



รายงานประจำปี
ANNUAL REPORT

18/61

LOOKING FOR
A BETTER PROSPECT

The Royal Ceramic Industry Public Company Limited

บริษัท โรเยล ซีรามิค อุตสาหกรรม จำกัด (มหาชน)

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“Investors can learn more about the company from the Company’s Annual Registration Statement (Form 56-1) on www.sec.or.th or www.rci.co.th ”

Message from Chairman

Dear Shareholders,

2018 has been a truly successful year for the Company. Efficiency enhancement in our production lines and improvement in work process throughout our organization have positively resulted in a significant drop in total cost. In addition, a change in sales and marketing strategy has led to higher sales revenue of almost one billion Baht this year. Higher sales revenue together with lower cost has turned the Company from net loss last year to a net profit of around one million Baht, for the first time in the past few years.

The achievement we have made this year was only a first step. The management believes in the Company's potential to progressively develop and able to operate firmly in this industry by using a cautious resources management as well as running production at full capacity to effectively manage costs. Currently RCI is producing at 12 million sq.m annually and expect to lift up capacity further in last quarter next year.

Lastly, on behalf of the Board of Directors and the management, we would like to express our gratitude to all of our customers, business partners, and shareholders for always trusting in and giving support to the Company. The Company is committed in conducting our business by taking into account the benefits for all stakeholders and customers in order for the Company to grow sustainably in perpetuity.

Yours sincerely,



Mr. Viboon Wadcharasurang
Chairman

Board of Directors



Mr. Roongroj Saengsastra
Chairman of Executive Director



Mr. Viboon Wadcharasurang
Chairman



Mr. Sanchai Jenejarat
Managing Director



Mrs. Pawanya Kritachart
Chairman of Audit Committee



Mr. Kamolsut Dapparansi
Independent Director and Audit Committee



Miss Bongkot Sittikornprasart
Independent Director and Audit Committee



Mr. Chaiyos Rungcharoenchai
Independent Director and Audit Committee



Mr. Monrak Saengsastra
Chief Admin and Finance Officer



Mr. Maruth Saengsastra
Chief Marketing and Sales Officer



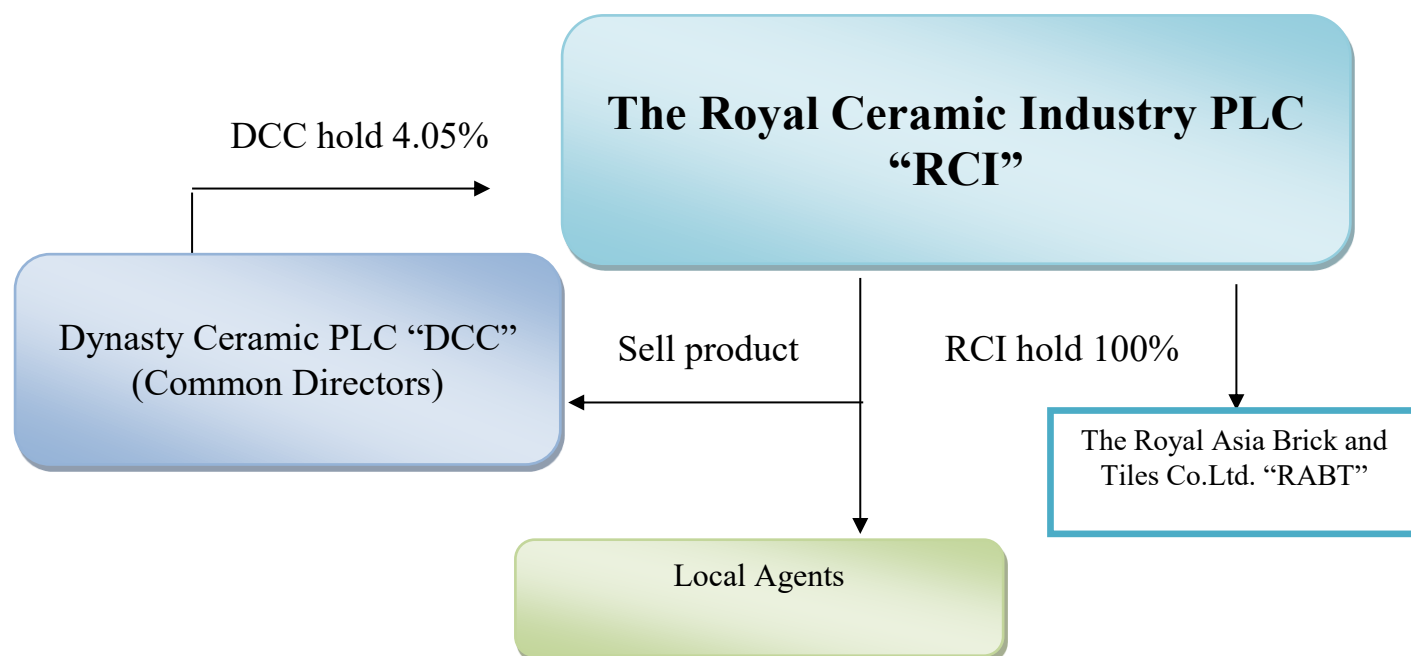
Mr. Jaruwat Traithavil
Chief Production Officer

Core Value

**“Continuous Improvement, Confident in Quality, Updated Technology, and
Leading-edge Technology”**

The Company's Business Structure

Shareholders' information at 31 December 2018



Types of Business Operation

Profile, changes and major developments

- 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 and invested 100 Million 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.
- 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. Since 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 Extraordinary Meeting of Shareholder No.1/2013 held on September 26th, 2013 approved a capital increase of the company, to use as working capital within the business. The company issued and allocated warrants to purchase new ordinary shares of the company No.1 (RCI-W1) to the existing shareholders who subscribe for new ordinary shares at ratio of 1 new ordinary share per 1 unit. The term of the warrants is 2 years and the exercise date is 1 year and 2 years. The first exercise date is 22 October, 2014 and the last exercise date is 22 October, 2015 respectively.

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.

- In the year 2014, the Annual General Meeting (AGM) of Shareholders No. 1/2014 on April 28, 2014 has passed the resolution to let the Company exercising the right to purchase the capital increase ordinary shares of T.T. Ceramic Public Company Limited

(TTC) in the part that the existing shareholders do not exercise their right at some part at the amount of 50,000,000 shares having a par value of Baht 1.00 totally 50,000,000 Baht. The Company appointed AEC Securities Public Company Limited as independent financial advisor which had concluded the advantages and disadvantages of connected transaction and reasonable price by stating its opinion that purchasing of the capital increase ordinary price of TTC was the appropriate price as the appraised price was higher than the transaction price. The AGM of shareholders has also approved the reduction of registered capital of the Company at the amount of 16,814,986 Baht by cutting out ordinary shares remaining unsold in issuing capital increase shares at the amount of 16,814,986 shares at a par value of 1.00 Baht from existing registered capital of 480,000,000 Baht to new registered capital of 463,185,014 Baht.

On October 22, 2014, the Company reported the result of the exercise of shares subscription rights exercised by warrant holders of RCI-W1 No. 1 as follows: There were 2 warrant holders who exercised their right with total amount of exercised warrants at 2,540 units from the allotment of totally 74,449,652 ordinary shares of the company and amount of remained warrant at 74,447,112 units. The Company had already registered capital increase on October 30, 2014. At present, the paid-up capital of the company consists of 388,737,902 shares with a par value of 1 Baht per share, totaling 388,737,902 Baht.

- In the year 2015, the Company has approved the transfer of legal reserve and capital surplus to compensate for total accumulated losses in the separate financial statements of the Company at the amount of 31.4 million Baht and capital surplus of 141.3 million Baht respectively to compensate for total accumulated losses of the Company as stipulated in financial statements as of December 31st, 2014 at the amount of 172.7 million Baht. After the compensation of such accumulated losses, the capital surplus of the Company at the amount of 17.8 million Baht and the accumulated losses of the Company shall be equal to zero. Finally, this will enable the company to pay a dividend if the company has profit in the future.

On October 22, 2015, the Company reported the conversion of warrants RCI-W1 No. 2 (the last exercise) as follows: 383 warrant holders of RCI-W1 exercise their rights to convert warrants at the amount of 73,891,622 units and the Company has allocated ordinary shares of 74,447,112 shares with 555,490 remaining un-exercised warrants (expired). The Company has already registered the increase of paid-up capital on November 3, 2015 to 462,629,524 shares at par value of 1 Baht per share at the total amount of 462,629,524 Baht at present.

On December 31, 2015, the Union Mosaic Public Company Limited deducted a shareholding from 32.26% to 10.60% of issued capital and paid-up capital.

- In 2016, the Union Mosaic Public Company Limited deducted a shareholding from 10.60% to 0.02% issued capital and paid-up capital. In present, the Union Mosaic Public Company Limited is not a shareholder.

On October 20, 2016, the Union Mosaic Public Company Limited has a notice of termination of Management fee before the agreement expiration on December 31, 2017 effected on December 1, 2016.

- In 2017, on April 28, 2017, by virtue of the resolution of The Annual General Meeting of Shareholders N0.1/2017, has appointed 4 directors with as a directors of Dynasty Ceramic Public Company Limited. A manufacturer and distributor of ceramic tiles, the same business type who is not a shareholder and entered to signed employment agreement with Dynasty Ceramic Public Company Limited to manage in production, marketing, and all management with management fee 1.0 million Baht monthly for 1 year since May 2, 2017 until May 1, 2018. There was a termination of management fee before the expiration on October 1, 2017 (by the resolution of the Extra General Meeting of Shareholders No.1/2017 held on November 27, 2017) due to the new management structure.

- In 2018, the Annual General Meeting of Shareholder for year 2018 on April 23, 2018.

-To approve the reduction of the Company's registered capital from the existing registered capital of Baht 463,185,014, to be a new registered capital of Baht 462,629,524 by cancelling the number of 555,490 authorized but unissued shares, which were reserved for the exercise of 555,490 units of warrant to purchase ordinary shares in the Company (RCI-W1) and such warrants had not been exercised within its term. As a result, such warrants had already expired) in accordance with the EGM No. 1/2013 held on 26 September 2013

- To approve the increase of the company's registered capital from THB 462,629,524 to be THB 616,839,365 by issuing 154,209,841 new ordinary shares with a par value of THB 1 each, totaling THB 154,209,841

-To resolved that the number of 154,209,841 new shares at the par value of THB 1 each by way of rights issue at the ratio of 3 existing shares to 1 new ordinary share (any fraction of shares will be disregarded) at the offer price of Baht 1.50 per share. At present the company's registered capital ordinary shares 616,839,365 with a par value of THB 1 each, totaling THB 616,839,365

The Royal Ceramic Industry PLC is the manufacturer and distributor of ceramic tiles which are wall tile, floor tile, decorative tile, porcelain tile and clay tile. Most of customers are housing estate projects and dealer shop for construction materials. After the management restructure in mid of 2017, the main customer is Dynasty Ceramic PLC which produce and sell only wall tile and floor tile by canceling production and distribution decorative tile, porcelain tile and clay tile because the production cost is very high.

The Company is held by Thai nationals 99.71 % and 0.29 % by foreigners. (Register closed 28 December, 2018)

Our Brands

The ceramic tiles produced by the Company and its subsidiaries comprise under the trademark “RCI”

Product Types and Sizes

The company has divided the product tiles into 2 groups which are

1. Wall Tile Size 20x25cm. , 20x30cm. , 20x30cm. (Digital) 25x40cm. , 25x40cm. (Digital)
2. Floor Tile Size 30x30cm. , 30x30cm. (Digital) 30x60cm. , 30x60cm. (Digital), 60x60cm. , 60x60cm. (Digital)

Revenue structure of the company and subsidiary

- Revenue from the sale of floor and wall tiles produced by Royal Ceramic Industry PLC since April 2017, started selling to Dynasty Ceramic PLC which is the main customer.
- Revenue from the sale of imported tiles from the company purchased through local distributors and stop to import and buy through local agent since mid of 2017.
- Revenue from the sale of clay tiles purchased from a subsidiary (Royal Asia Brick and Tile Co.,Ltd.) (RABT) to be sold to customer (closes down on April 2017).
- Other income such as revenue from warehouse management, retail income, exchange gain, interest received, profit from selling assets, etc.

Total Income structure in the last 3 years (Consolidated Financial Statement)

Type of Income	Y2018		Y2017		Y2016	
	MB	%	MB	%	MB	%
<u>Domestic</u>						
Sales from tiles	980.88	99.8%	504.98 ⁽¹⁾	98.0%	651.20	93.5%
Sales from others	0	0%	0	0%	0	0.0%
Total Sales - Domestic	980.88	99.8%	504.98	98.0%	651.20	93.5%
<u>Overseas</u>						
Sales from tiles	0	0%	1.98	0.4%	8.04	1.1%
Total Sales - Overseas	0	0%	1.98	0.4%	8.04	1.1%
Total Sales	980.88	99.8%	506.96	98.4%	659.24	94.7%
Others income	2.20	0.2%	8.25	1.6%	37.02	5.3%
Total income	983.08	100.0%	515.21	100.0%	696.26	100.0%

⁽¹⁾ Product sales to Dynasty Ceramic PLC is 390.0 million Baht.

Significant Changes in 2018

Factory Part

- Increase production capacity from 400,000 square meters per month to 1,000,000 square meters per month.
- Improve the production system to be a continuous production and bring automation to be use in the factory.
- Reduce the process and lead time in the production process. Resulting in reduced lead time in the production process.
- Started production of large tiles size 60X60 in the new install production line to support the large tile market.
- Reduce the energy consumption rate in the production process by applying heat release from the burning process, to be use in baking process.
- Reduce waste in each process and improve production formula which resulting in economical the production cost.
- Improve and develop the product development process to reduce the delivery time to customers.
- Increase the proportion of production in digital printing system to meet the needs of various customers.
- Improvement and development of warehouse and delivery systems to reduce the time of delivery.

Head Office

In 2018, The Annual General Meeting of Shareholders year 2018. Dated on April, 23 2018

-Resolved to reduce the registered capital of the company from the original registered capital 463,185,014 Baht by the method of cutting the unissued registered shares of 555,490 shares which shares are reserved for the exercise of warrants to purchase 555,490 ordinary shares (those are not exercised within the term of the warrants and at present the warrants to purchase the company ordinary shares was already on due) approved by the Extraordinary General Meeting of Shareholders No. 1/ 2013 on September 26, 2013.

-Resolved to increase the registered capital of the company from 462,629,524 Baht to 616,839,365 Baht by issued new ordinary shares of 154,209,841 shares at 1.00 Baht, totally 154,209,841 Baht.

-Resolved to allocate ordinary share of 154,209,841 shares at 1.00 Baht per share to offered to existing shareholders in proportion (Rights Offering) at the ratio of 3 existing shares to 1 new share in the offering price at 1.50 Baht per share. At present, the registered share and paid up capital of the company is 616,839,365 shares at 1.00 Baht per share, totally 616,839,365 Baht .

Industrial Conditions and Competition

In 2018, the ceramic product market has a high price competition from domestic manufacturers and imported products to create sales in tight market conditions. The company has summarized the overall industry situation and competition as follows:

In the first 6 months of 2018, the company began to be able to control production cost more efficiently in order. It also has a modern machine with energy saving which run full production capacity, more colorful pattern design. Moreover, adding a product group of wall tiles size 25x40 cm. (Digital), floor tiles size 60x60 cm. (Digital) that makes the company have various sizes of tiles to support the increasing of customer demand and a business partner, Dynasty Ceramic PLC is a major customer to support the company on producing and distribute products faster.

In the second half of 2018, there are 4 kilns in the production and 1 additional kiln which will be 5 kilns in 2019. It will increase the production capacity to 1.0 million square meters per month. Resulting the ability to reduce production cost. At the same time, the company is still heavily affected by natural gas price which is the main factor, higher at the

same period from last year more than 30 percent. The company is still committed to increase the efficiency of production and design a variety of new pattern continuously.

Plan and Strategies 2019

In 2018, the RCI management team continued to manage on decreasing of production costs as much as possible. In order to be able to determine the competitive price in the market which currently has high price competition. Originally, it still unable to adjust the selling price due to high production costs so the product have to be store which causes the sales to decrease continuously. There is a lot of stock outstanding products and also have a partner like DCC which is considered a related business support each other in business. Such as lower in raw material prices because DCC is a larger producer with more bargaining power. It is apart that helps to reduce production cost. And RCI is supported by the sale of RCI products to DCC to add as an option for customers. From the plan which has been implemented continuously since the middle of 2017. The management team expects that the performance trend will be in a better direction.

The company's goal in 2019 continues from 2018's plan as follow

- Improve production capacity to work in full power
- Reduce all types of production costs to increase gross profit
- Add the pattern of the tiles to the variety that meets the needs of the market.
- Develop the potential of every employee and focus on identity and direct responsibility
- Simplify the work process to create time and remain effective

Risk Factors

Royal Ceramic Industry Public Company Limited consider the important the systematic of administration and risk management in the organization. At present, the business environment is changing rapidly. Risk management is an important process that helps to manage, plan and support business insecurity. The company has applied risk management principles as part of the corporate culture by arranging for all departments to create a culture and manage risk to cover all work processes to ensure that all departments are able to achieve the goals in both short and long term together.

The company has classified corporate risk management topics to be in the line with sustainable business practice with consists of economic, social and environment sectors as follows:

Issue of risk	Management
<p>1. The risk in the shift of natural gas, petroleum gas and raw materials of production. <u>The effect</u> : Unstable production cost</p>	<p>Our company has a short and long terms plan as follows</p> <ul style="list-style-type: none"> - Following the news about shifting of natural gas and petroleum gas closely. - Reducing the energy consumption per unit of production with our company setting the goal to reduce energy consumption by 5 percent for all of production units by 2020. - Changing the process of production of “กระเบื้องบุผนังแบบเผา 2 ครั้ง” to “กระเบื้องบุผนังแบบเผา 1 ครั้ง” that may help to reduce cost of natural gas and electric power in the process of making “Wall Tile”. - Reserving and supplying other materials with a suitable price, to control cost and further more develop the process of production and substitution materials.
<p>2. The risk of changing IT and product innovation. <u>The effect</u>: Income of business / Cost changes.</p>	<ul style="list-style-type: none"> - Follow the development of systems of ceramic production in Thailand and other countries. - Improve and give an impetus to production in every department. - Expand investment in Digital Printing Systems and Automation Systems to reduce cost and add value to products.
<p>3. The risk from operation that might affect to a personal community and social. <u>The effect</u>: Safety and Reliability of personal community and social to business operation.</p>	<ul style="list-style-type: none"> - Standardize safety system according to the law and evaluate procedure of operating to indicate danger from working and organize safety system in all production process. - Operate Zero Accident Campaign in all department.

- Surveying, inspecting and following the environment in all factory by an annual action plan.
 - Medical Checkup and follow up result of medical examination of employees to indicate health risk from working and provide protection plan and reduce risk that might be happened
 - Making some activity to acknowledge people about “How to evaluate when company got fire”
 - Encouraging company to have policy about save the water in all processes and provide more water-well to store up water for using in factory’s area.
4. The risk of water scarcity.
- The effect:* The production process is interrupted due to insufficient water.

General Information

Company's name: The Royal Ceramic Industry PLC., Registered No. 0107537001137
(Bor MorJor 360)

Product: Manufacturer and Distributor of Floor Tiles and Wall Tiles

Office location: DCC Building 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district
HuayKwang District, Bangkok 10310 Tel: 0-2276-9275-80
Fax: 0-2643-0948-9

Mill location: No. 54/7 Village No. 3 Suwannasorn Road, Khokya Sub-district,
Nongkhae District, Saraburi Province 18230
Tel: 036-305249, 036-305979-81 Fax: 0-3630-5988

Registered capital: 616,839,365 ordinary shares, 1.00 baht per share 616,839,365 Baht

Paid-up capital: 616,839,365 ordinary shares, 1.00 baht per share 616,839,365 Baht

Company share

Registrar: Securities Depository Center (Thailand) Co., Ltd.

Office location: No. 93 Stock Exchange of Thailand Building
Ratchadaphisek Road, Din Dang Sub-district, Din Dang District,
Bangkok 10400 Tel: 0-2009-9999, 0-2003-9378 Fax: 0-2009-9476

Company's Auditor Karin Audit Company Limited

Office location: 6 F1 Room B1, Boonmitr Building, 138 Silom Road
Bangrak Bangkok 10500
Tel. 0-2634-2484-6 Fax. 0-2634-2668

Company Secretary Miss Cattleya Saengsastra

Tel: 02-276-9275-81 ext 403 Fax: 02-276-0313-17

E-mail: Cattleya.sa@rci.com

Information of Shareholding of the company in other companies

Security Name: The Royal Asia Brick and Tile Company Limited (Ordinary shares)

Office location : DCC Building 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district
HuayKwang District, Bangkok 10310 Tel: 0-2276-9275-80
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 per cent of registered 1,000,000 shares, value
at 25 baht per share

Security name: T.T. Ceramic Company Ltd. (TTC)

Product: Manufacturing and distributing of high quality ceramic tile Porcelain type
under brand name of “CERGRESS”

Office location: No. 65/224 Chamnan Phenjati Business Center 27th Fl, Rama 9
Road, Huaykwang Bangkok 10320
Tel: 036-305-977-8, 0-2643-0753-9 Fax: 0-2643-0948-9

Mill location: No. 136 Moo No.13, Koke Yae Sub-district, Nong Khae District, Saraburi
Province
Tel: 0-3630-5249-57 Fax: 036-305-128

Registered capital: 600,808,896 ordinary shares, 1.00 baht per share

Number of shares: 50,000,000 shares, equal to 8.32 per cent of 600,808,896 registered
Shares, value at 1.00 baht per share.

Report of the Audit Committee

To the Shareholders

The Audit Committee of The Royal Ceramic Industry Public Company Limited consists of directors which are the independent directors, qualified person, knowledge and experience in business operation.

Audit committee consists of independent directors as follows:

Name	Position	Meeting in 2018 (4 Times)	Remarks
1. Mrs. Pawanya Kritachart *	Chairman of Audit Committee	4/4	Resigned on February 18, 2019
Mr. Boonchuai Kobkitpanichpol*	Chairman of Audit Committee		Appointed instead of Mrs. Pawanya Kritachart on February 18, 2019
2. Miss Bongkot Sittikornprasart *	Independent Director and Audit Committee	4/4	Resigned on January 2, 2019
Mrs. Samornvadee Pholprasert *	Independent Director and Audit Committee	-	Appointed instead of Miss Bongkot Sittikornprasart on January 15, 2019
3. Mr. Kamolsut Dapparansi	Independent Director and Audit Committee	2/4	Resigned on January 15, 2019
Mrs. Sirepen Mittravijarn *	Independent Director and Audit Committee	-	Appointed instead of Mr. Kamolsut Dapparansi on January 15, 2019
4. Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	3/3	Appointed on February 20, 2018

* Directors have sufficient knowledge and experience to be able to review the reliability of financial statement

Audit committee performs duties as assigned by the Board of Directors in accordance with the regulations of the Stock Exchange of Thailand in 2018. Audit Committee held a total of 4 meetings by discussing with the management team and auditors on relevant matters and summarize the meeting report to the Boards. The summary of the mission of the year as follows:

1. Review of the quarterly and annual financial statements of the individual company and the consolidated financial statements in 2018

There was a meeting with auditor, internal audit department, accounting department and other management department to review data, evidence and accounting system, including questioning and get satisfy explication on important item to obtain reliable financial statement. In accordance to the accounting standard prescribed by the Federation of Accounting Professions of Thailand issued under the Accounting Act and the disclosure footnotes to financial statement enough and appropriate for business operation. As result, the auditor give unqualified opinions in company's financial statement and consolidated financial statement.

When the review is satisfied, the Audit committee will approved the audit's report, financial statement and footnotes to financial statement with the company consolidated financial statement to present to the Board of Directors for approval before propose to the shareholder's meeting.

2. Review of the internal control system

Review assessment if the internal control system and computer system used to record financial financial information and coordinate operation with auditor and management department involve to operate according to the internal control requirement and the authority to the company for internal control system and computer system sufficiency and suitable with nature of business operation which consistent with the assessment of the auditor that is not make any significant observation in the internal control system in the company.

3. Review of the internal control

It has a review in the performance of audit according to the plan, resulting that the performance was meet the target in such of vision development set that is a creative examination to create value added in the organization according to the principle of good governance , able to formulate strategies and plan to achieve goals which most will be determined from the summary of the quarterly audit result proposed for examized and share opinion together with institute which receive in determining the corrective measure to meet a resulting of the department operation to be more sufficiency.

4. Review on compliance with laws, regulations and requirements

The Audit Committee has conduct a joint review with the auditing unit and the related management and found that the working units have satisfactorily complied with the laws, regulations and requirements provided. In case of the discrepancies, the correction would be undertaken as soon as possible. In addition, the agenda was involved with changes in laws, accounting standards and other matters related to the operation of the company in each quarter to make a study and provide comments on the suitable practices of the related units in compliance with the operation and business of the company.

5. Assessment on risk management

The Audit Committee has reviewed and assessed the risk management of the risk management committee and it is found that the company has complied with the requirements on risk management with risk control, monitoring and management, particularly in reducing the major risk, to the acceptable level as evident in the performance which is more efficient, concise, rapid and could reduce the working time while the key risk factors are shown in the annual report.

6. Review of inter-company transactions and conflict of interest transactions

Review with related parties regarding the appropriate and adequacy for examine the related transactions including related transactions that may cause conflict of interest found in every quarter. It was found that in 2018, nature of related transactions is a normal trade transaction and the connected transaction is a normal transaction according to the annoucement of the Stock Exchange of Thailand which disclose the said transaction adequately in the annual report.

7. Promotion of good governance

The company is committed to managing the business by adhere to the principle of good governance. This is for transparency and examize in ethical. There are a channels for complain in such not match with the law practice, regulations and ethics. These are create confidence for shareholders and stakeholders. In 2018, there was no complaint found for not practice with the regulation and organize activities to communicate with employee at all levels to understand and comply with the code of conduct. Especially in the issue of anti corruption

8. Proposed appointment and remuneration of the auditor for the year 2019

There was a considered to propose the current auditor which considered by qualifications and experience that is appropriate. Accordingly, agreed to propose Karin Audit Company Limited to be the auditor of the company and subsidiaries. Then propose to the Board of Directors for consideration and approval before proposing to the ordinary shareholders' meeting approve the appointment and determination of the auditor's remuneration for the year 2019.

