

Together, We go

รายงานประจำปี

2556

2013

Annual Report

บริษัท ไดนาสตี เซรามิค จำกัด (มหาชน)

Dynasty Ceramic Public Company Limited



Together, We go

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— Vision —

“ The Leader of Tile Business
with Outlets throughout
Thailand ”



— Mission —

1. To produce tiles with creative production process that meets international standard at the lowest cost to manufacture quality products at reasonable prices.
2. To serve our customer with wide variety of tiles at reasonable prices, easy access through our outlets throughout Thailand, high service quality, fast delivery, and continuity of products is guaranteed.
3. To have high dividend payout.
4. To create stability for employees with:
 - Encourage employee involvement and creativity
 - Improve employee skill with continuous training
 - Develop key capabilities
 - Build corporate culture
 - Strengthen employee network and relationship
5. To operate business with fairness and integrity with both customers and suppliers.
6. To incorporate the Corporate Social Responsibility strategy directly into the business strategy



Company Profile

Company	Dynasty Ceramic Public Company Limited (DCC)
Company Registration	Bor.Mor.Jor. (PCL) 321 (0107537000742)
Established	1 August 1989
Listing on the SET	3 January 1992, trading under the abbreviation “DCC” under the construction materials group
Registered Capital	408,000,000 Baht
Registered Paid-up Capital	408,000,000 Baht, comprising of 408,000,000 shares with a par value of one Baht per share
Nature of Business	Manufacturer and distributor of ceramic floor and wall tiles. The Company purchases the ceramic floor, wall and decorative tiles from Tile Top Industry Public, Co., Ltd., which is one of the subsidiaries of the Company. DCC distributes tiles nationwide through its subsidiaries: Pick & Pay Co., Ltd., Muangthong Ceramic Co., Ltd., and World Wide Ceramic Co., Ltd, in which it holds an equity stake of 96 percent of the registered and paid-up capital. In addition, DCC orders other related products such as Tile grout for sale.
Head Office	Address 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310 Tel. 0-2276-9275-81 Fax. 0-2276-0313-17 http://www.dynastyceramic.com
DCC Factory	Address 54/8 Moo3, Suwannasorn Road, Koke Yae Sub-District, NongKae District, Saraburi Province 18230 Tel. 036-379023-4 Fax. 036-371024
Subsidiaries	
1. Tile Top Industry Public Co., Ltd	
: Manufacturer of ceramic floor and wall tiles	Head Office Address 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310 Factory Address 3/2 Moo 8, Paholyothin Road, Nong Khai Nam Sub district, Nong Khae District, Saraburi Province 18140 Tel. 036-371815 Fax. 036-371111
2. Pick & Pay Co., Ltd	
: Nationwide distributor of ceramic floor and wall tiles with a total of 93 outlets	Head Office Address 54 Moo4 Paholyothin Road, Huay Kamin Sub district, Nong Khae District, Saraburi Province 18230 Tel. 036-389509 Fax. 036-371024

3. Muangthong Ceramic Co., Ltd.

: Nationwide distributor of ceramic floor and wall tiles with a total of 60 outlets

Head Office Address 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310

4. World Wide Ceramic Co., Ltd.

: Nationwide distributor of ceramic floor and wall tiles with a total of 43 outlets

Head Office Address 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok 10310

Registrar	Thailand Securities Depository Co. Ltd 62 The Stock Exchange of Thailand Building Ratchadapisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110 Fax. 02-654-5599 Tel. 02-229-2800 and 02-654-5599
Auditor	Grant Thornton Co., Ltd 87/1 Capital Tower 18thFloor Wireless Road, Kwang Lumpini, Khet Pathumwan, Bangkok 10330 Tel. 02-205-8222 Fax. 02-654-3339 www.grantthornton.co.th
Legal Counsel	Mr. Payab Khumarj 49/15 Moo 1 Bangratug District Sampran Nakorn-Prathom
Company Secretary	Miss Cattleya Saengsastra Tel. 0-2276-9275-81 Ext 403 Fax. 0-2276-0313-17 E-mail: Cattleya.sa@dynastyceramic.com

* Investors can learn more about the company from the Company’s Annual Regisstration Statement (Form 56-1) on www.sec.or.th or www.dynastyceramic.com *



Message from Chairman

In the past two years, politics had a substantial impact on Thailand's economic performance. The 300-Baht minimum daily wage policy for all employees adopted earlier this year increased cost of business in all sectors which affects a rise in price index of all consumer products as a chain reaction. In 2013, government's populist policies of rice-pledging scheme and first-car policy boosted household debt. First-car policy leads to auto loan, maintenance, gasoline and insurance expense for car buyers, and eventually leaving indebted consumers defaulting; whereas for unpaid rice-pledging scheme means farmers are in need of funds for the next round of harvesting. It is certain that an increase in cost of production together with liquidity crisis in the economy leads to a slow private investment accordingly. Recovery of the agricultural sector is likely to take place faster than in industrial sector where an increase in labor cost, which in long-term, will erode Thailand's export competitiveness.

For the Company, major cost of production includes natural gas, chemical, and soil. Cost of soil is lower due to a formula modification from an in-house continuous study and research. Cost of labor, which accounts for 8% of total production cost, increased 27% this year. Other than an efficient cash flow management that the Company has carefully allocated cash for investment, another important thing to keep in mind during the current economic situation is marketing strategy that corresponds quickly to market demand.

Production Development

In the year 2013, the Company proceeded various projects such as to modify production formula to reduce natural gas consumption, to reduce cost of soil with alternative source that are located nearby our factories to reduce cost of transportation, to increase production efficiency by eliminating bottle neck in the production line and to reduce 5% of labor working at the factories. These projects are still on-going as they are main factors to reduce cost of production for the Company.

For new products, other than launching new size of wall tile, 8 x 12" and 16 x 16" rectify earlier in the previous year, in 2013 the Company has developed 16 x 16" digital tile, which applies a digital printing technique to create a realistic image that reproduce the look of nature such as wood,

stones, and marble. In a large size 24 x 24", which cost does not increase much from smaller size tile, however it is able to set at higher price as larger size adds value to the product and gradually receives positive feedback from the market. The Company will continue to promote these new products this year by increasing efficiency in production to reduce cost and to increase productivity using the existing kilns. Higher efficiency of our production is reflected on the higher gross profit margin, though the Company is utilizing only about 80% of our production capacity.

The Company continuously improves production plan to enhance efficiency in relative to the available sales report in order to plan production plan that matches market demand. Sales data analysis allows the Company to understand market trend and able to launch new product design to respond to such trend. In addition, production volume of every product size is accurately control as a way to monitor excess inventory level and opportunity to utilize kilns to product other fast moving or new products.

Marketing Development

During the year 2013, the Company had promotion campaign "All Sale" started in April, having an objective of boosting sales volume and market share especially in upcountry area nationwide where the events were hosted. Market



response to this campaign was impressive; therefore in 2014 the Company will continue promoting this activity starting in February. For this year promotion campaign, the management emphasizes more on market demand and related selling expense, so not only this campaign will be a channel to release slow moving inventory, but it will also train our salesperson to be professional and responsible for local store and market. Details on promotion schedule of each outlet will be announced through company's media further.

This year the Company has progressed a rebranding project to improve our outlets' interior and exterior design and customer service, which has been planned since 2012. This project is set to be completed within 3 years. In this year, 20 major outlets was completed with a target to finish another 60 outlets throughout Thailand by 2014. The Company also plans to communicate this project and the image change that is happening at our outlets more intensively to customers.

Regarding marketing plan in 2014, other than opening 5 new outlets this year, the Company also plans to focus more on new home market, wholesale, and construction projects in which these channels are considered to be new distribution channels for the Company. We will implement various techniques to approach these new segments and at the same time utilizing the core competency of our existing outlets, which are differentiated sales service, quick delivery, and impressive customer relation. In a preparation for the debut of the ASEAN Economic Community (AEC) at the end of 2015, the Company has already expanded the area of the outlets that are located on the strategic logistic locations with neighbor countries to be able to respond to an increase in demand timely and reduce transportation cost effectively.

Other Development

The Company focuses on improving the efficiency of all departments by revising the current work process, removing unnecessary steps, give training, and develop continuous work process between related departments at head office and outlets. This resulted in an elimination of unnecessary work process and reduced financial accounting close period from 10 to 6 working days.

Another project that plays an important role in company development and has been operated for several past years is "Creativity" Project that provides our employees opportunity to participate in developing quality of internal and external operation. In 2013, there were several contributions created from employee's creativity, total of 64 contributions that were able to help our company reduce expenses by 10 million Baht. The objective of this project is not only cost reduction but also operation enhancement. The "Creativity" project proved to be very successful and our company will continue to push it forward.

Environment and Community Responsibility

The Company always emphasizes on being responsible for the society by continuing the operation of "The Unity of Dynasty Tile-Top Returning Benefit to Thai Society" Project. In this year, the Company has organized the activity to improve landscape of 3-4 schools per quarter in various provinces as well as provided recreation activities, sport and gifts to students; which total budget spent in these activities was 4 million Baht. Having a great success from the past activities, in the future the Company will continue corporate social responsibility activities to express our responsibility for Thai society.

In 2013, total net profit was 1,298 million Baht and calculated to be the earning per share of 3.18 Baht per share from Par Value of 1.00 Baht per share. As a result, we would like to propose profit allocation for paying dividend to our shareholders in the amount of 3.18 Baht per share calculated to be the total whole amount of earning per share. Such dividend will be paid before 9 May 2014, which 2.55 Baht per share was paid as interim dividend during the year 2013, and the remaining 0.63 Baht per share will be paid. Although the Company expects that economic and political crisis occurred in 2013 will have continuous impact in 2014, but the Company's Board of Directors will manage our business with careful judgment by following Good Corporate Governance as well as managing cash flow efficiently to ensure that the Company has good financial status and liquidity. Subsequently, the Company will be able to conquer all obstacles and operate our business efficiently and develop continuously.

The Company's Board of Directors would like to thank all shareholders, trading partners and related persons for supporting the Company's business continuously achieving success and advancement up till now. This is the reward of cooperation and efforts provided by all managers, employees, customers, shareholders and sponsors. On behalf of the Company's Board of Directors, I would like to thank all of you for driving our company to operate our business successfully with prosperity and stable growth.

Mr. Roongroj Saengsastra
Chairman

Report of the Audit Committee

To : the Shareholders
Dynasty Ceramic Public Company Limited

The Board of Directors of Dynasty Ceramic Public Company Limited has issued a charter which indicates the factors, qualification, terms, and role and responsibility of the Audit Committee. During the year 2013, the Audit Committee consists of the following 3 independent directors:

Name	Position	Meeting Attendance
1. Mr. Yothin Juangbhanich *	Chairman of the Audit Committee	5/5
2. Mr. Surasak Kosiyajinda	Member of the Audit Committee	5/5
3. Mr. Phachon Khachitsarn	Member of the Audit Committee	5/5

*Committee member is qualified in both experience and knowledge to review the Financial Statement of the Company
Miss Somruthai Boonyarit, the Chief Internal Auditor acts as the secretary of the Audit Committee.

All members are qualified and performed as assigned by the Board of Directors and the Charter of Audit Committee, in accordance with the regulations of the Stock Exchange of Thailand (SET). In 2013, the Audit committee held 5 meetings with the management, the office corporate audit, and the external auditor as summarized below.

1. Review of financial reports

The Audit Committee, together with the office corporate audit, management division and Internal Audit had reviewed the Company's quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. The Audit Committee considered important aspect and gave advices and useful suggestions to ensure that the Company financial budget process is accurate and reliable, as well as to ensure that the disclosure of important information is sufficient and timely for the financial statement users with reference to the laws and related notices and the regulations of Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC), and in compliance with the General Accepted Accounting Principles and is consistently following the same practice. In addition, the Audit Committee had a meeting with the external auditors to enquire auditor's opinions on the audit result; however, the external auditors do not have any remarks from the audit.

2. Related party transactions and conflicts of interest

The Audit Committee considered important aspect and commented on related party transactions and conflicts of interest between the Company and its subsidiaries with conservativeness, reasonableness and interest of all stakeholders with the sufficiency of disclosure of important information as regulated by the Stock Exchange of Thailand (SET).

3. Review of risk management

The Audit Committee examined risk management policy of the Risk Management Committee, plans and approaches. It also reviewed internal and external risk factor management practices. To this end, the committee held meetings with the management to scrutinize the efficiency and suitability of risk management processes and provide recommendations for improvement.

4. Review internal control system

The Audit Committee assessed the adequacy and effectiveness of internal controls of the internal audit procedure to ensure that the Company and its subsidiaries have adequate systems and process to help prevent and reduce risks that may arise, which includes the operation and authorization of the management in accordance with the policy and authority as assigned. Nevertheless, the committee did not find any significant weaknesses or deficiencies from the review.

5. Review of good corporate governance

The Audit Committee reviewed the Company's operation against the process designed and with reference to the good corporate governance to ensure that the Company's business had been conducted with transparency and fairness to maintain confidence and trust with various stakeholders. In addition, the committee carried out its own performance assessment, both as a whole and individually, against audit committee best practices.

6. Policy on good corporate governance

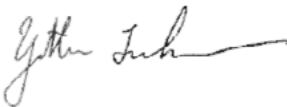
The Audit Committee reviewed the independency of internal auditors during auditing process, annual verification, audit report, follow-up procedure, and provided recommendations for improvement and effectiveness.

7. Appointment of the external auditor for 2014

The Audit Committee considered the selections of the external auditors and auditing fees by taking into account the competency, experience, and quality of work delivered in the past years. Hence, the Audit Committee has reviewed all appropriate factors of The Grant Thornton Co., Ltd and the auditor's remuneration and proposed The Grant Thornton Co., Ltd to the Board of Directors considering business background knowledge, independency, fairness, and timeliness. The Audit Committee has proposed The Grant Thornton Co., Ltd as the Company's and its affiliates' external auditor for 2014 for shareholders' approval at the 2014 AGM with the audit fee amount 1.98 Million Baht, or 2% decreased from last year.

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
Dynasty Ceramic Public Company, Limited



(Mr. Yothin Juangbhanich)
Chairman of the Audit Committee
February 11, 2014

Report of the Executive and Corporate Governance Committee

To the Shareholders

Board of Directors of Dynasty Ceramic Public Company Limited has appointed the Corporate Governance Committee to be responsible for the corporate governance of the Company.

In 2013, the Corporate Governance Committee conducted a total of one corporate governance meeting for the purpose of supporting and promoting the development of corporate governance and assessing and verifying the Company's work procedure to be in accordance with the established corporate governance policy and plans. To summarize, the Company's corporate governance meeting was conducted in the following aspects:

- Assessed and analyzed the Company's performance in accordance with the revised law and followed the set principals of listed companies in the stock market.
- Organized a Code of Conduct to be utilized as a mechanism for conducting business in a creative manner for the Board of Directors and Management of all levels. This was displayed on the Company's website.
- Gave rights to shareholders to propose agenda and/or to nominate qualified candidates to be elected as Directors at the 2014 Annual General Meeting of Shareholders
- Promoted the Board of Directors and Management to conduct a self-assessment according to the Corporate Governance Self-Assessment Evaluation
- Supported the newly elected Directors to attend a fundamental training provided by Thai Institute of Directors Association in order to be aware of and act according to the Fiduciary Duties and good corporate governance.

In 2013, the Company ranked Very Good CG Scoring from the evaluation of Thai Institute of Directors Association which is supported by The Office of the Securities and Exchange Commission and The Stock Exchange of Thailand and obtained the evaluation of the AGM Rating from Thai Investors Association that showed a total 98%, the score was one of excellences.

The excellent evaluation displayed the intention of the future development of the Company's administration under the principles of good corporate governance that will create value and continuity for the Company and its shareholders for the long term.



(Mr. Roongroj Saengsastra)
Chairman, the Corporate Governance Committee

Report of the Risk Management and Continuity Committee

To the Shareholders

Appointed by the Board of Directors, the Risk and Business Continuity Management Committee of Dynasty Ceramic Public Company Limited ensures that the Company has in place a comprehensive risk management system for all core activities, with relevant risks duly considered. It is also charged with devising interconnected mitigation plans for all its businesses to ensure that risk management is effectively and continuously undertaken to become sustainable.

During the year 2013, the Risk and Business Continuity Management Committee held one meeting with the management, internal auditor and the Audit Committee, as summarized below.

- **Review and rehearsal of the business continuity management process** Since 2011, the Risk and Business Continuity Management Committee has applied the business continuity plan as an instrument to handle external and internal risks that may affect the operation of the Company. In addition, the Company developed the business continuity system according to the industry standard to ensure the feasibility of the plan. The risk management structure was constructed by Business Continuity Committee who jointly worked with various functions in following up to ensure a continual review and rehearsal of crisis management plans.
- **Consider significant business risks that have occurred and likely to happen in the future** Such as risk from insufficient source of raw material, risk from price of energy, risk from manufacturing process, risk from human resources.
- **Follow up on the implementation of the risk management plan of related functions** The Committee regularly review and update the business continuity plan by including changes in external factors such as market situation and change in business environment, and also explain role and responsibility of personnel, and organize resource and the operation process in an annual simulation to handle risks and potential crises.

The Risk Management and Continuity Committee has consistently valued risk management to enable the Company to execute its business under an effective risk management system, with excellence in management. These, we are convinced, will enable Dynasty Ceramic Public Company Limited to fulfill its goals.



(Mr. Sanchai Janejarat)
Chairman, the Risk Management and Continuity Committee

Report of the Nomination and Remuneration Committee

To the Shareholders

Appointed by the Board of Directors, the Nomination and Remuneration Committee of DCC currently consists of Mr. Roongroj Saengsastra as the Chairman, Mr. Sanchai Janejarat Mr. Monrak Saengsastra and Mr. Maruth Saengsastra as members and Miss Supaporn Meepetra as the secretary.

During the year 2013, the Committee, in performing its roles as assigned by the Company's Board of Directors, held 2 meetings, with perfect attendance, to carry its duties and responsibilities and the outcomes could be summarized as follows:

1.) Deliberating the qualifications of candidates for the Company's directors to

1.1 Replace one director of TTOP (Subsidiary) who resigned; Mr. Chana Suthiwangcharoen (Resigned 31 December 2012). With consideration of the appropriateness and maximum benefits to the Company, the Board of Directors appointed Mr. Maruth Saengsastra, who is knowledgeable, capable, and experienced in the Company's business with broad visions as the new director in placement of the resigned director and nominated to the 110th TTOP's Board Meeting (No.1/2013) on 10 January 2013.

1.2 Replace three directors who are retired by rotation namely, Mr.Yothin Juangbhanich, Mr.Sanchai Janejarat and Mr. Suvit Smarnpanchai. In enhancing and supporting the Company's Good Corporate Governance Policy on welcoming the minor shareholders' proposal on appropriate candidates to be appointed as the Company's directors via direct contact with the Company Secretary, Investor Relation Unit, or the Company's website from 1 October 2013 to 31 December 2013. During such period, no shareholder nominated any candidate for consideration, the Committee (excluding the member with vested interests), with consideration of the appropriateness and maximum benefits to the Company, resolved to propose to the Board No1/2014 on 28 January 2014 to appoint the three retired directors as the Committee agreed that these retired directors are knowledgeable, capable, experienced in the Company's business, and also has broad visions, good records of meeting attendance and completed qualifications required by the Public Limited Company Act B.E. 2535 as the Company's directors for another term before submitting to the 2014 Annual General Meeting of Shareholders for approval.

2) Setting the Directors and Audit Committee's remuneration for the year 2014 in terms of meeting allowance and setting the Directors and Executive directors's annual gratuity including allocation guideline to the Board of Directors to get approval at the 2014 Annual General Meeting of Shareholders held on 29 April 2014. The remuneration of the Directors and members of the Audit Committee was considered by taking into account for their respective duties and responsibilities, together with the Company's performances. In considering this, the remuneration of comparable leading companies of the same size in similar industry, with reference to the Report of the Survey on Remuneration of Director and Management of Listed Companies, had been taken as a benchmark for suitability and transparency.

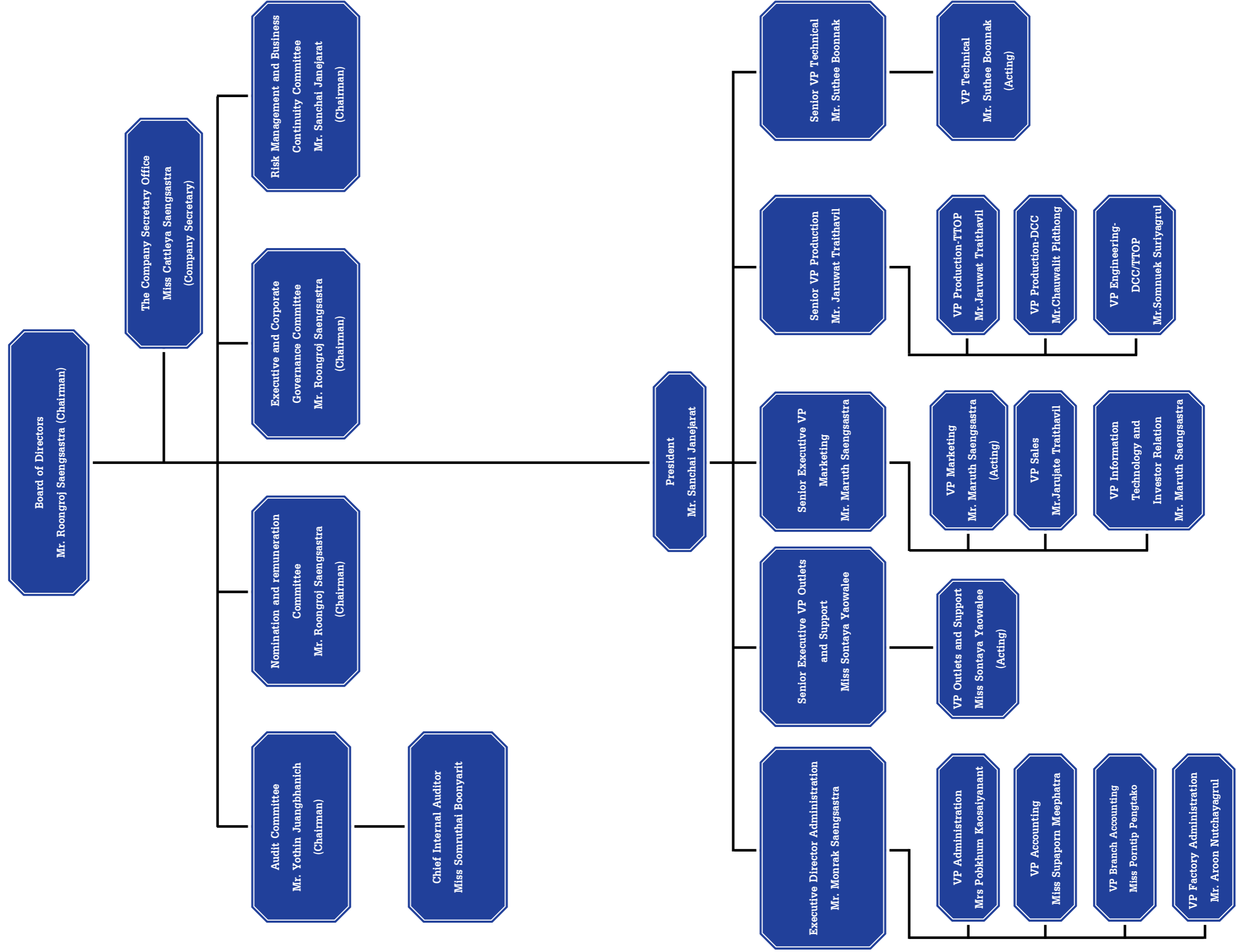
The Committee had reported its performance to the Board of Directors for acknowledgement regularly. Throughout the year 2013, the Committee had independently and transparently performed its roles and duties as assigned by the Board of Directors with full effort, honesty, integrity, and prudence for the best benefit of the Company, shareholders, and all stakeholders.



