal Audit

The Audit Committee supervises the Internal Audit in creating Assurance, examine and evaluate sufficiency of internal audit and provides Consulting independently and fairly, covering the operational process, compliance with laws and regulations and accuracy of information of the Company and its subsidiaries. The results are reported to the Audit Committee on a monthly basis. It also enables regular follow-up of improvement, especially on the important or the high-risk issues. An abnormal situation is informed such as corruption, work error to seek causes and loss protection from repeated actions. This ensures that the Company's operations have sufficient, appropriate and effective internal control systems, the risk management is at the level the Company can accept and the Company's good corporate governance in order to achieve the Company's operational objectives. The risk assessment and performance indicators are determined according to the annual plan, compared with the goals of the Company. The results are submitted to the Executive Committee, the Audit Committee and the Internal Audit Department. The Company has selected consultants who have good experience and ethic in internal auditing and are independent in auditing, starting from the performance of employees at all levels to the management level.

The Audit Committee and the Internal Audit Department is independent. It is another channel to receive clues or complaints or other information. This ensures that the Company has a transparent and fair system to receive clues or complaints or other information in accordance with good corporate governance.

Auditing by Independent Auditors

The Company has selected the same auditors as in the previous year, which is KPMG Phoomchai Tax Ltd., to continue its auditing. This is because of cost as the audit fee does not have a significant difference from other candidates and its work is important to the Company. In 2018, there was a new accounting policy to be applied and further investigated. The Company aims that employees in the finance and accounting department shall adopt the new standards and new work guidelines into their work correctly, which is considered to be an important issue. Auditors may take more time to adjust themselves to work. The Company is afraid that if the two issues are operated at the same time, it is not convenient. Therefore, the Company does not change the auditors.

During the year, the auditors have conducted a quarterly examination, inventory counting, property counting and witnessing destruction of products in August 2018. They also examined financial reporting according to the auditing standards in order to certify that the Company's financial statements are prepared without significant errors and consistent with generally accepted accounting principles. A quarterly financial report is submitted to the Audit Committee. The new law, new operational guidelines, risks in several aspects are proposed. The Audit Committee, accountants and related persons are invited to participate in training to develop knowledge in accounting standards or accounting courses arranged with no charge.

Remuneration for Auditors

The Company paid the audit fee to the certified KPMG Phoomchai Audit Ltd. in the fiscal year 2018 for 2,740,000 baht. The auditors did not receive any other remuneration from the Company.

For the implementation of the Good Corporate Governance for 2017 Publicly Listed Company (CG Code 2017) to be compiled.

Based on Corporate Governance Report of Thai Listed Company 2017 (CGR2017) surveyed from all registered companies by Thai Institute of Directors, ADB receives 69%. The average percentage among the registered companies is at 81%. The key reason is that the Company did not submit a CGR2017 Report so it was not convenient for Thai Institute of Directors (IOD) Committee to evaluate. The Board of Directors and Executives noticed this from the 2018 performance and will develop it in the next year.

The Board of Directors realizes about signatory declaration on not to participate in corruption. The Company participates in Collective Action Coalition Against Corruption and considers that the Board of Directors and Executives shall prepare for it and inform relevant stakeholders including partners, customers, society, etc. in order to gain participation for signatory declaration on Collective Action Coalition Against Corruption.

With the Securities and Exchange Commission (SEC) announcement on the 2017 Code of Corporate Governance for Publicly Listed Companies. The Board of Directors recognizes the Good Corporate Governance and ensure the conformance to CG Best Practices and Business Conducts so as to achieve ADB's sustainable growth. In this regard, the management and company secretary shall further execute and apply the Principle to be in line with the Business Context.

Connected Transactions

รายการระหว่างกัน

1. A party who may have conflicts of interest and relationship

The company proceeds connected transactions with a party who may have conflicts of interest including the Board of Directors, shareholders, management and related companies which refer to any companies that have a party who may have conflicts of interest with the Company and is related to Board of Directors, management and shareholders. The relationships can be summarized as follows.

Party / Juristic Person who may have conflicts of interest	Relationships
C. P. L. Group Public Company Limited	<ul style="list-style-type: none"> - Manufacturer and distributor of finished leather products and safety equipment and personal protective equipment - Share the same director who is Mr. Mongkon Laoworapong. - Have shareholders who are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders holding 1.64%, 4.51%, 8.13% and 4.90% of paid-in registered capital of 418.89 million baht respectively.
CS Rubber Industry Company Limited	<ul style="list-style-type: none"> - Manufacturer, importer and exporter of rubber products - Shareholders are Mr. Manit Wongcharoensin, Mr. Puwasit Wongcharoensin, Mr. Wiwat Wongcharoensin and Mr. Suwatchai Wongcharoensin (Wongcharoensin Family) who are the Company's major shareholders, holding 10.63% of paid-in registered capital of 90 million baht per person.

2. Details of connected transactions

Connected transactions the Company makes with a party/a juristic person who may have conflicts of interest on December 31, 2017 and 2018 are as follows.

2.1 Transactions related to purchase and sale of the Company's products

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan-Dec 2017	Jan-Dec 2018		
C. P. L. Group Public Company Limited				
<u>Selling</u>				
Sale revenue	1,761,231	4,497,785	The company sells adhesives and PVC resin for CPL Group Public Company Limited, with the selling price and profit margin comparable to outsiders and gross margin. Average that the company Selling such products to third parties. This commercial transaction is a normal business operation. By determining the selling price which is considered based on the sales volume and the selling price And trade conditions as well as other customers	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company's normal business operations and can increase the Company's raw additional revenue by utilizing the Company's raw materials. Such transactions are subject to the Company's general business conditions which the sales prices and gross profit margins are comparable to the sales prices and average gross profit margins made by selling adhesives to outsiders and do not make the Company lose any interest.
Trade receivables	368,850	555,186		
CS Rubber Industry Company Limited				
<u>Selling</u>				
Sale revenue	12,852	32,130	The Company sells thinners to CS Rubber Industry Company Limited. The products are developed from solvent which is a main material of adhesives. Thinners are not the Company's main products but they are produced from adhesive materials and can increase the Company's additional revenue. The Company sells thinners not only to CS Rubber Industry Company Limited but also to external customers. The thinners' prices sold to CS Rubber Industry Company Limited are comparable to those sold to outsiders. Average gross profit margin the Company makes can be comparable to those on outsiders and comparable to average gross profit margin made from general adhesives and sealants. Commercial transactions are normal business operations which determine sales prices considered by appropriateness of sales volume and sales prices and trade terms in the same way as the Company does to other customers.	The Audit Committee agrees that proceeding the transactions are reasonable because such transactions the Company's normal business operations and can increase the Company's raw additional revenue by utilizing the Company's raw materials. Such transactions are subject to the Company's general business conditions which the sales prices and gross profit margins are comparable to the sales prices and average gross profit margins made by selling adhesives to outsiders and do not make the Company lose any interest.
Trade receivables	5,894	12,769		

Nature of Transaction	Transaction Value (THB)		Necessity / Reasons for the Transaction	Opinion from Audit Committee
	Jan-Dec 2017	Jan-Dec 2018		
C. P. L. Group Public Company Limited			The Company purchases personal protective equipment from C. P. L. Group Public Company Limited to use in the Company's factories. The Company had purchased such personal protective equipment. The sales prices are comparable to those given by other business partners. The Procurement Department compares the prices according to the Company's procurement policy and proposes to executives for an approval.	The Audit Committee agrees that preceding the transactions is reasonable because such transactions support the Company's normal business operations. Such transactions are subject to the Company's general trade terms and procurement policy. The Company considers and precedes the transactions in the same way the Company does with other business partners.
<u>Purchasing</u>	91,875	115,389		
Cost of sales				
Account receivable	3,929	13,375		

3. Necessity and Reasonableness of Connected transactions

The Company's connected transactions for the fiscal year ended in December 31, 2016 and 2017 can be divided into 2 groups.

1. Normal business transaction refers to a commercial transaction normally performed by the Company or its subsidiaries for the purpose of operating business such as trading, service provision, resale etc.
2. Supporting business transaction refers to a commercial transaction that companies that are in the same business with the Company often proceed to support normal business such as purchase of safety equipment etc.

4. Connected transactions Measures or Procedures for Approval of Connected Transaction

The board of director meeting No. 6/2016 on December 13, 2016 established the policy and procedure for connected transactions of the Company with a party who may have conflicts of interest or related persons so as to clarify transactions and maintain the Company's benefits. The Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand. The management and stakeholders are prohibited to take part in approving connected transactions. In the case where the law requires the approval of the Board of Directors, the Company will arrange the Audit Committee to attend the meeting to consider and give opinions on the transaction and the reasonableness of the transaction. Transactions of trade agreement with general trade terms and transaction of trade agreement without general trade terms shall apply the following principles.

1. Transactions of Trade Agreement with General Trade Terms

Normal business transactions and supporting normal business transaction including product selling and services shall have fair trade agreement and trade terms which can be comparable to the market prices or can refer to prices of products in the same groups and shall not cause benefit transfer. The Board of Directors is approved to set a framework for the management to proceed with the transactions. The Company's management can proceed with the transactions under the principles approved by the Board

of Directors. The report of transactions shall be prepared and reported to the Audit Committee Meeting in every quarter. The Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand and disclosure of connected transactions.

2. Transactions of Trade Agreement without General Trade Terms

Transactions of trade agreement without general trade terms in the case of a connected transaction under the authority of the Board of Directors, the executives of relevant departments such as sales department, marketing department, accounting department, operating department shall propose details, transactions, necessity and reasonableness of transactions to request for an approval from the Audit Committee and propose them to the Meeting of the Board of Directors for an approval of transactions. The Company will disclose connected transactions in the remark of financial statements examined by the Company's auditor. If the Company's common shares are registered in the Stock of Exchange of Thailand, the Company will disclose connected transactions in Annual Transactions (Form 56-1) and Annual Report (Form 56-2) in accordance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand.

5. Policies or Trends for Approval of Future Connected Transaction

The Company proceeds connected transactions in the future including product selling and Service. These transactions are examined and approved by the Audit Committee and the Board of Directors. The Audit Committee will review and give opinions to connected transactions which are quarterly normal business transactions or supporting normal business transactions. However, for any transactions which are not normal business transactions occurring in the future, the Company will arrange the Audit Committee to review the necessity and reasonableness of the transactions prior to approval of connected transactions.

If the Company wishes to approve connected transactions with a party who may have conflicts of interest in the future, the Company will strictly follow the policies and procedures mentioned above. The Company will arrange the Audit Committee to consider and give opinions to review the necessity and reasonableness of the transactions. In case the Audit Committee considers it lacks expertise required for the consideration of possible transactions, the Company is empowered to recruit experts such as an independent appraiser, an independent expert or an auditor to give opinions on the connected transactions. The opinion of these recruited experts will be used in the decision-making of the Board of Directors of the company or shareholders as the case may be. The Company ensures compliance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand and disclosure of connected transactions as in Annual Transactions (Form 56-1) and Annual Report (Form 56-2) in accordance with the laws on securities and exchange, regulations, notifications, orders or any requirements of the Stock Exchange of Thailand.

Board of Directors' Statement of Responsibility for Financial Report

รายงานความรับผิดชอบของคณะกรรมการบริษัทต่อรายงานทางการเงิน

The Board of Directors of Applied DB Public Company limited strongly values the duties and responsibilities in accordance with good corporate governance principles. The Board of Directors is responsible for the separate and consolidated finance statement of the Company and its subsidiaries including financial information presented in the annual report and the annual financial statements for the year ended December 31, 2018 which are prepared according professions (FAP) and correspond with the generally accepted Accounting standards of Thailand. The Board of Directors has selected and consistently followed and appropriate accounting policy. The aforementioned financial statements are prepared using careful judgment and the best estimation. In addition, important information in adequately disclosed in the notes to the financial statements. The financial statements have been examined by and independent external auditor and the auditor has expressed and unqualified opinion. Therefore, the financial statements accurately and transparently reflect the Company's financial status and operating performance in the past year

The Board of Directors has appointed the Audit Committee, which comprises of independent directors, to review the quality of the financial reports and to the evaluate the internal control system, risk management system, and various systems to support effective financial documentation to ensure that accounting records are correct, complete, timely,adequate to protect its asset, as well as able to prevent fraud or materially irrgrular opeations, The Audit Committee's opinion is presented in the Audit Committee's report whicc is a part of this annual report.

The Board of Directors believes that the effectiveness of the Company's overall internal control system is satisfactory and able to crete credibilty and reliability for the seqarate and consolidated financial staements of Applied DB Public Company Limited and its subsidiaries for the period ended December 31, 2018



Mr. Pawat Wongtangtrakul
Chairman of the Board



Mr. Wang Wanapaisorn
Chief of Executive Committee

Report of the Audit Committee

รายงานคณะกรรมการตรวจสอบ

The Audit Committee of Applied DB Public Company Limited consists of three individual directors as follows.

1. Dr. Mongkon Laoworapong	Chairman of the Audit Committee
2. Asst.Prof.Dr. Monpilai H.Narasingha	Audit Committee
3. Mrs. Kanjana Piyasatit	Audit Committee

Mrs. Wichitra Thubburee Vice president of Internal Control and System Improvement Office as secretary to this committee.

