

DYNASTY CERAMIC PUBLIC COMPANY LIMITED



บริษัท ไตนาสตี เซรามิก จำกัด(มหาชน)

รายงานประจำปี 2557

ANNUAL REPORT 2014



DYNASTY TILETOP





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Message from Chairman

Thailand's economy in 2014, according to a statement of both Thai and foreign investors, is the lowest in the last decades of the country. Households experienced increasing debt and industrial sectors were lack of liquidity due to the major purchasing power of the country in agriculture sector decreased. The political situation and assistance from the Government, which were expected to revive the economy during the second half did not go as planned causing economic distress in the country and affecting the Company's sales revenue.

However, the Board of Directors and the management team were highly concerned with the situation. Production team has improved the production process and began to manufacture large sizes and increase production capacity for digital tiles to further reduce cost of production for tiles of all sizes, as well as reducing the use of natural gas and reduce waste resulting from the production process in the factory. As a result of the continuous effort, the Company was able to maintain a gross profit margin of 42% while production volume dropped 5% compared to the previous year. Sales team has also utilized the strong competency of production team to produce outstanding digital tiles to penetrate the mid to high segment of market. Digital tiles are value added product and can be sold at a higher price, contributing to the Company's higher average selling price of 137 per sqm in 2014; an increase from 136 per sqm in the previous year. The management team - at factory, head office, and outlets cooperate to achieve maximum efficiency, eliminate redundant work process, and reduce unnecessary expenses, which these three main strategies allow the Company to achieve a net profit margin at 17% even with a 5% drop in sales revenue.

Economic conditions during the 4th quarter of 2014 had bottomed out already and the situation has begun to recover constantly with a contribution of a decreasing trend of oil prices and a better con-

trol in sales and administrative expenses. As a result, in 4th quarter, net profit rose 8% YoY; therefore, the company's Board of Directors and management team are confident that sales and profits of the company, it will continue to grow firmly in 2015.

In 2014, net profit of the Company in the Consolidated Financial Statement was 1,227 million Baht and calculated to be the earning per share of 0.301 Baht per share from Par Value of 0.10 Baht per share. As a result, we would like to propose profit allocation for paying dividend to our shareholders in the amount of 0.301 Baht per share, totaling 1,228.1 million Baht. Such dividend will be paid before 30 April 2015, which 0.232 Baht per share was paid as interim dividend during the year 2014, and the remaining 0.069 Baht per share will be paid. Difficulties that occurred in 2014 will motivate the Company to strengthen its capability and stimulate its fullest potential in all aspects including increasing production efficiency, reducing production cost and selling and administrative expense, securing market share as well as approaching new customer base in order to secure higher growth in sales revenue and profit margin in the future years.

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.

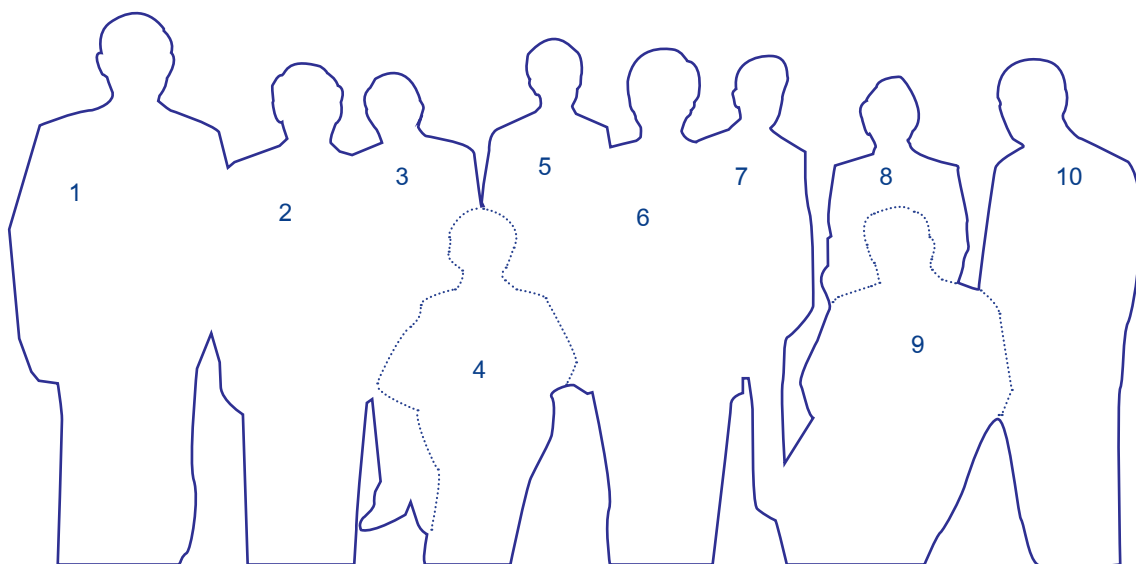


Mr. Roongroj Saengsastra
Chairman



Board of Directors





1. Mr. Suvit Smarnpanchai
Director

2. Mr. Phachon Khachitsarn
Independent Director &
Audit Committee

3. Mr. Yothin Juangbhanich
Independent Director &
Chairman of Audit Committee

10. Mr. Surasak Kosiyajinda
Independent Director &
Audit Committee

4. Miss Cattleya Saengsastra
Executive Director and
Company Secretary

5 Mr. Maruth Saengsastra
Executive Director at TileTop
Industry Co., Ltd (Subsidiary)

6. Mr. Roongroj Saengsastra
Chairman

7. Mr. Monrak Saengsastra
Executive Director
(Administration)

8 Mr. Sanchai Janejarat
President

9. Mr. Chaiyasith Viriyametakul
Director

VISION

The Leader of Tile Business
with Outlets throughout Thailand



MISSION

To Country

To produce tiles with creative production process that meets international standard at the lowest cost to manufacture quality products at reasonable prices.

To customers

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.

To Shareholders

To have high dividend payout.

To employees

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

To suppliers

To operate business with fairness and integrity with suppliers.

To Corporate Social

To incorporate the Corporate Social Responsibility strategy directly
into the business strategy

Group Values

DCC

TTOP

Differentiation

Cost Leadership

Continuous Improvement

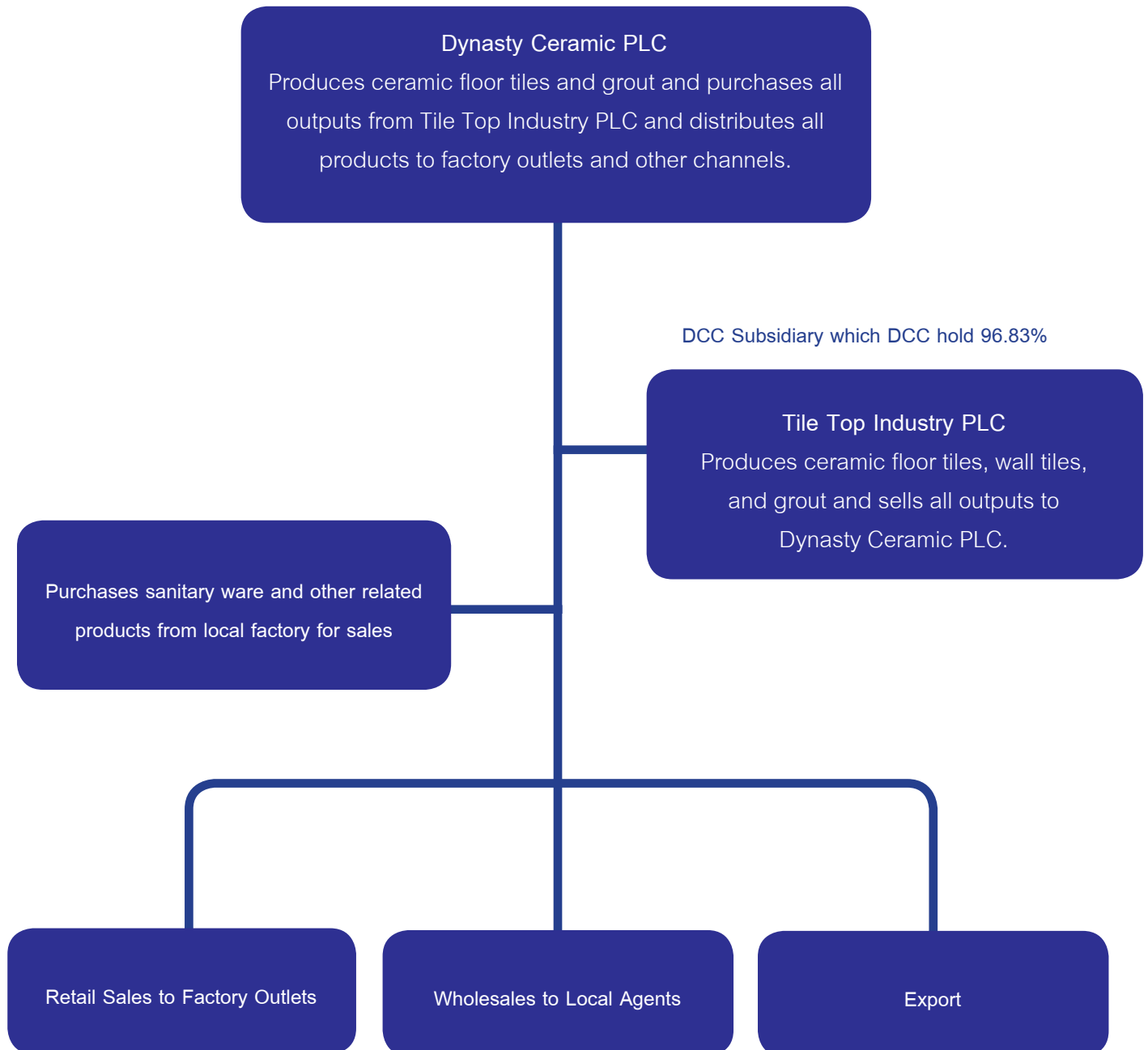
Total Management System

Trustworthy Product Quality

On Time Delivery

Profit, People, and Planet

ORGANIZATION STRUCTURE





Nature of Business

Company History and Significant Development

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

At the end of 2005, to operate a retail business in the form of factory outlets, 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%. 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

In June 2014, the Company has conducted group restructuring by Entire Business Transfer from 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%. As a result, Dynasty Ceramic is currently having only one subsidiary, Tile Top Industry Public Co., Ltd.

At the end of 2014, with an intention to increase stock liquidity, the Company has changes of number of ordinary shares and the par value per share of the Company's ordinary shares to 4,080,000,000 shares at Baht 0.10 each. The registered capital remains the same at 408,000,000 Baht.

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 wholesale 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 outlets 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 2014, the Company had 195 branches warehouses nationwide and 3,000 local distributors.