(Mr.Roongroj Saengsastra)

Chairman, the Nomination and Remuneration Committee

Organization Chart





Board of Directors

1. Mr. Roongroj Saengsastra

Chairman

2. Mr. Sanchai Janejarat

President

3. Mr. Yothin Juangbhanich

**Independent Director &
Chairman of Audit Committee**

4. Mr. Chaiyasith Viriyametakul

Director

5. Mr. Suvit Smarnpanchai

Director

6. Mr. Surasak Kosiyajinda

Independent Director & Audit Committee

7. Mr. Phachon Khachitsarn

Independent Director & Audit Committee

8. Miss Cattleya Saengsastra

Executive Director and Company Secretary

9. Mr. Monrak Saengsastra

Executive Director (Administration)

10. Mr. Maruth Saengsastra

**Executive Director at TileTop Industry Co., Ltd
(Subsidiary)**

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
1. Mr. Roongroj Saengsastra Chairman 5 March 1950	Bachelor of Account- ing, Chulalongkorn University	100,000,000 shares (24.51%) at Jan 31, 2014	Miss Cattleya Saengsastra's brother	Listed Company - None Non Listed Company 4 Companies 1. Chairman of TileTop Industry Public Co., Ltd 2. Chairman of Pick and Pay Co., Ltd 3. Chairman of Muang Thong Ceramic Co., Ltd. 4. Chairman of World Wide Ceramic Co., Ltd	2005-Present Chairman of Pick and Pay Co., Ltd Chairman of Muang Thong Ceramic Co., Ltd Chairman of World Wide Ceramic Co., Ltd 2000-2007 President of Dynasty Ceramic Public Co., Ltd President of TileTop Industry Public Co., Ltd
2. Mr. Sanchai Janejarat President 10 October 1949	Bachelor of Engineer- ing, Chulalongkorn University Directors Accredita- tion Program (DAP) No.54/2006	342,000 shares (0.08%) at Jan 31, 2014	None	Listed Company - None Non Listed Company 4 Companies 1. President of TileTop Industry Public Co., Ltd 2. Director at Pick and Pay Co., Ltd 3. Director at Muang Thong Ceramic Co., Ltd 4. Director at World Wide Ceramic Co., Ltd	2008 - Present President of Dynasty Ceramic Co., Ltd President of TileTop Industry Public Co., Ltd 2002 - 2007 Executive Director (Production) at Dynasty Ceramic Public Co., Ltd Executive Director (Production) at TileTop Industry Public Co., Ltd

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
3. Mr. Yothin Juangphanich Independent Director & Chairman of Audit Com- mittee 22 September 1949	Bachelor of Account- ing, Chulalongkorn University MBA, University of Santa Clara, USA Director Accreditation Program (DAP) 79/2009	None	None	Listed Company 1 Company 1. Independent Director & Chairman of Audit Committee at Tanasiri Group Public Co., Ltd Non Listed Company 2 Companies 1.Sub-committee to strengthen good governance in the public sector, the Senate. 2. Part-time Faculty at Assumption University, Tax Accounting	Head of Management System Development - Revenue Department Regional 12 Revenue Chief
4. Mr. Chaivasith Viriyametakul Director 22 July 1949	Bachelor of Engineer- ing, Chulalongkorn University National Defense Col- lege (NDC.4414) Director Accreditation Program (DAP) 20/2004 - Increasing Your Cor- porate Value through Effective Communica- tion Year 2003 - Risk Management	20,460,000 shares (5.02%) at Jan 31, 2014	None	Listed Company 1 Company 1. President at Vibhavadee Hospital Non Listed Company 2 Companies 1. Vice Chairman of BOD at Chao Paya Hospital Public Co., Ltd 2. Executive Director at Vibharam Co., Ltd and its Subsidiaries	

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
5. Mr. Suvit Smarnpanchai Director 17 April 1947	High-School, Chamvit Wittaya School Director Accreditation Program (DAP) 54/2006	12,892,000 shares (3.16%) at Jan 31, 2014	None	Listed Company - None Non Listed Company 1 Company 1. Managing Director at Ekasithpun Co., Ltd	Present Advisor of the Audit Committee and Monitoring The Police Administration of Ratchburana police Station 2000 – Present Managing Director at Ekasith- pun Co., Ltd
6. Mr. Surasak Kosiyajinda Independent Director & Audit Committee 19 January 1943	Bachelor of Law, Thammasart University Director Accreditation Program (DAP) 48/2005	None	None	Listed Company 1 Company 1. Director at AJ Plast Public Co., Ltd Non Listed Company 1 Company 1. Director at United Food Co., Ltd	1969 – Present Own office at Jutturatham Law Office

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
7. Mr. Phachon Khachitsarn Independent Director & Audit Committee 24 September 1948	Bachelor of Arts in Economic, Kasetsart University Advanced Certificate of Admin- istration, National In- stitute of Development Administration (Nida) Advanced Mini- MBA, Chulalongkorn Univer- sity Director Accreditation Program (DAP) 99/2012	None	None	None	1975 - 2005 Administration Department Manager, Fuel Administration and Finance Division EGAT / Public Utility
8. Miss Cattleya Saengsastra Executive Director and Company Secretary 25 January 1948	Bachelor degree Ac- counting (Honor), Chu- lalongkorn University Management Develop- ment Program Management Development Program- J.J Kellogg North Western University	11,000,000 shares (2.7%) at Jan 31, 2014	Mr. Roongroj Saengsastra's Sister	Listed Company 1 Company 1. Independent Director and Chairman of Audit Committee S&P Syndicated Public Co., Ltd Non Listed Company 4 Companies 1. Executive Director and Company Secretary at TileTop Industry Public Co., Ltd	1995 - Present Director at TileTop Industry Public Co., Ltd 2005 - Present Director at Pick and Pay Co., Ltd Director at Muang Thong Ceramic Co., Ltd Director at World Wide Ceramic Co., Ltd

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
	Directors Accreditation Program (DAP) No.47/2005			3. Director at Muang Thong Ceramic Co., Ltd 4. Director at World Wide Ceramic Co., Ltd	1990 - 1995 Executive Director (Accounting) at S&P Syndicated Public Co., Ltd 1971 - 1990 Vice President Accounting System at Siam Cement Public Co., Ltd
9. Mr. Monrak Saengsastra Executive Director (Administration) 3 November 1975	Master of Business Administration, Kasetsart University Master of Art in International Economics, Southern Methodist University, USA Bachelor of Science in Business Computer Information Systems, University of North Texas, USA	20,000,000 shares (4.90%) at Jan 31, 2014	Mr. Roongroj Saengsastra's Son	Listed Company - None Non Listed Company 4 Companies 1. Executive Director at TileTop Industry Public Co., Ltd 2. Director at Pick and Pay Co., Ltd 3. Director at Muang Thong Ceramic Co., Ltd 4. Director at World Wide Ceramic Co., Ltd	2013 - Present Executive Director (Administration) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd Feb 2012 - Jan 2013 Senior Executive Vice President (Administration) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd 2010 - Feb 2012 Senior Executive Vice President (Production) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd 2004 - Mar 2013 Vice President (Administration) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd

Name / Position / Date of Birth	Highest Education	% of Share Holding	Family relation- ship among executives	Other Current Position	Experience
10.Mr. Maruth Saengsastra Executive Director at TileTop Industry Co., Ltd (Subsidiary) 15 December 1977	Master of Science in Computer Science, Southern Methodist University, USA Director Accreditation Program (DAP) 107/2014	20,000,000 shares (4.90%) at Jan 31, 2014	Mr. Roongroj Saengsastra's Son	Listed Company Senior Executive Vice President (Marketing) at Dynasty Ceramic Public Co., Ltd Non Listed Company 4 Companies 1. Senior Executive Vice President (Marketing) at TileTop Industry Public Co., Ltd 2. Director at Pick and Pay Co., Ltd 3. Director at Muang Thong Ceramic Co., Ltd 4. Director at World Wide Ceramic Co., Ltd	2000 - 2004 Senior System Analyst, PepsiCo Business Solutions Group. Plano, Texas. USA. MIS Assistance / Network Administrator, Westin Park Central/ Sheraton Park. Dallas, Texas. USA. System Analyst, Chapal Zenray Inc. Dallas, Texas. USA. Sep 2013 - Present Senior Executive Vice President (Marketing) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd Nov 2010 - Present Assistant Company Secretary and Investor Relation at Dynasty Ceramic Public Co., Ltd 2006 - Present Vice President Information Officer at Dynasty Ceramic Public Co., Ltd Aug 2001 - May 2005 Teaching Assistant at University of North Texas, USA

The Report of Corporate Social Responsibility

The company has recognized the importance of developing organizations, in cooperation with having social and environmental responsibility for social and sustainable mass of the business. It is that “the Codes of Conduct Manual” has been developed for all officers to follow since 2012. The policy in social responsibility of business was set into the same guidance as 8 principles of the Thai stock exchange as follows:

1. The fair entrepreneurship
2. The fight against corruption
3. Respect for human rights
4. Fair treats for workers
5. Responsibility for consumers
6. Environmental care
7. Community involvement and development
8. Innovation and innovation publicity of corporate social responsibility

In order to operate the social responsibility policy of the company, the Board of Directors has resolved to appoint committee on corporate social responsibility in the past year. The committee has controlled and monitored policy, initiatives, and operational guidelines that were set out to make an action as effectively as well as to review the implementation for continuous and sustainable improvement.

The company has seen the importance of stakeholders concerning the company according to the principle of good corporate governance and to the achievement of common sustainable development plan. The company has assigned a group of stakeholders and tried to establish guidance for the corporate social responsibility in accordance with environmental stakeholders in each group as follows



Stakeholder	Demand	Process	Policies and guidelines
1. Shareholder	<ul style="list-style-type: none"> • Return and growth • Good organizational governance 	<ul style="list-style-type: none"> • Shareholders' meeting • Investor relations or- ganization 	<ul style="list-style-type: none"> • Conduct the business ac- cording to the principles of good corporate governance in order to achieve the maxi- mum benefit and add value to shareholders consistently. • Join domestic and foreign investors' meetings • Present the report of busi- ness achievement, financial statement and Management Discussion & Analysis consist- ently
2. Officer	<ul style="list-style-type: none"> • Benefits and salary • Stability • Security • Justice and basic right 	<ul style="list-style-type: none"> • Creative activities • Publishing the 3 main targets of the company: <ol style="list-style-type: none"> 1) consumer satisfaction 2) officer stability 3) sustainable growth of the business 	<ul style="list-style-type: none"> • Respect for the officers' human right. • Pay proper salary and benefits. • Operate the business in accordance with ISO 18001. • Provide training and ongoing development.
3. Customer	<ul style="list-style-type: none"> • Satisfaction of goods and service • Suitable quality and price • Fast and in-time shipping 	<ul style="list-style-type: none"> • Survey customer satisfaction. • Listen to complaints and suggestions. 	<ul style="list-style-type: none"> • Strive to meet customer sat- isfaction through the produc- tion system of the Dynasty. *The highest quality *Appropriate price *In-time shipping

Stakeholder	Demand	Process	Policies and guidelines
	<ul style="list-style-type: none"> • Close to home 		<ul style="list-style-type: none"> • Monitoring and controlling based on ISO 2508/2556 • Expanding branch in more area, and district-level.
4. Business partner	<ul style="list-style-type: none"> • Suitable price and in-time payment • Transparent business • Technical assistance in environmental friendly supply 	<ul style="list-style-type: none"> • Accept suggestions and requests. • Assign the transparent guidance or standard rule of employment. 	<ul style="list-style-type: none"> • Follow the trade competition framework honestly by uphold- ing compliance with contracts, code of conduct and a com- mitment complied with trad- ing partners strictly as follows: <ul style="list-style-type: none"> - Consider the appropriate purchase price and Establish a clear operation. - Support and assist in envi- ronmental friendly supply.
5. Community and society	<ul style="list-style-type: none"> • Take care of commu- nity surrounding and not pollute the environment. • Create a professional and income for the community. 	<ul style="list-style-type: none"> • Survey community satisfaction. • Create community leader via Boards of Directors' meeting • Listen and exchange opinion and requests. • Create activities of public benefit and coop- eration with the volun- teer community. 	<ul style="list-style-type: none"> • Conduct its business with honesty, Support activities to improve the quality of life and strengthen the health benefits of the community as follows: <ul style="list-style-type: none"> - Community relations events - Pollution observation continuously. - Create activities of public benefit and cooperation with the volunteer community con- sistently. - Support for vocational train- ing activities for the compa- ny's products to enhance the value added

The factory section Summary of performance in corporate social responsibility, employees, and partners as follows:

Important to the company		
		important
Important to stakeholders	The most important	<ul style="list-style-type: none"> - Climate change - Air quality control - Participation of the community - Responsibility for goods and services - Disclosure of information and reports
	important	<ul style="list-style-type: none"> - The use of resources - Taking care of employees
		The most important
		<ul style="list-style-type: none"> - Health and safety - Energy management - The management of waste and used and residual materials - Flood risk management - Environmental friendly goods and services
		<ul style="list-style-type: none"> - Good corporate governance - Risk management

1. The Fair Entrepreneurship

The company has given priority to employees at all levels, which is the most valuable resource of the organization. Focusing on care, the employees have been developed and grown with the organization. The company builds employee engagement with organization, as well as realizing the importance of security policies and providing training to employees on a regular basis.

1.1 Developments of personnel

The company provides employees at all levels, both at Headquarters and factory employees can access the branch’s development skills with training and internships as well as fair career advancement opportunities in order to increase the employee’s capability to comply with the direction and strategy of the company.

In the past year, there were 12 employee trainings

1.2 Promoting fair working status

The company requires compliance with labor laws, strictly in terms of pay, work, leisure time, disciplinary practices, termination, the protection of mothers, and the supply of equal fair appropriate welfare.

1.3 Other welfares

- Provide a fund to guarantee the savings in retirement contributions by company’s contribution as follows

Seniority	Officer	Company’s contribution
Less than 5 years	5 %	5 %
5 -10 years	5 %	7.5 %
More than 10 years	5%	10 %

- Provide accident and life insurance policies for all employees.
- All employees are insured in the social security system in order to get the replacement in case of any social security office.
- Allocate the money to a replacement fund in accordance with the law to guarantee medical care for employees who have been injured on duty.

1.4 Hygiene and safety in the workplace

The company has emphasized on security importance, occupational health and the working environment by encouraging activities and protective devices and systems in case that it may be harmful to health caused by work. Moreover, it has been conducted to raise the standard level of security, reduce loss, and compliance with applicable laws and regulations of the Government strictly. Therefore, the company created the activities and projects of the hygiene and safety at work in the past year as follows:

- Measuring the environment in work, light, sound, heat, dust, and chemicals in 2013
- To promote knowledge of AIDS and tuberculosis training health staff
- Safety Week activities in the annual work 2013
- To prevent danger from low back pain, the company has purchased 95 forklifts and sent them to each branch for lifting goods instead of lifting by hand to prevent the occurrence of an accident or injury.

Joining drug prevention projects continuously, the company has received the award and an honor certificate card standard to prevent and solve the problem of drugs in operations from the Bureau of labor protection and welfare, Saraburi province on September 19, 2013.



2. The Fight against Corruption

The company's policy has been conducted according to the principle of transparency, good governance and anti-corruption of all themes. By policy, the management and all employees must be aware of and adhere to the guidelines. This is published a policy as follows:

Dynasty Ceramic Public Company Limited and Subsidiaries
Anti-Corruption Policy

Dynasty Ceramic Public Company Limited (DCC) and its subsidiaries conduct business strategy with fairness and transparency and ensure to deliver product of high quality. DCC is strictly abide by the related law and regulations as well as demonstrated a devoted social responsibility and the best interests of its shareholders in alignment with the principle of Corporate Governance and DCC Code of Conduct. The Company is determine to prevent corruption in all business transaction and has arranged the employees of the Company and its subsidiaries and related parties to refer to Anti-corruption policy as a guideline in performing business.

In addition, the Company has communicated and promoting with a goal to create awareness within the organization and related parties to recognize responsibility and regulation for the employees of the Company and its subsidiaries and related parties. Furthermore, anti-corruption policy and implementation procedure are reviewed regularly to correspond with business changes, regulation, standard, and laws.

Thus, this anti-corruption policy has been approved by the Board of Directors Meeting No. 109/2013 held on 22 October 2014.

Announcement dated 22 October 2014.



(Mr. Roongroj Saengsastra)
Chairman

Also, the company provides the channel to receive complaints equally, transparently, and reasonably and pay attention to all parties: employees, partners and customers.



3.Respect for Human Rights

The company does business on the basis of the principles of good corporate governance in accordance with the guidelines to the labor. There are no employment restrictions, sex, age, race, religion, and education. The company has realized equality and freedom based on human rights principles and employment. It is to demonstrate social responsibility and giving priority to labor groups that would have taken care of the quality of life in their work under the same standards framework of human rights.



4.Fair Treats for Workers

An employee is considered a valuable resource and as a key factor to the success of the organization. The company has a human resources management and fair evaluation, appropriate payment and benefits as well as enhancing career opportunities and advancement and the knowledge and potential development of employees at all levels continuously. Besides, the company has tried to maintain a safe environment in work to secure stability and sustainable growth of the enterprise together, as well as promote teamwork and treat employees with courtesy and respect for personal liberty rights.

The welfare and safety in the workplace is regarded as a responsibility to care for the environment, safety of life and property of the employee by the company.



5. Responsibility for Consumers

The company has the policy to provide management and produce quality goods with consideration of the safety and hygiene of customers' life. It also provides true and sufficient information for the customers to decide to buy goods and services. Besides, it pays attention to any complaints and suggestions and takes into account, update, and edit quality of goods and services.

- The company priced items appropriately with the quality as an alternative customer purchasing decisions.
 - Item labels are accurate and easy to understand information about the quality. The correct usage of the product is stamped on every package.
 - Items have high consumer safety, environmental friendly productivity, and hygienic conditions and easy to clean including a long service life that is worth the price.
 - A notice of the delivery terms including clearly defined delivery day.
 - Suggestions and complaints about the goods and services can be delivered through the channels: Hotline : (02) 276-9835, (084) 751-4747 or E-mail : wecare@dynastyceramic.com
- All the complaints are verified facts to clarify understanding and improving services.



6. Environmental Care

6.1 Environmental management

In the ceramic floor and wall tile production industry, the natural resources are the key basic to rely on. The process starts from the raw material supply such as soil, bedrock, feldspar, glass sand. The Dynasty Ceramic Public Company Limited buys each type of raw material supply from mining business partners that have been verified and controlled by the Government Administration. It is assured that there will be environmental care alongside mining with optimal benefits.

In the manufacturing process, there is reliance on natural resources and the environment. The company has performed an analysis of the situation and assessed the risks to the environment, along with the production of hi-class products. This is to define strategies to accommodate those risks and to prepare for moderating the impact, which will occur and to increases the productivity of the company.

6.2 Water resources

Water is the main natural resource in the manufacturing of the company. Risk assessment for water must be considered throughout the implementation cycle. Starting from the source of water in the dry season, there may be insufficient to accommodate the needs of the plant and surrounding community at the place where the factory is located while it is vulnerable to flooding in the rainy season. The factory has done an analysis and planned operation guidelines on water resources, which are divided into 2 guidelines:

- Water quality and quantity sent into the production process
- Treated water quantity and quality released to water

The quantity and quality of water that enters the production process

The company defined and implemented plan to allocate an area of approximately 200,000 cubic meters water receiving to accommodate the excess rain water in the rainy season. This is to lighten the problem of flooding around the community and of the plant itself. At the same time, the water catchment stores excess water that can be a backup to be used in production during the dry season.

In order to have enough water resources to use sustainably, the company's senior management has established a policy of 3R strategy, applied to deal with the water resources for every agency. It starts from streamlining production to reduce water consumption (Reduce) and the water used in the manufacturing process and through therapy is reused in the new production process (Reuse). Then the cooling systems with hydraulic oil is improved and came into the system with water cooling (Recycle) in a closed system because the hydraulic oil, used in forming machine's ceramic, from refrigerating machine which uses a high power and cooling substances that may affect global warming.

The quantity and quality of treated water being released to water

A Company Dynasty Ceramic Public Company Limited's policy is defined that treated water quantity and quality being released to water is not going to harmfully impact on the environment. It must conform to the law strictly. The company has to listen to a proposal of the community around the factory. From the current water resources shortage in the dry season, the factory has researched to improve the production flow through water treatment. The reuse water has been 100 percent (Zero Discharge). Therefore, there was no drop of water used in the manufacturing process to water resource outside. The communities around the factories were not affected by the production process of ceramic floor and wall tiles.

6.3 The climate and energy changing

Climate change is a severe problem, such as flooding in Thailand in 2011. As a result, all the stakeholders of the company were affected by the event. A Company Dynasty Ceramic Public Company Limited's target is to decrease both direct and indirect release of greenhouse gas for 1 percent per year based on data in 2013. To achieve this objective, the company performs assessment and analysis to find the cause of greenhouse gases, and a way to reduce greenhouse gas emissions by providing maximum efficient management of power causing greenhouse gases.

6.4 Transportation enhancements

Manage the new method to move goods from manufacturing to storage in the warehouse by using a lorry instead of using diesel forklift in order to save diesel energy and decrease of greenhouse gas release. To move goods to the distribution centers, the lorry is used and then the smaller truck is used to distribute goods to the last destinations.





7. Community Involvement and Development

The company sees the importance of a strong society and communities. If we promote activities related to education, society and community will be able to develop firmly. The company has more social activities as follows:

7.1 The project of “Dynasty Tile Top Together Return to Society”

The company has carried on this project continuously since 2009. The main objective is to support the floor tile-wall tiles in order to improve schools in the rural areas where the shortage of budget. The buildings, classrooms, canteen, toilets, and area around the school are modified beautifully and cleanly so that students and faculty in the school are better hygienic. On transferring day there were activities among students, parents and the company representatives, as well as the surrounding community schools to strengthen relationships.

The campaign, “the contest of invention from grout cracking,” was conducted to support recycling and adding value to used materials and encourage students to be creative as well.

In 2013 there were 15 schools in 4 provinces: Phrae, Kanchanaburi, Ubon Ratchathani, and Chumphon have joined the project including budget of 3.8 million baht.

7.2 Rural development volunteer projects

The company has recognized the importance of the study and learning from the actual work. So, these projects had been done to support the implementation of development activities, volunteer student camps by students from higher education and institutions across the country. The company has opened various kinds of building projects include nursery school buildings, library, multipurpose building, community for volunteer student camps. The company would support the floor and wall tile for the volunteer camp. In 2013 the company supported this project in several provinces including 9 camps as follow:

- Volunteer development camp of Chulalongkorn University at Ban Huay Nam Pla School – in rural Phitsanulok.
- Public Health Camp, “San Phan Phun Nam Jai Su Choomchon,” of Mahidol University at Wat Huay Rieng Tai School – in Pichit.
- Volunteer rural development camp of Prince of Songkla University, Phuket Campus at Tub Chaiya Pattana School – Ranong.
- Academic camp of Krasetsart University, Kampangsaeen Campus at Border Patrols School of Ban Huay Nam Pla – in Kanchanaburi.
- “Hing-Hoy,” a volunteer school development camp of the Young Leaders Network at Lad Nua School – Chaiyaphum.
- Volunteer rural school -development camp of Buriram Rajabhat University at Wat Sa Ta Ni Nong Tad School – Buriram.
- Volunteer rural school development camp of King Mongkut’s University of technology North Bangkok at Ban Nam Pla Mung School – Mae Hong Son.
- Volunteer rural school development camp of King Mongkut’s University of technology North Bangkok at Phasuk Prachanukul School – Udonthani.
- “Chuan Nong Purd Prasopkarn,” a Rotaract club of Mahidol University at Ban Dan Yai Pittayakarn School – Udonthani.

7.3 The project of added value from the grout cracking

The company has reused the residual material. In 2013 the pilot project had started at Nonthaburi prison, Tambon Bang Phai, Mueang District, Nonthaburi Province. Donated grout had been sent to the prison for using in professional prisoners’ training to have expertise in tile and be able to get job after being out.

The company indicated that this adding value of cracking grout projects was suitable for vocational training policy and product development of the Department of Corrections. The prisoners would get involved with the training, skills, and experience in career. Besides, the project has promoted prisoners’ self-esteem, creative imagination and taking advantage of time efficiently. It has been a beneficial project, “Grout to Create a Dream ... the Imagination” in the next year.