The committee executed its Board-assigned duties in line with its own charter, which agrees with SEC's best practices. It reviewed and pushed for ADB's compliance with corporate governance, sufficient risk management and internal control systems, efficient and effective internal audit, and a systematic structure and business processes. It ensured ADB's emphasis on being a transparent organization while upgrading the quality of ADB internal audit to supplement long-term value with due regard for satisfying stakeholder comprehensive needs. Below are highlights of duties in 2018:

1. Review of quarterly and annual financial statements and consolidated financial statements before proposing them to the Board of Directors for an approval. The Audit Committee recognizes the importance of compliance with the Thai Financial Reporting Standards. Sufficient disclosure of notes to financial statements. The Committee reviewed material issues and special items and obtained sufficient clarification from the external auditors, the Management, and the Vice president of Internal control department, confirming that the financial statements and the disclosure in notes to the financial statements were in compliance with the relevant laws and financial reporting standards. The Audit Committee therefore approved the Financial Statements, which were reviewed and audited by the external auditors with out reservation. In addition the Audit Committee discussed the Key Audit Matters (KAM), as well as to hear whether there was any suspicious information indicating potential fraud following Section 89/25 of the Securities and Exchange Act B.E. 2535 as amended by the Securities and Exchange Act (No.4) B.E. 2551 with the auditor. In 2018, the external auditors did not discover any material misstatements or indications of suspicious incidents. Thus, the preparation of the financial statements and consolidated financial statements was conducted with reliability and transparency, and the external auditors performed their duties independently and with verifiability.
2. Review the adequacy and appropriateness of the internal control process. The Audit Committee agreed that the Company's internal control system is appropriate and adequate for business operation. The Company plans to review the internal control system and review quarterly performance reports.
3. Review the Charter of the Audit Committee. The Audit Committee reviews the Charter. The Audit Committee consider, amend and revise the qualifications, roles and authorities of the Audit Committee to ensure the compliance with criteria and guidelines for good corporate governance and the requirements of the Stock Exchange of Thailand and Securities and Exchange Commission.
4. Review the corporate governance, Business Ethics Policy, Information Dissemination Policy, Anti-Corruption Policy, Information Protection Policy and Complaint Investigation which comply with operation the requirements of the Stock Exchange of Thailand and Securities and Exchange Commission.
5. Provide a self-assessment of the entire Audit Committee and demonstrate that the Audit Committee has performed its duties assigned by the Board of Directors and comply with good working practices.
6. Consider connected transactions or transactions that may have conflicts of interest in order to consider according to the law and the regulations prescribed by the Capital Market Supervisory Board and other relevant agencies which ensures that the transactions are reasonable, transparent and sufficient-

ly disclosed and contribute to the most benefits to the company with reasonable conditions and prices as performed with other outsiders.

7. The Audit Committee has supervised business operations in accordance with the Securities and Exchange Act, the requirements of the Stock Exchange or relevant law. For the year 2019, the Audit Committee has considered and proposed to the Board of Directors to appoint Mrs. Munchupa Singsooksawat, a Certified Public Accountant No.6112 and/or Mr. Yutthapong Soontarinka, a Certified Public Accountant No.10604 and/or Mr. Sumeth Jaengsamsee, a Certified Public Accountant No.9362 and/or Ms. Sawitree Ongksirimemongkol, a Certified Public Accountant No.10449 of KPMG Phoomchai Audit Co., Ltd. as the Company's auditors. The appointment of auditors and audit remunerations are subject to an approval at the Annual General Meeting of Shareholders 2019.

In summary, the Audit Committee performed its charter duties and responsibilities with competence, care, prudence, and adequate freedom while providing creative views and recommendations for the equitable benefit of all stakeholders. Its opinion is that ADB's financial statements were accurate, credible, and in line with generally accepted accounting standards, in addition, ADB commanded compliance with applicable laws and business obligations, together with good governance, adequate risk management and a suitable, effective internal audit system.



Dr. Mongkon Laoworapong

Chairman of the Audit Committee

Independent Auditor's Report

รายงานผู้สอบบัญชีรับอนุญาต

Auditors and Independent Auditor's Report

• Auditors

Auditor Office / Auditor	Certified Financial Statement		
	For the year end as at 31 December 2016	For the year end as at 31 December 2017	For the year end as at 31 December 2018
KPMG Phoomchai Audit Company Limited	Mrs. Munchupa Singsuksawat CPA Registration No.6112	Mrs. Munchupa Singsuksawat CPA Registration No.6112	Mrs. Munchupa Singsuksawat CPA Registration No.6112

• Summary of auditor's report

Consolidated financial statement for the year ended 31 December 2016

The accompanying financial statements present fairly in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards "TFRSs".

Consolidated financial statement for the year ended 31 December 2017

The accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Group and the Company, respectively, as at 31 December 2017 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards "TFRSs".

Consolidated financial statement for the year ended 31 December 2018

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".



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Independent Auditor's Report

To the Shareholders of Applied DB Public Company Limited

Opinion

I have audited the consolidated and separate financial statements of Applied DB Public Company Limited and its subsidiaries (the "Group") and of Applied DB 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.

<i>Valuation of inventories</i>	
Refer to Note 3(g) and 8 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group's inventories have significant balances and the main raw materials are commodity products, for which the market price is volatile as well as a risk of deterioration. The Group measures its inventories at the lower of cost and net realisable value. The estimation of net realisable value of inventories involve management's judgment. Therefore, this was an area of focus in my audit.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - inquired of the management to obtain an understanding of the management's judgments and assumptions used to set up selling prices, estimated net realisable value of inventories, including the design and implementation of the related internal controls; - verified the accuracy of the inventory aging report on a sample basis with supporting documents; - evaluated the management's assumptions used to identify deteriorated inventories with supporting documents, and attending inventory count observation including considering the condition of inventories; - sampling items to test the estimated net realisable value of inventories and related selling expenses with supporting documents; and - evaluated the adequacy of the disclosures in accordance with the relevant Thai Financial Reporting Standards.



<i>Valuation of trade accounts receivable</i>	
Refer to Note 3 (f) and 6 to the financial statements.	
The key audit matter	How the matter was addressed in the audit
The Group distributes goods to domestic and overseas customers with some customers having significant outstanding balances over credit terms. Therefore the Group is subject to a risk of uncollectibility of receivables. The evaluation of the ability to pay of those trade accounts receivable and the estimation of allowance for doubtful accounts requires management's judgment. Therefore, this was an area of focus in my audit.	<p>My audit procedures included the following:</p> <ul style="list-style-type: none"> - inquired of management to obtain an understanding of the process of acceptance of new customers, sales, credit-granting, monitoring of cash collection, and the Group's policy of estimating the allowance for doubtful accounts, including the design and implementation of the related internal controls; - tested subsequent cash receipts from trade accounts receivable after the year-end on a sampling basis; - verified the accuracy of the trade accounts receivable aging report on a sample basis with supporting documents; - evaluated the appropriateness of the estimation of the allowance for doubtful accounts by select sample of customers to compare with historical collection as well as through assessment based on financial information; and - evaluated the adequacy of the disclosures in accordance with the relevant 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.

(Munchupa Singsuksawat)
Certified Public Accountant
Registration No. 6112

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2019

Summary of Financial Performance and Operation

• Statement of financial position

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	MB	%	MB	%	MB	%
Current assets						
Cash and cash equivalents	38.02	3.55	72.42	6.00	33.22	2.65
Trade accounts receivable	374.68	34.94	315.96	26.16	328.46	26.22
Other receivables	29.03	2.71	42.82	3.55	42.37	3.38
Inventories	266.57	24.86	319.04	26.42	304.88	24.34
Total current assets	708.31	66.05	750.24	62.12	708.92	56.59%
Non-current assets						
Assets available for sales	-	-	-	-	-	-
Property, plant and equipment	355.21	33.12	447.73	37.07	534.69	42.68
Intangible assets	0.64	0.06	0.43	0.04	0.17	0.01
Deferred tax assets	7.27	0.68	8.42	0.70	8.59	0.69
Other non-current assets	0.97	0.09	0.93	0.08	0.32	0.03
Total non-current assets	364.08	33.95	457.51	37.88	543.77	43.41
Total assets	1,072.39	100.00	1,207.75	100.00	1,252.70	100.00
Current liabilities						
Bank overdrafts and short-term borrowings	415.73	38.77	277.46	22.97	358.57	28.62
Trade accounts payable	238.92	22.28	212.27	17.58	201.65	16.10
Other payables	39.73	3.70	44.12	3.65	33.71	2.69
Current portion of long-term borrowing from financial institutions	13.40	1.25	14.90	1.23	13.45	1.07
Current portion of finance lease liabilities	0.95	0.09	1.01	0.08	1.07	0.09
Accrued extraordinary compensation to the entire founders	24.00	2.24	0.00	0.00	0.00	0.00
Income tax payable	9.24	0.86	3.00	0.25	0.00	0.00
Other current liabilities	0.46	0.04	1.76	0.15	1.51	0.12
Dividend payable	-	-	-	-	-	-
Total current liabilities	742.43	69.23	554.52	45.91	609.95	48.69

Statement of financial position	Consolidated financial statements					
	31 December 2016		31 December 2017		31 December 2018	
	MB	%	MB	%	MB	%
Non-current liabilities						
Finance lease liabilities	4.30	0.40	3.29	0.27	2.22	0.18
Accrued extraordinary compensation to the entire founders	-	-	-	-	-	-
Long-term borrowings from financial institutions	4.35	0.41	39.45	3.27	26.00	2.08
Non-current provisions for employee benefit	23.75	2.21	25.60	2.12	28.69	2.29
Total non-current liabilities	32.40	3.02	68.34	5.66	56.91	4.54
Total liabilities	774.82	72.25	622.86	51.57	666.86	53.23
Shareholders' equity						
Authorised share capital	210.00		300.00		300.00	
Paid share capital	210.00	19.58	300.00	24.84	300.00	23.95
Share premium on ordinary shares	2.01	0.19	202.20	16.74	202.20	16.14
Surplus on share-base payment transaction	0.31	0.03	0.31	0.03	0.31	0.02
Retained earnings:						
Appropriated to legal reserve	7.33	0.68	12.56	1.04	13.21	1.05
Unappropriated	77.92	7.27	71.14	5.89	70.76	5.65
Other component of shareholders' equity			(1.32)	(0.11)	(0.65)	(0.05)
Total shareholders' equity	297.57	27.75	584.89	48.43	585.83	46.77
Total liabilities and shareholders' equity	1,072.39	100.00	1,207.75	100.00	1,252.70	100.00

• Statement of Comprehensive Income

Statement of comprehensive income	Consolidated financial statement					
	2016		2017		2018	
	MB	%	MB	%	MB	%
Revenue from sales of goods	1,411.78	98.79	1,372.41	98.90	1,421.08	98.82
Cost of sales of goods	(1,125.58)	78.76	(1,181.32)	85.13	(1,227.15)	85.33
Gross Profit	286.19	20.03	191.08	13.77	193.93	13.48
Other income	15.63	1.09	11.87	0.86	13.12	0.91
Net foreign exchange gain (Loss)	1.73	0.12	3.36	0.24	3.92	0.27
Profit before expenses	303.56	21.24	206.31	14.87	210.97	14.67
Distribution costs	(88.36)	6.18	(56.62)	4.08	(69.51)	(4.83)
Administrative expenses	(107.24)	7.50	(103.81)	7.48	(114.13)	(7.94)
Total distribution & administrative expenses	(195.60)	13.69	(160.43)	11.56	183.64	12.77

Statement of comprehensive income	Consolidated financial statement					
	2016		2017		2018	
	MB	%	MB	%	MB	%
Earnings before interest and tax	107.96	7.55	45.88	3.31	27.33	1.90
Finance costs	(12.35)	0.86	(13.37)	0.96	(10.36)	0.72
Profit before income tax expenses	95.62	6.69	32.51	2.34	16.97	1.18
Income tax expenses	(19.91)	1.39	(3.47)	0.25	-3.94	-0.27
Profit for the year	75.71	5.30	29.04	2.09	13.03	0.91
Other comprehensive income for the year	1.17	0.08	(0.41)	0.03	(0.08)	(0.01)
Total comprehensive income for the year	76.88	5.38	28.63	2.06	12.95	0.90
Earnings per share						
Basic earnings per share (Baht) ¹	0.18		0.065		0.022	
Weighted average number of ordinary shares (shares) ²	420,000,000		447,616,000		600,000,000	
Earning per share (Fully Diluted) (Baht) ³	0.13		0.048		0.022	
Total number of ordinary shares outstanding (Shares)	600,000,000		600,000,000		600,000,000	

Note :

1. Earnings per share (from weighted average number of ordinary shares)
2. Number of shares outstanding (par value at Baht 0.50/share) for comparable with the current par value of the Company after initial public offering
3. Earnings per share after fully diluted (after Initial public offerings) for the total of 600,000,000 shares

• Statement of Cash flows

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
<u>Cash flows from operating activities</u>			
Earnings before income tax	95.62	32.51	16.97
Adjustment to reconcile profit to cash receipts (payments)			
Depreciation and amortization	34.41	34.58	36.76
Interest income	(0.03)	(0.05)	(0.08)
Finance costs	12.35	13.37	10.36
(Reversal of) losses on inventories devaluation	(18.72)	4.46	(3.01)