The Company is held by Thai nationals 90.25% and 9.75 % by foreigners. (Register closed 30 January, 2015)

Our Brands

The ceramic tiles produced by the Company and its subsidiaries comprise under the trademark "Dynasty", "Tile Top", "Tomahawk", "Jaguar", "Anna", "Value", "Mustang"

Product Types and Sizes

1.Floor Tile size 8" x 8" , 12" x 12" ,16" x 16" ,16" x 16" Rectified ,16" x 16" Digital Hybrid, 24" x 24"

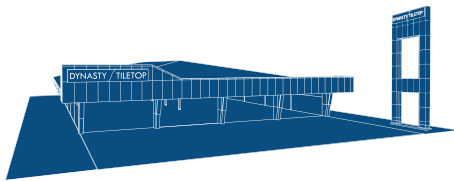
2.Wall Tile size 8" x 8" , 8" x 10" , 8" x 12"

3.Grout

Significant Changes in 2014

The past year was considered to be a difficult year for both small and big companies due to an impact from politics and global economic crisis that are important factors to private sector. The competitive advantage of the Company is ability to adapt quickly to change in the market and economy. One of the main business strategies of the Company was to endlessly improve ourselves with a determination to gain market share with our core competency of outlets, creating unique selling point that differentiate the Company from others, as well as development in tile designs in various sizes through the use of efficient machineries with cost control. Other than developments in marketing and production, in this year the Company had conducted a group restructuring by Entire Business Transfer from its subsidiaries, which all are Company's subsidiaries with a holding of more than 95% of the stock, to the Company, with an intension to increase efficiency in work process. All that have been done were to create an outstanding competency and ability to retain higher profit margin than competitors and achieve progressive growth in short and long term. Overall, in the year 2014, the Company has completed a number of preparations to the new changes, which can be divided into different departments as follows.

Re-Branding



Outlets

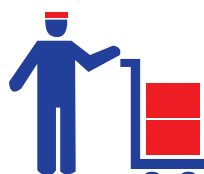
- Re-branding project: This project consisted of renovating interior and exterior design of the outlets, change uniform of salesperson, and informative customer service enhancement. In 2014, Re-branding project has completed 40 outlets and planned to complete another 30 outlets in 2015.

Expand number of outlets



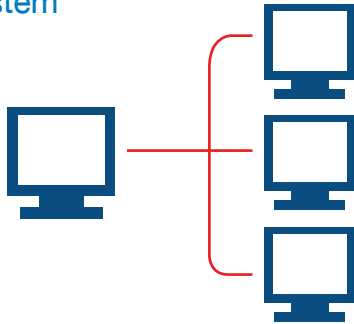
- Expand number of outlets: In 2014, the Company has added more than 15 outlets which include both new outlets and replacements of the old one with expired rental contract. It indicated that the company could have more inclusively expanded areas.

Improve customer service quality



- 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



- 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.

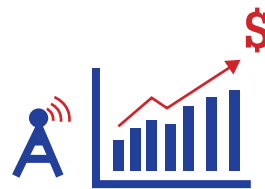
Factory

- Increase variety and value added product: In order to respond to marketing strategies of wider customer base to mid to high segment as a way to reduce risk of relying on farm income, production team have done researches on new designs of 16x16" digital tile, 16x16" rectify tile, and 24x24" tiles with 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 production capacity: The year 2014 was the three 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 2014 and able to yield additional production capacity by about 5 percent as targeted.

- Increase speed of production: Production team has continuously studied modern production techniques focusing on automation, auto-no-mation, 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.

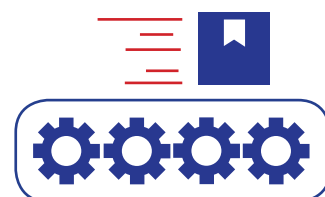
Increase variety and value added product



Increase production capacity



Increase speed of production



Improve production efficiency & calculation method of production plan



- Develop production efficiency: The Company has constantly focused on increasing production efficiency. In 2014, 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 bestselling 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 temperate 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.

Research on component formula



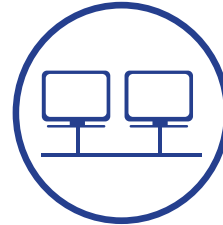
Creative project



- 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.

- 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 computer information system



Improve communication system



- 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



- 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



- 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.

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 the year 2014, the economy of Thailand affected by the economic and political problems, both within and outside the country. Higher level of household debt caused a decrease in purchasing power of the market. Growth of Thailand's export sector grew slower than expected with currency fluctuations and the global economic slowdown.

The climate in the current year was favorable for cultivation as there was no severe flooding from natural disaster, only flooding in some provinces in the middle of the year due to a heavy rainfall and a longer than usual rainy season. Nevertheless, due to an effect of political factors and lack of confidence in private sector investment, economy of Thailand was not as excellent as expected. Thus, the Company has evaluated the situation and continually adjusted to reflect the economic strategy each quarter as follows.

Quarter 1

Economic conditions as a whole in the first quarter were affected by both the economic and political situation in the country and export. The main agricultural products such as rice and rubber prices fell, according to the global market price because there were more outputs produced by major producing countries. Rice could be sold at lower price, partly from rice stock clearance by Thai Government's as a result of unsuccessful rice pledging scheme from the



old government. In addition, fishery products has also face with epidemic in shrimp and tourism sector slowed since late last year. All of this resulted households and businesses to be more cautious about spending and investment. Consumption and investment, especially in the construction and renovation sector were delayed and some put the investment on hold to wait for the political and economic situation evaluation. Even though the overall market's liquidity decreased, but in major capital cities that covers mid to high market segment still had purchasing power. As a result, the company's new products, such as rectified tiles and digital tiles were well responded from this new customer base.



In the first quarter, total revenue was 2,039 MB, which decreased by 164 MB, or 7% YoY. Average selling price was 137 Baht/Sqm, slightly the same with first quarter of 2013. The Company's gross profit was 40.0% in

comparison to a 40.5% of the same period last year as production units dropped and natural gas price recently rose.

In addition, Separate Financial Statements of Dynasty Ceramic Public Company Limited (DCC) of first quarter of 2014 has an extraordinary income from a dividend income received from the three sub-

sidiaries consisting of Pick & Pay Co., Ltd, Muangthong Ceramic Co., Ltd, and Worldwide Ceramic Co., Ltd amount 769 MB due to plan of group restructuring by Entire Business Transfer; however, a dividend income received from subsidiaries does not impact Consolidated Financial Statements.

Quarter 2

In the second quarter, the economy has remained almost unchanged since the first quarter. Businesses and wholesaler were concerned with the economic issues and political direction, causing a low confidence level, with orders to stock in stores dropped accordingly. Rice price was low with prolonging effect from stock clearance of rice pledging scheme. The price of rubber continued to fall, which directly impacted income of farmers in the South. On the other hand, eastern region benefited from the relocation of industrial zone that moved from central to the east, resulted in the construction of commercial buildings and residences for rent to accommodate the growth of industrial zones. There were also constructions of hotels in preparation for the high season of tourism later in the year. Around June, when the economy picked up after the political situation began to unravel, there was a positive mood among private sector with confidence in the investment. The Company has adjusted a marketing strategy to focus on construction projects and wholesale sales. The rice pledging scheme payments that were delayed from last year were now fully paid to farmers. Although the farmers received rice payments, yet partially this money was used to pay debt and invest for current rice cultivation cycle. However, rice



payment in collaboration with other government policies that were in better stages have restored the market's confidence, as a result, market spending and our retail sales from outlets began to recover. Also the Company began to launch a new size for rectified digital tiles size 12 x 24 to increase sales profit.

On June 1, 2014, the Company has conducted Entire Business Transfer of its subsidiaries, consisting of Muangthong Ceramic Co., Ltd, Worldwide Ceramic Co., Ltd, and Pick & Pay Co., Ltd, which all are Company's subsidiaries with a holding of more than 95% of the stock, to the Company.

In the second quarter, total revenue was 1,868 MB, which decreased by 57 MB, or 3% YoY. Average selling price was 138 Baht/Sqm, compared with 137 Baht/Sqm in the second quarter of previous year. The Company's gross profit was 41.0% in comparison to a

41.9% of the same period last year as production units dropped and natural gas price recently rose.

Quarter 3

Consumption and investment began to improve as private sector was more confident after the political situation was more obvious than the first half. However, third quarter was rainy season, so farmers and labors are in the middle of cultivation which did not earn income. In addition, there were heavy rain in some areas, causing heavy floods in several provinces and impacted farmer income. Export sector continued to recover, yet very slowly and as a result, industrial production and urbanization in the East slowed down. In retail channel, the Company has held more frequent sales promotions than the previous quarter, but at the same time, competitors also have started aggressive

campaigns. As a result, the wholesale sales and average selling price slightly fell. However, the Company has been trying to reduce other expenses to retain the profitability.

In the third quarter, total revenue was 1,656 MB, a decrease of 58 MB or 3% YoY. Average selling price was 136 Baht/Sqm slightly the same with third quarter of 2013. The Company's gross profit was 40.5% in comparison to a 41.4% of previous year.

Quarter 4

Although the political situation eased from the previous quarters, but the recovery of the economy as a whole in the fourth quarter was still slow with high household debt suspended home owners to delay their home renovation. Low farm income was the major contribution to a reduction in household consumption. There were rich productivity of rice and corn, yet crop prices have not risen accordingly. Southern farmers faced low rubber prices and severe flooding in some provinces. The Company has adapted to low farm income situation by trying to focus on the retail sale of new products to clients in mid to high segment where their incomes are from the trade and industrial; a segment which the company has never had. Wholesale has also been affected by the housing and residential owners who delayed their investment due to a difficulty in asking for loans from banks.

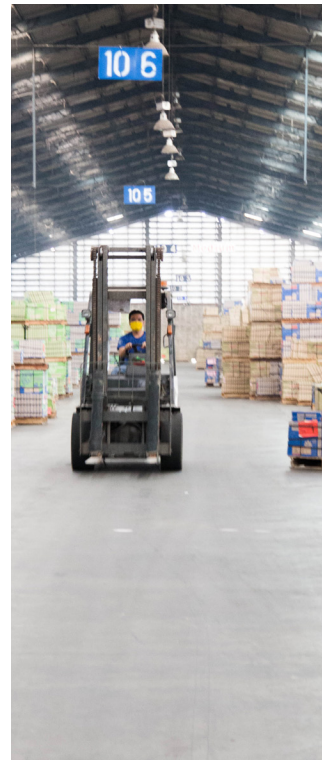
In the last quarter, sales revenue was 1,614 MB, which decreased by 90 MB, or 5% YoY. Average selling price was 137 Baht/Sqm, increased from 135 Baht/Sqm in the same quarter of previous year. The Company's gross profit was 48.5% in comparison to a 40.5% as a consequence of Entire Business Transfer from subsidiaries with a holding of more than 95% of the stock, there was an increase in value of finished goods according to the transferred book value as well as elim-

inating mark-up margin of outstanding finished goods from cost of goods sold.

Moreover, the continuous improvement on information system 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 this year, it can be summarized that a downturn in the market condition is significantly impacted by the political situation, which in the Company's view, the problem will be temporary. However, a serious crisis is in the agricultural sector especially with low rubber price as prices rely on demand in the global market. Other infrastructure investment projects are on-going only that there are more competitions and private sectors has held on to their investment in the current year. However, we expect to see investment in the segment to resume back in normal pace in the next year. 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 consumers will eventually spend again.

Operating Results for the Year 2014

For the year 2014, total revenue was 7,177 MB, a decrease of 369 MB or 5% YoY. Average selling price was 137 Baht/Sqm, increased from 136 Baht/Sqm in 2013. The Company's gross profit was 42.3%, increased from 41.1% of previous year. Net profit of the Company in the Consolidated Financial Statement was 1,227 MB, a decrease of 71 MB or 6% YoY.