8. Innovation and Innovation Publicity of Corporate Social Responsibility

To increase energy efficiency

Reducing losses in production processes was done by streamlining clay powder manufacturing, the raw tile kiln and incinerated the finished product to be used most efficiently. Reducing heat loss was conducted by controlling production system with accuracy. Reduction of energy loss, the excess must leave it to the exhaust vent by using modern production technology for accurate mixing proportion of gas and enough oxygen to cause the combustion. There is no excess air, which is to waste fuel and cause the heat lost uselessly.

Factory adjustments to recycle the remaining energy, such as applying heat from a cool range of the kiln, which will leave it to the atmosphere as usual, to be able to be reused at the oven for reducing the use of natural gas to the oven. Using Heat exchanger (Heat Exchanger); a machine that heat is transferred from the exhaust vent to the air, bring good air heat to use in the oven anyway.





Nature of Business

Dynasty Ceramic Public Company Limited was formerly known as Royal Floor Tiles Co., Ltd. Its core business is the manufacture and distribution of ceramic tiles. The Company was founded on 1 August 1989, listed on the Stock Exchange of Thailand on 3 January 1992, and registered as a Public Company on 9 March 1994. Its registered capital was increased to 280 million baht, with capital paid-up at a par value of 10.0 baht per share at 272 million baht, in January, 1995.

At the end of 1997, the Shareholders and Directors of Tile Top Industry Public Co., Ltd, also a manufacturer of ceramic tiles with a factory located close to the Dynasty Ceramic Plant, bought 14.9 million ordinary shares of the company, or 54.82% of the paid-up capital, from the major shareholder which is a securities company. It has invested in more efficient machinery and developed quality and more colorful products. It has also adjusted marketing strategies to focus more on distribution to consumers.

Towards the end of 2000, the Company increased its registered capital to 408 million Baht, comprising 40.8 million shares with a par value of 10.0 Baht per share. The funds were to be utilized for the expansion of production capacity through the purchase of the entire ordinary shareholding in Tile Top Industry Public Co., Ltd from the original shareholders. As a result, the Company acquired the factory of Tile Top Industry Public Co., Ltd. The Company is currently the major shareholder in Tile Top Industry Public Co., Ltd with an equity stake of 96.83%, comprising 408 million shares with a par value of 1.0 Baht per share, of which 81.20 % is held by Thai nationals and 18.80 % by foreigners. (Register closed 31 January, 2014)

Dynasty Ceramic Public Company Limited's core business is the manufacture and distribution of ceramic tiles. It buys all products produced by Tile Top Industry Public Co. Ltd. at a whole-sale price for sale. The Company also purchases sanitary ware and products related to ceramic tiles such as stair components and tile grout for sale through its three subsidiaries, namely Pick and Pay Co. Ltd., Muang thong Ceramic Co. Ltd. and Worldwide Ceramic Co. Ltd, in which the Company invested an equity stake of over 97% in 2005, to operate a retail business in the form of factory outlets. This enables the Company to get closer to its customers, know what they want and understand their ceramic tile purchasing trends. The Company used such information to improve its products and services, resulting in a rise in sales and Its products are exported overseas to countries and regions including Philippine, Malaysia, South Africa, Brunei, the Maldives Indochina, Sri Lanka, Myanmar, New Zealand, Canada, Fiji, Laos, Cambodia, Yemen, Taiwan etc. As at the end of 2013, the Company had 196 branches warehouses nationwide and 3,000 local distributors.

The Ceramic tiles produced by the Company and its subsidiaries comprise

- Floor and wall ceramic tiles under the "Dynasty" trademark
- Floor and wall ceramic tiles under the "Tile Top" trademark
- Floor and wall ceramic tiles under the "Tomahawk" trademark
- Floor and wall ceramic tiles under the "Jaguar" trademark
- Floor and wall ceramic tiles under the "Anna" trademark
- Floor and wall ceramic tiles under the "Value" trademark
- Floor and wall ceramic tiles under the "Mustang" trademark



Significant Changes in 2013

One of the competitive advantages of the Company is ability to adapt quickly to change in the market and economy. In 2013, although there was pressure from increase of labor cost and emerging of modern trade in upcountry, but they cannot hinder the Company from moving forward. Competition in the past was frequently a price war in the industry to compete for sales volume and market share; however in these days, manufacturers and retailers must continuously develop marketing strategies to improve revenue which leads to a new business strategies such as creating unique selling point that differentiate the Company from others. A new technology advancement that was developed in-house has allowed the Company to respond to changes comprehensively in term of differentiating market demand such as in tile design or investment analysis. As a way to adapt to current economic situation, the Company has brainstormed and anticipated to create new innovation referring to practices that focus upon continuous improvement of processes in business management known as Kaizen, or Japanese for improvement, which continually improves all functions using limited budget by making changes and monitoring results. Overall, the year 2013 was considered a preparation to the new changes for the Company, which can be divided into different departments as follows.



Factory

- **Increase production capacity:** Over the past 15 years, the Company has continuously expanded production capacity by adding kilns. Each kiln cost about 140-280 million Baht and able to increase production capacity by about 240,000 square meters per month. The year 2013 was the second year the Company have consecutively progressed production capacity expansion by 5 percent using the existing 20 kilns in 2 factories. This project is called "Production Capacity Maximization"; in which 80 million Baht was invested in 2013 and able to yield additional production capacity by about 5 percent as targeted.

- **Increase variety and value added product:** In order to respond to wider customer base, production team have done researches on new sizes such as 8x12" that has been launched to the market in February 2012 and 16x16" rectify tile and 16x16" digital tile that were introduced to the market later in 2013. These new product has cost of production that are relatively the same with other existing sizes, however they are able to yield higher gross profit margin due to higher selling price.

- **Increase speed of production:** Production team has continuously studied modern production techniques focusing on automation, automation, and sequential in order to increase production efficiency and unlimited adjustable speed of production, and able to support more than 3,000 patterns in production plan to respond to market demand.

- **Develop production efficiency:** The Company has constantly focused on increasing production efficiency. In 2013, production team emphasized on pre-production process in order to eliminate waste time in production line when altering to different designs or sizes; as a result, time consumed in this process was reduced from 20 minutes to 5 minutes.

- **Improve calculation method of production plan:** The Company improves production plan calculation method to adapt to market situation and production capacity of the company by distinguish between best selling and slow moving tiles to calculate proper inventory level of each product and adjust production plan to achieve efficient inventory management.

- **Research on component formula:** Continuing from previous years' research, the Company emphasized on researching on the component formula to be able to heat with lower temperature to reduce energy consumption. As a result, technical department discovered a component which can reduce the temperature usage inside the kiln and decrease of consumption of expensive chemicals used in heating process. According to the reduction plan of natural gas usage of about 6 percent, of which in this year, the company has achieved beyond halfway.

- **Creative project:** The Company is promoting creative project submitted by employees to promote cooperative development in work process and budget saving. Every project that was proposed and successfully implemented received recognition awards.

Head office

- **Improve computer information system:** The Company allocated budget for improving computer system to support growth in numbers of outlets, sales volume, variety of products, and etc. Future growth and efficient utilization of data resources been analyzed based on the principle of information centralization.
- **Improve communication system:** For better and prompt communication within the company, a modern technology was integrated such as news web board, email notification, and instant messaging.
- **Enhance human resource efficiency:** The Company conducted several trainings for employees in all department throughout the year in order to explain about software usage and application as well as to give employee a chance for self-development according to one of the creative project proposals.
- **Improve work process:** For a collaboration and team work within organization, the Company has established policies that underline the importance of each department including development for more efficient working process considering time used in each process. This can improve efficiency and do not require additional labor force.

Outlets

- **Re-branding project:** As a response to a modern trend in the market, the Company has proposed Re-branding project in the 4th quarter of 2012. This project consisted of renovating interior and exterior design of the outlets, change uniform of salesperson, and informative customer service enhancement. In 2013, Re-branding project has completed 23 outlets and planned to complete another 60 outlets in 2014.
- **Expand number of outlets:** In 2013, the Company has added 15 outlets which include both new outlets and replacements of the old one with expired rental contract. It indicated that the Company could have more inclusively expanded areas.
- **Improve customer service quality:** The Company recognizes importance of employees working at outlets by giving training related to product knowledge and service mind.
- **Develop computer information system:** The Company has studied and improved data transmitting in the Company's computer network for more accurate data collection, product order, and delivery status.

All mentioned above are the important components of progressive company growth. Without the cooperation of managers and all employees, these developments would not be possible. The significant objective of the Company is to be the lowest cost producer delivering products that meet industrial standard and acquire in-depth market knowledge that is supported by flexible production plan which is able to correspond to aggressive sales and marketing strategy.



Industrial Conditions and Competition

In 2013, the government significantly impacted Thailand's economy including the implementation of a nation-wide 300 baht per day minimum wage policy which certainly increased labor costs for all businesses, and created the chain of reaction in the country's various industries and business sectors. In addition, rice pledging scheme, one of the government's populist policies, under which the government buys rice from local farmers for a set price above market rates, were severely corrupted by brokers and governors. As a result, local farmers did not receive the complete amount of rice payment, and even worse, a large number of farmers have not been paid by the government due to a huge losses from the program.

Regarding the climate and weather condition, since 2012 until 2013, Thailand did not face any natural disaster, and nevertheless, the country had a suitable climate for agriculture, where there was neither major flood nor drought like in previous years. Farmers were able to produce with high productivity at reasonable prices. However, given the effect from the political influences and government policy, the growth of Thai economy did not make an impressive performance as estimated. The Company forecasted domestic situation and constantly changed our business strategies and operations in correspond to the market condition in each quarter as follows.



Quarter 1/2013

The overall economy in the first quarter showed a bright start from various government policies that enthused consumer spending such as first-car buyer program or rice pledging scheme that guided farmers to believe that global rice price will rise if Thai government stored rice supplies. However, due to these populist policies, as a consequence, household debt has risen, liquidity in the market was reduced, and economic momentum has slipped back.

Considering the positive agricultural economic situation, in which productivity were sufficient and be of good price, the Company decided to raise average selling price by about 5 Baht per meter square for all product sizes in correspond to the market condition and to cover up a recent increase in cost. The rise in prices showed a minimal effect on sales volume of the Company. It only had limited effect to wholesalers as wholesalers have already ordered and stored inventory before price rose and

as DCC is price leader in retail segment, when the Company rose price, competitors and importers rose their prices as well.

The operating result of the first quarter was 2,203 million Baht, an increase of 110 million Baht, or 5% YoY as a result of a 5 Baht per meter square increase, or 4% in an average selling price. The Company's gross profit stood at 40.5%, increase 2% YoY.

Quarter 2/2013

In the second quarter, the economic problems impacted sales of the Company. Generally, 75% of company's sales are generated from home renovation market and the other 25% are from new housing market. Most of the sales of home renovation market are made at outlets; therefore, a drop in sales of this segment in northeastern, southern, and central regions were a consequence of the failure of government's policies such as unpaid rice payment and an excess supply from an unfavorable global demand causing a drop in sugar and rubber prices. On the other hand, in the eastern region where local economy does not rely on agriculture, sales increased significantly by approximately 35%. According to the management's outlet visits and sales report, it can be explained that economy in the second quarter slowed down as an impact from a deceleration in agricultural sector of the country. Nevertheless, various construction sites were seen and the management recognized an opportunity in this market and changed sales strategy to emphasize more on new housing construction project and wholesale accordingly.

Unlike the Company, competitors do not have outlets nationwide, and majority of their sales focus on wholesale or construction projects; therefore when DCC became aggressive in wholesale, other producers reduced price to retain market share. For retail segment, the Company has continuously arranging a promotion campaign with a stricter focus on expense allocation.

The operating result of the second quarter was 1,925 million Baht, an increase of 42 million Baht, or 2% YoY. Average selling price was 133 Baht per meter square, 4 Baht or 4% higher YoY. The Company's gross profit stood at 41.9%, increase 7% YoY.



Quarter 3/2013

The aforementioned government policies have created economic slowdown especially in retail market where mood to spend disappeared in almost every region of the country, except eastern provinces where purchasing power was still high as a result of urbanization such as major road construction in Chonburi that intersects with Sukhumvit Road.

In retail segment, the Company increased frequency of promotion campaigns at outlets from 50-60 outlets to 80-100 outlets per month. From that, sales in retail segment were able to remain constant in comparison with other companies in the industry. Meanwhile, competitors were more active with their promotion campaigns, causing a slight drop in sales of wholesale. As sales declined since second quarter, the Company became more active in the analysis of sales report and expense control, and set strict budget allocation of all department. The Company continuously researched new technology and new design added to the current portfolio, which includes an introduction of new product 16 x 16" Digital and new size of 24 x 24". As a result of a profound market research and cautious investment, the Company was able to manufacture new product size with new technology at a lower cost than competitors, yet able to sell at a value added pricing.

The operating result of the third quarter was 1,714 million Baht, a decrease of 63 million Baht, or 4% YoY. Average selling price was 132 Baht per meter square, 4 Baht or 3% higher YoY. The Company's gross profit stood at 41.4%, increase 5% YoY.

Quarter 4/2013

Political conflicts spread widely in Thailand as a failure of government policy. The main highway was blocked in several provinces from mass protest such as rubber farmers in the south who demand assistance from the government due to the falling rubber prices in the global market, various groups of political demonstrators in Bangkok, and rice farmers who protest for the government's payment for rice produced and delivered under the rice pledging scheme in northeast, north, and central. All these protests directly affected economy as it spoiled the mood to spend for private consumption and decelerated construction project's progress due to lack of cash flow. The blockade affected all traffic and logistics between Bangkok and other provinces

and these news have been broadcasted by foreign press causing negative investor sentiment towards Thailand. This quarter has been a difficult time for many businesses due to political uncertainty; however the Company was aware of the situation and focused more at wholesale, a segment which the Company was not much involved, by giving volume discount and achievable sales target to local agents.

The operating result of the fourth quarter was 1,704 million Baht, a decrease of 147 million Baht, or 8% YoY. Average selling price was 132 Baht per meter square, 5 Baht or 4% higher YoY. The Company's gross profit stood at 40.5%, increase 5% YoY.

Moreover, the continuous improvement on information system in the last seven years has allowed the Company to be able to collect sales data on a daily basis and analyze the data in order to make timely changes to marketing and sales strategy as necessary. Overall in 2013, it can be summarized that a downturn in the economy is significantly impacted by the huge financial burden caused by the government's populist policies. In the Company's view, the economic crisis will be temporary as the agricultural sector will be able to recover within a year period if rice farmers are able to collect payment from the government or if there is higher demand in the global market for other crops. Other infrastructure investment projects are

on-going as new road constructions can still be seen in many provinces, and urbanization and residence construction often led by road construction. In summary, the current economic slowdown should not last long and once political situation is resolved, consumers will eventually spend again.

Operating Result for the Year 2013

The operating result of the year 2013 was 7,546 million Baht, a decrease of 57 million Baht, or 1% YoY. Average selling price was 132 Baht per meter square, 4 Baht or 3% higher YoY. The Company's gross profit stood at 41.1%, increase 5% YoY and net profit was 1,298 million Baht, increase 33 million Baht or 3% YoY.

Plan and Strategies for 2014

In the previous year, the Company had successfully retained market share in upcountry, and in this year the Company will continue using strategy of adding value to our products which includes launching new product, re-branding of the outlets, and customer service improvement in order to increase market share in the mid to upper segment focusing on the market in the major commercial provinces. The framework and strategy are summarized as follows

Focus on Construction Project of All Sites

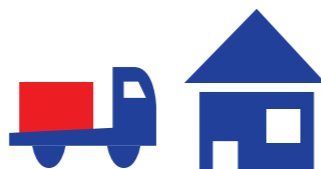


contractors and architectures

- Focus on construction projects of all size specifically with contractors and architectures
- Focus on wholesale especially with OEM products
- Focus on wholesale by utilizing our outlets as wholesale hub in major commercial provinces to increase efficiency and reduce delivery time to wholesalers

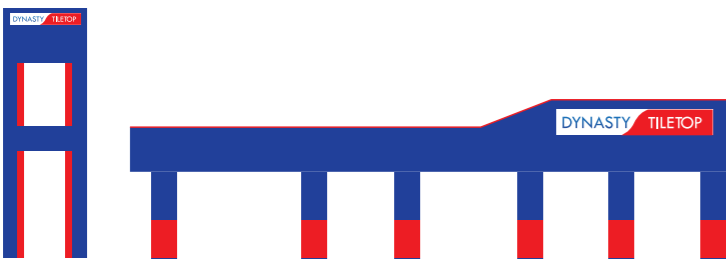


OEM



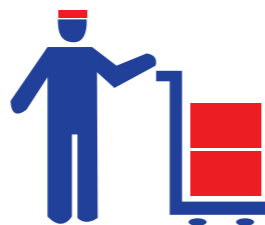
wholesale

Rebranding



Rebranding

- Rebrand 60 outlets in 2014
- Expand warehouse area of outlets located at strategic locations in preparation for AEC debut
- Increase customer service quality of salesperson at outlets



Increase customer service quality

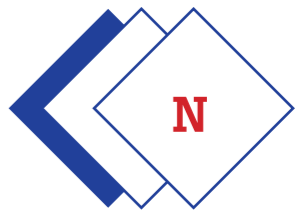
Sales Data Analysis



Analyze sales data



Add value



new designs

- Analyze sales data in both retail and wholesale channels comprehensively
- Add value to existing products using various media channels
- Come up with new designs to add variety and to apply to various usage

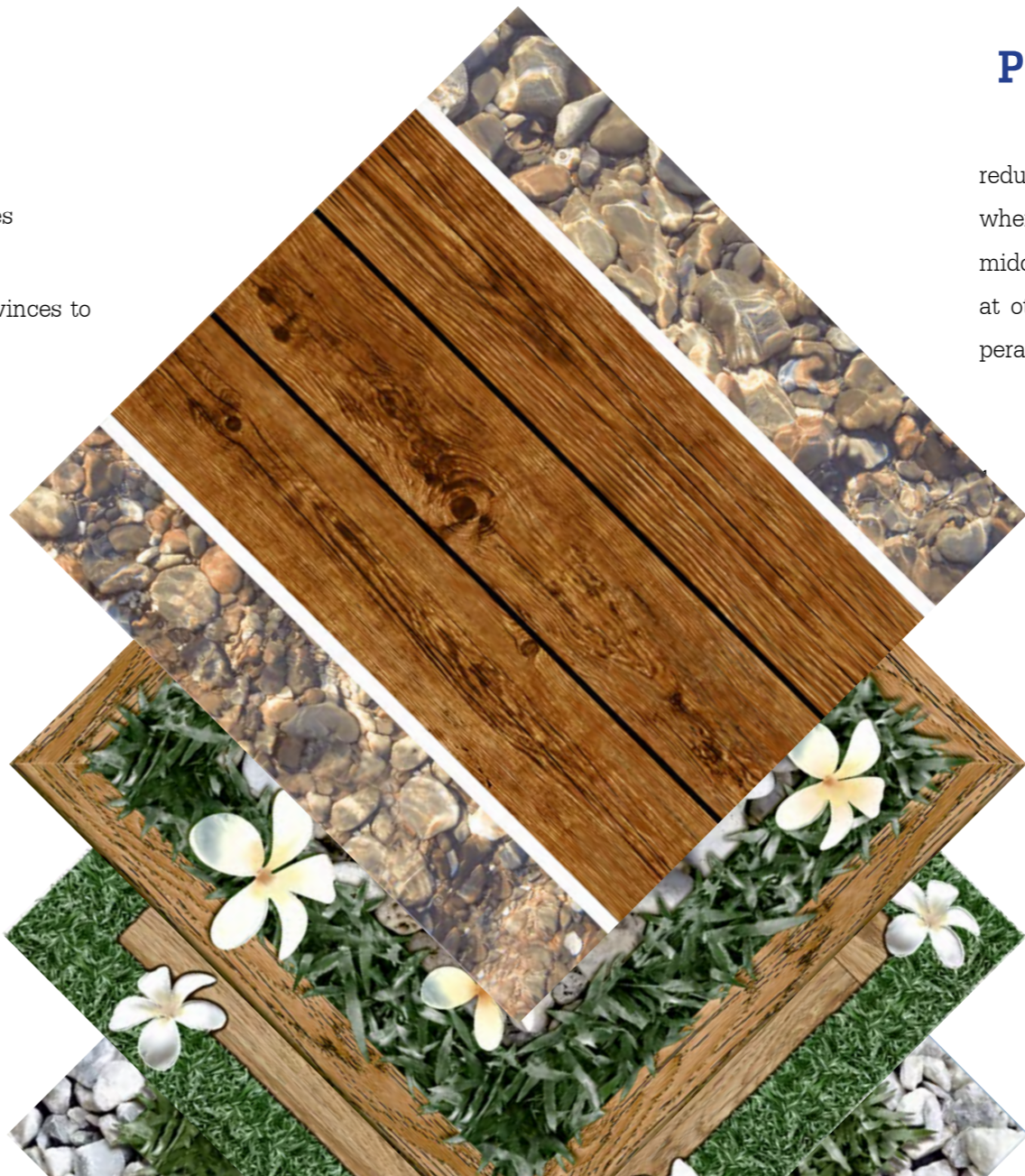
Production

For production, the Company has emphasized on reducing cost of production especially with energy cost, where the Company has studied on the reuse of heat in middle of the kiln where temperature is the highest to use at other step of production line that requires lower temperature.

The expected targets of 2014

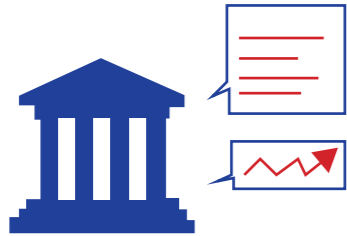
- Increase of average sales price from 132 Baht to 39 Baht
- Sales volume growth at 8 percent
- Gross profit at 43 percent
- Increase production capacity by 5 percent
- Expand 5 new outlets
- Reduce employees at factory by about 5 percent
- Reduce short-term loan

In correspond to the expected targets and framework, the Company has enhanced organization structure by delegating authority and responsibility to lower level management to encourage them to their fullest potential.



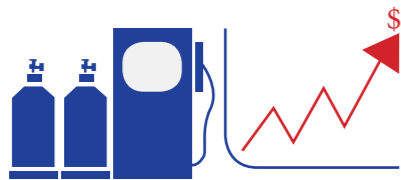
Risk Factors

The Company has conducted preliminary risk assessment by the Management Committee and established Risk Management and Business Continuity Committee to monitor and analyze impacts that could occur in the future in both short and long term as well as to initiate risk control measurements to reduce risk in the following topics.



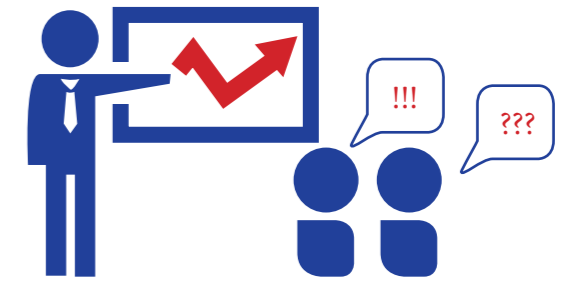
1.The risk of government policy

In Thailand, the political influence is highly fluctuated and risky especially the populist policies campaigned by political parties to win the general election rather than for the country's development. These populist policies often were not carefully considered and lack of understanding of business nature. However, with skill and experience of the management team, the Company is volatile and flexible to political changes and able to adapt to any economic hardship as proven in the past. As a result, the Company is dependent, despite of the increase in various costs from changes in government policy.



2.The risk of cost of energy

Generally, natural gas price is fluctuating in relative to global oil price by approximately after 3 months; however this concept does not apply for natural gas price in Thailand as natural gas in the country is monopolized by PTT Public Company Limited, a state-owned and listed oil and gas company. As there is no substitute for natural gas and price is fluctuated, the Company has focused on reducing the consumption of natural gas in our production by developing a new mixture in order to reduce the use of natural gas. This year the Company has the fifth generation of mixture that combines chemicals which are less expensive and also help to reduce the temperature inside the kiln. With these, the company can reduce the risk of natural gas price even further.



3.The risk of accidents and business continuity

In 2012, the company has studied the Business continuity plan, or the plan and action procedure to follow when an accident or unexpected event occurs in order to resume normal business operation as soon as possible. The management committee has considered all possibilities using what-if analysis and provided support and backup plans such as the preparation of the operational reserve facility or "Disaster Recovery Site", backup equipment and computer equipment ready to be replaced when malfunction.

