
Annual Report 2013

The Royal Ceramic Industry Public Company Limited

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THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED
BOR.MOR.JOR. 360

Message from the Chairman

Under current circumstance of the domestic and international changes rapid and more complex make predictions is more difficult, The Royal Ceramic Industry Public Company Limited (RCI) need to evaluate the effect of various opportunities to enhance the revenue, cost, quality and development of employee . By the year 2013 ,the company has adjusted new layout in order to fast and more efficient of decision making and control.

RCI have adopted new innovation to increase the efficiency of production by use Digital Printing machine to enhance the beauty and add value of product . Complementary to reduce costs in the manufacturing process by Dry Process for preparing the powder instead of current process. With the commitment of the management to increase profits by announce a policy to reduce cost across the organization . As a result ,company can reduce production cost, Administrative expense and Selling expense. The Company can change a loss to a profit company .

To increase the liquidity , the company have issued shares in October 2013 purpose for use in working capital and can reduce financial cost effectively. The company has also been featured as a part of society. Including focus on neighboring communities as well . And continue supporting projects that benefit the environment and social.

The company continues to be a major part of society including focus on the common good for the surrounding community by supporting the social and the surrounding community in different ways. As well as measures to protect the environment and maintain strict the environment management.

Finally, on behalf of the company committee, I would like to thank you the Managements, Employees and all related parties that devoted the company's operation in the year 2013 together with the Shareholders and Customer that respect for our values. I would like to thank you all the stakeholder including the government sector and private sector that supported the company operation.



Miss Paweena Laowiwatwong
Chairman

1. The Policy

1.1 Business Goals

The company's target of business operation is to manufacture, import, and distribute ceramic tiles, and clay tile designed for floor and wall cover of high quality in order to meet market demand both domestic and overseas, where the company intends to expand businesses in a continuous and constant manner so that it equivalence of the market demand growth, including the preservation of company market shared.

Likewise, the company focuses on maximizing potentials in competing with other ceramic tile manufacturers, both domestic and overseas, through the following development.

1. Constantly developing product quality, design and its form as well as machinery and equipment technology innovation with the intention of adding values to products, minimizing production cost, and maximizing production efficiency plus enhancing capacity in continuous customer services.
2. Developing expertise in operation towards executives and employees at all levels in accordance with their functional responsibilities, in order to handle the higher competition.

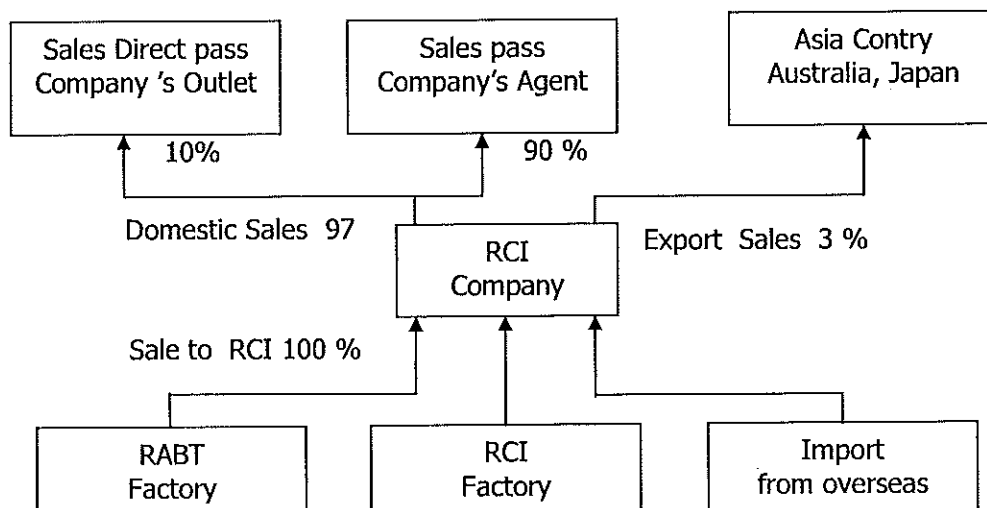
Apart from the company business operation, the company is also conscious of preserving the environment with the most minimal impacts on the surroundings, along with maintaining decent relationship with and support to the community in the vicinity of factories.

1.2 Business Outlook

The company is the manufacturer ,distribution and importer of ceramic tile, clay tile designed for floor and wall usage. The major income of the company is devoted to internal production of tiles at the approximately 90% proportion, whilst the remaining fraction involves imported tiles.

The company accentuates on product trading locally at the approximately 97% portion of the company sales total, while the remaining value is dedicated to exporting to overseas market, of which the majority proceed trading through nationwide sales representatives at roughly 90% of domestic sales. The remaining fraction is from direct distribution through a variety of projects and direct sales from two RCI outlets, currently operating affront the company factory in Saraburi Province, on Ratchapruek Road in Nonthaburi Province.

Company 's Business Structure



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With economic slowdown together with political factors was resulted in the Company's sales in the year 2013 was dropped from the year 2012 by 5.22 percent. However, with the determination and the policy to reduce cost that caused the decrease in production cost such as costs of raw material were reduced from price negotiation ,bid such as packaging which came from the improvement of production process, all of these activities had affected the gross profit by increasing it from 30.70 percent to 31.81 percent together with the decrease of selling expenses from the administration to reduce cost in transportation expense and restructure of sales promotion including administrative expense by restructure of administration etc. Although sales and administrative expenses decreased by approximately 22.02 percent which was resulted in the Company's operating profit is at the amount of Baht 45.6 million increased by Baht 66.7 million as compared to the loss in the year 2012 at the amount of Baht 21 million.

Revenue Structure

Sales from floor and wall ceramic tiles during 2011-2013 (Consolidated F/S)

Channel	2011		2012		2013	
	Sales (MB)	(%)	Sales (MB)	(%)	Sales (MB)	(%)
1. Ceramic Tiles : Domestic	1,020	97	1,043	97	999	98.33
2. Ceramic Tiles : Export	27	3	28	3	17	1.67
Total Sales	1,047	100	1,071	100	1,016	100
% Change	(3.94)		2.29		(5.22)	

2.Types of Business Operation

2.1 Profile, changes and major developments of the Company

- The Company was set up on September 11, 1969 with initial registered capital worth 5 million baht.
- The Company was listed in the Stock Exchange of Thailand on September 28, 1989 with 180 million baht registered capital.
- The Company increased registered capital to 220 million baht on May 23, 1991 and registered as a public company on April 19, 1994.
- The Company increased registered capital to 314.29 million baht on December 28, 2000.
- In 2005, the Company invested 100 Million baht in machineries as to enhance production efficiency and to replace the old ones.
- In 2005, at the Ordinary Shareholders' Meeting No. 1/2005 on December 23, 2005 had the resolution to invest in The Royal Asia Brick & Tile Company Limited as to expand product lines and for the growth of the company.
- In 2006, the shareholders' meeting had endorsed the change of stock value from 10 baht per share into 1 baht per share. The change became effective on May 15, 2006.
- In 2007, the Company expanded distribution channel by opening two new RCI outlets to sell products directly from the factory.
- In 2008, The Company bought the building and machines for producing the decorated tiles in the amount of 22 Million baht and also added the new product lines were grout and adhesive for tile fixing.
- In 2010, The Company decided to cancel the grout and adhesive for tile fixing, because of product is not make profit.

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- In 2011, The Company cannot comply with the resolution of The Extraordinary General Meeting of Shareholders 1/2011, due to the company received the notice letter from the shareholders of the VSSL Enterprise Company Limited dated October 5, 2011. They cannot comply to some conditions and desire to cancel to invest in the Company.
- In year 2012, The Royal Ceramic Industry PLC (RCI) has the significant change in the shareholder structure. Since April 4'2012, the company got the approval from the Annual General Shareholder Meeting for the partial tender offer from The Union Mosaic Industry PLC (UMI) in order to support the company operation and technical assistance including the administrative and manufacturing management that effect to the cost reduction and create the business partner in ceramic industry. From the tender offer during May 14 – Jun 18'2012 from UMI effected to the shareholder structure as of July 2'2012 that The Union Mosaic Industry PLC (UMI) became the major share of The Royal Ceramic Industry PLC (RCI).
- In the year 2013, The Company have investment in Digital Printing machine and Dry Dry Process to enhance the beauty and add value of product and reduce costs in the manufacturing process and has been agreed to propose the Extraordinary Meeting of Shareholder No.1/2013 held on September 26th, 2013 approved a capital increase of the company. The objective is to use as working capital from 314,285,710 Baht to 480,000,000 Baht divided in to 480,000,000 shares with par value of 1 Baht by the issuance of 165, 714,290 new ordinary shares at par value of 1 Baht per share and The company have registered capital increase that to Ministry of Commerce on 9th October 2013 . The company allocated shares shall not exceed 82,857,145 shares at par value of 1 Baht per shares which will be offered to existing shareholders by holding 4 old shares for 1 new share at price of Baht 2.5 per shares and made to issue and allot of the Warrants of the Company No. 1 (RCI-W1) with the amount of not more than 82,857,145 shares at par value of 1 Baht per shares.
- Issued warrants RCI-W1 to be allocated to existing shareholders who have the right to subscribe for shares of the company in respect of RCI-W1 warrants 82,857,145 units in total which is offered at no cost with and exercise price at Baht 3.00 per share, which will be allocated to existing shareholders who have the right to subscribe for shares of the company . By holding four shares per 1 warrant 1 unit. The company will conduct warrants later in this section of the company performed allotment to existing shareholder who have the right to subscribe for shares.

The Company has issued and allotted the warrants representing the right to purchase newly issued ordinary share of the Company No. 1 (RCI-W1) to existing shareholders at the amount of not exceeding 82,857,145 units, allotted to shareholders who subscribe to newly issued ordinary shares at the ratio of 1 newly issued ordinary share to 1 unit of RCI-W1 with term of warrants is 2 years and specified exercise date is on the last day of 1st year and the last day of 2nd year. The first exercise date is on October 22nd, 2014 and the last exercise date is on October 22nd, 2015.

On October 21st, 2013 the Company has informed the Stock Exchange of Thailand (SET) about the amount of capital increase ordinary shares that was offered for sales, was resulted in the actual amount of capital increase ordinary shares of 74,449,652 shares. Therefore, the Company received the approval that the said capital increase shares started to trade on the SET from November 1st, 2013 onwards. Moreover, the Company has already registered paid-up capital increase with the Ministry of Commerce on October 24th, 2013.

2.2 Business Operation of each type of product

2.2.1 Type of products or services

Royal Ceramics Industry Public Company Limited's business includes manufacturing and importing premium, best quality ceramic tiles with high standards for both wall and floor tile installations. The company has been awarded the recognized ISO 9001:2008 Certification. We develop products in a wide selection of styles, designs and sizes in order to basically meet the needs of domestic consumers. Moreover, some of our products are also distributed to overseas markets.

Currently, the Company's tile products can be divided into three main categories:

1. Glazed Wall Tile is normally recommended for wall application. It can be plain wall tiles such as Monoporosa tile, special design tiles or decorative tiles using the so-called Third Firing Technique.
2. Porcelain Tile is produced by implementing the world's finest ceramic tile production technique, burnt at a high temperature of 1,200 degrees Celsius resulting in more solid and durable tiles than natural stone and other types of ceramic tile; yet delivering the same beauty and appearance as natural stone. Additionally, its water absorption rate is considerably low so it is appropriate for both wall and floor tiling.
3. Clay Tile is made by the extrusion processing technology resulting in tiles with high strength and durability due to the density of tiles rolled out by vacuum system. With this technique, tiles can be produced in a variety of forms which are suitable for indoor or outdoor applications, high load capacity bearing as well as extremely resistant for industrial heavy duties.