Plan and Strategies for 2015

The enhancement of sales and production data management has allowed the company to conduct a insightful and in-depth sales analysis and the Company has taken the advantage of being the lowest cost producer, fast delivery, and nationwide outlets to plan strategies for 2015 as follows.

- Expand customer base to cover mid to high segment as a way to compete for market share.
- Use outlets as strategic sites to serve both retail and wholesale customers.
- 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 wholesaler
- Continue rebranding project
- Renovate interior of the outlets as Rebranding Phase 2
- Expand warehouse area of outlets located at strategic locations in preparation for AEC debut
- Increase customer service quality of salesperson at outlets
- 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

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 2015

- Increase of average sales price from 137 Baht to 141 Baht
- Sales volume growth at 9 percent
- Gross profit at 42 percent
- Net profit at 20 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.



Government policy:

In Thailand, politics and government policy highly influence the private sector especially the populist policies campaigned by political. These policies created a tremendous loss for the economy and the private sector instead of acting as a tool for the country's development. However, as the Company has continuously develop the management style and data management, the Company is volatile and flexible to political changes and adaptive to any external factors. In addition, with skill and experience of the management team, the Company is proven to persist any economic hardship as proven in the past. As a result, the Company is dependent, despite of the increase in various costs or drop in market demand due to changes in government policy.

Government policy



Accident and business continuity



Accident and business continuity

Since 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, as well as update all data availability.

Energy Price



Natural gas is one of the major cost components and there is no other substitute source of energy that is clean and suitable to our production. Generally, natural gas price is fluctuating in relative to global oil price by approximately after 3 months; however in Thailand natural gas 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 uncontrollable, the Company has focused on reducing the consumption of natural gas in our production by kiln modification and development of a new mixture of clay that is suitable to a shorter production time.

Energy Price

Natural disaster



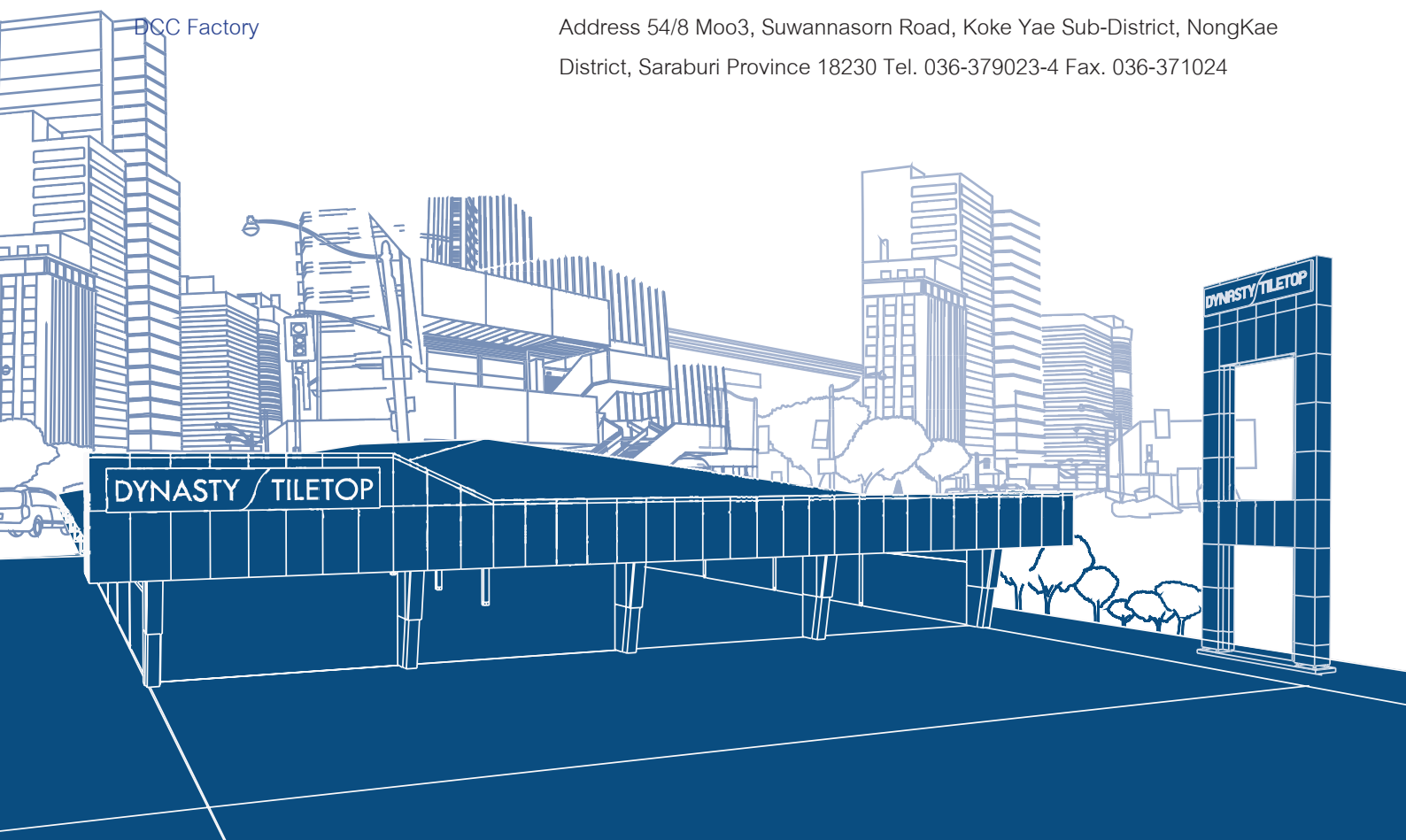
Thailand climate is controlled by tropical monsoons, thus, various regions of the country are prone to seasonal flash-flooding, yet the Company has made insurance for outlets that are located throughout the country and prepared a guideline and procedure to follow during and after the disaster.

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.

Natural disaster

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 4,080,000,000 shares with a par value of 0.10 Baht per share (According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 on 23 December 2014)
Nature of Business	Manufacturer and distributor of ceramic floor and wall tiles. The Company purchases the ceramic floor, wall and Tile grout from Tile Top Industry Public, Co., Ltd., which is one of the subsidiaries of the Company. In addition, DCC orders other related products such as Tile grout, Tile adhesive, Corner-trim 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 37/7 Suthisarn-Vinijchai Road, Samsen-Nok
Sub-district HuayKwang District, Bangkok 10310
Tel : 02-276-9275-81 Fax : 02-276-0313-17
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

Registrar

Thailand Securities Depository Co. Ltd
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Ratchadapisek Road, Klongtoey Sub-district, Klongtoey District,
Bangkok 10110 Tel. 02-229-2800 Fax. 02-654-5427
TSD Call center: 02-229-2888
E-mail: TSDCallCenter@set.or.th
Website: <http://www.tsd.co.th>

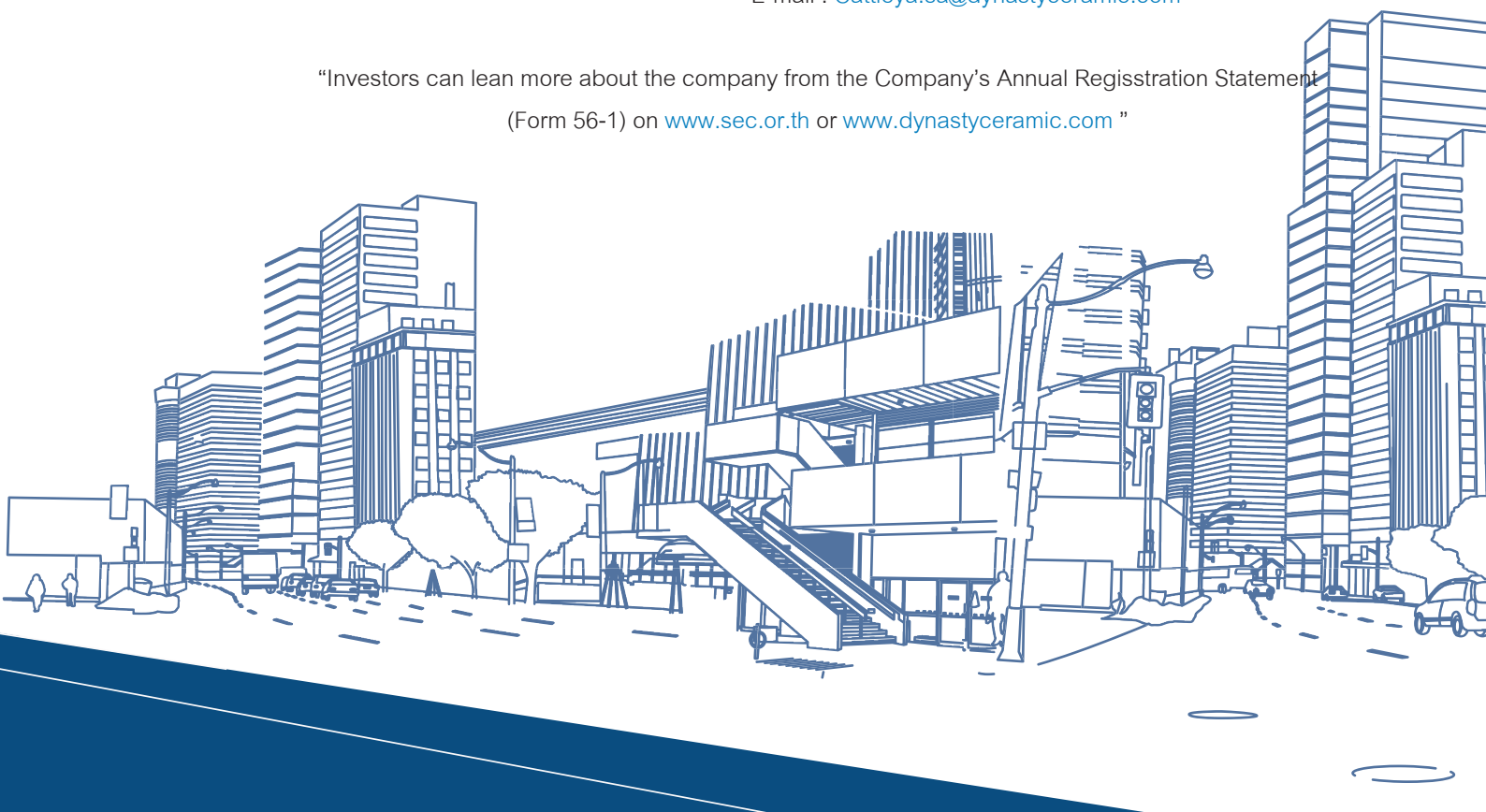
Auditor

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Company Secretary

Miss Cattleya Saengsastra
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Fax. 0-2276-0313-17
E-mail : Cattleya.sa@dynastyceramic.com

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



Report of the Audit Committee

To the Shareholders

The Audit Committee of Dynasty Ceramic Public Company Limited consists of the following 3 audit committee members. All members are qualified in both experience and business knowledge such as Mr. Yothin Juangbhanich as Chairman of the Audit Committee, who is qualified to review the Financial Statement of the Company, and Mr. Surasak Kosiyaajinda and Mr. Phachon Khachitsarn as the Member 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 2014, the Audit Committee held 4 meetings with full attendance of the committee members in all meetings. In addition, the Audit Committee had a meeting with the management, the external auditor, and the office corporate audit as well as the risk management and business continuity committee. For that, the significant results are as summarized below.