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
Reversal of allowance for doubtful accounts	(0.70)	(2.23)	1.07
Unrealised (gain) loss on exchange	0.08	(0.45)	0.08
(Gain) loss on disposal and write off of property, plant and equipment	(0.27)	0.10	(0.24)
Expenses for share-based payment transaction	0.31	0.00	0.00
Post-employee benefits	4.17	3.55	3.83
	127.20	85.84	65.74
Changes in operating assets and liabilities			
Trade accounts receivable	(7.71)	60.00	(14.94)
Other receivables	(4.57)	(13.80)	0.45
Inventories	(34.61)	(56.92)	17.17
Other non-current assets	-	0.03	0.61
Trade accounts payable	28.18	(26.09)	(10.03)
Other payables	(5.70)	(5.20)	(2.33)
Accrued extraordinary compensation to the entire founders	10.00	(24.00)	0.00
Other current liabilities	(0.18)	(0.35)	0.00
Net cash generated from operating	112.61	19.51	56.67
Extra ordinary compensation to the entire founders paid	(4.00)	-	-
Employee benefit paid	(4.22)	(0.56)	(1.68)
Taxes paid	(18.36)	(10.77)	(7.13)
Net cash from operating activities	86.03	8.18	47.86
Cash flow from investing activities			
Interest received	0.03	0.05	0.08
Purchase of investment in subsidiaries	-	-	-
Purchase of intangible assets	0.30	0.01	0.33
Purchase of property, plant and equipment	(89.73)	(115.42)	(129.75)
Purchase of intangible assets	(0.66)	(0.07)	-
Net cash used in investing activities	(90.06)	(125.73)	(129.33)

Statement of cash flows	For the year end		
	2015	2016	2017
	MB	MB	MB
Cash flows from financing activities			
Proceeds from issue of shares	-	304.20	
Transaction costs from issue of shares	-	(14.01)	
Interest paid	(11.90)	(15.27)	(11.66)
Dividends paid to owners of the Company	(52.50)	(31.50)	(12.00)
Proceeds from (repayment of) short-term borrowings from financial institutions	85.09	(136.10)	82.03
Payment by a lessee for reduction of the outstanding liability relating to a finance lease	(2.18)	(0.95)	(1.01)
Proceeds from long-term borrowing from financial institutions	0.00	57.00	-
Repayment of long-term borrowings from financial institutions	(16.90)	(20.40)	(14.90)
Net cash from financing activities	1.61	142.97	42.46
Net increase (decrease) in cash and cash equivalents before effect of exchange rates	(2.43)	35.71	(39.01)
Cash and cash equivalents at 1 January	38.76	36.68	72.42
Effect of exchange rate changes on cash and cash equivalents	0.35	0.03	(0.19)
Cash and cash equivalents at 31 December	36.68	72.42	33.22

Key Financial Ratios

Financial Ratios		2016	2017	2018
Liquidity Ratios				
Current ratio	times	0.95	1.35	1.16
Quick ratio	times	0.56	0.70	0.59
Cash flow liquidity ratios	times	0.13	0.01	0.07
Accounts receivable turnover ratio	times	3.82	3.97	4.41
Accounts receivable turnover	days	94.25	90.58	81.62
Inventory turnover ratio	times	4.69	4.03	3.93
Inventory turnover	days	76.73	89.23	91.52
Accounts payable turnover ratio	times	5.02	5.24	5.93
Accounts payable turnover	days	71.76	68.75	60.71
Cash cycle	days	99.21	111.06	112.43

Financial Ratios		2016	2017	2018
Profitability Ratios				
Gross margin	%	20.27	13.92%	13.65%
Operating profit margin	%	6.42	2.23%	0.72%
Profitability ratios	%	5.30	2.09%	0.90%
Return on Equity	%	26.54	6.58%	2.23%
Assets Turnover Ratios				
Total asset turnover ratio	%	7.49	2.55%	1.06%
Fixed assets turnover ratio	%	32.90	15.49%	9.95%
Asset turnover	times	1.41	1.22	1.18
Financial Ratios				
Debt to equity ratio	times	2.60	1.06	1.14
Time interest earned	times	5.36	2.34	2.44
Debt Service Coverage Ratio	Times	4.27	1.52	1.03

Management Discussion and Analysis for the year Ended December 31, 2018

Applied DB Public Company Limited (the “Company”) is one of the leading manufacturers and distributors of plastic compound and adhesive and sealant products to our main customers located in Thailand and overseas. The main customers are from the industrial sectors, located in ASEAN, Middle East, Africa, Europe and South America, that use our products in their production process. Besides, the Company also manufactures and sells the products under the Company’s brands and also under customers’ brands. Our revenue depends highly on an industrial growth leading by each industrial sector that uses the Company’s products in the production process such as wire and cable industry, real estate and construction industry, shoes and leathers industry. In addition, the demand of products also leads by the economic condition, private sector investments and government bidding projects. Currently, the Company classifies the Business Unit into 2 segments including Plastic Compound and Adhesive and Sealant Business. For Plastic Compound Business Unit, it is classified into 3 product groups; 1) Wire and Cable PVC (Plastic compound used in wire and cable industry); 2) General Grade PVC (Plastic compound used in general applications, Rigid PVC, and Medical Grade PVC) and 3) Polypropylene Split Yarn (PPY). For Adhesive and Sealant, the product category includes 1) Adhesive Products, 2) Silicone sealant 3) DIY Products and 4) Related products.

Performance Analysis

Statement of Financial Position as at 31 December 2017 and 2018

	2017		2018		Changes +,-	
	MB	%	MB	%	MB	%
Revenue from Sales	1,372.40	98.90	1,421.08	98.82	48.68	3.55
Cost of Sales	(1,181.32)	(85.13)	(1,227.15)	(85.33)	(45.83)	3.88
Gross Profit	191.08	13.77	193.93	13.48	2.85	1.49
Other Income	11.87	0.86	13.12	0.91	1.25	10.53
Net Foreign Exchange Gain	3.36	0.24	3.92	0.27	0.56	16.67
Profit Before Expenses	206.31	14.87	210.97	14.67	4.66	2.26
Distribution Costs	(56.62)	(4.08)	(69.51)	(4.83)	(12.89)	22.77
Administrative Expenses	(103.81)	(7.48)	(114.13)	(7.94)	(10.32)	9.94
Total SG&A	(160.43)	(11.56)	(183.64)	(12.77)	(23.21)	14.47
Earnings before interest and tax	45.88	3.31	27.33	1.90	(18.55)	(40.43)
Financial Costs	(13.37)	(0.96)	(10.36)	(0.72)	3.01	(22.51)
Profit before tax expenses	32.51	2.34	16.97	1.18	(15.54)	(47.80)
Tax expenses	(3.47)	(0.25)	(3.95)	(0.27)	(0.48)	13.83
Net Income	29.04	2.09	13.03	0.91	(16.01)	(55.13)
Other Comprehensive Income	(0.41)	(0.03)	(0.08)	(0.01)	0.33	(80.49)
Total Comprehensive Income for the period	28.63	2.06	12.95	0.90	(15.68)	(54.77)

*% is the proportion to the total revenue

Sales Revenue

For the year ended December, 2017 and 2018, our total revenue was THB 1,387.64 million and THB 1,438.13 million, respectively. From those amounts, revenue from sales was accounted of THB 1,372.40 million and THB 1,421.08 million, respectively, which represented the increase of THB 48.68 million, or +3.55%. The increase was mainly attributed to the increase in sales of PVC wire and cable for THB 22.26 million, or +3.21% driven by the General Grade PVC compound sold to our local agents. In addition, we successfully started our commercial production of Medical Grade PVC in April 2018 to replace the Thermoplastic Elastomeric (TPE) production line that terminated the production line in 2018. Regarding the changes of business, the Company has been upgrading of the machine to produce General Grade PVC to serve the demand of local customer orders. Another source of revenue was attributed to the increase in sales of Sealant products for THB 26.41 million due to the increase of demand from both local distributors that promoted our products through hardware stores and OEM customers manufactured under our customers' brand. However, the Company has experienced the lower sales revenue of adhesive products for THB 21.22 million, mainly attributed to the pricing competition among adhesive dealers' market and slowdown of shoe industry; causing lower demand and revenue of the Company in the industrial adhesive products. Consolidating revenue of Plastic Compound business of with Adhesive & Sealant Business, the percentage of sales revenue from 2 Business segments for the year, The revenue of ADB separated by segmentation was driven back to 50:50 or THB 715.59 million and THB 705.49 million, respectively. The table below illustrates the revenue breakdown by business and Revenue breakdown by customer locations.

Revenue breakdown by Business – for the year ending December 31

Revenue of Plastic Compound Business	Jan-Dec 2017		Jan-Dec 2018		Increase (decrease)	
	MB	%	MB	%	MB	%
Wire and Cable PVC	496.10	36.15	492.88	34.68	(3.22)	(0.65)
General Grade PVC	177.33	12.92	208.12	14.65	30.79	17.36
Polypropylene Split Yarn (PPY)	19.90	1.45	14.59	1.03	(5.31)	(26.68)
Total Plastic Compound Business	693.33	50.52	715.59	50.36	22.26	3.21
Revenue of Adhesive & Sealant Business	Jan-Dec 2017		Jan-Dec 2018		Increase (decrease)	
	MB	%	MB	%	MB	%
Adhesive	293.09	21.36	271.87	19.13	(21.22)	(7.24)
Sealant	192.68	14.04	226.17	15.92	33.49	17.38
DIY	170.57	12.43	180.31	12.69	9.74	5.71
Related Products	22.74	1.66	27.14	1.91	4.40	19.35
Total Adhesive & Sealant Business	679.08	49.48	705.49	49.64	26.41	3.89
Total Revenue	1,372.41	100.00	1,421.08	100.00	48.67	3.55

In terms of main customer types by industry, approximately 61% of the revenue of the Company in 2018, (compared to only 56% of sales in 2017), were classify under Real Estate and construction including Plastic compound, Sealant products. For the Plastic Compound group, the Company main targets are large wire and cable manufacturers who supply the products to both government utility infrastructure projects, building and construction in private sector and household uses. For the sealant products, the main target group is the private sector in Real Estate segment, while 16% of sales in 2018 (compared to 21% of sales in 2017) derived from Shoes and Leathers industry mainly in Adhesive products. For automotive segment, most of the products are small package products for household use (DIY). The revenue of automotive segment is accounted for 13% of sales (compared to 12% of sales in 2017). Under this segment, most of the revenue is mainly attributed to oversea distributors in each region that use our products in the decoration, mechanic and automobile repairs. In summary of the overall revenue by sector in 2018, the revenue from Real Estate and Construction has increased for approximately THB 100 million deriving from plastic compound business mainly used for wire and cable industry and from sealant products sold to local and oversea distributors.

Revenue by Industry – for the year ended December 31

Revenue by Industry	FY 2016		FY 2017		FY 2018	
	MB	%	MB	%	MB	%
Real Estate and Construction	818.54	57.98	763.39	55.62	862.27	60.68
Shoes and Leathers	252.82	17.91	288.61	21.03	227.71	16.02
Automotives	197.71	14.00	162.52	11.84	182.86	12.87
Others	142.71	10.11	157.87	11.51	148.25	10.43
Total Revenue	1,411.78	100.00	1,372.41	100.00	1,421.08	100.00

In terms of revenue breakdown by geography of 2018, revenue from local customers accounted for 70.88% of total revenue, or went up from 70.86% of total revenue in 2017 or THB 34.79 million. The growth of local revenue was driven by the performance of plastic compound business. While the revenue from export business dropped from discontinue of Thermoplastic Elastomer, of which, those segments are mostly export to Bangladesh customer. However, the Company expanded to some oversea markets by exporting more silicone sealant products to Myanmar and Kenya, and other Africa countries compared to the same period of last year.

Revenue by Geographical segments

Geographical Segments	FY 2016		FY 2017		FY 2018	
	MB	%	MB	%	MB	%
Thailand	990.70	70.17	972.47	70.86	1,007.26	70.88
Nigeria	69.14	4.90	92.26	6.72	77.11	5.43
Kenya	74.66	5.29	47.66	3.47	70.48	4.96
Vietnam	33.47	2.37	49.99	3.64	42.53	2.99
Myanmar	31.74	2.25	33.41	2.43	35.11	2.47
Bangladesh	61.29	4.34	54.40	3.96	24.22	1.70
Other	150.78	10.68	122.21	8.91	164.38	11.57
Total	1,411.78	100.00	1,372.41	100.00	1,421.09	100.00

Cost of Sales and Gross Profit

For the year ended December 31, 2017 and 2018, cost of sales increased from THB 1,181.32 million to THB 1,227.15 million, respectively. The cost of sales consists of cost of Plastic Compound Business for THB 625.48 million and the cost of Adhesive and Sealant Business for THB 555.84 million in 2017; and cost of Plastic Compound Business for THB 636.16 million and costs of Adhesive and Sealant Business for THB 590.99 million in 2018. Compared to the profit margin between 2017 and 2018, the company reported lower gross profit from 15.51% to 13.65%, respectively. The following table indicates the breakdown of cost of sales by business segment.

Cost of sales and Gross Profit

Cost of sales and Gross Profit	FY 2017	FY 2018	Increase (decrease)	
	MB	MB	MB	%
Cost of Sales : Plastic Compound Business	625.48	636.16	10.68	1.71
Cost of Sales : Adhesive & Sealant Business	555.84	590.99	35.15	6.32
Total Cost of Sales	<i>1,181.32</i>	<i>1,227.15</i>	<i>45.83</i>	<i>3.88</i>
Gross Profit : Plastic Compound Business	67.85	79.42	11.57	17.06
Gross Profit : Adhesive & Sealant Business	123.24	114.51	(8.73)	(7.08)
Gross Profit	<i>191.08</i>	<i>193.93</i>	<i>(2.85)</i>	<i>(1.49)</i>
Gross Profit Margin : Plastic Compound	9.79	11.10	1.31	13.43
Gross Profit Margin : Adhesive & Sealant	18.15	16.23	(1.92)	(10.57)
Gross Profit Margin (%)	<i>13.92</i>	<i>13.65</i>	<i>(0.27)</i>	<i>(1.96)</i>

Overall performance, gross margin of plastic compound business has been slightly increasing from 9.79% to 11.10% driven by the effectiveness of pricing adjustment in accordance with the material increasing of Resin, plasticizer, and research and development team that has developed products to reduce production cost and meet the requirements of customers appropriately. In addition, the growth of General Grade PVC revenue sold to both domestic and overseas customers has been favorable to the productivity of compound business and cost of production compared to Thermoplastic Elastomer (TPE) that has higher production costs and lower profit margin. However, the increasing material price of adhesive and sealant section such as higher material costs of synthetic rubber, solvent, used in adhesive production and silicone sealant materials used in Sealant were the negative impacts the effect to the higher cost of production. While pricing competition from China limited the pricing adjustment to customers, these impacts led the declined margin of the Adhesive & Sealant products.