2.2.2 Distribution and Distribution Channels

The Company puts an emphasis on the domestic distribution channels through more than 380 selling agents all over the country. In year 2013 the Company has conducted joint marketing activities with the selling agents to promote sales and maintain positive and continuous relationships as well as to strengthen our distribution channels. Besides, we also encouraged direct sales to project customers via our project sales in collaboration with the local selling agents in each respective project area. Furthermore, the Company introduced two outlets to provide end users directly from our own factory. The current operation of the two outlet locations include: 1) in front of the factory – Saraburi Province, 2) on Ratchapruk Road - Nonthaburi Province.

For exports, the Company has exported to Southeast Asian countries, Taiwan, Japan, Australia, New Zealand, India, Korea and Hong Kong, Laos, Burmese, etc.

2.3 Productions for Distribution

1) Factory

1. The Royal Ceramic Industry PLC , Mill location: No. 54/7 Village No. 3 Suwannasorn Road, Khokyaee, Sub-district, Nongkhae District, Saraburi Province .
2. The Royal Asia Brick and Tiles Co.,Ltd , Mill location: No. 54/7 Village No.3 Suwannasorn Road, Khokyaee, Sub-district, Nongkhae District, Saraburi Province.

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2) Productivity and Performance of Process

The company have performance of processing by type of production as follows :

Company	Type Production	Productivity Million Sqm./ Year
The Royal Ceramic Industry PLC	Wall Tile	4.32
	Decorative Tile	0.15
	Porcelain Tile	0.50
	Floor Tile	1.05
The Royal Asia Brick and Tiles Co.,Ltd.	Clay Tile	0.78
Total		6.80

Note The company ordered material in local such as clay, stone, mineral, color, chemicals on proportion about 78% and a part remain ordered from overseas. For The Royal Asia Brick and Tiles Co.,Ltd. majority more than 95% for material local .

The Royal Asia Brick and Tiles Co.,Ltd. is producer and distributor clay tiles by themselves and sells to RCI for agent distribution . Moreover the company imports tiles from overseas for distribution about 0.40 million square meter per year.

3. Risk Factors

Risk factors that may affect the return on investment, therefore risk management is important process to help the Company to achieve goal and target that will lead to generate benefit to organization, shareholders, and various stakeholders and potential risk factors can be classified as follows:

Risk from production cost

The Company may receive an impact from fluctuation of main raw materials price, fuel price, and labor cost which are main production costs. However, the Company has developed efficiency and effectiveness in production to support costs that might increase in the future such as applying new innovations by using dry process to replace present system in producing powder, making join procurement on the same raw materials that affiliated companies used in order to have bargain power with sellers, reducing gas consuming in production process by continuing to improve and maintain machineries, and reinforcing employees' expertise in production to minimize the damage ratio resulted from production process etc.

Risk from business competition

With the highly competition situation and the regional economic of ASEAN Economic Community (AEC) shall be integrated by 2015 may affect the Company from imported products with cheaper price when it is the time to enter AEC, more price and quality competition shall also be intensity. The Company has take action in risk management developing products to be high quality and value added by bringing in new modern technology together with the Company has still kept and carried on ISO 9001: 2008 standard and Thai Industrial Standard

Institute (TISI) to continuously improve and develop products quality including expanding distribution channels such as increasing in project sales and export sales for example in Myanmar.

Risk from currency exchange

The uncertainty of currency exchange is one of the factors that will affect the operation of the Company, so the Company has tried to reduce the said risk by using financial tools for example making a forward contract in purchasing products from foreign countries.

Risk from interests rate

The Company is under obligation to pay interest for its borrowing from financial institutions. If the loan interest rates increase, the Company will have extra burdens in interest expenses. Consequently, the Company attempts to reduce the liabilities whenever there is cash flow surplus. Furthermore, the Company management is substantially prudent in incurring additional liabilities. In order to reduce interest burden and make debt payment, the Company has issued capital increase ordinary shares to get money to increase liquidity and decrease interest expenses from liabilities etc.

Reputational risk

Corporate image and reputation is important risk. The Company has realized that if social or community cannot stand, business shall also not survive. Therefore, the Company need to have production process that is environmentally friendly and control the release of pollution within criterion or better than those specified by law.

Risk about health and safety in the workplace

The Company has given the important to health and safety of workers and business partners by specifying to have code of practice to prevent what might happen from machinery, factory area, workplace for example specifying that safety is the important indicator which has to follow and report monthly analyzing characteristics of non-safety works, survey and assessment of risk and hazards, monitoring environmental situation in workplace, light, sound, and dust that will have affected on worker health, giving knowledge for better understanding to workers, business partners, and the third persons. As well as the company will apply The OHSAS 18001 system within year 2014 .

Risk from natural disaster

Disaster is hard to predict but from history and various available information can be used to support the decision making to avoid and to sustain danger that might happen. On probability to happen of disaster or loss that may occur, the Company has arranged to have systematic contingency plan to serve in each case of natural disaster from fire or flood by informing every employee to know what to do when disaster takes place. Moreover, there is an insurance to cover all of the said cases.

Political risk

Since the problems from political conflicts both domestic and abroad are much violent which may affect products sales, and transportation, the Company has already planned about the management of raw materials and necessary materials for sufficient production not to cause the production process to discontinue that will be drawn back result to the delivery of goods to customers

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4. General Information

Company Information

Company's name: The Royal Ceramic Industry PLC., Registered No. BorMorJor. 360
Product: Manufacturer, Importer and Distributor of Floor Tiles and Wall Tiles
Office location: No. 65/225 Chamnan Phenjati Business Center 27th Fl., Rama 9 Road, Huaykwang Bangkok 10320
Tel: 0-2643-0222, 0-2643-0753-9 Fax: 0-2643-0948-9
Mill location: No. 54/7 Village No. 3 Suwannasorn Road, Khokya Sub-district, Nongkhae District, Saraburi Province 18230
Tel: 0-3630-5249-57 Fax: 0-3637-9028
Registered capital: 480,000,000 ordinary shares, 1.00 baht per share (Change Registered capital as of October 24, 2013)
Paid-up capital: 388,735,362 baht

Company share registrar

Company name: Securities Depository Center (Thailand) Co., Ltd.
Office location: No. 62 Stock Exchange of Thailand Building Floor 4, 5-7 Ratchadaphisek Road, Khlongtoey Sub-district, Khlongtoey District, Bangkok 10110 Tel: 0-2359-1200-1 Fax: 0-2239-1259

Company's Auditor

Company Name: Ernst & Young Office Limited
Office location: 33rd floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Rd. Klongtoey, Bangkok 10110
Tel. 0-2264-0777, 0-2661-9190 Fax. 0-2264-0789-90

Information of Shareholding of the company in other companies

Security Name: The Royal Asia Brick and Tile Company Limited (Ordinary shares)
Office location: No. 65/225 Chamnan Phenjati Business Center 27th Fl., Rama 9 Road, Huaykwang Bangkok 10320
Tel: 0-2643-0222, 0-2643-0753-9 Fax: 0-2643-0948-9
Number of shares: 79,994 shares, equal to 99.99 per cent of registered 80,000 shares, value at 1,000 baht per share.

Security Name: Baan Somthavil Co., Ltd. (Ordinary shares)
Office location: No. 1 Mahadlekluang 3 Lane, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330
Tel: 0-2650-2100-11 Fax: 02-254-0370
Number of shares: 450,000 shares, equal to 45 percent of registered 1,000,000 shares, value at 25 baht per share

5. Shareholders

1. Top twenty major shareholders as of March 13th, 2014

No.	Name - Surname	No. of Shares	Percent
1.	The Union Mosaic Industry Public Company Limited	125,424,488	32.26%
2.	Mr. Aphisak Tepphadungporn	16,327,200	4.20%
3.	Miss. Sunee Anantaprakorn	12,000,000	3.08%
4.	Thai NVDR Co., Ltd	11,179,450	2.87%
5.	Mr. Thanes Russameesukkanont	7,938,125	2.04%
6.	Mrs. Jaruwan Jongpipatsuk	6,362,975	1.63%
7.	Mr. Than Plewthianyingthawee	4,447,500	1.14%
8.	Mr. Nirat Pongsithithavorn	4,247,050	1.09%
9.	Mr. Somboon Russameesukkanont	4,124,600	1.06%
10.	Mr. Kitti Khaoroptham	4,050,000	1.04%
11.	Mrs. Kanistha Makdounghian	4,009,250	1.03%
12.	Mr. Prasarn Praphawong	3,984,125	1.02%
13.	Wall Street Finance and Securities Public Company	3,968,000	1.02%
14.	Mrs. Netarika Korapinthanun	3,750,000	0.96%
15.	Miss. Linda Methadara	3,620,625	0.93%
16.	Mr. Nattaphong Punrattanamongkong	3,438,600	0.88%
17.	Mrs. Siriwan Jungtherapanit	3,250,000	0.83%
18.	Mr. Rungsan Swaengdee	3,000,000	0.77%
19.	Mr. Panu Vitayaaumnuykhun	2,975,000	0.76%
20.	Mr. Somchai Anantaprakorn	2,750,000	0.70%

2. Shareholders who are the Company's directors and executives

No.	Name - Surname	No. of Shares	Percent
1	Miss. Paweena Laowiwatwong	-	-
2	Mr. Somboon Uranukul	-	-
3	Mr. Suthin Youthanavaraporn	-	-
4	Mr. Chakorn Warintaraporn	23,000	0.01
5	Mr. Voravat Tantranont	-	-
6	Mrs. Pawanya Kritachart	-	-
7	Mrs. Sirisook Hoontrakool	-	-
8	Mr. Sripop Sarasas	-	-
9	Mr. Nattaphong Posakabutra	-	-
Total		23,000	0.01

3. Proportion and shareholding distribution of shareholders in person (not included shares in Thailand Securities Depository Company Limited for depositors)

1. Shareholders with shares more than 0.5 percent amount 27 persons number of shares equal to 243,294,438 shares or 62.59 percent divided as follows:

Juristic Entity			Individual Person		
Amount	No. of Shares	Percent	Amount	No. of Shares	Percent
3	140,571,938	36.16	24	102,722,500	26.43

2. Shareholders with shares not more than 0.5 percent but not less than one unit of trading amount 2,542 persons number of shares equal to 145,438,755 shares or 37.41 percent divided as follows:

Juristic Entity			Individual Person		
Amount	No. of Shares	Percent	Amount	No. of Shares	Percent
12	1,841,950	0.47	2,530	143,596,805	36.94

3. Shareholders with shares less than one unit of trading amount 134 persons number of shares equal to 2,169 shares or 0.00 percent divided as follows:

Juristic Entity			Individual Person		
Amount	No. of Shares	Percent	Amount	No. of Shares	Percent
2	20	0.00	132	2,149	0.00

Note *One unit of trading equally 100 shares / Total number of shares 388,735,362 shares

*From shares distribution report by Thailand Securities Depository Company Limited on March 13th, 2013.

Issuance of other securities

On September 26th, 2013 the resolution of the Extraordinary General Meeting of Shareholders No. 1/ 2556 has approved a capital increase of the company type specifying the purpose of utilizing proceeds as its objective is to use it as working capital of business by increase existing registered capital from 314,285,710 Baht to registered capital of 480,000,000 Baht divided in to 480,000,000 shares at par value of 1 Baht by issuing an amount of 165,714,290 new ordinary shares at par value of 1 Baht per share, issuing capital increase ordinary shares to existing shareholders of the Company at the amount of not more than 82,857,145 shares at par value of 1 Baht and by offering to existing shareholders at the ratio of 4 existing shares to 1 new ordinary share at the exercise price of 2.50 Baht per share and allocating the warrants representing the rights to purchase ordinary shares of the Company No.1 (RCI-W1) allotted to existing shareholders at the amount of not exceeding 82,857,145 unit by allocating to shareholders who subscribe to newly issued ordinary shares at the ratio of 1 newly issued ordinary share to 1 unit of warrant free of charge at the exercise price of 3.00 Baht and 74,449,652 ordinary shares have actually been sold at par

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value of 1 Baht and the rest that is left from selling totally 16,814,986 shares at par value of 1 Baht.