1. Reviewed the Company's quarterly and the yearly financial statements to ensure that the financial statement is prepared in compliance with the General Accepted Accounting Principles before submitting to the Board of Directors for approval.

2. Assessed, advised, and followed up on the deficiencies from the review of both internal auditor and external auditor as well as ensured the effectiveness of internal controls of the internal audit procedure so that the Company and its subsidiaries have adequate systems and process in accordance with the policy and authority as assigned.

3. 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.

4. Examined risk management policy of the Risk Management Committee including 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.

5. 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.

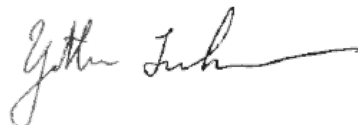
6. Reviewed the Company's operation against the process designed and with reference to the good corporate governance to ensure that the Company's business had been conducted with transparency and fairness to maintain confidence and trust with various stakeholders.

7. 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, which has delivered 4 years of service, 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 shareholders' approval at the 2015 AGM with the audit fee amount 1.85 Million Baht, or 7% decreased from last year.

And from result of "Audit Committee Self-Assessment" for the year 2014, the Audit Committee can completely comply according to the Charter of the Audit Committee.

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 17, 2015

Report of the Executive and Corporate Governance Committee

To the Shareholders

The Corporate Governance Committee has been appointed by Board of Directors of Dynasty Ceramic Public Company Limited to be responsible for the corporate governance of the Company in accordance with the principles of good corporate governance in order to comply with the principles of good corporate governance for listed companies in the year 2555 (2012) (update) by Development of Good Governance to Capital Markets of The stock exchange of Thailand according to international practice, which has practiced and has developed to promote corporate governance continuously as corporate culture.

In 2014, the Corporate Governance Committee conducted a total of two 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 2015 Annual General Meeting of Shareholder
- Promoted the Board of Directors and Management to conduct a self-assessment according to the Corporate Governance Self-Assessment Evaluation
- Encourage the implementation of the defined anti-corruption policy
- Ensured the implementation of program and activities of corporate social responsibility policies.
- Reviewed and communicated information about the corporate governance principles of the company. The Ethics Committee regulations, business practices and employee code of conduct so that they are current and consistent with the guidelines of the stock exchange of Thailand and Thai regulatory authorities.

With a continuous effort in maintaining and developing good corporate governance, in the evaluation of the AGM Rating from Thai Investors Association for the year 2014, the Company achieved a full score 100%, which the score was one of excellences.



(Mr. Roongroj Saengsastra)

Chairman of 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.

Continuously, the Company has performed risk assessment based on the current situation and future trends in social, environmental and economic aspects. During the year 2014, the Risk and Business Continuity Management Committee held four meetings, as well as arranged a 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. The Committee also prioritized risks from high to low, assigned responsible persons to define preventive actions to the acceptable level in order for the business to achieve its target as planned.

- **Consider significant business risks that have occurred and likely to happen in the future** Such as risk from fluctuating price of energy and main raw material, risk from lack of human resources and rise in wages, risk from manufacturing process, risk from health problems and work safety, risk to the environment, as well as proposed a strategy to reduce risk exposure.

- **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.Sunchai Janejarat)

Chairman of the Risk Management and
Continuity Committee

Report of the Nomination and Remuneration Committee

To the Shareholders

During the year 2014, the Nomination and Remuneration Committee of the Company which 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 had held 2 meetings, with perfect attendance, to consider related matters. The committee has continuously held the meetings and suggest opinion to the board of directors to consider. The important outcomes could be summarized as follows:

- [Deliberating the qualifications of candidates for the Company's directors to replace three directors who are retired by rotation](#)

In 2015, there are three directors who are retired by rotation namely, Mr. Chaiyasith Viriyametkul, Mr. Phachon Khachitsarn and Mr. Monrak Saengsastra. The Committee (excluding the member with vested interests), has agreed that these retired director have completed qualifications required by the Public Limited Company Act B.E. 2535 and they are knowledgeable, capable, experienced in the Company's business, and also has broad visions, good records of meeting attendance. With consideration of the appropriateness and maximum benefits to the Company, the Committee resolved to propose to the Board of Directors to appoint the three retired directors before submitting to the 2015 Annual General Meeting of Shareholders for approval. 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 2014. During such period, no shareholder nominated any candidate for consideration,

- [To consider and approve the increase in number of the Board of Directors by the nominating qualified candidates as a Director of the company.](#)

Regarding the appropriateness in the management, the Committee would like to propose to increase numbers of members of Board of Directors from 9 persons to 11 persons by proposing Gen.Yuttasak Sasiprapha and Mr. Maruth Saengsastra (Director of Subsidiary: Tiletop Industry PLC) and nominating 2 candidates who are knowledgeable, capable, experienced in the Company's business that are useful to the management and operation of the Company as well as having complete qualifications required by the Public Limited Company Act B.E. 2535 to propose to the Board of Directors to appoint before submitting to the 2015 Annual General Meeting of Shareholders for approval.

- **Setting the directors and sub committee's remuneration**

The Nomination and Remuneration Committee has considered setting the directors and sub committee's remuneration in terms of meeting allowance and annual bonus with careful consideration by taking into account for their respective duties and responsibilities and benchmarking with the remuneration of comparable leading companies of the same size in similar industry for suitability and transparency. The Committee has proposed the allocation guideline to the Board of Directors before submitting to the 2015 Annual General Meeting of Shareholders for approval.

- **Determine the rate of salary increases and bonuses**

The Nomination and Remuneration Committee has considered the criteria to determine the rate of annual salary increase for the year 2015 and determine the annual bonus for the year 2014 and policy of annual bonuses for the year 2014 in collaboration with human resources and the Management Committee in the proper ratio and correspond to the performance of the company.

The Nomination and Remuneration 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 with determination to operate with fair treatments in accordance with good corporate governance set by the Stock Exchange of Thailand and accepted international standard.



(Mr. Roongroj Saengsastra)

Chairman of the Nomination and Remuneration Committee

Shareholding Structure

Shareholding structure (10 major shareholders) and shareholding changes in the last 3 years are as follows.

Ranking No.	Shareholder name	% of shareholding		
		28 Dec 2012	31 Jan 2014	30 Jan 2015
1	Mr. Roongroj Saengsastra	24.51	24.51	24.510
2	Mr. Vibul Vadcharasurang	8.59	8.63	8.632
3	Mr. Monrak Saengsastra	4.90	4.90	7.353
4	Mr. Maruth Saengsastra	4.90	4.90	7.353
5	Mr. Chaiyasith Viriyamettakul	5.28	5.02	5.015
6	Miss Supanee Thongplengsri	-	-	4.422
7	Miss Cattleya Saengsastra	2.70	2.70	2.696
8	Krungsri Dividend Stock LTF	-	2.54	2.486
9	Mr. Suvit Smarnphanchai	3.16	3.16	2.451
10	STATE STREET BANK EUROPE LIMITED	3.90	3.09	2.071
Total 10 major shareholders		57.94	59.45	67.09
Total number of shares (Shares)		408,000,000	408,000,000	4,080,000,000
Issued and Paid-up share capital (Baht)		408,000,000	408,000,000	408,000,000
Authorized Share Capital (Baht)		408,000,000	408,000,000	408,000,000

Data as of 30 January 2015

Shareholders that are Thai legal entities 57 entities; holding 504,959,309 shares or 12.38%

Major shareholder that is Thai legal entity is Krungsri Dividend Stock LTF

Shareholders that are foreign legal entities 49 entities; holding 397,645,130 shares or 9.74%

Major shareholder that is foreign legal Chase Nominees Limited

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

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

(According to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 on 23 December 2014)

- Par value of 0.10 Baht per share, representing a total value of 408 million Baht.
- Registered, issued and paid-up capital comprising 4,080 million shares
- 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 2014, 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	

*The three subsidiaries have already registered the dissolution with the Department of Business Development Ministry of Commerce and will further complete the process of liquidation.

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 earnings 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.1/2015 held on January 27, 2015 had passed resolution to propose the Annual General Meeting of Shareholders 2015 on April 21, 2015, to adopt the interim dividend payment of Baht 0.232 per share, and to approve the dividend payment for 2014’s operating result of Baht 0.301 per share of number of ordinary shares 4,080 million shares, or the remaining dividend payment of Baht 0.069 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%

Total dividends paid in the past 5 years (Baht / share)

Dividend Details	2014	2013*	2012*	2011*	2010*
1.Net Profit (Million Baht)	1,227	1,298	1,265	1,243	1,175
2.Number of shares (Million Shares)	4,080	4,080	4,080	4,080	4,080
3.Earning per Share (Baht)	0.301	.318	0.310	0.305	0.288
4.Dividend paid per share (Baht)	0.301	0.318	0.308	0.305	0.288
5.Total Dividend Paid (Million Baht)	1,228	1,297	1,257	1,244	1,175
6.Dividend Payout Ratio (%)	100	100	99.4	100	100

* In 2010-2013, for a comparison with the year 2014, number of ordinary shares are adjusted from 408 million shares at par value of 1.00 Baht per share to 4,080 million shares at par value of 0.10 Baht per share according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2014 on 23 December 2014

Corporate Structure

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. The 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 Chairman of Audit Committee
6. Mr. Surasak	Kosiyajinda	Independent Director and Audit Committee
7. Mr. Phachon	Khachitsarn	Independent Director and Audit Committee
8. Mr. Chaipasith	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 should not be older than 70 years old and 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. to review the Company's financial reporting process to ensure that it is accurate and adequate;
2. to review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and to determine and internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of internal audit unit or any other unit in charge of an internal audit activity;
3. to review the Company's compliance with the Securities and Exchange law, the Stock Exchange's regulations, and the laws relating to the Company's business;
4. to consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;

5. to review the related transactions, or the transactions that may lead to conflicts of interests, to ensure that they are in compliance with the laws and the Stock Exchange's regulations to ensure reasonableness and for the highest benefit of the company;
6. to prepare the Audit Committee Report and to disclose in the Company's Annual Report. An Audit Committee Report must be signed by the audit committee chairman and consist of at least the following information;
 - (a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
 - (b) an opinion on the adequacy of the Company's internal control system,
 - (c) an opinion on the compliance with the Securities and Exchange law, the Stock Exchange's regulations, or the laws relating to the Company's business,
 - (d) an opinion on the suitability of an auditor,
 - (e) an opinion on the transactions that may lead to conflicts of interests,
 - (f) the number of the audit committee meetings, and the attendance of such meetings by each committee member,
 - (g) an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
 - (h) other transactions which, according to the audit committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
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 & Corporate Governance Committee

1. Authorize to order, plan and implement operations of the Company in accordance with the policies established by the Board.

2. Establish operational strategies for the Company's group

3. Formulate plans and directions concerning investment and fund raising in accordance with the Company's and Subsidiaries' policies before proposing them to the Board of Directors for approval.