In the past year, the Audit Committee recognized that the Company has transparent and appropriate internal control, continuous risk management, excellent management to ensure good corporate governance, and accurate and reliable accounting practices and financial statement that is compliance with relevant laws and regulations.

On behalf of the Audit Committee
The Royal Ceramic Industry Public Company Limited



(Mr. Boonchuai Kobkitpanichpol)
Chairman on the Audit Committee
18 February 2019

Report of the Executive and Corporate Governance Committee

To the shareholders,

The Executive and Corporate Governance Committee has been appointed by Board of Directors to be responsible for the corporate governance of the Company in accordance with the principles of good corporate governance in order to comply with the principles of good corporate governance for listed companies, which has practiced and has developed to promote corporate governance continuously as corporate culture.

In 2018, the Corporate Governance Committee conducted a total of two corporate governance meeting in accordance with the established corporate governance policy and plans. To summarize, the Company's corporate governance meeting was conducted in the following aspects:

1. Set the criteria for the opportunity for shareholders to propose the agenda and/or to nominate qualified candidates to be elected as Directors at the 2019 Annual General Meeting of Shareholder.
2. Support and promote the implementation of Anti-Corruption policy. Moreover, there are activities to communicate to employees at all levels to know and understand the Company's code of conduct, especially in the fight against corruption.
3. Review the vision, mission and values of the organization to propose to the Board of Directors to be current and consistent with the operation.
4. Promoted the Board of Directors and Management to conduct a self-assessment according to the Corporate Governance Self-Assessment Evaluation.
5. Ensured the implementation of program and activities of corporate social responsibility policies.
6. Review and communicate information about good corporate governance and code of conduct to be current and consistent with the guidelines of the stock exchange of Thailand and the regulatory agencies.

Such evaluation, which imply that the company has given priority and importance to good governance, concentrate and dedicate all attempts to comply with principles of good corporate governance constantly.



(Mr. Roongroj Saengsastra)

Chairman of the Executive and Corporate Governance Committee

Report of the Board of Directors' Responsibilities for Financial Reports

The Board of Directors is responsible for the consolidated and Company-only financial statements, the financial statements and the notes to the financial statements of The Royal Ceramic Industry Public Company Limited have been prepared in accordance with Thai Financial Reporting Standards, by choosing proper accounting policies and consistently adhering to them including careful consideration, together with prudent and reasonable estimations in preparation. These reflect the actual, transparent and reasonable financial position and performance that are useful to all shareholders and investors.

The Board of Directors has also established and reviewed appropriate and effective risk management, internal control, and compliance measures, to be reasonably assured that the financial records are accurate, complete, and adequate to protect the Company's assets. These controls also serve as preventive measures against any significant operational risk of the Company.

The Board of Directors has appointed an Audit Committee comprised of independent directors responsible for the quality of the Company's financial reporting and internal control systems as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report.

The Board of Directors has considered of Company's internal control system. From the year ended on December 31, 2018, the company has settled in satisfactory level and create a reasonable reliable to the reliability of consolidated financial statement of the company and its subsidiaries.



(Mr. Roongroj Saengsastra)
Chairman of Executive Director

Shareholding Structure

Top ten major shareholders as of December 28, 2018

Company/individual shareholder name		% of shareholding
1.	Mr. Monrak Saengsastra	6.160
2.	Mr. Chaiwit Arunnetrtong	6.160
3.	Mr. Maruth Saengsastra	6.160
4.	Mr. Viboon Wadcharasurang	5.623
5.	Mr. Nakarin Saengsastra	4.864
6.	Miss. Malinee Boonrak	4.864
7.	Miss. Waraporn Smarnphanchai	4.327
8.	Miss. Sunee Anantaprakorn	4.117
9.	Dynasty Ceramic Public Co., Ltd	4.053
10.	Mrs. Patchanee Viboolchan	3.080
Total 10 major shareholders		49.408
Total number of shares (Shares)		616,839,365
Issued and Paid-up share capital (Baht)		616,839,365
Authorized Share Capital (Baht)		616,839,365
Par Value per share (Baht)		1.00

Data as of 28 December 2018

Shareholders that are Thai legal entities 14 entities; holding 33,738,607 shares or 5.47%

Major shareholder that is Thai legal entity is Dynasty Ceramic Company Limited

Shareholders that are foreign legal entities 4 entities; holding 1,044,071 shares or 0.17%

Major shareholder that is foreign legal WILLIAM HUNT & CO., INT'L LTD.B.V.I.

Shareholding Structure of the Subsidiaries

1. Royal Asia Brick and Tile Co., Ltd.

Company/individual shareholder name	No. of shares	% of shareholding
1. The Royal Ceramic Industry PLC.	79,996	100%
2. Minority shareholders 4 persons	4	-
Total	80,000	100%

Securities of The Royal Ceramic Industry Public Co., Ltd consist of;

- ❖ No debentures or warrants have been issued whatsoever
- ❖ No obligations with regard to the issue of future securities to Thai Trust Fund
- ❖ No Major Shareholding Agreement on any company's business

Investments in other companies of The Royal Ceramic Industry Public Co.,Ltd (Subsidiary)

Company's name	Authorized Share Capital (Baht)	Issued and Paid-up share capital (Baht)	Par value per share (Baht)	Holding (%)	Cost Method (Baht)	Less Allowance for impairment (Baht)	Cost Method -net (Baht)
Subsidiaries company:							
Royal Asia Brick and tiles Co.,Ltd. ⁽¹⁾	80,000,000	80,000,000	10.00	100.00	139,985,000	(60,478,126)	79,506,874
Associated company:							
Bann Somthavil co.,Ltd	25,000,000	25,000,000	25.00	45.00	11,250,000	(11,250,000)	-0-
Non-marketable equity securities:							
Cermas Co.,Ltd	21,000,000	21,000,000	100.00	1.50	314,300	-0-	314,300
The T.T. Ceramic PLC	600,808,896	600,808,896	1.00	8.32	50,000,000	(21,000,000)	29,000,000
Total					201,549,300	(92,728,126)	108,821,174

⁽¹⁾ Stop operation in April 2017.

DIVIDEND PAYMENT POLICY

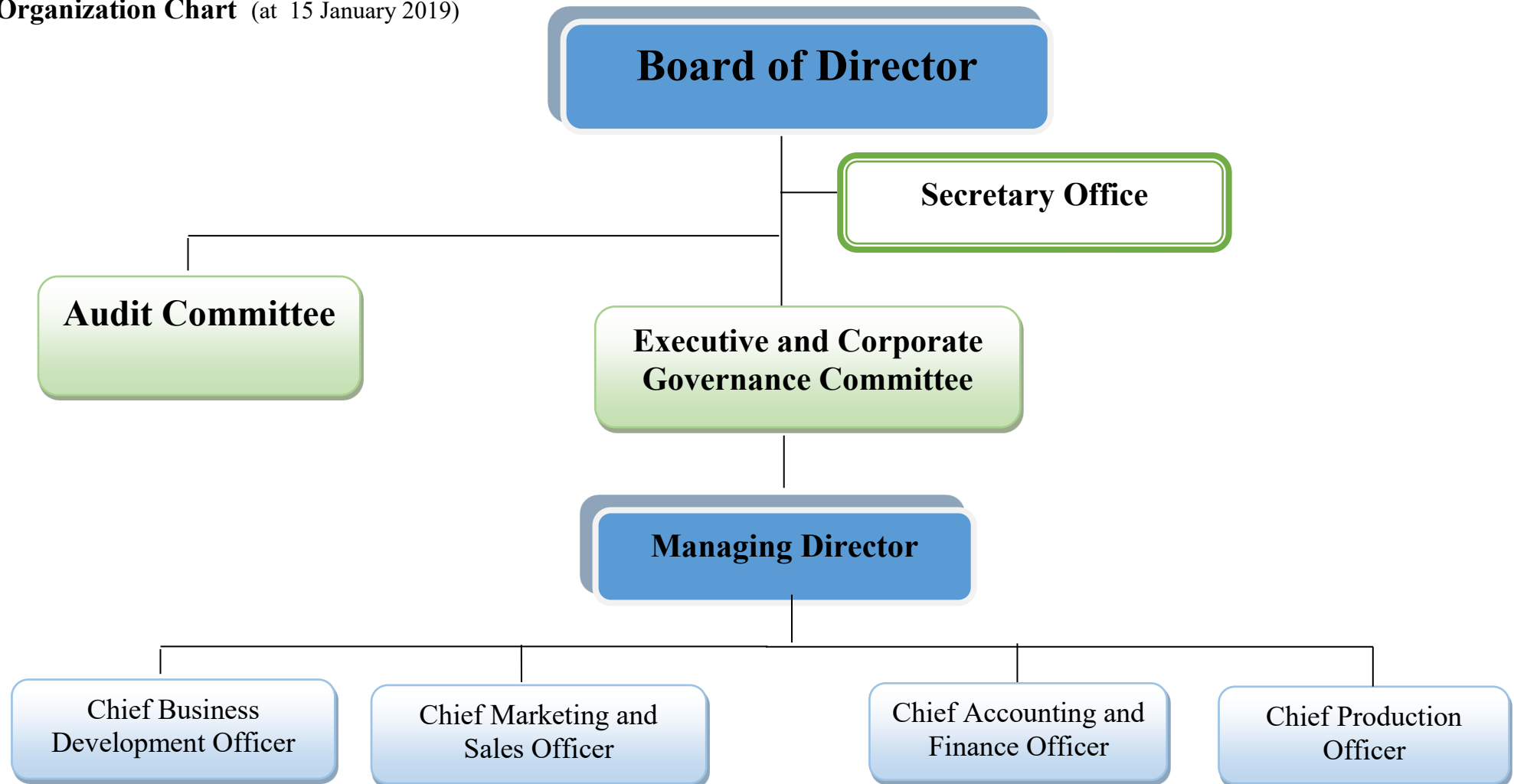
The Board of Directors will announce the dividend payment upon its cash flow position after legal reserve (not less than 10% of registered share capital). Dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, 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.

In the year 2014-2017, no dividend payment

In the year 2018, no dividend payment because the company still has deficit and is in the process of restructuring the management.

Total dividends paid in the past 5 years

Dividend Details	Y2018	Y2017	Y2016	Y2015	Y2014
1.Net Profit (Million Baht)	162.5	(252.6)	(30.3)	(69.4)	122.7
2.Number of shares (Million Shares)	616.8	462.6	462.6	462.6	388.7
3.Earning per Share (Baht)	0.29	(0.55)	(0.04)	(0.18)	0.01
4.Dividend paid per share (Baht)	-0-	-0-	-0-	-0-	-0-
5.Total Dividend Paid (Million Baht)	-0-	-0-	-0-	-0-	-0-
6.Dividend Payout Ratio (%)	-0-	-0-	-0-	-0-	-0-

Organization Chart (at 15 January 2019)

Management structure

Comprises 3 committees that is

1. The Board of Directors
2. The Audit Committee
3. The Executive & Corporate Governance Committee

1. Board of Directors

1.1 The Structure of the Board of Directors

The Board of Directors comprises knowledgeable and competent persons who are responsible for drawing up corporate policy and collaborating with the top executives in making operating plans, both short-term and long-term, including financial policy, risk management policy, and organizational overview. The Board plays an important role in overseeing, monitoring and assessing the performance of the Company and top executives on an independent basis.

The Articles of Association of the Company prescribe that there must be no fewer than 5 persons.

The Board of Directors comprises 10 members

Name	Position	Remarks
1. Mr. Viboon Wadcharasurang	Chairman	//
2. Mr. Roongroj Saengsastra *	Executive of Chairman	/
3. Mr. Sanchai Jenejarat	Managing Director	/
4. Mrs. Pawanya Kritachart ⁽¹⁾	Independent Director and Chairman of Audit Committee	///
5. Mr. Kamolsut Dapparansi ⁽²⁾	Independent Director and Audit Committee	///
6. Miss Bongkot Sittikornprasart ⁽³⁾	Independent Director and Audit Committee	///
7. Mr. Chaayos Rungcharoenchai	Independent Director and Audit Committee	///
8. Mr. Monrak Saengsastra *	Chief Business Development Officer	/
9. Mr. Maruth Saengsastra *	Chief Marketing and Sales Officer	/
10. Mr. Jaruwat Traithavil *	Chief Production Officer	/

Directors who have the authorization to bindingly sign for the Company are 2 authorized directors who jointly sign on behalf of the Company, with the common seal of the Company affixed.

Remarks:

/ = Director who holds position in the chain of command 5 persons

// = Director who does not hold position in the chain of command 1 person

/// = Director and Audit Committee who does not hold position in the chain of command 4 persons

*Director No. 2, 8, 9 and 10 as Director of Dynasty Ceramic PLC, the same business type.

(1) Mrs. Pawanya Kritachart resigned on February 18, 2019. The Board of directors considered appointing Mr. Boonchuai Kobkitpanichpol to take a position by the resolution of the Board of Directors No.2/2019

(2) Mr. Kamolsut Dapparansi resigned on January 15, 2019. The Board of directors considered appointing Mrs.Sirepen Mitravijarn to take a position by the resolution of the Board of Directors No.2/2019

(3) Miss Bongkot Sittikornprasart resigned on January 2, 2019. The Board of Directors considered appoint Mrs. Samornvadee Pholprasert to take a position by the resolution of the Board of Directors No.2/2019

Board of Director

1.Name	Mr. Viboon Wadcharasurang
Position	Chairman (Authorized)
Age	69 years
Citizen	Thai
Highest Education	Junior High School Education, Montfort College, Chiang Mai
Appointed	23 February 2017
Year of directors membership	1 year 10 months
% of Share Holding at Dec 31, 2018	34,682,067 shares or 5.62 percent of all voting shares. (Including the share held by spouse and minor children)
Training	Directors Accreditation Program (DAP) No.143/2017
Family relationship among executives	None
Other Current Position: Listed Company	None
Other Current Position: Non Listed Company	4 Companies 1.Managing Director,Panichviboon(1975) Co.,Ltd 2.Chief executive officer, Freeform Design Co.,Ltd 3.Chief executive officer, Ceramic Circle Co.,Ltd 4.Chief executive officer, Ceramic Outlet Co.,Ltd
A director or executive positions in other businesses that might cause conflicts	None
Experience	2016-Present: Managing Director,Panichviboon(1975) Co.,Ltd 2009-Present: Chief executive officer, Freeform Design Co.,Ltd 2006-Present: Chief executive officer, Ceramic Circle Co.,Ltd 1998-Present: Chief executive officer, Ceramic Outlet Co.,Ltd
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

2.Name	Mr. Roongroj Saengsastra
Position	Executive of Chairman (Authorized)
Age	68 years
Citizen	Thai
Highest Education	Bachelor of Accounting, Chulalongkorn University
Appointed	13 March 2017
Year of directors membership	1 year 10 month
% of Share Holding at Dec 31, 2018	10,000,000 shares or 1.62 percent of all voting shares. (Including the share held by spouse and minor children)
Training	None
Family relationship among executives	-Mr.Monrak Saengsastra and Mr.Maruth Saengsastra's father -Miss Cattleya Saengsastra's brother
Other Current Position: Listed Company	1 Company 1.Chairman and Executive of Chairman /Dynasty Ceramic PLC.
Other Current Position: Non Listed Company	2 Companies 1.Chairman of Tile Top Industry PLC. (Construction Materials) 2.Executive of Director of Royal Asia Brick and Tile Co., Ltd.(Clay Tiles) (Cease operation)
A director or executive positions in other businesses that might cause conflicts	Chairman and Executive of Chairman /Dynasty Ceramic PLC. / (Construction Materials)
Experience	2011-2014 Chairman of Pick and Pay Co., Ltd Chairman of Muang Thong Ceramic Co., Ltd Chairman of World Wide Ceramic Co., Ltd
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

3.Name	Mr. Sanchai Jenejarat
Position	Managing Director (Authorized)
Age	68 years
Citizen	Thai
Highest Education	Bachelor of Engineering, Chulalongkorn University
Appointed	1 August 2017
Year of directors membership	1 year 5 months
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	Director Accreditation Program (DAP) No.54/2006
Family relationship among executives	None
Other Current Position: Listed Company	None
Other Current Position: Non Listed Company	None
A director or executive positions in other businesses that might cause conflicts	None
Experience	2011 – June 2017 President of Dynasty Ceramic PLC. -President of Tile Top Industry PLC.
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

4.Name	Mrs. Pawanya Kritachart
Position	Chairman of Audit Committee and Independent Director (Authorized)
Age	70 years
Citizen	Thai
Highest Education	-Bachelor of Accountancy (Finance and Banking), Faculty of Commerce and Accountancy ,Chulalongkorn University - MBA (Finance), Graduate School of Business Administration, University of Baltimore, Maryland, USA
Appointed	24 April 2008
Year of directors membership	10 years 9 months
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	Directors Accreditation Program (DAP) No.49/2005
Family relationship among executives	None
Other Current Position: Listed Company	1 Company 1. Director, Green Resources PLC.
Other Current Position: Non Listed Company	1 Company 1. Director and Managing Director, Thanapatra Asset Management Co., Ltd
A director or executive positions in other businesses that might cause conflicts	None
Experience	Present: -Director, Green Resources PLC -Director and Managing Director, Thanapatra Asset Management Co., Ltd 2008-2012: Director, The Royal Ceramic Industry PLC.
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of Audit Committee 4/4 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

5.Name	Mr.Kamolsut Dapparansi
Position	Independent Director and Audit Committee (Authorized)
Age	41 years
Citizen	Thai
Highest Education	-Master of Science (M.S) in Actuarial Science, Boston University, Boston, MA, U.S.A. -Bachelor of Science(B.S.) in Industrial Engineering and Operating Research in Mathematics ,University of Massachusetts, Amherst, MA,U.S. A
Appointed	1 December 2016
Year of directors membership	2 years 1 month
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	- Director Certification Program (DCP) No.119/2009 -Pacific Basin Economic Council Thailand (PBEC)-Director General
Family relationship among executives	None
Other Current Position: Listed Company	1 Company 1. Director / Thoresen Thai Agencies PLC.
Other Current Position: Non Listed Company	3 Companies 1.Managing Director as House of Truffle Co.,Ltd. 2.Chief Business Development Officer of PM Group Co.,Ltd. 3.CEO / Founder of MUGENDAI Co.,Ltd.
A director or executive positions in other businesses that might cause conflicts	None
Experience	2016 – Present: Managing Director as House of Truffle Co.,Ltd. 2015 – Present: Director of Thoresen Thai Agencies PLC. 2013 – Present: Chief Business Development Officer of PM Group Co., Ltd. 2010 – Present: CEO / Founder of MUGENDAI Co.,Ltd.
Meeting Attendance Year 2018	-Board of Directors 5/6 meetings -Board of Audit Committee 2/4 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

6.Name	Mr. Chaiyos Rungcharoenchai
Position	Independent Director and Audit Committee (Authorized)
Age	44 years
Citizen	Thai
Highest Education	BBA, Faculty of Business Administration, Assumption University
Appointed	8 August 2016
Year of directors membership	2 year 5 months
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	None
Family relationship among executives	None
Other Current Position: Listed Company	None
Other Current Position: Non Listed Company	3 Companies 1.Director, The JK group Co.,Ltd 2.Director, Braccialini Co., Ltd 3.Director, 999 Textile Import & Export Co.,Ltd
A director or executive positions in other businesses that might cause conflicts	None
Experience	2014 - Present: President of Thai Textile Merchants Association 2009 - Present: Director, The JK group Co.,Ltd 2002 - Present: Director, Braccialini Co., Ltd 1999 - Present: Director, 999 Textile Import & Export Co.,Ltd
Meeting Attendance Year 2018	-Board of Directors 5/6 meetings -Board of Audit Committee 2/3 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

7.Name	Miss Bongkot Sittikornprasart
Position	Independent Director and Audit Committee (Authorized)
Age	32 years
Citizen	Thai
Highest Education	-Master of Management in International Business, Chulalongkorn University -Bachelor of Business and Administration (Accounting Major), Chulalongkorn University
Appointed	2 May 2017
Year of directors membership	1 year 8 months
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	None
Family relationship among executives	None
Other Current Position: Listed Company	None
Other Current Position: Non Listed Company	None
A director or executive positions in other businesses that might cause conflicts	None
Experience	2017-Present Investor Relations Manager, CPALL Public Company Limited 2015-2017 Equity Research Analyst, CIMB Securities (Thailand) 2013-2015 Investor Relations Manager, Dynasty Ceramic Public Company Limited 2008-2012 Financial Accounting Analyst, ExxonMobil Limited
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of Audit Committee 4/4 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

8.Name	Mr. Monrak Saengsastra
Position	Executive Director and Chief Business Development (Authorized)
Age	43 years
Citizen	Thai
Highest Education	-Master of Business Administration, Kasetsart University -Master of Art in International Economics Southern Methodist University (SMU) -Bachelor of Science in Business Computer Information Systems, University of North Texas (UNT)
Appointed	28 April 2017
Year of directors membership	1 year 8 months
% of Share Holding at Dec 31, 2018	38,000,000 shares or 6.16 percent of all voting shares. (Including the share held by spouse and minor children)
Training	Director Accreditation Program (DAP) No.107/2014
Family relationship among executives	Mr. Roongroj Saengsastra's Son/ Mr. Maruth Saengsastra's Brother
Other Current Position: Listed Company	1 Company 1. Chief Admin and Finance Officer / Dynasty Ceramic PLC. (Construction Materials)
Other Current Position: Non Listed Company	2 Companies 1. Executive of Director/Tile Top Industry PLC. (Construction Materials) 2. Director of Royal Asia Brick and Tile Co., Ltd (Clay Tiles) (Cease operation)
A director or executive positions in other businesses that might cause conflicts	Executive of Director and Chief Business Development/ Dynasty Ceramic PLC. / (Construction Materials)
Experience	2013 – 2017 Executive Director (Administration) / Dynasty Ceramic PLC.(Construction Materials) and Tile Top Industry PLC. (Construction Materials)
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

9.Name	Mr. Maruth Saengsastra
Position	Executive Director and Chief Marketing Officer (Authorized)
Age	41 years
Citizen	Thai
Highest Education	-Master of Science in Computer Science,University of North Texas,USA
Appointed	28 April 2017
Year of directors membership	1 year 8 months
% of Share Holding at Dec 31, 2018	38,000,000 shares or 6.16 percent of all voting shares. (Including the share held by spouse and minor children)
Training	Director Accreditation Program (DAP) No.107/2014
Family relationship among executives	Mr. Roongroj Saengsastra's Son/ Mr. Monrak Saengsastra's Brother
Other Current Position: Listed Company	1 Company 1. Executive of Director and Chief Marketing Officer /Dynasty Ceramic PLC (Construction Materials)
Other Current Position: Non Listed Company	2 Companies 1. Executive of Director/Tile Top Industry PLC. (Construction Materials) 2. Director of Royal Asia Brick and Tile Co., Ltd (Clay Tiles) (Cease operation)
A director or executive positions in other businesses that might cause conflicts	Executive of Director and Chief Marketing Officer / Dynasty Ceramic PLC (Construction Materials)
Experience	2011 – 2017 Senior Executive Vice President (Marketing) at Dynasty Ceramic PLC and Tile Top Industry PLC. 2011 – Present Assistant Company Secretary and Investor Relation at Dynasty Ceramic PLC. 2011 -2015 Vice President Information Officer at Dynasty Ceramic PLC and Tile Top Industry PLC.
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

10.Name	Mr. Jaruwat Traithavil
Position	Executive of Director and Chief Production Officer (Authorized)
Age	38 years
Citizen	Thai
Highest Education	-Master of Engineering Project Management, University of Melbourne, Australia -Bachelor of Engineering (Honours), Australian National University, Australia -Bachelor of Information Technology, Australian National University, Australia
Appointed	28 April 2017
Year of directors membership	1 year 8 months
% of Share Holding at Dec 31, 2018	None (Including the share held by spouse and minor children)
Training	Director Accreditation Program (DAP) No.143/2017
Family relationship among executives	None
Other Current Position: Listed Company	1 Company 1. Executive of Director and Chief Production Officer / /Dynasty Ceramic PLC (Construction Materials)
Other Current Position: Non Listed Company	2 Companies 1. Executive of Director/Tile Top Industry PLC. (Construction Materials) 2. Director of Royal Asia Brick and Tile Co., Ltd (Clay Tiles) (Cease operation)
A director or executive positions in other businesses that might cause conflicts	Executive of Director / Dynasty Ceramic PLC. /(Construction Materials)
Experience	2010 – 2017 Senior VP Production / Dynasty Ceramic PLC. 2009 – Present VP Production / Tile Top Industry PLC.
Meeting Attendance Year 2018	-Board of Directors 6/6 meetings -Board of the Corporate Governance Committee 2/2 meetings -AGM 2018 1/1 meeting
Illegal history within the past 10 years	None

Executive Director

An executive director is a director who is involved in management on a full-time basis and receives regular monthly remuneration from RCI in the form of salary or its equivalent.

Independent Director

An independent director is a director who does not manage RCI or any of its subsidiaries, is independent from management and major shareholders, and has no business dealings with RCI, which may compromise our interests and/or the shareholders' interests.

Qualifications of Independent Directors of the Company

The Company's qualifications for independent directors are as follows:

1. Shall not hold shares exceeding 1 percent of the total number of voting shares of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, including shares held by related persons of such independent director.
2. Shall neither be nor have ever been a director with management authority, employee, staff member, advisor who receives a salary or is a controlling person of the Company, its parent company, subsidiary, associate, same-tier subsidiary company, major shareholder or controlling person unless the foregoing status has ended not less than 2 years prior to the date of becoming a director. Such prohibitions shall not, however, include cases where the independent director previously served as a government officer or an advisor to a government agency which is a major shareholder or controlling person of the Company.
3. Shall not be a person related by blood or legal registration as father, mother, spouse, sibling, or child, including spouse of child of an executive, major shareholder, controlling person, or person to be nominated as director, executive or controlling person of the Company or its subsidiary.
4. Shall neither have nor have ever had a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, in a manner that may interfere with his/her independent judgment, and neither is nor has ever been a significant shareholder or controlling person of any person having a business relationship with the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director. The term "business relationship" in the preceding paragraph shall include any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or granting or receipt of financial assistance through receiving or extending loans, guarantees, providing assets as collateral, and any other similar actions, which result in the applicant or his/her counterparty being subject to indebtedness payable to the other party in the amount of 3 percent or more of the net tangible assets of the applicant or 20 Million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the method for calculation of value of connected transactions under the Notification of the Capital Market Supervisory Board governing rules on connected transactions. The consideration of such indebtedness

shall include indebtedness incurred during the period of one year prior to the date on which the business relationship with the person commences.

