

Ref. DBP. 108 / 2019

August 13, 2019

Subject : Clarification on Operating Results for the 2nd quarter and 6-month Period ending June 30, 2019
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 2nd quarter and 6-month Period ending June 30, 2019 as follows.

The net profit of the Corporate Group for the 2nd quarter and 6-month Period ending June 30, 2019 was Baht 132.05 million and Baht 343.98 million, respectively. In comparison with the same period of previous year with the net profit of Baht 115.58 million and Baht 255.57 million, respectively, the net profit for the 2nd quarter increased by Baht 16.47 million or an increase of 14.25 percent and for the 6-month period, the net profit increased by Baht 88.41 million or an increase of 34.59 percent. However, if the extraordinary item from the sale of unused land of Baht 46.31 million and the provision for employee retirement benefits from 300 to 400 days of Baht 18.87 million had not been included, the net profit of the Corporate Group for the 6-month period would be Baht 316.54 million or an increase of 23.86 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. Satid Sudbuntad)
Chief Executive Officer

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

(For the Consolidated Financial Statements of the 2nd Quarter Ending June 30, 2019)

(1) Overall Operating Results


For the 2nd quarter 2019, the total revenue from sales and services of the Company and its Subsidiary (together referred to as the “Corporate Group”) was Baht 1,250.98 million, which increased from the same period of previous year by 11.17 percent and the net profit in the 2nd quarter 2019 was Baht 132.05 million, which increased from the same period of previous year by 14.25 percent. As for the 6-month period, the revenue from sales and services totaled Baht 2,580.16 million, an increase from the same period of previous year by 11.34 percent and the net profit was Baht 343.98 million, an increase from the same period of previous year of 34.59 percent. However, if the extraordinary item from the sale of unused land of Baht 46.31 million and the provision for employee retirement benefits from 300 to 400 days of Baht 18.87 million had not been included, the net profit of the Corporate Group for the 6-month period would be Baht 316.54 million or an increase of 23.86 percent, due to the fact that every distribution channel has expanded significantly, as well as effective cost management has resulted in maintaining profit margin at a good level.


(2) Analysis of Operating Results and Profitability


(2.1) Revenues from Sales and Services

| Description | Year 2019 | | Year 2018 | | Increase / (Decrease) | |
|---|-----------------|--------------------|-----------------|--------------------|-----------------------|-----------------|
| | Million Baht | % of Total Revenue | Million Baht | % of Total Revenue | Million Baht | % |
| <u>2nd Quarter (April – June)</u> | | | | | | |
| Revenues from Sales | 1,147.55 | 91.42 | 1,034.70 | 91.74 | 112.85 | 10.91 |
| Revenues from Services | 103.43 | 8.24 | 90.61 | 8.03 | 12.82 | 14.15 |
| Total Revenue from Sales and Services | 1,250.98 | 99.66 | 1,125.31 | 99.77 | 125.67 | 11.17 |
| Gain on Sales of Fixed Assets | 0.01 | - | 0.08 | 0.01 | (0.07) | (87.50) |
| Gain on Foreign Exchange Rate – Net | 1.51 | 0.12 | 0.20 | 0.02 | 1.31 | 655.00 |
| Other Revenue | 2.79 | 0.22 | 2.23 | 0.20 | 0.56 | 25.11 |
| Total Other Revenue | 4.31 | 0.34 | 2.51 | 0.23 | 1.80 | 71.71 |
| Total Revenue | 1,255.29 | 100.00 | 1,127.82 | 100.00 | 127.47 | 11.30 |
| <u>6-Month Period (January – June)</u> | | | | | | |
| Revenues from Sales | 2,361.09 | 89.10 | 2,129.61 | 91.65 | 231.48 | 10.87 |
| Revenues from Services | 219.07 | 8.27 | 187.84 | 8.08 | 31.23 | 16.63 |
| Total Revenue from Sales and Services | 2,580.16 | 97.37 | 2,317.45 | 99.73 | 262.71 | 11.34 |
| Gain on Sales of Fixed Assets | 62.94 | 2.38 | 0.10 | - | 62.84 | 62,840.00 |
| Gain on Foreign Exchange Rate – Net | 2.29 | 0.09 | 1.98 | 0.09 | 0.31 | 15.66 |
| Other Revenue | 4.63 | 0.16 | 4.01 | 0.18 | 0.62 | 15.46 |
| Total Other Revenue | 69.86 | 2.63 | 6.09 | 0.27 | 63.77 | 1,047.13 |
| Total Revenue | 2,650.02 | 100.00 | 2,323.54 | 100.00 | 326.48 | 14.05 |


The Corporate Group's total revenue in the 2nd Quarter 2019 increased from the same period of previous year by 11.30 percent, consisting of:


 Revenues from sales were Baht 1,147.55 million, which increased from the same period of previous year by Baht 112.85 million or 10.91 percent, due to the increase in sales revenue from roofing tiles and trusses.