4. Determine the salary rate, appoint, dismiss, fire, reward, and award raises as well as bonus to staff.

5. Has the authority to determine staff welfare in line with the situation, tradition and law.

6. Has the authority to approve investment, sales and purchases of fixed assets of the Company and Subsidiaries, procurement, application for loans, provision of loans, entry into contracts, and legal transactions in relation to normal business and trade and in accordance with the Company's objectives, under a budget approved by the Board of Directors and within the operating authority of the Company. In case the items represent conflicts of interest with the Company or the subsidiaries, the Executive Board must present such items to the meeting of the Board and/or the meeting of Shareholders (as applicable) for approval of the items in accordance with the Company's Articles of Association or relevant laws.

Certification of Accuracy of Information by the Executive Board

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

1. Financial statements and financial information presented in the annual information disclosure form comprise complete and correct data on financial status, operating results and cash flows of the Company and Subsidiaries.

2. Responsible for arranging an adequate information disclosure system for the Company to ensure that the Company discloses complete and accurate information of a significant nature of the Company and its subsidiaries, including overseeing that the system is followed.

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

Company Secretary

The 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

At 28 February 2015, The management team comprised of 13 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. Chauwalit	Pidthong	VP Production-DCC
8. Mr. Somnuek	Suriyagrul	VP Engineering-DCC/TTOP
9. Mrs. Pobkhum	Kaosaiyanant	VP Administration
10. Ms. Porntip	Pengtako	VP Accounting- Sales and Account Receivable
11. Ms. Supaporn	Meephatra	VP Accounting
12. Ms. Bongkot	Sittikornprasart	Internal Audit Manager and Investor Relations
13. 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 Meeting

The Board of Directors is generally required to meet at least 5 times a year. (In the year 2014, there was a total of 6 meetings) 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 of Dynasty Ceramic PCL are shown in the following table

Name Of Directors	Board Meeting in 2014					AGM / EGM in 2014
	Board Of Director Total 6 times	Board Of Audit Committee Total 4 times	Nomination and Remu- neration Committee Total 2 times	Executive & Corporate Governance Committee Total 2 times	Risk Manage- ment and Business Continuity Committee Total 2 times	
1.Mr.Roongroj Saengsastra	6/6	-	2/2	2/2	-	1/1 , 1/1
2.Mr. Yothin Juangbhanich	6/6	4/4	-	-	-	1/1 , 1/1
3.Mr. Surasak Kosiyajinda	6/6	4/4	-	-	-	1/1 , 1/1
4.Mr. Phachon Khachitsarn	6/6	4/4	-	-	-	1/1 , 1/1
5.Mr. Sanchai Janejarat	6/6	-	2/2	2/2	2/2	1/1 , 1/1
6.Mr. ChaiyasithViriyamettakul	6/6	-	-	-	-	1/1 , 0/1
7. Mr. Suvit Smamphanchai	6/6	-	-	-	-	1/1 , 1/1
8. Miss Cattleya Saengsastra	6/6	-	-	2/2	-	1/1 , 1/1
9. Mr. Monrak Saengsastra	6/6	-	2/2	2/2	2/2	1/1 , 1/1
10. Mr. Maruth Saengsastra *	-	-	2/2	2/2	2/2	

* Mr. Maruth Saengsastra as Director of TileTop Industry PCL. (Subsidiary)

Details of attendance records of Tile Top Industry PCL. (Subsidiary) are shown in the following table

Name Of Directors	Board Of Director Total 5 times	AGM in 2014
1. Mr.Roongroj Saengsastra	5/5	1/1
2. Mr. Sanchai Janejarat	5/5	1/1
3. Miss Cattleya Saengsastra	5/5	1/1
4. Mr. Monrak Saengsastra	5/5	1/1
5. Mr. Maruth Saengsastra	5/5	1/1

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 should not be older than 70 years old 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 2014. 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:

Summary of the Board of Directors' Self-Assessment for the Year

Topic of Assessment	% Result	
	Group Assessment	Self-Assessment
1. Structure and Characteristics of the Board	92%	92%
2. Roles and Responsibilities of the Board	92%	92%
3. Board of Directors Meeting	98%	98%
4. Board of Directors' Performance	98%	98%
5. Relationship with Management Team	96%	96%
6. Self-Development of Directors and Top Executive	94%	94%
Total	95%	95%

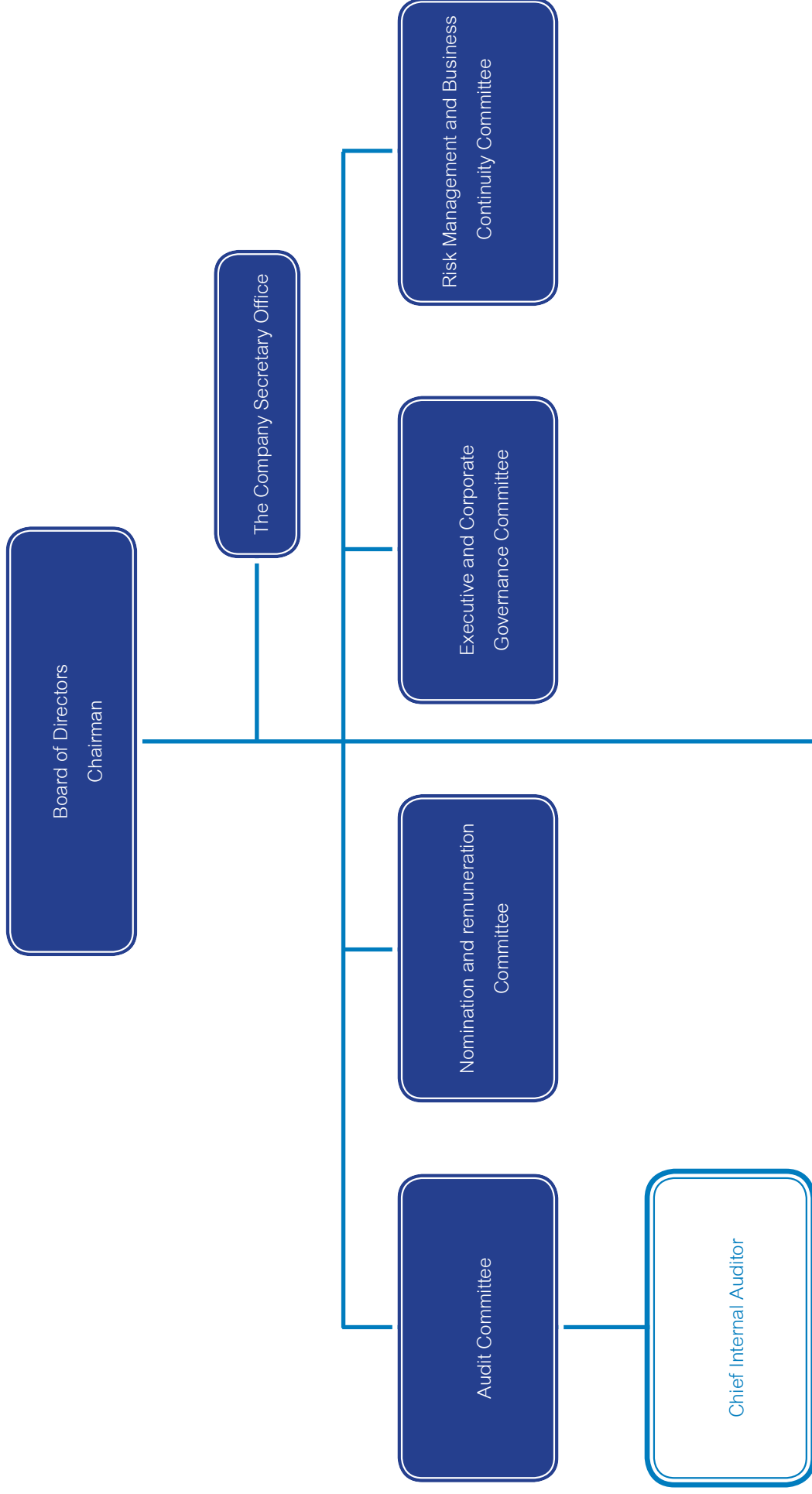
The evaluation forms for directors consist of the assessment results are reviewed in order to find ways to continue to improve the Board's performance.

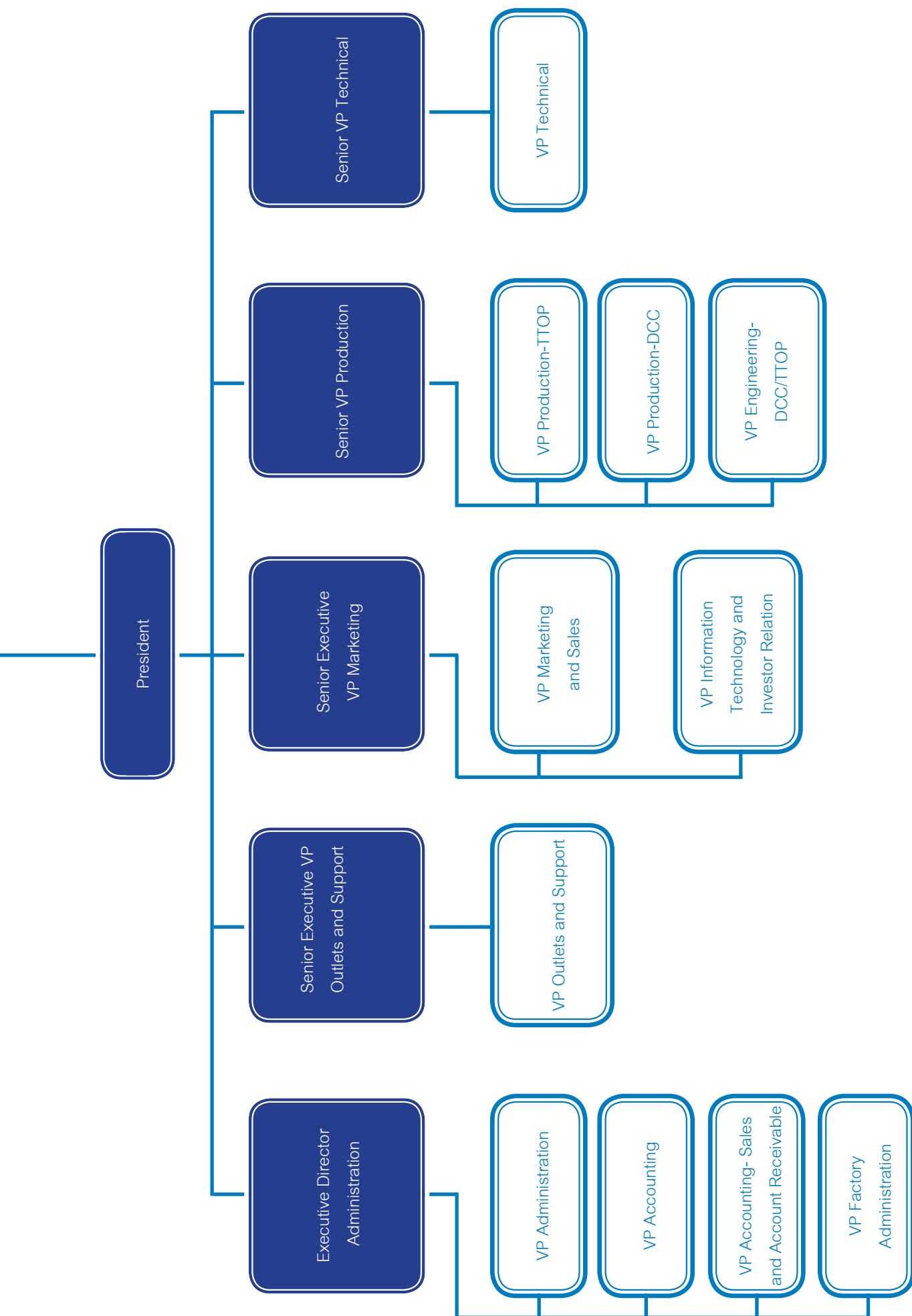
DCC improved its handbook for directors, which includes the summary of laws, rules, and regulations related to the directors, in order to ensure that the information is clear, up to date and in compliance with current practice. The handbook is distributed to all directors for use as reference regarding 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.

organization Chart





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 2014.