5. Shall not be nor have ever been an auditor of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, associate, major shareholder or controlling person, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
6. Shall not be nor have ever been a provider of any professional services including legal advisor or financial advisor who receives service fees exceeding 2 Million Baht per year from the Company, its parent company, subsidiary, associate, major shareholder or controlling person, and not be a significant shareholder, controlling person or partner of the provider of professional services, unless the foregoing relationship has ended not less than 2 years prior to the date of becoming an independent director.
7. Shall not be a director appointed as representative of the Board of Directors, major shareholder or shareholder who is related to a major shareholder of the Company.
8. Shall not undertake any business in the same nature and in competition with the business of the Company or its subsidiary, nor be a significant partner in a partnership or director with management authority, employee, staff member or advisor who receives salary or holds shares exceeding 1 percent of the total number of shares with voting rights of another company which undertakes business in the same nature and in competition with the business of the Company or its subsidiary.
9. Shall not have any other characteristic that limits his or her ability to express independent opinions regarding the Company's operations.
10. Shall be able to attend meetings of the Board of Directors and make independent judgment.
11. Shall be able to look after the interests of all shareholders equally.
12. Shall be able to prevent conflicts of interest.
13. Shall not have been convicted of violating security or stock exchange laws, financial institution laws, life insurance laws, general insurance laws, anti-money laundering laws or any other financial law of a similar nature, whether Thai or foreign, by an agency with authority under that certain law. Such wrongful acts include those involved with unfair trading in shares or perpetration of deception, fraud or corruption.
14. If qualified according to all items 1-13 specified above, the independent director may be assigned by the Board of Directors to make decisions relating to business operations of the Company, its parent company, subsidiary, associate, same-tier subsidiary or any juristic person with a conflict of interest on the basis of collective decision, whereby such actions of the independent director are not deemed partaking of management.

During the past year, all the 4 Independent Directors neither involved in any business nor provided any professional service of which its value exceeded the specification in the Notification of Capital Market Supervisory.

1.2 The Board of Directors has the following authorities:

1. Acting in a best interest of shareholders (Fiduciary Duty) by observing the following 4 main practices:

1.1 Performing its duties with responsibility and all due circumspection and caution (Duty of Care).

1.2 Performing its duties with faithfulness and honesty (Duty of Loyalty).

1.3 Performing its duties in compliance with laws, objectives, Articles of Association, the resolutions of the Board of Directors and resolutions of Shareholders' Meetings (Duty of Obedience).

1.4 Disclosing information to shareholders accurately, completely, and transparently with verification and timeliness. (Duty of Disclosure).

2. Directing RCI's visions, missions, and business strategies, with an annual revision and approval.

3. Reviewing the major operating plan, budgets, business goals, and business policies and enhancing the capabilities of the Company to reach a globally competitive level.

4. Overseeing and monitoring the implementation of the Company's strategies; overseeing and monitoring overall performance by requiring their performance reports periodically; and setting policies to develop and improve the business operations with concern for safety, hygiene, social and environmental responsibility and development of the Company's employees.

5. Devoting their time and efforts to the Company without seeking benefits for themselves or others and not acting in conflict of interest or in competition with the Company.

6. Directing the Company's operation in compliance with the laws, objectives, Articles of Association, resolutions of the Board of Directors and resolutions of Shareholders' Meetings in good faith and with care to preserve the highest interests of the Company and fairness to all involved parties.

7. Specifying risk management policies and overseeing to ensure effective risk management systems together with reviewing and assessing the systems periodically and in the wake of a change in risk levels.

8. Overseeing and developing the Company's corporate governance to provide guidelines for business operations while monitoring to ensure compliance and being a role model in complying with the principles of good corporate governance and RCI Code of Conduct.

9. Encouraging staff at all levels to be conscious of ethics and morality and comply with the Company's principles of corporate governance, Code of Conduct and the anti-corruption policy while promoting awareness of the importance of internal control system and internal audits to reduce the risk of fraud and abuse of authority and prevent any illegal act.

10. Protecting the fair rights and interests of both major and minor shareholders along with supporting shareholders in exercising their rights to protect their own interests, and receive accurate, complete, transparent, veritable, and timely information.

11. Recognizing the roles, duties, and responsibilities of the Board of Directors, respecting the rights of shareholders, ensuring the equitable and transparent treatment of shareholders and other stakeholders; overseeing and establishing a clear process and channels for receiving and handling complaints from informants or stakeholders, and ensuring an

opportunity for every stakeholder to contact or lodge complaints about potential issues directly to the Board of Directors.

12. Reviewing top executive while overseeing to ensure the effective performance assessment of top executives on an annual basis and determining appropriate remuneration in line with the Company's operating results to provide both short-term and long-term incentives.

13. Assessing the performance of the Board of Directors annually by performing assessments as a whole without aiming at any individual director; together with monitoring the assessment results of the Board and its Sub-committees which will be jointly deliberated by the Board of Directors.

14. Overseeing and monitoring to ensure the selection and nomination process of a director is carried out transparently and the remunerations for directors and sub-committee members are determined appropriately.

15. Attending all meetings of the Board of Directors and Shareholders' Meetings, except in unavoidable circumstances. The directors who are unable to attend a meeting must notify the Chairman or the Secretary to the Board in advance of the meeting.

16. Developing their knowledge and competency related to their duties consistently through courses or curricula related to directorial duties or seminars that enhance their knowledge in continual performing its duty. Performing its duties, the Board of Directors may seek external consultation from independent consultants or experts in various fields, as deemed necessary and appropriate.

1.3 Scope of Authority of the Chairman of the Board of Directors has the following authority:

1. Sets Board meeting agenda in consultation with Chief Executive Officer & Managing Director and oversees to ensure Board members receive accurate, complete, timely, and clear information prior to the meeting to assist in their decision making process.

2. Provides leadership and direction to the Board of Directors and chairs meetings of the Board.

2.1 Conducts a Board meeting according to the agendas, the Company's Articles of Association, and applicable laws.

2.2 Encourages and allocates sufficient time to each Board member to discuss and express their free and frank opinion with due circumspection and concern for all stakeholders.

2.3 Sums up the Board meeting resolutions and the actions to take clearly.

2.4 Sets up a Board meeting.

3. Chairs meetings of shareholders according to the agendas, the Company's Articles of Association, and relevant laws by allocating time appropriately along with providing opportunities for shareholders to express their opinions equitably and ensuring that shareholders' inquiries are responded to appropriately and transparently.

4. Supports and be a role model in compliance with the principles of good corporate governance and RCI Code of Conduct.

5. Fosters a positive working relationship between the Board of Directors and the Management and supports the performance of the duties of the Managing Director and the Management in accordance with the Company's policy.

6. Oversees to ensure the transparent disclosure of information and management in the event of conflicts of interest.
7. Oversees to ensure the Board of Directors has appropriate structure and composition.
8. Oversees that the Board of Directors as a whole, Sub-committee members, and each individual director perform their duties effectively and efficiently.
9. Oversees to ensure the performance assessment of the Board of Directors as a whole.

1.4 The Board of Directors' Authorization

The Board of Directors is empowered to authorize various matters in accordance with the scope of authority stipulated by laws, the Company's Articles of Association, and the shareholders' meeting resolutions. Such matters include defining and reviewing corporate vision, operating strategies, operating plans, risk management policy, annual budget and business plans, and medium range business plan. Added to this is the defining of the target operating results, following up and assessing the operating results to ensure they are consistent with the plan, and overseeing capital expenditure, merger and acquisition, corporate spin-off, and joint venture deals.

Authorization of credit limit

The Company has power to authorize spending on normal business transactions and financial transactions, such as loans or any loan application from financial institution by the summary as follows:

	Approval limit	
	Normal business transactions	Financial transactions
Executive Committee	Up to 100 million Baht	Up to 100 million Baht
Board of Directors	Unlimited	Unlimited

1.5 Directors' Term of Service on Board

Duration of Each Term

The Company's Articles of Association has stipulated number of years in office in each term of each director according to Public Limited Companies Act, B.E.2535. At the Annual General Meeting of Shareholders each year, one-third of the total directors must retire from office. If it is not possible to divide the total number of directors evenly by three, the number closest to one-third must retire from the office. In choosing those directors who retire, length of service on the board should be considered, so that those who have served longest are most eligible to retire. At present, the Company currently has a total of 10 members of directors who will each hold office for 3 years. Nevertheless, a retiring director is eligible for re-election.

1.6 Separation of the Roles of the Board of Directors and the Management

The Company defines clear roles and responsibilities regarding the Board of Directors and the management. The Board shall be responsible for establishing the policies and

overseeing the management's implementation of those policies. The management, on the other hand, shall be responsible for implementing the policies formulated by the Board, and ensuring that these are carried out as planned. The management is authorized to manage the Company's operations in accordance with the policies set by the Board; take responsibility for the Company's operating results; control expenses and capital expenditures within the limits approved by the Board in the annual operating plan; manage human resources in line with the prescribed policy; resolve problems or conflicts that affect the Company; and maintain effective communication with the stakeholders.

2. The Audit Committee

The Audit Committee comprises 4 independent directors, all of whom are well accepted and have a full understanding of Mrs. Pawanya Kritachart and Miss Bongkot Sittikornprasart, with their extensive knowledge and experience, are responsible for reviewing the reliability of the financial statements. The Audit Committee members' duties include a review to ensure that operations have been carried out in accordance with the Company's Articles of Association as well as the laws and regulations of compliance-related agencies. Moreover, the Committee is committed to promoting the advancement of the Company's financial and accounting report system to meet international standards and to ensure that the Company has an appropriate, modern and efficient internal control system, internal audit system and risk management system. The Audit Committee acts and expresses opinions independently. The Audit Committee also consults regularly with external auditors, consultants and specialists in the areas of law and accounting. The Audit Committee must set up meetings with the Company's external auditors to get their opinions on various matters.

Name	Position	Remarks
1. Mrs. Pawanya Kritachart *	Chairman of Audit Committee	Resigned on February 18, 2019
Mr. Boonchuai Kobkitpanichpol*	Chairman of Audit Committee	Appointed instead of Mrs. Pawanya Kritachart on February 18, 2019
2. Miss Bongkot Sittikornprasart *	Independent Director and Audit Committee	Resigned on January 2, 2019
Mrs. Samornvadee Pholprasert *	Independent Director and Audit Committee	Appointed instead of Miss Bongkot Sittikornprasart on January 15, 2019
3. Mr. Kamolsut Dapparansi	Independent Director and Audit Committee	Resigned on January 15, 2019
Mrs. Sirepen Mittravijarn *	Independent Director and Audit Committee	Appointed instead of Mr. Kamolsut Dapparansi on January 15, 2019
4. Mr. Chaiyos Rungharoenchai	Independent Director and Audit Committee	Appointed on February 20, 2018

* The Directors have a knowledge and experience enough to be able to review the reliability of financial statement.

The Audit Committee's Term on Board

The Audit Committee is subject to a three-year term. The directors must retire from office by rotation at the Annual General Meeting of Shareholders. Nevertheless, a retiring director is eligible for re-election.

Scope of Authority of the Audit Committee

The Audit Committee is authorized to fulfill the following duties:

1. Review the appropriateness of financial reporting system and disclosure of information in its financial statements in accordance with the legally defined Financial Reporting Standards, with transparency, correctness, and adequacy.
2. Promote the development of financial reporting systems in compliance with International Financial Reporting Standards.
3. Review the compliance of the Company's Internal Control System and the appropriateness and the effectiveness of the Company's Internal Audit System in accordance with internationally accepted approaches and standards.
4. Review "The Assessment Form of the Adequacy of the Internal Control System" as audited and assessed by the Internal Audit Office to ensure that the Company has sufficient internal control system and propose to the Board of Directors for consideration.
5. Review the presence of proactive preventive system to enhance operating effectiveness and efficiency.
6. Review the corporate risk management system.
7. Review the Company's Compliance Procedure in accordance with the Securities and Exchange Act, rules, regulations and other laws relevant to the Company's business.
8. Review the results of fraud investigation, establish the preventive measures in organization and review the internal processes of whistleblower system.
9. Review the correctness and effectiveness of the information technology system relating to internal control, financial reports, and risk management and suggest updates and improvements as needed.
10. Consider connected transactions or those having possible conflict of interest to ensure compliance with all pertinent laws and requirements of the Stock Exchange of Thailand.
11. Review and give the opinion toward the audit practices of the Internal Audit Office and coordinate with external auditors.
12. Prepare the audit committee's report to be disclosed in the Company's Annual Report and duly signed by the Chairman of the Audit Committee and containing opinions on various matters as required by SET.
13. Consider, select and propose the appointment or discharge an independent person to perform the duties of the Company's auditor and also propose the remuneration of the Company's external auditor and evaluate the effectiveness of external auditor's performance.
14. Organize meetings with the Company's external auditor, without the attendance of management, at least once a year.

15. Review the execution of the Internal Audit Office for the performance assessment according to international standards.

16. Approve the internal audit plan, budget and manpower of the Internal Audit Office.

17. Consider the independence of the Internal Audit Office based upon the execution of work, reports, and line of command.

18. Review the self-assessment form on anti-corruption measures which has been verified and assessed by the Internal Audit Office in accordance with the Thai Institute of Directors' Private Sector (IOD) self-assessment form.

19. Perform other actions as required by law or as assigned by the Board of Directors.

To fulfill its duties under its scope of authority, the Audit Committee is authorized to call for and order management, heads of offices, or employees concerned to present opinions, attend meetings, or submit necessary documents. In addition, the Committee may seek independent opinion from professional consultants as deemed appropriate, at the Company's expense.

The Audit Committee performs duties within its authority and responsibilities under the order of the Board of Directors. The Board of Directors is responsible for the Company's operations and is directly accountable to shareholders, stakeholders, and the public.

Responsibilities of the Audit Committee

1. In case the Audit Committee is informed by the auditor about suspicious behavior of directors, managers or persons responsible for business operation of the Company, which may violate, Section 311, 312 or 313 of the Securities and Exchange Act, the Audit Committee is to investigate the case and submit a preliminary report to the Securities and Exchange Commission (SEC), as well as to the auditor, within 30 days of the date it is informed.

2. Upon finding or having doubt about the following actions or transactions, which may significantly affect the financial position and performance of the Company, the Audit Committee is to report such events to the Board of Directors in order to find remedy within a period deemed appropriate by the Audit Committee:

(1) Transactions which may cause conflicts of interest.

(2) Fraud or irregular events or material flaws in the internal control system.

(3) Violations of laws pertaining to Securities and the Stock Exchange, the regulations of the Stock Exchange, or laws pertaining to the Company's business.

Should the Board of Directors or management committee fail to remedy the issues within the timeline specified by the Audit Committee, a member of the Audit Committee may report the issue to the SEC or the SET.

3. Executive & Corporate Governance Committee

The Executive & Corporate Governance Committee comprised 5 members

1.	Mr. Roongroj	Saengsastra	Chairman of the Executive & Corporate Governance Committee
2.	Mr. Sanchai	Jenejarat	Executive Director
3.	Mr. Monrak	Saengsastra	Executive Director
4.	Mr. Maruth	Saengsastra	Executive Director
5.	Mr. Jaruwat	Traithavil	Executive Director

Scope and Authority of Executive & Corporate Governance Committee

1. Authorize to order, plan and implement operations of the Company in accordance with the policies established by the Board.
2. Establish operational strategies for the Company's group.
3. Formulate plans and directions concerning investment and fund raising in accordance with the Company's and Subsidiaries' policies before proposing them to the Board of Directors for approval.
4. Determine the salary rate, appoint, dismiss, fire, reward, and award raises as well as bonus to staff.
5. Has the authority to determine staff welfare in line with the situation, tradition and law.
6. Has the authority to approve investment, sales and purchases of fixed assets of the Company and Subsidiaries, procurement, application for loans, provision of loans, entry into contracts, and legal transactions in relation to normal business and trade and in accordance with the Company's objectives, under a budget approved by the Board of Directors and within the operating authority of the Company. In case the items represent conflicts of interest with the Company or the subsidiaries, the Executive Board must present such items to the meeting of the Board and/or the meeting of Shareholders (as applicable) for approval of the items in accordance with the Company's Articles of Association or relevant laws.

Certification of Accuracy of Information by the Executive Board

The Executive Board reviews the annual information disclosure form as Executive Directors of the Company or as Top Accounting Executive by certifying that the information disclosed is complete and accurate and does not mislead or lacks important contents that should be disclosed, as follows:

1. Financial statements and financial information presented in the annual information disclosure form comprise complete and correct data on financial status, operating results and cash flows of the Company and Subsidiaries.
2. Responsible for arranging an adequate information disclosure system for the Company to ensure that the Company discloses complete and accurate information of a

significant nature of the Company and its subsidiaries, including overseeing that the system is followed.

3. Responsible for arranging an effective internal control system for the Company and overseeing that the system is followed, which includes system weaknesses and major changes as well as illegal actions that may affect the preparation of the financial reports of the Company and its subsidiaries.

Company Secretary

The Annual General Meeting of Shareholder for year 2017 on April 28, 2017 resolved to appoint **Ms. Cattleya Saengsastra** to be the Company's secretary and determine following scopes of responsibilities that the secretary must perform responsibly, prudently and honestly as follow;

1. Arrange shareholders and Board of Directors' meetings to be in compliance with the Company's rules and regulations and regulations of relevant regulatory agencies.

2. Make meeting minutes of the shareholders and Board of Directors' meetings and follow up the operation result according to the shareholders and Board of Directors' resolutions.

3. Ensure that the information disclosures are in compliance with rules and regulation of the SET and the Office of the SEC.

4. Prepare and keep following documents

(A) Director's registration

(B) Board's meeting invitation and meeting minutes

(C) Shareholders' meeting invitation and meeting minutes

(D) The Company's Annual Report.

5. Store connected transaction reports that Directors and managements report to the Company.

6. Give preliminary advice to the Board of Directors concerning rules and regulations of the Company and ensure that the practices are in compliance with those regulations. The secretary must report any significant changes to the Directors.

7. Oversee Board of Directors' activities and other issues according to the laws or as assigned by the Board of Directors or by the securities exchange regulators. The secretary has prepared initial report concerning the Company's secretary and to contribute to best corporate governance practices. The Company Secretary reports functionally to the Chairman and organizationally to the Board of Director.

Profile of the Company Secretary

Miss Cattleya Saengsastra: Company Secretary

Appointed 28 April 2017

Age 70 years

% of Share Holding 210,000 shares (0.03%) at Dec 28, 2018

Family relationship among executives	Mr. Roongroj Saengsastra's Sister
Highest Education	-Bachelor degree Accounting (Honor), Chulalongkorn University -Management Development Program J.J Kellogg, North Western University
Training from IOD	Directors Accreditation Program (DAP) No.47/2005
Training from IOD: Company Secretary Program	None
Experience in the past 5 years (at December 31, 2018)	
	2011-2014 Director of Pick and Pay Co., Ltd, Muang Thong Ceramic Co., Ltd, World Wide Ceramic Co., Ltd
Other Current Position	
Listed Company	2 Companies
	1. Independent Director and Chairman of Audit Committee / S&P Syndicated PLC. 2. Executive Director and Company Secretary / Dynasty Ceramic PLC.
Non Listed Company	1 Company
	1. Executive Director and Company Secretary / TileTop Industry PLC.

The Board of Directors' Meeting

Directors of the Company must attend the Board of Directors' meetings regularly in order to get informed and share decision making in the Company's business operations. The meeting shall be held at least 6 times per year. The meetings' schedule is planned in advance on an annual basis. Each director will be informed about the schedule from the beginning of the year for the purpose that each director will be able to arrange their time for attending the meeting. In addition, special meeting might be held to consider the important and urgent matters.

In the meeting Chairman of the Board of Directors, Chief Executive Officer, and Managing Director of the Company jointly determine which agenda items are relevant to the meetings. Every individual member of the Board is entitled to propose agenda items.

In 2018, the Boards held 6 meetings prior to each meeting, all members received the agenda and supporting documents 7 working days prior to the date of the meeting to allow adequate time for preparation.

When considering the matters presented to the Board, the Chairman of the Board presides over and duly conducts the meetings. All members of the Board are allowed to express their opinions independently. Resolutions are passed with a majority vote, whereby one director is eligible to vote shall be excused and/or abstain from voting. In case of a tied vote, the chairman of the meeting will cast his vote to reach a resolution.

In addition, the Board attaches significance to managing the conflicts of interest of the concerned parties with prudence, fairness and transparency. The information shall be fully disclosed. Any director with a vested interest in the matter under consideration must not be involved in the decision process.

After the Meeting, the secretary to the Board of Directors is responsible for preparing the minutes for all directors. The minutes must then be approved as the first agenda item of the following meeting of the Board, which is duly signed by the Chairman. Directors may make comments, corrections or additions to ensure maximum accuracy and completeness. After approval, minutes of the meeting are stored securely in the corporate secretary's office together with all related documents, which are backed up electronically to facilitate data searches and refer.

Details of attendance records of The Royal Ceramic Industry PLC are shown in the following table:

Name Of Directors	Position	Board Meeting in 2018			AGM in 2018 on 23 April 2018
		Board Of Director Total 6 times	Board Of Audit Committee Total 4 times	Executive & Corporate Governance Committee Total 2 times	
1. Mr. Viboon Wadcharasurang	Chairman	6/6	-	-	1/1
2. Mr. Roongroj Saengsastra	Chief Executive Officer	6/6	-	2/2	1/1
3. Mr. Sanchai Janejarat	Managing Director	6/6	-	2/2	1/1
4. Mrs. Pawanya Kritachart	Chairman of Audit Committee	6/6	4/4	-	1/1
5. Mr. Kamolsut Dapparansi	Independent Director and Audit Committee	5/6	2/4	-	1/1
6. Miss Bongkot Sittikornprasart	Independent Director and Audit Committee	6/6	4/4	-	1/1
7. Mr. Chaiyos Rungcharoenchai*	Independent Director and Audit Committee	5/6	2/3	-	1/1
8. Mr. Monrak Saengsastra	Chief Business Development Officer	6/6	-	2/2	1/1
9. Mr. Maruth Saengsastra	Chief Marketing and Sales Officer	6/6	-	2/2	1/1
10. Mr. Jaruwat Traithavil	Chief Production Officer	6/6	-	2/2	1/1

*Mr. Chaiyos Rungcharoenchai appointed to be the Independent Director and Audit Committee by the resolution of the Board of Directors' meeting No. 2/2018 on February 20, 2018

Remuneration for the Directors, Executive Directors and Audit Fee

To comply with the obligations and responsibilities of directors. This will be the obligations imposed by law. The director must have both civil and criminal liability if not followed. In addition, each director must make a commitment. The value (Value) has been performing the duties of directors. Board of Directors should determine the rules of compensation of directors is divided into:

The meeting (Meeting Allowance) was the remuneration paid to directors in attendance each time, and will only be paid to Directors who attended the meeting only.

1.1 The Chairman and Committee meeting.

President and Chairman of various committees. Allowance should be a higher proportion of the Sub-Committee and others. It should set out a clear policy and the disclosure is generally known.

1.2 The Subcommittee meeting.

Committee should be set for the meeting of the joint meeting with the meeting of the Committee may determine the level less than or equal to the set. The Subcommittee has limited scope than the committee as a whole.

1.3 The remuneration of directors.

The remuneration of directors should be placed in an appropriate and sufficient to enable the company to limit the number of directors to be able to devote more time to attend and act effectively. The Company's Board of Directors Remuneration for the Board of Directors and Executives, by comparing with the remuneration of directors of leading companies in the stock market and in the same industry, and the performance of the company.

Policies of the Board of Directors the remuneration of directors should reflect the duties and responsibilities in achieving the expectations of all stakeholders, the Commission must also have experience and qualifications to do it. Remuneration of the Board of Directors has been approved by the Annual General Meeting of Shareholders for the year.

According to the year 2018 Annual General Meeting of Shareholders of the Company approval of the Meeting Allowance. Details are as follows.

Name Of Directors	Meeting Allowance –Y2018 (Baht)		
	Board of Directors	Audit Committee	Total
1. Mr. Viboon Wadcharasurang	270,000	-	270,000
2. Mr. Roongroj Saengsastra	240,000	-	240,000
3. Mr. Sanchai Janejarat	240,000	-	240,000
4. Mrs. Pawanya Kritachart	240,000	100,000	340,000
5. Mr. Kamolsut Dapparansi	240,000	50,000	290,000
6. Miss Bongkot Sittikornprasart	240,000	100,000	340,000
7. Mr. Chaayos Rungcharoenchai ⁽¹⁾	200,000	50,000	250,000
8. Mr. Monrak Saengsastra	240,000	-	240,000
9. Mr. Maruth Saengsastra	240,000	-	240,000
10. Mr. Jaruwat Traithavil	240,000	-	240,000
Total	2,390,000	300,000	2,690,000

⁽¹⁾ Mr. Chaayos Rungcharoenchai appointed to be the Independent Director and Audit Committee by the resolution of the Board of Directors' meeting No. 2/2018 on February 20, 2018

For the year 2019 the Board of Directors has considered that the directors' remuneration shall be determined to the directors as follows:

Meeting Allowance	Baht / Meeting / person		%Increase (Decrease)
	Y2019	Y2018	
1. Chairman	45,000	45,000	-
2. Executive of Chairman / Directors / Secretary	40,000	40,000	-
3. Chairman of Audit Committee / Independent Director and Audit Committee	25,000	25,000	-

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as the first meeting in year 2019.

