



Ref. DBP. 141 / 2017

November 13, 2017

Subject : Clarification on Operating Results for the 3-Month Period and 9-Month Period ending September 30, 2017

To : President  
The Stock Exchange of Thailand

Diamond Building Products Public Company Limited and its Subsidiary (together referred to as "Corporate Group") would like to clarify on the operating results according to the consolidated financial statements for the 3-month period and 9-month period ending September 30, 2017 as follows.

The net profit of the Corporate Group for the 3-month period and 9-month period ending September 30, 2017 were Baht 76.71 million and Baht 328.77 million, respectively. In comparison with the same periods of previous year with the net profit of Baht 77.04 million and Baht 322.82 million, respectively, the net profit for the 3-month period decreased by Baht 0.33 million or 0.43 percent but for the 9-month period, the net profit increased by Baht 5.95 million or 1.84 percent. Details of the changes or impacts are described in the Management Discussion and Analysis (MD&A) as attached herewith.

Please be informed accordingly.

Yours faithfully,

For and on behalf of Diamond Building Products Public Company Limited

(Mr. Asanee Chantong)  
Chief Executive Officer

**DIAMOND BUILDING PRODUCTS PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY**  
**MANAGEMENT DISCUSSION AND ANALYSIS**

(For the Consolidated Financial Statements of the 3<sup>rd</sup> Quarter Ending September 30, 2017)

**(1) Overall Operating Results**


For the 3<sup>rd</sup> quarter 2017, the total revenue from sales and services of the Company and its subsidiary (together referred to as the “Corporate Group”) was Baht 940.57 million, which decreased from the same period of previous year by 2.73 percent and the net profit in the 3<sup>rd</sup> quarter 2017 was Baht 76.71 million, which decreased from the same period of previous year by 0.43 percent. For the 9-month period, the revenue from sales and services totaled Baht 3,193.56 million, an increase from the same period of previous year by 0.07 percent and the net profit was Baht 328.77 million, an increase from the same period of previous year of 1.84 percent. However, if the extra profit from the sale of unused land of Baht 23.12 million had not been included in the net profit of previous year, the net profit would increase by Baht 29.07 million or an increase of 9.70 percent from the same period of previous year, due to effective management of production cost and selling expenses.


**(2) Analysis of Operating Results and Profitability**


**(2.1) Revenues from Sales and Services**

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Total Revenue	Million Baht	% of Total Revenue	Million Baht	%
<b>3<sup>rd</sup> Quarter (July – September)</b>						
Revenues from Sales	855.06	90.52	887.86	91.33	(32.80)	(3.69)
Revenues from Services	85.51	9.05	79.13	8.14	6.38	8.06
<b>Total Revenue from Sales and Services</b>	<b>940.57</b>	<b>99.57</b>	<b>966.99</b>	<b>99.47</b>	<b>(26.42)</b>	<b>(2.73)</b>
Gain on Sales of Fixed Assets	-	-	1.00	0.10	(1.00)	(100.00)
Gain on Foreign Exchange Rate – Net	1.41	0.15	0.80	0.08	0.61	76.25
Other Revenue	2.59	0.28	3.34	0.35	(0.75)	(22.46)
<b>Total Other Revenue</b>	<b>4.00</b>	<b>0.43</b>	<b>5.14</b>	<b>0.53</b>	<b>(1.14)</b>	<b>(22.18)</b>
<b>Total Revenue</b>	<b>944.57</b>	<b>100.00</b>	<b>972.13</b>	<b>100.00</b>	<b>(27.56)</b>	<b>(2.84)</b>
<b>9-Month Period (January – September)</b>						
Revenues from Sales	2,936.47	91.67	2,953.35	91.37	(16.88)	(0.57)
Revenues from Services	257.09	8.03	237.92	7.36	19.17	8.06
<b>Total Revenue from Sales and Services</b>	<b>3,193.56</b>	<b>99.70</b>	<b>3,191.27</b>	<b>98.73</b>	<b>2.29</b>	<b>0.07</b>
Gain on Sales of Fixed Assets	1.66	0.05	32.46	1.00	(30.80)	(94.89)
Gain on Foreign Exchange Rate – Net	0.77	0.02	2.18	0.07	(1.41)	(64.68)
Other Revenue	7.30	0.23	6.30	0.20	1.00	15.87
<b>Total Other Revenue</b>	<b>9.73</b>	<b>0.30</b>	<b>40.94</b>	<b>1.27</b>	<b>(31.21)</b>	<b>(76.23)</b>
<b>Total Revenue</b>	<b>3,203.29</b>	<b>100.00</b>	<b>3,232.21</b>	<b>100.00</b>	<b>(28.92)</b>	<b>(0.89)</b>