 Revenues from services were Baht 103.43 million, which increased from the same period of previous year by Baht 12.82 million or 14.15 percent, due to the increase in the revenue from transportation fee increased by Baht 7.53 million and increase in the revenue from service fee of Baht 5.29 million.

 Other revenue was Baht 4.31 million, which increased from the same period of previous year by Baht 1.80 million or 71.71 percent, due to the increase in sales of scrap and gain on foreign exchange rate.

The Corporate Group's total revenue in the 6-month period of year 2019 increased from the same period of previous year by 14.05 percent, consisting of:

 Revenues from sales were Baht 2,361.09 million, which increased from the same period of previous year by Baht 231.48 million or 10.87 percent, due to the increase in revenue from sales of almost every type of products, including the roofing tiles, autoclaved aerated concrete blocks, siding boards and trusses.


 Revenues from services were Baht 219.07 million, which increased from the same period of previous year by Baht 31.23 million or 16.63 percent, due to the increase in revenue from service fee of Baht 22.23 million and increase in the revenue from transportation fee of Baht 9 million.


 Other revenue was Baht 69.86 million, which increased from the same period of previous year by Baht 63.77 million, due to revenue from the sale of unused land in Chon Buri province of Baht 63.30 million, increase in sales of scrap and gain on foreign exchange rate.

(2.2) Cost of Sales and Services


| Description | Year 2019 | | Year 2018 | | Increase / (Decrease) | |
|--|-----------------|--------------|-----------------|--------------|-----------------------|--------------|
| | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % |
| 2nd Quarter (April – June) | | | | | | |
| Cost of Sales | 823.96 | 65.87 | 743.99 | 66.11 | 79.97 | 10.75 |
| Cost of Services | 102.96 | 8.23 | 96.07 | 8.54 | 6.89 | 7.17 |
| Total Cost of Sales and Services | 926.92 | 74.10 | 840.06 | 74.65 | 86.86 | 10.34 |
| 6-Month Period (January – June) | | | | | | |
| Cost of Sales | 1,683.50 | 65.25 | 1,524.72 | 65.79 | 158.78 | 10.41 |
| Cost of Services | 216.88 | 8.41 | 193.50 | 8.35 | 23.38 | 12.08 |
| Total Cost of Sales and Services | 1,900.38 | 73.65 | 1,718.22 | 74.14 | 182.16 | 10.60 |


The Corporate Group's total cost of sales and services in the 2nd Quarter 2019 increased from the same period of previous year by 10.34 percent, consisting of:

 Cost of sales was Baht 823.96 million, which increased from the same period of previous year by Baht 79.97 million or 10.75 percent, due to the increase in product sales volume of 10.07 percent and from the increase in provision for employee retirement benefits of Baht 13.81 million.

 Cost of services was Baht 102.96 million, which increased from the same period of previous year by Baht 6.89 million or 7.17 percent, due to the increase in transportation cost of Baht 4.13 million and the increase in cost of services of Baht 2.76 million.

The Corporate Group's total cost of sales and services in the 6-month period of year 2019 increased from the same period of previous year by 10.60 percent, consisting of:




 Cost of sales was Baht 1,683.50 million, which increased from the same period of previous year by Baht 158.78 million or 10.41 percent, due to the increase in product sales volume of 8.15 percent and increase in raw material cost, salary and benefits of the employees, gas expenses and repair and maintenance expenses.

 Cost of services was Baht 216.88 million, which increased from the same period of previous year by Baht 23.38 million or 12.08 percent, due to the increase in cost of services of Baht 20.01 million and increase in transportation cost of Baht 3.37 million.