Executives' Remuneration

The Royal Ceramic Industry Public Co. Ltd. and Subsidiaries remunerate executives in the form of monthly salary, bonus determined by corporate operating results, provident fund and other benefits such as petrol allowances:

Company	No. of Executives (persons) at 31 December		Monthly salary / bonus / provident fund/benefits (MB)		
	Y2018	Y2017	Y2018	Y2017	%Increase (decrease)
The Royal Ceramic Industry PLC	5	5	5.36	2.46	117.89
Royal Asia Brick and Tile Co.,Ltd	-0-	-0-	-0-	-0-	-0-
Total			5.36	2.46	117.89

The Royal Ceramic Industry and its subsidiaries remunerated employees in the form of monthly salary, bonus, benefits, provident fund contribution and medical benefits approved by the Board of Directors. Employee remuneration in 2018, compared to 2017, is as follows:

Company	Total employee remuneration						%Increase (decrease)
	In 2018 (MB)			In 2017 (MB)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
The Royal Ceramic Industry PLC	93.36	1.62	94.98	103.45	30.4	133.85	(29.04)
Royal Asia Brick and Tile Co.,Ltd	-	-	-	-	-	-	-
Total	93.36	1.62	94.98	103.45	30.4	133.85	(29.04)

Number of employees for the Company and its subsidiaries as of 31 December, 2018, compared to 2017, is as follows:

Company	Number of Employees						%Increase (decrease)
	In 2018 (persons)			In 2017 (persons)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
The Royal Ceramic Industry PLC	221	7	228	361	15	376	(39.36)
Royal Asia Brick and Tile Co.,Ltd	-	-	-	-	-	-	-
Total	221	7	228	361	15	376	(39.36)

Audit Fee (Baht / Year)

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2019*	Y2018	% Increase (Decrease)
The Royal Ceramic Industry PLC	990,000	924,000	7%
Royal Asia Brick and Tile Co.,Ltd	30,000	30,000	-
Other Fees	none	none	-
Total Audit Fee	1,020,000	954,000	7%

During the past year the company and its' Subsidiaries did not paid any non-audit fee to the Audit Firm or another auditor or related person to this audit firm.

*For the year 2019, The Audit Committee of The Royal Ceramic Industry PLC proposed the former Auditors from Karin Audit Co.,Ltd. (as the fifth year) to the Board of Director for approval from The Shareholders' Meeting for the year 2019

Audit Report Summary	Y2018	Y2017	Y2016
Auditor / Registration	Mr.Jadesada Hungsapruerk /3759	Mr.Jadesada Hungsapruerk /3759	Mr.Jadesada Hungsapruerk /3759
Auditing Office	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

Subsidiaries

There are one subsidiary as Royal Asia Brick and Tile Co.,Ltd., doing business of producing clay tile which were controled by Parent's Company. List of Directors of whom also serve as Directors in this subsidiary which The Royal Ceramic Industry Public Co. Ltd. has a 100.00% equity stake and shutdown the business on April 2017.

List of Directors of whom also serve as Directors in the Subsidiary Company as at 31 December 2018

Name	The Royal Ceramic Industry PLC	Royal Asia Brick and Tile Co.,Ltd (Subsidiary)
1. Mr. Viboon Wadcharasurang	Chairman	-
2. Mr.Roongroj Saengsastra	Executive of Chairman	Director
3. Mr. Sanchai Janejarat	Managing Director	-
4. Mrs. Pawanya Kritachart ⁽¹⁾	Chairman of Audit Committee	-
5. Mr. Kamolsut Dapparansi ⁽²⁾	Independent Director and Audit Committee	-
6. Miss Bongkot Sittikornprasart ⁽³⁾	Independent Director and Audit Committee	-
7. Mr. Chaiyos Rungcharoenchai	Independent Director and Audit Committee	-
8. Mr. Monrak Saengsastra	Executive Director	Director
9. Mr. Maruth Saengsastra	Executive Director	Director
10. Mr. Jaruwat Traithavil	Executive Director	Director

⁽¹⁾ Mrs. Pawanya Kritachart resigned on February 18, 2019. The Board of directors considered appointing Mr. Boonchuai Kobkitpanichpol to take a position by the resolution of the Board of Directors No.2/2019

⁽²⁾ Mr. Kamolsut Dapparansi resigned on January 15, 2019. The Board of directors considered appointing Mrs.Sirepen Mitravijarn to take a position by the resolution of the Board of Directors No.1/2019

⁽³⁾ Miss Bongkot Sittikornprasart resigned on January 2, 2019. The Board of Directors considered appoint Mrs. Samornvadee Pholprasert to take a position by the resolution of the Board of Directors No.1/2019

Principles of Corporate Governance

The company has established guidelines for corporate governance which is in accordance with the principle of good corporate governance, divided into 5 categories as follows:

Section 1. The Rights of Shareholders

Section 2. The Equitable Treatment of Shareholders

Section 3. The Role of Stakeholders in Corporate Governance

Section 4. Disclosure and Transparency

Section 5. Responsibilities of the Board of Directors and Committees

The Board of Directors attach importance to a good governance by assign the management to issue a good corporate governance manual since 2003 and revise according to the corporate governance guideline in 2012 (revise) by the Good Governance Development and Alliance department of the Stock Exchange of Thailand and informed the employee and related parties with adhered to a practical regulation. The essence of governance will focus on business ethics and control the operation of the company in accordance with the laws related to the business, regulation and resolution of the meeting as well as the regulations of the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.

Furthermore, the Board of Directors have applied their knowledge, capability, and experience to control and follow-up with the management team to ensure that the business is operated according to the Company's vision, policies, and goal, and also to control the expenses in budget and utilized their resources effectively.

The Company and its subsidiaries business governance and control are monitored by the management team which was appointed by the company be the Director of each subsidiaries. The scope of control depends on the number of Directors of each Subsidiaries and is performed according to the Company's policies.

Section 1. The Rights of Shareholders

The Company has the policy to support, promote, and facilitate every shareholder including institutional investors to ensure that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend Shareholders' Meetings, the right to propose in advance the Meeting agenda, the right to nominate a person to be a director, the right to express opinions

independently, and the right to make decisions on important affairs of the Company, e.g., the election of directors, the appointment of auditors and fixing of the audit fee, approval of significant transactions influencing the Company's direction, as well as amendment of Memorandum of Association and Articles of Association of the Company, etc. Each shareholder has the right to vote at meetings according to the number of shares owned whereby one share is entitled to one vote, and no particular shareholder allows privilege over the rights of other shareholders.

Apart from the abovementioned rights of the shareholders, the Company has made additional efforts to encourage and facilitate shareholders to exercise their rights as follows:

1. To provide essential, clear, and up-to-date information for shareholders regarding the Company's business. The Company will notify shareholders of the information through the Company's website and the Stock Exchange of Thailand (SET).

2. To ensure all shareholders receive clear and sufficient detailed information concerning the Shareholders' Meeting, allowing them to have adequate time to study the information before attending the Meeting, the Company will notify shareholders of the venue, date, time, and proposed agenda items. The information in Thai and English will be posted on the Stock Exchange of Thailand (SET) portal and RCI's website approximately 15 days prior to the Meeting.

For the meeting notice, the Company provides a detailed description of each agenda item together with the opinion of the Board of Directors. A notice of the meeting and attachments including the registration form, documents and evidence required prior to attending the Meeting, proxy procedure, registration, and proxy forms, in Thai and English, will be posted on RCI's website before the Meeting. Such documents are submitted to shareholders prior to the Meeting.

3. To facilitate shareholders unable to attend a Meeting, the Company provides an opportunity for them to appoint a representative, e.g., an independent director or any other person to act as proxy, using one of the proxy forms attached to the notice of the Meeting. The proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce allow the shareholders to exercise their voting rights as they wish. The Company also attaches documents and evidence required prior to attending the Meeting, proxy procedure, and registration to the notice of the Meeting. Also attached is a profile of independent directors with no conflict of interests on the agenda to elect the directors proposed by the Company to serve as proxies for shareholders. The proxy forms in Thai and English can be downloaded from RCI's website.

For foreign investors who authorize custodians in Thailand to keep and safeguard their shares, the Company will arrange for the documents and evidence required prior to attending the Meeting well in advance to facilitate registration on the date of the Meeting.

4. The Company provides opportunities for the shareholders to submit questions related to items on the agenda or other information prior to the Meeting to the email address

www.rci.co.th or to the Company's address. For more information, please contact the Office of the Company's Secretary via the following channels:

The Royal Ceramic Industry PLC

Address: Dynasty Ceramic PCL Building, No. 37/7 Suthisarnwinijchai Road,

Samsennok Sub-District, Huai Khwang District, Bangkok 10310

Tel: 0-2276-9275-80 Fax: 0-2643-0948-9

5. For 2018, the Company held the Annual General Meeting of Shareholders on April 23, 2018. As shown in the details of the attendance of each director in each meeting.

6. The 2018 Annual General Meeting of Shareholders on April 23, 2018 was held by the Meeting Room Floor 4th Dynasty Ceramic PCL Building, No. 37/7 Suthisarnwinijchai Road, Samsennok Sub-District, Huai Khwang District, Bangkok to facilitate the shareholders easily accessible.

7. On the date of the Meeting, in the case of the appointment of another person as a proxy, the Company facilitated the affixing of the stamp duty on all proxy forms registering at the document check counter. The Company's officers were available at all times to provide assistance during the registration. Registration for the Meeting started no less than 1 hour prior to the Meeting.

8. Prior to the Meeting, the Moderator explained to the Meeting the procedures of voting, counting of votes, and announcing of voting results, which can be summarized as follows:

8.1 In voting for each agenda item, each Shareholder or a proxy authorized by any Shareholder to vote on his/her behalf was entitled to vote equal to the number of shares held, whereby one share would be equal to one vote. Votes were to be cast by the raising of hands.

8.2 To ensure transparency and verification, the Company provided voting cards for each agenda item. In casting votes, the Chairman requested shareholders or proxies who voted to disapprove or abstain for such agenda item to mark the voting cards accordingly with his/her signature affixed and raise their hands to notify the Company's officers so as to have their voting cards collected. All shareholders who voted to approve needed to mark the voting cards accordingly with his/her signature affixed but were not required to raise their hands. All the voting cards were collected when the meeting adjourned. As for a large number of shareholders who authorized their proxies to the Independent Directors, the Company needed to cast votes of approval, disapproval, or abstention for each agenda item according to their requisition.

8.3 The results of the vote count shall be announced at the Meeting after the completion of the counting of votes for each agenda item. However, vote counting for some agenda items might take longer. In such cases, the Chairman might request the Meeting to proceed with the consideration of the next item on the agenda to avoid disrupting the Meeting. The Meeting is informed of the result as soon as the vote counting has finished.

9. The Company assigned independent representatives from the auditor to check vote counting throughout the Meeting with the shareholders' right protection volunteer from Thai Investors Association serving as an observer.

10. Shareholders arriving after the Meeting commenced were allowed to vote on the agenda item considered provided that a resolution was not yet made. They constituted part of the quorum starting from the agenda item for which they were in attendance and can exercise their rights. As a consequence, the number of shareholders in each agenda item might vary.

11. At the Meeting, shareholders were allowed to freely express their opinions, give suggestions and raise questions on any agenda item before casting votes, so that shareholders could obtain sufficiently detailed information on the matter in question. When shareholders had questions or inquiries, specialists in specific fields were available to answer queries under the authority of the Board with representatives from the Auditor of the company as witnesses.

12. The agenda of the 2017 Annual General Meeting of Shareholders was considered chronologically as it appeared in the invitation letter submitted to shareholders prior to the Meeting, without any changes in order or request the Meeting consider any agenda item other than those specified in the invitation letter.

13. The Company disclosed the voting results and resolutions for each agenda item at the 2017 Annual General Meeting of Shareholders to the public via SET Portal and RCI website after the Meeting ended.

14. The Company prepared the minutes of the Shareholders' Meeting completely encompassing all material information: names of Directors and the Management attending the Meeting, voting procedure, resolutions of the Meeting, voting results for each agenda item, key questions, clarification, and shareholders' comments. The Company prepared the Minutes of the 2017 Annual General Meeting of Shareholders' and submitted them to the Stock Exchange of Thailand and the Ministry of Commerce within 14 days from the date of the meeting as stipulated by law. They were disseminated on the Company's website.

Section 2. The Equitable Treatment of Shareholders

The Company is fully aware of its duty to protect the interests of every shareholder, major or minor, individual or institutional as well as Thai or foreign investors to ensure equality and fair treatment for all to further ensure the maximum benefits of shareholders. The efforts are as follows:

Provision of opportunities for minor shareholders to propose matters to be included in the Meeting agenda and to nominate candidates for the election of Board members prior to the date of the Shareholders' Meeting

The Company has prescribed criteria and procedures whereby minority shareholders may propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company 3 months prior to the end of the Company's accounting period. Such rules and procedures are posted on SET Portal and the Company's website.

For the 2019 Annual General Meeting of Shareholders, the Company provided an opportunity to shareholders to propose agenda items for the Meeting and nominate qualified candidate(s) to be considered for election as a director of the Company during October 1, 2018-December 31, 2018. The Agenda Item Proposal Form and/or Nomination for Directors Form along with the required documents must be sent to the Company Secretary or to the independent directors' email at www.rci.co.th. The criteria are as follows:

Prior to the Meeting, one or several shareholders have the right to propose in advance agenda items. The Board of Directors of the Company takes responsibility for consideration which proposed agenda item be included on the Meeting agenda, and the Company shall specify it in the notice of the Meeting that the agenda item was proposed by a shareholder. However, in the event the proposed agenda item is rejected, the Company shall inform shareholders of the reasons at the Annual General Meeting of Shareholders.

For the nomination for directors, any shareholder is entitled to nominate in advance any qualified candidates for the election of Board members. Then the suitable nominees are presented to the Board for consideration before proposing them to the Shareholders' Meeting for approval.

However, during that period, no shareholder proposed any agenda item or candidate prior to the Meeting.

Empowering shareholders unable to attend the Meeting to assign proxies to vote in their place

Shareholders unable to attend the Meeting are entitled to appoint the Independent Director of the Company with no conflict of interests on the agenda to act as a proxy to vote in their place, using one of the two proxy forms prepared in compliance with the specifications defined by the Department of Business Development at the Ministry of Commerce. The Company delivered the 2 proxy forms, the documents and evidence required prior to attending the Meeting, proxy procedure, and registration together with the Notice to Shareholders' Meeting, in Thai and English, to shareholders 7-14 days prior to the Meeting date. The documents, in Thai and English, were also publicized on the Company's website more than 15 days prior to the Meeting date.

Assigning Independent Directors to Take Care of the Interests of the Company and Shareholders

Independent directors play a key role in overseeing the Company's business operations. Realizing the important role of independent directors in supporting the policies useful for shareholders or objecting to the policies that affect Shareholders' interests, the Company provides channels for shareholders to give suggestions, express opinions, or file complaints to independent directors via email: www.rci.co.th. The independent directors are responsible for handling each matter appropriately, for example, investigating and seeking an appropriate solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to the Board of Directors' meeting for consideration and include it on the agenda of the Shareholders' Meeting. During the past year, there were no comments or complaints from shareholders.

Section 3. The Role of Stakeholders in Corporate Governance

The Company has consistently adhered to its philosophy of ethical business conduct and corporate social responsibility as well as carried out its business to jointly create values with all stakeholders for mutual and sustainable benefits. This practice is overseen by the Board of Directors to ensure compliance with laws and regulations and adherence to RCI Corporate Governance Guidelines, and other relevant policies, as well as protection of such rights and stringent equitable treatment. Stakeholder engagement guidelines are summarized below;

3.1) Shareholders

The Company attaches enormous significance to the shareholders, who are the business owners. As a result, the Board of Directors, which represents shareholders, as well as the executives and employees are committed to carrying out business in line with the principles of good corporate governance and RCI business philosophy to ensure maximum benefits and long-term value for shareholders.

The Company respects the rights of its shareholders and recognizes its duty in ensuring equitable treatment of all shareholders as well as the fundamental rights stipulated by laws and Articles of Association of the Company such as the rights to attend the Annual General Meeting of Shareholders, propose agenda items in advance, elect directors, receive fair remunerations, and voice opinions on the Company's business conduct through independent directors, all of which will be compiled and presented to the Board of Directors for review.

3.2) Employees

The Company emphasizes on the value of employees as invaluable resources in driving the Company toward success. As a result, the Company is committed to caring and improving the quality of life of its employees to the best of its ability. To this end, the Company has consistently adhered to a number of operational guidelines taken into account cultural diversity and regional values, as well as complied with universally-accepted guidelines in the areas of human rights, labor, the environment and anti-corruption.

3.3) Customer

The Company is committed to continuously creating innovations to offer products and services that meet true needs of its customers in terms of both quality and fair prices. RCI products and services must be safe as per international safety standards and environmentally-friendly, as well as promotes sustainable to ensure customer confidence and highest satisfaction. To this end, RCI has established a unit responsible for customer relations management to offer suggestions on the Company's products and services; provide counsel regarding troubleshooting and after-sales services, and handle complaints when problems arise. Suggestions are then used to inform future operation plans to enhance operation efficiency.

Furthermore, the Company has put in place a management system to foster good customer relations. As such, customer satisfaction is surveyed on a yearly basis to gauge the expectation and satisfaction level of customers for the customer feedback process, resulting in a central database of customer information to facilitate sales and service providing. Also invented is a customer consumption behavior analysis system in order to learn customers' needs and create long-term satisfaction for customers.

3.4) Suppliers/Business Partners

The Company adheres to a framework of fair and transparent trade competition and strictly complies with the trading terms and conditions agreed upon, RCI Code of Conduct, and pledges given to its suppliers. To this effect, the Company determines appropriate and fair sale prices, taking into account the reasonableness, the quality, and the entailed services. In addition, regulations regarding procurement and operations are clearly established. These include refraining from demanding or accepting benefits from suppliers, supporting environmentally-friendly procurement, avoiding purchasing products from suppliers that violate human rights or intellectual property law as well as dealing business with suppliers that carry out illegal acts. This is in order to ensure ethical business conduct and responsibility toward society and the environment. The Company also refuses to conduct business with a person or a juristic person who violates the law or demonstrates behavior involving corruption. The policy is published on the Company's website.

3.5) Joint Venture Partners

The Company respects the rights of joint venture partners, treats every partner equitably and fairly, and does not exploit partners. The Company also collaborates with joint venture partners to promote, support, and strengthen the operation of joint ventures; encourage exchange of opinions and suggestions; formulate business plans; determine an appropriate and allocation of interest and monitor and drive the operation of the joint ventures to be in accordance with the laws and sustainable development guidelines, in order for the joint ventures to achieve the shared goals.

3.6) Creditors

The Board of Directors takes into account equality for every relevant party and honesty in carrying out its business, and is committed to conducting business in such a way that creates confidence and justness for its creditors. Policies and guidelines regarding the treatment of creditors are as follows:

1. The Company strictly complies with the terms and conditions agreed upon with respect to amortizing, collateral care, and commitment and contingent liabilities.
2. In the event that one of the terms is not fulfilled or there arises a cause for a default, the Company must notify the creditor without concealing facts so as to jointly find solutions on a reasonable basis.
3. The Company manages its finance to create an appropriate financial structure to support the business and maintain the creditors' confidence.
4. The Company strives to maintain sustainable relations with creditors and mutual trust.

3.7) Communities

The Company carries out its business with concern for fairness for every stakeholder and is committed to socially-responsible business conduct. As a result, RCI has supported activities that improve the quality of life and benefit the communities. In addition, the Company also cultivates and promotes in its employees and related operators a consciousness of a good and responsible citizen who strives for the betterment of the communities and society.

3.8) Government Agencies

The Company attaches significance to government agencies as one of the Company's stakeholders and has clearly defined guidelines for engaging in transactions with government agencies in RCI Code of Conduct and RCI Anti-corruption Policy. Furthermore, the Company ensures strict compliance with relevant laws and regulations despite varying conditions, procedures, or practices in each locality. In addition to refusing to engage in an act that could provide an incentive for officers in government agencies to commit an inappropriate or unlawful deed, the Company also cooperates with government agencies in providing academic assistance or support for various activities and is open to comments, suggestions, and complaints from government agencies.

Cultivating corporate culture

RCI has organized various activities to encourage employees in adhering and abiding respectively with RCI Code of Conduct as a framework of working.

RCI Code of Conduct

The Board of Directors compiled a list of principles in a formal written document called the *"RCI Code of Ethics"* to serve as guidelines for working that were aligned with RCI's administration by conducting oneself as good role model for others to better correspond with the evolution of RCI and suit the shifting economic and social climate. In the Code of Conduct, guidelines from each business are compiled, categorized, and furnished with examples, with a

list of codes clearly specified for greater clarity and readiness of use. The Board of Directors also established the whistleblower policy, to protect any employee who files a complaint or reports on improprieties or suspected violations of laws, rules and regulations, the Company's Articles of Association, RCI Code of Conduct, and Anti-corruption Policy (Helping Line Policy). In this regard, the Company has formed a working team responsible for devising policies and providing consultancy regarding compliance with RCI Code of Conduct. This team comprises the top management in business units responsible for relevant matters, each of whom is tasked with monitoring the performance results and providing counsel on relevant matters. In addition, the Company has established channels through which employees can voice their opinions and make inquiries about RCI Code of Conduct, which can be found on the RCI website. To further raise awareness of the RCI Code of Conduct among employees, the Company informs its employees at every level of and promotes adherence to the RCI Code of Conduct to cultivate the awareness from the first day of employment onward. In addition, the Company has published RCI Code of Conduct Manual and distributed it to all employees along with conducting informational events to expound the Code of Conduct principles and practices to ensure that a clear understanding and strict adherence in performing their duties. This has also been included as a key factor in the yearly employee performance assessment.

Anti-corruption Efforts

To demonstrate its commitment to compliance with universally accepted principles in the areas of human rights, labor, the environment, and anti-corruption, which neatly correspond to RCI's business conduct, which adheres to good corporate governance guidelines, ethical practices, and the RCI Code of Conduct through five principles listed below:

- 1) **Ethical Business Practices:** Conduct business on the basis of honesty, integrity, transparency and, strict compliance with laws and regulations related to business conduct. Suppliers shall not engage in any corruption-related action, bribery through offers or promises of money, properties, objects, or other benefits as incentive for oneself or another party, obtain inappropriate benefits, as well as creating unfair business advantages.
- 2) **Labor Protection and Human Rights:** Avoid discriminatory employment practices, and give importance to labor protection especially child labor, female employees, and foreign workers. Suppliers must not use or exploit forced labor. They shall pay workers accurately and fairly including wages, benefits and define the working hours according to the laws.
- 3) **Occupational Health and Safety:** Provide a safe and healthy work environment as well as controlling accident risks and health impacts associated with the performance of duty. Suppliers shall also provide sufficient and reliable personal protective equipment.
- 4) **Environment:** Operate with concern for natural resources and the environment consistent with the 3Rs concept: Reduce, Reuse/Recycle, and Replenish.
- 5) **Laws and Regulations:** Abide by all applicable laws, rules, and regulations.

Policy on Protection and Fairness for Employees Who Inform on or Disclose of Wrongful Conduct or Non-Compliance with the Laws, Rules, and Regulations, the Company's Articles of Association, and RCI Code of Conduct (Helping Line Policy)

Eligible complaints

1. Employees who witnessed the act violate the laws, rules, and regulations, the Company's Articles of Association, and RCI code of conduct in business.
2. Employees, who are intimidated, threatened and faced disciplinary proceedings such as salary reduction, suspension from work, removal from job or being discriminated with unjustified method relating to employment conditions. This is due to their complaints to give or to provide information, assistance in investigation process, or gathering facts for complaint recipients including taking legal action, being witness to testify or provide cooperation with the court or any government agency.

Complaint-receiving officers

1. Trusted supervisors
2. Chief Executive Officer
3. Managing Director

Method in making the complaint

Informants can direct their complaints to any of the following methods:

1. Verbal or written complaint directly
2. Submission via e-mail address of complaint-receiving officers
3. Submission of a formal letter thru Opinion Box
4. In case that the complainant chose not to reveal his/her name, detailed facts or clear evidences must be provided to show that there are reasonable factors to believe that an act in violation of laws, rules and regulations, the Company's Articles of Association or RCI Code of Conduct is happened.

In addition, the complaints are considered to be confidential; complainants can make a complaint more than one channel and do not necessarily reveal the identity of the complainant. If the complainants would like to expose themselves, RCI can inform the investigation results or further details about the complaint that the complainants shall be notified.

The procedure of fact finding

1. Complaint-receiving officers will be handler of verification and fact collecting or appointing Fact Finding Committee to investigate facts.
2. Complaint-receiving officers or authorized persons shall invite any person to give the information or to provide any related document for fact finding investigation.
3. If facts have been found out, RCI shall conduct as follows:
 - If complaints are about RCI's non-compliance with the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct, the case shall be submitted with opinions and set guidelines for correct implementation to authorized persons of RCI for consideration. In case of significant subjects such as; reputation or image or the financial position of the company, conflicts with the business policy of the company, or relating to top executives etc., it shall be presented to Fact Finding Committee or the Board of Directors for consideration.
 - In case of complaints that cause damages to any one, the suitable and fair solution to relieve damages shall be proposed to the complainants.

The safeguarding and protection of the persons who provide information or clue

1. The complainants can choose not to be identified, if the disclosure may cause damage to them. But the detailed facts or clear and sufficient evidence must be stated to show that there are reasonable grounds to believe that there are actions that violate the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct. However, if the recipients choose to reveal themselves, it will make their complaints to be processed more quickly.

2. Information related to RCI is considered confidential and will be disclosed as necessary with regard to safety and the damages to the complainants, the source of information or the individual concerned.

3. If the complainants see that they may be unsafe or be in trouble, the complainants may request the Company to determine the appropriate measures to protect them. In addition the Company may impose measures to protect the complainant by which the complainant does not have to request it, if the Company foresees that there is likely to be in damage or unsafe situation.

4. The employees who treat others in ways that are unfair or discrimination in ways that are inappropriate or cause damage to the other person and are the motive for the other persons filing the complaint or provide clues about corruption or failure to comply with the laws, rules and regulations, the Company's Articles of Association, and RCI Code of Conduct as well as others to prosecute, or to testify as witnesses, or to provide any cooperation to the court or government agency. It should be counted as disciplinary offense which an offender shall be punished and this may be punished by law if it is an act of laws violation.