Selling & Administrative Expenses

Total selling and administrative expenses in 2018 increased THB 23.24 million, or the increase of +14.49% from 2017. The increased in selling and administrative costs was mainly due to the following reasons;

Selling & Administrative Expenses

Selling & Administrative Expenses	Jan-Dec 2017		Jan-Dec 2018		Increase (decrease)	
	MB	%	MB	%	MB	%
Selling Expenses	56.62	35.29	69.51	37.85	12.89	22.77
Administrative Expenses	103.81	64.71	114.16	64.71	10.35	9.97
Selling & Administrative Expenses	160.43	100	183.67	100	23.24	14.49

Selling Expenses

Total selling expenses increased for THB 12.89 million or +22.77% from THB 56.62 million of FY2017 to THB 69.51 million in FY2018. The increase of selling expenses was primarily due to the additional sales and marketing staffs to support in future market expansion in Sealant Bulk Business to be launched in 2019 and provide market analysis and communicate with Research and Development team to fulfill customers' requirements.

Administrative Expenses

Total administrative expenses for FY2018 increased for THB 10.35 million or +9.97% from THB 103.81 million to THB 114.16 million. An increase in administrative expenses was mainly due to the Company has recruited the staffs to support future expansion projects and increase in allowance for doubtful accounts of some oversea customers whose payments have been delayed over the credit period.

Finance Costs

When compared to the finance costs between FY2017 and FY2018, total finance costs decreased from THB 13.36 million to THB 10.36 million or decreased from 0.96% of sales to 0.72% of sales. A significantly drop of finance costs of THB 3.01 million (-22.51% compared to last year interest expenses) was mainly due to the repayment of short-term loan to financial institutions including promissory notes (P/N), Trust Receipt (T/R), and Bridging Loan after receiving capital proceeds from IPO. In addition, the Company has closely monitored interest rates to be at an appropriate level with financial institution.

Net Profit

The Company profit for FY2018 was THB 13.03 million, or significantly dropped from THB 29.04 million, a decrease of profit for THB 16.01 million from last year. The major factors led the negative impacts to the 2018 performance of ADB including the new factory expansion projects and higher administrative expenses to support future expansions. For Plastic Compound Business, ADB has just successfully launched Medical Graded PVC for the

first year in 2018. During the first stage of production, the productivity of the production would not be able to meet the target and the pricing is among the factors to be effected in the overall compound performance. For the wire and cable graded products, some investment in utility projects has been delayed during Q3-Q4/18. The hiking of silicone materials during the second half of 2018 while the limitation of the pricing adjustment to customers led the declined margin of the Sealant products. In addition, the slowdown in industrial adhesive segment has been adversely impact to the margin squeezing as demand of local and oversea has been shrinking in accordance with shoes and furniture industry as well as pricing competitions from China and India adhesive manufacturers.

Financial Position

Total Assets

As at December 31, 2017 and 2018, the Company had total assets of THB 1,207.75 million and THB 1,252.70 million, respectively. The company's main assets were mainly consisting of trade accounts receivable and other receivables, inventories, and property, plant and equipment. Among these assets; it can be classified as current assets for THB 750.24 million and THB 708.92 million and non-current assets for THB 457.51 million and THB 543.77 million, respectively.

Significant changes in assets in 2018 are summarized below:

1. Current Assets

- Cash and cash equivalents as at December 31, 2017 and 2018, cash and cash equivalents decrease of THB 39.20 million was attribute to the decrease of cash flow paid to investing activities for THB (129.33) million, mainly used in machine and equipment investment. In addition, the cash flow received in financing activities for THB 42.46 million mainly attributed to the short-term loan from financial institutions for THB 82.03 million. In addition, we received net cash flow operating activities of THB 47.86 million, mainly attribute to the operation profits before tax and an increase of credit terms from suppliers.
- Trade accounts receivable as at December 31, 2017, and 2018, trade accounts receivable increase of THB 14.94 million was led by the increase in sales revenue of 2018 and some delay payment of oversea customers. The break down of accounts receivable and allowance for doubtful accounts is illustrate below

Unit (MB)	For the three-month period ended	
	31 December 2017	31 December 2018
Related parties	0.38	0.56
Other receivables	321.79	335.02
Total Receivables	322.16	335.59
Less allowance for doubtful accounts	(6.20)	(7.14)
Net Accounts Receivable	315.96	328.45

The allowance for doubtful accounts was set by considering ability to collect cash by using the percentage of outstanding balance over the different period of time. In addition, fully reserve 100% will be set once there are factors trigger to the potential credit defaults of any receivables. At the end of 2018, the accounts receivable outstanding that was overdue for less than 3 months increased for more than THB 19.25 million and overdue for more than 12 months went up for THB 1.03 million led the higher allowance for doubtful accounts for +THB 0.93 million in 2018. However, the average collection period decreased from 90 days as at FY2017 to 82 days as at FY2018.

- Inventories as at December 31, 2017, and 2018, a decrease of inventory for THB 14.16 million from THB 319.04 million to THB 304.88 million was primarily the result of lower raw materials to be stocking in accordance with the material required for productions. However, an increase in finished goods of THB 8.83 million is attributed to the customers' order to be reserved for loading and some delay of delivery to customers.

Unit (MB)	For the year ended	
	31 December 2017	31 December 2018
Finished goods	79.43	88.26
Raw materials	165.58	131.83
Work in process	12.64	15.63
Other	69.71	74.78
Allowance for decline in value	(8.32)	(5.62)
Net Total	319.04	304.88

2. Non-current Assets

- Property, plant and equipment as at December 31, 2017 and 2018, an increase in property, plant and equipment of THB 86.97 million was mainly from the increase of assets in process for THB 60.76 million and the increased investment in machine and equipment for THB 6.42 million to support for the new Sealant factory and warehouse.

Total Liabilities & Shareholders' Equity

As at December 31, 2017 and 2018, the Company had total liabilities of THB 622.86 million and THB 666.86 million, respectively. The company's major liabilities were consisting of bank overdrafts and short-term borrowings from financial institutions and bridging loan, trade accounts payable, and other payables, and long-term loans from financial institutions. During this period, the Company had shareholders' equity of THB 584.89 million and THB 585.83 million, respectively. At the end of 2018, the Company's shareholders' equity consisted of paid up capital of THB 300.00 million, share premium of THB 202.20 million, surplus on share-base payment of THB 0.31million, appropriated to legal reserve of THB 13.21 million, unappropriated reserve of THB 70.76 million and other component of shareholders' equity of THB (0.65) million.

Significant changes in liabilities and shareholders' equity in 2018 are summarized below

1.Current Liabilities

- Short-term borrowings from financial institutions as at December 31, 2017, and 2018, an increase in short-term loan of THB 81.11 million was mainly due to investment in fixed assets, some materials purchased from oversea suppliers. Normally, the Company issues Letter of Credits to suppliers and convert to trusts receipts when the payment is due.
- Trade accounts payable as at December 31, 2017, and 2018, a decrease in accounts payable of THB (10.62) million was mainly due to the terms of suppliers has been due and convert to trust receipts under bank loans.
- Other payable as at December 31, 2017, and 2018, The Company's other payable decreased for THB (10.41) million compared to those in 2017.

2. Non-current Liabilities

As at December 31, 2018, the Company's non-current liabilities consisted of long-term loan of THB 26 million, or an decrease of THB 13.45 million, and non-current provisions for employee benefit of THB 28.69 million, or an increase of THB 3.09 million in compliance to the actuarial report from the actuarial experts.

3. Shareholders' equity

As at December 31, 2018, the Company had total shareholders' equity of THB 585.83 or a increase of THB 0.94 million. The increase of shareholder's equity derived from the profit from FY2018 of THB 13.03 million while the dividends were paid to the shareholders according to the approved of annual general meeting of shareholders of the Company , totaling THB 12 million.

Financial Ratio Analysis

Key Financial Ratios

Key Financial Ratio				
Financial Ratio	Unit	For the year ended 31 Dec 16	For the year ended 31 Dec 17	For the year ended 31 Dec 18
<u>Liquidity Ratio</u>				
Current Ratio	Times	0.95	1.35	1.16
Collection Period	days	94	91	82
Inventory Period	days	77	89	92
Accounts Payable Period	days	72	69	61
<u>Profitability Ratio</u>				
Gross Profit Margin	%	20.27	13.92	13.65
Net Profit Margin	%	5.3	2.09	0.9
Return On Equity	%	26.54	6.58	2.23
<u>Turnover Ratio</u>				
Return on Assets	%	7.49	2.55	1.06
Asset Turnover	Times	1.41	1.22	1.18
<u>Financial Policy</u>				
Debt to Equity	Times	2.6	1.06	1.14
Interest Coverage Ratio	Tunes	5.36	2.34	2.44

1. Liquidity Ratio

Our liquidity ratio decreased from 1.35 times in FY2017 to 1.16 times in FY2018 as the higher short-term loans from financial institutions to finance the increasing of assets. For other working capital, the collection period decreased from 91 days to 82 days, primarily due to the implementation of strictly credit policy to both domestic and overseas customers in regardless of the size of the customers. In contrast, inventory period increased from 89 days in FY2017 to 92 days in FY2018. Accounts payable days decreased from 70 days to 61 days.

2. Profitability Ratio

The Company gross profit margin decreased from 13.92% to 13.65%; largely due to the decrease of profitability of Adhesive & Sealant Business. The major reasons that led the negative impact to the performance of this group were the pricing competition among major players in the market, Baht appreciation against USD currency during 2018, and the soaring material price of sealant materials that further impact on the profitability of the products. In addition, the Company has also experienced the decrease of adhesive sales was primarily due to the demand slowdown of the industry. For Compound Business, the Company posted slightly better than last year performance, the overall Net Margin decreased from 2.09% in FY2017 to 0.91% in FY2018. The Return on Equity of the Company during FY2018 also decreased to 2.23% compared to FY2017 at 6.58%. The lower of Return on Equity of FY2018 was mainly due to the lower profitability of 2018.

3. Turnover Ratio

As at December 31, 2018, the Company return on assets decreased from 2.55% in FY 2017 to 1.06% in FY2018. The Company asset turnover decreased from 1.22 times in FY2017 to 1.18 times in FY2018. While the revenue increased, the overall assets increased at the higher percentage during the year 2018.

4. Financial Policy

Regarding to the Initial Public Offering, the Company used the proceeds from the capital increase to repay short-term loan from financial institution. As a result, debt to equity ratio decreased significantly from 1.06 times at the end of 2017 to 1.14 times at the end of 2018. Although the lower interest expenses from loan repayment, the significant drop in performance of FY 2018 led the decrease of interest coverage ratio from 2.34 times in 2017 to 2.44 times in 2018.

Financial Statements

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Applied DB Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Current assets					
Cash and cash equivalents	5	33,219,873	72,418,606	33,057,457	72,349,373
Trade accounts receivable	4, 6	328,455,271	315,958,905	328,455,271	315,958,905
Other receivables	7	42,372,675	42,820,300	42,374,142	42,820,300
Inventories	8	304,876,904	319,041,044	304,876,904	319,041,044
Total current assets		708,924,723	750,238,855	708,763,774	750,169,622
Non-current assets					
Investments in subsidiaries	9	-	-	6,923	6,923
Property, plant and equipment	10	534,695,331	447,727,549	534,695,331	447,727,549
Intangible assets		165,766	433,294	165,766	433,294
Deferred tax assets	11	8,588,045	8,417,768	8,588,045	8,417,768
Other non-current assets		322,588	935,757	322,588	935,757
Total non-current assets		543,771,730	457,514,368	543,778,653	457,521,291
Total assets		1,252,696,453	1,207,753,223	1,252,542,427	1,207,690,913

Applied DB Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated financial		Separate financial	
		statements		statements	
		31 December		31 December	
Liabilities and equity		2018	2017	2018	2017
				(in Baht)	
Current liabilities					
Bank overdrafts and short-term borrowings					
from financial institutions	12	358,569,563	277,464,777	358,569,563	277,464,777
Trade accounts payable - other parties		201,646,416	212,273,875	201,646,416	212,273,875
Other payables	4, 13	33,706,838	44,122,648	33,626,404	44,122,648
Current portion of finance lease liabilities	12	1,066,552	1,007,296	1,066,552	1,007,296
Current portion of long-term borrowings					
from financial institutions	12	13,450,000	14,900,000	13,450,000	14,900,000
Income tax payable		3,099	2,990,495	-	2,978,139
Other current liabilities		1,510,699	1,763,598	1,510,699	1,763,598
Total current liabilities		609,953,167	554,522,689	609,869,634	554,510,333
Non-current liabilities					
Finance lease liabilities	12	2,223,915	3,290,497	2,223,915	3,290,497
Long-term borrowings from financial					
institutions	12	25,999,984	39,449,986	25,999,984	39,449,986
Non-current provisions for employee benefit	14	28,685,277	25,599,457	28,685,277	25,599,457
Total non-current liabilities		56,909,176	68,339,940	56,909,176	68,339,940
Total liabilities		666,862,343	622,862,629	666,778,810	622,850,273
Equity					
Share capital:	15				
Authorised share capital		300,000,000	300,000,000	300,000,000	300,000,000
Issued and paid share capital		300,000,000	300,000,000	300,000,000	300,000,000
Share premium:					
Share premium on ordinary shares	15	202,200,890	202,200,890	202,200,890	202,200,890
Surplus on share-base payment transactions	15	308,333	308,333	308,333	308,333
Retained earnings:					
Appropriated					
legal reserve	16	13,213,344	12,563,304	13,213,344	12,563,304
Unappropriated		70,764,107	71,140,435	70,687,949	71,091,009
Other component of equity	16	(652,564)	(1,322,368)	(646,899)	(1,322,896)
Total equity		585,834,110	584,890,594	585,763,617	584,840,640
Total liabilities and equity		1,252,696,453	1,207,753,223	1,252,542,427	1,207,690,913