According to the year 2014 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.		Total
	Board Meeting Allowance	Audit Committee Meeting Allowance	Director Fee	Board Meeting Allowance	Director Fee	
1. Mr.Roongroj Saengsastra	360,000	-	600,000	240,000	300,000	1,500,000
2. Mr.Yothin Juangbhanich	300,000	240,000	300,000	-	-	840,000
3. Mr.Surasak Kosiyajinda	300,000	200,000	300,000	-	-	800,000
4. Mr.Phachon Khachitsarn	300,000	200,000	300,000	-	-	800,000
5. Mr. Sanchai Janejarat	300,000	-	600,000	200,000	300,000	1,400,000
6. Mr.Chaiyasith Viriyametakul	300,000	-	300,000	-	-	600,000
7. Mr.Suvit Smarnpanchai	300,000	-	300,000	-	-	600,000
7. Mr.Suvit Smarnpanchai	300,000	-	600,000	200,000	300,000	1,400,000
9. Mr. Monrak Saengsastra	300,000	-	600,000	200,000	300,000	1,400,000
10.Mr. Maruth Saengsastra	-	-	-	200,000	300,000	500,000
Total	2,760,000	640,000	3,900,000	1,040,000	1,500,000	9,840,000

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 2015 the Board of Directors has considered that the directors' remuneration shall be determined to the directors as follows:

Meeting Allowance	Baht / Meeting / person		%Increase (Decrease)
	Y 2015	Y 2014	
1. Meeting Allowance to the chairman and chairman of the audit committee	60,000	60,000	-
2. Meeting Allowance to the chairman of Nomination and Remuneration Committee and Risk management Committee (only the outside director)	40,000	40,000	-
3. Meeting Allowance to each of the director and audit committee	50,000	50,000	-
4. Meeting Allowance to sub-committee (only the outside director)	30,000	30,000	-

Annual bonus payable to all directors and all managing directors for the year 2014 decrease from year 2013 as follows:

Annual bonus	Baht / Meeting / person		%Increase (Decrease)
	Y 2014	Y 2013	
1. Annual bonus payable to all directors	280,000	300,000	-7%
2. Annual bonus payable to all managing directors	280,000	300,000	-7%

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as from January 27, 2015. The Annual bonus is paid in fix amount from the Company's operation account on 22 April 2015.

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 / provident fund/benefits (MB)		Increase (decrease) %
	2014	2013	2014	2013	
Dynasty Ceramic PCL.	8	7	27.77	26.71	4%
Tile Top Industry PCL.	4	4	10.25	11.18	(8%)
Pick and Pay Co.,Ltd.	-	2	0.55	0.88	(38%)
Muangthong Ceramic Co.,Ltd.	-	2	0.55	0.88	(38%)
Worldwide Ceramic Co.,Ltd.	-	-	0.20	-	100%
Total	12	15	39.32	39.66	(1%)

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 2014, compared to 2013, is as follows:

Company	Total employee remuneration			Total employee remuneration			Remuneration Increase (decrease) %
	In 2014 (MB)			In 2013 (MB)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	372.70	40.97	413.67	227.86	42.68	270.54	53%
Tile Top Industry PCL.	270.72	12.48	283.20	260.74	12.97	273.71	3%
Pick and Pay Co.,Ltd.	49.24	-	49.24	122.16	-	122.16	(60%)
Muangthong Ceramic Co.,Ltd.	30.66	-	30.66	78.42	-	78.42	(61%)
Worldwide Ceramic Co.,Ltd.	21.90	-	21.90	54.59	-	54.59	(60%)
Total	745.22	53.45	798.67	743.77	55.65	799.42	0%

Number of employees for the Company and its subsidiaries as of 31 December, 2014, compared to 2013, is as follows:

Company	Total employee remuneration			Total employee remuneration			% Increase (Decrease)
	In 2014 (MB)			In 2013 (MB)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	1,844	102	1,946	656	102	758	157 %
Tile Top Industry PCL.	780	14	794	752	14	766	4 %
Pick and Pay Co.,Ltd.	-	-	-	598	-	598	(100 %)
Muangthong Ceramic Co.,Ltd.	-	-	-	388	-	388	(100 %)
Worldwide Ceramic Co.,Ltd.	-	-	-	270	-	270	(100 %)
Total	2,624	116	2,740	2,664	116	2,780	(1 %)

Audit Fee

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2015*	Y2014	% Increase (Decrease)
Dynasty Ceramic PCL.	1,435,000	1,377,500	4%
Tile Top Industry PCL.	415,000	415,000	-
Pick and Pay Co.,Ltd.	-	75,000	(100%)
Muangthong Ceramic Co.,Ltd.	-	62,500	(100%)
Worldwide Ceramic Co.,Ltd.	-	50,000	(100%)
Total Audit Fee	1,850,000	1,980,000	(7%)

Audit Report Summary	Y 2014	Y 2013	Y 2012
Audit Report Summary	Mr. Somckid Tiatragul /2785	Mr. Somckid Tiatragul /2785	Mr. Somckid Tiatragul /2785
Auditing Office	Grant Thornton Co.,Ltd.	Grant Thornton Co.,Ltd.	Grant Thornton 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 2015, The Audit Committee proposed the same Auditors from Grant Thornton Co.,Ltd. to the Board of Director for approval from The Shareholders' Meeting 1/2015

** Resolution of the General Meeting of Shareholders 2014 (No.1/2014) at April 29, 2014 of DCC has approved group restructuring by Entire Business Transfer of three of the Company's subsidiaries, (Pick & Pay Co.,Ltd, Muangthong Ceramic Co.,Ltd, and Worldwide Ceramic Co.,Ltd) at June 1, 2014 which the Company has a holding of more than 97% of the stock, the three subsidiaries have already registered the dissolution with the Department of Business Development Ministry of Commerce and will further complete the process of liquidation.

Subsidiaries

There are one subsidiary as Tile Top Industry Public Co. Ltd., which were controlled by Parent's Company. List of Directors of whom also serve as Directors in this subsidiary which Dynasty Ceramic Public Co. Ltd. has a 96.83% equity stake.

On June 1, 2014, the Company has conducted Entire Business Transfer of its subsidiaries, consisting of Pick & Pay Co., Ltd, Muangthong Ceramic Co., Ltd, and Worldwide Ceramic Co., Ltd, which all are Company's subsidiaries with a holding of more than 95% of the stock, to the Company. Subsequently, the three subsidiaries have already registered the dissolution with the Department of Business Development Ministry of Commerce and will further complete the process of liquidation.

List of Directors of whom also serve as Directors in the Subsidiary Company as at 31 December 2014

Name Of Board Members	Dynasty Ceramic PCL.	Tile Top Industry PCL. (Subsidiary)
1. Mr.Roongroj Saengsastra	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
6. Mr. Chaiyasith Viriyamettakul	Director	-
7. Mr. Suvit Smarnphanchai	Director	-
8. Miss Cattleya Saengsastra	Executive Director & Company's Secretary	Director
9. Mr. Monrak Saengsastra	Director	Director
10. Mr. Maruth Saengsastra	-	Director

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 according to the Principles of Good Corporate Governance B.E. 2555 (Revision) by Good Governance Development & Alliance Department of the Stock Market Exchange of Thailand. 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 share-

holder, 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.The Company has scheduled the general meeting of shareholders once a year, within four months after the end of each financial year. And in case there is an urgent need to propose an agenda which is a special case, which affects or involves the interests of shareholders or related applicable law that must be approved by the shareholders, the Company will call an extraordinary meeting of shareholders to be the case. Thus, in the year 2014, the Annual General Shareholders' Meeting No.1/2014 was held on 29 April 2014 and the Extraordinary General Meeting of Shareholders No.1/2014 was held on Tuesday 23 December 2014 at the Main Meeting Room, 4th floor DCC Head Office Building, 37/7 Suttisarnvinichai Samsennok Huay-Kwang District Bangkok.

2.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 2015. Shareholders were allowed to exercise this right from October 1 -December 31, 2014 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.

3.Advance notification of the meeting to 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 30 days before the related documents are submitted to shareholders, and not less than 14 days prior to the meeting. (For the year 2014, the Company has sent invitation to the 1/2014 Extraordinary General Shareholders' Meeting on 28 March 2014, which is 30 days in advance of the meeting) and publish the invitation on the newspaper for 3 consecutive days. In addition, the Company has clarified all detailed information in the meeting invitation as follows,

- The rights of shareholders entitled to attend and vote of the shareholders clearly.
- The company has stated the purpose/reason, as well as the comments of the Board of Directors clearly on each agenda.
- Regarding the dividend payment proposal, the Company has informed the dividend payment policy and dividend payment historical data of the past 3 years for consideration.
- For shareholders to consider the appropriateness of the external auditor, which has passed the approval of the Audit Committee, the Company has given details of the auditor's name from Grant Thornton Company Limited, details of the independency of the auditor, and the external auditor service fees historical data of the past 2 years
- In voting of the Board of Director, the Company allows shareholders to vote for a Board of Director individually and provides name and biography of the Directors proposed.

4.Prior to the meeting, the Company has informed voting procedure and the vote counting announcement to the shareholders as well as give the opportunity for shareholders to ask questions and

give opinions on each agenda.

5. In every of the minute of meeting, the Company has recorded the vote procedure and vote counting, names of Board of Directors and the management team who were present, meeting resolution and vote counting in each agenda clearly, as well as the shareholders' question or comment, if any. The Company also published the vote counting result in each agenda of the General Shareholders' Meeting and the Extraordinary General Meeting of Shareholders on the Stock Exchange of Thailand's website on the same day of the meeting.

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.

The company has also performed other matters in order to promote and facilitate the use of shareholders' rights such as:

2.1 Any shareholder who is unable to attend a meeting is entitled to appoint a representative, or an independent Director, which the Company has proposed 2 Directors, 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.

2.2 All shareholders have equal rights to exercise their rights as shareholders. The Company has prepared the documents related to the meeting in English to facilitate foreign shareholders.

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.

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.

Care the use of insider information

The Board of Directors of the company has set up a measure to prevent the use of the inside information for his/her own benefits (Insider Trading) by relevant persons who are directors, management, and staff working in the department related to the inside information, including their spouses and minors.