(2.3) Selling and Administrative Expenses

| Description | Year 2019 | | Year 2018 | | Increase / (Decrease) | |
|--|---------------|--------------|---------------|--------------|-----------------------|--------------|
| | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % |
| 2nd Quarter (April – June) | | | | | | |
| Selling Expenses | 31.60 | 2.53 | 33.06 | 2.94 | (1.46) | (4.42) |
| Administrative Expenses | 120.24 | 9.61 | 97.64 | 8.68 | 22.60 | 23.15 |
| Management's Remuneration* | 11.54 | 0.92 | 11.25 | 1.00 | 0.29 | 2.58 |
| Total Selling and Administrative Expenses | 163.38 | 13.06 | 141.95 | 12.61 | 21.43 | 15.10 |
| 6-Month Period (January – June) | | | | | | |
| Selling Expenses | 60.95 | 2.36 | 61.09 | 2.64 | (0.14) | (0.23) |
| Administrative Expenses | 237.29 | 9.20 | 203.05 | 8.76 | 34.24 | 16.86 |
| Management's Remuneration* | 19.78 | 0.77 | 19.02 | 0.82 | 0.76 | 4.00 |
| Total Selling and Administrative Expenses | 318.02 | 12.33 | 283.16 | 12.22 | 34.86 | 12.31 |
| Remarks: * Management means the director, chief executive officer or the next four executives succeeding the chief executive officer, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in accounting or finance departments. | | | | | | |

The Corporate Group's total expenses in the 2nd Quarter 2019 increased from the same period of previous year by 15.10 percent, consisting of:

-  Selling expenses were Baht 31.60 million, which decreased from the same period of previous year by Baht 1.46 million or 4.42 percent, due to the decrease in sales promotion expenses of Baht 5.52 million but there was an increase in salary and benefits of the employees of Baht 3.39 million from the increase in provision for employee retirement benefits of Baht 1.70 million.
-  Administrative expenses were Baht 120.24 million, which increased from the same period of previous year by Baht 22.60 million or 23.15 percent, due to the increase in salary and benefits of the employees of Baht 16.15 million from the increase in provision for employee retirement benefits of Baht 8.07 million and increase in other expenses of Baht 6.28 million..
-  Management's remunerations were Baht 11.54 million, which increased from the same period of previous year by Baht 0.29 million or 2.58 percent.

The Corporate Group's total expenses in the 6-month period of year 2019 increased from the same period of previous year by 12.31 percent, consisting of:

-  Selling expenses were Baht 60.95 million, which decreased from the same period of previous year by Baht 0.14 million or 0.23 percent, due to the decrease in sales promotion expenses of Baht 5.54 million but there was an increase in salary and benefits of the employees of Baht 3.99 million from the provision for employee retirement benefits.
-  Administrative expenses were Baht 237.29 million, which increased from the same period of previous year by Baht 34.24 million or 16.86 percent, due to the increase in salary and benefits of the employees of Baht 21.05 million from the provision for employee retirement benefits, increase in the fee and commission from the sale of unused land of Baht 5.43 million and increase in other expenses of Baht 7.73 million.
-  Management's remunerations were Baht 19.78 million, which increased from the same period of previous year by Baht 0.76 million or 4 percent.