The warrants' life time is 2 years counted from the date of issuing warrants RCI-W1 from the issuance date of warrants on October 24th, 2013 to the maturity date of warrants on October 22nd, 2015 which warrants RCI-W1 shall lose the status as the registered securities on the next day.

Exercise date, holders of RCI-W1 can first exercise their rights to purchase the Company's ordinary shares on the last business day of the first year, which is one year counted from the issuance date of RCI-W1 (October 22, 2014). The Last Exercise Date shall be at the maturity date of RCI-W1 on October 22nd, 2015. If the last exercise date falls on a day when the Warrant Registrar is closed or on the closing day of the Stock Exchange (SET), the last exercise date shall then be the last business day immediately preceding the last exercise date. Any holders of RCI-W1 who wish to exercise the right to purchase ordinary shares of the Company shall give notification of such intention during 9.00 a.m. and 3.00 p.m. within 5 days prior to each exercise date on the Company's business day (except Saturday, Sunday and holidays) during the exercise period.

The Company shall inform about exercise of right, exercise period, and/or exercise rate at least 7 days prior to the first business day of each exercise period through

information distribution system (ELCID/SETSMART) of the Stock Exchange of Thailand (SET). For the last exercise period, the Company shall send registered mail to holders of RCI-W1 whose names appear on the register book as at its closing date within 5 business days from the date of closing the register book.

Contact place to exercise right:

Administration Department

The Royal Ceramic Industry Public Company Limited

No. 65/225, 27th Floor Chamnan Phenjati Business Center Building

Rama 9th Road, Huaykwang Sub-District, Huaykwang District, Bangkok

Tel No.: 0-2643-0222, 0-2643-0753 to 9

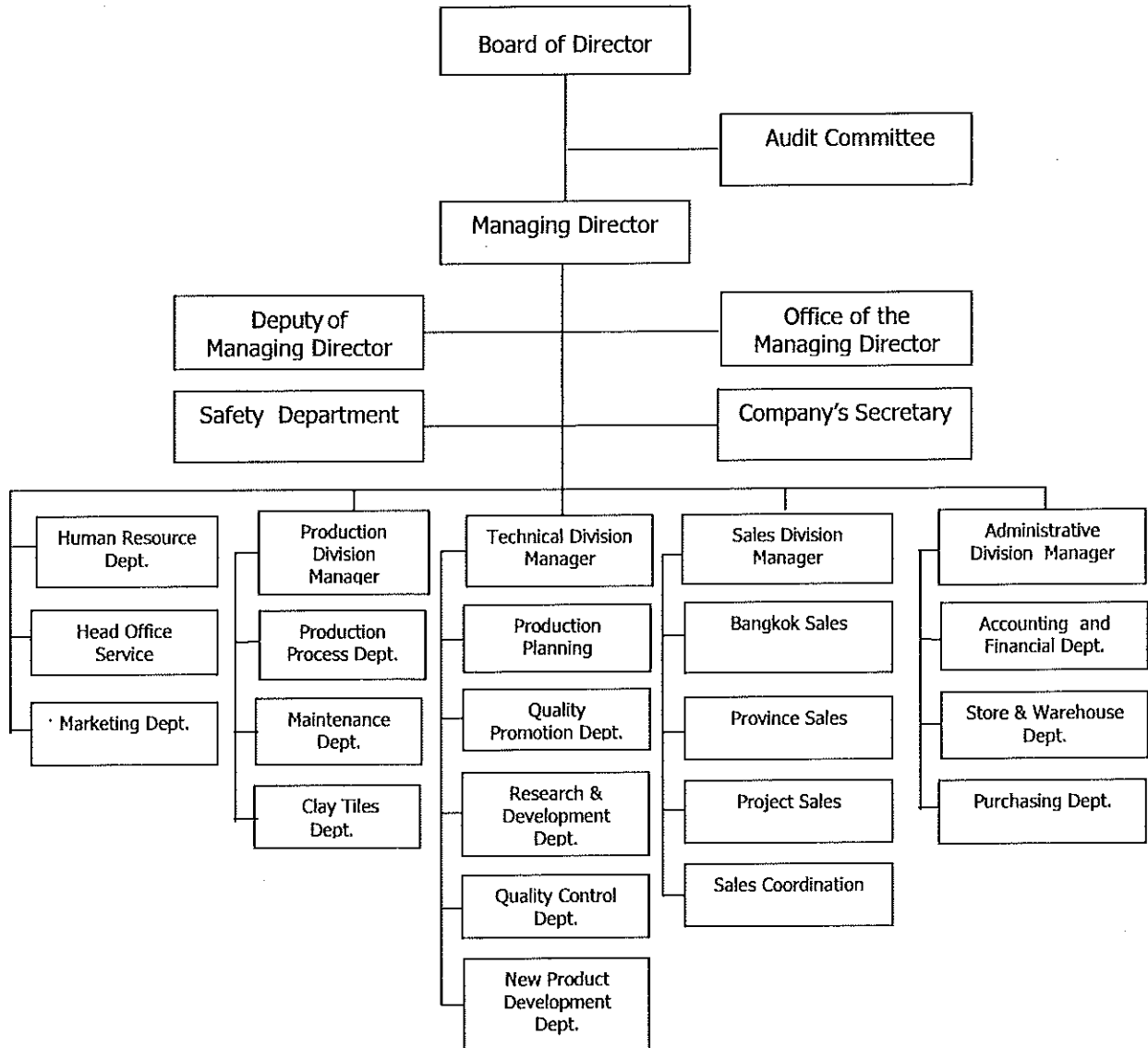
Fax No.: 0-2643-0948 to 9

6.Dividend Policy

The Board of Directors will announce the dividend payment upon its cash flow position after legal reserve (not less than 10% of registered share capital). Dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, it will be proposed to the Shareholders' meeting for considerations on an occasionally basis. This process is also applied to interim dividend payout. Dividend is paid within 1 month from the day of the Shareholders' meeting or the resolution of the Board of Directors is taken place.



7.Management Structure



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Board of Director

Board of Director as at December 31,2013

Name	Position	Remark
1. Miss Paweena Laowiwatwong	Chairman	//
2. Mr.Somboon Uranukul	Director and Managing Director	/
3. Mr.Chakorn Warintraporn	Director	//
4. Mr.Sutin Youthanavaraporn	Director	/
5. Mr.Nattaphong Posakabutra	Director	//
6. Mr.Voravat Tantranont	Director	//
7. Mrs.Sirisook Hoontrakool	Director and Chairman of Audit Committee	///
8. Mrs.Pawanya Kritachart	Director and Audit Committee	///
9. Mr.Sripop Sarasas	Director and Audit Committee	///

Note : / = Director who is daily management
 // = Director who is not daily management
 /// = Director and Audit Committee who is not daily management

Board of Directors

The company have the Board of Directors 9 person (on December 31,2013)

1.Miss Paweena Laowiwatwong

Position Chairman of the Board of Directors
 Birth 1949
 Education - Bachelor in Accountancy (Costing) Chulalongkorn University
 - Master of Business Administration (Major : Cost Accounting), Chulalongkorn University
 Shareholding None
 Experience - Accountant , Bangkok Cigar Co.,Ltd.
 - Accountant, The Union Mosaic Industry PLC.
 - Vice President, The The Union Mosaic Industry PLC.
 - Director and Chairman ,The Royal Ceramic Industry PLC.
 Training DAP

2. Mr.Somboon Uranukul

Position Managing Director
 Birth 1960
 Education - Mechanical Engineering ,King Mongkut Institute of Technology , Thonburi Campus
 - Master of Industrial Engineering and Management , Asian Institute of Technology (AIT)
 Shareholding None
 Experience - Executive / General Manager ,The Union Mosaic Industry PLC.
 - Managing Director , The Royal Ceramic Industry PLC.
 - Chairman and Managing Director , The Royal Asia Brick and Tiles Co.,Ltd
 Training DAP



3. Mr. Sutin Youthanavaraporn

Position Director
 Birth 1965
 Education Bachelor of Science in Economics ,Chulalongkorn University
 MBA, Thammasat University
 Shareholding None
 Experience - Ececutive, The Union Mosaic Industry PLC.
 - Director , The Royal Ceramic Industry PLC.
 - Director , The Royal Asia Brick and Tiles Co.,Ltd
 Training DAP

4. Mr. Chakorn Warintraporn

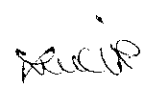
Position Director
 Birth 1949
 Education Bachelor of Science (Ceramics) Chulalongkorn University
 Shareholding 23,000 shares
 Experience - Managing Director, The Royal Ceramic Industry PLC.
 - Director , The Royal Ceramic Industry PLC.
 Training DAP

5. Mrs. Sirisook Hoontrakool

Position Director and Chairman of Audit Committee
 Birth 1946
 Education Bachelor of Finance and Banking Thammasat University
 Shareholding None
 Experience - Executive Manager Thai Pattana Industrial Factory PLC.
 - Director Thai Setakij Insurance PLC.
 - Director and Chairman Auditing Committee of The Royal Ceramic Industry PLC.
 - Director Life Incorporation PLC. (BNT Entertainment)
 - Director The Royal Ceramic Industry PLC.
 Training DAP, ACP

6. Mr. Sripop Sarasas

Position Director and Member of Audit Committee
 Birth 1957
 Education - Master Degree in Business Administration (Finance) University of Southern California, U.S.A.
 - Bachelor of Science (Medical Technology) Chulalongkorn University
 Shareholding None
 Experience - Managing Director Phatra Thanakit PLC.
 - Chief Executive Officer General Environmental Conservation PLC.
 - Director and Chairman of Audit Committee Samitivej PLC.
 - Director and Audit Committee RCI
 - Director and Audit Committee Advanced Information Technology PLC.



	- Director and Audit Committee Bangkok Dusit Medical Services PLC.
	- Director and Audit Committee Living Land Capital PLC.
	- Director and Audit Committee Kiattana Transport PLC.
	- Director and Audit Committee of The Royal Ceramic Industry PLC.
Training	DCP, ACP

7. Mrs. Pawanya Kritachart

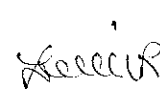
Position	Director and Member of Audit Committee
Birth	1948
Education	- Bachelor of ACC.-Finance and Banking, Faculty of Commerce and Accountancy Chulalongkorn University - MBA-Finance, Graduate School of Business Administration, University of Baltimore, Maryland, USA
Shareholding	None
Experience	- Assistant to Managing Director, Thaimex Finance & Securities Co.,Ltd. - Managing Director, Thaimex Finance & Securities Co.,Ltd. - Managing Director, Thai Keha Credit Foncier Co.,Ltd - Advisor – TL Management Co.,Ltd. Thai Life Insurance Group - Director The Royal Ceramic Industry PLC.
Training	DAP

8.Mr. Nattaphong Posakabutra

Position	Director
Birth	1954
Education	- Bachelor of Law, Ramkhamhaeng University - Master of Laws, Southern Methodist University ,USA.
Shareholding	None
Training	ASEN Law Association
Experience	- Sub-Committee for Adjusting and Amending Rules and Regulations of the Sport Authority of Thailand - Part-time lecturer - North Chiangmai University - Director of the Master of Laws Program ,Faculty of Law, ABAC - Director The Royal Ceramic Industry PLC.