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.

Investor Relations

Investor relations department of the Company has communicated with institutional investors, individual investors, shareholders, as well as analysts and government agencies involved equally and fairly. In 2557, Investor relations has organized various events in order to meet individual investors, institutional Investors, and analysts regular. We have delivered our operating results, financial statements, management discussion and analyst and future plans. Investor relations also attended roadshow as an opportunity to meet institutional investors both in Thailand and oversea to explain and summarize the general information of the Company to investors and interested shareholders.

If you have any queries or require any further information, please mail directly to

IR@dynastyceramic.com Tel: 02-2769275 # 251

Fax : 02-2760313

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 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.

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

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

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

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

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

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

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

7. Approve the compensation of employees.

8. Appoint the appropriate committees to manage the Company's business affairs as assigned by the Board of Directors. The Board of Directors delegate to the President and Chief Executive Officer and work with other executive officers, the authority and responsibility for managing the business consistent with 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 and business continuity as well as establishes an Anti-Corruption Policy which is appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our core values, mission and vision also according to the Company's Corporate Governance Policy.

Corporate Social Responsibility



The company sees the importance of developing organizations in cooperation with having responsibilities of society based on principles of conduct, corporate strategy coordinated with policy on social responsibility in accordance with the guidelines of Thai stock exchange. This is to comply and respond to expectations and the needs of the stakeholders based on the core competencies of the organization. The company has taken control and tracked the process in accordance with the guidelines set out, including performance reporting and reviewing to develop continuously.

1. Operations with justice

The company's employees at every level are regarded as the most valuable resource of the organization in a company driven to conduct its business effectively. By focusing on employee safety in the workplace, fairly treats on employees. Allows all employees equally by equity focused on strengthening a feeling of sharing and being part of the organization, as well as the development of knowledge, with the idea that if an employee receives a work skills development, ongoing work will result in more efficient and will enable companies to conduct business in accordance with such success. As well as increase the opportunity of employee progress growth with a sustainable organization.

1.1 Personnel development

The company has tended to work that all duties are important to work altogether. Also, the company focuses on teamwork, brainstorming ideas to improve and solve problems together. Staff are motivated to work, and also to understand the knowledge to convey to their colleagues or the next generation employees working together effectively and strengthening work in the organization practically.

The Tile Top Industry factories have made high-performance supervisory development project in cooperation with the National Productivity Institute in order to increase knowledge, skills to convey knowledge for all foremen to develop more efficient work in divisions. Training has been conducted for 369 employees. The company sent them to supervisor races including 6 groups.

Dynasty Ceramic factories have made project of Organizational Knowledge Management: Productivity for Sustaining the Movement (PFKM) in order to gather knowledge and skills that exist in an organization, employees and saved them in order to be knowledge sources for the next generations of employees to learn and continue to develop beneficial knowledge. Training has been conducted for 197 employees.

The company provides training for branch employees at all levels on a regular basis as follows:

1. A new employee orientation training	7 times	292 participants
2. Training new clerical jobs and training manager	5 times	81 participants
3. Training forklift driving and maintenance	4 times	97 participants

Personnel development of Head Office has focused on the increase of knowledge and skills in the workplace, as well as preparation employees to advance opportunities in line by sending employees to attend training courses as follows:

Human resources

- Project to prevent and solve the problem of drugs in operations.
- Projects to promote legal knowledge, labor protection and benefits to employers and employees.
- Project seminars promoting the productivity of labor (the Department of Skill Development)

- Training of officials working in security management and supervisor levels.
- Preparation to becoming a supervisor.
- Drill training "fraud", according to the labor protection laws.
- Project training, knowledge of legal rights to labor protection as well as labor migration to support ASEAN community login.
- Reinforce the discipline of project work in the industrial sector.
- Development of strength to the Board the benefit of the business.

System Development Division

- Training Strategy of Changed Network Security for Enterprise Perimeter.
- Training the ultimate supervisor.
- Training to install Cisco ASA 5500 Series Firewall management.
- Training to become excellent employees.
- The 2nd Thailand Practical Software Engineering workshop (TPSE2014)
- Qlik View Developer and Designer training
- Qlik Visualize work training

[Procurement Manager](#) - International trade agreements training (Incoterms2010)

[Sales Department](#) - Pre-Shipment Inspection (PSI To The Philippines)

[Design Department](#) - Effective advertising media designs workshop

[Promote and Branches Development Department](#)

- Training to become excellent employees.
- Training for a supervisor preparation.

[Accounting Department](#)

- Update- Standard of Financial Report in 2015 and Thai Accountant Direction with AEC
- Sale Promotion and Tax burden in Accounting and Marketing concern
- 100 Issues of Sale promotion, discount, and giveaway that accountants should be aware.
- In-dept Analysis solution for recording –Lands, building, equipment and intangible assets

[Internal Audit Department](#) - Internal control based on the COSO concept

In addition, according to executives who recognized the importance of various aspects of policy and strategic planning, in accordance with the corporate social responsibility and environment based on the core competencies of the organization, the company has participated in the project of CSR Day for Directors of Thai Pat Institute held in conjunction with the stock exchange of Thailand and the Thai social business Institute (CSRI), which was conducted by Dr. Pipat Yodphritikarn, the director of the Thai Pat Institute, and the team. They provided guidance on corporate social responsibility to Company-management team on December 17, 2014.

1.2 Promoting fair working conditions.

The company strictly follows the labor laws in the matter of pay, work, Code of conduct, layoff, the protection of mothers, and the benefits that employees be legal workers correctly as fair. The company is not discrimination against employees. Employees receive compensation, opportunities for training and advancement. Also, the company accepted opinions equally as well as supplying appropriate justice, welfare and equality.

1.3 The other benefit.

• Administrative policy for the employees in the long term. The company provided the employee Fund to guarantee savings in retirement life.

• Providing accident and life insurance policies for all employees.

• All employees are insured in the social security system in order to get the compensation in case of the regulations of the social security office.

• Savings to fund a replacement in accordance with the law to guarantee medical care for employees who have been injured on duty.

• From the earthquake in Chiang Rai province in May 2014, the company has supported home repair grant to 7 branch employees whose houses were damaged from the earthquake about 60,000 THB.

1.4 Hygiene and safety in the workplace

The company promoted the welfare of security, occupational health, and the working environment by encouraging activities and protective devices and systems that may be harmful to health to raise safety standards and comply with the laws and regulations of the government strictly. It is the company's responsibility to care for the environment at work as safe as always. Therefore, it provides activities to enhance employee safety and hygiene. These are as follows:

- Providing employees' health check-up every year

- Environmental monitoring in the light and sound at work, heat, dust and chemicals every year

- Training course "prevent and suppress fire on the establishment"

The company submitted an accident report to develop prevention and surveillance measures more effective. Accident data of factory employees in 2014 is as follows:

25 accidents at work

Still working	15 cases
Left job within 3 days	3 cases
Left job more than 3 days	5 cases

In addition, the company promotes safety in the operation of the branch employees to receive safety and reduce injuries from lifting items at the branch company. In 2014 the electric forklift were additionally sent to 30 branches. Two years ago, there are total 125 branches that have electric forklift at work instead of lifting by hand in order to prevent accidents and lower back pain. This is about a long-term health care for all employees. To add more security at work, the company has organized the training program called "forklift driving and maintenance correctly and safely in 6 hours" for the branch manager and driver. It is for enhancing the attitude in security, improving working standards, controlling and reducing accident and loss, and strengthen the skills, expertise, to employees. This will extend the useful life of the forklifts and decrease the repair.

2.The fight against corruption Policy

The company's policy is to conduct business with fairness, transparency, based on good governance, as the company has announced a policy on the fight against corruption at the same time, with all levels of employees declared and upheld the guidelines. The policy against corruption is an important topic in all levels of employee orientation, factory, branch, and the head office employees, as well as operational monitoring followed the policy.

The company has provided opportunities for both internal and external stakeholders, such as employees, customers, trading partners to be able to send recommendations or various complaints to check and fix the problems at Tel. 02-2769835, 084-7514747 and Email: wecare@dynastyceramic.com. The company will evaluate the information and bring improvements to operating procedures transparently by taking into account the interests of stakeholders appropriately.

According to the practice of price, the sale of goods and the supply, the company has operated according to the market forces without discrimination or exclusion. The company has opened trade competition to compete with fair promoting free competition, and has thought of a reasonable price for quality. Besides, delivery deadlines are important. In 2014 the company has invited representatives from the shipping company came to talk and give suggestions for guidelines on business conduct together to improve business collaboration more efficiently and achieve mutual benefits.

The company also promotes knowledge of ethics in the professions, in order to provide an employee with a good attitude, honesty in work and abide in good. Creating a good motivation to work and making them love for their own duties for career stability are the company's job. The families of employees benefit as well.

Thus, in accordance with the resolutions of the Board of Directors No.1/2015 held on January 27, 2015 that agreed to participate with Private Sector Collective Action Coalition Against Corruption (CAC) in the fight against corruption, the Company has submitted a self-assessment on the measures against corruption, which were developed by the Thai Institute of Directors Association (IOD).

3.Respect for human rights.

The company conduct business according to the principle of good corporate governance in accordance with the guidelines to the workers. There are no restrictions to the employment opportunities for all employees equally regardless of sex and age discrimination, equal racial, religious education. There are no restrictions on freedom of expression based on the principles of human rights and employment. The company sees the importance of respecting the rights of others to show social responsibility and giving priority to labor groups that would have been taken care of the quality of life happily in their work under the principles of human rights.

4.Fair worker treat

The company follows legal disciplinary practices of labor strictly in the matter of pay, work as well as the supply of appropriate welfare for the employees with regarded as a valuable resource and as a key factor to the success of the organization. Additionally, the company has a human resources management and fair evaluation. The benefit is paid fair and reasonable, and to enhance career

opportunities and advancement through development of knowledge and the potential of employees at all levels, as well as maintaining surroundings to work with security to financial health. The company has stability of work, functionality and sustainable growth of the enterprise together, as well as promotes teamwork and treats employees with courtesy and respect for personal liberty rights.

5. Responsibility to consumers

Goods In addition to the production of goods and services policy at the right price as well as quality, product usage with clear usage information on the packages for their long usage life, the company also added a variety of new products, more specifically intended to add choices to the customer in buying goods according to customer satisfaction and the suitability for each customer group's areas, regardless of whether it is a single house, residential buildings, commercial buildings, project or repair-extended, including developmental tile pattern printed by Digital printing that has produced the virtual pattern in the short time. This makes it possible to reduce the amount of inventory storage while the company can supply customers' requirements faster. That has been good response and the strengthening of the market as well.

In 2014 the company released a new product to market as follows: 10x16 inch tile, 12x24 inch tile, 12x24 inch tile Digital, 12x12 inch tiles Digital, which is interesting for the customers.