The Corporate Group's total revenue in the 3<sup>rd</sup> Quarter 2017 decreased from the same period of previous year by 2.84 percent, consisting of:


 Revenues from sales were Baht 855.06 million, which decreased from the same period of previous year by Baht 32.80 million or 3.69 percent, due to decrease in sale revenue from every group of products.


 Revenues from services were Baht 85.51 million, which increased from the same period of previous year by Baht 6.38 million or 8.06 percent, due to the increase in revenue from services of Baht 4.77 million and the revenue from transportation increased by Baht 1.61 million.

 Other revenue was Baht 4 million, which decreased from the same period of previous year by Baht 1.14 million or 22.18 percent, due to the increase in sales of scrap and sale of damaged and unusable assets.

The Corporate Group's total revenue in the 9-month period of year 2017 decreased from the same period of previous year by 0.89 percent, consisting of:

 Revenues from sales were Baht 2,936.47 million, which decreased from the same period of previous year by Baht 16.88 million or 0.57 percent, due to the decrease in sales revenues from roof tiles and siding board but sales revenues from board products and autoclaved aerated concrete blocks increased.


 Revenues from services were Baht 257.09 million, which increased from the same period of previous year by Baht 19.17 million or 8.06 percent, due to the increase in revenue from transportation of Baht 5.18 million and the revenue from services increased by Baht 13.99 million.


 Other revenue was Baht 9.73 million, which decreased from the same period of previous year by Baht 31.21 million or 76.23 percent, due to the profit from sale of non-utilized land of Baht 31.08 million (before corporate income tax).

## (2.2) Cost of Sales and Services


Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>3<sup>rd</sup> Quarter (July – September)</b>						
Cost of Sales	615.77	65.47	640.74	66.26	(24.97)	(3.90)
Cost of Services	86.52	9.20	79.10	8.18	7.42	9.38
<b>Total Cost of Sales and Services</b>	<b>702.29</b>	<b>74.67</b>	<b>719.84</b>	<b>74.44</b>	<b>(17.55)</b>	<b>(2.44)</b>
<b>9-Month Period (January – September)</b>						
Cost of Sales	2,067.52	64.74	2,113.99	66.24	(46.47)	(2.20)
Cost of Services	264.63	8.29	239.90	7.52	24.73	10.31
<b>Total Cost of Sales and Services</b>	<b>2,332.15</b>	<b>73.03</b>	<b>2,353.89</b>	<b>73.76</b>	<b>(21.74)</b>	<b>(0.92)</b>


The Corporate Group's total cost of sales and services in the 3<sup>rd</sup> Quarter 2017 decreased from the same period of previous year by 2.44 percent, consisting of:

 Cost of sales was Baht 615.77 million, which decreased from the same period of previous year by Baht 24.97 million or 3.90 percent, due to the decrease in product sales volume of 0.69 percent as well as the decrease of raw material cost and depreciation of 2.13 percent.

 Cost of services was Baht 86.52 million, which increased from the same period of previous year by Baht 7.42 million or 9.38 percent, due to the increase in transportation cost of Baht 2.82 million and increase in the cost of services of Baht 4.60 million.

The Corporate Group's total cost of sales and services in the 9-month period of year 2017 decreased from the same period of previous year by 0.92 percent, consisting of:


 Cost of sales was Baht 2,067.52 million, which decreased from the same period of previous year by Baht 46.47 million or 2.20 percent, due to the decrease in raw material cost and depreciation of 2.09 percent despite the increase in product sales volume of 2.92 percent.


 Cost of services was Baht 264.63 million, which increased from the same period of previous year by Baht 24.73 million or 10.31 percent, due to the increase in transportation cost of Baht 12.97 million and the cost of services increased by Baht 11.76 million.