9.Mr.Voravat Tantranont

Position	Director
Birth	1959
Education	- Bachelor of Law, Chulalongkorn University - Barrister-Thai at Law Certificate - MBA,Saint Louis University,St.Louis,Mo,USA .
Shareholding	None
Experience	- Director Siam Art Ceramic Co.,Ltd



- Director The Union Mosaic Industry PLC.
 - Director The Royal Ceramic Industry PLC.
- Training DAP

*** Notes :** Director resigned during of year such as Mr.Natchana Phenjati resigned from the positions effective date on May 31,2013. ,Mr. Shaw Sinhaseni resigned from the positions effective date on August 31, 2013 . Then, the structure of the board of directors composes of 9 persons , audit committee directors for 1 in 3 of all members the board directors.

Sub-Committee

Audit Committee as at December 31,2013

Name	Position
1. Mrs. Sirisook Hoontrakool	Chairman of Audit Committee
2. Mrs.Pawanya Kritachart	Director of Audit Committee
3. Mr. Sripop Sarasas	Director of Audit Committee
Miss Butsakorn Ngampornsavan	Secretary of Audit Committee

Notes : During year 2013,Mr.Shaw Sinhaseni resign since August 31,2013 and replace by Mrs.Pawanya Kritachart .

The director meeting year 2013 as following details:

Meeting Attendance	Board Meeting	Audit Committee Meeting	AGM 2011	EGM 2012
1. Miss Paweena Laowiwatwong	6/6	-	1/1	1/1
2. Mr.Natchana* Phenjati	1/6	-	1/1	-
3. Mr.Somboon Uranukul	6/6	-	1/1	1/1
4. Mr.Sutin Youthanavaraporn	6/6	-	1/1	1/1
5. Mr.Chakorn Warintaraporn	6/6	-	1/1	1/1
6. Mrs. Pawanya Kritachart	6/6	1/4	1/1	1/1
7. Mrs.Sirisook Hoontrakool	6/6	4/4	1/1	1/1
8. Mr.Shaw* Sinhaseni	2/6	1/4	-	-
9. Mr.Sripop Sarasas	6/6	4/4	1/1	1/1
10. Mr.Nattaphong Posakabutra	2/6	-	-	1/1
11. Mr.Voravat Tantranont	1/6	-	-	

*** Notes :** Director No. 2 resigned from the positions effective date on May 31,2013
Director No. 8 resigned from the positions effective date on Aug. 31,2013

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The Management

The Management of the company have amount 4 persons (as of Dec.31st,2013)

Name	Position
1. Mr.Prateep Natapa	Sales Division Manager
2. Mr. Kompoj Panchan	Production Division Manager
3. Miss Piyaporn Sasiprapa	Technical Division Manager
4. Mr.Sawai Rueangdet	Administrative Division Manager

Notes : The Management No. 2 transfer to T.T Ceramic Co., Ltd. (as of February 1, 2013) which replace by Mr. Komtorn Ratanasang.

Qualifications of Directors

Specified in Section 4 of the Company Articles of Association which conforming to the law as a public company as following .

The director of the company is not less than five person, and not less than one-half of the total be located in Thailand and has the following qualifications.

- A) Individual and age of majority
- B) Is not bankrupt, incompetent person or disability
- C) Has never been in prison
- D) Never being laid off or dismissed from service, organization or government office

Appointment of Director, directors appointed by the Shareholders' Meeting in accordance with the following rules.

1. The voting shall be considered by the majority shareholders each have one vote per share.
2. Allow shareholders to vote for the person who has been nominated as members one by one.
3. Persons receiving the highest number of votes shall be elected to the Board of Directors as they should have or be elected at that time. In the case of a person who was elected in order have equal votes exceeds the number of directors to be elected. The chairman of the meeting is to have an additional vote as the casting vote.

The annual general meeting of shareholders whenever the Committee retire as directors as the number of 1 in 3 rate , however, if the proportion can not divide by three the retire number that most closely matches the proportion 1 in 3. Director to retire in the first year and second year after the registration of the company retire by lottery. In the next year, Director, who is in the position for a long time. And the retire person can be re-elected.

In addition the director can be retired on the following condition.

- 1.To die or quit.
- 2.Lack of qualifications or forbidden behavior
- 3.The shareholders ' meeting approved by a vote of not less than 3 in 4 of those meetings and voting.



4.The Court has ordered, because ignoring operating duties in good faith and was not careful benefits of the company.

If a Director position vacant by an other reason, the Committee selects one person to person whose properties and there are no prohibited characteristics as defined in the next Committee meeting. Unless the agenda of Committee positions available to the rest of the party less than two months the replacement person must stay within the remaining period . Resolutions of the Board of Directors in the Election Committee instead must not be less than 3 in 4 of the remaining amount.

The shareholders ' meeting may vote for directors who would retire before time out according to the agenda, with a vote of not less than 3 in 4 of the number of shareholders who come to meetings and has the right to vote and have a stock count is not less than one half of the total number of shares by the shareholders at the meeting and entitled to vote.

The Company Secretary

1) Information of the Company Secretary (as of December 31st, 2013)

Miss. Butsakorn Ngampornsavan	
Position	The Company Secretary
Birth	August 23 rd , 1968
Education	Bachelor degree from Faculty of Management Science, Major General Management, Chandrakasem Rajabhat University
Shareholding	None
Family relation and between directors and executives	-
Experience	2537 - 2547 -Secretary to Managing Director the Royal Ceramic Industry PCL. 2548 - 2555 -Secretary – Foreign Affair The Royal Ceramic Industry PCL 2556 - Present -The Company secretary the Royal Ceramic Industry PCL
Training	CSP

2) Duty and Responsibilities of the Company Secretary

The Stock Exchange of Thailand (SET) has specified role and responsibilities of the company secretary in clause 2.1.7 and clause 2.1.8 of the SET code of best practice for directors of listed companies as follows:

"Clause 2.1.7 Appoint a company secretary to take care of all the director's activities and to conduct the company's business in full compliance with all the relevant laws and related regulations.

Clause 2.1.8 Ensure the company secretary completes the minutes for each board of directors and shareholder meetings within the period specified in the relevant laws. And

directors have right to carefully review all such minutes in business time by notifying in advance in reasonable time".


The Company secretary has to have roles in performing duty in good corporate governance as follows:

1. Disclosure of information to shareholders and relevant persons by practicing according to various rules and regulations as follows:
 - 1.1 Regulations of SET on Rules, Conditions and Procedures Governing the Disclosure of Information and Other Acts of a Listed Company (Announced on September 15th, 1995)
 - 1.2 Announcements of SET on Guidelines and Method about Disclosure of Information and Any Operation of Listed Companies (Announced on April 30th, 1993)
 - 1.3 Regulations of SET on Preparation and Submission of Financial Statements, Financial Reports and Operating Results of Listed Companies, 2001(Announced on January 22nd, 2001)
 - 1.4 Announcements of SET on Rules, Conditions and procedures for the Disclosure of Information in Order to Protect the Benefit or Interests of the Public, 2005 (Announced on May 9th, 2005)
 - etc.
2. Arranging for the meeting of Remuneration Committee and preparing the necessary information for the said committee and
3. Arranging to set policy or guideline for good corporate governance of the Company.

Director remuneration (Baht)

Name	Entertain and Recreation budget	Meeting Allowance	Total
1. Miss Paweena Laowiwatwong	432,000	16,000	448,000
2. Mr.Natchana Phenjati	60,000	4,000	64,000
3. Mr.Somboon Uranukul	144,000	16,000	160,000
4. Mr.Sutin Youthanavaraporn	144,000	16,000	160,000
5. Mr.Chakorn Warintaraporn	144,000	16,000	160,000
6. Mrs. Pawanya Kritachart	144,000	20,000	164,000
7. Mrs.Sirisook Hoontrakool	144,000	32,000	176,000
8. Mr.Shaw Sinhaseni	96,000	12,000	108,000
9. Mr.Sripop Sarasas	144,000	32,000	176,000
10. Mr.Nattaphong Posakabutra	48,000	4,000	52,000
11. Mr.Voravat Tantranont	36,000	4,000	40,000

- Notes :**
1. The Remuneration is salary for Chairman =36,000 baht/month or 432,000 baht /year
 2. Entertain and recreation =12,000 baht /month or 144,000 baht/year
 3. Meeting allowance for Director ,Audit Committee, Nomination and Remunerations Meeting = 4,000 baht /person /time



Personnel

A) As of December 31st, 2013

The Company has employees (RCI) totally 637 persons, divided into the followings:

- Permanent employees at head office 86 persons
- Permanent employees at factory 551 persons

The Company has employees (RBIT) totally 11 persons

B) Remuneration

The employees will receive the remuneration in term of wage, allowance, bonus, and overtime payment including welfare in accidental insurance, health insurance and employee provident fund.

8. Good Corporate Governance

The Board of Directors values the importance of Good Corporate Governance and has implemented the Stock Exchange of Thailand's principle: Code of Best Practices to govern the company's Good Corporate Governance. The company defines its operation under applicable legislation, requirements, and rules including Good Corporate Governance policies to increase transparency and competition ability, and assurance among shareholders, investors, creditors, employees, and other relevant personnel. Therefore, the company has assigned a subcommittee

to monitor and formulate relevant policies and charters to form standard operation plans for all committees, management and employees as follows:-

1. Charter of internal audit and good corporate governance committee
2. Good corporate governance policy
3. Internal audit and control policy
4. Risk management policy

1.The Charter of The Internal audit and good corporate governance committee

1. Objectives

To supervise and audit operations, internal control and risk management, ensure good governance and examine financial reports to guarantee transparency and reliability in the operations and information dissemination of the company.

2. Definitions

"The company" refers to The Royal Ceramic Industry Public Company Limited.

"The board" refers to the board of directors of The Royal Ceramic Industry Public Company Limited.


"The chairman" refers to the chairman of the board of The Royal Ceramic Industry Public Company Limited.

"Board members" refer to the board members of The Royal Ceramic Industry Public Company Limited.

"The chief executive officer" refers to the chief executive officer of The Royal Ceramic Industry Public Company Limited.

"The audit committee" refers to the audit committee of The Royal Ceramic Industry Public Company Limited.

"Audit members" refer to the members of the audit committee of The Royal Ceramic Industry Public Company Limited.



3. Structure and qualifications

- (1) The audit committee consists of at least three board members whom the board appointed. At least one audit member must have the knowledge of accounting and finance.
- (2) All audit members must be independent board members.
- (3) They must be able to devote enough time to the work of the audit committee.
- (4) Their holding of the company's shares is limited at the amount equivalent to 5% of the paid-up capital of the company, its subsidiaries, and associated or related companies. This also refers to shareholding by any related person.
- (5) Audit members must not be involved in management, be the employees or staff members, or have any direct or indirect interests or stakes in the company, its subsidiaries, associated or related companies, or the major shareholder of the company.
- (6) Audit members must not be related or be an immediate relative of any executives or the major shareholder of the company.
- (7) Audit members must not be the board members who are assigned to protect the interests of the company, the major shareholder or any shareholder who is related to the major shareholder.
- (8) Audit members must have freedom to work and express their opinions.

4. The term of audit members

Each term of audit members lasts three years. Each year of the term means the period between the annual general shareholders' meeting during which audit members are appointed and the next annual general shareholders' meeting. Audit members can be reelected for the sake of work continuation.

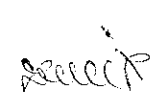
If an audit member serves his term or he cannot serve his full term due to any reason, the board must appoint a new audit member to completely fill the vacant position within three months of the date when the membership of the audit committee becomes incomplete. The replacement will serve only the remaining term of the predecessor.

5. Duties and responsibilities

- (1) Lay down policies, regulations and processes for the sake of good corporate governance as well as internal control and audit.
- (2) Review corporate management, financial reports, and internal control and audit.
- (3) Assure that the company abides by relevant laws and regulations.
- (4) Select and nominate an auditor and recommend his remuneration.
- (5) Consider the disclosure of the company's information on relevant issues or the issues that may involve a conflict of interest.
- (6) Guarantee that operations comply with policies, regulations, rules, restrictions and relevant laws as well as the resolutions of the board.
- (7) Find outside advisers who will give advice or assist in examination as long as the board agrees.
- (8) Do other duties as assigned by the board.