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of comprehensive income

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2018	2017	2018	2017
				(in Baht)	
Revenues					
Revenue from sales of goods	4, 17	1,421,084,333	1,372,404,358	1,421,084,333	1,372,404,358
Net foreign exchange gain		3,922,500	3,361,578	3,922,500	3,361,578
Other income	4, 18	13,122,426	11,871,413	13,122,426	11,871,413
Total revenues		1,438,129,259	1,387,637,349	1,438,129,259	1,387,637,349
Expenses					
	4				
Cost of sales of goods	8, 20	1,227,152,906	1,181,321,747	1,227,152,906	1,181,321,747
Distribution costs	20	69,507,005	56,618,858	69,507,005	56,618,858
Administrative expenses	20	114,132,192	103,809,356	114,163,448	103,871,138
Finance costs	10	10,363,908	13,368,286	10,363,908	13,368,286
Total expenses		1,421,156,011	1,355,118,247	1,421,187,267	1,355,180,029
Profit before income tax expense		16,973,248	32,519,102	16,941,992	32,457,320
Income tax expense	21	3,945,707	3,474,231	3,941,183	3,461,875
Profit for the year		13,027,541	29,044,871	13,000,809	28,995,445

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of comprehensive income

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2018	2017	2018	2017
		(in Baht)			
Other comprehensive income					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Exchange difference on translating foreign operations		(6,193)	528	-	-
Effective portion of changes in fair value of cash flow hedges		844,996	(1,653,620)	844,996	(1,653,620)
Income tax relating to items that will be reclassified to profit or loss	11, 21	(168,999)	330,724	(168,999)	330,724
Total items that will be reclassified subsequently to profit or loss		<u>669,804</u>	<u>(1,322,368)</u>	<u>675,997</u>	<u>(1,322,896)</u>
<i>Items that will not be reclassified to profit or loss</i>					
Gains (losses) on remeasurements of defined benefit plans	14	(942,286)	1,140,172	(942,286)	1,140,172
Income tax relating to item that will not be reclassified to profit or loss	11, 21	188,457	(228,034)	188,457	(228,034)
Total items that will not be reclassified to profit or loss		<u>(753,829)</u>	<u>912,138</u>	<u>(753,829)</u>	<u>912,138</u>
Other comprehensive income for the year, net of tax		<u>(84,025)</u>	<u>(410,230)</u>	<u>(77,832)</u>	<u>(410,758)</u>
Total comprehensive income for the year		<u>12,943,516</u>	<u>28,634,641</u>	<u>12,922,977</u>	<u>28,584,687</u>
Profit attributable to:					
Owners of the parent		13,027,541	29,044,871	13,000,809	28,995,445
Profit for the year		<u>13,027,541</u>	<u>29,044,871</u>	<u>13,000,809</u>	<u>28,995,445</u>
Total comprehensive income attributable to:					
Owners of the parent		12,943,516	28,634,641	12,922,977	28,584,687
Total comprehensive income for the year		<u>12,943,516</u>	<u>28,634,641</u>	<u>12,922,977</u>	<u>28,584,687</u>
Basic earnings per share	22	<u>0.022</u>	<u>0.065</u>	<u>0.022</u>	<u>0.065</u>

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries
Statement of changes in equity

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Year ended 31 December 2017										
Balance at 1 January 2017										
		210,000,000	2,010,000	308,333	7,328,053	77,918,677	-	-	-	297,565,063
Transactions with owners, recorded directly in equity										
<i>Distributions to owners of the parent</i>										
15	Issue of ordinary shares	90,000,000	200,190,890	-	-	-	-	-	-	290,190,890
23	Dividends to owners of the Company	-	-	-	-	(31,500,000)	-	-	-	(31,500,000)
	Total transactions with owners, recorded directly in equity	90,000,000	200,190,890	-	-	(31,500,000)	-	-	-	258,690,890
Comprehensive income for the year										
	Profit	-	-	-	-	29,044,871	-	-	-	29,044,871
	Other comprehensive income	-	-	-	-	912,138	528	(1,322,896)	(1,322,368)	(410,230)
	Total comprehensive income for the year	-	-	-	-	29,957,009	528	(1,322,896)	(1,322,368)	28,634,641
Transfer to legal reserve										
16		-	-	-	5,235,251	(5,235,251)	-	-	-	-
Balance at 31 December 2017										
		300,000,000	202,200,890	308,333	12,563,304	71,140,435	528	(1,322,896)	(1,322,368)	584,890,594

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Consolidated financial statements						
Note	Retained earnings			Other components of equity		
	Issued and paid share capital	Share premium	Surplus on share-base payment transactions	Legal reserve	Unappropriated (in Baht)	Total other components of equity
Year ended 31 December 2018						
Balance at 1 January 2018	300,000,000	202,200,890	308,333	12,563,304	71,140,435	528 (1,322,896) (1,322,368) 584,890,594
Transactions with owners, recorded directly in equity						
Distributions to owners of the parent						
Dividends to owners of the Company	-	-	-	-	(12,000,000)	- (12,000,000)
Total transactions with owners, recorded directly in equity	-	-	-	-	(12,000,000)	- (12,000,000)
Comprehensive income for the year						
Profit	-	-	-	-	13,027,541	- 13,027,541
Other comprehensive income	-	-	-	-	(753,829)	(6,193) 669,804 (84,025)
Total comprehensive income for the year	-	-	-	-	12,273,712	(6,193) 669,804 12,943,516
Transfer to legal reserve	-	-	-	650,040	(650,040)	- - -
Balance at 31 December 2018	300,000,000	202,200,890	308,333	13,213,344	70,764,107	(5,665) (646,899) (652,564) 585,834,110

Separate financial statements

		Retained earnings			Other components of equity	
		Surplus on share-based payment transactions	Legal reserve (in Baht)	Unappropriated cash flow hedges	Total equity	
Note	Issued and paid share capital	Share premium				
Year ended 31 December 2017						
Balance at 1 January 2017	210,000,000	2,010,000	308,333	7,328,053	77,918,677	
Transactions with owners, recorded directly in equity						
Distributions to owners of the Company						
15	Issue of ordinary shares	90,000,000	200,190,890	-	-	
23	Dividends to owners of the Company	-	-	-	-	
Total transactions with owners, recorded directly in equity		90,000,000	200,190,890	-	-	
Comprehensive income for the year						
	Profit	-	-	-	-	
	Other comprehensive income	-	-	-	-	
Total comprehensive income for the year		-	-	-	-	
16	Transfer to legal reserve	-	-	5,235,251	(5,235,251)	
Balance at 31 December 2017		300,000,000	202,200,890	308,333	12,563,304	
					71,091,009	
					(1,322,896)	
					28,584,687	
					584,840,640	

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries
Statement of changes in equity

Separate financial statements

	Note	Retained earnings					Other components of equity		Total equity
		Issued and paid share capital	Share premium	Surplus on share-based payment transactions	Legal reserve (in Baht)	Unappropriated	Gains (losses) on cash flow hedges		
Year ended 31 December 2018									
Balance at 1 January 2018		300,000,000	202,200,890	308,333	12,563,304	71,091,009	(1,322,896)		584,840,640
Transactions with owners, recorded directly in equity									
<i>Distributions to owners of the Company</i>									
Dividends to owners of the Company	23	-	-	-	-	(12,000,000)	-		(12,000,000)
Total transactions with owners, recorded directly in equity		-	-	-	-	(12,000,000)	-		(12,000,000)
Comprehensive income for the year									
Profit		-	-	-	-	13,000,809	-		13,000,809
Other comprehensive income		-	-	-	-	(753,829)	675,997		(77,832)
Total comprehensive income for the year		-	-	-	-	12,246,980	675,997		12,922,977
Transfer to legal reserve	16	-	-	-	650,040	(650,040)	-		-
Balance at 31 December 2018		300,000,000	202,200,890	308,333	13,213,344	70,687,949	(646,899)		585,763,617

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of cash flows

		Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
	Note	2018	2017	2018	2017
		(in Baht)			
Cash flows from operating activities					
Profit for the year		13,027,541	29,044,871	13,000,809	28,995,445
<i>Adjustments to reconcile profit to cash receipts (payments)</i>					
Income tax expense	21	3,945,707	3,474,231	3,941,183	3,461,875
Interest income		(82,029)	(49,966)	(82,029)	(49,966)
Finance costs		10,363,908	13,368,286	10,363,908	13,368,286
Depreciation and amortisation		36,757,501	34,576,757	36,757,501	34,576,757
Post-employee benefits	14	3,826,918	3,552,800	3,826,918	3,552,800
Unrealised (gain) loss on exchange		81,853	(450,214)	87,371	(450,742)
(Reversal of) allowance for doubtful accounts	6	1,071,276	(2,229,211)	1,071,276	(2,229,211)
(Reversal of) losses on inventories devaluation	8	(3,012,349)	4,458,107	(3,012,349)	4,458,107
(Gain) loss on disposal and write off of property, plant and equipment		(244,744)	97,572	(244,744)	97,572
		65,735,582	85,843,233	65,709,844	85,780,923
Changes in operating assets and liabilities					
Trade accounts receivable		(14,938,847)	59,997,520	(14,938,847)	59,997,520
Other receivables		447,625	(13,797,326)	447,625	(13,797,326)
Inventories		17,176,489	(56,924,329)	17,176,489	(56,924,329)
Other non-current assets		613,169	30,000	613,169	30,000
Trade accounts payable		(10,027,297)	(26,093,063)	(10,027,297)	(26,093,063)
Other payables		(2,915,942)	(5,206,223)	(2,996,376)	(5,206,223)
Accrued extraordinary compensation to the entire founders		-	(24,000,000)	-	(24,000,000)
Other current liabilities		592,097	(347,136)	592,097	(347,136)
Employee benefit paid	14	(1,683,384)	(562,880)	(1,683,384)	(562,880)
Net cash generated from operating		54,999,492	18,939,796	54,893,320	18,877,486
Tax paid		(7,134,597)	(10,765,226)	(7,121,608)	(10,765,226)
Net cash from operating activities		47,864,895	8,174,570	47,771,712	8,112,260
Cash flows from investing activities					
Purchase of investment in subsidiaries	9	-	-	-	(6,923)
Proceeds from sale of property, plant and equipment		331,271	7,477	331,271	7,477
Purchase of property, plant and equipment		(129,745,614)	(115,417,222)	(129,745,614)	(115,417,222)
Purchase of intangible assets		-	(77,000)	-	(77,000)
Interest received		82,029	49,966	82,029	49,966
Net cash used in investing activities		(129,332,314)	(115,436,779)	(129,332,314)	(115,443,702)

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of cash flows

	Note	Consolidated financial statements		Separate financial statements	
		For the year ended		For the year ended	
		31 December		31 December	
		2018	2017	2018	2017
<i>(in Baht)</i>					
Cash flows from financing activities					
Proceeds from issue of shares	15	-	304,200,000	-	304,200,000
Transaction costs from issue of shares	15	-	(14,009,110)	-	(14,009,110)
Proceeds from (repayment of) short-term borrowings from financial institutions		82,032,900	(136,099,446)	82,032,900	(136,099,446)
Proceeds from long-term borrowing from financial institutions		-	57,000,000	-	57,000,000
Repayment of long-term borrowings from financial institutions		(14,900,002)	(20,399,995)	(14,900,002)	(20,399,995)
Payment by a lessee for reduction of the outstanding liability relating to a finance lease		(1,007,326)	(951,561)	(1,007,326)	(951,561)
Dividends paid to owners of the Company	23	(12,000,000)	(31,500,000)	(12,000,000)	(31,500,000)
Interest paid		(11,662,444)	(15,269,756)	(11,662,444)	(15,269,756)
Net cash from financing activities		42,463,128	142,970,132	42,463,128	142,970,132
Net increase (decrease) in cash and cash equivalents, before effect of exchange rates		(39,004,291)	35,707,923	(39,097,474)	35,638,690
Effect of exchange rate changes on cash and cash equivalents		(194,442)	30,366	(194,442)	30,366
Net increase (decrease) in cash and cash equivalents		(39,198,733)	35,738,289	(39,291,916)	35,669,056
Cash and cash equivalents at 1 January		72,418,606	36,680,317	72,349,373	36,680,317
Cash and cash equivalents at 31 December		33,219,873	72,418,606	33,057,457	72,349,373
Supplemental disclosure of cash flow information					
Property, plant and equipment purchased during the year are detailed as follows:					
Property, plant and equipment purchased during the year	10	123,544,282	126,921,557	123,544,282	126,921,557
Less: Capitalised interest	10	(1,161,233)	(1,476,175)	(1,161,233)	(1,476,175)
Less: Changes in payables on purchase of property, plant and equipment		7,362,565	(10,028,160)	7,362,565	(10,028,160)
Net purchase of property, plant and equipment paid by cash		129,745,614	115,417,222	129,745,614	115,417,222

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
				(in Baht)	
Current assets					
Cash and cash equivalents	5	33,219,873	72,418,606	33,057,457	72,349,373
Trade accounts receivable	4, 6	328,455,271	315,958,905	328,455,271	315,958,905
Other receivables	7	42,372,675	42,820,300	42,374,142	42,820,300
Inventories	8	304,876,904	319,041,044	304,876,904	319,041,044
Total current assets		708,924,723	750,238,855	708,763,774	750,169,622
Non-current assets					
Investments in subsidiaries	9	-	-	6,923	6,923
Property, plant and equipment	10	534,695,331	447,727,549	534,695,331	447,727,549
Intangible assets		165,766	433,294	165,766	433,294
Deferred tax assets	11	8,588,045	8,417,768	8,588,045	8,417,768
Other non-current assets		322,588	935,757	322,588	935,757
Total non-current assets		543,771,730	457,514,368	543,778,653	457,521,291
Total assets		1,252,696,453	1,207,753,223	1,252,542,427	1,207,690,913

The accompanying notes are an integral part of these financial statements.