### (2.3) Selling and Administrative Expenses

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>3<sup>rd</sup> Quarter (July – September)</b>						
Selling Expenses	43.48	4.62	49.62	5.13	(6.14)	(12.37)
Administrative Expenses	90.08	9.58	89.79	9.29	0.29	0.32
Management's Remuneration*	10.58	1.12	10.58	1.09	-	-
<b>Total Selling and Administrative Expenses</b>	<b>144.14</b>	<b>15.32</b>	<b>149.99</b>	<b>15.51</b>	<b>(5.85)</b>	<b>(3.90)</b>
<b>9-Month Period (January – September)</b>						
Selling Expenses	128.66	4.03	145.95	4.57	(17.29)	(11.85)
Administrative Expenses	289.30	9.06	280.50	8.79	8.80	3.14
Management's Remuneration*	32.77	1.03	31.27	0.98	1.50	4.80
<b>Total Selling and Administrative Expenses</b>	<b>450.73</b>	<b>14.11</b>	<b>457.72</b>	<b>14.34</b>	<b>(6.99)</b>	<b>(1.53)</b>
<b>Remark:</b> * Management means the director, managing director or the next four executives succeeding the chief executive officer, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments.						


The Corporate Group's total expenses in the 3<sup>rd</sup> Quarter 2017 decreased from the same period of previous year by 3.90 percent, consisting of:


 Selling expenses were Baht 43.48 million, which decreased from the same period of previous year by Baht 6.14 million or 12.37 percent, due to the decrease in marketing and sales promotion expenses of Baht 6.62 million.


 Administrative expenses were Baht 90.08 million, which slightly increased from the same period of previous year by Baht 0.29 million or 0.32 percent, due to the increase in salary and benefits of the employees of Baht 1.86 million but there was a decrease in product packaging expenses of Baht 1.20 million.

 Management's remunerations were Baht 10.58 million, which were equivalent to the same period of previous year.

The Corporate Group's total expenses in the 9-month period of year 2017 decreased from the same period of previous year by 1.53 percent, consisting of:

 Selling expenses were Baht 128.66 million, which decreased from the same period of previous year by Baht 17.29 million or 11.85 percent, due to the decrease in marketing and sales promotion expenses of Baht 22.59 million but there were increase in salary and benefits of the employees of Baht 1.58 million and increase in service expenses of Baht 3.09 million.

 Administrative expenses were Baht 289.30 million, which increased from the same period of previous year by Baht 8.80 million or 3.14 percent, due to the increase in salary and benefits of the employees of Baht 12.59 million, increase in product packaging expenses of Baht 2.16 million and increase in processing expenses for export products of Baht 1.09 million, but there were decrease in consulting expenses of Baht 1.33 million, decrease in depreciation and amortization of Baht 3.38 million and decrease in bank fee of Baht 2.15 million.

 Management's remunerations were Baht 32.77 million, which increased from the same period of previous year by Baht 1.50 million or 4.80 percent.

#### (2.4) Profitability

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>3<sup>rd</sup> Quarter (July – September)</b>						
Revenues from Sales and Services	940.57	100.00	966.99	100.00	(26.42)	(2.73)
Costs of Sales and Services	702.29	74.67	719.84	74.44	(17.55)	(2.44)
GP	238.28	25.33	247.15	25.56	(8.87)	(3.59)
EBITDA	159.88	17.00	173.23	17.91	(13.35)	(7.71)
EBIT	98.15	10.44	102.31	10.58	(4.16)	(4.07)
NP	76.71	8.16	77.04	7.97	(0.33)	(0.43)
EPS (Baht per Share) *	0.08		0.08		-	-
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96		947.96		-	-

Description	Year 2017		Year 2016		Increase / (Decrease)	
	Million Baht	% of Sales	Million Baht	% of Sales	Million Baht	%
<b>9-Month Period (January – September)</b>						
Revenues from Sales and Services	3,193.56	100.00	3,191.27	100.00	2.29	0.07
Costs of Sales and Services	2,332.15	73.03	2,353.89	73.76	(21.74)	(0.92)
GP	861.41	26.97	837.38	26.24	24.03	2.87
EBITDA	609.19	19.08	637.79	19.99	(28.60)	(4.48)
EBIT	420.41	13.16	420.59	13.18	(0.18)	(0.04)
NP	328.77	10.29	322.82	10.12	5.95	1.84
EPS (Baht per Share) *	0.35		0.32		0.03	9.37
Weighted Average Number of Ordinary Shares (Million Shares) *	947.96		1,014.02		(66.06)	(6.51)
Return on Equity (ROE) (%)	23.03%		18.58%		4.45%	
Return on Assets (ROA) (%)	13.95%		11.48%		2.47%	
<b>Remark:</b> * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share						
GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax,						
NP = Net Profit after Tax, EPS = Net Earnings per Share						