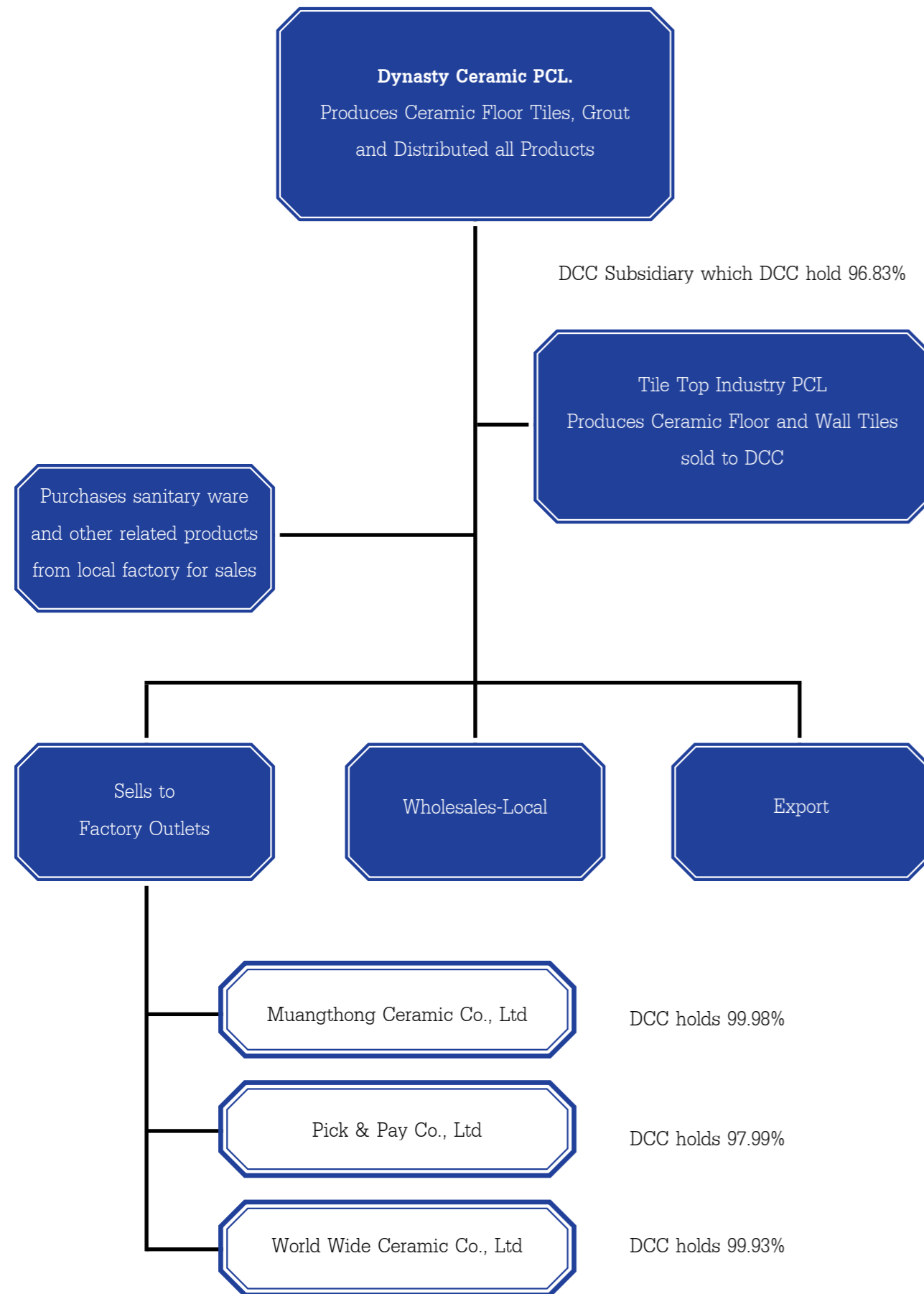


4.The risk of natural disaster

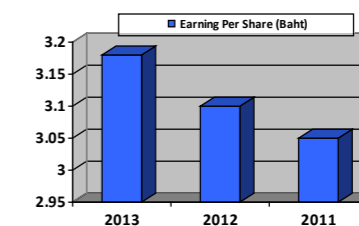
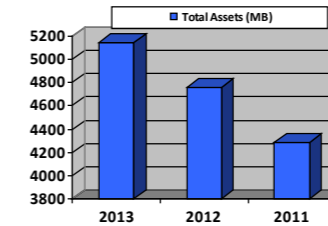
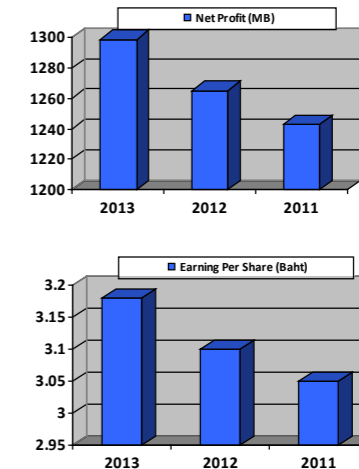
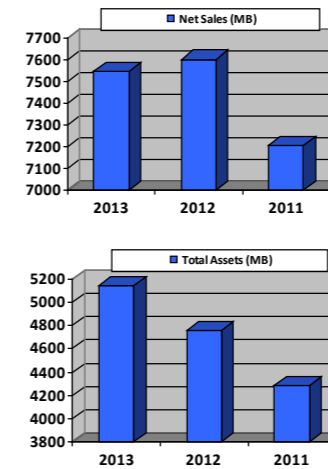
As Thailand climate is controlled by tropical monsoons, the weather in Thailand is generally hot and humid across most of the country throughout most of the year making it suitable for agriculture. Thus, various regions of the country are prone to seasonal flash-flooding, yet the Company has made insurance for outlets and prepared a guideline and procedure to follow during and after the disaster.

These risk factors are an important part of the Company and the Risk Management Committee has studied in other related areas carefully and continuously in order to serve customers, partners, investors and employees with confidence.

ORGANIZATION STRUCTURE



FINANCIAL HIGHLIGHTS



(Million Baht)

CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME	Y2013	Y2012 (Restated)	Y2011
Total Revenues	7,564	7,638	7,227
Net Sales	7,546	7,603	7,207
Gross Profit	3,099	2,978	3,066
%Gross Profit	41.1	39.2	42.5
Selling & Admin. Expenses	(1,456)	(1,349)	(1,277)
Net Profit Before Interest & Depreciation	1,892	1,842	1,976
Net Profit	1,298	1,265	1,243

CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y2013	Y2012 (Restated)	Y2011 (Restated)
Total Assets	5,140	4,877	4,383
Total Liabilities	2,379	2,080	1,635
Total Shareholders' Equity	2,761	2,797	2,748

FINANCIAL RATIO	Y2013	Y2012 (Restated)	Y2011 (Restated)
Earning Per Share - Baht	3.18	3.10	3.05
Net Profit / Total Revenues - %	17.16	16.56	17.20
Debt Equity Ratio	0.86	0.74	0.59
Return on Total Assets - %	25.25	25.94	28.36
Return on Equity - %	47.01	45.23	45.23
Booked Value - Baht	6.77	6.86	6.74
Dividend Per Share - Baht	3.18	3.08	3.05
Dividend Yield - %	100	99.4	100

Shareholding Structure

Shareholders : Shareholding structure (10 major shareholders) as of 31 January 2014

Ranking No.	Shareholder name	No. of Share	% of shareholding
1	Mr. Roongroj Saengsastra	100,000,000	24.51
2	CREDIT SUISSE AG,SINGAPORE BRANCH	36,000,000	8.82
3	Mr. Vibul Vadcharasurang	35,205,110	8.63
4	Mr. Chaiyasith Viriyamettakul	20,460,000	5.02
5	Mr. Maruth Saengsastra	20,000,000	4.90
6	Mr. Monrak Saengsastra	20,000,000	4.90
7	Mr. Suvit Smarnphanchai	12,892,000	3.16
8	STATE STREET BANK EUROPE LIMITED	12,603,351	3.09
9	Miss Cattleya Saengsastra	11,000,000	2.70
10	Krungsri Dividend Stock LTF	10,362,800	2.54
Total 10 major shareholders		278,523,261	68.27
Total number of shares		408,000,000	100.00

Shareholding Structure of the Subsidiaries

1. Tile Top Industry Public Company Limited

Company/individual shareholder name	No. of shares	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	21,495,906	96.83
2. Kiatnakin Bank Public Co.,Ltd.	300,000	1.35
3. Thailand Asset Management	400,000	1.80

2. Pick and Pay Company Limited

Company/individual shareholder name	No. of shares	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	117,593	97.99
2. Mr. Roongroj Saengsastra	1	0
3. Miss. Cattleya Saengsastra	1	0
4. Mr. Monrak Saengsastra	1	0
5. Miss. Sonthaya Yoawalee	1	0

3. Muangthong Ceramic Company Limited

Company/individual shareholder name	No. of Share	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	44,933	99.98
2. Mr. Roongroj Saengsastra	1	0
3. Miss. Cattleya Saengsastra	1	0
4. Mr. Monrak Saengsastra	1	0
5. Miss. Sonthaya Yoawalee	1	0

4. World Wide Ceramic Company Limited

Company/individual shareholder name	No. of Share	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	9,993	99.93
2. Mr. Roongroj Saengsastra	1	0
3. Miss. Cattleya Saengsastra	1	0
4. Mr. Monrak Saengsastra	1	0
5. Miss. Sonthaya Yoawalee	1	0

Securities of Dynasty Ceramic Public Co., Ltd Consist of;

- Registered, issued and paid-up capital comprising 408 million shares
- Par value of 1 Baht per share, representing a total value of 408 million Baht.
- 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

As of 31 December 2013, the Company's investments in ordinary shares of subsidiaries are as follows:

Company's name	Authorized Share Capital (Baht)	Issued and Paid-up share capital (Baht)	Par value per share (Baht)	Holding (%)	Cost Method (Baht)	Investment in other companies
Subsidiaries companies:						
Tile Top Industry Public Co., Ltd	300,000,000	222,000,000	10	96.83	109,479,530	None
Pick and Pay Co., Ltd	12,000,000	12,000,000	100	97.99	12,519,986	None
Muangthong Ceramic Co., Ltd	4,500,000	4,500,000	100	99.98	4,790,334	None
World Wide Ceramic Co., Ltd	1,000,000	1,000,000	100	99.93	1,063,937	None
Total	317,500,000	239,500,000			127,853,787	

Remuneration for the Directors, Executive Directors and Audit Fee

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 2013.

Remuneration Committee and Sub-Committees in the year 2013 According to the year 2013 Annual General Meeting of Shareholders of the Company approval of the Remuneration Committee. Details are as follows.

Name of Board Members	Dynasty Ceramic PCL.			Tile Top Industry PCL.		
	Board Meeting Allowance	Committee Meeting Allowance	Director Fee	Board Meeting Allowance	Director Fee	Total
1.Mr.Roongroj Saengsastra	300,000	-	600,000	240,000	300,000	1,440,000
2.Mr.Yothin Juangbhanich	250,000	300,000	300,000	-	-	850,000
3.Mr.Surasak Kosiyajinda	250,000	250,000	300,000	-	-	800,000
4.Mr.Phachon Khachitsarn	250,000	250,000	125,000	-	-	625,000
5.Mr.Sanchai Janejarat	250,000	-	600,000	200,000	300,000	1,350,000
6.Mr.Chaiyasith Viriyametakul	250,000	-	300,000	-	-	550,000
7.Mr.Suvit Smarnpanchai	250,000	-	300,000	-	-	550,000
8.Mr.ChanaSuthiwangcharoen(1)	-	-	600,000	-	300,000	900,000
9.Miss Cattleya Saengsastra	250,000	-	600,000	200,000	300,000	1,350,000
10.Mr.Monrak Saengsastra	250,000	-	-	200,000	300,000	750,000
11.Mr.Maruth Saengsastra (2)	-	-	-	200,000	-	200,000
Total	2,300,000	800,000	3,725,000	1,040,000	1,500,000	9,365,000

(1) Mr. Chana Suthiwangcharoen resigned as a director of DCC and a director of TTOP on December 31, 2012

(2) Mr. Maruth Saengsastra appointed as director of TTOP (subsidiary) by the Board of Directors of TTOP No.1/2013 on 10 January 2013

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 two parts.

1.The meeting (Attendance Fee) 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.

2. Performance based compensation (Incentive Fee) is extra compensation paid to directors once a year. By linking the value created for shareholders as the company's book value or the dividends paid to shareholders, etc.

For the year 2014 the Board of Directors has considered that the directors' remuneration shall be determined to the directors equaled to the same as last year as follows:

	Y2014	Y2013
	Baht / Meeting / person	Baht / Meeting / person
1. Remuneration to the chairman and chairman of the audit committee	60,000	60,000
2. Remuneration to the chairman of Nomination and Remuneration Committee and Risk management Committee (only the outside director)	40,000	40,000
3. Remuneration payable to each of the director and audit committee	50,000	50,000
4. Remuneration sub-committee (only the outside director)	30,000	30,000
	Y2013	Y2012
5. Annual bonus payable to all directors (Baht/person)	300,000	300,000
6. Annual bonus payable to all managing directors (Baht/person)	300,000	300,000

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as from January 28, 2014.The Annual bonus is paid in fix amount from the Company's operation account on 30 April 2014.

Executives’ Remuneration

Dynasty Ceramic 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 of 31 December		Monthly salary / bonus / provi- dent fund/benefits (MB)		
	2013	2012	2013	2012	Increase (decrease)%
Dynasty Ceramic PCL.	7	7	26.71	29.76	(10 %)
Tile Top Industry PCL.	4	4	11.18	10.69	5 %
Pick and Pay Co.,Ltd.	2	1	0.88	0.50	76 %
Muangthong Ceramic Co.,Ltd.	2	1	0.88	0.50	76 %
Worldwide Ceramic Co.,Ltd.	-	-	-	-	-
Total	15	13	39.66	41.45	(4 %)

The Company 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 2013, compared to 2012, is as follows:

Company	Total employee remuneration In 2013 (MB)			Total employee remuneration In 2012 (MB)			Remunera- tion Increase (decrease)%
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	227.86	42.68	270.54	193.55	36.40	229.95	18 %
Tile Top Industry PCL.	260.74	12.97	273.71	218.81	11.78	230.59	19 %
Pick and Pay Co.,Ltd.	122.16	-	122.16	105.10	-	105.10	16 %
Muangthong Ceramic Co.,Ltd.	78.42	-	78.42	67.47	-	67.47	16 %
Worldwide Ceramic Co.,Ltd.	54.59	-	54.59	42.99	-	42.99	27 %
Total	743.77	55.65	799.42	627.92	48.18	676.10	18 %

Number of employees for the Company and its subsidiaries as of 31 December, 2013, compared to a year earlier, is as follows:

Company	No. of Employees In 2013			No. of Employees In 2012			% Increase (Decrease)
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	656	102	758	742	97	839	(10 %)
Tile Top Industry PCL.	751	14	765	868	14	882	(13 %)
Pick and Pay Co.,Ltd.	598	-	598	569	-	569	5 %
Muangthong Ceramic Co.,Ltd.	380	-	380	369	-	369	3 %
Worldwide Ceramic Co.,Ltd.	270	-	270	257	-	257	5 %
รวม	2,655	116	2,771	2,805	111	2,915	(5 %)

Audit Fee (Quarterly Financial Statements and Annual Financial Statements)

Company	Proposed for Y2014*	Y2013	% Increase (Decrease)
Dynasty Ceramic PCL.	1,377,500	725,500	90 %
Tile Top Industry PCL.	415,000	425,000	(2 %)
Pick and Pay Co.,Ltd. **	75,000	380,000	(80 %)
Muangthong Ceramic Co.,Ltd. **	62,500	315,000	(80 %)
Worldwide Ceramic Co.,Ltd. **	50,000	185,000	(73 %)
Total Audit Fee	1,980,000	2,030,000	(2 %)

Audit Report Summary	Y2013	Y2012	Y2011
Auditor / Registration	Mr. Somckid Tiatragul /2785	Mr. Somckid Tiatragul /2785	Miss Kannika Wipanurat /7305
Auditing Office	Grant Thornton Co.,Ltd.	Grant Thornton Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

During the past year DCC 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 2014, The Audit Committee proposed the same Auditors from Grant Thornton Co.,Ltd. to the Board of Director for approval from The Shareholders' Meeting 1/2014

** Resolution of the Board of Directors no.1/2014 held on January 28, 2014 has approved group restructuring by Entire Business Transfer of three of the Company's subsidiaries, which the Company has a holding of more than 97% of the stock, consisting of Pick & Pay Co.,Ltd, Muangthong Ceramic Co.,Ltd, and Worldwide Ceramic Co.,Ltd with an intention to reduce interrelated work process and general and administrative expenses. The Board of Directors has adopted the resolution to propose the matter to be approved at the General Meeting of Shareholders 2014.

Management structure

Comprises 5 committees and 1 management team that is

- 1. The Board of Directors
- 2. The Audit Committee
- 3. The Nomination and Remuneration Committee
- 4. Risk Management and Business Continuity Committee (RMBC)
- 5. The Executive & Corporate Governance Committee

1.Board of Directors

The Board of Directors comprises 9 members

1.Mr. Roongroj	Saengsastra	Chairman
2.Mr. Sanchai	Janejarat	President
3.Ms. Cattleya	Saengsastra	Executive Director and Company’s Secretary
4.Mr. Monrak	Saengsastra	Executive Director Administration
5.Mr. Yothin	Juangbhanich	Independent Director and Chair of Audit Committee
6.Mr. Surasak	Kosiyajinda	Independent Director and Audit Committee
7.Mr. Phachon	Khachitsarn	Independent Director and Audit Committee
8.Mr. Chaiyasith	Viriyamettakul	Director
9.Mr. Suvit	Smarnphanchai	Director

All Directors have a number of duties and responsibilities, which include the following:

- 1. Directors should have sufficient access to financial and other business information to perform their duties effectively.
- 2. Directors should regularly attend every Board meeting, including committee meetings, raise essential questions to protect and ensure the rights and interests of DCC’s shareholders and other stakeholders, and ensure that the Company complies with best practices.
- 3. Directors should have the ability and display the willingness to learn DCC’s business and express their views independently by dedicating sufficient time and attention to all substantive issues.
- 4. Non-executive directors are not expected to stay in their positions beyond a certain time limit. However, the difficulties of finding appropriate replacements, the benefits of the working relationship built up over the years within the Board and their understanding of the business are taken into account. While no time limits were formally established, the policy on director terms is that non-executive directors are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise, unless there are justifiable reasons for their continuity, taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to DCC. As a matter of principle, DCC limits the number of active boards on which our Directors may sit to ensure that they have sufficient time to devote to DCC business affairs.

1.1 Executive Director

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

1.2 Independent Director

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

The main qualifications of an independent director include:

- 1. They must not hold more than 1 percent, including shares held by a related person, of the issued shares of DCC, its subsidiary, affiliate, or related company. To act as a member of the Audit Committee, the ownership restriction must not exceed 0.5 percent.
- 2. They must not be or have previously been directors who take part in management of DCC, an employee, a staff, a major shareholder of DCC, member or advisor who receives a regular salary, or a controlling person of DCC, its subsidiary, affiliate, related company, or same-level subsidiary unless they have not been involved in such positions for at least two years prior to the date of appointment. Such business relationship shall not be inclusive of the independent director who has previously been an officer or a consultant in a government sector who is a major shareholder or a controlling person of DCC.
- 3. They must be free of any direct or indirect, financial or other interests in the management and business of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person in a way that might interfere with their independent opinions, and neither being nor having been a significant shareholder, or a controlling person having business relationship with DCC, its subsidiary, affiliate, related company, or a major shareholder of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.
- 4. They must not be related to any executive director, executive officer, controlling person, or major shareholder no matter by blood or registration under laws such as parents, spouse, siblings, and children, including the spouse of the children, executives, major shareholder, controlling person, or persons to be nominated as executive or controlling person of DCC or its subsidiary.
- 5. They must not be a director who has been appointed as a representative of DCC’s director, major shareholder, or shareholders who are related to DCC’s major shareholder.
- 6. They must not be or have previously been an auditor of DCC, its subsidiary, affiliate, related company, a major shareholder, a controlling person of DCC, and not being a significant shareholder, a controlling person or a partner of an audit firm which employs auditors of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person having business relationship with DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.
- 7. They must not be or have previously been persons who provided any professional advice and services, such as legal adviser or financial consultant, who receives service fees more than Baht 2 million per annum from DCC, its subsidiary, affiliate, related company, a major shareholder, or a

controlling person of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

8. They must not operate any business which has the same nature as and is in competition with the business of DCC or its subsidiary, or not being a significant partner in any partnership, or not being an executive director, employee, staff, or an advisor who receives regular salary; or holding shares exceeding one percent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of DCC and its subsidiary.

9. They must not have any other characteristics or qualifications which might interfere with their independent opinions on DCC's business operations.

2. Audit Committee

The Audit Committee comprised 3 members

- 1.Mr. Yothin Juangbhanich
- Independent Director and
Chairman of the Audit Committee
- 2.Mr. Surasak Kosiyajinda
- Independent Director and Audit Committee
- 3.Mr. Phachon Khachitsarn
- Independent Director and Audit Committee

And Ms. Somruthai Boonyarit , Chief Internal Auditor as a Secretary.

Mr. Yothin Juangphanich is one of the Audit Committee who has knowledge and experience in accounting and financial background which can share experience and suggestion to the Audit Committee. All members of Audit Committee are Independent Director. During the year that ended on 31 December 2013, the Audit Committee convened 5 meetings. There was a full attendance record.

The Audit Committee have a meeting every quarter and at least once a year will have the meeting with external Auditor or The Risk Committee together with The Internal Audit Manager separately without any management in attendance.

The AC has full-delegated authority from the Board to perform its tasks, which include systematic monitoring and obtaining assurance that the legally required standards of disclosure and executive limitations relating to financial matters are being observed. Forward agendas are set each year to allow the AC to monitor management on the financial risks identified in DCC's annual business plan. The Chairperson reports on the Audit Committee's activities to the Board meeting.

The Scope of duties and responsibilities of the Audit Committee are as follow

1. Review the accuracy and completeness of financial statements
2. Review the adequate and effectiveness of the Internal Control System and the Internal Audit Systems. Also reviewed the independence of the Internal auditor and considered the nomination and appointment or rotation of the Internal auditor and related party.
3. Review the compliance with Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other relevant laws including Securities and Exchange acts.

4. Consider the independence, performance and services of the external auditor, nomination and appointment of the external auditor and reviewed the annual audit fee including settled at least 1 a year private meeting with the External Auditor without management from the Company.

5. Review connected transactions executed by the Company with related parties who were considered as having a conflict of interest, and reviewed the sufficiency of the disclosure of these transactions in accordance with the requirements of the Stock Exchange of Thailand.

6. Prepare Report of the Audit Committee by disclosing in the Company's annual disclosure form (Form 56-1) and Annual Report (Form 56-2), whereas the report must be signed by the Chairman of the Audit committee and include the following information

- (A) The opinion of the Committee on the financial reports of the Company for their correctness, completeness and reliability.
- (B) The opinion of the Committee on the sufficiency of internal controls of the Company.
- (C) The opinion of the Committee as to the Company's abiding by the laws and regulations of the Securities, the Office of the SEC and the SET, and other relevant laws concerning business operations of the Company.
- (D) The opinion of the Committee concerning suitability of the external auditor.
- (E) The opinion of the Committee concerning connected transaction.
- (G) The opinion or comment that the Committee receives from complying with the Charter.
- (H) The presentation of any other reports or pertinent information that is deemed appropriate for shareholders to know within the scope of duties and responsibilities as assigned to the Committee by the Board of Directors.

7. to review the adequacy and effectiveness of policies related to the Company's risk management.
8. to review management and employees to ensure that all are acknowledged of the policies and comply with the codes of conduct as well as the written anti-corruption policy of the Company.
9. to perform any other act as assigned by the Company's board of directors, with the approval of the audit committee.

3. Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprised 4 members

- 1.Mr. Roongroj Saengsastra
- Chairman of the Nomination and Remuneration
Committee
- 2.Mr. Sanchai Janejarat
- Nomination and Remuneration Committee member
- 3.Mr. Monrak Saengsastra
- Nomination and Remuneration Committee member
- 4.Mr. Maruth Saengsastra
- Nomination and Remuneration Committee member

And Ms. Supaporn Meephatra, VP Accounting as a Secretary.