Applied DB Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated financial statements		Separate financial statements	
		31 December		31 December	
		2018	2017	2018	2017
				(in Baht)	
Current assets					
Cash and cash equivalents	5	33,219,873	72,418,606	33,057,457	72,349,373
Trade accounts receivable	4, 6	328,455,271	315,958,905	328,455,271	315,958,905
Other receivables	7	42,372,675	42,820,300	42,374,142	42,820,300
Inventories	8	304,876,904	319,041,044	304,876,904	319,041,044
Total current assets		708,924,723	750,238,855	708,763,774	750,169,622
Non-current assets					
Investments in subsidiaries	9	-	-	6,923	6,923
Property, plant and equipment	10	534,695,331	447,727,549	534,695,331	447,727,549
Intangible assets		165,766	433,294	165,766	433,294
Deferred tax assets	11	8,588,045	8,417,768	8,588,045	8,417,768
Other non-current assets		322,588	935,757	322,588	935,757
Total non-current assets		543,771,730	457,514,368	543,778,653	457,521,291
Total assets		1,252,696,453	1,207,753,223	1,252,542,427	1,207,690,913

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

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Applied DB Public Company Limited and its Subsidiaries**Notes to the financial statements****For the year ended 31 December 2018**

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Applied DB Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and 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 Board of Directors on 26 February 2019.

1 General information

Applied DB Public Company Limited, the “Company”, was incorporated in Thailand on 4 January 2005 and has its registered offices at:

Head office	: 252 Moo 4, Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Thailand 10280.
First branch	: 260 Moo 4, Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Thailand 10280.
Second branch	: 271 Moo 4, Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Thailand 10280.
Third branch	: 271/1 Moo 4, Sukhumvit Road, Tambol Prakasa, Amphur Muang Samutprakarn, Thailand 10280.

The Company was listed on the Stock Exchange of Thailand on 6 November 2017.

The Company’s major shareholder during the financial year were the Wongchareonsin Family (25% shareholding), the Wang Wanapraisorn Family (21% shareholding) and the Wongtangtrakul Family (16% shareholding).

The principal activities of the Company are manufacturing and distribution of plastic compound, adhesive and sealant.

Details of the Company’s subsidiaries as at 31 December 2018 are given in Note 9 to the financial statements.

2 Basis of preparation of the 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’s operations are disclosed in note 27 to the financial statements.

Applied DB Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items

<i>Items</i>	<i>Measurement bases</i>
Derivatives	Fair value
Defined benefit liability	Present value of the defined benefit obligation as explained in Note 3 (n) to the financial statements

(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 has been rounded in the notes to the financial statements to the nearest thousand unless otherwise stated.

(d) *Use of judgements and estimates*

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

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

Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties that have a significant risk of resulting in a material adjustments to the carrying amounts of assets and liabilities within the year ending 31 December 2019 is included in the following notes:

Note 14 Measurement of defined 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 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.

Applied DB Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 the following notes:

- Note 3 (o) share-based payment arrangements;
- Note 24 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 subsidiaries (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.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated.

(b) Foreign currencies

Foreign currency transactions

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.

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Notes to the financial statements

For the year ended 31 December 2018

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 transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of qualifying cash flow hedges to the extent the hedge is effective are recognised in other comprehensive income.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and presented in the currency translation differences reserve in equity until disposed of the investments.

(c) Derivatives

Derivatives are used to manage exposure to foreign exchange and interest rate arising from operational and financing activities. These derivatives mainly comprise foreign currency forward contracts and interest rate swap contracts.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy 3 (d)).

Foreign currency forward contracts

Foreign currency forward contracts protect the Company from risks in fluctuation of exchange rates by establishing the future exchange rate. The gain or loss on measurement to fair value is recognised immediately in profit or loss.

The fair value of forward contracts is based on broker quotes at the reporting date.

Interest rate swap contracts

Interest rate swap contracts protect the Company from risks in fluctuation of interest rates. The differences under interest rate swaps are recorded as adjustments to the interest expense relating to the financial obligations in profit or loss.

The fair value of interest rate swap contracts is based on broker quotes at the reporting date.

(d) Hedging

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

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Discontinuing hedge accounting

Hedge accounting is discontinued prospectively when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument existing in equity is retained in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is recognised in profit or loss immediately.

(e) Cash and cash equivalents

Cash and cash equivalents in the statements 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 cash and cash equivalents for the purpose of the statement of cash flows.

(f) 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.

(g) Inventories

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

Cost is calculated using the weighted average cost 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.

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.

(h) Investments

Investments in subsidiaries

Investments in subsidiaries in the separate financial statements of the Company are accounted for using the cost method.

(i) Property, plant and equipment

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. Cost also may include transfers from other comprehensive income of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

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For the year ended 31 December 2018

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 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.

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 and other constructions	5, 20 and 30	years
Machinery and equipment	3, 5, 10 and 15	years
Furniture, fixtures and office equipment	3 and 5	years
Vehicles	5	years

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

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

(j) Intangible assets

Intangible asset comprises software licenses that is acquired by the Company and has finite useful lives is measures 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.

Applied DB Public Company Limited and its Subsidiaries

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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, 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 of software licences are 3 and 5 years.

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

(k) Impairment

The carrying amounts of the Group's assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

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

(l) Interest-bearing liabilities

Interest-bearing liabilities are stated at cost

(m) Trade and other accounts payable

Trade and other accounts payable are stated at cost.

(n) Employee benefits

Defined contribution plans

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

Applied DB Public Company Limited and its Subsidiaries

Notes to the financial statements

For the year ended 31 December 2018

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 by a qualified actuary using the projected unit credit method.

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

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

Short-term employee benefits

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

(o) Share-based payments

The grant-date fair value of share-based payment awards granted to employees is generally recognised as an employee expense, with a corresponding increase in equity, over the vesting period of the awards. The amount recognised as an expense is adjusted to reflect the number of awards for which the related service and non-market vesting conditions are expected to be met. For employees, the share-based payment awards granted and vest immediately on the grant date, the grant-date fair value of the awards is recognised as an expense immediately.

(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 a finance cost.

(q) Revenue

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

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Sale of goods

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.

Interest and other income

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

(r) Finance costs

Interest expenses and similar costs are charged to profit or loss for the period in which they are incurred, except to the extent that they are capitalised as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial periods of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognised in profit or loss using the effective interest rate method.

(s) Lease payments

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

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

Determining whether an arrangement contains a lease

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

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

(t) Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items 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.

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For the year ended 31 December 2018

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.

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.

(u) *Earnings per share*

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

(v) *Segment reporting*

Segment results that are reported to the Group’s CEO (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.

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Relationships with subsidiaries are disclosed in Note 9 to the financial statements. Relationship with key management and other related parties were as follows:

Name of parties	Country of incorporation/ nationality	Nature of relationships
C.P.L Group PCL.	Thailand	Common directors
CS Rubber Industry Co., Ltd.	Thailand	Common directors
Charoensin Asset Co., Ltd.	Thailand	Common directors
Thai Wiring System Co., Ltd.	Thailand	Common directors
TVDI Vietnam Co., Ltd.	Vietnam	Common directors
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 Group.

The pricing policies for transactions with related parties are explained further below:

Transactions	Pricing policies
Sale of goods	Market price
Purchases of goods	Market price / at agreed price
Services and others fee	Market price / at agreed price

Significant transactions for the year ended 31 December 2018 and 2017 with related parties were as follows:

For the year ended 31 December	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Subsidiaries				
Services and others fee	-	-	258	277
Other related parties				
Sales of goods	4,530	8,814	4,530	8,814
Purchases of goods	1	59	1	59
Services and other fees	114	83	114	83
Key management personnel				
Key management personnel compensation				
Short-term employee benefits	33,964	27,049	33,964	27,049
Post-employment benefits	1,117	798	1,117	798
Total key management personnel compensation	35,081	27,847	35,081	27,847

Balances as at 31 December 2018 and 2017 with related parties were as follows:

Trade accounts receivable

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties	568	377	568	377

Applied DB Public Company Limited and its Subsidiaries
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Other payables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties	<u>13</u>	<u>12</u>	<u>13</u>	<u>12</u>

Significant agreements with related parties

Marketing Assistance Agreement

As at 31 December 2018, the Company has two marketing assistance agreements with two subsidiaries. Under the terms of these agreements, the subsidiaries agreed to provide marketing assistance and commercial information in overseas markets that are useful for the Company. In consideration thereof, the Company agreed to pay a service fee to the subsidiaries at the agreed rates as stipulated in the agreements. These agreements are effective for a period of 1 year and 9 months starting from 31 March 2017 and will be automatically renewable for additional periods, unless either party has an intention to terminate the agreements, a written notification must be made to the other party not later than 3 months prior to the expiration date.

5 Cash and cash equivalents

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash on hand	1,675	568	1,512	498
Cash at banks - current accounts	15,748	13,231	15,748	13,231
Cash at banks - savings accounts	15,797	58,620	15,797	58,620
Total	<u>33,220</u>	<u>72,419</u>	<u>33,057</u>	<u>72,349</u>

6 Trade accounts receivable

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Related parties	4	568	377	568	377
Other parties		335,022	321,786	335,022	321,786
Total		<u>335,590</u>	<u>322,163</u>	<u>335,590</u>	<u>322,163</u>
Less allowance for doubtful accounts		(7,135)	(6,204)	(7,135)	(6,204)
Net		<u>328,455</u>	<u>315,959</u>	<u>328,455</u>	<u>315,959</u>
(Reversal of) allowance for doubtful accounts for the year		<u>1,071</u>	<u>(2,229)</u>	<u>1,071</u>	<u>(2,229)</u>

Applied DB Public Company Limited and its Subsidiaries
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Aging analyses for trade accounts receivable were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Related parties				
Within credit terms	563	370	563	370
Overdue:				
Less than 3 months	5	7	5	7
	<u>568</u>	<u>377</u>	<u>568</u>	<u>377</u>
Other parties				
Within credit terms	228,094	234,012	228,094	234,012
Overdue:				
Less than 3 months	94,097	74,872	94,097	74,872
3 - 6 months	10,129	10,075	10,129	10,075
6 - 12 months	475	1,635	475	1,635
More than 12 months	2,227	1,192	2,227	1,192
	<u>335,022</u>	<u>321,786</u>	<u>335,022</u>	<u>321,786</u>
Less allowance for doubtful accounts	<u>(7,135)</u>	<u>(6,204)</u>	<u>(7,135)</u>	<u>(6,204)</u>
	<u>327,887</u>	<u>315,582</u>	<u>327,887</u>	<u>315,582</u>
Net	<u>328,455</u>	<u>315,959</u>	<u>328,455</u>	<u>315,959</u>

The normal credit terms granted by the Group range from 7 days to 120 days.

7 Other receivables

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Value added tax receivable	33,225	35,233	33,225	35,233
Prepaid expenses	5,524	7,212	5,524	7,212
Others	3,624	375	3,625	375
Total	<u>42,373</u>	<u>42,820</u>	<u>42,374</u>	<u>42,820</u>

8 Inventories

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Finished goods	88,261	79,745	88,261	79,745
Work in progress	15,627	12,642	15,627	12,642
Raw materials	131,825	165,577	131,825	165,577
Factory supplies	23,905	29,476	23,905	29,476
Goods in transit	50,879	40,233	50,879	40,233
Total	<u>310,497</u>	<u>327,673</u>	<u>310,497</u>	<u>327,673</u>
Less allowance for decline in value of inventories	<u>(5,620)</u>	<u>(8,632)</u>	<u>(5,620)</u>	<u>(8,632)</u>
Net	<u>304,877</u>	<u>319,041</u>	<u>304,877</u>	<u>319,041</u>

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Inventories recognised as an expense in ‘cost of sales of goods’:				
- Cost	1,230,165	1,176,864	1,230,165	1,176,864
- Write-down to net realisable value	-	4,458	-	4,458
- Reversal of write-down	(3,012)	-	(3,012)	-
Total	1,227,153	1,181,322	1,227,153	1,181,322

9 Investment in subsidiaries

	Separate financial statements	
	2018	2017
	<i>(in thousand Baht)</i>	
At 1 January	7	-
Purchase of investments	-	7
At 31 December	7	7

Purchase of investments

At the Board of Directors’ meeting of the Company held on 22 February 2017, the Board of Directors approved to establish ADB USA Inc. (“ADB”) and Sparko USA Inc. (“Sparko”) in the United States of America to support the Company focusing on providing marketing assistance and commercial information in overseas markets that are useful for the Company. Both companies would have the initial authorised share capital of USD 100 each (fully paid share capital). ADB and Sparko were incorporated in the United States of America on 3 March 2017 and 10 March 2017, respectively. Accordingly, ADB and Sparko are subsidiaries of the Company.