5. Those who have suffered will obtain the damage relief by means or procedures that are appropriate and fair.

Section 4. Disclosure and Transparency

The Company realizes the importance of information disclosure because this significantly affects decision-making by investors and stakeholders. It is therefore necessary to define and control measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal and the Company's website shall be complete, sufficient, reliable and up-to-date, written in both Thai and English. The Company is committed to obeying the law, the regulations and obligations mandated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET), and other relevant government organizations. Regular amendment takes place to ensure that the Company is up-to-date in its adherence to laws, regulations, and obligations, and to guarantee transparency in conducting business, for example:

1. Disclose accurate, complete and timely financial information and non-financial information.
2. Prepare a report on the Board's responsibility for financial statements and present it along with the Auditor's report in the Annual Report.
3. Require the Company's Directors and executives to report their own interests, and those of any related persons, which are related to management of the Company or its subsidiaries, via the corporate secretary, who will gather the documents and submit them to the chairman of the Board of Directors and the chairman of the Audit Committee for acknowledgement within seven days after the Company receives the documents.
4. Announced a policy requiring all Directors to disclose and/or report their securities trading and holdings to the Board of Directors' meeting.
5. Disclose procedures about the Board of Directors' selection process and performance assessment.
6. Disclose the performance and attendance record of each member of the Committee.
7. Disclose detailed information on the operations and investment structure of subsidiaries and associate companies.
8. Disclose information on the remuneration received by each Director as a member of the Committee.
9. Disclose the policy on the remuneration of the Directors and top executives, including forms, types and amount of remuneration for each committee member.
10. Disclose policy on environmental and social responsibility and related performance.
11. Report on corporate governance policies and related performance.
12. Reveal significant investment projects and relevant impacts of the projects via the SET Community Portal of the Stock Exchange of Thailand and the company's website.

Moreover, the Board of Directors is referring to the information disclosure guidelines related to the company to establish the Company's information disclosure policy and avoid any damage caused by improper disclosure. This reassures shareholders, investors, the general public, and all stakeholders that the company is committed to disclosing information clearly, equitably, and in compliance with the law. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on the company's website.

Investor Relations

The Investor Relations Department of the company is responsible for communications with institutional investors, retail investors, shareholders, analysts and relevant government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly as follows: The Royal Ceramic Industry PLC. Address: Dynasty Ceramic Building, No. 37/7 Suthisarnwinijchai Road, Samsennok Sub-District, Huai Khwang District, Bangkok 10310 Tel: 02276-9275-80 Fax: 0-2643-0948-9.

Conflicts of Interest

(1) Some transactions, which could lead to a potential conflict of interest and/or related party transaction, must be considered very carefully in full compliance with the relevant rules and regulations of the Stock Exchange of Thailand (SET) and the company's internal policies and guidelines. Moreover, such transactions are entered into strictly on an "arm's length" basis and are conducted in the best interests of the company and all shareholders. The terms and conditions of such transactions always comply with generally accepted, standard commercial terms and conditions. Records of such transactions must be submitted to the Board for their review during the meeting sessions, which are attended by independent Directors and members of the Audit Committee.

The Company's Directors and executives are required to submit a report that summarizes their and their related persons' interests and securities ownership in other companies. This information was filed with the company and is used to monitor potential related party or connected transactions. New Directors and senior executives shall submit this report within thirty days after being appointed.

In case of changes in related persons and close relatives, Directors and executives shall submit a revised report to the company within fourteen days after such changes occur.

The Board of Directors also monitors compliance with the regulations regarding criteria, procedures, and disclosure of such transactions. The company has a policy to disclose detailed information of these transactions, which includes transaction amounts, transaction parties, their underlying reasons, and necessity of the transaction in our annual reports.

The company has a policy to prevent Directors, executives, and employees from using their status to seek personal benefit. As a result, Directors, executives, and employees must refrain from any transactions that may lead to a conflict of interest with the company. Any interested Directors, executives, and employees are not allowed to participate in the decision-making process. In particular, Directors are prohibited from considering or casting their votes on matters in which they may have a potential conflict of interest.

The Board and management also emphasize a prudent and fair review of inter-company transactions, which are transactions between the Company and its subsidiaries.

(2) Monitoring Insider trading.

The Board prohibits Directors, executives, and employees from using an opportunity information acquired while working in their positions to seek personal benefit or to establish a competing or related business with the company. This policy includes a complete prohibition against using material insider information to buy or sell the company's shares .

Preventing Conflicts of Interest

The Board has established policies and measures regarding conflicts of interest, as follows:

- The Company has a clear and transparent shareholder structure. There is no cross-holding among major shareholders, thereby preventing any conflict of interest or transfer of benefits from one party to another. The shareholder structure of the company and its subsidiaries is published in the Company's annual report, as are each Board member's holdings of ordinary shares.

- There is a clear separation of duties and responsibilities between the Board of Directors, management, and shareholders, thereby ensuring no overlap of duty or responsibility. Any Directors or executive who may have a vested interest in any agenda item under consideration must not attend the meeting or must refrain from voting on such agenda item. This is to ensure that the Board and executives make decisions in a fair manner for the ultimate benefit of shareholders.

- The Company has an established policy governing the use of internal information and has incorporated it into employee regulations in writing, with penalties for the executives or employees in the event the internal information is disclosed to the public or used for personal benefit.

- The Company has established additional policy for employees, preventing the use of Company's asset or finding information, contact, or stock trading on a regular basis during work hours for his/her own benefits or in the manner that does not benefit the Company's advantage.

Section 5. Responsibilities of the Board of Directors and Committees

The Board is committed to conduct itself in accordance with the highest standards of behavior and in compliance with all laws, rules, and regulations. The Board's primary responsibility is to supervise and direct management for the company's benefit. Among other things, the Board, acting directly or through committees, shall have the following duties:

1. Oversee the conduct of the Company's business to evaluate whether it is being properly managed and ensure all activities are conducted according to relevant laws and ethical standards. The Company prepares and defined in Code of Conduct.

2. Manage the Company's performance in line with legal requirements, our objectives and by-laws, and resolutions adopted at the shareholders' meetings.

3. Establish and approve major financial objectives, plans, and actions.

4. Review and approve major changes in the appropriate auditing and accounting principles and practices used in the preparation of the Company's financial statements.

5. Assess major risk factors relating to the Company's performance and reviewing measures to address and mitigate such risks.

6. Evaluate its own performance and capabilities and improving its work processes as necessary according to the Self-Assessment on Corporate Governance annually.

7. Approve the compensation of employees.

8. Appoint the appropriate committees to manage the Company's business affairs as assigned by the Board of Directors.

The Board of Directors delegate to the President and Chief Executive Officer and work with other executive officers, the authority and responsibility for managing the business

consistent with the company's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, the company focuses on internal control and risk management systems and business continuity as well as establishes an Anti-Corruption Policy which is appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our core values, mission and vision also according to the Company's Corporate Governance Policy.

The policy has been consistently communicated to directors, executives, and employees for their awareness and to facilitate its incorporation into the Company's normal business operations. Furthermore, the Company has provided insiders/outside with a channel for reporting any illegal activities, acts of misconduct or unethical practices in the Company, while also granting protective measures for whistleblowers in accordance with the Whistleblower Policy.

Board Assessment

The Board of Directors is composed of 10 directors. Directors stand for re-election every 3 years. The Board of Directors is pursuing a gradual process to rotate its composition without compromising its continued effectiveness. New board members are invited based on many criteria, an important one being their ability to contribute to the company's business growth strategy.

The Board of Directors conducted a formal evaluation of group assessment and self-assessment performance for the year 2018. The evaluation process was led by the Secretary was conducted by sending a board assessment form to each Director. The responses to the form were collated by the Company Secretary.

Criterion

The evaluation form consists of two (2) key components.

Component I: The evaluation is related to the following six (6) aspects of its operation:

1. Board of Directors' structure and qualifications of the Board of Directors
2. The roles, duties and responsibilities of the Board of Directors
3. Board of Directors' meetings
4. The Board's performance
5. Relationships with management
6. Directors' self-development and executive development

Component II: The opinions and suggestions provided by the Board of Directors so as to identify special issues in its performance or any aspects of the Company's operation.

The evaluation forms for directors consist of the assessment results are reviewed in order to find ways to continue to improve the Board's performance.

The company improved its handbook for directors, which includes the summary of laws, rules, and regulations related to the directors, in order to ensure that the information is clear, up to date and in compliance with current practice. The handbook is distributed to all directors for use as reference regarding basic information. For new directors, the company established a Director Induction Program to facilitate their prompt performance of duties. The company has commissioned the corporate secretary to coordinate the work in three areas:

1. To compile the necessary information for directors to ensure their compliance with laws, rules, and regulations related to the directors.

2. To provide important information essential for the directors' performance of duty such as the Articles of Association, the company's director handbook, the handbook for directors of listed companies, and summary of operating results, for use as quick reference.

3. To arrange for a meeting with the chairman and directors and the executives or head of each business unit, to stay informed and make queries about the company's business in depth.

Moreover, the Company encourages all members of the Board and the top executives to attend various seminars and courses beneficial to their responsibilities, allowing them to constantly meet, and exchange opinions with, directors and top executives of different organizations. Some of these courses are organized by governmental agencies or independent organizations, such as the Thai Institute of Directors Association. The SEC requires directors of all listed companies to complete at least one of the following training courses: Directors Certification Program (DCP), Directors Accreditation Program (DAP) or Audit Committee Program (ACP). Experience gained from these courses is useful to the company's development.

Summary of the assessment results for the year 2018

Subject	% of the assessment results	
	group assessment	self-assessment
1. Board of Directors' structure and qualifications of the Board of Directors	90%	91%
2. The roles, duties and responsibilities of the Board of Directors	89%	89%
3. Board of Directors' meetings	90%	91%
4. The Board's performance	90%	90%
5. Relationships with management	92%	92%
6. Directors' self-development and executive development	89%	88%
Total	90%	90%

Monitoring the Business Operations of Subsidiaries (Subsidiaries shut down on April 2017)

1. For the purpose of monitoring each subsidiary's business operations for the best interest of shareholders.

2. The appointed directors shall have the same responsibilities as those of directors or executive directors of the parent company

3. Consider the important matters, such as strategy, business plan, capital increase or reduction of capital, the liquidation of the company, including several important policies.

4. Follow-up operations by the management, the Executive Committee, and the Board of Directors of the company.

5. And shall perform their duties in compliance with good corporate governance policy, related party transaction policy etc.

6. All subsidiary transactions which may significantly affect the business operation or financial status of the Company must be reviewed and approved by the Board of Directors of the parent company.

7. Checks by the internal audit department is to ensure that internal controls are adequate and effective.

8. In order to present the financial information and operating results of the subsidiaries, the Company has assigned the same auditing office that provides auditing services for the Company to perform audits and present the financial and non-financial information of the Subsidiaries in the consolidated financial statements of the Company.

Sustainability Development Report of the year 2018

The Royal Ceramic Industry Public Company Limited is a production business of ceramic wall and floor tile which is a highly competitive industry. The company performs the manufacture of goods under the RCI trademark. From last year, the company was changed in many aspects that is the administrative policy improvement, the business operation and the enterprise strategic to enhance business stability and sustainability in the long term. And to enhance good risk management and also production processes improvement by taking manufacturing technology together with modern machine and equipment to develop products to be a good quality and added value to company merchandises to meet customer's needs with reasonable cost and market competitiveness with highest advantage return to the business investment. Therefore, from the past year Board of Directors and all levels of management have been adhered to work under moral principle and good governance in business operations and taken as a principle of business operations to drive the procedure to be developed quickly and concrete.

Apart from the economic and financial returns, the company has been committed to conduct the business to satisfy all stakeholders by performing with responsible of minimal affected to social and environment coupled with continual employees potential development.

This 2018 sustainable development report is disclosure in accordance with the, 56-1, information form of the Securities and Exchange Commission Office and the Stock Exchange of Thailand, presented under the corporate social responsibility framework that its content are covered to all group of stakeholders, as a information collection from 1 January 2018 to 31 December 2018. So that stakeholders are considered to 8 group as follows;

1. Shareholders: The company has a fair treat policy to shareholders, enfranchise them to express opinions and feedbacks through the company secretary and the company's web site.

2. Employees: The company has a focus on creating a creative work environment and treat employees at all levels fairly according to human rights. Besides, appropriately manage an occupational health, safety and welfare to initiate work environment toward development of teamwork skills for the benefit of overall organization.

3. Customers: The company aims to provide customers with the benefit of quality products and promotional offers for the most satisfaction.

4. Corporate: The company complies with free trade conception and also assesses business partner who execute in accordance with the rules in order to get a partner with the sustainable development approach and to strengthen potential to each other in the long-term.

5.Competitors: The company is based on an honest trade competition, adhering to the business operation with fairness under the frame of law and ethics.

6.Creditors: The company strictly meets the terms and conditions of business agreements with both account and finance payables.

7. Government agency: The company strictly comply with government regulations. And also implement the transaction practices with the government agency according to business code of conduct. Moreover, the company has been promoted and operated with anti-corruption policy for the suitable execution of both employees and the business.

8. Community, Social and the Environment: The company committed to business operations with the responsibility to the community, social and the environment around organization to have been recognized by the community and society that can be in a sustainable manner.

The sustainable development action frame of the company focus to a result of both business and social which will be benefit to all group of stakeholders as mentioned, with regard to engagement of employees and managements are critical in performing an action.

In addition, awareness to value of the environment, social and good governance principle in company operation are for sustainable business operation. Main element that related to sustainable development are:

- Standard administration of production and effective cost control for the least impact to environment.
- Risk administration and management to reduce risk and improve business efficiency.
- Development of human resources to be developed from inside the organization in knowledge and work process to all employees that is the core resources to create value for business.

Operation of the company

Business operation in fairness

The company values to conduct business in fairness under the good governance and good management practices, the business competition principles are fair, regardless of the benefits and potential impact to stakeholders carefully. The company reviewed and defined work rules, procurement criteria including treatment for business partners and contract partners to comply with legal and fair based on the interest of the company accompany with stakeholders.

Anti Corruption

The company has announced intention and commit to against all forms of corruption both direct and indirect way, determine the anti-corruption policy and define practices and actions that published in corporate governance handbook to cultivate employee to not ignore any mistake and also protect the employees who inform the company. For external stakeholders, the company has revealed the anti-corruption policy in the annual report as well.

Respect the human rights and labor fair treatment

The company perceives that respect to human rights is the foundation of critical human resources development according to elements that lead to sustainable development, this will be related with the business to added value to merchandises, increase productivity so the company have a explicit policy supporting human rights protection through undisclosed employee's personal information to third parties or those without the relevant. For employment, the company resists employment of children and not support forced labor as well as supporting partners that respect human rights and to fairly treat to workers, for example, no child labor or illegal labor.

Over the past year, the company has improved its work environment in many areas both at plants and the headquarter to provide a good work environment and a safe working system in accordance with occupational health principle such as fire drill, fire fighting and fire equipment usability for employees at plant and headquarter.

In addition to the company provides a fair employment and compensation as well as appropriate benefits such as a provident fund, social security and also provides staff training to develop knowledge, skills practicing including increase potential for employee at all level, and raise an opportunity to perform their working potential to tally with company's directions and strategies in the long term.

The company also respect the right to express an employee's opinions with provide channels to communicate their opinion and define policy of protection and impartial to employee who provide information or clues regarding non-compliance or fraud (Helping Line Policy). The policy is distinctly disclosed the complaint and verification in the company's Corporate Governance handbook and disclosed to third parties in the company's annual report.

Consumer Responsibility

The company is a manufacturer of consumer goods with the international standards manufacturing process, which are acknowledged through the certification of industry standards from the Department of Industrial Standards.(TIS 1965-2012) in order to get the safe product and also continue to improve the production process and develop products for diversity to meet all customer needs. As well as an increase in distribution channels through the branch of Dynasty Ceramic Public Company Limited which more than 200 branches nationwide, so that all customers have better access to the product.

Social and Environmental Responsibility

The company has continue recognizes its social and environmental responsibilities. In recent years, the company focus on improving machines in production process with the environmental standards to continually reduce the negative impact to the environment both inside the plant and outer community. Priority to water and waste management, dust reduction and managed for occupational health and safety management to the employees in order to provide a safe and hygiene environment. As a results of production machine improvement, energy usage were reduced and as well with loss. This is a cost-effectiveness resources utilization for sustainable of production process which is a main section if ceramic tile production, the company also promotes energy conservation policy to employees at all levels. Moreover, there is a wastewater treatment system in the plant to circulate in production process to not affect the community and society around the plant, and it is a cost-effective resource utilization for sustainable development.

Creating innovative from Corporate Social Responsibility

The company has creative project for employees to offers an equipment improved approach or work process to truly utilize resource, to less production time to be beneficial to the business, whether it decreases working time or reduce cost of production. Which are the innovative development policy from operation that continual value creation for business.

The company also increase digital printer that can be reduce production time alongside satisfying popularity of product model that change according to market trends with timely to customer's needs and overall market, making the manufactured goods can meet the needs of customers and besides enhances business competitiveness.

Internal Control and Risk Management

The Board of Directors and Executives of the company concern about the importance of internal control by realizing that the system of internal controls is an important mechanism to build confidence in the management to reduce business risk, enables efficient, and effective business operations, by allocating resources appropriately, and fulfill the business goals as well as an evaluation of the internal control at least once a year.

The Board of Directors has determined that the Audit Committee is responsible for supervising the internal control system, risk management system and the corporate governance system of the company to have an appropriate and efficient operation, including the company's compliance with the terms and applicable laws. The Internal control also supervise to control any conflict of interest in related transaction and use of property, to prevent fraud or misconduct. The company has the consistency checks and balances mechanism by an internal audit department which is independent in business monitoring, assess the effectiveness and adequacy of the internal control system, in risk management system and in corporate governance system as well. The internal audit checks and balances all department performance of the company and its subsidiaries by bringing the framework guidelines of the internal control system in accordance with the International Standards of COSO (The Committee of Sponsoring Organizations of the Tread way Commission), the risk management framework enterprise-wide (Enterprise Risk Management), and corporate governance guidelines, the guidelines of the Stock Exchange of Thailand and the Institute of Directors Association (IOD), the Thailand Economic Co-operation and Organization for Development (OECD). All mentioned frameworks and guidelines conduce the internal control to conduct risk management and all supervision, result in more integrity for the most efficient and effective in company performance.

The Company applies the Internal Control – Integrated Framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) comprising 5 components and 17 principles to the Company's operation, management, and internal control system. The directors have assessed the adequateness of the Company's internal control system in accordance with the Securities and Exchange Commission Thailand (SEC) and concluded that the overall internal control system is adequate and effective.

Thus, the Company focuses on five key elements relating to internal control as follows.

1. Organization and Environment

1. The company demonstrates commitment to integrity and ethical values. The Code of Conduct has been formally established in relation to the fair and transparent business operations responsible to every stakeholder including society and the environment. There are stipulations prohibiting actions which may have conflict of interests or damage the Company.

2. The Board of Directors oversees system of internal control independently. The board consists of more than one-third independent directors. Its members are experts, skilled, and qualified to oversee the development and performance of internal control which includes the control environment, the risk assessment, the control activities, the information and communication, and the monitoring activities. The authorities and responsibilities of the board and each committee are clearly defined and segregated from the management.

3. The company establishes clear structures, reporting lines, authorities, and responsibilities aligning with business model and legal environment to maximize efficiency and effectiveness of operations and internal controls. Crucial segregation of duties among structures provides checks and balances. Authority in management and operating levels are clearly defined, assigned, and limited.

4. The company demonstrates commitment to attract, develop, and retain competent personnel. Relating policies and procedures have been clearly established and periodically assessed for their implementation effectiveness. The Company established mentoring process allowing supervisors to give consults to their subordinates on improvement. Succession plans for personnel in essential positions are defined and in place.

5. The company enforces each personnel's accountability for achievement of their assigned internal control responsibility through reporting lines directives, and communication of clear policies and procedures to enable strict conformance. Supervisors are also required to, by themselves, assess and assure the effectiveness of internal controls under their supervision (Control Self-Assessment: CSA).

The Board of Directors and the management establish and communicate clear performance evaluation procedures and performance measures to motivate and reward performing personnel, and to manage any non-performances. The performance measures include adherence to the Code of Business Ethics, achievement of short-term and long-term objectives, and achievement of internal controls. Process is in place to adjust performance pressures of the management and personnel in case that they are excessive and possibly resulting in frauds or internal control's cutting corners.

2. Risk Assessment

6. The company specifies objectives with sufficient clarity to enable the identification and assessment of risks relating to objectives. For example, objectives are categorized as follows:

- Goals are clearly stated and practical. They support and are align with the Company's missions and strategies.
- The Company's resources are managed and utilized efficiently and economically to achieve established objectives.

- The Company's assets, information, reputation, and personnel are safeguarded.
- Process, policies, and procedures are continuously improved and updated benchmarking relevant international standards.
- Financial and non-financial reporting are accurate, reliable, and timely. Financial reporting accurately and completely complies with the generally accepted accounting principles, represents the Company's financial position and rights and obligations, and has full disclosures, reflecting activities and performances of the Company.
- Internal and external regulations, policies, and laws relating to the Company's business are being adhered to.
- CSA is properly implemented in crucial processes.

7. The company identifies and analyzes all types of risk in both corporate and operational levels which may affect achievement of the objectives. Internal and external factors are considered to identify and analyze strategic risk, operational risk, reporting risk, compliance risk, and information technology risk. The Company assesses the significance of risks based on impact and likelihood of risk occurring. The management and personnel are involved in the risk management process and consideration of risk.

8. The company assesses fraud risk and establishes measures to prevent and detect frauds especially in high-fraud-risk processes such as processes relating to cash, inventory, procurement, financial reporting etc. The Company performs an analysis to identify irregular financial ratios, continuously monitors for irregular business transactions, implements various assets safeguarding measures, and launches the whistle blower program.

In addition, the Audit Committee scrutinizes information and questions the management on likelihood of fraud occurring and measures implemented to prevent, detect, or remedy frauds.

9. The company identifies and analyzes significant changes in the external environment, the business model, and leadership which may affect the business, internal controls, and financial reporting. Appropriate responding measures to those changes have been prepared and established.

3. Control Activities

10. The company selects and develops control activities aligned with the Company's risks and specific characteristics such as the business environment, complexity, nature, and scopes of operations, covering all relevant business processes and levels of activities. There are considerations on a proper mix of control activity types, a balance of manual and automated controls, and an integration of preventive and detective controls. Conflicted duties such as transaction recording, authorizing, approving, and assets handling are also segregated to provide proper checks and balances.

11. The company selects and develops general controls over technology to help ensure that the Company's IT systems are always available, protected from unauthorized access, and supporting achievement of management's objectives. Examples of the controls are:

- Technology infrastructure controls: centralized technical infrastructure operations, IT system change management, business continuity management program etc.
- Security management controls: access rights controls, security controls, system and network irregularity monitoring, information security management system's external assessment etc.
- Technology acquisition, development, and maintenance controls: strict system procurement process, internal and outsourced system developer management and competency program, revision of system development manual, system source code control etc.

12. The company deploys control activities through clear policies and procedures to let personnel understand what the management expects and how to implement the controls correctly. Competent personnel who are responsible, steps and timing of implementation, and corrective actions on matters identified as a result of the controls are established. The policies and procedures are periodically reassessed for continued relevance and effectiveness. The Company has established policies to ensure that all business decisions are approved based on the Company's interest, and on an equitable agreement with independent parties and subsidiaries are subjected to the equivalent policies and are monitored by their directors or management appointed by the Company.

4. Information & Communication

13. The company uses relevant and quality information to support internal control. Data is gathered from internal and external considering costs and benefits. The data are gathered and processed by information systems into information supporting the functioning of internal control.

The Board of Directors receives sufficient information for the decision making in the meetings in a timely manner 7 or 14 days before the meetings as stipulated by laws and

regulations. The information includes relevant details, backgrounds, options, and effects to the Company. In the meetings, each director's opinions, recommendations, observations, inquiries, disagreements, and reasoning are recorded for subsequent board assessment.

14. The company has an internal communication system to relay internal control's objectives, policies, procedures, and accountabilities to every level of personnel in every department nationwide. Various communication channels are selected appropriately for the communication efficiency and effectiveness. For examples, there are communications via the intranet and confidential Whistle Blower hotline.

The Company reports material information to the Board of Directors. The board members have access to and can request reviews of any information needed to exercise their oversight responsibilities. They can freely communicate with the external auditors, internal auditors, and other established contact persons other than the senior management. Extraordinary formal or informal meetings with the management can also be arranged.

15. The company has an efficient communication system with external stakeholders using proper channels to support internal control. For examples, there are

- communications via the internet, social media,
- investor relations,
- service quality complaint centers and Whistle Blower hotline to the Audit Committee

5. Monitoring Activities

16. The company instructs managers and supervisors in every department to continuously monitor for deficiencies of the internal control to ascertain the continued effectiveness of 5 components and 17 principles of the internal control. There are also separate evaluations from independent parties such as internal auditors or external quality assessors. The frequency of the evaluations varies on rate of changes occurring.

17. When the internal control deficiencies are identified, the company evaluates their significances and communicate them to responsible parties for timely corrective actions. Material deficiencies and their correction progress are reported to the Board of Directors and the senior management as appropriate. Fraud incidents or clues, violation of law, or any other

irregularities which may materially affect the Company's reputation or financial position will be immediately informed to the Board of Directors.

With the current information system, which provides reliable and timely information, the management and the Board of Directors can control and monitor the operations with reference to financial reporting effectively. And at the same time, the Management can review, assess, and make recommendations to improve business processes through the supervision of the Office of Internal Audit to carry out audit throughout the year.

Internal Audit

The Internal Audit Office performs its duties independently from the management. It reports functionally to the Audit Committee and administratively to the Chief Executive Officer. Supporting the Company's achievement of objectives and goal, the office evaluates the efficiency and effectiveness of the internal control, risk management, governance system, and also provides consultation.

The Chief Audit Executive acts as the secretary to the Audit Committee supporting their oversight responsibilities and accountability which are assigned by the Board of Directors to the Audit Committee. Additionally, the Chief Audit Executive gives advices relating to the internal control, risk management, business ethics, information security etc.

The internal audit was conducted to examine the system of internal control on a regular basis and report the result to the Audit Committee. Until now, Audit Committee has not found any significant flaws; however, minor comments on how to improve internal control. Office of Internal Audit is responsible for auditing to ensure that the operation and financial activities of the Company are implemented effectively and in accordance with the law under the guidelines.

In 2018, operate according to the plan which not found on significant defects as follow:

- Examine a purchasing sector.
- Examine a petty cash custodian sector of both factory and head office.

Related Transaction

The Company and its subsidiaries have entered into related transactions with connected persons. All of these related transactions are made in the ordinary course of business and on general trading conditions.

To be aligned with the Security and Exchange Act (No. 4) B.E. 2008, Article 89/12 (1), with the following measures.