The Nomination and Remuneration Committee's scope of Responsibilities includes

1. Determine the process and criteria for the selection and qualification of candidates nominated in accordance with the structure, size, and composition of the Board as the Board prescribes.

2. Review and make recommendations to the Board on all candidates nominated (whether by the Board, shareholders, or otherwise) for appointment to the Board, taking into account the candidate's track record, age, knowledge, experience, capabilities, the number of previously held board positions, and other relevant factors.

3. Identify and make recommendations to the Board as to the Directors who are to retire by rotation and to be put forward for re-election at each AGM, having regard to the Directors' contribution and performance, such as their attendance, preparedness, participation.

4. Assess annually whether or not a Director is independent or a new independent Director meets the requirements prescribed by laws or relevant regulations.

5. Ensure that, in connection with the re-election of Directors at an AGM, sufficient information is provided to the shareholders so as to enable them to make an informed decision.

6. Identify and nominate candidates for the approval of the Board to fill vacancies in the Board and sub-committees as and when they arise.

7. Review all candidates nominated for appointment as Chairman or President and Chief Executive Officer.

8. Review and make recommendations to the Board regarding the Board structure, size, composition, and core competencies, taking into account the balance between executive and non-executive Directors and between independent and non-independent Directors, and having regard at all times to the principles of corporate governance at least once every financial year.

9. Procure that at least one-third of the Board shall comprise of independent Directors or such other minimum proportion and criteria as prescribed by laws or relevant regulations.

10. The Chairman, in consultation with the NC, will act on the results of the performance evaluation, and where appropriate, propose new members to be appointed to the Board or seek the resignation of Directors.

11. Propose guidelines and methods of payment of remuneration, including bonus and attendance fee, to the Board of Directors and the committees appointed by the Board.

12. Support a channel for minor shareholders to propose a candidate to be a Director

13. Propose policy on management incentives, including salary and bonus, in line with the Company's operating results, and the performance of each executive. Prior to submission of the president's remuneration for the Board of Directors' approval, the Remuneration Committee shall assess the president's performance on an annual basis.

14. Prior to the submission of remuneration of each top executive for the Board of Directors' approval, the Remuneration Committee shall assess the performance of each top executive on an annual basis, based on the president's recommendations.

15. Consider, before presenting to the Board of Directors, the budget for the salary increase, change of wage/remuneration, and bonus of top executives.

16. Regularly review, study, and track the changes and trends in remuneration for the Board of Directors and top executives, and report findings to the Board for approval.

17. Consider the annual remuneration for the Board of Directors and top executives, as compared

to the remuneration offered by other listed companies operating in the same business, to ensure that DCC retains its leadership in that industry and to motivate them to foster the Company's continuing development.

Assess the Remuneration Committee's performance and report the results to the Board of Directors.

- 1.Should there be any alteration to the Charter, the Remuneration Committee shall review and recommend appropriate improvements and revisions to the Board of Directors for its resolution in keeping it up-to-date and applicable.
- 2.Perform other duties as assigned by the Board of Directors. To fulfill its duties under its scope of authority, from independent consultants or specialists, as deemed appropriate, at the Company's expense.
- 3.To evaluate each performance should be done both quantitative and qualities upon the benchmark of index of evaluation and performance.
- 4.Clarify the Policy of remuneration most clearly to all relative person and Shareholders.

Board of Directors of DCC, based on recommendations by the Nomination and Remuneration Committee, also sets the remuneration for senior management. These amounts take into consideration the responsibility of such executives, and their past, current, and anticipated contributions to DCC. To the extent possible, such compensation will reflect the relative compensation level for senior executives in the market.

Remuneration for the Board, the Board Committees, and Senior Executive Officers comprise of salary and bonus and long term remuneration such as Provident Fund and other intensives

4.Risk Management and Business Continuity Committee (RMBC)

The Risk Management and Business Continuity Committee (RMBC) comprised 5 members		
1.Mr. Sanchai	Janejarat	Chairman of the Risk Management and Business Continuity Committee
2.Mr. Monrak	Saengsastra	RMBC's member
3.Mr. Maruth	Saengsastra	RMBC's member
4.Ms. Somruthai	Boonyarit	RMBC's member
5.Mr. Jaruwat	Traithavil	RMBC's member and Secretary

The Risk Management and Business Continuity Committee main task included;

- 1. Reviewing the effectiveness of the Enterprise Risk Management system within the Group and be assured that material risks are identified and appropriate risk management processes are in place, including the formulation and subsequent updating of appropriate Group policies.
- 2. Evaluating the adequacy and effectiveness of administrative, operating, and accounting controls used by the Group.
- 3. Reviewing actual and potential material risk exposures.
- 4. Promoting and providing support to the execution of risk management program within the Group.
- 5. Monitoring the implementation of business unit and corporate risk management plans.

- 6. Reviewing business contingency planning processes within the Group and be assured that material risks are identified and appropriate contingency plans are in place.
- 7. Regularly coordinating with the Audit Committee by sharing information about risks and internal control potentially affecting the Company’s business.
- 8. Deciding and providing recommendations on critical issues obtained from the risk management process.

5.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	Janejarat	Executive Director
3.Ms. Cattleya	Saengsastra	Executive Director and Secretary
4.Mr. Monrak	Saengsastra	Executive Director
5.Mr. Maruth	Saengsastra	Executive Director

Scope and Authority of Executive Board

- 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 Board of Directors Meeting No.3/1998 resolved to appoint Ms. Cattleya Saengsastra to be the Company’s secretary from February 23, 1998 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.

Management Team

The management team comprised of 14 members

1.Mr. Sanchai	Janejarat	President
2.Mr. Monrak	Saengsastra	Executive Director Administration
3.Mr. Maruth	Saengsastra	Senior Executive VP Marketing / VP

		Information Technology and Investor Relation
4.Ms. Sontaya	Yaowalee	Senior Executive VP Outlets and Support
5.Mr. Suthee	Boonnak	Senior VP Technical
6.Mr. Jaruwat	Traithavil	Senior VP Production/ VP Production-TTOP
7.Mr. Aroon	Nutchayagrul	VP Factory Administration
8.Mr. Chauwalit	Pidthong	VP Production-DCC
9.Mr. Somnuek	Suriyagrul	VP Engineering-DCC/TTOP
10.Mrs. Pobkhum	Kaosaiyanant	VP Administration
11.Ms. Porntip	Pengtako	VP Branch Accounting
12.Ms. Supaporn	Meephatra	VP Accounting
13.Ms. Bongkot	Sittikornprasart	Analysis and Audit Manager/ Investor Relations Assistant
14.Ms. Somruthai	Boonyarit	Chief Internal Auditor and Secretary

The management team is appointed by the Managing Director and assigned to oversee performance defers to the plans and budget approved by the Board of Directors.

Over the past year, the management team held monthly meetings to consider and screen monthly reports of operation results compared to the business plans and policies established by the Executive Board. It is also responsible for monitoring the operations of each department and suggesting measures for prevention of potential risks.

Board Meetings

The Board of Directors is generally required to meet at least 5 times a year. Special meetings are convened as necessary to address specific needs. Principal meeting agendas were: consideration of DCC's strategic direction, annual business plan and budget, quarterly financial reports, and significant acquisition and disposal of assets. The Company Secretary ordinarily prepares and circulates the agenda at least seven days before each meeting and relevant documents at least seven days before each meeting to allow Board members time to consider the issues.

The Company Secretary records the minutes, which are ordinarily circulated to the Board members next meeting. The minutes are adopted at the next subsequent meeting and are kept for scrutiny by the Board members and other concerned parties. The Board of Directors requires all members to devote sufficient time to the work of the Board of Directors, to perform the duties and responsibilities of Directors, and to use their best endeavors to attend meetings.

Details of attendance records are shown in the following table

Name Of Directors	Dynasty Ceramic PCL		Tile Top PCL Board Of Director 5 Person Total 4 times	Shareholder's Meeting 9 Person As of 23 April 2013
	Board Of Director 9 Person Total 5 times	Board Of Audit Committee 3 Person Total 5 times		
1. Mr.Roongroj Saengsastra	5/5	-	4/4	1
2. Mr. Yothin Juangbhanich	5/5	5/5	-	1
3. Mr. Surasak Kosiyajinda	5/5	5/5	-	1
4. Mr. Phachon Khachitsarn	5/5	5/5	-	1
5. Mr. Sanchai Janejarat	5/5	-	4/4	1
6. Mr. ChaiyasithViriyamettakul	5/5	-	-	1
7. Mr. Suvit Smarnphanchai	5/5	-	-	1
8. Miss Cattleya Saengsastra	5/5	-	4/4	1
9. Mr. Monrak Saengsastra	5/5	-	4/4	1
10.Mr. Maruth Saengsastra (1)	-	-	4/4	-

(1) Mr. Maruth Saengsastra appointed as director of TTOP (subsidiary) by the Board of Directors of TTOP No.1/2013 on 10 January 2013

Board Assessment

The Board of Directors is composed of 9 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 DCC's business growth strategy.

The Company’s policy on director term limits is such that non-executive Directors are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise, unless with justified reasons taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to The Company.

The Board of Directors conducted a formal evaluation of group assessment and self-assessment performance for the year 2013. 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.

There were six (6) main areas of evaluation namely:

1. Structure and Characteristics of the Board
2. Roles and Responsibilities of the Board
3. Board of Directors Meeting
4. Board of Directors' Performance
5. Relationship with Management Team
6. Self-Development of Directors and Top Executive

For the year 2013, the evaluation forms of group assessment was 98% and the evaluation forms of self- assessment was 97% , 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.

DCC makes available the performance evaluation form of the chairman. The directors are required to appraise the chairman's performance, since his role in defining policy and ensuring good corporate governance is essential to the Company. In addition, the evaluation forms for directors consist of group assessment and self-assessment forms. The assessment results are reviewed in order to find ways to continue to improve the Board's performance.

DCC 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, DCC established a Director Induction Program to facilitate their prompt performance of duties. DCC 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, DCC'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 DCC'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 DCC's development.

In 2013, the Company encouraged two new Directors including Mr. Monrak Saengsastra, Director of Dynasty ceramic PCL, and Mr. Maruth Saengsastra, Director of Tile Top Industry PCL (Subsidiary), to attend Director Course of the Thai Institute of Directors Association (IOD), which both have completed and received Certificate of Directors Accreditation Program (DAP 107/2014).

Subsidiaries

There are four subsidiaries which were controled by Parent's Company as follows:

1. Tile Top Industry Public Co. Ltd.: A subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 96.83% equity stake. List of Directors of whom also serve as Directors in this Subsidiary.
2. Pick and Pay Co. Ltd.: A subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 97.99 % equity stake. List of Directors of whom also serve as Directors in this Subsidiary.
3. Muangthong Ceramic Co. Ltd.: A subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 99.98 % equity stake. List of Directors of whom also serve as Directors in this Subsidiary.
- 4 .World Wide Ceramic Co. Ltd.: A subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 99.93 % equity stake. List of Directors of whom also serve as Directors in this Subsidiary.

List of Directors of whom also serve as Directors in the Subsidiary Company

(Four of the Company's subsidiaries)

Name Of Board Members	Position at January 31,2014		
	Dynasty Ceramic PCL.	Tile Top Industry PCL. (Subsidiary)	3 Subsidiaries
1. Mr.Roongroj Saengsastra	Chairman	Chairman	Chairman
2. Mr. Yothin Juangbhanich	Independent Director & Chairman of Audit Committee	-	-
3. Mr. Surasak Kosiyajinda	Independent Director & Audit Committee	-	-
4. Mr. Phachon Khachitsarn	Independent Director & Audit Committee	-	-
5. Mr. Sanchai Janejarat	President	Managing Director	Managing Director
6. Mr. Chaivasith Viriyamettakul	Director	-	-
7. Mr. Suvit Smamphanchai	Director	-	-
8. Miss Cattleya Saengsastra	Executive Director & Company's Secretary	Director	Director
9. Mr. Monrak Saengsastra	Director	Director	Director
10.Mr. Maruth Saengsastra *	-	Director	Director

* Mr. Maruth Saengsastra has appointed as Director of TTOP by the Board of Directors of TTOP No.1/2013 on January 10, 2013

Principles of Corporate Governance

The Board of Directors recognizes the importance of corporate governance to be a basic part of its business policy and has assigned the Management Committee to take charge of corporate governance manual since 2003 and revised on October 27, 2006. The Company publishes booklets on Dynasty Ceramic Public Company Limited's corporate governance policy and distributes them to employees to ensure that employees understand these policies clearly and put them into practice effectively. DCC puts strong emphasis on principles and practices concerning business laws, company's regulations and also according to the Securities and Exchange Commission (SEC) and the regulations of Stock Exchange of Thailand (SET). 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.

Regarding the business, the operation is conducted under the authority of the Board of Directors and the Executive Management with reference to the role and authority set by the Company's Corporate Policy. The Board of Directors and the Executive Management hold a meeting regularly to ensure that the business is operate transparently, ethically, and complies with the policies and resolution of the Board of Directors.

The Company and its subsidiaries business governance and control are monitored by the management team which was appointed by DCC 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.

DCC provides Corporate Governance guidelines covering the following issues:

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

1.The Rights of Shareholders

DCC ensures that every shareholder is entitled to all basic rights that are widely accepted according to the 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 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, approval of significant transactions influencing the Company's direction, and amendment of Memorandum of Association and Articles of Association of the Company. Shareholders have the right to vote at Shareholders' meeting according to the number of shares owned by each shareholder, whereby one share entitles one vote, and no particular share allows them privilege over the rights of other shareholders.

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

1.Provides essential, clear, and up-to-date information for shareholders regarding the Company's business.

2.Sends all shareholders significant and sufficiently detailed information concerning the Shareholders' Meeting date and the Meeting agenda prior to the date of the meeting. Such information will be posted on DCC's website around two months before the related documents are submitted to shareholders, and not less than 14 days prior to the meeting. The shareholders' right to attend the meeting and the right to vote on resolutions will be clearly stated in the meeting notice submitted by the Company.

3.Any shareholder who is unable to attend a meeting is entitled to appoint a representative, or an independent Director or other person, to act as proxy, using the proxy form attached to the notice of the meeting. The Company has prepared the proxy form in compliance with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from the Company's website.

4.Prior to the meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for the year 2014. Shareholders were allowed to exercise this right from October 1 -December 31, 2013 so that the Board of Directors can review the issues before presenting them to shareholders for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall specify in the notice of the meeting that the agenda item was proposed by a shareholder.

2. The Equitable Treatment of Shareholders

DCC shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. For that purpose, the Company strives to find tools to ensure equality, especially for minor shareholders, which include assigning independent Directors to take care of minor shareholders. Minority shareholders can contact the independent Directors directly to give suggestions, express opinions or file complaints, via company's email address. The independent Directors are responsible for handling each matter appropriately. In case the shareholder files a complaint, the independent Directors will investigate and seek a proper solution, and on the other hand, if the matter that is considered to affect the stakeholders or the business, the independent Director will report it to a Board of Directors meetings for consideration and include it in the agenda of the Shareholders' Meeting.

3.The Role of Stakeholders in Corporate Governance

DCC conducts business with the highest awareness of its responsibility to ensure sustainable and mutual benefits to all related parties. The Board of Directors oversees the management system to ensure that the Company acknowledges the rights of stakeholders, both as stated by law and as clearly written in the Company's Corporate Governance Policy. The Company guarantees that those rights are protected and the shareholders, employees, customers and business partners are treated equally.

shareholders Beside the basic rights of shareholders and the rights stipulated by law and the Company's Articles of Association, such as the right to request a verification of the number of shares; the right to receive share certificates; the right to attend the shareholders' meetings; the right to vote at the meetings; the right to freely express opinions at the shareholders' meetings; and

the right to receive a fair return; DCC also gives shareholders the right, as the owners of the Company, to make suggestions and comments on the Company's affairs to the independent Directors. Each comment and suggestion will be carefully considered and presented to the Board of Directors.

Employees The Company truly believes that its employees are its most valuable assets and is determined to ensure that every employee is proud of and confident in the organization. During the previous year, the Company organized activities to promote a collaborative working environment to drive innovation and enhance the competence of employees, readying them to work overseas and to cope with the volatile economic situation. Furthermore, the Company focuses on promoting employees' health and safety, excellent working conditions, and competitive remuneration.

Customers The Company puts great importance on providing customers with maximum benefits in terms of quality and price. Likewise, the Company is determined to develop and maintain sustainable relationships with customers. It has set up a support office to provide product information, solve problems and receive complaints in order to ensure total satisfaction for customers. Furthermore DCC holds lucky draw program to the customers to build and maintain strong relationship with customers

Business partners The Company operates its business within a competitive context by strictly upholding its promises, and commitments to trading partners, including guarantees of product quality and on-time delivery.

Competitors The Company operates its business within a competitive context by being fair and strictly following the laws and commitment. During the year, there were no disputes with competitors.

Creditors The Company complies with the terms of loans and obligations to its creditors such as business creditors and depositors. The Company moreover, organizes various projects in order to keep good relations with creditors

4. Disclosure and Transparency

DCC 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. DCC 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 DCC website.

Moreover, the Board of Directors is referring to the information disclosure guidelines related to DCC 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 DCC 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 DCC's website.

The Investor Relations Department of DCC is responsible for communications with institutional investors, retail investors, shareholders, analysts, and related government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via Yoshana.ju@dynastyceramic.com Tel : 02-276-9275-81 ext. 113 Fax : 0-2276-0308 / 02-2276-0316 In 2013, DCC arranged activities for Investor Relations Department to meet retail investors, institutional investors and analysts on a regular basis, in which operating results, financial statements and position, management discussion and analysis, and industry trends were presented.

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 DCC'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 DCC 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 AC.

DCC 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 DCC and is used to monitor potential related party or connected transactions. New DCC 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 DCC 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. DCC 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.

DCC 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 DCC. 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 or information acquired while working in their positions to seek personal benefit or to establish a competing or related business with DCC. This policy includes a complete prohibition against using material insider information to buy or sell DCC's shares and securities for their own interest and against giving insider information to other persons or entities to buy or sell DCC's shares. Directors and executives are required to report trading transactions in DCC's shares and securities and their ownership position whenever changes occur.

Preventing Conflicts of Interest

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

- DCC 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 DCC 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.

5. Responsibilities of the Board of Directors

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 DCC's benefit. Among other things, the Board, acting directly or through committees, shall have the following duties:

1. Overseeing 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.
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.
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 DCC's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, DCC focuses on internal control and risk management systems 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.

Internal Control

The company realizes the importance of internal control system to ensure the effective management and operation at all levels. In addition, the internal audit department, which operates independently and reports directly to the Audit Committee, assists the Audit Committee and Board of Directors in assessing the appropriateness of internal controls, the financial accounting issues, compliance and regulations include policies and procedures dealing with risk management in business and financial risks.

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

1. Organization and Environment

The company has an appropriate organizational structure to facilitate the management to operate effectively and the Company has set goals to guide business operations and assess employee performance since the Company recognizes the importance of working under a controlled environment that is suitable to work efficiently and effectively.

2. Risk Management

Management committee of the Company reviews policies and plan of the risk management. Management and employees are encouraged to recognize the effect of risk and the importance of risk management. This ensures everyone is prepared to reduce the possibility of risk causes appropriately and timely. The Company encourages employees to be aware of any behaviors that causes risks, which means that risk management is everyone's responsibility.

Structure of risk management has created a pattern, measures and risk management plans for the internal and external risk factors that may affect the business, goal and operations of the company. Moreover, the company's reporting and monitoring of risk management is required to respond quickly and appropriately and reviewed carefully before submitting a report to the Board of Director on a quarterly basis.

3. Control of Work Effectiveness of Administrative Department

The Company has delegated authority and endorsement of each department and regularly ensured that it has been implemented properly. Transactions related to major shareholders, directors or related person are conducted in appliance with the Notification of the Stock Exchange of Thailand regarding rules, procedures and disclosure of related party transactions of listed companies. In addition, the Company emphasizes on the internal control system and in order to ensure efficient operation, the delegation of authority of the executive has been clearly written. The Company recognizes the importance of separation of duties between the operational level, management, and assessment team to check and balance between all parties. The level of control and control of fixed assets of the company is assigned properly. In addition the Company has provided a clear and adequate internal controls related to finance and accounting reported to the management.

4. Management Information Systems and Communications

Information system has been developed to ensure efficient operation and meet the needs of management. The Company also focuses on accurate, reliable and timely information and data communications. As the initial purpose is the accuracy and timeliness of data for decision making, the Company continuously invested on the information system to establish effective communication systems internally and externally, which includes preparation and presentation of up-to-date accounting records in accordance with generally accepted accounting standard. This accounting reports, which are sent to shareholders and Board of Directors prior to the meeting, contains information sufficient for shareholders and Directors to make decision in the Annual General Meeting.

5. Follow-up and Assessment Methods

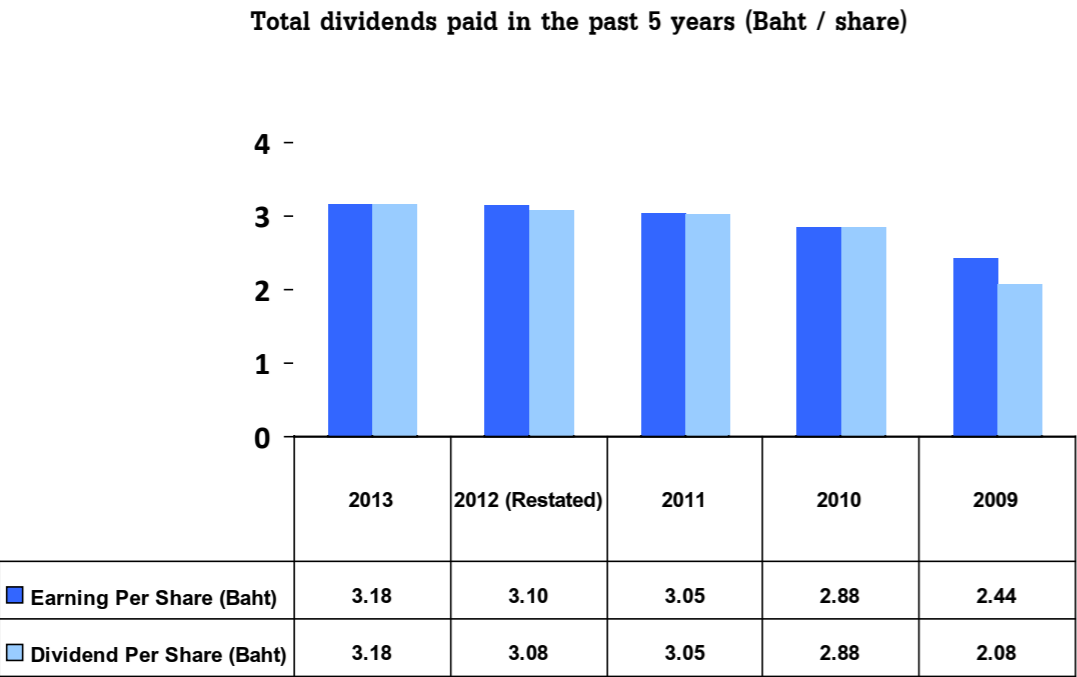
With the current information system, which provides reliable and timely information, the management and the Board of Directors can control and monitor the operations with reference to financial reporting effectively. And at the same time, the Management can review, assess, and make recommendations to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

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.

DIVIDEND PAYMENT POLICY

“The Company’s dividend policy requires the company to distribute the dividend of not less than 70 percent of the consolidated net profit after tax, however, DCC Performance and Retained earning should not be negative and depending on the sufficiency to the Company’s Cash Flow and investment plans and other relevant factors.”

The Board of Directors’ Meeting no.1/2014 held on January 28, 2014 had passed resolution to propose the Annual General Meeting of Shareholders 2014 on April 29, 2014, to adopt the interim dividend payment of Baht 2.55 per share, and to approve the dividend payment for 2013’s operating result of Baht 3.18 per share, or the remaining dividend payment of Baht 0.63 per share. In case of the Meeting of Shareholders approves the dividend payment as proposed, the dividend payout ratio of the Company shall be 100%



Related Transaction

The Company’s Board of Directors has established approval process for related transactions or trans- action that may cause potential conflict of interest by strictly adhering to the Securities and Exchange laws, regulations, announcements, orders or stipulations established by the Stock Exchange of Thailand, 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.