Investments in subsidiaries as at 31 December 2018 and 2017 as follows:

	Separate financial statements					
	Ownership Interest		Paid capital		Cost	
	2018	2017	2018	2017	2018	2017
	<i>(%)</i>		<i>(in thousand Baht)</i>			
Subsidiaries						
ADB USA Inc.	100	100	3.5	3.5	3.5	3.5
Sparko USA Inc.	100	100	3.5	3.5	3.5	3.5
Total			7.0	7.0	7.0	7.0

None of the Company’s subsidiaries is publicly listed and consequently does not have published price quotations.

Applied DB Public Company Limited and its Subsidiaries
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10 Property, plant and equipment

	Consolidated/Separate financial statements					
	Land	Building and other constructions	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation
Cost						Total
At 1 January 2017	64,836	182,286	310,352	29,790	9,606	686,457
Additions	-	177	3,109	1,752	-	126,922
Transfers	-	8,140	26,394	735	-	-
Disposals	-	-	(7,264)	(851)	-	(8,115)
At 31 December 2017 and at 1 January 2018	64,836	190,603	332,591	31,426	9,606	805,264
Additions	-	145	8,747	1,954	-	123,544
Transfers	-	11,303	39,872	762	-	-
Disposals	-	(35,651)	(72,109)	(12,506)	(11)	(120,277)
At 31 December 2018	64,836	166,400	309,101	21,636	9,595	808,531
Depreciation						
At 1 January 2017	-	(95,757)	(208,025)	(25,964)	(1,506)	(331,252)
Depreciation charge for the year	-	(6,430)	(24,353)	(1,596)	(1,915)	(34,294)
Disposals	-	-	7,172	838	-	8,010
At 31 December 2017 and at 1 January 2018	-	(102,187)	(225,206)	(26,722)	(3,421)	(357,536)
Depreciation charge for the year	-	(7,122)	(25,729)	(1,824)	(1,815)	(36,490)
Disposals	-	35,651	72,029	12,499	11	120,190
At 31 December 2018	-	(73,658)	(178,906)	(16,047)	(5,225)	(273,836)

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Net book value

At 1 December 2017

Owned assets

Asset under finance leases

	Land	Building and other constructions	Machinery and equipment	Furniture, fixtures and office equipment (in thousand Baht)	Vehicles	Assets under construction and installation	Total
	64,836	86,529	102,327	3,826	850	89,587	347,955
	-	-	-	-	7,250	-	7,250
	64,836	86,529	102,327	3,826	8,100	89,587	355,205

At 31 December 2017 and 1 January 2018

Owned assets

Asset under finance leases

	64,836	88,416	107,385	4,704	420	176,202	441,963
	-	-	-	-	5,765	-	5,765
	64,836	88,416	107,385	4,704	6,185	176,202	447,728

At 31 December 2018

Owned assets

Asset under finance leases

	64,836	92,742	130,195	5,589	91	236,963	530,416
	-	-	-	-	4,279	-	4,279
	64,836	92,742	130,195	5,589	4,370	236,963	534,695

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 92.7 million (2017: Baht 199.7 million).

As at 31 December 2018, the Company has pledged assets amounting to Baht 28.0 million (2017: Baht 28.0 million) as collateral against bank overdrafts, short-term and long-term borrowings from financial institutions, and letter of guarantee as described in Note 12 to the financial statements.

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Assets under construction and installation

Assets under construction and installation as at 31 December 2018 amounted to Baht 237.0 million (2017: Baht 176.2 million), and mainly represented construction costs for new factory building and cost of machinery and equipment including the related installation costs.

During the year ended 31 December 2018, the Company capitalised interest expense as cost of construction in progress and installation totaling Baht 1.2 million (2017: Baht 1.5 million), with a capitalisation rate of 4.90% per annum (2017: 4.90% per annum).

11 Deferred tax

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

	Consolidated/Separate financial statements		
	At 1 January 2018	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2018
Deferred tax assets			
Trade accounts receivable (doubtful accounts)	1,241	186	-
Inventories (allowance for decline in value)	1,727	(603)	-
Non-current provisions for employee benefit	5,119	430	188
Changes in fair value of foreign currency hedges	-	138	-
Changes in fair value of cash flow hedges	331	-	(169)
Total	8,418	151	19

	Consolidated/Separate financial statements		
	At 1 January 2017	Profit or loss Other comprehensive income (in thousand Baht)	At 31 December 2017
Deferred tax assets			
Trade accounts receivable (doubtful accounts)	1,687	(446)	-
Inventories (allowance for decline in value)	835	892	-
Non-current provisions for employee benefit	4,749	598	(228)
Changes in fair value of cash flow hedges	-	-	331
Total	7,271	1,044	103

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12 Interest bearing liabilities

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Current				
Short-term borrowings from financial institutions				
Promissory notes - secured	273,031	183,466	273,031	183,466
Liabilities under trust receipts - secured	85,539	93,999	85,539	93,999
Current portion of financial lease liabilities	1,067	1,007	1,067	1,007
Current portion of long-term borrowings from financial institution - secured	13,450	14,900	13,450	14,900
Total interest bearing liabilities - current	373,087	293,372	373,087	293,372
Non-current				
Financial lease liabilities	2,224	3,290	2,224	3,290
Long-term borrowings from financial institution - secured	26,000	39,450	26,000	39,450
Total interest bearing liabilities - non-current	28,224	42,740	28,224	42,740
Grand total	401,311	336,112	401,311	336,112

The periods to maturity of interest-bearing liabilities, excluding finance lease liabilities, as at 31 December 2018 and 2017 were as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Within one year	372,020	292,365	372,020	292,365
After one year but within five years	26,000	39,450	26,000	39,450
Total	398,020	331,815	398,020	331,815

Secured interest-bearing liabilities as at 31 December 2018 and 2017 were secured on the following assets:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Property, plant and equipment	27,962	27,962	27,962	27,962

The Group's liabilities under trust receipts, goods have been released to the Group in trust for the financial institutions. Therefore, the Group is accountable to the financial institution for such goods.

As at 31 December 2018, the Group had unutilised credit facilities totaling Baht 829 million (2017: 830 million).

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Short-term borrowings from financial institutions

As at 31 December 2018, the Group had short-term loans from local financial institutions totaling Baht 358.6 million (2017: Baht 277.5 million). These loans bear interest rates ranging from 2.55% to 3.35% per annum (2017: 2.05% to 2.97% per annum).

Long-term borrowings from financial institution

On 26 June 2014, the Group entered into a long-term borrowings agreement with a local financial institution of Baht 14.5 million, which bears an interest at the rate of THBFIX 1-month plus 1.24% per annum and repayable on a monthly basis of Baht 0.2 million each, commencing from July 2014 to June 2019 and the Group entered into an interest rate swap agreement with the same financial institution to swap interest rate of this borrowings agreement to fixed interest rate of 5.45% per annum.

On 8 June 2017, the Group entered into a long-term borrowings agreement with a local financial institution of Baht 57 million, which bears an interest at the rate of THBFIX 1-month plus 1.82% per annum and repayable on a monthly basis of Baht 1 million each, commencing from June 2017 to February 2022 and the Group entered into an interest rate swap agreement with the same financial institution to swap interest rate of this borrowings agreement to fixed interest rate of 4.90% per annum.

Guarantee

These bank overdraft and borrowings from financial institutions were secured by the Company's land totaling Baht 27.96 million and director. In this regard, the Company must be in compliance with the specified covenants relating to maintain the required financial ratios and other terms as stated in the agreements, such as default payment, financial information, etc.

Changes in liabilities arising from financing activities

	Consolidated/Separate financial statements		
	Other loans and borrowings	Finance lease liabilities (in thousand Baht)	Total
Balance at 1 January 2018	331,815	4,297	336,112
Changes from financing cash flows	67,133	(1,007)	66,126
The effect of changes in foreign exchange rates	(928)	-	(928)
Balance at 31 December 2018	398,020	3,290	401,310

13 Other payables

	Note	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		(in thousand Baht)			
Related parties	4	13	12	13	12
Others					
Accrued operating expenses		10,012	7,082	9,931	7,082
Advance received from customers		2,381	1,647	2,381	1,647
Accrued bonus		2,189	14,000	2,189	14,000
Others		19,112	21,382	19,112	21,382
		33,694	44,111	33,613	44,111
Total		33,707	44,123	33,626	44,123

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14 Non-current provisions for employee benefits

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Statement of financial position				
Non-current provisions for:				
Post-employment benefits	28,685	25,600	28,685	25,600
For the year ended 31 December				
Statement of comprehensive income:				
Recognised in profit or loss:				
Post-employment benefits	3,827	3,553	3,827	3,553
Recognised in other comprehensive income:				
Actuarial (gain) losses recognised in the year	942	(1,140)	942	(1,140)
Cumulative actuarial (gain) losses recognised	537	(405)	537	(405)

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 7.8 million.

Defined benefit plan

The Group and the Company 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, currency risk, interest rate risk and market (investment) risk.

Movement in the present value of the defined benefit obligations.

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
At 1 January	25,600	23,750	25,600	23,750
Include in profit or loss:				
Current service cost	3,227	2,946	3,227	2,946
Past service cost	(64)	3	(64)	3
Interest on obligation	664	604	664	604
	3,827	3,553	3,827	3,553

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Included in other comprehensive income				
Actuarial (gain) losses	942	(1,140)	942	(1,140)
Other				
Benefit paid	(1,684)	(563)	(1,684)	(563)
At 31 December	28,685	25,600	28,685	25,600

Actuarial gains and losses recognised in other comprehensive income arising from:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Demographic assumptions	(18)	405	(18)	405
Financial assumptions	761	(1,352)	761	(1,352)
Experience adjustment	199	(193)	199	(193)
Total	942	(1,140)	942	(1,140)

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Discount rate	2.50	2.20	2.50	2.20
Future salary growth	4.00	3.00	4.00	3.00
Turnover rate	5 - 45	5 - 46	5 - 45	5 - 46

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 was 9 years (2017: 8 years).

Sensitivity analysis

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

	Consolidated financial statements		Separate financial statements	
	Increase	Decrease	Increase	Decrease
	<i>(in thousand Baht)</i>			
At 31 December 2018				
Discount rate (1% movement)	(2,082)	2,397	(2,082)	2,397
Future salary growth (1% movement)	2,182	(1,927)	2,182	(1,927)
Employee turnover (1% movement)	(2,229)	1,602	(2,229)	1,602

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	Consolidated financial statements		Separate financial statements	
	Increase	Decrease (in thousand Baht)	Increase	Decrease
At 31 December 2017				
Discount rate (1% movement)	(1,764)	2,022	(1,764)	2,022
Future salary growth (1% movement)	1,839	(1,631)	1,839	(1,631)
Employee turnover (1% movement)	(1,889)	1,323	(1,889)	1,323

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.

15 Share capital

	Par value per share (in Baht)	2018		2017	
		Number	Amount (thousand shares/thousand Baht)	Number	Amount
Authorised					
At 1 January					
- ordinary shares	10	-	-	21,000	210,000
- ordinary shares	0.5	600,000	300,000	-	-
22 March 2017					
- reduction in par value from Baht 10 to Baht 0.5	0.5	-	-	399,000	-
- Increase of new shares	0.5	-	-	180,000	90,000
At 31 December					
- ordinary shares	0.5	<u>600,000</u>	<u>300,000</u>	<u>600,000</u>	<u>300,000</u>
Issued and paid-up					
At 1 January					
- ordinary shares	10	-	-	21,000	210,000
- ordinary shares	0.5	600,000	300,000	-	-
22 March 2017					
- reduction in par value from Baht 10 to Baht 0.5	0.5	-	-	399,000	-
6 November 2017					
- Increase of new shares	0.5	-	-	180,000	90,000
At 31 December					
- ordinary shares	0.5	<u>600,000</u>	<u>300,000</u>	<u>600,000</u>	<u>300,000</u>

Reduction of par value and increase in authorised share capital

At the annual general meeting of the shareholders of the Company held on 13 March 2017, the shareholders approved the reduction of the par value from Baht 10 to Baht 0.5 and the increase in the authorised share capital of Baht 90 million (increase the number of the authorised share capital from Baht 210 million to Baht 300 million) by issuing 180 million ordinary shares at Baht 0.5 par value for the Initial Public Offering ("IPO"). The Company registered the par value reduction and the capital increase with the Ministry of Commerce on 22 March 2017, and approved the listing of its ordinary shares on the Stock Exchange of Thailand.

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Initial public offering

In November 2017, the Company offered its common shares to the initial public offering by issuing 180 million common shares. The new shares were sold to the subscribers at a price of Baht 1.7 per share (Baht 0.5 paid in capital and Baht 1.2 share premium) totaling Baht 304.2 million (premium on ordinary shares of Baht 214.2 million). The Company registered the increase in paid-up share capital with the Ministry of Commerce on 6 November 2017 and the shares of the Company begin trading in the Stock Exchange of Thailand on 9 November 2017. Directly attributable expenses of the initial public offering amounted to Baht 14 million were deductible from the premium on share capital received from new investors (premium on ordinary shares - net of Baht 200.2 million).

Share premium

Section 51 of the Public Companies Act B.E. 2535 requires companies to set aside share subscription monies received in excess of the par value of the shares issued to a reserve account ("share premium"). Share premium is not available for dividend distribution.

Surplus on share-based payment transactions

Surplus on share-based payment transactions are recognised in equity is the fair value of employees' rights to acquire the shares at grant dates based on the underlying fair value of the shares and the consideration payable, and to recognise related expense, with a corresponding increase in equity in accordance with TFRS 2.

16 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Section 116 of the Public Companies Act B.E. 2535 Section 116 requires that a public company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward, to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Company appropriated legal reserve for the year ended 31 December 2018 amounted to Baht 0.7 million (2017: Baht 5.2 million).