1. The Audit Committee must consider and give their comments before transaction occurs.

2. In case the Audit Committee is not able to give any comment on any transaction, the Company must provide independent specialist to provide comments for the Audit Committee to form their comments before proposing to the Board of Directors and/or Shareholders' Meeting for further consideration.

3. The persons who have potential conflict of interest cannot vote on the transaction that is related to them.

4. The Company will disclose the related transaction in the notes attached to financial statements. The Audit Committee will give comments concerning the necessity and rationale of the related transaction that has been audited by external accounting auditor.

Procedure for approval of connected transaction

The procedure for approval of related party transactions in each transaction with related persons and / or related parties must be appropriately approved under the law governing securities and stock exchange and regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Regarding the connected transaction of the listed company, the directors who have a stake in such transaction will abstain on approval of the transaction

Future trend in related transactions

As of inter-company transactions that occur and may occur in the future. It is a normal business transaction with no benefits between company and related parties. However, the Company shall review and consider the information disclosure of related transactions or transactions that may lead to conflicts of interest to be accurate and complete under the law governing securities and stock exchange and regulations, announcements, orders or requirements of the Stock Exchange of Thailand. Compliance with the terms and conditions of disclosure of connected transactions and the acquisition or disposition of assets. In accordance with the accounting standards prescribed by the Institute of Certified Accountants and Auditors of Thailand.

In 2018, Royal Ceramic Public Company Limited has a connected transaction with

1.Dynasty Ceramic Public Company Limited (DCC) : (DCC holds RCI shares at 4.05% , has common directors and a power to control)	Reason and Necessity
1.1 Selling finished products (Ceramic floor and wall tiles) payment of freight to Dynasty Ceramic PLC., a major customer. Purchase a raw materials from Dynasty Ceramic PLC. with general trading conditions.	According to DCC is a major customer that has outlets all over the country to distribute products quickly. The selling price is in accordance with general trading conditions. Moreover, the company has received payment for the product on time. For the purchase of raw material at cost. This is because of sometime, some raw materials does not enough to spend and if the company order by itself, the cost will be very high then the company buying from DCC that has enough stock and at lower price to be able to produce continuously at lower cost.

1.2 Contracting for warehouse management and product delivery for 1 year (April 1, 2017 to March 31, 2018) monthly wages of 0.15 million Baht, total contract value of 1.8 million Baht and do not renew the contract upon completion of contract.	Do not renew the contract upon completion of contract.
1.3 Renew the office space rental agreement for 3 years (April 1, 2018 to March 31, 2021). Rental fee is 0.06 million Baht per month, total contract value is 2.16 million Baht.	Due to it is a continuously from the previous office space rental agreement and it is in a convenient location and reasonable rental fee.
1.4 Renew the office space rental agreement for 3 years (May 1, 2018 to April 31, 2021). The rental fee is 0.012 million Baht per month, total contract value is 0.432 million Baht for Royal Asia Brick and Tiles Company Limited (RABT), a subsidiary.	Due to it is a continuously from the previous office space rental agreement and it is in a convenient location and reasonable rental fee. (Rental space with the main company which is RCI)
1.5 Signing a machinery rental contract for producing for 3 years (April 1, 2018 to March 31, 2021). The rental fee is 0.20 million Baht, total contract value is 7.2 million Baht.	Due to RCI has no sufficient working capital to invest in machinery, rental fee is reasonable and have an experience team who can give advise.
2.Tile Top Industry Public Company Limited (TTOP) (a subsidiary of DCC, holding 96.83 of shares)	Reason and Necessity
2.1 Signing a machinery rental contract for producing for 3 years (April 1, 2018 to March 31, 2021). The rental fee is 0.075 million Baht, total contract value is 2.7 million Baht.	The same reason with section no. 1.5.

Every contract that is a connected transaction have to be carefully reviewed by the Audit Committee before proposing to the Board of Directors for approval by adhering to the overall benefit of the company. In which the person involved were not participating and voting in that agenda and disclose information in accordance with relevant regulations everytime.

A director who is in a position as a director and/or a shareholder of DCC, the person considered as director with an interest in entering into above transaction of the company. According to the announcement of the connected transaction and has no rights to vote at the Board of Directors' meeting which can be summarized as follows: Mr. Viboon Wadcharasurang as a Chairman, Mr. Roongroj Saengsastra as a Director/ Chairman of Executive Director, Mr. Monrak Saengsastra as a Director, Mr. Maruth Saengsastra as a Director and Mr. Jaruwat Traithavil as a Director.

For the fiscal year ended 31 December 2018 and 2017, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business.

TRANSACTIONS WITH RELATED PARTIES

The financial statements include transactions with related parties and the financial statements reflect the effects of these transactions on the basis determined by the companies concerned.

Name of the related parties	Relationship	Remarks
1.The Royal Asia Brick and Tiles Co.,Ltd (RABT)	Subsidiary	The Company discontinued since April 1, 2017
2.Dynasty Ceramic PLC (DCC)	Parent, some common directors and management	Dynasty Ceramic Public Company Limited does not hold shares in the Company. But the directors and key executives combine. The relationship began on April 1, 2017. Subsequently, On October 25, 2018 to November 13, 2018, the Parent Company entered into share purchase transaction of the Company 25 million shares, representing 4% of the Company's total issued shares.
3. TileTop Industry PLC. (TTOP)	Related party, shareholding by Parent company, some common directors and management	

1.Revenue and Expense between the Company , Subsidiaries and Related parties

Account name / Company's name	Type of Transaction	Amount (Million Baht)	
		2018	2017
Dynasty Ceramic PLC	Revenues for sale products and raw materials	974.3	390.0
	Service revenue	0.5	1.4
	Other revenue	1.2	0.04
	Purchases -Finished goods	-	3.9
	Purchases -Raw materials	14.9	2.5
	Office rental	0.7	0.6
	Freight expenses	50.7	22.9
	Management Fee	-	5.0
	Rental Machine	1.8	
TileTop Industry PLC (Subsidiary) DCC hold 96.83%	Other revenue	1.1	0.02
	Purchases -Raw materials	3.0	2.0
	Rental Machine	0.7	-

2.Assets and Liabilities between the Company , Subsidiaries and Related parties

Account name / Company's name	Type of Transaction	Amount (Million Baht)	
		2018	2017
Dynasty Ceramic PLC	Trade accounts receivable	100.9	46.9
	Other payables	2.8	3.3

FINANCIAL HIGHLIGHTS

(Million Baht)

CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME	Y2018	Y2017	Y2016
Total Revenues	983	516	696
Net Sales	981	507	659
Gross Profit	233	(173)	153
%Gross Profit	23.8	(33.5)	23.3
Cost of distribution and Administrative Expenses	(116)	(97)	(187)
Reverse (loss) on allowance for impairment of inventories	1	17	-
Loss on impairment of investment in other company	(4)	(5)	(13)
Net Profit Before Interest & Depreciation	148	(232)	(15)
Total comprehensive income (loss) for the year	158	(253)	(16)

CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y2018	%	Y2017	%	Y2016	%
Total Assets	922	100%	561	100%	677	100%
Total Liabilities	322	35%	355	63%	220	32%
Total Shareholders' Equity	600	65%	206	37%	457	68%

FINANCIAL RATIO	Y2018	Y2017	Y2016
Earning Per Share - Baht	0.29	(0.55)	(0.04)
Net Profit / Total Revenues - %	16.48%	(49.0%)	(4.3%)
Debt Equity Ratio	0.54	1.72	0.48
Return on Total Assets - %	17.57%	(45.1%)	(4.4%)
Return on Equity -%	27.0%	(122.8%)	(6.6%)
Booked Value - Baht	0.97	0.44	0.99
Dividend Per Share - Baht	-0-	-0-	-0-
Dividend Yield - %	-0-	-0-	-0-
Authorized Share Capital - Baht	616,839,365	463,185,014	463,185,014
Par Value – Baht per Share	1.00	1.00	1.00
Total number of shares –Shares	616,839,365	462,629,524	462,629,524
Issued and Paid-up share-Shares	616,839,365	462,629,524	462,629,524

Summary of Operating Results and Financial Analysis

Statement of Comprehensive Income	Year 2018		Year 2017		% Increase/ (Decrease)
	Million Baht	%	Million Baht	%	
Revenue from sales	981	100%	507	100%	93%
Cost of Sales	-747	-76%	-680	-134%	10%
Gross profit	234	24%	-173	-34%	235%
Other income	2	0%	9	2%	-78%
Cost of distribution	-95	-10%	-44	-9%	116%
Administrative expenses	-22	-2%	-53	-10%	-58%
Loss on allowance for impairment of inventories	1	0%	17	3%	-94%
Loss on impairment of investment in other company	-4	0%	-5	-1%	-20%
Finance cost	-6	-1%	-4	-1%	50%
Profit (loss) before income tax	110	11%	-253	-50%	143%
Tax income	48	5%	0	0%	100%
Profit (loss) for the period	158	16%	-253	-50%	162%
Profit (loss) for adjusted estimated employee benefits	4	1%	-	0%	100%
Total comprehensive income (loss) for the period	162	17%	-253	-50%	164%

The operating result for the year ended December 31, 2018 compared with the same period of the previous year as follows:

- Revenue from sales total 981 million Baht, an increase of 474 million Baht or 93% YoY due an increase in production capacity from 2.08 million sq.m in 2017 to 9.58 million sq.m in 2018. The Company also continued to efficiently control production cost and added new machineries with better technology than the existing ones. Furthermore, the Company benefited from having Dynasty Ceramic Public Company Limited as the major customer. In 2018, gross profit rose to 234 million Baht, posting a significant improvement from a gross loss of 173 million Baht in 2017.

- Cost of distribution was 95 million Baht, increased by 51 million Baht or 116% YoY mainly due to higher transportation cost and higher sales volume.

- Administrative expenses decreased by 31 million Baht or 58% YoY as a result of effective expense control and lesser numbers of employee in 2018 than in 2017 resulting in lower salary and wages by 60% YoY

- Loss on impairment of investment in other company was lower by 1 million Baht from 2017 or 20% YoY from an investment in T.T. Ceramic Co., Ltd.

- Financial cost was higher by 2 million Baht, increased 50% YoY from an increase in bank loan and service and interest expenses related to provision for employee benefits.

- Profit before income tax was 110 million Baht in 2018, rose by 143% YoY from a loss before income tax of 253 million Baht in 2017. In addition, the Company has deferred income tax on tax loss carry forward and on provision for employee benefits amount 48 million Baht, which the Company forecasted future profit before tax to be able to utilize such tax benefit in the future. As a result, net profit was 158 million Baht, or earnings per share (EPS) 0.29 Baht per share, increased by 411 million Baht from net loss of 253 in 2017 or by 211%. Furthermore, including the re-measurement of declined benefit plan that was lower by 4 million Baht, comprehensive income for the year 2018 was 162 million Baht in 2018, increased by 415 million Baht or 164% YoY.

Statement of Financial Position	As of 31 Dec 2018		As of 31 Dec 2017		% Increase (Decrease)
	Million Baht	%	Million Baht	%	
Total Assets	922	100%	561	100%	64%
Total Liabilities	322	35%	355	63%	-9%
Total Shareholders'Equity	600	65%	206	37%	191%

Financial Ratio	As of 31 Dec 2018	As of 31 Dec 2017
Current ratio (Time)	1.00	0.62
Debt Equity Ratio (Time)	0.54	1.72
Return on Equity (%)	27.00%	-122.82%
Return on Total Assets (%)	17.57%	-45.10%
Booked Value (Baht)	0.97	0.44

Total assets of the Company and its subsidiaries as of 31 December 2018 amounted 922 million Baht, an increase of 361 million Baht or 64% YoY.

- Current assets increased 92 million Baht or 48% YoY and liquidity ratio increased from 0.62 times as of December 31, 2017 to 1.00 times as of December 31, 2018 with change of transaction from:

- Cash and cash equivalents increased 1 million Baht or 33%
- Trade accounts receivable and other current receivables increased 41 million Baht or 56% YoY from higher sales volume
- Inventories increased 49 million Baht or 42% YoY due to higher production volume
- Non-current assets increased by 269 million Baht or 73% YoY due to:
 - Land, building and equipment (net) increased 229 million Baht or 70% YoY mainly from purchase of new machineries and modification of existing one to increase production capacity
 - Other long-term investments decreased 4 million Baht or 11% YoY from loss on impairment of investment in T.T. Ceramic Co., Ltd.
 - Deferred income tax asset rose 48 million Baht or 100% YoY from deferred tax on tax loss carry forward and on provision for employee benefits, which the Company forecasted future profit before tax to be able to utilize such tax benefit in the future.

Total liabilities of the Company and its subsidiaries as of 31 December 2018 amounted 322 million Baht, decreased by 33 million Baht or 9% YoY.

- Current liabilities decreased 29 million Baht or 9% YoY. Debt to equity decreased from 1.72 times as of December 31, 2017 to 0.54 times as of December 31, 2018 with change of transaction from:

- Bank overdrafts and short - term loans decreased 105 million Baht or 47% YoY from repayment of bank loans using the proceeds from capital increase

- Account payable and others account payable increased 76 million Baht or 82% YoY mainly from purchase of raw materials and spare parts used for production

- Non-current liabilities decreased 4 million Baht or 9% YoY due to the adjustment of non-current provisions for employee benefits.

Total shareholders' equity of the Company and its subsidiaries as of 31 December 2018 amounted to 600 million Baht increased 393 million Baht or 191% YoY from the end of 2017 due to capital increase of ordinary share amount 154 million Baht (issuance new ordinary 154 million shares at par value 1.00 Baht per share, and selling price at 1.50 Baht per share), premium on common share also increased 77 million Baht, and comprehensive net income for the year increased 162 million Baht in 2018.

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED

AND IT'S SUBSIDIARY

FINANCIAL STATEMENTS

DECEMBER 31, 2018

AND INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report

To the shareholders of The Royal Ceramic Industry Public Company Limited

I have audited the financial statements of The Royal Ceramic Industry Public Company Limited and its subsidiaries, which comprise the consolidated and separate statements of financial position as at December 31, 2018, and the related consolidated and separate statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In my opinion, the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial position of The Royal Ceramic Industry Public Company Limited and its subsidiaries as at December 31, 2018, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the consolidated financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated financial statements of the current period. These matters were addressed in the context of my audit of the consolidated financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for declining in value of inventory

As at December 31, 2018, as describe in note to financial statement no.8, the Company has inventory amount of Baht 166.20 million, valuation by the lower of cost or net realizable value. The management have to make subjective judgment in consideration of allowance for slow moving and declining value of inventory in accordance to physical damage of each items and the net realizable value consideration from market price at ended date.

I got a confidence of appropriate management's assumption of allowance for inventory calculation. I observed the inventory counting at the factory and all of branch, sampling invoice to check cost of material recording, and also cost allocation related to such inventory. I compared cost of inventory with net realizable value (subsequent sales invoice to check sales price), analyst quantity and movement to find out a slow turn-over and damage.

Impairment of investment

In the separate financial statements, the subsidiary has

continued loss that is an indicator of an impairment of an investment in subsidiary. The company has to perform as impairment test of an investment in subsidiary according to Thai financial reporting standard. The impairment test is significant in audit due to the estimated recovery value of investment in the subsidiary was lower than the carrying value as at December 31, 2018, and significance to the separate financial statements. The investment in subsidiary was recorded at cost method. The company assessed the recovery value of the subsidiary's property, plant, and equipment based on independent appraiser's report and recorded an impairment provision amount of Baht 60.48 million in the separate financial statements.

The audit procedures in relation to management's impairment assessment of investment in subsidiary included assessing the assumptions and methodologies used by the independent appraiser. I considered the appropriateness of notes to financial statements of the group of the company, refer to Note 9

Deferred tax assets for unused tax losses

As at December 31, 2018, the Company had deferred tax assets for unused tax losses amounting to Baht 40 million. The recoverability of the deferred tax asset is dependent on future taxable profits and the ability to utilise those losses in the future prior to the expiry of tax losses. Because the consideration of the forecast of future taxable profits and assessing the ability to utilise those tax losses involved a significant level of judgment in determining the key assumptions of management. Therefore, there is a risk with respect to the amount of deferred tax assets.

I evaluated the management's assessment of the recoverability of deferred tax assets and obtained the subsidiary's current forecasts for future taxable profits approved by management and tested the accuracy of the model used by management as well as checking that the inputs used in the model were appropriate. In addition, I challenged management on the key assumption for the possibility of sales growth, reasonable future business plans and its industry. Including of tested the detailed corporate income tax computation for the year 2018 produced for the Company to check the accuracy of unused tax losses amount.

Other Information

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

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

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

When I read the annual report of the Group, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance for correction of the misstatement.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

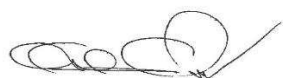
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Jadesada Hungsapruet.



Mr. Jadesada Hungsapruet

Certified Public Accountant Registration No. 3759

Karin Audit Company Limited

Bangkok

February 18, 2019

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED
AND IT'S SUBSIDIARY
FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018
AND
AUDITOR'S REPORT

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2018

(Unit : Baht)

		Consolidated		Separate	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Notes		"Audited"	"Audited"	"Audited"	"Audited"
Assets					
Current Assets					
Cash and cash equivalents	6	4,038,610	3,219,708	3,975,907	2,873,148
Trade and other current receivables - net	7	114,441,266	73,161,386	114,392,423	73,124,487
Inventories - net	8	166,203,533	116,862,428	166,203,533	116,862,428
Total Current Assets		284,683,409	193,243,522	284,571,863	192,860,063
Non - Current Assets					
Investment in subsidiary company - net	9	-	-	79,506,874	84,383,660
Investment in associated company - net	10	-	-	-	-
Other long - term investments - net	11	29,314,300	32,814,300	29,314,300	32,814,300
Property, plant and equipment - net	12	554,021,991	325,145,739	553,713,678	323,942,101
Intangible asset - net	13	6,530,530	8,010,985	6,530,530	8,010,985
Deferred income tax asset	14	47,744,067	-	47,744,067	-
Other non - current assets		40,245	2,264,118	36,739	392,674
Total Non - Current Assets		637,651,133	368,235,142	716,846,188	449,543,720
Total Assets		922,334,542	561,478,664	1,001,418,051	642,403,783

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT DECEMBER 31, 2018

		(Unit : Baht)				
		Consolidated		Separate		
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	
Notes		"Audited"	"Audited"	"Audited"	"Audited"	
Liabilities and Shareholders' Equity						
Current Liabilities						
Bank overdrafts and short - term loans						
	from financial institutions	15	115,871,576	220,652,201	115,871,576	220,652,201
	Trade and other current payables	16	167,936,546	92,415,727	171,771,425	96,299,085
	Current portion of long - term loans	17	-	-	-	-
	Total Current Liabilities		283,808,122	313,067,928	287,643,001	316,951,286
Non - Current Liabilities						
	Long - term loans	17	-	-	-	-
	Non - current provisions for employee benefits	18	38,396,694	42,094,696	38,396,694	42,094,696
	Total Non - Current Liabilities		38,396,694	42,094,696	38,396,694	42,094,696
	Total Liabilities		322,204,816	355,162,624	326,039,695	359,045,982
Shareholders' equity						
Share capital - common share at Baht 1 par value						
	616,839,365 ordinary shares as at December 30, 2018 and					
	463,185,014 ordinary shares as at December 31, 2017	20	616,839,365	463,185,014	616,839,365	463,185,014
Issued and paid-up						
	616,839,365 ordinary shares as at December 30, 2018 and					
	462,629,524 ordinary shares as at December 31, 2017		616,839,365	462,629,524	616,839,365	462,629,524
	Premium on common shares		242,734,342	165,629,424	242,734,342	165,629,424
Retained earning (deficit)						
	Unappropriated		(259,443,981)	(421,942,908)	(184,195,351)	(344,901,147)
	Total Shareholders' Equity		600,129,726	206,316,040	675,378,356	283,357,801
	Total Liabilities and Shareholders' Equity		922,334,542	561,478,664	1,001,418,051	642,403,783

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018

		(Unit : Baht)			
		Consolidated		Separate	
	Notes	2018	2017	2018	2017
Revenues					
Sales	5	980,883,827	506,963,097	980,883,827	506,963,097
Other income	5	2,198,655	8,613,141	2,197,106	8,245,084
Total revenues		983,082,482	515,576,238	983,080,933	515,208,181
Expenses					
Cost of sales	5,24	(747,434,261)	(679,876,231)	(747,434,261)	(680,086,231)
Cost of distribution	24	(94,757,508)	(43,621,888)	(94,757,508)	(43,621,888)
Administrative expenses	5,24	(21,718,406)	(52,701,541)	(18,633,203)	(51,086,748)
Reverse (loss) from decline in value of inventories		1,295,015	16,618,359	1,295,015	16,618,359
Loss on impairment of investment in subsidiary company		-	-	(4,876,785)	(1,163,754)
Loss on impairment of other long-term investments		(3,500,000)	(5,000,000)	(3,500,000)	(5,000,000)
Finance cost		(6,479,087)	(3,560,563)	(6,479,087)	(3,560,563)
Total expenses		(872,594,247)	(768,141,864)	(874,385,829)	(767,900,825)
Profit (loss) before income tax		110,488,235	(252,565,626)	108,695,104	(252,692,644)
Tax income (expenses)	23	47,744,067	-	47,744,067	-
Profit (loss) for the year		158,232,302	(252,565,626)	156,439,171	(252,692,644)
Other comprehensive income:					
Components of other comprehensive income that will not be reclassified to profit or loss					
Loss on remeasurement of defined benefit plans		4,266,625	-	4,266,625	-
Other comprehensive income for the year - tax net		4,266,625	-	4,266,625	-
Total comprehensive income for the year		162,498,927	(252,565,626)	160,705,796	(252,692,644)
Earnings (loss) per share					
Basic earnings (loss) per share (Baht)	22	0.29	(0.55)	0.28	(0.55)
The number of ordinary shares weighted average (Shares)		553,042,965	462,629,524	553,042,965	462,629,524

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018

(Unit : Baht)

	Consolidated						
	Share capital and fully paid-up	Premium on common shares	Retained earnings (deficit)		Other components of shareholders' equity		
			Appropriated to legal reserve	Unappropriated	Surplus on revaluation of fixed assets	Actuarial loss for employee benefits	Total Other components of shareholders' equity
							Shareholders' Equity
Brought forward as at January 1, 2017	462,629,524	165,629,424	-	(169,377,282)	-	-	-
Comprehensive income for the year	-	-	-	(252,565,626)	-	-	-
Balance as at December 31, 2017	462,629,524	165,629,424	-	(421,942,908)	-	-	-
Balance as at January 1, 2018	462,629,524	165,629,424	-	(421,942,908)	-	-	-
Comprehensive income for the year	-	-	-	158,232,302	-	4,266,625	4,266,625
Increase in share capital	154,209,841	77,104,918	-	-	-	-	-
Transfer to comprehensive income	-	-	-	4,266,625	-	(4,266,625)	(4,266,625)
Balance as at December 31, 2018	616,839,365	242,734,342	-	(259,443,981)	-	-	-

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018

(Unit : Baht)

	Separate							
	Retained earnings (deficit)				Other components of shareholders' equity			Total
	Share capital	Premium on	Appropriated		Surplus on revaluation	Acturrial loss for	Total Other components	Shareholders'
	and fully paid-up	common shares	to legal reserve	Unappropriated	of fixed assets	employee benefits	of shareholders' equity	Equity
Brought forward as at January 1, 2017	462,629,524	165,629,424	-	(92,208,503)	-	-	-	536,050,445
Comprehensive income for the year	-	-	-	(252,692,644)	-	-	-	(252,692,644)
Balance as at December 31, 2017	462,629,524	165,629,424	-	(344,901,147)	-	-	-	283,357,801
Balance as at January 1, 2018	462,629,524	165,629,424	-	(344,901,147)	-	-	-	283,357,801
Comprehensive income for the year	-	-	-	156,439,171	-	4,266,625	4,266,625	160,705,796
Increase in share capital	154,209,841	77,104,918	-	-	-	-	-	231,314,759
Transfer to comprehensive income	-	-	-	4,266,625	-	(4,266,625)	(4,266,625)	-
Balance as at December 31, 2018	616,839,365	242,734,342	-	(184,195,351)	-	-	-	675,378,356

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Cash flows from operating activities				
Profit (loss) before income tax	110,488,235	(252,565,626)	108,695,104	(252,692,644)
Adjustment of gain (loss) before income tax on cash received (paid)				
Adjusted financial costs	6,479,087	3,560,563	6,479,087	3,560,563
Adjusted trade and other current receivables	(41,299,395)	10,904,228	(41,287,452)	10,941,128
Adjusted inventories	(48,046,090)	231,125,052	(48,046,090)	231,125,052
Adjusted other current assets	-	5,246	-	-
Adjusted other non - current assets	-	76,000	-	76,000
Adjusted trade and other current payables	76,519,843	43,006,746	76,471,365	43,289,317
Adjusted other current liabilities		(3,063,399)	-	(2,979,759)
Depreciation and amortization	31,028,590	17,164,777	30,133,266	15,642,216
Adjusted unrealized loss (gain) on exchange rate	(1,006,698)	(237,916)	(1,006,698)	(237,916)
Adjusted loss on impairment of investment in subsidiary	-	-	4,876,785	1,163,754
Adjusted profit sharing from other long-term investments	(31,430)	(31,430)	(31,430)	(31,430)
Adjusted loss on impairment of investment in other company	3,500,000	5,000,000	3,500,000	5,000,000
Adjusted (reverse of) bad debts and doubtful accounts	19,515	(57,636)	19,515	(57,636)
Adjusted loss from decline in value of inventories (reverse)	(1,295,015)	(16,618,359)	(1,295,015)	(16,618,359)
Adjusted loss from disposal of fixed assets	90,259	154,333	90,259	154,333
Adjusted loss from deactivate of assets	409,386	590,065	409,385	590,065
Adjusted employee benefit obligations	706,844	16,727,686	706,844	17,051,409
Adjusted written off withholding tax	2,248,017	228,178	376,574	228,178
Interest received	(72,267)	(51,173)	(71,673)	(50,725)
Total Adjustment to reconcile net earnings	29,250,646	308,482,961	31,324,722	308,846,190
Cash provided by operating activities	139,738,881	55,917,335	140,019,826	56,153,546
Cash paid for employee benefits	(977,520)	(36,821,792)	(977,520)	(36,632,242)
Income tax paid	(24,144)	(113,354)	(20,638)	(62,710)
Cash provided by operating activities	138,737,217	18,982,189	139,021,668	19,458,594

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2018

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Cash flows from investing activities				
Cash received from sale of assets	2,851	467,290	2,851	467,290
Cash paid for purchase of property, plant and equipment	(258,926,884)	(171,251,672)	(258,926,884)	(171,251,755)
Interest received	72,267	51,173	71,673	50,725
Dividends	31,430	31,430	31,430	31,430
Cash provided used in investing activities	(258,820,336)	(170,701,779)	(258,820,930)	(170,702,310)
Cash flows from financing activities				
Increase in short - term loans from financial institutions	1,295,840,608	560,652,201	1,295,840,608	560,652,201
Repayment for short - term loans from financial institutions	(1,400,621,232)	(394,299,776)	(1,400,621,232)	(394,299,776)
Increase in long - term loans from financial institutions	79,823,019	-	79,823,019	-
Repayment for long - term loans from financial institutions	(79,823,019)	(51,098,930)	(79,823,019)	(51,098,930)
Payment of interest	(5,632,117)	(3,605,776)	(5,632,117)	(3,605,776)
Cash received from increase in share capital	231,314,762	-	231,314,762	-
Cash provided by financing activities	120,902,021	111,647,719	120,902,021	111,647,719
Net decrease in cash and cash equivalents	818,902	(40,071,871)	1,102,759	(39,595,997)
Cash and cash equivalents at the beginning of the year	3,219,708	43,291,579	2,873,148	42,469,145
Cash and cash equivalents at the end of the year	4,038,610	3,219,708	3,975,907	2,873,148

THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED AND ITS SUBSIDIARY COMPANY

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2018

1. GENERAL INFORMATION

The Royal Ceramic Industry Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. Its registered address is located Head office at 37/7 Suthisanwinijchai Rd., Samseannok, Huai Kwang, Bangkok

The company was listed on the Stock Exchange of Thailand on April 19, 1994.