#### Gross Profit (GP)



The Corporate Group's gross profit in the 3<sup>rd</sup> Quarter 2017 was Baht 238.28 million, a decrease from the same period of previous year by Baht 8.87 million or 3.59 percent, due to the decrease in revenues from sales and services of 2.73 percent but there was a decrease in costs of sales and services of 2.44 percent.



The Corporate Group's gross profit in the 9-month period of year 2017 was Baht 861.41 million, an increase from the same period of previous year by Baht 24.03 million or 2.87 percent, due to the increase in revenues from sales and services of 0.07 percent and the costs of sales and services decreased by 0.92 percent.

#### Net Profit (NP)

The Corporate Group's net profit and net earnings per share in the 3<sup>rd</sup> Quarter 2017 decreased from the same period of previous year as follows:



The Corporate Group's net profit was Baht 76.71 million, slightly decreased from the same period of previous year by Baht 0.33 million or 0.43 percent, due to the decrease in gross profit margin of 3.59 percent.



The Corporate Group's net earnings per share was Baht 0.08 per share, which was equivalent to the same period of previous year.

The Corporate Group's net profit and net earnings per share in the 9-month period of year 2017 increased from the same period of previous year as follows:



The Corporate Group's net profit was Baht 328.77 million, an increase from the same period of previous year by Baht 5.95 million or 1.84 percent (However, if the extra profit from the sale of unused land of Baht 23.12 million had not been included in the net profit of previous year, the net profit would increase by 9.70 percent) due to the increase in gross profit margin of 2.87 percent and decrease in selling and administrative expenses of 1.53 percent.



The Corporate Group's net earnings per share was Baht 0.35 per share, an increase from the same period of previous year of Baht 0.03 per share or 9.37 percent, due to the increase in net profit of 1.84 percent and the decrease in weighted average number of ordinary shares of 6.51 percent due to the share repurchase in year 2016.

#### EBITDA



The Corporate Group's EBITDA in the 3<sup>rd</sup> Quarter 2017 was Baht 159.88 million, a decrease from the same period of previous year by Baht 13.35 million or 7.71 percent, due to the decrease in gross profit margin of 3.59 percent.



The Corporate Group's EBITDA in the 9-month period of year 2017 was Baht 609.19 million, a decrease from the same period of previous year of Baht 28.60 million or 4.48 percent (However, if the extra profit from the sale of unused land of Baht 31.08 million had not been included in the EBITDA of previous year, the EBITDA would increase by 0.41 percent) due to the increase in gross profit margin of 2.87 percent.

#### Earnings Efficiency



**Return on Equity (ROE):** The Corporate Group's ROE increased from 18.58 percent as at end of 2016 to 23.03 percent as at September 30, 2017 or an increase of 4.45 percent, due to the increase in annualized projected annual net profit of 11.82 percent and there was a decrease in the shareholders' equity of 9.77 percent from the previous year.



**Return on Assets (ROA):** The Corporate Group's ROA increased from 11.48 percent as at end of 2016 to 13.95 percent as at September 30, 2017 or an increase of 2.47 percent, due to the increase in annualized projected annual net profit of 11.82 percent and there was a decrease in total assets of 8 percent from the previous year.

## (2.5) Financial Position

Description	Statement of Financial Position		Increase / (Decrease)	
	As at September 30, 2017	As at December 31, 2016		
	Million Baht	Million Baht	Million Baht	%
Total Assets	3,046.25	3,237.51	(191.26)	(5.91)
Total Liabilities	1,134.58	1,341.79	(207.21)	(15.44)
Total Shareholders' Equity	1,911.67	1,895.72	15.95	0.84
Weighted Average Number of Ordinary Shares (Million Shares)*	947.96	997.41	(49.45)	(4.96)
Book Value (Baht per Share)*	2.02	1.90	0.12	6.32

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



The Corporate Group's total assets as at September 30, 2017 decreased from the end of year 2016 by Baht 191.26 million or 5.91 percent, due to the decrease in fixed assets of Baht 115.68 million, decrease in intangible assets of Baht 4.75 million, decrease in inventory of Baht 22.75 million and decrease in trade accounts receivable and other accounts receivable of Baht 86.86 million, but there were increase in cash and cash in bank of Baht 35.38 million, increase in deferred income tax of Baht 1.08 million and increase in other current assets and other non-current assets of Baht 2.32 million.