Other components of equity

Currency translation differences

The currency translation differences account within equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities that hedge the Company's net investment in a foreign operation.

Cash flow hedges

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

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17 Segment information

The Group has two reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products, and are managed separately because they require different technology and marketing strategies. For each of the strategic divisions, the chief operating decision maker ("CODM") reviews internal management reports on at least a quarterly basis. The following summary describes the operations in each of the Group's reportable segments.

- Segment 1 Plastic compound
- Segment 2 Adhesive and sealant

Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before tax, as included in the internal management reports that are reviewed by the Group's CODM. Segment profit before tax is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries.

Information about reportable segments

	Segment 1 Plastic compound		Segment 2 Adhesive and sealant		Total	
	2018	2017	2018	2017	2018	2017
	<i>(in million Baht)</i>					
Revenue from sale of goods	716	693	705	679	1,421	1,372
Finance costs	(4)	(5)	(6)	(8)	(10)	(13)
Depreciation and amortisation	(18)	(17)	(19)	(18)	(37)	(35)
Profit before income tax	5	5	12	28	17	33

Geographical segments information

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers.

	2018	2017
	<i>(in thousand Baht)</i>	
Thailand	1,007,260	972,470
Nigeria	77,110	92,259
Kenya	70,477	47,663
Vietnam	42,532	49,990
Myanmar	35,106	33,410
Bangladesh	24,218	54,397
Others	164,381	122,215
Total	1,421,084	1,372,404

Segment assets

All Company's segment assets are located in Thailand.

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Major customer

Revenues from one customer of the Group's segment 1 for the year ended 31 December 2018 represents approximately Baht 203.1 million (2017: Baht 167.0 million) of the Group's total revenues.

18 Other income

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Revenue from sale of scrap	3,150	2,468	3,150	2,468
Miscellaneous income	1,789	1,937	1,789	1,937
Refundable import duty	1,524	2,308	1,524	2,308
Others	6,659	5,158	6,659	5,158
Total	13,122	11,871	13,122	11,871

19 Employee benefit expenses

	<i>Note</i>	Consolidated financial statements		Separate financial statements	
		2018	2017	2018	2017
		<i>(in thousand Baht)</i>			
Salaries, wages and bonus		138,780	131,633	138,780	131,633
Staff welfares		38,653	32,987	38,653	32,987
Defined contribution plans		4,095	3,842	4,095	3,842
Defined benefit plans	14	3,827	3,553	3,827	3,553
Others		4,663	4,401	4,663	4,401
Total		190,018	176,416	190,018	176,416

Defined contribution plans

The defined contribution plans comprise provident funds established by the Group for its employees. Membership to the funds is on a voluntary basis. Contributions are made monthly by the employees at rates ranging from 2.5% to 15% of their basic salaries and by the Group at rates ranging from 2.5% to 15% of the employee's basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by a licensed Fund Manager.

20 Expenses by nature

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Included in cost of sales of goods:					
Changes in inventories of finished goods and work in progress		(11,501)	(1,781)	(11,501)	(1,781)
Raw materials and consumables used		1,047,626	992,516	1,047,626	992,516
Employee benefit expenses		97,388	96,393	97,388	96,393
Depreciation and amortisation		32,617	30,587	32,617	30,587
Utilities expenses		29,209	26,247	29,209	26,247
(Reversal of) write-down to net realisable value	8	(3,012)	4,458	(3,012)	4,458
Others		34,826	32,902	34,826	32,902
Total		1,227,153	1,181,322	1,227,153	1,181,322

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	Note	Consolidated financial statements		Separate financial statements	
2018		2017	2018	2017	
(in thousand Baht)					
Included in selling expenses:					
Sample product expenses		1,189	2,001	1,189	2,001
Distribution expenses		18,442	18,469	18,442	18,469
Commission expenses		19,884	13,902	19,884	13,902
Employee benefit expenses		17,387	10,852	17,387	10,852
Others		12,605	11,395	12,605	11,395
Total		69,507	56,619	69,507	56,619
Included in administrative expenses:					
Employee benefit expenses		75,243	69,171	75,243	69,171
Professional fee		6,355	7,613	6,355	7,613
Reversal allowance for doubtful accounts	6	1,071	(2,229)	1,071	(2,229)
Depreciation and amortisation		3,873	3,990	3,873	3,990
Others		27,590	25,264	27,621	25,326
Total		114,132	103,809	114,163	103,871

21 Income tax expense

Income tax recognised in profit or loss

		Consolidated financial statements		Separate financial statements	
	Note	2018	2017	2018	2017
		(in thousand Baht)			
Current tax expense					
Current year		4,097	4,518	4,092	4,506
Deferred tax expense					
Movements in temporary differences	11	(151)	(1,044)	(151)	(1,044)
Total income tax expense		3,946	3,474	3,941	3,462

Income tax recognised in other comprehensive income

	Consolidated financial statements/Separate financial statements					
	2018			2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
	<i>(in million Baht)</i>					
Gains (losses) on cash flow hedges	845	(169)	676	(1,654)	331	(1,323)
Defined benefit plan actuarial gains (losses)	(942)	188	(754)	1,140	(228)	912

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Reconciliation of effective tax rate

	Consolidated financial statements		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		16,973		32,519
Income tax using the Thai corporation tax rate	20	3,395	20	6,504
Expenses not deductible for tax purposes and others		1,524		720
Addition deductible expenses		(973)		(3,750)
Total	23	3,946	11	3,474

	Separate financial statements		2017	
	Rate (%)	(in thousand Baht)	Rate (%)	(in thousand Baht)
Profit before income tax expense		16,942		32,457
Income tax using the Thai corporation tax rate	20	3,388	20	6,492
Expenses not deductible for tax purposes and others		1,526		720
Addition deductible expenses		(973)		(3,750)
Total	23	3,941	11	3,462

22 Basic earnings per share

The calculations of basic earnings per share for the year 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 year as follows:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht/thousand shares)			
Profit for the year attributable to ordinary shareholders of the Company	13,028	29,045	13,001	28,995
Number of ordinary shares outstanding at 1 January	600,000	21,000	600,000	21,000
Effect from the decrease of the par value	-	399,000	-	399,000
Effect of shares issued	-	27,616	-	27,616
Weighted average number of ordinary shares outstanding	600,000	447,616	600,000	447,616
Earnings per share (in Baht)	0.022	0.065	0.022	0.065

23 Dividends

At the annual general meeting of the shareholders of the Company held on 20 April 2018, the shareholders approved the appropriation of dividend of Baht 0.02 per share for 600 million ordinary shares, amounting to Baht 12 million. The dividends were paid to the shareholders during 2018.

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At the annual general meeting of the shareholders of the Company held on 13 March 2017, the shareholders approved the appropriation of dividend of Baht 1.5 per share for 21 million ordinary shares (number of ordinary shares before the decreased of par value), amounting to Baht 31.5 million. The dividends were paid to the shareholders during 2017.

24 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 derivatives 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. The Group is primarily exposed to interest rate risk from its borrowings (see note 12 to the financial statements). The Group mitigates this risk by ensuring that the majority of its borrowings are at fixed rates and uses derivatives, principally interest rate swaps, to manage exposure to fluctuations in interest rates on borrowings.

The effective interest rates of debt securities and loans receivable as at 31 December and the periods in which the loans receivable and debt securities mature or re-price were as follows:

		Consolidated financial statements/ Separate financial statements		
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2018				
Current				
Promissory notes	2.72 - 3.25	273,031	-	273,031
Liabilities under trust receipts	2.55 - 3.35	85,539	-	85,539
Current portion of long-term borrowings from financial institutions	4.90 - 5.45	13,450	-	13,450
Non-current				
Long-term borrowings from financial institutions	4.90 - 5.45	-	26,000	26,000
Total		372,020	26,000	398,020

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		Consolidated financial statements/ Separate financial statements		
	Effective interest rate (% per annum)	Within 1 year	After 1 year but within 5 years (in thousand Baht)	Total
2017				
Current				
Promissory notes	2.88 - 3.05	183,466	-	183,466
Liabilities under trust receipts	2.05 - 2.77	93,999	-	93,999
Current portion of long-term borrowings from financial institutions	4.90 - 5.45	14,900	-	14,900
Non-current				
Long-term borrowings from financial institutions	4.90 - 5.45	-	39,450	39,450
Total		292,365	39,450	331,815

Interest rate swap contract

On 26 June 2014, the Group entered into an interest rate swap agreement for a long-term loan amounted of Baht 14.5 million swapping a floating interest rate of THBFIX 1-month plus 1.24 per annum, to a fixed interest rate of 5.45 per annum, with settlement every months starting on July 2014 until June 2019.

On 8 June 2017, the Group entered into an interest rate swap agreement for a long-term loan amounted of Baht 57 million swapping a floating interest rate of THBFIX 1-month plus 1.82 per annum, to a fixed interest rate of 4.90 per annum, with settlement every months starting on June 2017 until February 2022.

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 some forward exchange contracts with maturities of less than one year to hedge such financial assets and liabilities denominated in foreign currencies.

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:

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
United States Dollars (USD)				
Cash and cash equivalents	17,080	11,632	16,918	11,562
Trade accounts receivable	113,138	83,879	113,138	83,879
Interest-bearing liabilities	(85,538)	(93,999)	(85,538)	(93,999)
Trade accounts payable	(90,976)	(117,440)	(90,976)	(117,440)
Other payables	(545)	(471)	(545)	(471)
Gross balance sheet exposure	(46,841)	(116,399)	(47,003)	(116,469)
Currency forwards purchase	(691)	-	(691)	-
Net exposure	(47,532)	(116,399)	(47,694)	(116,469)

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	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Renminbi (RMB)				
Cash and cash equivalents	96	7	96	7
Gross balance sheet exposure	96	7	96	7
	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	(in thousand Baht)			
Euro (EUR)				
Cash and cash equivalents	92	96	92	96
Trade accounts receivable	3,395	2,278	3,395	2,278
Other payables	-	(5)	-	(5)
Gross balance sheet exposure	3,487	2,369	3,487	2,369

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 amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. 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.

		Consolidated/Separate financial statements			
		Fair value			
	Carrying amount	Level 1	Level 2	Level 3	Total
		(in thousand Baht)			
Financial liabilities measured at fair value					
31 December 2018					
Derivative	1,511	-	1,511	-	1,511
31 December 2017					
Derivative	1,764	-	1,764	-	1,764

At 31 December 2018 and 2017, fair value of non-derivative financial assets and financial liabilities were insignificantly different from net book value in the statement of financial position.

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Financial instruments measured at fair value

Valuation technique for forward exchange contracts

Forward pricing: The fair value is determined using quoted forward exchange rates at the reporting date and present value calculations based on high credit quality yield curves in the respective currencies.

Valuation technique for Interest Rate Swaps

Swap models: The fair value is calculated as the present value of the estimated future cash flows. Estimates of future floating-rate cash flows are based on quoted swap rates, futures prices and interbank borrowing rates. Estimated cash flows are discounted using a yield curve constructed from similar sources and which reflects the relevant benchmark interbank rate used by market participants for this purpose when pricing interest rate swaps. The fair value estimate is subject to a credit risk adjustment that reflects the credit risk of the Group and of the counterparty; this is calculated based on credit spreads derived from current credit default swap or bond prices.

25 Commitments with non-related parties

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Capital commitments</i>				
<i>Contracted but not provided for:</i>				
Machinery and equipment	2,098	28,657	2,098	28,657
Total	2,098	28,657	2,098	28,657

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Future minimum lease payments under non-cancellable operating leases</i>				
Within one year	2,135	5,551	2,135	5,551
After one year but within five years	3,577	2,168	3,577	2,168
Total	5,712	7,719	5,712	7,719

As at 31 December 2018, the Company had lease agreements covering its vehicles, space for warehouse and photocopier for periods of 1 to 5 years which will expire within November 2023

	Consolidated financial statements		Separate financial statements	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
<i>Other commitments</i>				
Unused letters of credit for purchase goods	81,864	50,751	81,864	50,751
Bank guarantees	4,363	3,613	4,363	3,613
Total	86,227	54,364	86,227	54,364

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26 Event after the reporting period

At the Board of Directors' meeting of the Company held on 26 February 2019, the Company's Board of Directors approved to propose to the annual general shareholders' meeting of the Company for approval to declare the dividends from the profit for the equity holders of the Company for the year 2018 of Baht 0.01 per share for 600 million ordinary shares, totaling Baht 6 million. The declaration of dividend payment must be approved by the shareholders' meeting of the Company.

27 Thai Financial Reporting Standards ("TFRS") not yet adopted

A number of new and revised TFRS which relevant to the Group's operations are expected to have significant impact on the consolidated and separate financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years

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 assessed the impact of application of TFRS 15 and found that there is no material impact on the consolidated and separate financial statements.

(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.

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27 Reclassification of accounts

Certain accounts in the 2017 statement of comprehensive income for comparative purposes, have been reclassified to conform to the presentation in the 2018 financial statements were as follows:

	2017					
	Consolidated financial statements			Separate financial statements		
	Before reclassi- fication	Reclassi- fication	After Reclassi- fication (in thousand Baht)	Before Reclassi- fication	Reclassi- fication	After Reclassi- fication
Statement of comprehensive income						
Cost of sales	1,159,512	21,810	1,181,322	1,159,512	21,810	1,181,322
Distribution costs	89,531	(32,912)	56,619	89,531	(32,912)	56,619
Administrative expenses	92,707	11,102	103,809	92,769	11,102	103,871
		-			-	

The reclassifications have been made because, in the opinion of management, the new classification is more appropriate to the Group's business



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