Dynasty Ceramic Public Co. Ltd. has related transactions with its subsidiaries as follows:

1.The Company is a sole distributor of all made products purchased from Tile Top Industry Pubic Co. Ltd., which manufactures floor tiles and wall ties, at wholesale prices. The Company is the sole distribu- tor. Tile Top Industry Public Co. Ltd. contracted Dynasty Ceramic Public Co. Ltd. to manage its operations, inventory (including raw materials and spare part), purchasing and sales, financial and accounting systems with an online computer system, with an annual budget of 12 million Baht, resulting in related transactions.

Moreover, Dynasty Ceramic Public Co. Ltd. rented warehouse facilities located at Tile Top factory for storage of products purchased from Tile Top Industry PCL and contracted Tile Top Industry PCL to manage the Company’s warehouses, with a yearly budget of 3.6 million Baht.

2.Dynasty Ceramic Public Co. Ltd. delivered and sold its own products and those purchased to the three distributors, namely Pick and Pay Co. Ltd., Muangthong Ceramic Co. Ltd. and Worldwide Ceramic Co. Ltd., at wholesale prices, resulting in related transaction sales of products.

Moreover, the three distributors contracted Dynasty Ceramic Public Co. Ltd. to manage their opera- tions, inventory, purchasing and sale, financial and accounting systems with an online computer system, with an annual budget of 0.48 million Baht per branch. In additional, with a goal to improve the three distributor’s warehouses management, in 2013 Dynasty Ceramic Public Co. Ltd. invested in the tool and equipment by purchasing electronic hand lift for rent, with an annual budget of 0.25 million Baht per branch, resulting in related transactions.

Since Dynasty Ceramic is in charge of controlling its own and its subsidiaries’ financial policies, pay- ments were made in advance on some items produced and distributed to Dynasty Ceramic Public Co. Ltd. This is a means of providing financial support to its subsidiary, with the borrowers issuing a promissory note to the loan provider. Interest is calculated according to prevailing market rates on the date the borrowing was made.

Transaction

The Company has transactions with Tile Top Industry PCL., Pick and Pay Co.,Ltd. , MuangThong ceramic Co., Ltd. and World Wide Ceramic Co., Ltd. (a subsidiary), which is the majority shareholder. More than 95 percent and the Board of Directors of the Company and its subsidiaries. The transaction has no impact on the consolidated financial statements of the Company or its shareholders in any way.

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.

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

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2013	2012
Tile Top Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	4.2	2.5
		Rental income from office	0.36	0.36
		Management Fee income	12.0	12.0
		Purchases -Finished goods	2,632.1	2,745.1
		Purchases - Raw Materials / Sup-plies	9.8	15.5
		Warehouse Management Fee	3.6	3.6
Pick and Pay Co.,Ltd.	Subsidiaries Company	Revenue from Sales	2,926.9	2,947.1
		Revenue from Raw Material / Supplies	0.3	0.5
		Rental income from office / equipment	9.4	1.8
		Management Fee income	43.5	42.1
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	1,866.8	1,815.1
		Rental income from office / equipment	4.1	0.4
		Management Fee income	28.7	28.3
World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	1,245.7	1,234.9
		Rental income from office / equipment	3.0	0.2
		Management Fee income	20.8	19.7
Mr. Roongroj Saengsastra	Director of the Company and Subsidiaries	Rental Land Expenses	1.0	1.0

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2013	2012
Mr. Monrak Saengsastra and Mr. Maruth Saengsastra	Director of the Company and Subsidiaries Director in Subsidiaries Company	Rental Land Expenses	1.0	1.0

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

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2013	2012
TileTop Industry PCL.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	602.9	540.3
Pick and Pay Co.,Ltd	Subsidiaries Company	Trade Account Receivable and other Account Receivable	479.4	428.1
		Trade Account Receivable and other Account Receivable	0.1	0.1
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	200.1	176.1
World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	376.4	381.1

Summary of Operating Results and Financial Analysis

CONSOLIDATED

The Statement of Financial Position as at December 31,
(CONT.)

(Unit: Million Baht)

CONSOLIDATED

The Statement of Financial Position as at December 31,

(Unit: Million Baht)

	2013	%	2012	%	2011	%
			(Restated)		(Restated)	
ASSETS						
CURRENT ASSETS						
Cash and cash equivalents	169	3%	189	4%	190	4%
Trade accounts and notes receivable - net	106	2%	137	3%	131	3%
Other current assets	1,605	31%	1,550	32%	1,266	29%
Total Current Assets	35	1%	35	1%	35	1%
NON - CURRENT ASSETS	1,915	37%	1,911	40%	1,622	37%
Other investment - net						
Property, plant and equipment - net	2,942	57%	2,700	55%	2,514	58%
Goodwill	104	2%	104	2%	104	2%
Intangible assets - net	15	0%	7	0%	9	0%
Deferred income tax - asset	127	3%	119	2%	95	2%
Other non - current assets	38	1%	36	1%	39	1%
Total Non - Current Assets	3,226	63%	2,966	60%	2,761	63%
TOTAL ASSETS	5,141	100%	4,877	100%	4,383	100%

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

Short - term loans from financial institutions	1,185	23%	840	17%	400	9%
Trade accounts and notes payable	588	11%	689	14%	671	15%
Accrued income tax	148	3%	183	4%	260	6%
Other current liabilities	236	5%	175	4%	150	4%

Total Current Liabilities

NON - CURRENT LIABILITIES

Unfunded provident fund	53	1%	51	1%	50	1%
Employee benefits obligation	136	3%	118	3%	93	2%
Deferred income tax - liability	33	0%	23	0%	11	0%

Total Non - Current Liabilities

TOTAL LIABILITIES

SHAREHOLDERS' EQUITY

Share capital - common share at Baht 1 par value						
Registered - 408,000,000 shares	408	8%	408	8%	408	9%
Issued and paid - up - 408,000,000 shares	408	8%	408	8%	408	9%
Premium on share capital	506	10%	506	10%	506	12%
Retained earnings						
- Appropriated for legal reserve	41	1%	41	1%	41	1%
- Unappropriated	1,757	34%	1,797	37%	1,751	40%

Shareholders' equity of the Company

Non-controlling interests in subsidiaries	50	1%	46	1%	42	1%
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TOTAL SHAREHOLDERS' EQUITY

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY

	2013	%	2012	%	2011	%
			(Restated)		(Restated)	
LIABILITIES AND SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short - term loans from financial institutions	1,185	23%	840	17%	400	9%
Trade accounts and notes payable	588	11%	689	14%	671	15%
Accrued income tax	148	3%	183	4%	260	6%
Other current liabilities	236	5%	175	4%	150	4%
Total Current Liabilities	2,157	42%	1,887	39%	1,481	34%
NON - CURRENT LIABILITIES						
Unfunded provident fund	53	1%	51	1%	50	1%
Employee benefits obligation	136	3%	118	3%	93	2%
Deferred income tax - liability	33	0%	23	0%	11	0%
Total Non - Current Liabilities	222	4%	192	4%	154	3%
TOTAL LIABILITIES	2,379	46%	2,079	43%	1,635	37%
SHAREHOLDERS' EQUITY						
Share capital - common share at Baht 1 par value						
Registered - 408,000,000 shares	408	8%	408	8%	408	9%
Issued and paid - up - 408,000,000 shares	408	8%	408	8%	408	9%
Premium on share capital	506	10%	506	10%	506	12%
Retained earnings						
- Appropriated for legal reserve	41	1%	41	1%	41	1%
- Unappropriated	1,757	34%	1,797	37%	1,751	40%
Shareholders' equity of the Company	2,712	53%	2,752	56%	2,706	62%
Non-controlling interests in subsidiaries	50	1%	46	1%	42	1%
TOTAL SHAREHOLDERS' EQUITY	2,762	54%	2,798	57%	2,748	63%
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,141	100%	4,877	100%	4,383	100%

CONSOLIDATED

Statement of comprehensive income for the years ended December 31,

(Unit: Million Baht)

	2013	%	2012	%
			(Restated)	
Revenue from sales	7,546	100%	7,603	100%
Costs of goods sold	(4,447)	-59%	(4,625)	-61%
Gross income	3,099	41%	2,978	39%
Other income	18	0%	35	0%
Selling expenses	(755)	-10%	(761)	-10%
Administrative expenses	(701)	-9%	(588)	-8%
Finance costs	(24)	0%	(16)	0%
Income before income tax	1,637	22%	1,648	22%
Income tax	(335)	-4%	(379)	-5%
Income for the year	1,302	17%	1,269	17%
OTHER COMPREHENSIVE INCOME (LOSS)				
ctuarial losses - net of tax	-		(8)	0%
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	1,302	17%	1,261	17%
ALLOCATION OF INCOME FOR THE YEAR				
Portion of the Company's shareholders	1,298	17%	1,265	17%
Portion of non-controlling interests in subsidiaries	4	0%	4	0%
	1,302	17%	1,269	17%
ALLOCATION OF COMPREHENSIVE INCOME				
Portion of the Company's shareholders	1,298	17%	1,257	17%
Portion of non-controlling interests in subsidiaries	4	0%	4	0%
	1,302	17%	1,261	17%
BASIC EARNINGS PER SHARE				
Income (Baht : share)	3.18		3.10	
Weighted average number of common shares (unit : Million shares)	408		408	

Analysis of Operating Result for the Year 2013

Sales Revenue

• In the year 2013, the Company had a total revenue of 7,546 million Baht, a decrease of 57 million Baht or 1% YoY. The Company's gross profit of 3,099 million Baht with the gross margin around 41% in comparison to 39% YoY; as a result of approximately 5 baht per meter square increase in an average selling price. Net profit of the Company in the Consolidated Financial Statement was 1,298 million Baht, at a net profit margin of 17%, which is an increase of 33 million Baht or 3% YoY.

Major revenue derives from the provision of sales in 3 channels:

1.Retail:

In 2013, sales revenue from outlets was equal to 5,183 million Baht, or 69% of total revenue. Revenue from this channel dropped from last year by 455 million Baht, or 8% from the impact of government's populist policies that caused a widely spread economic problem and slow down sales in home renovation market. As of 2013, the Company has a total of 196 outlets nationwide.

2.Wholesale::

Sales revenue from domestic wholesale was 2,209 million Baht, or 29% of total revenue. An increase of 572 million Baht, or 42% growth YoY was from an aggressive move in wholesale segment by giving discount to wholesalers to retain market share. Today, the Company has a total of 3,000 domestic distributors.

3.Export:

Total export value was 155 million Baht, or 2% of total revenue. The Company is currently exporting to neighbor and foreign countries such as Myanmar, Philippines, Malaysia, South Africa, Brunei, Maldives, Sri Lanka, New Zealand, Canada, Fiji, Laos, Cambodia, Yemen, Taiwan and etc.

Cost of Sales and Gross Profit

• Cost of sales in 2013 was equal to 4,447 million Baht, which was 59% of sales revenue, which decreased from 61% of sales revenue last year. Gross profit margin in 2013 was 41%, which was 39% in previous year. Despite an increase in daily minimum wage in Thailand that affected labor cost of the Company by 27%, but in total, cost of sales reduce as a result of a continuous research and development of mixture formula as well as an enhancement of production efficiency with the objective of reducing natural gas consumption in production line.

Selling and Administrative Expense

• Selling and administrative expense in 2013 was 1,456 million Baht, which was accounted as 19% of sales revenue and increased from 18% in previous year. Significant rise in selling and administrative expense incurred in 2013 was mainly from an increase in salary according to the new minimum wage law announced by the government and from an increase in depreciation expense due to an improvement and expansion of Company's outlets.

Financial Cost

• Interest expense in 2013 was 20 million Baht (Net interest on the net defined benefit liability 4 million Baht) increased from last year by 8 million Baht from an increase in interest expense 16 million Baht from short-term bank loan to invest in capital expenditure such as land purchase for new outlets, production capacity expansion of the Company and its subsidiary, and purchase of raw material, machine, and spare parts.

Corporate Income Tax

- Corporate income tax rate in 2013 was 20%, which was reduced from 23% in 2012

Net profit and earning per share

- Net profit portion of the Company's shareholders from consolidated financial statement for the year 2013 was equal to 1,298 million Baht; or account as gross profit margin at 17, which increased by 33 million Baht, or 3% YoY.
- Earnings per share in year 2013 was 3.18 Baht per share, or a total of 1,298 million Baht

Analysis of Financial Status 2013

Assets

- The Company and its subsidiaries has a total consolidate assets as of 31 December 2013 equal to 5,141 million Baht; increase from 31 December 2012 by 263 million Baht or 5% YoY.
- Total current assets as of 31 December 2013 was 1,915 million Baht; or accounted as 37% of total asset. An increase of 4 million Baht was from a reduction of cash and cash equivalent 20 million Baht and trade account receivable 31 million Baht with account receivable turnover day at 6 days; which offset with an increase in inventory 55 million Baht as a result of 5% drop in sales volume YoY.
- Total noncurrent assets as of 31 December 2013 was 3,226 million Baht, which was 63% of total asset. An increase of 259 million Baht from year ended 2012 as fixed asset increased by 241 million Baht or 9% from the Company's continuous investment in kiln maintenance, equipment modification, and Company's outlets.

Liabilities and Shareholder's Equities

- Total liabilities of the Company and its subsidiaries as of 31 December 2013 was 2,379 million Baht, increased 300 million Baht or 14% as compared to total liabilities as of December 31, 2012.
- Current liabilities was 2,157 million Baht , increased 270 million Baht YoY mainly from increase in short term loan 347 million Baht and lower trade account payable 101 million Baht
- Noncurrent liabilities was 222 million Baht, increased 30 million Baht from total liabilities as of December 31, 2012 due to a 17 million Baht growth in reserves for employees' benefit obligations and deferred income tax liabilities increased 11 million Baht from the difference in tax base on depreciation cost by the new accounting standard, TAS 12 Income Taxes.
- Total shareholders' equity was equal to 2,761 million Baht as of 31 December 2013. Dividend payment from the operational performance of the Year 2013 at 3.18 Baht per share, or the annual dividend totaling 1,297 million Baht

Audit Fee

- The financial statements of the Company and its subsidiaries have been audited and reviewed by The Grant Thornton Co., Ltd with the audit fee for the year 2013 amount 2 million Baht.

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Dynasty Ceramic Public Company Limited

I have audited the accompanying consolidated financial statements of Dynasty Ceramic Public Company Limited and its subsidiaries which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of Dynasty Ceramic Public Company Limited which comprise the separate statements of financial position as at 31 December 2013, and the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, including notes disclosure summarizing significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

The Company's management is responsible for the preparation and the fair presentation of these financial statements in accordance with Thai Financial Reporting Standards and for such internal controls as management determines to be necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

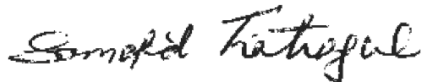
My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements, including planning and performing the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The selected audit procedures depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

I believe that the audit evidences I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the consolidated financial position as at 31 December 2013 and the consolidated results of operations and cash flows for the year then ended of Dynasty Ceramic Public Company Limited and its subsidiaries, and the separate financial position as at 31 December 2013 and the results of operations and cash flows for the year then ended of Dynasty Ceramic Public Company Limited, in accordance with Thai Financial Reporting Standards.



Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

11 February 2014

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Consolidated					Separate		
		31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)	31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)
	Notes						
ASSETS							
CURRENT ASSETS							
Cash and cash equivalents	5	169,125,129	188,624,482	190,320,579	51,442,342	69,259,134	110,842,464
Trade accounts and notes receivable - net	7	105,988,253	136,620,662	131,039,265	79,901,884	121,314,217	112,540,869
Trade accounts receivable and other receivable - subsidiary companies	6 , 7	-	-	-	1,055,848,588	985,260,288	795,296,600
Inventories - net	8	1,604,766,656	1,549,877,058	1,266,495,128	659,062,800	681,897,038	554,023,531
Other current assets	9	35,121,765	35,684,634	35,012,472	18,924,095	18,998,677	23,484,313
Total Current Assets		1,915,001,803	1,910,806,836	1,622,867,444	1,865,179,709	1,876,729,354	1,596,187,777
NON - CURRENT ASSETS							
Investments in subsidiaries	10	-	-	-	127,853,787	127,853,787	127,853,787
Other investment - net		-	-	249,750	-	-	-
Property, plant and equipment - net	11	2,942,094,316	2,700,851,480	2,513,718,852	1,372,569,115	1,175,097,426	1,011,911,389
Goodwill		103,623,825	103,623,825	103,623,825	-	-	-
Intangible assets - net	12	14,877,346	7,121,166	8,824,723	14,877,346	7,121,166	8,824,723
Deferred income tax - asset	21	127,336,077	118,543,998	94,806,339	-	-	-
Other non - current assets	13	37,619,031	36,515,473	38,605,711	4,626,818	4,486,805	3,822,307
Total Non - Current Assets		3,225,550,595	2,966,655,942	2,759,829,200	1,519,927,066	1,314,559,184	1,152,412,206
TOTAL ASSETS		5,140,552,398	4,877,462,778	4,382,696,644	3,385,106,775	3,191,288,538	2,748,599,983

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated			Separate		
		31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)	31 December 2013	31 December 2012 (Restated)	31 December 2011 (Restated)
	Notes						
LIABILITIES AND SHAREHOLDERS' EQUITY							
CURRENT LIABILITIES							
Short - term loans from financial institutions	14	1,185,000,000	840,000,000	400,000,000	1,185,000,000	840,000,000	400,000,000
Trade accounts and notes payable	15	588,126,559	688,964,036	671,441,721	282,053,651	403,496,357	393,458,688
Trade accounts and others payable - subsidiary companies	6	-	-	-	602,976,846	540,503,183	448,038,259
Accrued income tax		148,058,104	182,525,931	259,780,441	127,603,018	149,628,272	199,671,154
Other current liabilities	16	235,718,377	175,596,665	149,520,988	149,624,091	96,363,161	81,091,298
Total Current Liabilities		2,156,903,040	1,887,086,632	1,480,743,150	2,347,257,606	2,029,990,973	1,522,259,399
NON - CURRENT LIABILITIES							
Unfunded provident fund	17	53,479,429	51,447,498	49,572,499	-	-	-
Employee benefits obligation	19	135,695,957	118,464,522	93,337,925	57,178,789	51,366,044	44,600,002
Deferred income tax - liability	21	33,300,322	22,759,402	10,935,200	22,255,304	12,876,933	2,405,940
Total Non - Current Liabilities		222,475,708	192,671,422	153,845,624	79,434,093	64,242,977	47,005,942
TOTAL LIABILITIES		2,379,378,748	2,079,758,054	1,634,588,774	2,426,691,699	2,094,233,950	1,569,265,341
SHAREHOLDERS' EQUITY							
Share capital - common share at Baht 1 par value							
- Registered - 408,000,000 shares		408,000,000	408,000,000	408,000,000	408,000,000	408,000,000	408,000,000
- Issued and paid - up - 408,000,000 shares		408,000,000	408,000,000	408,000,000	408,000,000	408,000,000	408,000,000
Premium on share capital		506,000,000	506,000,000	506,000,000	506,000,000	506,000,000	506,000,000
Retained earnings							
- Appropriated for legal reserve	20	40,800,000	40,800,000	40,800,000	40,800,000	40,800,000	40,800,000
- Unappropriated		1,756,598,409	1,796,705,726	1,751,489,312	3,615,076	142,254,588	224,534,642
Shareholders' equity of the Company		2,711,398,409	2,751,505,726	2,706,289,312	958,415,076	1,097,054,588	1,179,334,642
Non-controlling interests in subsidiaries		49,775,241	46,198,998	41,818,558	-	-	-
TOTAL SHAREHOLDERS' EQUITY		2,761,173,650	2,797,704,724	2,748,107,870	958,415,076	1,097,054,588	1,179,334,642
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		5,140,552,398	4,877,462,778	4,382,696,644	3,385,106,775	3,191,288,538	2,748,599,983

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

		Consolidated		Separate	
	Notes	2013	2012 (Restated)	2013	2012 (Restated)
REVENUE					
Revenue from sales	6	7,546,224,632	7,602,746,830	6,917,349,798	7,091,836,271
COSTS OF SALES					
Costs of goods sold	6, 23, 24	(4,447,427,512)	(4,624,989,865)	(4,689,848,770)	(4,928,262,308)
Gross income		3,098,797,120	2,977,756,965	2,227,501,028	2,163,573,963
Other income	6	18,153,610	34,779,531	131,349,201	128,793,227
Selling expenses	24	(755,360,609)	(760,574,805)	(691,774,286)	(694,557,304)
Administrative expenses	24	(701,056,641)	(588,040,239)	(144,678,913)	(122,524,384)
Finance costs		(23,877,575)	(15,795,442)	(21,705,213)	(13,643,996)
Income before income tax		1,636,655,905	1,648,126,010	1,500,691,817	1,461,641,506
Income tax		(334,946,979)	(378,536,483)	(301,091,329)	(329,548,580)
Income for the year		1,301,708,926	1,269,589,527	1,199,600,488	1,132,092,926
OTHER COMPREHENSIVE INCOME (LOSS)					
Actuarial losses - net of tax	21	-	(8,232,673)	-	(2,612,980)
TOTAL COMPREHENSIVE INCOME (LOSS)					
FOR THE YEAR		1,301,708,926	1,261,356,854	1,199,600,488	1,129,479,946
ALLOCATION OF INCOME FOR THE YEAR					
Portion of the Company's shareholders		1,298,132,683	1,265,082,389	1,199,600,488	1,132,092,926
Portion of non-controlling interests in subsidiaries		3,576,243	4,507,138	-	-
		1,301,708,926	1,269,589,527	1,199,600,488	1,132,092,926
ALLOCATION OF COMPREHENSIVE INCOME					
Portion of the Company's shareholders		1,298,132,683	1,256,976,414	1,199,600,488	1,129,479,946
Portion of non-controlling interests in subsidiaries		3,576,243	4,380,440	-	-
		1,301,708,926	1,261,356,854	1,199,600,488	1,129,479,946
BASIC EARNINGS PER SHARE					
Income (Baht : share)		3.18	3.10	2.94	2.77
Weighted average number of common shares (unit : shares)		408,000,000	408,000,000	408,000,000	408,000,000

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

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER

		Shareholders' equity of the Company							
		Retained earnings							
		Notes	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated (Restated)	Total shareholders' equity of the Company	Non-controlling interests	Total
Consolidated F/S									
Balance as at 1 January 2012 - as previously reported									
Effect of change in accounting policy for deferred income tax		2	408,000,000	506,000,000	40,800,000	1,668,305,260	2,623,105,260	41,131,471	2,664,236,731
Balance as at 1 January 2012 - as restated									
Comprehensive income (loss) for the year restated			408,000,000	506,000,000	40,800,000	1,751,489,312	2,706,289,312	41,818,558	2,748,107,870
Dividend payment		22	-	-	-	1,256,976,414	1,256,976,414	4,380,440	1,261,356,854
Balance as at 31 December 2012 - as restated			408,000,000	506,000,000	40,800,000	1,796,705,726	2,751,505,726	46,198,998	2,797,704,724
Balance as at 1 January 2013 - as previously reported									
Effect of change in accounting policy for deferred income tax		2	408,000,000	506,000,000	40,800,000	1,701,666,548	2,656,466,548	45,453,579	2,701,920,127
Balance as at 1 January 2013 - as restated									
Comprehensive income (loss) for the year			408,000,000	506,000,000	40,800,000	1,796,705,726	2,751,505,726	46,198,998	2,797,704,724
Dividend payment		22	-	-	-	1,298,132,683	1,298,132,683	3,576,243	1,301,708,926
Balance as at 31 December 2013			408,000,000	506,000,000	40,800,000	1,756,598,409	2,711,398,409	49,775,241	2,761,173,650