The Corporate Group's total liabilities as at September 30, 2017 decreased from the end of year 2016 by Baht 207.21 million or 15.44 percent, due to the decrease in short-term loan of Baht 220 million, decrease in current portion of long-term loan due within one year of Baht 75 million, decrease in financial lease liabilities of Baht 1.38 million, decrease in current income tax payable of Baht 18.89 million and decrease in other current liabilities of Baht 5.64 million, but there were increase in trade accounts payable and other accounts payable of Baht 106.18 million and increase in provision for post-employment benefits obligation of Baht 7.52 million.





The Corporate Group's total shareholders' equity as at September 30, 2017 increased from the end of year 2016 by Baht 15.95 million or 0.84 percent, due to the increase in net profit of Baht 328.77 million, but there were dividend payment of Baht 312.82 million, resulting in a increase in share book value from Baht 1.90 per share as at end of year 2016 to Baht 2.02 per share as at September 30, 2017.


## (2.6) Cash Flows

Description	Unit: Million Baht	
	Year 2017	Year 2016
Cash Flows from (used in) Operating Activities	710.88	643.65
Cash Flows from (used in) Investing Activities	(50.32)	37.64
Cash Flows from (used in) Financing Activities	(622.28)	(656.06)
Unrealized exchange gain (loss) of cash and cash equivalents	(2.90)	(1.07)
Cash Increase (Decrease) – Net	35.38	24.16
Cash at the Beginning of the Period	20.59	28.42
Cash at the Ending of the Period	55.97	52.58
CFROE = Cash Flow Return on Equity Increase (Decrease) (%)	49.79%	33.66%



 The Corporate Group's net cash from operating activities in the 3<sup>rd</sup> Quarter 2017 was Baht 710.88 million, which was higher than the net profit before tax by Baht 300.24 million due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 188.78 million, decrease in trade accounts receivable and other accounts receivable of Baht 86.72 million, net decrease in inventory of Baht 22.75 million, increase in trade accounts payable and other accounts payable of Baht 99.22 million, increase in other non-current liabilities of Baht 7.52 million, increase in other current liabilities of Baht 4.13 million, but there were increase in other current assets, other non-current assets of Baht 7.04 million, payment of accrued corporate income tax for year 2016 of Baht 38.36 million and payment of corporate income tax in the middle of year 2017 of Baht 61.15 million and payment of withholding tax of Baht 2.33 million.

 The Corporate Group's net cash used in investing activities in the 3<sup>rd</sup> Quarter 2017 was Baht 50.32 million, due to the expenses paid for tools and equipment replacement after their useful life of Baht 52.45 million, but there were cash received from interest of Baht 0.06 million and cash received from sale of damaged and unusable assets of Baht 2.07 million.

 The Corporate Group's net cash used in financing activities in the 3<sup>rd</sup> Quarter 2017 was Baht 622.28 million, due to the repayment of long-term loan and financial lease of Baht 80.30 million, interest payment of Baht 9.16 million, dividend payment of Baht 312.82 million and repayment of short-term loan of Baht 220 million.

## (2.7) Financial Ratios

Financial Ratios	As at September 30, 2017	As at December 31, 2016
Current Ratio (Times)	0.93	1.25
Quick Ratio (Times)	0.46	0.61
Cash flow Liquidity Ratio (Times)	0.72	0.66
Account Receivable Turnover Ratio (Times)	7.76	7.61
Average Collection Period (Days)	46	47
Inventory Turnover Period (Days)	18	17
Average Payable Period (Days)	17	15
Cash Cycle (Days)	47	49
Total Debt to Equity Ratio (Times)	0.78	0.55
Interest Coverage Ratio (Times)	53.85	22.90
Debt Service Coverage Ratio (Times)	2.45	1.74

### (3) Asset Management Capability

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

The Corporate Group's trade accounts receivable and other accounts receivable as at September 30, 2017 account for 16.57 percent of the total assets with 84.41 percent not yet due for payment. The Corporate Group has established policy for setting provision or allowance for doubtful debts which is based on the analysis of accounts receivable aging and assessment of past debt collection experience. Accordingly, the Corporate Group has experienced very little bad debts and has not found any irregularity in 2017 and there was no bad debt in the past year 2016.