(2.4) Profitability

| Description | Year 2019 | | Year 2018 | | Increase / (Decrease) | |
|---|--------------|------------|--------------|------------|-----------------------|-------|
| | Million Baht | % of Sales | Million Baht | % of Sales | Million Baht | % |
| 2nd Quarter (April – June) | | | | | | |
| Revenues from Sales and Services | 1,250.98 | 100.00 | 1,125.31 | 100.00 | 125.67 | 11.17 |
| Costs of Sales and Services | 926.92 | 74.10 | 840.06 | 74.65 | 86.86 | 10.34 |
| GP | 324.06 | 25.90 | 285.25 | 25.35 | 38.81 | 13.61 |
| EBITDA | 223.55 | 17.87 | 205.01 | 18.22 | 18.54 | 9.04 |
| EBIT | 164.99 | 13.19 | 145.81 | 12.96 | 19.18 | 13.15 |
| NP | 132.05 | 10.56 | 115.58 | 10.27 | 16.47 | 14.25 |
| EPS (Baht per Share) * | 0.14 | | 0.12 | | 0.02 | 16.67 |
| Weighted Average Number of Ordinary Shares (Million Shares) * | 947.96 | | 947.96 | | - | - |
| 6-Month Period (January – June) | | | | | | |
| Revenues from Sales and Services | 2,580.16 | 100.00 | 2,317.45 | 100.00 | 262.71 | 11.34 |
| Costs of Sales and Services | 1,900.38 | 73.65 | 1,718.22 | 74.14 | 182.16 | 10.60 |
| GP | 679.78 | 26.35 | 599.23 | 25.86 | 80.55 | 13.44 |
| EBITDA | 548.08 | 21.24 | 440.98 | 19.03 | 107.10 | 24.29 |
| EBIT | 431.63 | 16.73 | 322.17 | 13.90 | 109.46 | 33.98 |
| NP | 343.98 | 13.33 | 255.57 | 11.03 | 88.41 | 34.59 |
| EPS (Baht per Share) * | 0.36 | | 0.27 | | 0.09 | 33.33 |
| Weighted Average Number of Ordinary Shares (Million Shares) * | 947.96 | | 947.96 | | - | - |
| Return on Equity (ROE) (%) | 31.77% | | 20.78% | | 10.99% | |
| Return on Assets (ROA) (%) | 21.45% | | 13.74% | | 7.71% | |
| Remark: * Calculated based on the number of issued and paid-up ordinary shares deducted by the number of treasury share GP = Gross Profit, EBITDA = Earnings before Interest, Tax, Depreciation & Amortization, EBIT = Earnings before Interest & Tax, NP = Net Profit after Tax, EPS = Net Earnings per Share | | | | | | |

Gross Profit (GP)




The Corporate Group's gross profit in the 2nd Quarter 2019 was Baht 324.06 million, an increase from the same period of previous year by Baht 38.81 million or 13.61 percent, due to the increase in revenues from sales and services of 11.17 percent but there was an increase in costs of sales and services of 10.34 percent.




The Corporate Group's gross profit in the 6-month period of year 2019 was Baht 679.78 million, an increase from the same period of previous year by Baht 80.55 million or 13.44 percent, due to the increase in revenues from sales and services of 11.34 percent but there was an increase in costs of sales and services of 10.60 percent.


Net Profit (NP)


The Corporate Group's net profit and net earnings per share in the 2nd Quarter 2019 as follows:

 The Corporate Group's net profit was Baht 132.05 million, an increase from the same period of previous year by Baht 16.47 million or 14.25 percent, due to the increase in gross profit margin of 13.61 percent despite the increase in selling and administrative expenses of 15.10 percent.


 The Corporate Group's net earnings per share was Baht 0.14 per share, an increase from the same period of previous year of Baht 0.02 per share or 16.67 percent, due to the increase in net profit of 14.25 percent.


The Corporate Group's net profit and net earnings per share in the 6-month period of year 2019 as follows:

 The Corporate Group's net profit was Baht 343.98 million, an increase from the same period of previous year by Baht 88.41 million or 34.59 percent, due to an increase in gross profit margin of 13.44 percent and net income on extraordinary item from the sale of unused land of Baht 46.31 million despite the increase in selling and administrative expenses of 12.31 percent.


 The Corporate Group's net earnings per share was Baht 0.36 per share, an increase from the same period of previous year of Baht 0.09 per share or 33.33 percent, due to the increase in net profit of 34.59 percent.


EBITDA

 The Corporate Group's EBITDA in the 2nd Quarter 2019 was Baht 223.55 million, an increase from the same period of previous year by Baht 18.54 million or 9.04 percent, due to the increase in gross profit margin of 13.61 percent despite the increase in selling and administrative expenses excluding depreciation of 15.60 percent.

 The Corporate Group's EBITDA in the 6-month period of year 2019 was Baht 548.08 million, an increase from the same period of previous year by Baht 107.10 million or 24.29 percent, due to the increase in gross profit margin of 13.44 percent and income from the extraordinary item from the sale of unused land of Baht 63.30 million (before reduction of corporate income tax) despite the increase in selling and administrative expenses excluding depreciation of 12.93 percent.


Earnings Efficiency


 **Return on Equity (ROE):** The Corporate Group's ROE increased from 20.78 percent as at end of 2018 to 31.77 percent as at June 30, 2019 or an increase of 10.99 percent, due to an increase in annualized projected annual net profit of 62.70 percent but there was an increase in the shareholders' equity of 6.41 percent from the previous year.


 **Return on Assets (ROA):** The Corporate Group's ROA increased from 13.74 percent as at end of 2018 to 21.45 percent as at June 30, 2019 or an increase of 7.71 percent, due to an increase in annualized projected annual net profit of 62.70 percent but there was an increase in total assets of 4.23 percent from the previous year.