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

Retained earnings					
	Notes	Paid - up Share Capital	Premium on Share capital	Legal Reserve	Unappropriated (Restated)
					Total
Separate F/S					
Balance as at 1 January 2012 - as previously reported		408,000,000	506,000,000	40,800,000	1,181,740,582
Effect of change in accounting policy for deferred income tax	2	-	-	-	(2,405,940)
Balance as at 1 January 2012 - as restated		408,000,000	506,000,000	40,800,000	1,179,334,642
Comprehensive income (loss) for the year - restated		-	-	-	1,129,479,946
Dividend payment	22	-	-	-	(1,211,760,000)
Balance as at 31 December 2012 - as restated		408,000,000	506,000,000	40,800,000	1,097,054,588
Balance as at 1 January 2012 - as previously reported		408,000,000	506,000,000	40,800,000	1,109,931,521
Effect of change in accounting policy for deferred income tax	2	-	-	-	(12,876,933)
Balance as at 1 January 2013 - as restated		408,000,000	506,000,000	40,800,000	1,097,054,588
Comprehensive income (loss) for the year		-	-	-	1,199,600,488
Dividend payment	22	-	-	-	(1,338,240,000)
Balance as at 31 December 2013		408,000,000	506,000,000	40,800,000	958,415,076

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated		Separate	
	2013	2012	2013	2012
Cash Flows From Operating Activities				
Income before income tax	1,636,655,905	1,648,126,010	1,500,691,817	1,461,641,506
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortization	232,315,410	183,001,088	100,771,667	75,461,244
Reversal of allowance for doubtful accounts	(672,983)	(862,389)	-	-
Reversal of allowance for obsolete stock	(83,286)	(9,950)	-	-
Reversal of allowance for other investment	-	(249,750)	-	-
Gain from sales of other investment	-	(137,353)	-	-
Loss (gain) from disposal of fixed assets	9,652,100	1,600,825	(338,486)	(682,955)
Unrealized loss on exchange rate	4,007,267	803,148	402,425	563,826
Interest income	(918,379)	(1,283,015)	(562,849)	(925,143)
Interest expense	23,877,575	15,795,442	21,705,213	13,643,996
Provision for Provident fund	2,530,191	2,458,715	-	-
Provision for employee benefits obligation	13,818,921	13,818,921	4,361,035	4,361,035
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	1,921,182,721	1,863,061,692	1,627,030,822	1,554,063,509
Decrease (increase) in operating assets;				
Trade accounts and notes receivable	30,632,409	(5,581,275)	41,412,333	(8,773,226)
Trade accounts receivable - subsidiary companies	-	-	(70,588,300)	(189,963,688)
Inventories	(54,806,312)	(283,371,980)	22,834,238	(127,873,507)
Other current assets	1,235,852	190,226	74,582	4,485,636
Other non - current assets	(303,029)	(1,950,211)	(34,750)	(664,500)
Increase (decrease) in operating liabilities;				
Trade accounts and notes payable	(104,834,024)	16,719,875	(121,834,411)	9,474,549
Trade accounts and others payable - subsidiary companies	-	-	62,473,663	92,464,924
Other current liabilities	59,998,814	25,828,326	53,138,032	15,024,514
Unfunded provident fund	(498,260)	(583,716)	-	-
Employee benefits obligation	(339,224)	(2,734,905)	(150,346)	(2,463,274)
Cash Provided from Operating Activities	1,852,268,947	1,611,578,032	1,614,355,863	1,345,774,937
Income tax paid	(367,665,964)	(465,646,281)	(313,738,212)	(368,467,223)
Net Cash Provided from Operating Activities	1,484,602,983	1,145,931,751	1,300,617,651	977,307,714

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated		Separate	
	2013	2012	2013	2012
Cash Flows from Investing Activities				
Acquisitions of assets	(483,776,545)	(371,404,851)	(294,021,869)	(237,817,773)
Acquisitions of intangible assets	(12,110,040)	(806,080)	(12,110,040)	(806,080)
Payment for leasehold right	(1,578,947)	-	(105,263)	-
Proceed from disposal of fixed assets	5,698,477	6,220,398	470,858	2,363,084
Cash received from sales of other investment	-	636,853	-	-
Cash received from interest income	918,379	1,283,015	562,849	925,143
Net Cash Used in Investing Activities	(490,848,676)	(364,070,665)	(305,203,465)	(235,335,626)
Cash Flows from Financing Activities				
Increase in short - term loans from financial institutions	8,690,000,000	5,840,000,000	8,690,000,000	5,840,000,000
Repayment for short - term loans from financial institutions	(8,345,000,000)	(5,400,000,000)	(8,345,000,000)	(5,400,000,000)
Interest payment	(20,013,660)	(11,797,183)	(19,990,978)	(11,795,418)
Dividend payment	(1,338,240,000)	(1,211,760,000)	(1,338,240,000)	(1,211,760,000)
Net Cash Used in Financing Activities	(1,013,253,660)	(783,557,183)	(1,013,230,978)	(783,555,418)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(19,499,353)	(1,696,097)	(17,816,792)	(41,583,330)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	188,624,482	190,320,579	69,259,134	110,842,464
CASH AND CASH EQUIVALENTS AT END OF YEAR	169,125,129	188,624,482	51,442,342	69,259,134

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2013

1. GENERAL INFORMATION

Dynasty Ceramic Public Company Limited ("the Company") was registered as a public company in the year 1993. The Company is principally engaged in the manufacturing and selling of ceramic wall and floor tiles. Its registered office address is 37/7 Suthisarnwinijchai Rd., Samseannok, Huaykwang, Bangkok. The major shareholder of the Company is Saengsastra family.

The Company has following subsidiaries that are also engaged in the manufacturing and/or selling of ceramic wall and floor tiles:

		Number of branches during the year	
Company	Address	2013	2012
Tile Top Industry Public Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	-	-
Pick and Pay Company Limited	54 Moo 4 Phaholyothin Rd., Hueykhamin, Nongkae, Saraburi, 18230	93 branches	89 branches
Muangthong Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	60 branches	60 branches
World Wide Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	43 branches	43 branches

2. BASIS OF FINANCIAL STATEMENT PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis of financial statement preparation

The accompanying financial statements have been officially prepared in Thai in accordance with the Accounting Act B.E. 2543 and Thai Accounting Standards issued under the Accounting Professions Act B.E. 2547 and the financial reporting requirements promulgated by the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The translation of these financial statements to other language must be in compliance with the official report in Thai.

The financial statements have been prepared on a historical cost basis, except as otherwise disclosed specifically.

The Federation of Accounting Professions has announced the application of accounting standards, the financial reporting standards that were amended in 2012 and 2013, and the interpretation of accounting standards and reporting standards, effective for fiscal years beginning on or after 1 January 2014. Currently, the Company's management is considering the impact when these financial reporting standards are initially applied.

The consolidated and separate financial statements have been prepared with the same manner as prior year, except for the adoption of TAS 12 Income taxes as follow:

TAS 12 Income tax

This accounting standard requires the Company to identify temporary differences between the carrying amounts of assets or liabilities under the accounting basis and corresponding amounts under tax basis, in order to recognize the tax effects as deferred tax asset or liability subjecting to certain recognition criteria. Effective 1 January 2013, the Company has adopted such accounting policy and restated the prior year financial statements, presented for comparative information, as if it had recognized the income tax effects as deferred income tax asset or liability in the previous years.

The income tax expense recognized in profit or loss for the year comprises deferred income taxes and current income tax not recognized in other comprehensive income or directly in equity.

Current income tax

Current income tax is the expected tax payable or claimable on the taxable profit or loss for the year, which is different from profit or loss in the financial statements, using income tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to income tax payable in respect of previous years.

Deferred income tax

Deferred income taxes are calculated using the liability method on temporary differences between the accounting amounts of assets and liabilities and the amounts used for tax computation purpose. Deferred income taxes are calculated at the income tax rates that are expected to be applied to the temporary differences when they reverse, using income tax rates enacted or substantively enacted at the end of the reporting period.

A deferred income tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred income tax asset are reviewed by management at the end of each reporting period and reduced to the extent that it is no longer probable that the related income tax benefit will be realized.

The effect from adoption of new accounting policy

The effect from the adoption of new accounting policy are reflected in the financial statements for the year 2013 as follows :

(Unit : Thousand Baht)

	Consolidated F/S			Separate F/S		
	Previously Reported	Effect of change	Restated	Previously Reported	Effect of change	Restated
Statement of financial position						
as at 31 December 2011						
Deferred income tax asset	-	94,806	94,806	-	8,529	8,529
Deferred income tax liability	-	(10,935)	(10,935)	-	(10,935)	(10,935)
Retained earnings - Unappropriated	1,709,437	83,871	1,793,308	226,941	(2,406)	224,535
Statement of financial position						
as at 31 December 2012						
Deferred income tax asset	-	118,544	118,544	-	9,882	9,882
Deferred income tax liability	-	(22,759)	(22,759)	-	(22,759)	(22,759)
Retained earnings - Unappropriated	1,747,120	95,784	1,842,904	155,132	(12,877)	142,255
Statement of comprehensive income for the						
year ended 31 December 2012						
Income tax expense	388,392	(9,855)	378,537	318,424	11,124	329,548
The effects on earnings per share for the						
year ended 31 December 2012						
Basic earnings per share (Baht)	3.08	0.02	3.10	2.80	(0.03)	2.77

2.2 Basis of consolidation

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

Percentage of holding (%)			
Subsidiary Company	2013	2012	Nature of business
Tile Top Industry Public Co., Ltd.	96.83	96.83	Manufacturing and distribution of ceramic wall and floor tiles
Pick and Pay Co., Ltd.	97.99	97.99	Distribution of ceramic wall and floor tiles
Muangthong Ceramic Co., Ltd.	99.98	99.98	Distribution of ceramic wall and floor tiles
World Wide Ceramic Co., Ltd.	99.93	99.93	Distribution of ceramic wall and floor tiles

Significant transactions with subsidiaries 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.

The total assets of subsidiaries as at 31 December 2013 and 2012 and total revenues for the years ended 31 December 2013 and 2012, as included in the consolidated financial statements presented in term of percentages as follow :

	Percentage of subsidiaries' total assets		Percentage of subsidiaries' total revenues	
	to consolidated total assets		to consolidated total revenues	
	For the years ended 31 December			
	2013	2012	2013	2012
<u>Subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	35	35	35	36
Pick and Pay Co., Ltd.	18	18	43	42
Muangthong Ceramic Co., Ltd.	10	10	27	26
World Wide Ceramic Co., Ltd.	10	11	18	17

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Sales are recognized upon delivery of goods at the net value after discounts.

Other income and expenses are recognized on an accrual basis.

3.2 Cash and cash equivalents

Cash and cash equivalents include cash on hand and highly liquid cash in banks (which do not have restriction of usage) that are readily convertible to cash on maturity date with insignificant risk of change in value.

3.3 Trade accounts receivable and allowance for doubtful accounts

Trade accounts receivable are stated at the net realisable value. The Company and its subsidiaries provided allowances for doubtful accounts for the estimated losses that may incur in collection of receivables. The allowances are generally based on collection experiences and analysis of debtor aging, and the likelihood of settlement of debt, on specific accounts.

3.4 Inventories

The Company and its subsidiaries value their inventories at standard costs or net realizable values, whichever is the lower. Standard costs approximate actual average costs (moving average method). Net realizable values are based on the estimated selling prices in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Provision is made when necessary for slow - moving and defective inventories based on past experiences.

3.5 Investments in subsidiaries

Investments in subsidiaries in separate financial statements are presented by the cost method. The Company recognizes gain or loss on sale in the statement of comprehensive income in the period which investments are sold. When there is an indication of impairment on investment, the Company will recognize loss from impairment as expense out rightly in the statement of comprehensive income. The Company recognizes dividends income when the subsidiaries declare the payments of their dividends.

3.6 Investments in Shares (General Investment)

Long-term investments in other companies are stated at cost. The Company and its subsidiaries recognize gain or loss on sale in the statement of comprehensive income in the period when long-term investments are sold. When there is an indication of impairment on investment, the Company and its subsidiaries will out rightly recognize loss from impairment as expense in statement of comprehensive income.

3.7 Property, plant and equipment

Property, plant and equipment are stated at cost. Cost is measured by the cash or cash equivalent price of obtaining the asset to bring it to the location and condition necessary for its intended use. Plant and equipment in the statements of financial position are stated at costs less accumulated depreciation and allowance for impairment of assets (if any).

The Company and its subsidiaries depreciate buildings and structures and equipment by the straight - line method over the estimated useful lives of assets based on the segregation of components, if each part is significant with different useful lives. Estimated useful lives of the assets are as follows :

Building and structure	20 - 52 years
Machinery and equipment	5 - 20 years
Furniture, fixtures and office equipment	5 - 20 years
Vehicles	5 years

Expenditures for expansion, renewal and betterment are capitalized. Repair and maintenance costs are recognized as an expense when incurred.

3.8 Intangible assets

Intangible assets (Computer software) are stated at cost less accumulated amortization. Amortization of intangible assets is calculated by reference to their costs on a straight-line basis over the estimated useful lives of 5 years.

3.9 Leasehold rights cost

Cost of obtaining the leasehold rights is presented at cost less accumulated amortization and allowance for impairment (if any). Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of the lease between 6 to 16 years.

3.10 Goodwill

Goodwill is presented in the consolidated statements of financial position at cost less accumulated impairment loss (if any). Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

3.11 Property foreclosed and assets not used in operations

Property foreclosed - land possessed from debtors is stated at the net realizable values.

Asset not used in operations - machinery is stated at cost less allowance for impairment (If any). The Company and its subsidiaries recognize impairment loss on the assets in the statement of comprehensive income for the period in which they incurred.

3.12 Impairment of assets

The Company and its subsidiaries assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and its subsidiaries make an estimate of the asset recoverable amount. Where the carrying amount of the asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognized in the statement of comprehensive income. An asset recoverable amount is the higher of fair value less costs to sell and value in use.

3.13 Foreign currencies transactions

Transactions in foreign currencies are translated into Baht at the foreign exchange rate ruling at the date of transaction. Balances of monetary assets and liabilities, dominated in foreign currencies, at the reporting date are translated into Thai Baht at the foreign exchange rate ruling at that date. Gain or loss arising from translation is recognized in the statement of comprehensive income.

3.14 Employee benefits

Employee benefits

Short-term employment benefits

Salaries, wages, bonuses, contribution to the social security and provident fund, are recognised as expenses when incurred on the accrual basis.

Unfunded provident fund

A subsidiary has established a non-contributory provident fund for its employees whereby the subsidiary solely accrues its contribution to the self-managed provident fund at rate of 5.5% of basic salaries per annum in accordance with the subsidiary's regulations. The employees will receive the provident fund plus benefits upon their resignation.

Post-employment benefits (Defined contribution plan)

The Company and its subsidiaries, and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company and subsidiaries. The fund's assets are held in a separate trust fund from the Company and subsidiaries' assets. The Company's and subsidiaries' contribution to the fund are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and its subsidiaries have obligation in respect of the severance payment they must make to employees upon retirement under the labour law. The Company and subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefits plan is determined based on actuarial techniques, using the discount method on each projected unit.

Actuarial gains or losses occurred from the change in the salaries and wages and others for the computation of post-employee benefits are presented under shareholders' equity.

3.15 Income tax

The computation of income tax in compliance with the Revenue Code is based on the taxable profit for the year after adding back expenses that are not deductible in determining taxable profit and the deduction of exempted income, according to the Revenue Code.

In accordance with Royal Decree No. 530 dated 21 December 2011, the income tax rate will be reduced from 30 percent to 23 percent in 2012, and will be further reduced to 20 percent in 2013 and 2014.

3.16 Related parties

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 directing the Company's operations.

3.17 Financial instruments

The Company and its subsidiaries have no policy to speculate in or be engaged in the trading of any financial derivative instruments.

Financial instruments carried in the statement of financial position include cash and cash equivalents, trade accounts receivable, trade accounts payable and loans from financial institutions. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item.

3.18 Operating Lease

Lease of asset which all risks and rewards of ownership are effectively retained by the lessor is classified as operating lease. Lease payment under an operating lease is recognized as expense on a systematic basis over the lease period.

3.19 Dividend payment

Dividend payment is recorded in the financial statements in the year in which they are approved by the Shareholders or Board of Directors.

3.20 Earnings per share

Basic earnings per share are determined by dividing the net income by the weighted average number of shares outstanding during the year.

3.21 Segment reporting

Segment results that are reported to the Group's executive committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.22 Use of accounting estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption that affect the reporting amounts of revenues, expenses, assets, liabilities and disclosure of contingent assets and liabilities. The actual result may differ from those estimates.

3.23 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized in the financial statements when the Company and its subsidiaries have legal or constructive obligation as a result of past events with probable outflow of resources to settle the obligation and where a reliable estimate of the amount can be made. The contingent asset will be recognized as separate asset only when the realization is virtually certain.

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 subsidiaries set allowance for doubtful accounts equal to the estimated collection losses that may incur in the collection of receivables. The estimated losses are based on uncertainty in the collection as considered by the management.

4.1.2 Allowance for slow - moving and defective inventories

The Company and subsidiaries 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.

4.1.3 Property, plant and equipment and intangible assets

Management regularly determines the estimated useful lives and residual values of the Company and its subsidiaries' 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.

4.1.4 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 subsidiaries, taking into consideration of terms and conditions of the arrangement.

4.1.5 Impairment of assets

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

4.1.6 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.

4.1.7 Deferred tax assets

The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Group’s future taxable income against which the deductible temporary differences can be utilised. 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. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Cash on hand	5,726,204	5,903,386	120,000	90,000
Cash at banks				
- Current accounts	53,868,360	64,805,418	10,031,625	9,599,001
- Saving accounts	109,530,565	117,915,678	41,290,717	59,570,133
Total	169,125,129	188,624,482	51,442,342	69,259,134

Cash at bank - saving accounts bear interest at the floating rate of depository banks.

6. TRANSACTIONS WITH RELATED PARTIES

The Company has significant transactions with its related parties stated below based on agreed upon bases which bases for execution of the transactions might be different from the bases used for transactions with unrelated parties.

Name	Type of Business	Relationship
Tile Top Industry Public Co., Ltd.	Manufacturing and distribution of ceramic wall and floor tiles	Subsidiary Company
Pick and Pay Co., Ltd.	Distribution of ceramic wall and floor tiles	Subsidiary Company
Muangthong Ceramic Co., Ltd.	Distribution of ceramic wall and floor tiles	Subsidiary Company
World Wide Ceramic Co., Ltd.	Distribution of ceramic wall and floor tiles	Subsidiary Company
Mr. Roongroj Saengsastra	Owner of the leased property for subsidiaries	Director of the Company and Subsidiaries
Mr. Monrak Saengsastra	Owner of the leased property for subsidiaries	Director of the Company and Subsidiaries
Mr. Maruth Saengsastra	Owner of the leased property for subsidiaries	Director in subsidiary Company

The significant transactions with related parties for the years ended 31 December 2013 and 2012 are as follows :

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Pricing Policy	For the years ended 31 December			
		2013	2012	2013	2012
<u>Sales - finished goods</u>					
Pick and Pay Co., Ltd.	At the price determined by parent	-	-	2,926,929,784	2,947,133,646
Muangthong Ceramic Co., Ltd.	company, comparable to market	-	-	1,866,815,546	1,815,061,103
World Wide Ceramic Co., Ltd.	prices and higher than cost	-	-	1,245,654,414	1,234,852,217
Total		-	-	6,039,399,744	5,997,046,966
<u>Sales - raw materials and supplies</u>	At cost				
Tile Top Industry Public Co., Ltd.	At cost	-	-	4,196,477	2,538,855
Pick and Pay Co., Ltd.		-	-	327,915	460,503
Total		-	-	4,524,392	2,999,358
<u>Office and branches rental income</u>					
Tile Top Industry Public Co., Ltd.	Mutual agreement	-	-	360,000	360,000
Pick and Pay Co., Ltd.		-	-	2,461,000	1,320,000
Muangthong Ceramic Co., Ltd.		-	-	312,000	144,000
World Wide Ceramic Co., Ltd.		-	-	36,000	36,000
Total		-	-	3,169,000	1,860,000
<u>Management income</u>					
Tile Top Industry Public Co., Ltd.	Baht 1,000,000 per month	-	-	12,000,000	12,000,000
Pick and Pay Co., Ltd.	Baht 480,000 per branch / year	-	-	43,520,000	42,080,000
Muangthong Ceramic Co., Ltd.	Baht 480,000 per branch / year	-	-	28,720,000	28,280,000
World Wide Ceramic Co., Ltd.	Baht 480,000 per branch / year	-	-	20,840,000	19,720,000
Total		-	-	105,080,000	102,080,000

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Pricing Policy	For the years ended 31 December			
		2013	2012	2013	2012
<u>Vehicle rental income</u>					
Pick and Pay Co., Ltd.	Baht 21,000 per car / month	-	-	6,893,600	513,100
Muangthong Ceramic Co., Ltd.		-	-	3,749,900	253,400
World Wide Ceramic Co., Ltd.		-	-	2,978,500	196,700
		-	-	13,622,000	963,200
<u>Purchases - finished goods</u>					
Tile Top Industry Public Co., Ltd.	At the market prices competicable and higher than cost	-	-	2,632,149,813	2,745,131,876
<u>Purchases - raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.	At cost	-	-	9,843,704	15,468,312
<u>Management fee</u>					
Tile Top Industry Public Co., Ltd.	Baht 300,000 per month	-	-	3,600,000	3,600,000
<u>Land rental expenses</u>					
Mr. Roongroj Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	-	-
Mr. Monrak Saengsastra and					
Mr. Maruth Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	-	-
Acapulco Co., Ltd.	Baht 50,000 per month	-	300,000	-	-
Total		2,000,000	2,300,000	-	-
<u>Management expense</u>					
Short-term employee benefits		39,468,782	41,261,600	26,586,194	29,629,933
Post-employment benefits		187,720	187,720	127,370	127,370
Total		39,656,502	41,449,320	26,713,564	29,757,303

The significant balances with related companies as at 31 December 2013 and 2012 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Trade accounts and others receivable ^o subsidiary companies				
Pick and Pay Co., Ltd.	-	-	479,377,744	428,094,598
Muangthong Ceramic Co., Ltd.	-	-	200,102,463	176,091,758
World Wide Ceramic Co., Ltd.	-	-	376,368,381	381,073,932
Total	-	-	1,055,848,588	985,260,288

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>Trade accounts and others payables' subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	-	-	602,910,720	540,343,863
Pick and Pay Co., Ltd.	-	-	66,126	111,320
Muangthong Ceramic Co., Ltd.	-	-	-	26,000
World Wide Ceramic Co., Ltd.	-	-	-	22,000
Total	-	-	602,976,846	540,503,183
Employee benefits obligation				
<u>Executive</u>				
- Post - employee benefits	12,972,098	12,784,378	8,667,805	8,540,435

Guarantees

The Company has guaranteed its subsidiaries' credit facilities with a local bank totaling approximately Baht 795 million. The Company does not charge any fee for such guarantees from subsidiaries.

The subsidiaries also have counter guaranteed for the Company's credit facilities with a local bank of Baht 240 million. The subsidiaries do not charge any fee from the Company for such guarantees.

7. TRADE ACCOUNTS AND OTHER RECEIVABLE - NET

Analysis of outstanding balances of receivable as at 31 December 2013 and 2012 by ages are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
<u>Trade accounts receivable</u>				
Not over 90 days	98,828,950	127,793,924	72,742,581	112,487,479
Over 90 days to 120 days	3,791,930	6,633,355	3,791,930	6,633,355
Over 120 days to 180 days	3,367,373	2,193,383	3,367,373	2,193,383
Total	105,988,253	136,620,662	79,901,884	121,314,217
<u>Trade accounts and other receivables - subsidiary companies</u>				
Not over 90 days			940,164,566	925,907,966
Over 90 days to 120 days			93,897,849	59,175,656
Over 120 days to 180 days			21,786,173	176,666
Total			1,055,848,588	985,260,288

The Company grants credit terms to its general customers for 7 - 75 days and its subsidiaries for 150 days. The subsidiaries grant credit terms to their general customers for 7 - 60 days.