6. Meetings

The audit committee has at least four meetings annually.





Its quorum needs at least half the total number of audit members. A ruling of the audit committee requires a majority vote. If a vote is equally divided, the chairman in the concerned meeting will cast the deciding vote.

7. Reporting

The audit committee must regularly report to the board the conclusions of its meetings or any issues that the board should know.

8. Advisers

The audit committee may seek opinions from independent advisers in other professional fields as long as it considers that is necessary. The company will pay for the consultation.

9. The charter takes effective on

December 14, 2007.

2. Good Corporate Governance Policy

The Rights of Shareholders

1. The board will ensure that the company gives in a timely and adequate manner the information, date, time, venue and agenda of every shareholders' meeting and any information on the issues which shareholders will resolve. Besides, it will inform shareholders of meeting regulations and the process to reach a resolution.

2. The board will refrain from any action that will limit the opportunities of shareholders in studying the information of the company.

3. The company guarantees that shareholders will have full rights to attend shareholders' meetings and exercise their vote. It will not take any action that will limit shareholders' chances to attend shareholders' meetings.

4. The chairman of each shareholders' meeting will give appropriate time and encourage shareholders to express their opinions and pose questions related to the company in the meeting. Shareholders are also allowed to file their questions prior to the meeting.

5. All board members are duty-bound to attend every shareholders' meeting to answer shareholders' questions that concern them.

Fair Treatment for All Shareholders

1. The shareholders who are executives will not add any issue that has not been notified in advance to an agenda unless it is necessary. Especially they will not do so with the issue on which shareholders will need times to study relevant information.

2. The board will encourage shareholders to use the proxy form that enables them to specify their votes for each issue. It will nominate at least one audit member as a choice of proxy for shareholders.

3. The board will support the use of ballots for important issues for the sake of transparency and verifiability if a dispute happens subsequently.

4. The board will allow shareholders to appoint one board member after another.

5. The board will set out written guidelines for keeping inside information and preventing its use and order all members of the organization to follow them. It will also require all board members and executives, who are obliged by law to report their shareholdings, to file the reports to the board regularly.

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The Roles of Stakeholders

1. The board acknowledges the importance of the company's stakeholders namely customers, partners, competitors, creditors, employees, and surrounding communities. It has the following policies to guide its treatment for the parties.

Customers

- A. Assure that customers receive quality products and services at reasonable prices and keep seriously improving their quality.
- B. Reveal the news and information about products and services completely and correctly without distorting any facts.
- C. Give warranties on products and services for appropriate periods.
- D. Set up a system to receive customers' complaints about products and services and do whatever it takes to respond to their complaints swiftly.
- E. Seriously and always keep customers' information secret.

Partners

- A. Never demand, receive or provide any benefits that will be dishonest towards partners.
- B. Strictly honor agreements reached with partners.
- C. If the agreements cannot be honored, the company will inform partners of the problem right away so that they can jointly work out rational solutions.

Competitors

- A. Follow the rules of fair competition.
- B. Never ruin the reputation of competitors with groundless accusations.

Creditors

- A. Strictly honor and fulfill obligations made with creditors with regard to repayment, the maintenance of collateral and other conditions. Never spend the lent money for any purposes that violate the agreements reached with creditors.
- B. Honestly report the financial status of the company to creditors.
- C. Inform creditors in advance of any possible failure to meet obligations under the agreements and jointly figure out solutions.

Staff

- A. Give fair returns to staff members in the forms of appropriate salaries, welfare, and/or bonuses.
- B. Always keep the workplace in the condition that is safe for the life and property of staff.
- C. The appointment, transfer, reward and punishment of any staff member must be done fairly and honestly and based on the knowledge, ability, suitability and actions of the staff member concerned.
- D. Realize the importance of improving the knowledge and ability of staff and provide them with the improvement chances equally and regularly.
- E. Listen to opinions and recommendations and receive complaints about possible violations to regulations or laws from staff members of all levels equally and fairly.
- F. Strictly follow the laws and restrictions concerning staff.
- G. Keep the company's businesses from any actions that are unfair and may affect the job security of staff.

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Society and the environment

- A. The company will minimize the adverse impacts of its operations on society, the environment and the quality of life of the general public.
- B. Continuously raise the awareness of staff members at all levels on their responsibilities for society and the environment.
- C. Promote the efficient consumption and saving of energy.
- D. Follow, cooperate with and ensure strict obedience to the laws and regulations that regulatory agencies issue.
- E. Acknowledge the importance of the activities that continuously contribute to communities and society.

2. The board will lay down a clear course of actions to respond to complaints. It may requires complaints to be filed with the company's audit members so that they can order investigation in line with the process that the company has set up and report findings to the board.

The Disclosure of Information and Transparency

1. The board will disclose information in line with the regulations and the channels that the SET specifies. Information will be publicized in Thai and English on the company's website and be updated regularly.
2. The board will report the good corporate governance policy that it has endorsed and the results of the policy implementation through various channels including the annual report and the website of the company.
3. The board will declare its responsibility for the financial report along with the auditor's report in the annual report.
4. The board will report the roles and duties of the board and its committees, the number of their meetings and the meeting attendance of each member in the past year.
5. The board will reveal the policy of members' remuneration that suits the burdens, duties and responsibilities of each member and report the forms of the remuneration.

The Responsibilities of the Board

1. The structure of the board

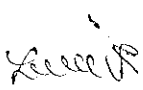
1.1 The board of the company consists of 5-15 members depending on necessity and suitability and its shareholders must approve the number of board members.

The board should comprise

- the chairman who is appointed by the board,
- at least three independent board members, and
- other members who represent shareholders.

1.2 Each term of the board is limited at three years. The board members who have served the longest term and constitute one-third of the board will resign when their terms are served. One year of a term starts from the annual shareholders' meeting which approves a board lineup to the next annual shareholders' meeting. Board members can be reelected for the continuation of work.

1.3 To ensure that the independent board members are truly independent with regard to the nature of the company, the qualifications of independent board members are specified



superior to the minimal standard of the SEC and the SET. Under the company's requirements, independent board members:

- (1) are independent from the major shareholder, executives and related persons;
- (2) can protect the interests of all shareholders equally;
- (3) hold the company's shares worth not over 5% of the amount equivalent to the paid-up capital of the company, its subsidiaries, and associated or related companies and this also covers shareholding by any related person;
- (4) do not take part in management and are not the employees, staff members or advisers who receive regular salaries from the company, its subsidiaries, associated or related companies and the major shareholder of the company;
- (5) have neither interests nor stakes, both directly and indirectly, in the company, its subsidiaries, associated or related companies, and the major shareholder of the company;
- (6) are not related to and are not an immediate relative of any executive or the major shareholder of the company;
- (7) are not assigned to protect the interests of any board members, the major shareholder and any shareholders related to the major shareholder of the company; and
- (8) are able to carry out duties and have the freedom of expression.

1.4 The board does not want its members to hold positions in too many companies for the sake of their effective contribution and devotion to the board. It requires all members to reveal their positions to shareholders.

1.5 The board prohibits the managing director and other executives of the company from being the board members of other companies unless the board allows them to do so.

1.6 The board will see to the recruitment of a secretary to the company. The secretary will advise board members on the laws and regulations that the board needs to know, will facilitate the activities of the board and will coordinate the implementation of its resolutions.

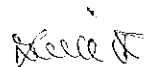
2. Committees

2.1 The board will set up the following committees to scrutinize important issues carefully and efficiently.

- The audit committee that is duty-bound to:

- (1) lay down policies, regulations and processes for good corporate governance as well as internal control and audit;
- (2) review corporate management, financial reports, and internal control and audit;
- (3) assure that the company abides by relevant laws and regulations;
- (4) select and nominate an auditor and recommend his remuneration;
- (5) consider the disclosure of the company's information on relevant issues or the issues that may involve a conflict of interest;
- (6) guarantee that operations comply with policies, regulations, rules, restrictions and relevant laws as well as the resolutions of the board;
- (7) find outside advisers who will give advice or assist in examination as long as the board agrees; and
- (8) do other duties as assigned by the board.

- The nomination and remuneration committee that is duty-bound to:



3. The roles, duties and responsibilities of the board

3.1 The board is duty-bound to consider and resolve important issues related to the operations of the company such as visions, missions, strategies, financial goals, risks, plans and budgets and to assure that the management efficiently and effectively implements policies and plans.

3.2 The board is duty-bound to lay down written policies for the management of the company's businesses, endorse the policies and review them and their implementation at least once a year.

3.3 The board is duty-bound to lay down a written code of business conduct so that all board members, executives and staff members understand the business etiquette of the company. The board should ensure serious compliance with the code of business conduct.

3.4 The board is duty-bound to carefully consider conflicts of interest and possible conflicts of interest. It must take clear actions mainly to protect the interest of the company and shareholders, and the actions must be free of influences from any stakeholders. Besides, the board must see to the correct and complete compliance with regulations on actions towards and the disclosure of possible conflicts of interest.

3.5 The board is duty-bound to install systems to supervise operations, financial reports and compliance with regulations and policies. Independent persons or units are responsible for checking the systems and should review policies at least once a year.

3.6 The board is duty-bound to lay down risk management policies that cover the whole organization. The management will implement the policies and report results to the board regularly. Risk management policies and results should be reviewed and evaluated at least once a year and whenever the degree of risks changes. The review and evaluation must be in line with established guidelines and importantly pay attention to any warning signs and unusual developments.

4. Board meetings

4.1 The company is duty-bound to schedule board meetings in advance and inform each of board members of the schedule so that they can manage their time and attend the meetings.

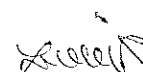
4.2 The company is duty-bound to schedule at least four board meetings annually so that the board can supervise, control and monitor the performances of the management continuously and promptly.

4.3 The board chairman and the chief executive officer are duty-bound to jointly prepare the agendas of the board and board members have the right to include their topics in the agendas.

4.4 The company must send papers related to board meetings to board members in advance. The papers must contain information which is complete and adequate for board members to consider and decide on. However, the prior provision does not apply to any issues that are not intended to be documented and should thus be discussed in board meetings.

4.5 The board chairman must reserve enough time for the management to present its issues and for all board members to discuss important issues. The chairman must encourage board members to take careful judgments and board members must pay attention to every issue in their agendas including issues concerning corporate governance.

4.6 The board must encourage the chief executive officer to invite senior executives concerned to board meetings to provide additional information on issues.



4.7 The board has access to additional and essential information through the chief executive officer, the company's secretary, or other assigned executives.

4.8 The board must always allow the board members who are not the company's executives to meet one another as far as it is necessary so that they can discuss interesting issues concerning the management. Such meetings will exclude the management and these board members will inform the chief executive officer of the results of their meetings.

5. The self-evaluation of the board

5.1 The board is duty-bound to evaluate its own performance regularly. This enables board members to jointly consider its performances and problems for the sake of solutions. The evaluation will be subject to clear standards.

5.2 The board will evaluate its overall performances, not the work of any individual board member.

6. Remuneration

6.1 The board is duty-bound to propose the remuneration of board members to shareholders' meetings. The remuneration must suit the traditional level of the industry and the duties, roles.

6.2 Accountabilities and responsibilities of board members. The board members who have extra duties and responsibilities, such as for being members of the board's committees, deserve additional returns.

6.3 The board will evaluate the performance of the Managing Director/ Chairman of the board annually in order to consider remuneration in accordance with the concrete criteria that the committee agreed in advance. The evaluation should be proposed to the board for approval and the board chairman or a senior board member should inform evaluation results.