(2.5) Financial Position

| Description | Statement of Financial Position | | Increase / (Decrease) | |
|--|---------------------------------|-------------------------|-----------------------|--------|
| | As at June 30, 2019 | As at December 31, 2018 | | |
| | Million Baht | Million Baht | Million Baht | % |
| Total Assets | 3,277.20 | 3,137.70 | 139.50 | 4.45 |
| Total Liabilities | 1,021.86 | 1,061.61 | (39.75) | (3.74) |
| Total Shareholders' Equity | 2,255.34 | 2,076.09 | 179.25 | 8.63 |
| Weighted Average Number of Ordinary Shares (Million Shares)* | 947.96 | 947.96 | - | - |
| Book Value (Baht per Share)* | 2.38 | 2.19 | 0.19 | 8.68 |
| 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 June 30, 2019 increased from the end of year 2018 by Baht 139.50 million or 4.45 percent, due to net increase in trade accounts receivable and other accounts receivable of Baht 96.86 million, increase in fixed assets of Baht 51.09 million, increase in cash and cash in bank of Baht 11.69 million, increase in other current assets and other non-current assets of Baht 7.15 million, increase in deferred income tax of Baht 4.43 million and increase in intangible assets of Baht 1.11 million but there were a net decrease in inventory of Baht 7.38 million and decrease in non-current assets classified as held for sale (unused land) of Baht 25.45 million.

 The Corporate Group's total liabilities as at June 30, 2019 decreased from the end of year 2018 by Baht 39.75 million or 3.74 percent, due to the decrease in short-term loan of Baht 143 million, decrease in other current liabilities of Baht 4.89 million and decrease in financial lease liabilities of Baht 3.36 million but increase in trade accounts payable and other accounts payable of Baht 35.58 million, increase in current income tax payable of Baht 54.73 million and increase in provision for post-employment benefits obligation of Baht 21.19 million.

 The Corporate Group's total shareholders' equity as at June 30, 2019 increased from the end of year 2018 by Baht 179.25 million or 8.63 percent, due to the increase in net profit of Baht 343.98 million and gain projection based on actuarial science method for employee benefits program of Baht 5.90 million, but there was a dividend payment of Baht 170.63 million, resulting in an increase in share book value from Baht 2.19 per share as at end of year 2018 to Baht 2.38 per share as at June 30, 2019.

(2.6) Cash Flows

| Description | Unit: Million Baht | |
|--|--------------------|-----------|
| | Year 2019 | Year 2018 |
| Cash Flows from (used in) Operating Activities | 404.66 | 362.66 |
| Cash Flows from (used in) Investing Activities | (72.35) | (29.09) |
| Cash Flows from (used in) Financing Activities | (320.62) | (332.77) |
| Unrealized exchange gain (loss) of cash and cash equivalents | 0.00 | 0.03 |
| Cash Increase (Decrease) – Net | 11.69 | 0.83 |
| Cash at the Beginning of the Period | 20.31 | 23.83 |
| Cash at the Ending of the Period | 32.00 | 24.66 |
| CFROE = Cash Flow Return on Equity Increase (Decrease) (%) | 36.85% | 34.75% |



The Corporate Group's net cash from operating activities in the 2nd Quarter 2019 was Baht 404.66 million, which was lower than the net profit before tax by Baht 23.44 million, due to the transactions that did not affect the cash such as depreciation of assets and amortization of Baht 116.45 million, increase in other non-current liabilities of Baht 28.57 million, increase in trade accounts payable and other accounts payable of Baht 27.51 million, net decrease in inventory of Baht 7.38 million and decrease in other non-current assets of Baht 0.34 million but there were net increase in trade accounts receivable and other accounts receivable of Baht 96.71 million, increase in other current assets of Baht 7.30 million, decrease in other current liabilities of Baht 1.08 million, increase in income from the sale of unused land of Baht 63.30 million and payment of accrued corporate income tax for year 2018 of Baht 35.30 million.



The Corporate Group's net cash used in investing activities in the 2nd Quarter 2019 was Baht 72.35 million, due to cash payment for the purchase of fiber cement machinery (NT-11) of Baht 81.54 million, cash payment for tools and equipment replacement after their useful life of Baht 73.21 million, cash advance payment for purchase of assets of Baht 5.61 million and cash payment for intangible assets of Baht 3.08 million but there were cash received from the sale of unused land of Baht 88.74 million, cash received from sale of damaged and unusable assets of Baht 2.32 million and cash received from interest of Baht 0.03 million.