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Beginning balance	-	12,260,433	-	12,260,433
Increase	-	-	-	-
Decrease	-	(12,260,433)	-	(12,260,433)
Ending balance	-	-	-	-

8. INVENTORIES' NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Finished goods	1,326,204,798	1,260,928,946	522,720,932	543,085,523
Work in process	41,420,037	39,034,032	17,389,634	14,430,150
Raw materials	146,708,089	164,197,869	67,239,852	78,037,040
Supplies	80,651,988	77,579,266	47,556,074	41,036,873
Goods in transit	12,479,011	10,917,498	4,156,308	5,307,452
Total	1,607,463,923	1,552,657,611	659,062,800	681,897,038
Less Allowance for decline values	(2,697,267)	(2,780,553)	-	-
Net	1,604,766,656	1,549,877,058	659,062,800	681,897,038

During the year, the movements of allowances for decline value of inventories are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Beginning balance	2,780,553	2,790,503	-	-
Increase	-	-	-	-
Decrease	(83,286)	(9,950)	-	-
Ending balance	2,697,267	2,780,553	-	-

During the year 2013, the subsidiaries reversed allowances for decline value of inventories and raw materials of Baht 0.08 million because they used for production. Those were reversed in statement of comprehensive income.
(2012 : Baht 0.01 million)

9. OTHER CURRENT ASSETS' NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Refundable valued added tax	656,675	1,218,844	-	-
Undue valued added tax	9,493,912	11,014,088	3,656,014	4,944,406
Rewards and sale promotion supplies	9,550,757	10,400,134	9,550,757	10,400,134
Prepaid insurance	7,004,389	3,668,855	423,294	382,382
Other current assets	5,424,782	6,683,668	4,943,950	3,009,618
Miscellaneous receivables	5,786,588	6,167,366	350,080	262,137
Less Allowance for doubtful accounts	(2,795,338)	(3,468,321)	-	-
Net	35,121,765	35,684,634	18,924,095	18,998,677

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Beginning balance	3,468,321	4,330,710	-	-
Increase	6,750	1,769,027	-	-
Decrease	(679,733)	(2,631,416)	-	-
Ending balance	2,795,338	3,468,321	-	-

During the year 2013, allowances for doubtful accounts decreased by Baht of 0.68 million, respectively, because the subsidiaries received the settlements from debtors and the wrote-off of receivables. (2012 : Baht 2.63 million)

10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the separate financial statements as at 31 December 2013 and 2012 which are stated at cost are as follow:

(Unit : Thousand Baht)

	Percentage of					
	Paid-up capital		shareholding		Amount	
	2013	2012	2013	2012	2013	2012
Tile Top Industry Public Co., Ltd.	222,000	222,000	96.83	96.83	109,480	109,480
Pick and Pay Co., Ltd.	12,000	12,000	97.99	97.99	12,520	12,520
Muangthong Ceramic Co., Ltd.	4,500	4,500	99.98	99.98	4,790	4,790
World Wide Ceramic Co., Ltd.	1,000	1,000	99.93	99.93	1,064	1,064
Total					127,854	127,854

11. PROPERTY, PLANT AND EQUIPMENT' NET

(Unit : Thousand Baht)

	Consolidated F/S				
	2012	Increase	Decrease	Transfer in (out)	2013
Cost :					
Land	424,754	41,314	135	8,190	474,123
Building and structures	1,468,888	10,886	18,785	143,330	1,604,319
Building improvements	58,551	857	938	(45,163)	13,307
Machinery and equipment	4,106,373	14,325	15,368	174,883	4,280,213
Furniture, fixtures and office equipment	514,885	37,362	83,685	23,964	492,526
Vehicles	129,265	1,748	6,730	42,580	166,863
Construction in progress	165,712	377,284	-	(347,784)	195,212
Total	6,868,428	483,776	125,641	-	7,226,563
Less Accumulated depreciation :					
Building and structures	703,787	67,443	11,369	12,597	772,458
Building improvements	20,582	1,749	412	(12,642)	9,277
Machinery and equipment	2,955,099	104,255	11,977	(265)	3,047,112
Furniture, fixtures and office equipment	432,809	32,303	81,650	310	383,772
Vehicles	55,300	21,435	4,885	-	71,850
Total	4,167,577	227,185	110,293	-	4,284,469
Net book value	2,700,851				2,942,094
Depreciation allocation for the year:					
Cost of sales	114,754				134,989
Selling and administrative expenses	61,696				92,196
Total	176,450				227,185

(Unit : Thousand Baht)

	Separate F/S				
	2012	Increase	Decrease	Transfer in (out)	2013
Cost :					
Land	183,961	41,314	-	8,190	233,465
Building and structures	417,798	1,604	108	29,499	448,793
Machinery and equipment	2,050,928	5,937	643	129,137	2,185,359
Furniture, fixtures and office equipment	338,571	26,194	65,938	14,821	313,648
Vehicles	84,242	840	-	42,580	127,662
Construction in progress	107,029	218,133	-	(224,227)	100,935
Total	3,182,529	294,022	66,689	-	3,409,862

(Unit : Thousand Baht)

	Separate F/S				
	2012	Increase	Decrease	Transfer in (out)	2013
Less Accumulated depreciation :					
Building and structures	205,222	9,136	67	(60)	214,231
Machinery and equipment	1,479,645	53,440	624	-	1,532,461
Furniture, fixtures and office equipment	292,375	19,068	65,866	60	245,637
Vehicles	30,190	14,774	-	-	44,964
Total	2,007,432	96,418	66,557	-	2,037,293
Net book value	1,175,097				1,372,569
Depreciation allocation for the year:					
Cost of sales	57,038				69,291
Selling and administrative expenses	15,913				27,127
Total	72,951				96,418

As at 31 December 2013 and 2012 The Company and a subsidiary's land at book value of Baht 223.09 million (The Company's portion : Baht 120.63 million) with the existing and future construction thereon have been mortgaged as collaterals for bank overdrafts and loans from financial institution (Note 14).

Part of the land where the Company's head office building is situated with the value of Baht 73 million (2.7% of total space) has been registered as the servitudes.

As at 31 December 2013 and 2012, a portion of the Company's and its subsidiaries' buildings and equipment had been fully depreciated, but are remained in active use. The gross carrying amounts of such assets before accumulated depreciation are totalling Baht 2,206 million and Baht 2,263 million, respectively. (the Company's portions : Baht 1,304 million and Baht 1,357 million, respectively)

12. INTANGIBLE ASSETS' NET

(Unit : Baht)

	Consolidated F/S / Separate F/S				
	2012	Increase	Decrease	Transfer in (out)	2013
At cost					
Computer software	19,139,737	12,110,040	-	-	31,249,777
Less Accumulated amortization	(12,018,571)	(4,353,860)	-	-	(16,372,431)
Net	7,121,166				14,877,346

13. OTHER NON - CURRENT ASSETS - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Property foreclosed - net of accumulated depreciation	5,121,865	5,121,865	4,121,865	4,121,865
<u>Less</u> Allowance for impairment	(2,292,119)	(2,292,119)	(1,307,119)	(1,307,119)
Property foreclosed - net	2,829,746	2,829,746	2,814,746	2,814,746
Non-operating machine	4,647,318	4,647,318	4,647,318	4,647,318
<u>Less</u> Allowance for impairment	(4,647,318)	(4,647,318)	(4,647,318)	(4,647,318)
Non-operating machine - net	-	-	-	-
Deposit and guarantee	8,313,706	8,171,085	1,706,811	1,672,059
Lease right - land - net	4,191,711	3,391,181	105,261	-
Prepaid land rental	21,508,310	21,352,688	-	-
Restricted deposit with bank	775,558	770,773	-	-
Total	37,619,031	36,515,473	4,626,818	4,486,805

The subsidiaries have amortization for land lease right in statements of comprehensive income for the year ended 31 December 2013 of Baht 0.78 million. (2012 : Baht 4.70 million)

During the year, the movement in allowance for impairment of assets are as follow :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Beginning balance	6,939,437	6,939,437	5,954,437	5,954,437
Increase	-	-	-	-
Decrease	-	-	-	-
Ending balance	6,939,437	6,939,437	5,954,437	5,954,437

The property foreclosed comprises land which the Company and a subsidiary take possession from their debtors.

As at 31 December 2013 and 2012, the restricted deposit of the two subsidiaries were obliged under the guarantee against the legal case, which was sued for damages on the subsidiary of Baht 0.66 million (such subsidiaries have already provided for the damages). In addition, a subsidiary has restricted deposit with bank under the guarantee for electricity usage of Baht 0.11 million.

14. SHORT TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Thousand Baht)

		Consolidated F/S		Separate F/S	
	Interest rate per annum	2013	2012	2013	2012
Promissory notes	2013: 2.67 - 2.85 per annum 2012: 2.85 - 3.35 per annum	1,185,000,000	840,000,000	1,185,000,000	840,000,000
Total		1,185,000,000	840,000,000	1,185,000,000	840,000,000

3 promissory notes will be matured on call of Baht 1,185 million. (As at 31 December 2012, the matured on 7 January 2013 of Baht 300 million and on call amount of Baht 540 million.)

As at 31 December 2013 and 2012, the Company and its subsidiaries have credit facilities with the financial institutions as follow :

Credit line (Million Baht)			Maturity		
	2013	2012	Interest rate	Date	Guarantee
<u>Bank overdraft</u>					
The Company	70	40	At the floating rate at MOR per annum	One year	- By the mortgage of land and the existing and future construction thereon
The subsidiaries	44.80	44.80	At the floating rate at MOR per annum to MOR less 0.5% per annum	One year	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company
<u>Short - term loans</u>					
The Company	1,837	1,817	At the floating rate at the lower of at MLR - 1.5% and MRR per annum At the average floating rate In 2013 : 2.68% per annum In 2011 : 3.25% per annum	Due at call	- By the mortgage of land and the existing and future construction thereon - By a subsidiary
The subsidiaries	620	620	At the floating rate at MRR per annum	Due at call	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company

The subsidiary has credit facilities of Baht 620 million of which Baht 520 million can be jointly used by the Company.

	Credit line (Million Baht)		Interest rate	Maturity	Guarantee
	2013	2012		Date	
Liabilities under trust receipts					
The Company	95	95	At the floating rate at MLR less 1.5% per annum	Maturity on agreement	- By the mortgage of land and the existing and future construction thereon - By a subsidiary
The subsidiaries	20	20	At the floating rate at MOR per annum	Maturity on agreement	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company

The Company and its subsidiaries have to comply with the covenants as specified in bank overdraft and short - term loan agreements with financial institutions, such as not default the payment of loan, not transfer right or entitlement, not change type of business unless with prior approval from the lender, not change the management structure and have to assign beneficiary of the asset insurance of the Company and subsidiaries to the lender, etc.

15. TRADE ACCOUNTS PAYABLE AND NOTES PAYABLE

Trade accounts and notes payable classified by foreign currencies as at 31 December 2013 and 2012 are as follows :

Consolidated F/S

	Foreign Currencies (Units)		(Unit : Baht)	
	2013	2012	2013	2012
Baht	-	-	512,245,089	648,494,896
Euro	1,317,534	707,763	59,713,661	28,919,421
USD	490,686	375,265	16,167,809	11,549,719
			588,126,559	688,964,036

Separate F/S

	Foreign Currencies (Units)		(Unit : Baht)	
	2013	2012	2013	2012
Baht	-	-	273,105,803	385,745,164
Euro	197,427	434,436	8,947,848	17,751,193
			282,053,651	403,496,357

16. OTHER CURRENT LIABILITIES

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Accrued salaries, wages and other employee compensation	83,846,493	73,354,106	32,432,087	28,844,373
Others	151,871,884	102,242,559	117,192,004	67,518,788
Total	235,718,377	175,596,665	149,624,091	96,363,161

17. UNFUNDED PROVIDENT FUND^o NON CONTRIBUTORY

(Unit : Baht)

	Consolidated F/S	
	2013	2012
Beginning balance	51,447,498	49,572,499
Increase during the year ^o accrued interest	2,530,191	2,458,715
Payment during the year	(498,260)	(583,716)
Ending balance	53,479,429	51,447,498

A subsidiary had established a non-contributory provident fund covering all of its employees who has joined the Company before the year 1997, which the fund is a self-managed by the subsidiary (not in accordance with the Provident Fund Act B.E.2530). The subsidiary contributes to the fund at the amount equivalent to 5.5% of employees' salaries per annum based on the number of years employed at the specified rate. Employees will receive such benefits when resign. The accrual under this fund is made up to the year 2003. The subsidiary stopped accruing the fund under this fund when it established a funded provident fund in the year 2003.

18. PROVIDENT FUND

The Company and subsidiaries had established a provident fund covering all of its employees in accordance with the provident Fund Act B.E. 2530. The employees contribute to the fund at the amount equivalent to 5% of the basic salaries and the Company and its subsidiaries contribute to the fund for each employee at amount based on the number of years employed at the specified rate. The Company and its subsidiaries appointed fund managers to manage the fund in accordance with the terms and conditions prescribed in the Provident Fund Act B.E.2530.

The Company and its subsidiaries' contribution for the years ended 31 December 2013 and 2012 amounted to Baht 30.11 million and Baht 22.65 million, respectively. (Separate F/S : Baht 11.12 million and Baht 9.67 million, respectively)

19. EMPLOYEE BENEFITS OBLIGATION

- Movement of employee benefits obligation for the year ended 31 December 2013 is as follows :

(Unit : Baht)

	2013		2012	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
Beginning balance	118,464,522	51,366,044	93,337,925	44,600,002
Current service costs	13,818,921	4,361,035	13,818,921	4,361,035
Interest on obligation	3,751,738	1,602,056	3,751,738	1,602,056
Actuarial losses	-	-	10,290,843	3,266,225
Decrease in obligation from payment	(339,224)	(150,346)	(2,734,905)	(2,463,274)
Ending balance	135,695,957	57,178,789	118,464,522	51,366,044

- Principal actuarial assumptions at the reporting date for the year ended 31 December 2013 are as follows :

(Unit : Percent)

	Consolidated F/S	Separate F/S
Discount rates	4.16 - 4.73	4.15 - 4.73
Salary incremental rate	3 - 7	3 - 7
Mortality rate	Thai Mortality Table 2008	Thai Mortality Table 2008
Normal retirement ages (years)	55	55

Actuarial gains or losses occurred from the change in the salaries and wages and other factors for the computation of post-employee benefits are presented under shareholders' equity.

20. LEGAL RESERVE

Under the Public Companies Act B.E. 1992, the Company and a subsidiary are required to set aside as a statutory reserve at least 5 percent of its net income, after deduction of deficit (if any), until the reserve reaches 10 percent of the registered capital. The reserve is not distributable for dividends.

Under the provisions of the Civil and Commercial Code, the subsidiaries are required to set aside as legal reserve at least 5% of its net earnings at each dividend declaration until the reserve reaches 10% of the authorized share capital. Such reserve is not available for dividend distribution.

21. DEFERRED INCOME TAX

Deferred income tax asset and liability are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012 (restated)	2013	2012 (restated)
Deferred income tax asset	127,336,077	118,543,998	11,045,018	9,882,469
Deferred income tax liability	(33,300,322)	(22,759,402)	(33,300,322)	(22,759,402)
Deferred income tax - net	94,035,755	95,784,596	(22,255,304)	(12,876,933)

The movements in deferred income tax asset and liability are as follows :

(Unit : Baht)

Consolidated F/S				
Recognised as income (expense)				
	1 January 2013	Statement of income	Shareholders' equity	31 December 2013
Deferred income tax asset from :				
Inventories				
From profit in inventories	85,055,194	4,939,406	-	89,994,600
Employee benefits obligation				
From employee benefits obligation	23,199,304	3,446,287	-	26,645,591
From unfunded provident fund	10,289,500	406,386	-	10,695,886
	118,543,998	8,792,079	-	127,336,077
Deferred income tax liabilities from:				
Difference of depreciation between accounting and tax	(22,759,402)	(10,540,920)	-	(33,300,322)

(Unit : Baht)

Separate F/S				
Recognised as income (expense)				
	1 January 2013	Statement of income	Shareholders' equity	31 December 2013
Deferred income tax asset from :				
Employee benefits obligation	9,882,469	1,162,549	-	11,045,018
Deferred income tax liability from :				
Difference of depreciation between accounting and tax	(22,759,402)	(10,540,920)	-	(33,300,322)

(Unit : Baht)

Consolidated F/S

Recognised as income (expense)				
	1 January 2013	Statement of income	Shareholders' equity	31 December 2013
Deferred income tax asset from :				
Inventories				
From profit in inventories	66,717,855	18,337,339	-	85,055,194
Employee benefits obligation				
From employee benefits obligation	18,173,984	2,967,151	2,058,169	23,199,304
From unfunded provident fund	9,914,500	375,000	-	10,289,500
	94,806,339	21,679,490	2,058,169	118,543,998
Deferred income tax liability from :				
Difference of depreciation between accounting and tax	(10,935,200)	(11,824,202)	-	(22,759,402)

(Unit : Baht)

Separate F/S

Recognised as income (expense)				
	1 January 2013	Statement of income	Shareholders' equity	31 December 2013
Deferred income tax asset from:				
Employee benefits obligation	8,529,260	699,963	653,246	9,882,469
Deferred income tax liability from:				
Difference of depreciation between accounting and tax	(10,935,200)	(11,824,202)	-	(22,759,402)

Income tax expenses for the years ended 31 December 2013 and 2012 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Accounting profit before income tax	1,636,655,905	1,648,126,010	1,500,691,817	1,461,641,506
Tax effect of income and expenses that are not taxable income or not deductible	29,334,783	40,533,863	(42,127,026)	(77,187,848)
Income per tax base	1,665,990,688	1,688,659,873	1,458,564,791	1,384,453,658
Tax rate (Percentage)	20	23	20	23
Current income tax recognized in profit or loss	333,198,138	388,391,771	291,712,958	318,424,341
Deferred income tax from				
Movement in temporary differences	1,748,841	(9,855,288)	9,378,371	11,124,239
Total	334,946,979	378,536,483	301,091,329	329,548,580
Income tax recognized in other comprehensive income	-	2,058,169	-	653,245
From Actuarial loss	-	(10,290,842)	-	(3,266,225)
Total	-	(8,232,673)	-	(2,612,980)

22. DIVIDEND PAYMENTS

			Declaration of dividend		
Description	Date of Meeting	Date Payment of dividend	Per share (Baht)	Amount (Million Baht)	Amount paid
The board of directors meeting passed the resolution to approve :					
- payment of final dividend for year 2013**	On 28 January 2014*	On 9 May 2014	0.63	257.04	-
- payment of interim dividend 3/2013	On 22 October 2013	On 21 November 2013	0.72	293.76	293.76
- payment of interim dividend 2/2013	On 23 July 2013	On 22 August 2013	0.82	334.56	334.56
- payment of interim dividend 1/2013	On 23 April 2013	On 22 May 2013	1.01	412.08	412.08
- payment of final dividend for year 2012**	On 29 January 2013**	On 3 May 2013	0.73	297.84	297.84
Total					1,338.24

			Declaration of dividend		
Description	Date of Meeting	Date Payment of dividend	Per share (Baht)	Amount (Million Baht)	Amount paid
- payment of interim dividend 3/2012	On 30 October 2012	On 28 November 2012	0.65	265.20	265.20
- payment of interim dividend 2/2012	On 24 July 2012	On 23 August 2012	0.79	322.32	322.32
- payment of interim dividend 1/2012	On 24 April 2012	On 23 May 2012	0.91	371.28	371.28
- payment of final dividend for year 2011 ***	On 24 January 2012***	On 4 May 2012	0.62	252.96	252.96
Total					1,211.76

* The shareholders approved such dividend payments the Annual Shareholders' Meeting for 2014.

** The shareholders approved such dividend payments at the Annual Shareholder's Meeting for 2013, held on 23 April 2013.

*** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2012, held on 24 April 2012.

23. SEGMENT REPORTING

The segment reporting of the Company and its subsidiaries for the years ended 31 December 2013 and 2012 are as follows :

(Unit : Thousand Baht)

Consolidated F/S								
	Domestic		Overseas		Eliminated		Total	
	2556	2555	2556	2555	2556	2555	2556	2555
Revenue from sale to external customers - net	7,391,889	7,380,529	154,336	222,218	-	-	7,546,225	7,602,747
Revenue from sale to subsidiaries - net	6,039,400	5,997,047	-	-	(6,039,400)	(5,997,047)	-	-
Cost of sales	(4,339,594)	(4,459,093)	(107,834)	(165,897)	-	-	(4,447,428)	(4,624,990)
Gross income	9,091,695	8,918,483	46,502	56,321	(6,039,400)	(5,997,047)	3,098,797	2,977,757
Other income							17,236	33,497
Interest income							918	1,283
Interest expense							(23,878)	((15,795)
Depreciation and amortization							(232,315)	(183,001)
Income before income tax							1,636,656	1,648,126
Property, plant and equipment - net							2,942,094	2,700,851
Other assets							2,198,458	2,176,612
Total assets							5,140,552	4,877,463

Gross margin on sales of each geographical segment is derived from deducting the sales amounts by the cost of sales which is calculated by averaging the total gross margin on sales of the Company and its subsidiaries.

Other assets are mainly consisted of cash and cash equivalents, trade accounts receivable, inventories, investment in subsidiaries and others.

Major Customer

The Company has no major customer for external revenue.

24. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Changes in finished goods and work in process	(67,661,857)	(260,566,440)	17,405,107	(130,215,496)
Raw materials and supplies used	2,141,195,908	2,364,894,972	952,587,903	1,114,030,773
Salaries, wages and other employee compensation	884,408,640	769,482,367	310,813,613	278,507,237
Depreciation and amortization	232,315,410	183,001,088	100,771,667	75,461,244
Transportation expense	602,047,214	635,921,319	602,047,214	635,916,319
Electricity and fuel expenses	1,634,115,533	1,888,754,081	719,245,898	887,081,168

25. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2013, the Company and its subsidiaries have :

25.1 Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries approximately Baht 20.87 million for the Company and amounting to Baht 27.31 million for the subsidiary.

25.2 Commitment to pay under the agreement for construction of building amounting to Baht 24.38 million and Baht 41.51 million for the subsidiaries.

25.3 Commitments under operating lease agreements

The Company and subsidiaries have commitments to pay for the vehicles lease payments and land lease agreements as follows:

Million Baht

Vehicle lease agreements

Within

1 year	60.21
2 - 5 years	55.52

Land lease agreements

Within

1 year	57.74
2 - 5 years	103.48
after 5 years	92.39

25.4 Unused credit facilities from bank in consolidated and separate financial statements amounted to Baht 1,586.53 million and Baht 819.13 million, respectively.

26. FINANCIAL INSTRUMENTS

26.1 Accounting policies

Details of the significant accounting policies are disclosed in Note 3.

26.2 Financial risk management

The Company and its subsidiaries manage their financial risk exposure on financial assets and financial liabilities in normal business by the internal management and control system and the Company and its subsidiaries do not held or issue any derivative instruments.

26.3 Credit risk

The Company and its subsidiaries have exposures to credit risk primarily with respect to trade accounts receivable. The Company and its subsidiaries have a prudent credit policy and maintain a well - diversified customer base. The maximum credit risk exposure is equal to the book value of accounts receivable in the statement of financial position.

26.4 Interest rate risk

Interest rate risk arises from the potential change in interest rate that will have an adverse effect on the Company and its subsidiaries in the current reporting period and in future periods. The Company and its subsidiaries do not expect to incur significant incremental effect on its interest expense.

26.5 Foreign currency risk

The Company and its subsidiaries have exposure to foreign currency risk relating to their monetary asset and liability in foreign currencies US dollars and EURO. However, the Company and its subsidiaries do not expect to incur significant risk from the exchange rate.

The Company and its subsidiaries have foreign currency assets and liabilities as follows :

	Consolidated F/S		Separate F/S	
	2013	2012	2013	2012
Assets - USD	57,021	325,024	57,031	325,024
Liabilities - USD	521,508	398,734	30,822	23,469
Liabilities - EURO	1,317,534	707,763	197,427	434,436

26.6 Fair value of financial instruments

A fair value is the amount for which an asset can be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

The following methods and assumptions are used to estimate the fair value of each class of financial instruments :

Cash and cash equivalent, accounts receivable and accounts payable - the carrying values approximate their fair values due to the relatively short - term maturity of these financial instruments.

27. SUBSEQUENT EVENT

The Board of Directors has approved group restructuring by Entire Business Transfer of three of the subsidiaries, which the Company has a holding of more than 97% of total share capital, consisting of Pick & Pay Co., Ltd., Muangthong Ceramic Co., Ltd. and Worldwide Ceramic Co., Ltd. The Board of Directors has adopted the resolution to propose the matter to be approved at the General Meeting of Shareholders 2014.

28. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 11 February 2014.



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