The Company is principally engaged in manufacture and distribution of ceramic floor and wall tiles for local and export sales.

2. BASIS OF STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basic of statement preparation

The financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

An English version of the financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

2.2 Principles of consolidation

The consolidated financial statements include the financial statements of The Royal Ceramic Industry Public Company Limited and subsidiary which are under its control with more than 50 percent voting rights as follows :

Company Name	Nature of business	Percentage of holding (%)	
		2018	2017
The Royal Asia Brick and Tile Co., Ltd.	Not Operate	100	100

Significant transactions with subsidiary have been eliminated in the consolidated financial statements.

The consolidated financial statements have been prepared with the same accounting policies for the separate financial statements for the same accounting transactions or accounting events.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Financial reporting standards that became effective in the current year

During the year, the Company and its subsidiaries have adopted the revised financial reporting standards and interpretations (revised 2017) and new accounting treatment guidance which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

3.2 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2019

During the current year, the Federation of Accounting Professions issued a number of revised and new financial reporting standards and interpretations (revised 2018) including new accounting treatment guidance, which are effective for fiscal years beginning on or after 1 January 2019. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards clarifying accounting treatment and providing accounting guidance for users of the standards. The management of the Company and its subsidiaries believe that most of the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied. However, the new standard involves changes to key principles, as summarised below.

TFRS 15 Revenue from Contracts with Customers

TFRS 15 supersedes the following accounting standards together with related Interpretations.

TAS 11 (revised 2017)	Construction contracts
TAS 18 (revised 2017)	Revenue
TSIC 31 (revised 2017)	Revenue - Barter Transactions Involving Advertising Services
TFRIC 13 (revised 2017)	Customer Loyalty Programmes
TFRIC 15 (revised 2017)	Agreements for the Construction of Real Estate
TFRIC 18 (revised 2017)	Transfers of Assets from Customers

Entities are to apply this standard to all contracts with customers unless those contracts fall within the scope of other standards. The standard establishes a five-step model to account for revenue arising from contracts with customers, with revenue being recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model.

The management of the Company and its subsidiaries believe that this standard will not have any significant impact on the financial statements when it is initially applied.

3.3 Financial reporting standards that will become effective for fiscal years beginning on or after 1 January 2020

During the current year, the Federation of Accounting Professions issued the set of TFRSs related to financial instruments consists of five accounting standards and interpretations, as follows:

Financial reporting standards:

TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

Accounting standard:

TAS 32	Financial Instruments: Presentation
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Financial Reporting Standard Interpretations:

TFRIC 16	Hedges of a Net Investment in a Foreign Operation
TFRIC 19	Extinguishing Financial Liabilities with Equity Instruments

These TFRSs related to financial instruments make stipulations relating to the classification of financial instruments and their measurement at fair value or amortised cost (taking into account the type of instrument, the characteristics of the contractual cash flows and the Company's business model), calculation of impairment using the expected credit loss method, and hedge accounting. These include stipulations regarding the presentation and disclosure of financial instruments. When the TFRSs related to financial instruments are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

The management of the Company and its subsidiaries is currently evaluating the impact of these standards to the financial statements in the year when they are adopted.

3.4 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

3.5 Investments

Current investments represent investments in unit trusts, held for trading purpose, are presented at fair value. The fair value of unit trusts is determined from their net asset value as at the end of reporting period. Gains or losses arising from sales and changes in the carrying amounts of investments are included in profit or loss.

Investments in non-marketable equity securities, which the Company classifies as other investments, are stated at cost net of allowance for loss on diminution in value (if any).

Investment in associate is accounted for in the consolidated financial statements using the equity method.

Investments in subsidiary and associate are accounted for in the separate financial statements using the cost method.

The weighted average method is used for computation of the cost of investments.

3.6 Trade accounts receivable

Trade accounts receivable are stated at the net realizable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

3.7 Inventories

Finished goods and work in process are valued at the lower of average cost and net realizable value. Cost includes all production costs and attributable factory overheads. Raw materials, spare parts and other supplies are valued at the lower of average cost and net realizable value and are charged to production costs whenever consumed.

3.8 Related party transactions

Related parties comprise enterprises and individuals that control, or are controlled by, the Company, whether directly or indirectly, or which are under common control with the Company. They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors, and officers with authority in the planning and direction of the Company's operations.

3.9 Property, plant and equipment

Land, Buildings and Equipment is stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of plant and equipment is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

	<u>Year 2018</u>
Buildings and building improvements	20 - 40 years
Machinery and equipments	5 - 15 years
Furniture and fixtures	5 - 10 years
Vehicles	5 years

No depreciation is provided on land and assets under construction.

Depreciation is included in determining income.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognized.

3.10 Long-term leases

Leases of property, plant or equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in long-term payables, while the interest element is charged to profit or loss over the lease period. The assets acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease period.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognized as an expense in profit or loss on a straight-line basis over the lease term.

3.11 Intangible assets

Following the initial recognition, the intangible assets are carried at cost less any accumulated amortization and any accumulated impairment losses.

Intangible assets with finite lives are amortized on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method of such intangible assets are reviewed at least at each financial year end. The amortization expense is charged to profit or loss. The useful life of software is 5 years.

3.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiary perform impairment reviews in respect of the property, plant and equipment and other intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company and its subsidiary also carry out annual impairment reviews in respect of goodwill. An impairment loss is recognized when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on information available, reflects the amount that the Company and its subsidiary could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognized in profit or loss. However, in cases where property was previously revalued and the revaluation was taken to equity, a part of such impairment is recognized in equity up to the amount of the previous revaluation.

3.13 Investment in debt security

Debt security held for trading is classified as current asset and is stated at fair value with any resultant gain or loss recognized in profit or loss

3.14 Finance Lease

Leases of assets that substantially transfer to the Company all the rewards and risks of ownership of assets and that the Company intends to exercise the option of the leases to purchase the assets at the expiration of the lease term, are accounted for as finance leases.

At the inception of a finance lease, the cost of the asset is recorded together with the obligation to pay future rent, excluding the interest element. Finance charges are recorded to the current period operations by the effective interest rate basis.

3.15 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognized as expenses when incurred.

Post-employment benefits

Defined benefit plans

The Company and its subsidiary have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiary treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognized immediately in profit or loss.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognized past service cost.

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company and its subsidiary elected to recognize the transitional liability, which exceeds the liability that would have been recognized at the same date under the previous accounting policy, as an expense on a straight-line basis over up to five years from the date of adoption.

3.16 Provisions

Provisions are recognized when the Company and its subsidiary have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

3.17 Revenue recognition

Sales of goods

Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Interest income

Interest income is recognized on an accrual basis based on the effective interest rate

3.18 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiary recognize deferred tax liabilities for all taxable temporary differences while they recognize deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilized.

At each reporting date, the Company and its subsidiary review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

The Company and its subsidiary record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

3.19 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining income

3.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

4. CRITICAL ACCOUNTING ESTIMATES, ASSUMPTION AND JUDGMENT AND CAPITAL RISK MANAGEMENT

4.1 Critical accounting estimates, assumption and judgments

4.1.1 Impairment of receivables

The Company and subsidiary set allowance for doubtful accounts equal to the estimated collection losses that may incur should they cannot collect the payments from debtors. The estimated losses are based on uncertainty in the collection and the judgement of management.

4.1.2 Allowance for slow - moving and defective inventories

The Company and subsidiary estimate allowance for slow - moving and defective inventories to reflect impairment of inventories. The allowance is based on the management's consideration of inventory turnovers and deterioration of each category of inventories.

4.1.3 Impairment of investments

The company treats investments as impaired when there has been a significant or prolonged decline in their fair value below costs or where other objective evidence of impairment exists. The determination of what is "significant" or "prolonged" requires management judgment.

4.1.4 Property, plant and equipment and intangible assets

Management regularly determines the estimated useful lives and residual values of the Company's and its subsidiary's plant and equipment and intangible assets, and will revise the depreciation where useful lives and residual values previously estimated have changed or subject to be written down for their technical obsolescence or if they are no longer in used.

4.1.5 Leases

In determining whether a lease is to be classified as an operating lease or finance lease, management is required to use judgment as to whether significant risk and rewards of ownership of the leased assets have been transferred to the Company and its subsidiary, taking into consideration the terms and conditions of the arrangement.

4.1.6 Impairment of assets

The Company and its subsidiary treat assets as impaired when there is significant or prolonged decline in their fair value below costs or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires management judgment.

4.1.7 Post-employment benefits (defined benefit plans)

The obligation under defined benefit plan is determined based on actuarial techniques. Inherent within these calculations are assumptions as to discount rates, future salary increases, mortality rates and other demographic factors. In determining the appropriate discount rate, management selects an interest rate that reflects the current economic situation. The mortality rate is based on publicly available mortality table for the country. Actual post-retirement costs may ultimately differ from these estimates.

4.1.8 Deferred tax assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company’s future taxable income against which the deductible temporary differences can be utilized. In addition, management judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

4.2 Capital risk management

The Company objective in the management of capital is to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Company may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

5. TRANSACTION WITH RELATED PARTIES

A portion of the Company's and subsidiaries assets, liabilities, revenues and expenses of the Company and subsidiaries was derived from its related companies. Those companies have connection with the Company and subsidiaries through the co-shareholders and/or co-directors. The financial statements reflect the effects of these transactions on the basis determined by the companies concerns as follows:

The relationship of the related parties.

Name of the related parties	Relationship
The Royal Asia Brick and Tile Co., Ltd.	Subsidiary**
Dynasty Ceramic Public Co., Ltd.	Parent, some common directors and management *
Tile Top Industry Public Co.,Ltd.	Related party, shareholding by Parent company, some common directors and management*

* Dynasty Ceramic Public Company Limited does not hold shares in the Company. But the directors and key executives combine. The relationship began on April 1, 2017.

Subsequently, On October 25, 2018 to November 13, 2018, the Parent Company entered into share purchase transaction of the Company 25 million shares, representing 4% of the Company's total issued shares.

** The Company discontinued since April 1, 2017

Pricing Policy

Related Transactions	Pricing Basis
Purchase of raw material and finished goods	
Dynasty Ceramic Public Co., Ltd	At Cost
Tile Top Industry Public Co.,Ltd.	At Cost
Sales of finished goods	
Dynasty Ceramic Public Co., Ltd.	<p>1) On April 1, 2017, and the products are manufactured each day on April, 2017, be the price of sale in bulk that lower than cost price.</p> <p>2) The products are manufactured each day on May - July, 2017, agreed price lower than cost</p> <p>3) August, 2017 – January, 2018, be resale price.</p> <p>4) From February, 2018 onwards, is competitive market price but more than cost.</p>
Other income	
Dynasty Ceramic Public Co., Ltd.	At cost
Tile Top Industry Public Co., Ltd.	At cost
Operating expenses	
The Royal Asia Brick and Tile Co., Ltd.	Actual cost
Management Fee	
Dynasty Ceramic Public Co., Ltd.	<p>Contract price</p> <p>(Terminated the contract since on October , 2017)</p>
Rental and service expenses	
Dynasty Ceramic Public Co., Ltd.	Equivalent to market price
Factory land rental and machine expenses	
The Royal Asia Brick and Tile Co., Ltd.	<p>Contract price</p> <p>(Terminated the contract since on April , 2017)</p>
Office rental	
Dynasty Ceramic Public Co., Ltd.	Contract price
Rental Machine	
Dynasty Ceramic Public Co., Ltd.	Contract price
Tile Top Industry Public Co., Ltd.	Contract price
Freight expenses	
Dynasty Ceramic Public Co., Ltd.	At cost

5.1 Inter-Asset and Liabilities

As at December 31, 2018 and 2017, the outstanding balances of the above in the statements of financial position as follows:

		(Unit : Baht)			
		Consolidated		Separate	
		2018	2017	2018	2017
<u>Trade accounts receivable</u>					
<u>Related company</u>					
	Dynasty Ceramic Public Co., Ltd.	100,947,294	46,877,402	100,947,294	46,877,402
<u>Other payables</u>					
<u>Subsidiary</u>					
	The Royal Asia Brick and Tile Co., Ltd.	-	-	3,843,915	3,913,915
<u>Related company</u>					
	Dynasty Ceramic Public Co., Ltd.	2,803,780	3,323,411	2,803,780	3,323,411
	Total	2,803,780	3,323,411	6,647,695	7,237,326

5.2 Revenues and expenses

Revenues and expenses with related parties that have significantly for the period ended December 31, 2018 and 2017.

		(Unit : Baht)			
		Consolidated		Separate	
		2018	2017	2018	2017
<u>Revenues for products</u>					
<u>Related company</u>					
	Dynasty Ceramic Public Co., Ltd.	974,261,191	389,958,995	974,261,191	389,958,995
<u>Service revenue</u>					
<u>Related company</u>					
	Dynasty Ceramic Public Co., Ltd.	450,000	1,350,000	450,000	1,350,000

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
<u>Other revenue</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	1,155,418	40,791	1,155,418	40,791
Tile Top Industry Public Co.,Ltd.	1,065,623	16,700	1,065,623	16,700
Total	2,221,041	57,491	2,221,041	57,491
<u>Purchases finished goods</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	-	3,856,000	-	3,856,000
<u>Purchases raw materials</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	14,886,997	2,497,662	14,886,997	2,497,662
Tile Top Industry Public Co.,Ltd.	3,029,035	1,963,953	3,029,035	1,963,953
Total	17,916,032	4,461,615	17,916,032	4,461,615
<u>Operating expenses</u>				
<u>Subsidiary</u>				
The Royal Asia Brick and Tile Co., Ltd.	-	-	-	361,789
<u>Land rental</u>				
<u>Subsidiary</u>				
The Royal Asia Brick and Tile Co., Ltd.	-	-	-	210,000
<u>Office rental</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	864,000	636,000	720,000	540,000
<u>Rental Machine</u>				
<u>Subsidiary</u>				
The Royal Asia Brick and Tile Co., Ltd.	-	-	-	600,000
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	1,800,000	-	1,800,000	-
Tile Top Industry Public Co., Ltd.	675,000	-	675,000	-
Total	2,475,000	-	2,475,000	600,000

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
<u>Management Fee expenses</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	-	5,000,000	-	5,000,000
<u>Freight expenses</u>				
<u>Related company</u>				
Dynasty Ceramic Public Co., Ltd.	50,653,968	22,923,260	50,653,968	22,923,260
<u>Directors and management's remuneration</u>				
Current employment benefits	8,366,360	5,183,812	8,366,360	5,183,812
Post-employment benefits	-	-	-	-
Total	8,366,360	5,183,812	8,366,360	5,183,812

5.3 Related contract

- a) On March 1, 2018, the Company entered into an office space lease agreement with Dynasty Ceramic Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 60,000.
- b) On March 1, 2018, the subsidiary company entered into an office space lease agreement with Dynasty Ceramic Public Company limited for a period of 3 year commencing from May 1, 2018 to April 30, 2021, at the monthly rental rate of Baht 12,000.
- c) On April 1, 2018, the Company entered into machineries lease agreement with Dynasty Ceramic Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 200,000.
- d) On April 1, 2018, the Company entered into machineries lease agreement with Tile Top Industry Public Company Limited for a period of 3 year commencing from April 1, 2018 to March 31, 2021 at the monthly rental rate of Baht 75,000.
- e) On March 28, 2017, the Company entered into a warehouse management and delivery contract with Dynasty Ceramic Public Company Limited, which agreed on a yearly basis, from April 1, 2017 to March 31, 2018, at a monthly wage of Baht 150,000. Then The company has cancelled management fee contract effected since April 1, 2018.
- f) On March 28, 2017, the Company entered into an office space lease agreement with Dynasty Ceramic Public Company Limited for a period of 1 year commencing from April 1, 2017 to March 31, 2018, at the monthly rental rate of Baht 60,000.

- g) On April 25, 2017, the subsidiary company entered into an office space lease agreement with Dynasty Ceramic Public Company limited for a period of 1 year commencing from May 1, 2017 to April 30, 2018, at the monthly rental rate of Baht 12,000.
- h) On April 28, 2017, the Company entered into a management contract with Dynasty Ceramic Public Company Limited. The term of the contract is 1 year, from May 2, 2017 - May 1, 2018 at the rate of 1million baht per month. This is in line with the disclosure of the connected transaction of the Company on April 10, 2017 and the resolution of the shareholders' meeting held on April 28, 2016 approved the appointment of the Company's directors. Four of them are listed as directors of the Company. Then The company has cancelled management fee contract effected since October 1, 2017.
- i) On April 1, 2017, signed a contract to sell all inventories to Dynasty Ceramic Public Company limited , agreement as follows:
 - The Company agreed to selling all finish goods in warehouse on March 31, 2017, totalling Baht of 312.83 million with sale price Baht of 141.48 million (Pricing policy : sale price is lower than cost ,due to be the price of sale in bulk , loss of them are value totalling Baht of 171.35 million)
 - The Company agreed to selling that finished goods in all days of manufacturing since on April 1, 2017 onwards with Dynasty Ceramic Public Company limited. However, the Company have not take the risk of stocks and then the Company terminated that contract since on August 1, 2017 onwards.

According to the resolution of the Board of Directors' meeting held on July 31, 2017, it was passed to hold the General Meeting of Shareholders to request ratification of entering into contracts with related companies. The date of the meeting of Shareholders No. 1/2060 is scheduled to be on September 25, 2017. Subsequently, the Board of Directors' Meeting have reconsideration to postpone the General Meeting of Shareholders. The date of No. 1/2560 is scheduled for November 27, 2017.

In this regard, the Company has appointed Independent Financial Advisor. To give opinion to the shareholders in the consideration of the purchase of goods. This is a connected transaction. The Opinion of the Independent Financial Advisor (Refer to the Independent Financial Advisor's report dated 3 November 2017) as follows:

“The Product Sale and Purchase Agreement, particularly the warehouse sale Lot 1, is a necessary transaction at the time of the transaction since, during that period, the Company had management, operational and liquidity issues and had limited options. Had the company failed to enter into the transaction at the time, there would be significant impact to the Company’s ability to operate the business and its survival. After the transaction, the Company’s liquidity has improved which enable the Company to continue its operation and repay the loan as required. Moreover, since DCC has stepped in to help manage the Company’s operation, the Company was able to reduce the production cost and unnecessary expenses, and plan the improvement and expansion of the production capacity for future business expansion.

However, the IFA views that it was not necessary for the Company to solely sell all of its products to DCC, particularly for the new daily produced products between May – July 2017, since the warehouse sale Lot 1 of THB 157.08 million was likely sufficient for the Company's urgent need of working capital in the short term. Thus, the Company should consider to expand its customers base or diversify the risks related to customer concentration and low negotiation power by selling the new daily produced products to DCC as one of the customers and at an appropriate amount.

In addition, the value of consideration to the Company for the Transaction is lower than the fair value determined by the IFA. Moreover, since the Company did not organize an auction or price review, it cannot be confirmed that the Company has obtained the maximum benefit from the transaction. Further, since the transaction does not clearly specify the price condition, this may result in an amendment of prices or adjustment of discount as deemed appropriate. The fact that the Company and DCC are the connected persons, the conflict of interest may arise.

With the above reasons, the IFA is of the opinion that shareholders of the company should not ratify the transaction. Nonetheless, the decision to vote for rectification is mainly at the discretion of the shareholders.

In case that the shareholders' meeting did not ratify the entering into the Product Sale and Purchase Agreement, the Company would have to arrange for a reversal of the transaction. Also, it shall negotiate with DCC to compensate for the difference in price of the RCI's products that RCI was at the disadvantage. The price shall be considered based on the fair values, and upon the agreement and consent of both parties.

Nevertheless, the IFA views that if an agreement cannot be reached, the Company's directors who signed the Agreement shall be accountable for the impacts from the Transaction."

The Board of Directors' Meeting of the Company held on 7 November 2017, passed a resolution to announce the information on the disposition of assets and related party transactions for the purchase of goods and the meeting acknowledged the opinion of the Independent Financial Advisor (IFA) for the ratification of the Extraordinary General Meeting of Shareholders No. 1/2560 on November 27, Ceramic Public Company Limited by the Board of Directors and the Audit Committee has commented clarification of necessity and reason through the system of the SET.

As at November 27, 2017, it was passed to hold the General Meeting of Shareholders to agreed to sale and purchase the products that all inventories of the Company by sale in bulk and all the products from manufacturing in each days with DCC and terminated the contract for sale all the products in each days with DCC effected since August 1, 2017.

6. CASH AND CASH EQUIVALENTS

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Cash on hand	65,000	70,000	60,000	60,000
Cash in bank				
Cash in bank - current	1,747,688	1,483,184	1,747,190	1,453,184
Cash in bank - saving	2,225,922	1,666,524	2,168,717	1,359,964
Total	<u>4,038,610</u>	<u>3,219,708</u>	<u>3,975,907</u>	<u>2,873,148</u>

7. TRADE - ACCOUNTS RECEIVABLE AND OTHER - ACCOUNTS RECEIVABLE - NET

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
<u>Trade accounts receivable</u>				
Trade account receivable - Related parties	100,947,294	46,877,402	100,947,294	46,877,402
Trade account receivable - Others	91,665	11,293,135	91,665	11,293,135
<u>Less</u> Allowance for doubtful accounts	(84,915)	-	(84,915)	-
Trade accounts receivable - net	<u>100,954,044</u>	<u>58,170,537</u>	<u>100,954,044</u>	<u>58,170,537</u>
<u>Other accounts receivable</u>				
Other account receivable - Others	13,879,421	15,448,448	13,830,578	15,411,549
<u>Less</u> Allowance for doubtful accounts	(392,199)	(457,599)	(392,199)	(457,599)
Other accounts receivable - net	<u>13,487,222</u>	<u>14,990,849</u>	<u>13,438,379</u>	<u>14,953,950</u>
Trade accounts receivable and other accounts receivable- net	<u>114,441,266</u>	<u>73,161,386</u>	<u>114,392,423</u>	<u>73,124,487</u>

As at December 31, 2018 and 2017 trade accounts receivable classified by aging are as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Trade receivables - related parties				
<u>Related parties</u>				
Overdue				
Not over 90 days	100,947,294	46,877,402	100,947,294	46,877,402
Total trade account receivables - related parties	100,947,294	46,877,402	100,947,294	46,877,402
<u>Other parties</u>				
Not yet due	-	-	-	-
Overdue				
Not over 90 days	6,750	1,656,106	6,750	1,656,106
Over 90 days to 120 days	-	38,768	-	38,768
Over 120 days to 180 days	-	251,558	-	251,558
Over 180 days to 365 days	84,915	9,346,703	84,915	9,346,703
Over 365 days	-	-	-	-
Total trade receivables - other parties	91,665	11,293,135	91,665	11,293,135
Total trade account receivables	101,038,959	58,170,537	101,038,959	58,170,537
<u>Less</u> Allowance for doubtful accounts	(84,915)	-	(84,915)	-
Trade accounts receivable - net	100,954,044	58,170,537	100,954,044	58,170,537

During the year, the movements in allowance for doubtful accounts receivable are as follows:

	(Unit : Baht)	
	Consolidated / Separate	
	2018	2017
Beginning balance	(457,599)	(516,099)
Increase	(2,582,881)	-
Decrease	2,563,366	58,500
Ending balance	(477,114)	(457,599)

8. INVENTORIES - NET

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Finished goods	84,402,151	47,676,048	84,402,151	47,676,048
Work in process	8,052,955	10,171,608	8,052,955	10,171,608
Raw materials	38,067,966	34,949,555	38,067,966	34,949,555
Spare part and supplies	38,077,240	30,698,144	38,077,240	30,698,144
Goods in-transit	8,657,668	5,716,535	8,657,668	5,716,535
Total	177,257,980	129,211,890	177,257,980	129,211,890
<u>Less</u> allowance for declining in value of inventory	(11,054,447)	(12,349,462)	(11,054,447)	(12,349,462)
Net	166,203,533	116,862,428	166,203,533	116,862,428

Movements of the allowance for diminution in value of inventories for the year ended December 31, 2018 are as follows:

	(Unit : Baht)
	Consolidated / Separate
Balance as at January 1, 2018	(12,349,462)
<u>Add</u> Increase in allowance for declining in value of inventories for the year	(3,609,698)
<u>Less</u> Decrease in allowance for declining in value of inventories for the year	4,904,713
Balance as at December 31, 2018	11,054,447

During the year ended December 31, 2018, the Company reversed allowances for diminution in value of inventories of Baht 4.90 million because the management considered that the inventory has not deteriorated and the Company was used for production.