7. The development of board members and executives

7.1 The board must support and facilitate the training and education of the persons involved in the corporate governance of the company so that they can always improve their work. They include board members, audit members, executives and the company's secretary.

7.2 The company must provide new board members with documents and information useful for their work and with orientation on the business and business trend of the company.

7.3 The board must require the chief executive officer to report development plans, proceed with the work of senior executives and continuously initiate development projects.

The good corporate governance policy takes effect on December 14, 2007.

3. Internal Audit and Control Policy

The company pays special attention to internal audit and control in order to have adequate and proper internal audit and control systems for its business and to prevent possible damages and impacts on the company. It established an independent unit particularly to conduct internal audit and control and report findings at least twice a year directly to the audit committee. Besides, the company seriously listens to recommendations and remarks in order to improve its internal control system up to the highest efficiency and effectiveness.

The company adapted the instructions of the Committee of Sponsoring Organizations of the Tread way Commission (COSO) and the Institute of Internal Auditors (IIA) to lay down its internal audit and control policy as follows.

SECRET

1. Control environment

The audit committee sees to the adequacy of the internal control system, control on operations, and the policies of the company as required by the law and the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand. To the effect, the committee:

- Considers the company's structure and work system that support good internal control;
- Works out an operational plan and a budget for the internal audit and control unit;
- Selects a capable and recognized auditor; and
- Supports the personnel development programs that convince staff members of the importance of internal audit and control.

2. Risk assessment

The audit committee looks into the inside and outside factors that can obstruct the main goals of the organization. It assesses the following aspects of risks:

- Operational risks
- Financial risks
- Compliance risks

This leads to audit plans and control activities that suit anticipated risks.

3. Control activities

The audit committee sets internal audit and control standards by taking into consideration:

- Duty segregation to create balance in operations among units and staff members at all levels;
- Approval and/or authorization for actions in line with the rules and regulations of the company;
- Asset supervision covering the documentation of acquired and sold assets and the exploitation of the company's assets; and
- Review by verification and reconciliation.

4. Information exchange and communications

The audit committee will see to the following qualifications of information exchange and communications.

- Adequate communications throughout the organization, covering communications between executives and staff members, among different units in the company, among staff members and between outside parties and the company.
- Adequate and accurate information to support the decisions of the company.
- Clear communications.

5. Monitoring

The audit committee requires monitoring to guarantee that operations steadily follow processes and procedures and to see if existing processes and procedures should be adjusted

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to deal with the situations that may change and thus jeopardize the organization. Monitoring must be the duty of the independent unit that is unrelated to the operational units monitored.

Course of actions

1. Units under the organization must be audited gradually in line with the mentioned policy to ensure that they follow the plans, policies, goals and objectives of the organization as well as relevant regulations and laws.

2. When the audit is concluded, the secretary to the audit committee must organize meetings with the executives of audited units so that people concerned can discuss findings including detected defects and propose solutions, and these details will be included in audit reports.

3. Reports on the audit are compiled to contain the objectives and scope of the audit, spotted defects and recommendations for solutions and improvement.

4. The auditor must follow up actions in response to the audit reports, contact the auditees concerned and advise the auditees on solutions and improvement.

5. The secretary to the audit committee must improve the auditor's capability or require the auditor to have enough experiences to conduct audit.

6. The auditor must work with honesty, morality, human relations and neutrality and have positive attitudes towards colleagues.

This policy takes effective on December 14, 2007.

4.Risk Management Policy

The company realizes the importance of risk management. It has laid down the risk management policy to limit risks and possible impacts at the degree that is acceptable, assessable and verifiable systematically in order that the company can achieve its main objectives. The company would like its staff members at all levels to understand its risk management policy and implement the policy systematically and continuously to eradicate risks.

The followings are the risk management principles of the organization.

1. The company requires its executives and workers in every section to manage risks. They must play roles and take part in developing the risk management of the organization and understand their duties and responsibilities related to risk management.

2. The company establishes effective risk management processes for every stage of its operations and in line with good corporate governance principles to increase success opportunities and reduce uncertainties in its overall operational results.

3. The company conducts and supports successful risk management throughout its organization by using its limited resources efficiently to identify, assess and manage risks appropriately.

4. The company promotes risk management as a corporate culture so that every staff member realizes the importance of risk management.

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Operational guidelines

The company sets the process for risk management as follows.

1. Objective Setting

There must be business objectives and goals that are clear, measurable, practical and rational and have clear timeframes. The objectives of the organization must be related to the indicators of sections at all levels.

2. Event Identification

There will be studies on any possible event that may obstruct the main objectives of the organization. The studies will focus on the possible risks that may result from factors both inside and outside the organization.

3. Risk Assessment

There will be assessment on the possibility and impacts of the events that may occur and affect the objectives of the organization. Risk assessment has two aspects:

- the likelihood of risks
- the likelihood of the financial and non-financial impacts of the risks on the organization

4. Risk Response

There will be studies on options to manage risks and risk management planning to avoid or reduce possible adverse impacts. The studies will consider the acceptable levels of risks and the costs and benefits of risk management options.

5. Control Activities

Processes will be implemented and staff members will be assigned to manage the risks of the organization. The staff members who are assigned so must consider the effectiveness of the management of existing risks and look for additional and necessary measures to increase the effectiveness of risk management.

6. Monitoring

Evaluation and its report must be done regularly to inform stakeholders and executives of risks, the management of existing risks, and the results of the organization's risk management.

The risk management policy takes effect on December 14, 2007.

Recruitment, Appointment and Remuneration for the directors and management levels

The Company have a restructured of the shareholders of the company in year 2012, the Nomination and Remuneration Committee has resigned from the director of the company. Therefore, the role and functions of the Nomination and Remuneration Committee has stopped in year 2013. The Board of Directors had considered nominating individuals to serve as directors for a replacement those retiring before full term. On the basis of qualifications under Section 68 of the Public Companies Act 2535.

Audit Committee and Good Corporate Governance

Audit Committee must be independent director ,not taking part in management ,or being and employee staff member or advisor receiving a regular salary from the firm, an affiliated, associated or related company, or being a majority shareholder of the company. Knowledge and experience of sufficient in position status Audit Committee by at least 1 person ,in order to review and correct financial statement

9. Social Responsibility

Modern business operation which is very highly competition, organization not only stress the return on economic and finance, but also include building satisfaction to every group of stakeholders and carry on business with responsibility to social and environment with intention to continuously develop personal, social, and environment.

This report is conducted base on guide line of Corporate Social Responsibility Institute which is set up by Stock Exchange of Thailand (SET) by specifying group of stakeholders that the Company considers important to its operation as follows: shareholders, employees, customers, trading partners, competitors, community and social, creditors, and environment. The linked methods with stakeholders that are practically applied are sub-meeting, opinion survey, complaint, and suggestion etc. The Company shall use all the information as guideline to improve the operation as to continuously satisfy every group of stakeholders and it is also guideline for all affiliated company to put into practice.

Since tile production business is connected to using labor, using natural resources such as clay and stone as its main raw materials in production, there is a chance to cause pollution from fine dust and there are also usage of water, fuel energy, and electricity energy at large quantity in production. Therefore, the Company has emphasized the important to these issues in operating the business.

Ethical Business Operation: The Company has set the policy to promote the free trading competition, not applying monopoly power, and not supporting the operation with characteristics in violating intellectual property and infringing a copyright. Besides, there is support for trading partner with social responsibility such as not using child labor or using illegal labor etc.

Anti-corruption: The Company has set the policy to counter corruption by having adequate audit and preventive system including ethical business operation and disclosure procedure if there might be any conflict of interest. In case that there is any complaint, complainer shall make an oral complaint or by sending complained letter to superior or upper level management. The complainer shall receive fully protection with justice, which the Company shall set up the fact finding committee. For the past year, any complaint has not been reported.

Respect on Human Right: The Company has set the policy that will not involve in violating the human right, no forced labor and anti-using child labor. On policy level and practical guideline, there is no discrimination on employment against gender, race, and religious etc.

Fair treatment to Labor: The Company has set up Personnel Administration Committee and Welfare Committee consisting of both the representatives of employers and employees. The meeting has been taken place regularly as to encourage the workers participation and to be the channel for making better understanding between the Company and its workers. The Company has also received commemorative certificate in good labor relation administration from Saraburi Province.

The Company does not restrict the right to set up Labor Union. At present, Labor Union of the Royal Ceramic Industry Public Company has already been officially established by workers.

On development and promotion of employees: the Company has set guideline in developing skill and training for equally opportunity to get promotion with course of study for employees in each level as on the job training and classroom training both inside and outside factory. The quality management system has been brought in and adapting to be used all over the organization which are as follows: TQM, 5Ss, QCC, ISO 9001: 2008. With the example of activities for developing and promoting employees in the year 2013 as follows:

8/11/13

-To promote sending in slogan participated by employees on title "Core Value" of the Company and the selected slogan is "Continuous improvement, Confidence in quality, Equally in technology, and Modern innovation";

-To promote group activities on QCC with 23 groups of submitted list of participating employees;

-To promote group activities on "5Ss" to improve workplace with cleanliness, convenience, and safety;

-To make merit on the occasion of anniversary of the Company by offering dry food to 19 Buddhist monks and provide the employees with free meals;

-To promote sport tournament by setting up the competition as Labor Cup 2013 consisting of: Sepak Takraw, Football and Volleyball;

-To make merit by offering the Royal Kratina Ceremony Robes to Buddhist monks who stay during the Buddhist Lent at royal temple Wat Khao Kaew Voravitharn, Tambon Tontarn, Amphoe Sao Hai, Saraburi Province;

-To promote badminton tournament Royal Cup for the year 2013;

-To take action on Big Cleaning Day;

-To arrange for Plant Growing Activities as for blessing to HM the King on National Father Day;

-To arrange for walk rally to HM the King Honor Celebration with community committee; in factory's district .

-To arrange for Children's activity .

-To offer big candles as 4 necessities for monk to use in temple during the rainy season at Wat Thai Ngam, Amphoe Nong Khae, Saraburi Province;

-To be host in funeral ceremony of the employees' relative who has died.

On health and safety: the Company has set the policy to promote health and safety by arranging for annual health check-up of employees, providing health insurance and accidental insurance, set up campaign to reduce accidents and safety week at work including arranging to have occupational health and safety management system with safety activities as follows:

-to set up risk spot survey from working in each workplace and campaign for the employees to wear hazard protection equipments to prevent any organ that may contact with hazard risk spot;

-To send team of the Company staff to visit employees who are sick and cannot go to work as usual;

-To have training course on "Maintenance, Safety and Right Method in Driving Forklift";

-To set up safety activity consisting of various activities such as safety slogan contest etc.

-To have training on fire prevention, fire evacuation and fire extinguish drill for employees.

On welfare: Besides wage, salary, allowance, bonus and overtime the Company has provided its employees with provident fund name "MFC Master Provident Fund" with MFC Asset Management Public Co., Ltd acts as fund manager. The employees who are fund members have to contribute counterpart funds by letting the Company to deduct from wage at rate of 2 percent of wage. In the meantime, the employer has to make the counterpart fund in the same day that fund member make the counterpart fund at the rate of 2 percent of wage too.

To have medical room center with Doctor (MD) and nurse to care and give the advice in case of there are sick employees as to provide employees with well comfortable and convenience feeling.

6/11/13

Consumer responsibilities: the Company has set the policy to create products and services that are worthy to society and environment with the acceptance of International Standard as certified product industrial standard by Thai Industrial Standard Institute, Ministry of Industry. Products are continuously developed to serve the consumer satisfaction. There are wide variety of products with neutral price and many price levels for every group of customers. The wide channel of distribution thru distributors that cover all around the country and the export of tiles have been established to many countries in Asia and Australia etc.

The corrected and appropriated information of products and services: It has to be disseminated to consumers with details of products and manual of usage printing on packaging. There are products categories, products guarantee and problem solving for customer when quality problems arise. But no complaint has been reported about the impact or any hazard from using the products.