The Corporate Group's net cash used in financing activities in the 2nd Quarter 2019 was Baht 320.62 million, due to the repayment of short-term loan of Baht 143 million, dividend payment of Baht 170.63 million, interest payment of Baht 3.17 million and repayment of financial lease of Baht 3.82 million.

(2.7) Financial Ratios

| Financial Ratios | As at June 30, 2019 | As at December 31, 2018 |
|---|---------------------|-------------------------|
| Current Ratio (Times) | 1.67 | 1.48 |
| Quick Ratio (Times) | 0.80 | 0.65 |
| Cash flow Liquidity Ratio (Times) | 0.89 | 0.54 |
| Account Receivable Turnover Ratio (Times) | 9.24 | 8.58 |
| Average Collection Period (Days) | 39 | 42 |
| Inventory Turnover Period (Days) | 13 | 19 |
| Average Payable Period (Days) | 16 | 18 |
| Cash Cycle (Days) | 36 | 43 |
| Total Debt to Equity Ratio (Times) | 0.45 | 0.51 |
| Interest Coverage Ratio (Times) | 136.93 | 72.99 |
| Debt Service Coverage Ratio (Times) | 80.13 | 56.23 |

(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 June 30, 2019 account for 19.83 percent of the total assets with 82.88 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 2019 and there was no bad debt in the past year 2018.

(3.2) Inventory and Deterioration or Obsolete

The Corporate Group's inventory as at June 30, 2019 accounts for 23.03 percent of the total assets, of which 14.68 percent are finished products, 20.30 percent are work in progress and 53.11 percent are raw materials. The Corporate Group conducts inventory inspection every month and has employed accounting policy for setting provision for deteriorated inventory based on product life which is based on the generally accepted accounting standards.

(4) Liquidity and Capital Sufficiency

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



The Corporate Group's total debt to equity ratio as at June 30, 2019 was at 0.45 times, a decrease from end of year 2018, due to the decrease in total liabilities from the end of 2018 of 3.74 percent but the shareholders' equity increased from the end of year 2018 by 8.63 percent and the interest coverage ratio was at 136.93 times, an increase from end of 2018, due to an increase in annualized cash flow from operating activities from the previous year of 66.58 percent and decrease in annualized interest on loan from the previous year of 12.10 percent.



The Corporate Group's current ratio as at June 30, 2019 was 1.67 times, an increase from the end of year 2018, due to an increase in current assets of 5.98 percent and decrease in current liability of 6.29 percent and the quick ratio of 0.80 times, which increased from the end of year 2018, due to a decrease in inventory of 0.97 percent and decrease in current liability of 6.29 percent and the cash flow liquidity ratio was 0.89 times, an increase from end of year 2018, due to the increase in annualized cash flow from operating activities from the previous year of 66.58 percent.



The Corporate Group's cash cycle as at June 30, 2019 was 36 days, a decrease from the end of year 2018 by 8 days due to the decrease in average collection period of 4 days and decrease in inventory turnover period of 6 days but the average payable period decreased by 2 days.



The Corporate Group's debt service coverage ratio increased from 56.23 times as at end of year 2018 to 80.13 times as at June 30, 2019 due to an increase in annualized EBITDA from end of year 2018 of 42.73 percent and a decrease in annualized interest on loan payment of 12.10 percent but the financial lease liabilities due within one year increased by 17.63 percent.

(5) Debt Obligation

The Corporate Group has policy to mitigate risk from interest fluctuation by taking long-term loan with fixed interest rate. Accordingly, as at June 30, 2019, the Corporate Group had no long-term debt obligation to comply with the terms and conditions of the loan agreement with the commercial bank.

(6) Factors Having Impact on Future Operating Results

With a slowdown in country economic conditions and rainy season to begin in the third quarter of the year, a slowdown in the real estate sector is anticipated. Nonetheless, the Corporate Group still adheres to its strategy, namely "**Complete Set of Beauty, Entirely Filled with Diamond Brand**", through every distribution channel, as well as continuous expansion of sales and marketing base in both domestic and overseas to continue the Corporate Group's growth rate, along with effective cost management to maintain profit margin target.