9. INVESTMENT IN SUBSIDIARY COMPANY - NET

	(Unit : Baht)			
	Separate		Cost Method	
Subsidiary's name	Authorized and paid-up (million Baht)	Shareholding percentage (%)	2018	2017
The Royal Asia Brick and Tile Co., Ltd.	80	100	139,985,000	139,985,000
<u>Less</u> Allowance for impairment			(60,478,126)	(55,601,340)
Investment in subsidiary company based on cost method - net			79,506,874	84,383,660

For the year ended December 31, 2018 and 2017, the Company has not received dividend income from its subsidiary.

10.INVESTMENT IN ASSOCIATED COMPANY – NET

					(Unit : Baht)	
Associate's	Nature of business	Country of incorporation	Authorized And paid-up Capital (Million Baht)	Shareholding Percentage (%)	Consolidated / Separate	
					Cost method	
					2018	2017
	Property developme					
Bann somehavil co.,Ltd	nt	Thai	25	45	11,250,000	11,250,000
<u>Less</u> Allowance for impairment					(11,250,000)	(11,250,000)
Investment in associated company based on cost method - net					-	-

The Company recognized its share of loss from investment in the associate under the equity method until the value is zero. The company has been recognized share of losses from investments in associated companies as the Company has no obligation, legal or de facto to pay to settle the obligations of the associate.

11.OTHER LONG-TERM INVESTMENT – NET

					(Unit : Baht)	
Company's name	Nature of business	Country of incorporation	Authorized and paid-up Capital (Million Baht)	Shareholding percentage (%)	Consolidated / Separate	
					2018	2017
Non-marketable equity securities						
Cost method						
Cermas Co., Ltd.	Ground mining	Thai	0.2	2.00	314,300	314,300
T.T. Ceramic Public Company Limited	Manufacture and ceramic agent	Thai	601	8.32	50,000,000	50,000,000
<u>Less</u> Impairment of long - term investment					(21,000,000)	(17,500,000)
Total other long-term investments - net					29,314,300	32,814,300

The resolution of the Annual General Meeting of Shareholders for the year 2014 held on April 28, 2014, approved the Company to purchase the capital increase ordinary shares of T.T. Ceramic Company Limited (“TTC”, presently, changed its name as T.T. Ceramic Public Company Limited), which was the related transaction that TTC’s major shareholder is Union Mosaic Industry Public Company Limited. The Company has the right to sell all ordinary shares in TTC to UMI or to Miss Paweena Laowiwatwong and her group of investors at the cost value invested or the book value price. However, in the fourth quarter of 2016, the major shareholder sold the shares held in the company and ended as a related company on December 2, 2016. The Company has considered the allowance for impairment of investment in such company in accordance with the fair value approach (Adjusted Book Value).

12.PROPERTY, PLANT AND EQUIPMENT - NET

The movement of property, plant and equipment of the Company and subsidiary for the years ended December 31, 2018 were as follows:

(Unit : Baht)

	Consolidated						Total
	Lands	Buildings and building improvements	Machinery and equipments	Furniture and fixtures	Vehicles	Asset under construction	
<u>At cost</u>							
As at January 1, 2018	63,804,928	396,250,649	1,534,622,323	73,873,558	5,574,645	154,759,293	2,228,885,396
Purchases/Transfers in	-	25,534,833	189,348,242	8,393,569	-	250,701,678	473,978,322
Disposal/Transfers out	-	(477,476)	(6,800)	(11,247,600)	(28,361)	(212,367,438)	(224,127,675)
As at December 31, 2018	63,804,928	421,308,006	1,723,963,765	71,019,527	5,546,284	193,093,533	2,478,736,043
<u>Less Accumulated depreciation</u>							
As at January 1, 2018	-	(344,705,325)	(1,484,109,045)	(65,692,636)	(2,234,608)	-	(1,896,741,614)
Depreciation for the year	-	(2,050,687)	(24,391,542)	(3,022,543)	(709,611)	-	(30,174,383)
Accumulated depreciation on transfers in / transfers out	-	-	-	(227,764)	-	-	(227,764)
Accumulated depreciation on disposals.	-	136,865	6,799	9,255,729	28,359	-	9,427,752
As at December 31, 2018	-	(346,619,147)	(1,508,493,788)	(59,687,214)	(2,915,860)	-	(1,917,716,009)
<u>Allowance for impairment</u>							
As at January 1, 2018	-	-	(6,958,865)	(39,178)	-	-	(6,998,043)
(Increase) decrease	-	-	-	-	-	-	-
As at December 31, 2018	-	-	(6,958,865)	(39,178)	-	-	(6,998,043)
<u>Net book value</u>							
As at December 31, 2017	63,804,928	51,545,324	43,554,413	8,141,744	3,340,037	154,759,293	325,145,739
As at December 31, 2018	63,804,928	74,688,859	208,511,112	11,293,135	2,630,424	193,093,533	554,021,991

(Unit : Baht)

	Separate						Total
	Lands	Buildings and building improvements	Machinery and equipments	Furniture and fixtures	Vehicles	Asset under construction	
<u>At cost</u>							
As at January 1, 2018	65,652,902	366,871,948	1,286,950,609	72,709,938	3,578,361	154,759,294	1,950,523,052
Purchases/Transfers in/Revaluation increases	-	25,534,833	189,348,242	8,393,569	-	250,701,678	473,978,322
Disposal/Transfers out /Revaluation decrease	-	(477,476)	(6,800)	(11,242,086)	(28,361)	(212,367,438)	(224,122,161)
As at December 31, 2018	65,652,902	391,929,305	1,476,292,051	69,861,421	3,550,000	193,093,534	2,200,379,213
<u>Less Accumulated depreciation</u>							
As at January 1, 2018	-	(317,916,494)	(1,236,898,591)	(64,529,497)	(238,326)	-	(1,619,582,908)
Depreciation for the year	-	(1,586,127)	(23,961,168)	(3,022,153)	(709,611)	-	(29,279,059)
Accumulated depreciation on transfers in / transfers out	-	-	-	(227,764)	-	-	(227,764)
Accumulated depreciation on disposals.	-	136,865	6,799	9,250,216	28,359	-	9,422,239
As at December 31, 2018	-	(319,365,756)	(1,260,852,960)	(58,529,198)	(919,578)	-	(1,639,667,492)
<u>Allowance for impairment</u>							
As at January 1, 2018	-	-	(6,958,865)	(39,178)	-	-	(6,998,043)
(Increase) decrease	-	-	-	-	-	-	-
As at December 31, 2018	-	-	(6,958,865)	(39,178)	-	-	(6,998,043)
<u>Net book value</u>							
As at December 31, 2017	65,652,902	48,955,454	43,093,153	8,141,263	3,340,035	154,759,294	323,942,101
As at December 31, 2018	65,652,902	72,563,549	208,480,226	11,293,045	2,630,422	193,093,534	553,713,678

Depreciations in the statements of comprehensive income for the year ended December 31 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Depreciation	30,174,383	16,187,333	29,279,059	14,664,773

As at December 31, 2018 and 2017 the Company and its subsidiary have mortgaged their property, plant and equipment with total net book value of approximate Baht 333 million and Baht 144 million in the consolidated financial statements and of approximate Baht 333 million and Baht 144 million in the separate financial statements, respectively, as collateral to secure loans and credit facilities granted by a financial institution.

13. INTANGIBLE ASSETS-NET

Details of intangible assets which are computer program and software are as follows:

	(Unit : Baht)
	Consolidated / Separate
<u>Cost</u>	
As at January 1, 2018	20,944,277
Disposal/Transfer out during the year	(12,336,867)
As at December 31, 2018	8,607,410
<u>Accumulated amortisation</u>	
As at January 1, 2018	(12,933,292)
Transfer in/Transfer out during the year	11,710,619
Amortisation for the year *	(854,207)
As at December 31, 2018	(2,076,880)
<u>Net Book Value</u>	
As at December 31, 2017	8,010,985
As at December 31, 2018	6,530,530

* Include in administrative expense in profit or loss

14.DEFERRED INCOME TAX

The deferred income tax asset as at 31 December 2018 and 2017 are as follows :

	(Unit: Baht)			
	Consolidate		Separate	
	2018	2017	2018	2017
Deferred income tax asset - net	47,744,067	-	47,744,067	-

The movement of The deferred income tax asset for the year are as follows

	(Unit: Baht)			
	Consolidate			
	Recorded as (expense) /income			
	Other components of shareholders' equity			December 31, 2018
	January 1, 2018	Profit (loss)		
Deferred income tax asset				
From employee benefits obligation	-	7,679,339	-	7,679,339
Loss carry forward	-	40,064,728	-	40,064,728
Total deferred income tax asset	-	47,744,067	-	47,744,067

	(Unit: Baht)			
	Separate			
	Recorded as (expense) /income			
	Other components of shareholders' equity			December 31, 2018
	January 1, 2018	Profit (loss)		
Deferred income tax asset				
From employee benefits obligation	-	7,679,339	-	7,679,339
Loss carry forward	-	40,064,728	-	40,064,728
Total deferred income tax asset	-	47,744,067	-	47,744,067

15.BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

		(Unit : Baht)	
		Consolidated / Separate	
	Interest rate per annum	2018	2017
Bank overdrafts	MOR% per annum	-	2,378,365
Promissory notes	2018 : 2.80% - 3.87%		
	2017 : 3.66% - 3.87%	100,000,000	170,000,000
Trust Receipt	2018 : 1.50% - 4.49%		
	2017 : 3.80 % - 3.97%	15,871,576	48,273,836
Total		115,871,576	220,652,201

The Company had 1 promissory notes maturing 30 days after promissory note issuance date. A loan facility of Baht 140 million and a overdraft line from a local bank totaling Baht 10 million are secured by the mortgage of the Group's land and building and one director

As at December 20, 2017, the Company added a contract of temporarily promissory note totaling Baht 40 million is secured by one director. Subsequently, On November 12, 2018, the Company canceled the temporary credit limit for promissory notes and release of such guarantee obligations.

As at May 2, 2018, the Company added a contract of loan agreement totaling Baht 100 million is secured by one director.

16.TRADE ACCOUNTS PAYABLE AND OTHER ACCOUNTS PAYABLE

		(Unit : Baht)	
		Consolidate	Separate
		2018	2017
Trade payables			
Trade payables - others		142,188,300	71,642,742
Total trade payable		142,188,300	71,642,742
Other payables			
Other payables - related parties		2,803,780	3,323,411
Other payables - other		10,152,694	3,173,746
Advances received		5,633,623	5,930,014
Accrued expenses		7,158,149	8,345,814
Total other payables		25,748,246	20,772,985
Total trade and other payables		167,936,546	92,415,727

17. LONG - TERM LOAN FROM FINANCIAL INSTITUTION

The movements of long - term loans from financial institution at December 31, 2018 and 2017 are as follows:

	(Unit : Baht)	
	Consolidated / Separate	
	2018	2017
Beginning balance	-	-
Addition	79,823,019	-
Repayment	(79,823,019)	-
Ending balance	-	-

As at May 16, 2017, the Company has loan agreement with bank. The monthly repayment are Baht 3.15 million. These loan bear interest at rate of MLR – 2% per annum for year. These loan are guaranteed by director, mortgage of land and construction.

18. PROVISION FOR EMPLOYEES BENEFITS

An independent actuary carried out an evaluation of the Company's obligations for employees' long-term benefits using the projected unit credit method. The Company has provided the provision for employees' long-term benefits as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Provision for employee benefits - beginning	42,094,696	62,188,802	42,094,696	61,675,529
<u>Add</u> Charges in actuarial estimates recognized amount	2,599,683	4,467,543	2,599,683	4,467,543
<u>Less</u> Actuarial loss for employee benefits	(4,266,625)	-	(4,266,625)	-
<u>Add</u> liability increase from lay off	-	12,583,866	-	12,583,866
<u>Less</u> liability decrease from actual paid	(1,053,540)	(36,821,792)	(1,053,540)	(36,632,242)
liability decrease from lay off	(977,520)	(323,723)	(977,520)	-
Provision for employee benefits - ending	38,396,694	42,094,696	38,396,694	42,094,696
Current service cost	1,760,384	2,653,591	1,760,384	2,653,591
Interest cost	839,299	1,813,952	839,299	1,813,952
Total - recognized in the statement of income	2,599,683	4,467,543	2,599,683	4,467,543

Principal actuarial assumptions (Actuarial basis)

	Consolidated		Separate	
	2018	2017	2018	2017
Discount rate (%)	2.40	3.81	2.40	3.81
Salary increase rate (%)	5	5	5	5
Turnover rate (%)**	1.91 - 22.92	1.18 - 20.12	1.91 - 22.92	1.18 - 20.12

**Upon the length of service

Sensitivity analysis

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

Changes in the significant actuarial assumptions

	(Unit : Baht)			
	Consolidated		Separate	
	2018		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increase (decrease) in the defined benefit liability	<u>(2,308,053)</u>	<u>2,590,496</u>	<u>(2,308,053)</u>	<u>2,590,496</u>

	(Unit : Baht)			
	Consolidated		Separate	
	2018		2018	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary growth rate				
Increase (decrease) in the defined benefit liability	<u>2,869,934</u>	<u>(2,601,560)</u>	<u>2,869,934</u>	<u>(2,601,560)</u>

	(Unit : Baht)			
	Consolidated		Separate	
	2018		2018	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff Turnover rate				
Increase (decrease) in the defined benefit liability	(1,834,813)	2,044,667	(1,834,813)	2,044,667

As at December 31, 2018 expected maturity of employee benefits obligation before discount are as follow :

	(Unit : Baht)	
	Consolidated	Separate
Within one year	3,233,263	3,233,263
Between 2 - 5 years	16,376,253	16,376,253
Between 6 – 10 years	9,995,734	9,995,734
Total	29,605,250	29,605,250

On December 13, 2018, the National Legislative Assembly passed a resolution approving the draft of a new Labor Protection Act, which is in the process being announced in the Royal Gazette. The new Labor Protection Act stipulates additional legal severance pay rates for employees who have worked for an uninterrupted period of twenty years or more. Such employees are entitled to receive compensation of not less than that of the last 400 days, based on the final wage rate. This change is considered a post-employment benefits plan amendment. The Company and its subsidiaries will reflect the effect of the change by recognizing past service cost as an expense in the consolidated and separate statements of profit or loss, of the period in which the law is effective of Baht 11.87 million and Baht 11.87 million, respectively.

19. PROVIDENT FUND

The Company established a contributory registered provident fund covering all permanent employees in accordance with the Provident Fund Act A.D. 1987.

Under the provident fund plan, employees' and Company's contributions are equivalent pay to certain percentages of employees' basic salaries. The employees are entitled to the Company's contributions in accordance with the rules and regulations of the fund and on the length of service with the Company. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act. A.D. 1987.

The Company and its subsidiary have contributed to provident fund for the years ended December 31, 2018 and 2017 were as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
For the years ended December 31	5,757,105	2,569,037	5,757,105	2,569,037

20. SHARE CAPITAL

As at April 23, 2018, The Annual General Meeting of shareholders Company approved the reduction of the registered share capital by canceling 555,490 unsold shares with par value at 1 THB. That shares are reserved for the exercise of 555,490 units of warrants (which are not exercised within the term of the warrants). After the capital reduction, the new registered capital will be 462,629,524 divided into 462,629,524 ordinary shares with a par value of 1 THB.

And the resolution has approved to increase the Company's registered capital by issued 154,209,841 new ordinary shares with a par value of 1 THB per share, from the existing registered capital of 462,629,524 THB to the new registered share capital of 616,839,365 THB. Which is divided into 616,839,365 ordinary shares with a par value of 1 THB each to shareholder by the ratio of 3 existing shares to 1 new share at the offering price of 1.50 THB, with Department of Business Development, Ministry of Commerce on June 1, 2018.

21. LEGAL RESERVE

Under the provisions of the Thai Public Company Limited Act B.E. 1992, the Company is required to appropriate at least 5% of its annual net income after deduction of the deficit brought forward (if any) as reserve fund until the reserve equal to 10% of authorized share capital. The reserve is not available for dividend distribution

22. EARNING PER SHARE

Effects on basic earnings per share

	Consolidated		Separate	
	For the years ended December 31,			
	2018	2017	2018	2017
Income for the year – portion of the Company’s shareholders (Baht)	158,232,302	(252,565,626)	156,439,171	(252,565,626)
Total share capital issued and paid-up (shares)	553,042,965	462,629,524	553,042,965	462,629,524
Basic Earnings per share (Baht)	0.29	(0.55)	0.29	(0.55)

23. INCOME TAX

Income tax recognized in profit or loss

For the years ended December 31, 2018 and 2017 income tax expense consisted of the following:

	(Unit : Baht)			
	Consolidated		Separate	
	For the year ended December 31			
	2018	2017	2018	2017
Income tax :				
Income tax for the year	-	-	-	-
Deferred tax :				
Relating to origination and reversal of temporary differences	(47,744,067)	-	(47,744,067)	-
Income tax in statements of comprehensive income	(47,744,067)	-	(47,744,067)	-

Income tax recognized directly in equity

(Unit : Baht)			
Consolidated			
	Rate		Rate
	(%)	2018	(%) 2017
Profit (Loss) before income tax expense		110,488,235	(252,565,626)
Income tax using the Thai corporation tax rate	20	22,097,647	(50,513,125)
Income not subject to tax		(259,443)	(3,338,199)
Expenses not deductible for tax purposes		1,641,846	2,219,917
Loss carry forward, from five years		(64,245,787)	(19,519,219)
Employee benefit liabilities		(7,679,339)	-
Tax losses for which no deferred income tax assets was recognised		701,009	(71,150,626)
Total		(47,744,067)	-

(Unit : Baht)			
Separate			
	Rate		Rate
	(%)	2018	(%) 2017
Profit (Loss) before income tax expense		108,695,104	(252,692,644)
Income tax using the Thai corporation tax rate	20	21,739,021	(50,538,529)
Income not subject to tax		(259,443)	(3,338,199)
Expenses not deductible for tax purposes		2,242,904	2,452,629
Loss carry forward, from five years		(63,787,210)	(15,364,046)
Employee benefit liabilities		(7,679,339)	66,788,145
Total		(47,744,067)	-

24.EXPENSES BY NATURE

Significant expenses by nature as follows:

	(Unit : Baht)			
	Consolidated		Separate	
	2018	2017	2018	2017
Changes in inventories of finished goods and work in progress	34,607,449	(214,506,694)	34,607,449	(214,506,694)
Raw materials and consumables used	370,303,520	135,189,631	370,303,520	135,189,631
Salary and wages and other employee benefits	121,350,996	155,173,155	121,350,996	155,153,528
Depreciation and amortization expenses	31,028,590	17,164,777	30,133,266	15,642,216
Transport expenses	94,376,533	34,440,373	94,376,533	34,440,373
Electricity and fuel expenses	262,857,069	110,623,811	262,857,069	110,623,811
Reduction of inventory to net realisable value	1,295,015	18,376,995	1,295,015	18,376,995

25.SEGMENT FINANCIAL INFORMATION

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance.

The company and subsidiaries' business operations involve 2 principle segments: (1) Import floor tiles and wall tiles (2) Export floor tiles and wall tiles. Segment performance is considered by revenue and gross profit, and its also measured based on the group operating profit or loss, on a basic consistent with that used to measure operating profit or loss in the financial statements. Below is the revenue and gross profit of the company and subsidiaries for the year ended December 31, 2018 and 2017 by segments.

	(Unit : Baht)					
	Consolidated financial statements for the years ended December 31					
	Floor and wall tile business				Total	
	Local		Export			
	2018	2017	2018	2017	2018	2017
Sales - net	980,883,827	504,984,341	-	1,978,756	980,883,827	506,963,097
Less cost of sales	(747,434,261)	(678,276,828)	-	(1,599,403)	(747,434,261)	(679,876,231)
Gross profit	233,449,566	(173,292,487)	-	379,353	233,449,566	(172,913,134)
Other income					2,198,655	8,613,141
Selling expenses					(94,757,508)	(43,621,888)
Administrative expenses					(13,352,046)	(47,517,729)
Management benefit expenses					(8,366,360)	(5,183,812)
Loss from reversal of allowance for impairment value of goods.					1,295,015	16,618,359
Reverse of (loss on) impairment of investment in other company					(3,500,000)	(5,000,000)
Finance costs					(6,479,087)	(3,560,563)
Profit for the years					110,488,235	(252,565,626)
Profit for the years, Equity holders of the parent					110,488,235	(252,565,626)
Profit for the years, Non-Controlling interests of the subsidiaries					-	-
					110,488,235	(252,565,626)
Assets as at December 31, 2018 and 2017						
Fixed assets					554,021,991	325,145,739
Other assets					368,312,551	236,332,925
Total assets					922,334,542	561,478,664

	(Unit : Baht)					
	Separate financial statements for the years ended December 31					
	Floor and wall tile business				Total	
	Local		Export			
	2018	2017	2018	2017	2018	2018
Sales - net	980,883,827	504,984,341	-	1,978,756	980,883,827	506,963,097
<u>Less</u> cost of sales	(747,434,261)	(678,486,828)	-	(1,599,403)	(747,434,261)	(680,086,231)
Gross profit	233,449,566	(173,502,487)	-	379,353	233,449,566	(173,123,134)
Other income					2,197,106	8,245,084
Selling expenses					(94,757,508)	(43,621,888)
Administrative expenses					(10,266,843)	(45,902,936)
Management benefit expenses					(8,366,360)	(5,183,812)
Loss from reversal of allowance for impairment value of goods.					1,295,015	16,618,359
Reverse of (loss on) impairment of investment in subsidiary					(4,876,785)	(1,163,754)
Reverse of (loss on) impairment of investment in other company					(3,500,000)	(5,000,000)
Finance costs					(6,479,087)	(3,560,563)
Profit for the years					108,695,014	(252,692,644)
Assets as at December 31, 2018 and 2017						
Fixed assets					553,713,678	323,942,101
Other assets					447,704,373	318,461,682
Total assets					1,001,418,051	642,403,783

26.COMMITMENT AND CONTINGENT LIABILITIES

26.1 Operating lease commitments

- a) As at 31 December ,2018, the Company and its subsidiary have entered into several operating lease agreements in respect of the lease of vehicles and office / factory equipment.The terms of the agreements are generally between 1 and 5 years.
- b) The Company and its subsidiary have a future minimum lease payments required under non-cancelable operating leases contracts were as follows.

	(Unit : Baht)	
	Consolidated	Separate
<u>Vehicle lease agreements</u>		
Within		
1 year	2,554,800	2,554,800
2 - 5 years	2,877,700	2,877,700
<u>Land lease agreements</u>		
Within		
1 year	1,010,526	1,010,526
2 - 5 years	4,042,105	4,042,105
after 5 years	9,094,737	9,094,737

- c) As at 31 December ,2018 ,The Company has entered into letter of credit with a bank to purchase of machinery totaling of Euro 0.42 million.

27.DISCLOSURE AND PRESENTATION OF FINANCIAL INSTRUMENTS

The Company and subsidiaries have no policy to hold financial instrument for speculation and hedging.

- a) Credit risk

The Company is exposed to credit risk primarily with respect to trade and accounts receivable. The Company's prudent credit policy and its diversified customer. The Company has export credit insurance with bank for export accounts receivable which has risk in collectible. The maximum credit risk exposure is equal to the book value of accounts receivable in the statements of financial position net from amount of such accounts receivable credited insurance with bank.

b) Foreign currency risk

As at December 31, 2018 and 2017 the Company has accounts receivable, and accounts payable in foreign currency which were not hedged by forward exchange contracts or similar hedging instrument are as follow :-

currency	Consolidated and Separate financial statements					
	Financial assets		Financial liabilities		Average exchange rate	
	2018	2017	2018	2017	2018	2017
	(thousand)	(thousand)	(thousand)	(thousand)	(Baht per unit of foreign currency)	
US Dollar	-	-	-	62	32.6148	32.7300
EURO	-	-	763	138	37.4884	39.3887

c) Liquidity risk

Liquidity risk, or funding risk, is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell financial assets quickly at close to its fair value.

The Company's financial assets comprises of cash, deposits at financial institutions, accounts receivable and inventories which are liquid and able to sell at close to this fair value when the Company wishes to raise fund.

d) Credit risk of discharge obligation

Credit risk derives from failure by counterparts to discharge their obligation resulting in financial damage to the Company and subsidiaries.

For the financial assets shown in the statements of financial position at the book value deducted by allowance for doubtful account is maximum value of credit risk.

For off-statement of financial position, the Company expects that the amount of credit risk is immaterial.

e) Interest rate risk

Interest rate risk derives from changes in interest rate. The Company and subsidiaries have interest rate risk because their loans bear interest at the floating interest rate.

f) The fair value of financial instrument

Financial assets shown in statement of financial position consist of cash and deposit at banks, accounts receivable and notes receivable, investment, deposits with commitment. Financial liabilities shown in statements of financial position consist of bank overdrafts, loans from banks, accounts payable, long-term liabilities.

The fair value of significant financial assets and financial liabilities does not differ from carrying value except for the fair value of long-term investment and long-term liabilities, which cannot be properly calculated, accordingly, no disclosure is made.

28.CAPITAL MANAGEMENT

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders; issue new shares or sells assets to reduce debt.

As at December 31, 2018, debt to equity ratio in the consolidated financial statements is 0.54 : 1 (the separate financial statements: debt to equity ratio is 0.48 : 1).

29.EVENT AFTER THE REPORTING PERIOD

At the Board of Directors Meeting No.2/2019 held on January 15, 2019, the board of directors pass a resolution to approved as follows:

- a) To propose for approve from the Annual Shareholders' Meeting for 2019, the subsidiary sell of land with the area of 43 rai 2 ngan 97 square wah to the Parent Company ("Dynasty Ceramic Public Company Limited") totalling price Baht 20 million to expand the factory of the Parent Company ("Dynasty Ceramic Public Company Limited"). This is a connected transaction. In this regard, the Company has appointed Independent Financial Advisor. To give opinion to the shareholders in the consideration to sell the land of the subsidiary.
- b) To propose for approve from the Annual Shareholders' Meeting for 2019, the Company purchase 2 sets of machinery from the Parent Company ("Dynasty Ceramic Public Co., Ltd.") and the Related Company ("Tile Top Industry Public Co.,Ltd.") totalling price Baht 32 million for continuous production. This is a connected transaction. In this regard, the Company has appointed Independent Financial Advisor. To give opinion to the shareholders in the consideration to purchase 2 sets of machinery of the Company.

30.APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements have been approved by the Company's management on February 18, 2019.



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