Customer rights protection: the Company has set the policy to keep the information of customer privately and training its employees to better understand the rights of customer private.

Fair marketing: the Company has carried on fair marketing practice with no exaggerated advertisement or unethical action.

Environment preservation: the Company has set the policy to develop production process and service that are environmentally friendly by keeping on developing process which emphasizes on the continuity of negative impact to social and environment. TQM: Administration management system has been brought in as to make every employee to participate in increasing productivity, reducing cost, reducing loss, reducing energy usage etc. The activities that have already been done are as follows:

- To install waste water treatment system in the factory to bring back water for recycling and using in the production process;
- To implement project about recycling all scrapped tiles by re-crushing and reused in new tile production;
- To set up energy management policy and energy saving committee to support energy saving policy and to participate in energy saving activities by every level of employees;
- To carry on energy saving project by using the campaign to close the electric light and air condition in the office during lunch break;
- To minimize paper usage campaign by promoting recycle of used paper and electronics system has also been employed in office work to substitute for paper;
- To strictly implement Zero Waste Policy by using 3Rs principle, which is Reduce, Reuse / Recycle, and Replenish;
- To participate in the Environmental Good Governance Project by corporate with Ministry of Industry.

Participation in the development of community and society: the Company has set the policy and has participated with various sectors such as government, local organization, and community etc. In social development, some projects have been implemented in 2013 and some projects have carried on continuously with details as follows:

- To join making merit in casting of big candles for Buddhist Lent period in rainy season on July 19th, 2013 with many participated employees;
- To arrange for blood donation to Thai Red Cross every 3 months;
- To clean education buildings of Nongkae Community and Industrial Education College, Saraburi Province by volunteer club on September 8th, 2013;
- To welcome customers from Grand Home and Lotus to visit the factory;
- To give flower Bouquets as presents to various government offices on the occasion of New Year Festival.



Innovation: the Company has set the policy to develop innovation from the operation to that added value to business and society continuously. Production formula to reuse all scrapped tiles, has been developed in production as raw material. Production system using Digital Printing Machinery has been developed to manufacture tiles with various design patterns including natural design patterns such as marble design and wooden design etc. with the look so real that this kind of tiles shall be used to replace and resulted in reduction the use of natural products too. And apply new Technology Dry Process system to used replace of currently which that is first producer in Thailand .

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10. Internal Audit

Audit Committee Report

Dear Shareholders,

The Audit Committee of The Royal Ceramic Industry Public Company Limited whose mission is scheduled to three years for each term, comprises of three independent committees as follow.

Mrs. Sirisook	Hoontrakool	Chairman of Audit Committee
Mr. Sripop	Sarasas	Member of Audit Committee
Mrs. Pawanya	Kritachart	Member of Audit Committee

In the 2011 fiscal year, being assigned by the Company's Board of Directors, the Audit Committee fully completed their tasks and responsibilities, as specified on the Audit Committee's Charter, complying well with benevolent regulations and principles of the National Securities Business's Auditing Committee, who conducted seven conferences of which the essence can be summarized as the following items.

1. Reviewing the company's financial statement, quarterly gross financial statement, and annual financial statement together with the Administration Division and auditors. The Auditing Committee concludes that the company's financial statement has been prepared on the basis of the nationwide-recognized Accounting Standard, where accounting policies were appropriately applied with frequent conducts through attentive consideration and the most supreme forecast in preparation. In addition, crucial information was adequately disclosed on the appendix of the financial statement, being beneficial to the decision of those who handle the company's financial statement.

2. Scrutinizing the company's compliance with Securities and Securities Business Law together with Securities Business Regulations and any other laws relevant to company businesses.

3. Studying the accuracy and completeness on reciprocal disclosure of information amongst companies, affiliated companies, individuals, and related businesses for relevant items or the ones which may cause conflict of interests. The Auditing Committee concludes that these items have been conducted in a reasonable manner with consideration on shareholder's benefits. All in all, the reciprocal information disclosure is accurate, unabridged, and sufficient.

4. Perusing the company whether it applies internal controlling system, and appropriately supervises business management in order to affirm that the business conduct shall attain its objectives. The Auditing Committee concludes that the company has currently assigned an external independent institute in conducting internal audit and control, of which results have been directly reported to the Auditing Committee in a frequent and continual manner for at least four times a year. In doing so, it is rationally affirmed that the company applies decent and sufficient internal controlling systems in order to detect its weaknesses as well as preventing it against any malpractice or prominent anomalies.

5. Proposing the appointment of auditors from Ernst and Young Ltd. As the company auditor, and settling the auditing fees for 2011 fiscal year.

6 Reviewing Business Management Policies and Code of Conduct to the international standard, which is suitable for the company's business conduct.

7. The company have increase the capital by issued common stock in the year 2013 ,the company type specifying the purpose of utilizing proceeds as its objective is to use it as working capital of business which that Disclosure of Information to shareholders the Notification of the Stock Exchange of Thailand ("SET") and explain in financial statement of the company already.

To sum up, the Auditing Committee concludes that in the recent year the company appropriately prepared the financial report and adequately disclosing information on the basis of the generally-recognized Accounting Principles, along with effective risk management and internal controlling system, including decent business management.

On behalf of the Auditing Committee



(Mrs. Sirisook Hoontrakool)
The Chairman of Audit Committee



Internal Audit and Risk Management

The company pays special attention to internal audit and control in order to have adequate and proper internal audit and control systems for its business and to prevent possible damages and impacts on the company. It established an independent unit particularly to conduct internal audit and control and report findings at least twice a year directly to the audit committee. Besides, the company seriously listens to recommendations and remarks in order to improve its internal control system up to the highest efficiency and effectiveness.

The company adapted the instructions of the Committee of Sponsoring Organizations of the Tread way Commission (COSO) and the Institute of Internal Auditors (IIA) to lay down its internal audit and Risk Management as follows.

Control environment

The audit committee sees to the adequacy of the internal control system, control on operations, and the policies of the company as required by the law and the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand. To the effect, the committee:

- Considers the company's structure and work system that support good internal control;
- Works out an operational plan and a budget for the internal audit and control unit;
- Selects a capable and recognized auditor; and
- Supports the personnel development programs that convince staff members of the importance of internal audit and control.

Risk assessment

The audit committee looks into the inside and outside factors that can obstruct the main goals of the organization. It assesses the following aspects of risks:

- a. Operational risks
- b. Financial risks
- c. Compliance risks

This leads to audit plans and control activities that suit anticipated risks.

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Control activities

The audit committee sets internal audit and control standards by taking into consideration:

- d. Duty segregation to create balance in operations among units and staff members at all levels;
- e. Approval and/or authorization for actions in line with the rules and regulations of the company;
- f. Asset supervision covering the documentation of acquired and sold assets and the exploitation of the company's assets; and
- g. Review by verification and reconciliation.

Information exchange and communications

The audit committee will see to the following qualifications of information exchange and communications.

- h. Adequate communications throughout the organization, covering communications between executives and staff members, among different units in the company, among staff members and between outside parties and the company.
- i. Adequate and accurate information to support the decisions of the company.
- j. Clear communications.

Monitoring

The audit committee requires monitoring to guarantee that operations steadily follow processes and procedures and to see if existing processes and procedures should be adjusted to deal with the situations that may change and thus jeopardize the organization. Monitoring must be the duty of the independent unit that is unrelated to the operational units monitored.

Inside Information Control

The company has strictly imposed policy and established ways to superintend and govern the management and employees on the matter of inside information disclosure for their personal gain as follows: -

1. The company has provided knowledge and promotes understanding to the management in various levels about their obligations and accountabilities for reporting their security holdings and changes of security holdings of the company to the Securities and Exchange Commission according to the Article 59 of the Securities and Exchange Act 1992 as well as relevant punitive regulations of the Act and the Stock Exchange of Thailand's regime.

2. The company has set up internal regulations barring the company's staff from disclosing or exploiting confidential corporate information and encouraging them to keep the inside information strictly confidential, as well as from abusing their positions or authorities and information available to them during the working process for their personal gains.



3. The company would take maximum penalty courses if the management or staff were found using inside information or exercising irregular actions, which produce damages to the company.

4. The company do not allow give the executive trades assets of a company during the time before has will the revelation spreads the finance to the public .

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11. Related business transaction between RCI and other companies in year 2013

1. Cermas Co.,Ltd
2. The Union Mosaic Industry PLC
3. The Royal Asia Brick and Tiles Co.,Ltd

Million baht

Transaction with other companies	CERMAS	UMI	RABT	TOTAL
Finish Good	-	10	57	67
Material	8	2	-	10
Return into Operation	-	8	4	12
Rent & Service	-	5	10	15
Salary	-	-	4	4
Transportation	-	-	-	-
Total	8	25	75	108

Reasonable

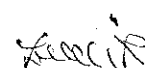
Related business transaction between RCI and other companies have reasonable because of support normal business for general commercial such as order for process, expense for rent ect.

Persons with mutual interest and related transaction

The persons are held with mutual interest in case of joint directorship or management or shareholding, as well as the relationship between those persons.

Persons with mutual interest	UMI	RABT	Related
1. Miss Paweena Laowiwatwong	✓	-	Managing Director
2. Mr.Somboon Uranukul	✓	✓	General Manager / Managing Director
3. Mr. Chakorn Warintraporn	-	-	-
4. Mr Sutin Youthanavaraporn	-	✓	Director
5. Mr.Nattaphong Posakabutra	-	-	-
6.Mr.Voravat Tantranont	✓	-	Director
7. Mrs.Sirisook Hoontrakool	-	-	-
8. Mr. Sripop Sarasas	-	-	-
9. Mrs. Pawanya Kritachart	-	-	-

Note: UMI have proportion of shareholder in RCI = 32.26 %
RCI have proportion of shareholder in RABT = 99.99 %

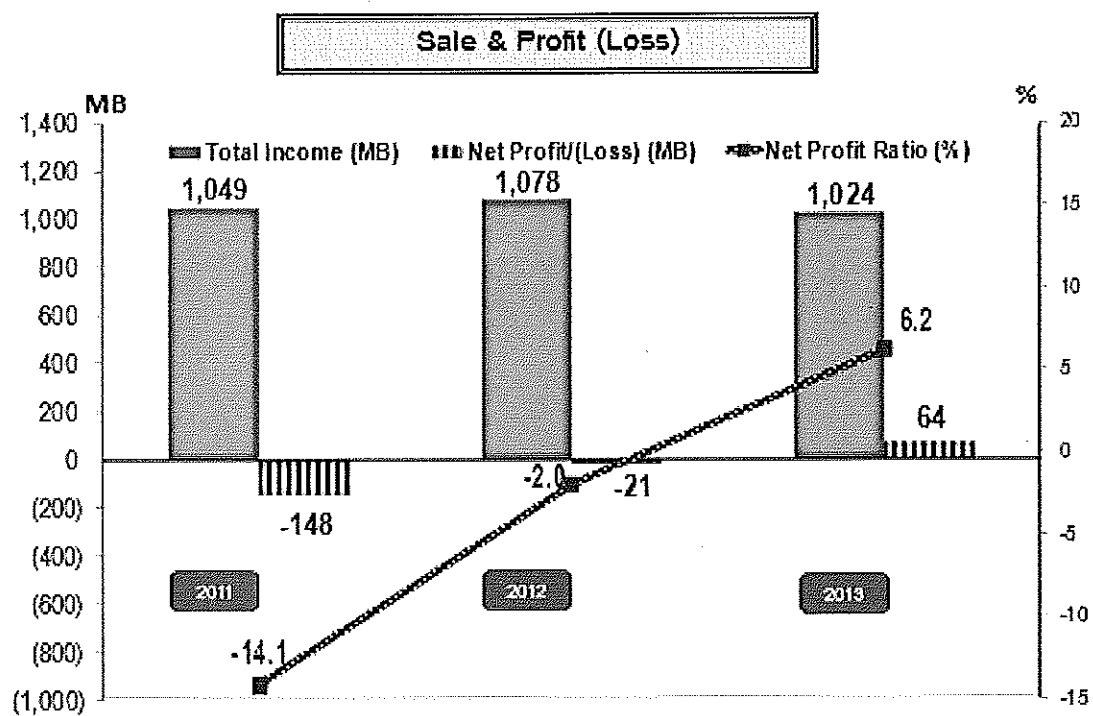


12. Financial Analysis and business performance

Financial Highlight As at December 31 (Consolidated F/S)