#### (3.2) Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at September 30, 2017 accounts for 19.67 percent of the total assets, of which 29.05 percent are finished products, 24.20 percent are work in progress and 31.80 percent are raw materials. The Corporate Group conducts inventory inspection every month and has employed accounting policy for setting provision for deteriorated inventory based on product life which is based on the generally accepted accounting standards.

### (4) Liquidity and Capital Sufficiency

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



The Corporate Group's total debt to equity ratio as at September 30, 2017 was at 0.59 times, a decrease from end of year 2016, due to the decrease in total liabilities from the end of 2016 of 15.44 percent but the shareholders' equity increased from the end of year 2016 by 0.84 percent, and the interest coverage ratio was at 81.15 times, an increase from end of 2016, due to an increase in annualized cash flow from operating activities from the previous year of 33.46 percent and decrease in annualized interest on loan from the previous year of 29.81 percent.



The Corporate Group's current ratio as at September 30, 2017 was 1.17 times, an increase from the end of year 2016, due to the decrease in current assets of 5.81 percent but there were decrease in current liabilities of 17.61 percent and the quick ratio of 0.57 times, which increased from the end of year 2016, due to the decrease in inventory by 3.66 percent and the cash flow liquidity ratio was 0.86 times, an increase from end of year 2016, due to the increase in annualized cash flow from operating activities from the previous year by 33.46 percent.



The Corporate Group's cash cycle as at September 30, 2017 was 45 days, a decrease from the end of year 2016 by 5 days as the average collection period decreased by 4 days and average payable period increased by 2 days but there was an increase in inventory turnover period of 1 day.



The Corporate Group's debt service coverage ratio increased from 2.59 times as at end of year 2016 to 5.20 times as at September 30, 2017 due to an increase in annualized EBITDA from end of year 2016 of 3.96 percent, a decrease in long-term loan and financial lease liabilities due within one year of 51.17 percent and a decrease in loan interest payment of 29.81 percent.

## **(5) Debt Obligation**

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Currently, the Corporate Group has obligations according to terms and conditions of the loan agreement with only one commercial bank at this time as follows.

(5.1) Loan Agreement in AAC-1 Project: The Corporate Group entered into a long-term loan agreement of Baht 500 million. This loan bears interest at fixed rate of 4.35 percent per annum from the first withdrawal date to June 30, 2013 and from July 1, 2013 to June 30, 2018 bearing interest at fixed rate of 5.10 percent per annum. As at June 30, 2015, the Corporate Group has repaid its long-term loan for a total of Baht 305 million. In addition, the Corporate Group entered into a long-term loan agreement of Baht 250 million with a financial institution in June 2015 for the loan repayment above. This loan bears interest at 3-month THBFIX plus 1.05 percent per annum. Accordingly, the Corporate Group also has interest rate swap contracts with this financial institution to swap a 3-month THBFIX floating rate plus 1.05 percent per annum to averaged fixed rate at 2.96 percent per annum for such long-term loan agreement. The contract term is 3 years up to December 2017. As at September 30, 2017, the outstanding loan balance was Baht 25 million.

As at September 30, 2017, the Corporate Group had long-term debt obligations with commercial banks totaling Baht 25 million. Accordingly, the Corporate Group must comply with the terms and conditions stipulated in the loan agreements, which state that the Total Debt to Equity Ratio (D/E Ratio) must not exceed 2 times and the Debt Service Coverage Ratio (DSCR) must not be less than 1.25 times. It appeared that as at September 30, 2017, the Corporate Group was able to maintain the above financial ratios as stipulated by such loan agreements.

## **(6) Factors Having Impact on Future Operating Results**

The Corporate Group expects that the overall market for construction materials during the second half of this year will be weakening due to impact from heavier rain than the previous year and severe flooding situation in the northeastern part region. Nonetheless, the consumers should return to the market for housing repairs after the rain has subsided. Moreover, the modern trade operators and construction materials retailers are still expanding their branches and group of project customers has also continued to develop new housing projects.