(Unit : Baht)	2554	2555	2556
Total Asset	924,534,806	914,792,155	1,019,435,122
Total Liabilities	633,465,906	671,801,049	526,668,169
Total Equity	291,068,900	242,991,106	492,766,953
Total Sales	1,047,139,309	1,071,752,956	1,015,661,791
Total Revenue	1,049,115,141	1,077,521,260	1,024,040,107
Gross Margin	256,978,681	325,020,318	317,480,683
Net Profit/(Loss)	(147,816,388)	(21,087,171)	63,651,717

Remark : For year 2011, The financial statement before adjust TAS 12 : defer income tax



Financial Ratio as of December 31

Financial Ratio		Consolidated F/S)		
		2556	2555	2554
Liquidity Ratio				
Current Ratio	(Time)	1.22	1.88	1.84
Quick Ratio	(Time)	0.20	0.03	0.02
Operating Cash Flow Ratio	(Time)	0.08	0.03	0.04
Account Receivable Turnover	(Time)	7.24	7.62	6.95
Collection Period	(Day)	49.74	47.25	51.77
Inventory Turnover	(Time)	2.03	2.29	2.28
Inventory Conversion Period	(Day)	177.42	156.87	158.24
Account Payable Turnover	(Time)	7.45	6.83	8.40
Payment Period	(Day)	48.31	52.74	42.84
Cash Cycle	(Day)	178.86	151.39	167.17
Profitability Ratio				
Gross Profit Margin	(%)	31.26%	30.33%	24.54%
Net Profit Margin	(%)	6.22%	-1.96%	-14.09%
Operating Profit Margin	(%)	8.03%	1.70%	-11.17%
Operating Cash Flow Return	(%)	3.81%	0.83%	0.91%
Return on Equity	(%)	17.30%	-7.90%	-40.50%
Efficiency Ratio				
Return on Assets	(%)	6.58%	-2.29%	-14.92%
Return on Fixed Assets	(%)	25.17%	5.27%	-21.72%
Assets Turnover	(Time)	1.06	1.17	1.06
Financial Policy Ratio				
Debt to Equity Ratio	(Time)	1.07	2.76	2.18
Interest Coverage Ratio	(Time)	2.49	0.51	(3.34)
Debt Service Coverage Ratio	(Time)	1.76	0.51	(1.59)
Debt Service Coverage Ratio (Cash Basis)	(Time)	1.55	1.25	0.61
Dividend Payout Ratio	%	-	-	-

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Financial Ratio

Liquidity of the Company

(1) Liquidity Ratio is 1.22 times decreased from 1.88 times of the year 2012 because there was transfer transaction of long term debts to short term debts as the Company had additional investments in the operation more than the condition set by the Bank, but the Bank has already loosen the said condition. If the said transaction has been transferred back, it will cause the ratio to increase to 4.28 times which shows that the Company has increased liquidity from the year 2012.

(2) Average accounts receivable days were 50 days while in the year 2012 it was 48 days slightly increase as the Company. The Company has also kept policy to strictly control and follow up debts of the existing customers. If any amount of debts is more than limit of payment term, delivery of the products shall be stopped with closely monitor. If it is new customer, sales will be in cash payment. If the customer requests for credit term, the letter of guarantee by bank shall be submitted instead. The Company has already made allowance for doubtful debt.

(3) Average accounts payable days decreased from 53 days to 49 days. Since the Company had high liquidity, the negotiation with suppliers has been set up to make the payment ahead of due time to get the discount, which has reduced expenses more than interest rate receiving from making bank deposit. However, the Company has still made the request to extend the payment term to creditors for longer period of payment, so that the Company shall make the better liquidity management.

(4) Inventory turnover decreased from 2.29 times to 2.03 times or Average selling days increased from 157 days to 178 days as the result in the increase of finished products and the Company has continuously manufactured in order to reduce suspended production costs and imported products from abroad at the end of the year to prepare products to delivery to customers in January 2014. However, the Company always maintains the analysis of products movement. If it is founded that there is no products movement, the measure will be set up to release products and keep stock at suitable level.

Financial policy

1. Debt to equity ratio decreased from 2.76 times to 1.07 times in the year 2013, because the Company has the profit to increase by 85 million Baht as compared to 2012 together with the Company has issued capital increase ordinary shares with both of these factors result in making debt to equity ratio decreases substantially.

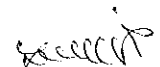
The resolution of the Extraordinary General Meeting of Shareholders No. 1/ 2556 on September 26th, 2013 has approved a capital increase of the company type specifying the purpose of utilizing proceeds as its objective is to use it as working capital of business by increase existing registered capital from 314,285,710 Baht to registered capital of 480,000,000 Baht divided in to

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480,000,000 shares at par value of 1 Baht by issuing an amount of 165,714,290 new ordinary shares at par value of 1 Baht per share, issuing capital increase ordinary shares to existing shareholders of the Company at the amount of not more than 82,857,145 shares at par value of 1 Baht at the ratio of 4 existing shares to 1 new ordinary share at the exercise price of 2.50 Baht per share and allocating the warrants representing the rights to purchase ordinary shares of the Company No.1 (RCI-W1) allotted to existing shareholders at the amount of not exceeding 82,857,145 unit by allocating to shareholders who subscribe to newly issued ordinary shares at the ratio of 1 newly issued ordinary share to 1 unit of warrant free of charge at the exercise price of 3.00 Baht the Company has registered the said capital increase with the Ministry of Commerce on October 9th, 2013 and on October 21st, 2013 the Company has reported to Stock Exchange of Thailand (SET) that 74,449,652 ordinary shares have actually been sold at par value of 1 Baht. Furthermore, the Company has received the approval that the said capital increase ordinary shares should begin trading in the Stock Exchange of Thailand (SET) to be effective from November 1st, 2013. The Company registered the increase in its paid-up share capital with the Ministry of Commerce on October 24th, 2013. Consequently, there is premium on ordinary shares from capital increase shares at the amounting of 11.67 million Baht. Interest payable ratio coverage increased from 0.51 times to 2.49 times, it means that the Company has much more capability to pay interest than the previous year.

The capability to make the profit

1. Profit margin increased from 30.3 percent to 31.3 percent because production cost was reduced from the decrease in raw material price which came from the power of negotiation and the decrease of energy cost in production owing to the improvement in efficiency and effectiveness of production process.
2. Return on assets from minus 2.29 percent increased to 6.58 percent, it shows that the asset management of the Company was more effective.

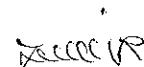


13. Management Discussion and Analysis

Financial situation and operation result

The operation result of the Company in the year 2011: The total sales was approximately 1,047 million Baht decreased from the year 2010 approximately 3.9 percent the reason of the decreased sales came from the Company had received the impacts from flood disaster that many customers had slowed down in purchasing by anticipating that warehouse might be flooded. In the meantime, the orders from export sales had been decreased with its cause came from highly price competition among manufactures in the foreign countries especially China. The Company had profit margin ratio approximately 24.5 percent and there was the transportation cost of 6.7 percent of total sales from the increment of energy price with proportion of sales portion in up country (provinces) had expended, resulted in increasing transportation cost until it was higher than the cost in the year 2010 by increasing to 5.9 percent of total sales while selling expenses (included transportation cost) approximately 21.6 percent of total sales slightly increase from the previous year which was approximately 20.3 percent of total sales. For the administration expense, it was clearly more than the previous year, main portion of increased cost came from advisor fee, audit fee, and legal fee engaged to the transaction in join investment between the Company and shareholders of VSSL Enterprise Co., Ltd. approximately 6 million Baht. There was other losses from the transactions of selling deteriorated inventories approximately 8 million Baht, the employee benefit expenses according to accounting standard that started to implement in the year 2011 was approximately 3 million Baht including employee salaries and wages approximately 4 million Baht. Furthermore, the Company had to keep the inventories at the proper level, this cause the suspension of production in some periods of time resulted in having suspended production expense of 40 million Baht. All of these action had affected the Company by reported loss of 154 million Baht for the year. However, the Company still maintained liquidity to support business operation, including making liabilities payment in compliance with regulation at the 2.18 times of debt to equity ratio.

The operation result of the Company in the year 2012: The Company had operation losses of 21 million Baht decreasing from the year 2011 by 132 million Baht. In the year 2012, the Company had net sales of 1,072 million Baht increasing from the year 2011 approximately 2.4 percent with gross margin of 30.3 percent increasing from the year 2011 because of the reduction in cost of goods sold by 43 million Baht, part of it came from the reduction in production cost as the result of depreciation of machinery decreased from the year 2011 by 7 million Baht. For selling and administration expenses was less than the year 2011 by 64 million Baht because of the suspend production cost from the stoppage of production of the year 2012 was worth 28 million Baht decreasing from the year 2011 by 12 million Baht. The rental fee was less than the previous year (2011) by 5 million Baht because of relocated the Head Office (relocated on August 2012). The other administration expense reduce from the year 2011 according to the cost reduction such as the delivery expense and sales promotion expense reducing by 19 million Baht. Moreover, the reduce of the number of employees effected the accrued employee benefit in the year 2012 by decreasing 5 million Baht from the previous year 2011.



The operation result of the Company in the year 2013: the Company had net profit of 64 million Baht increased from the year 2012 by 85 million Baht with total sales in the year 2013 equaled to 1,016 million Baht decreased from the year 2012 approximately 5.2 percent the reason that sales was decreased, resulted from the impacts which the Company were received, came from inside and outside of the country problems. The inside problems were the uncertainty in politics and the rice farmers who were deeply troubled from unpaid payment under a subsidy scheme that made the reduction in domestic purchasing power and expected that it will make continuously impact thru the year 2014. For the problems from outside the country, it came from the problems of European Union Economy that will have unavoidably impacts on Thai Economics.

The reasons that the Company could make profit came from many cost reduction activities inside the Company as the Company had already reduced the production costs for example from the reduction of raw materials price from negotiation, the reduction of energy expense in production by improving on the manufacturing process and increase on production efficiency resulted in the profit margin increased from 30.3 percent to 31.3 percent. The selling expense had been decreased by approximately 31 million Baht, cost reduction on many categories of costs for example transportation cost by 10 million Baht using price reduction negotiation, rental and service expense by 9 million Baht from relocation Head office (in 2012 effective for 5 months and in 2013 effective for all year), and sales promotion expense by 10 million Baht from restructuring sales promotion to be more efficient.

Moreover, administration expenses had been reduced by 38 million Baht dividing into reducing employee expense by 8 million Baht from the changing and adjusting of new organizational and reviewing the reservation for employee benefit, reducing the suspension of production expense worth 28 million Baht from increasing production by expanding new type of products and new sizes, and reducing legal advisor expense by 2 million Baht.

Finally, in the year 2013 the Company and subsidiaries have changed their new accounting policy by adopting of Thai Accounting Standards (TAS) No.12 topic "Income Taxes" for practice which had affected the report of the comprehensive profit and loss statement at the amount of 18 million Baht.

" Investor will be could study data of the company as out issuer an additional from company 's Form 56-1 at shows on website www.sec.or.th or company website www.rci.co.th "