Service Thus, the company was open for feedback and suggestions about products and services through all communication channels by phone 02-2769835, 084-7514747 and email address: wecare@dynastyceramic.com. In the past received feedback and suggestions are completely beneficial to the development of the company's products and services. In 2014 channel to receive suggestions, make a "wake-up project to build awareness of us" at branch offices throughout the country, so that each employee is aware of the importance of their work. Promote the consciousness of love in an organization with the main goal to create a sense of love of being on time, of service, of cleanliness to contribute to developing the quality of service and greater customer satisfaction. Enable direct feedback from customers who purchased at branches across the country through all branches of publicity posters. When a customer purchases a product, every customer will receive a receipt, 1 sticker sheet for 1 comment for sticking onto a poster in the Like or Unlike box, so that service satisfaction scores each time. The data from this project is a reflection of customer satisfaction and can lead to the development of improved service in order to meet customer satisfaction with more needs. This is a branch to assess the satisfaction of the customer service improvements as soon as such data and also sent to the head office to improve employee training in the use of the improve towards the needs of our customers and to continue more efficiently.

6.Environmental care

The company have seen the effect of global warming that will result in serious and continuing towards the creatures in the world as well as the environment in which we live, which is very near where everyone can help each other defend. It is an important duty of everyone on Earth that have to share responsibility for solving global warming together. Therefore, there is a project to promote environmental care as follows:

6.1 The project added a nose to breathe with the Dynasty Tile Top. The company's employees of the Dynasty Ceramics Public Company Limited and Tile Top Industries Company Limited be aware of the problem and the need to reduce global warming and global social responsibility. It has proposed "project, add the nose to breathe with the Dynasty Tile Top" is a continuous 2-year collaboration with planting to reduce global warming, so that employees have a chance to be responsible to society and the community. Also, doing these activities also contribute to strengthen the unity of love of organization, nature and environment. Moreover, employees have an opportunity to express appropriately and comment from experience that result from operating activities to apply the benefit of life in the future.



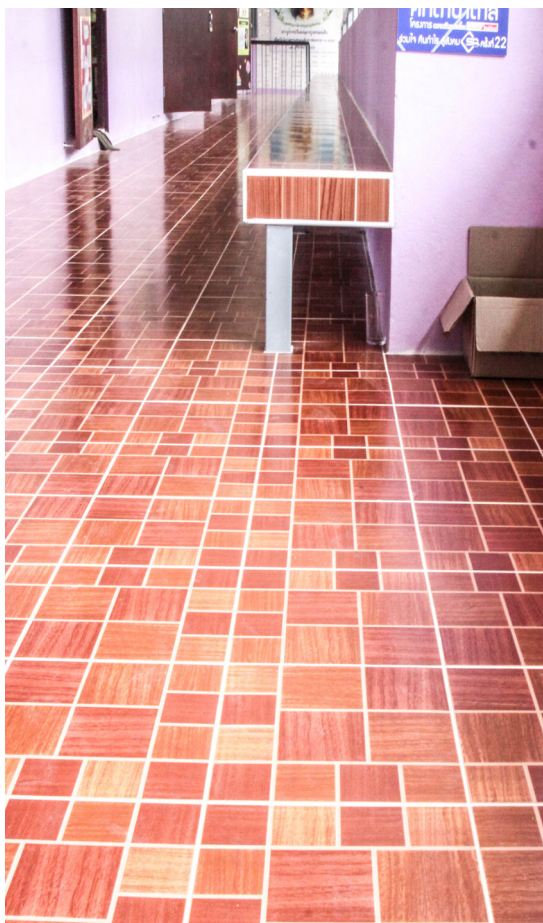
6.2 Energy conservation project with the Dynasty Tile Top is to improve production and greenhouse gas reduction. Hot air exchange system that remains from the combustion process of tile, which has a temperature up to 150-200 degrees Celsius has been used in the ceramic clay powder manufacturing process using the heat exchangers principles, which is to save the consumption of natural gas about 19,000 gigajoules per year and to reduce greenhouse gas emissions about 950 tons per year.

6.3 Water resources is the major natural resources in the production of the company. The company has carried out projects for water systems, wastewater systems, reused by providing an area to accommodate the water. Water circulation system has long been a favorite. There is a principle of wastewater resulting from the process of the factory is sent to a settling pond to sedimentation so excess that overfills the storage tank to rain water tank and can be reused in the plant again. For the sake of reducing the water resources, it helps to maintain the water environment of the external community.

7. Community and social development

7.1 Manufacturing ceramic like flooring and wall tiles with natural resources, especially of raw materials such as clay, the company, the Dynasty Ceramic Public Company Limited has provided them from the partners through the monitoring and control of government administration. Ensure that there will be an environmental benefit along with the surrounding communities. The company has coordinated with the delivery of raw materials, completing with an emphasis on being together with communities. The community benefit is shared by digging underground conveyor to storage stack and is bid by bidders, the contractors in the area. The communities repair transport routes, expand and increase transportation routes every year, using the budget for the delivery of raw materials to achieve development in the community. There are bus routes facilitate communities to travel more. In addition to all the benefits of clay pond to accommodate the rain water so that the community can use it.

7.2 As the company has the Dynasty Tile Top Market for Society Project continually since 2009, the company has seen that development in education is the best help promote teaching and learning more effective by improving school buildings, library, cafeteria, bathrooms and landscaping around the schools that have inadequate budgets. As a supplement to those schools with exciting classroom. There are quite a few kitchen, bathroom with hygienic conditions for teachers, students and personnel have better hygiene without added burden in maintaining. This is because ceramic tile is a durable material that is easy to clean with a long usage life.



To improve the landscape of the school, the company has received cooperation from the surrounding community and the neighboring villages to participate in the supply of materials and technician-volunteers in the area. They joined to make activities that enhance coordination in the community and instill a sense of cooperation as part of the development of the school in their own community. Also, this causes the awareness of taking care of public domain in good condition to their offspring.





Additionally, every time that the company held a formal delivery school suppliers in each project, the company has provided the entire talent contest activities, such as painting, essay, and the invention of grout in order to encourage students to show off in the best way. Promotes imagination and creativity held in cooperation with the sports community and students to strengthen the relationships here with the Dynasty Tile Top.

This is to manage the delivery of school supplies in every project. We are also renewing the network to do these projects with major partners, which is the Phumbundit Press, the publisher who supports the teaching and learning media sponsor for all schools that participate in the project including some high schools in the surrounding areas that require the teaching medium.

In 2014 there were total 16 schools from 4 provinces participating in the Dynasty Tile Top Market for Society Project. The company supported the tiles about 15,989 sq.m. for 2,075 students and the Phumbundit Press joint media support to teaching and learning in 93 schools.



7.3 Rural development volunteer projects started to support 9 camps in 2013 and operated continuously with the objective to support the development activities of the student volunteer camps by students from higher education institutions across the country. Categories of the camps are such as nursery school buildings, library, and multipurpose building built-camp. The student volunteers camp to community development in rural areas by supporting the floor-wall tiles. In 2014 students from different institutions were interested in requesting more support for tiles. The company has supported floor-wall tiles for 10 camps are as follows:

Project	higher education institutions	Target schools	Types of buildings	Tiles (sq.m.)	Branch office (supporter)
10	Chulalongkorn University	Ban Pak Rat school, Petch Buri province	Library	80	Petch Buri
11	Khon Kaen University	Na Pang Kururat Samakki school, Khon Kaen province	cafeteria	75	Khon Kaen
12	Mahidol University	Ban Klong Loy school, Prachuab Khiri Khan province	Library	126	Tub Sa Kae
13	Thammasat University	Ban Pong Kwang school, Loei province	bathrooms	36	Loei
14	Kasetsart University	Sa Nam Sai Wittaya school, Nakhon Ratchasima province	Library	84	Pak Chong
15	Maharakham University	Ban Wai school, Maha sarakham province	Art and cultural learning center	320	Maha sarakham
16	Maharakham University	Kud Kong Chai Wittaya school, Kalasin province	Community learning center	210	สาขา มหาสารคาม
17	King Mongkut's University of technology Thonburi	Ban Kok Klang school, Maha sarakham province	Religious	198	Ta Phra, Khon Kaen
18	King Mongkut's University of technology North Bangkok	Ban Mae Ra-ar Nai school, Moo. 9, Chiang Mai province	school buildings	63	Chom Thong
19	King Mongkut's University of technology North Bangkok	Ban Chaisiri school, Nakhon Phanom province	multipurpose building	151	Nakhon Phanom
Total Tiles (sq.m.)				931	



7.4 The Dream Fantasy Created by Tile Chips Project, in 2013, the project has begun to apply grout crack, which is the rest of used material, to be reused an utmost to prison in Nonthaburi Province for professional training inmates to have expertise in tile and you can go back to work after their penalty. In 2014 we've continued this kind of project to promote the use of auxiliary resources. It has been delivered another 2 prisons, which are Phetchabun prison by Phetchabun and Lomsak branches, and Pattani prison by Lop buri Rajasawa branch.

7.5 Fight on!...Chiang Rai Project

From disaster events planned at the 6.3 magnitude quake that is believed to be the most serious earthquake on land as possible on May 5, 2014, and aftershocks were continued in Mae Lao district, Amphoe Mae Sa Luai, and Phan, Chiang Rai province. It resulted damage to houses, school, road and many public places in broad.

The company has initiated a project "Fight on! ... Chiang Rai" to assist damaged schools in the disaster area. A survey found that the water system, sanitation system and adjustment of building is urgently needed for the students.

The company has taken to help the groundwater drilling. Install the tank, the cylinder chamber, and water filtration systems. Then, the water adjustment can be used for consumption and supply, as well as repair damaged buildings to the reinstated for 15 schools with an amount of 2.5 million by the support by some executives. The projects have completed more than 90% and are expected to be completed and to deliver an entire project in February, 2015.

No.	Participating schools
1	Ban Nong Pham school, Mae Saruai district
2	Ban Huay Khrai school, Mae Saruai district
3	Mae Mon school, Muang district, Chiang Rai province
4	Than Tong Wittaya school, Phan district
5	1st Municipality school (Ban Kao,) Phan district
6	Anuban Chom Mok Kaeo school, Mae Lao district
7	Mae Tha Chang school, Mae district
8	Ban Dong mada school, Mae Lao district
9	Ban Doi Chang school Mae Saruai district
10	Huay San Pattana village, Mae Saruai district
11	San Ton Han village, Mae Lao district
12	Ban Pong Phu Peung school, Mae Saruai district
13	Huay San Yaw Wittaya school, Mae Lao district
14	Ban Huay Ya Sai school, Mae Saruai district
15	Ban San Klang school, Mae Saruai district



7.6 Blood Donation Project

Today's blood has not been donated enough through the Thai Red Cross Society according to more demand, so we see a benefit to participate another channel for blood donation to help society. It was held in conjunction with the blood donation, the hospital blood donation centre, Saraburi and Thai Red Cross Society on February 12, 2014 at the market of Dynasty Tile Top, Saraburi branch factory. It opened to both employees and the general public with share volunteer blood donation. The blood is donated and delivered to Thai Red Cross Society about 112 units (44,800 CC.).

7.7 Internal 5S for external society project

As the company has operating activities 5S on a regular basis. Classified all of the equipment to the environment of the work place, easy to use, but collected broken office equipment, computer equipment, deterioration, and defective to donate through the Mirror Foundation to repair, and forward to the schools that lack or according to the objectives of the Foundation for social assistance by the employees' cooperation that has deteriorated equipment donation about 186 pieces.

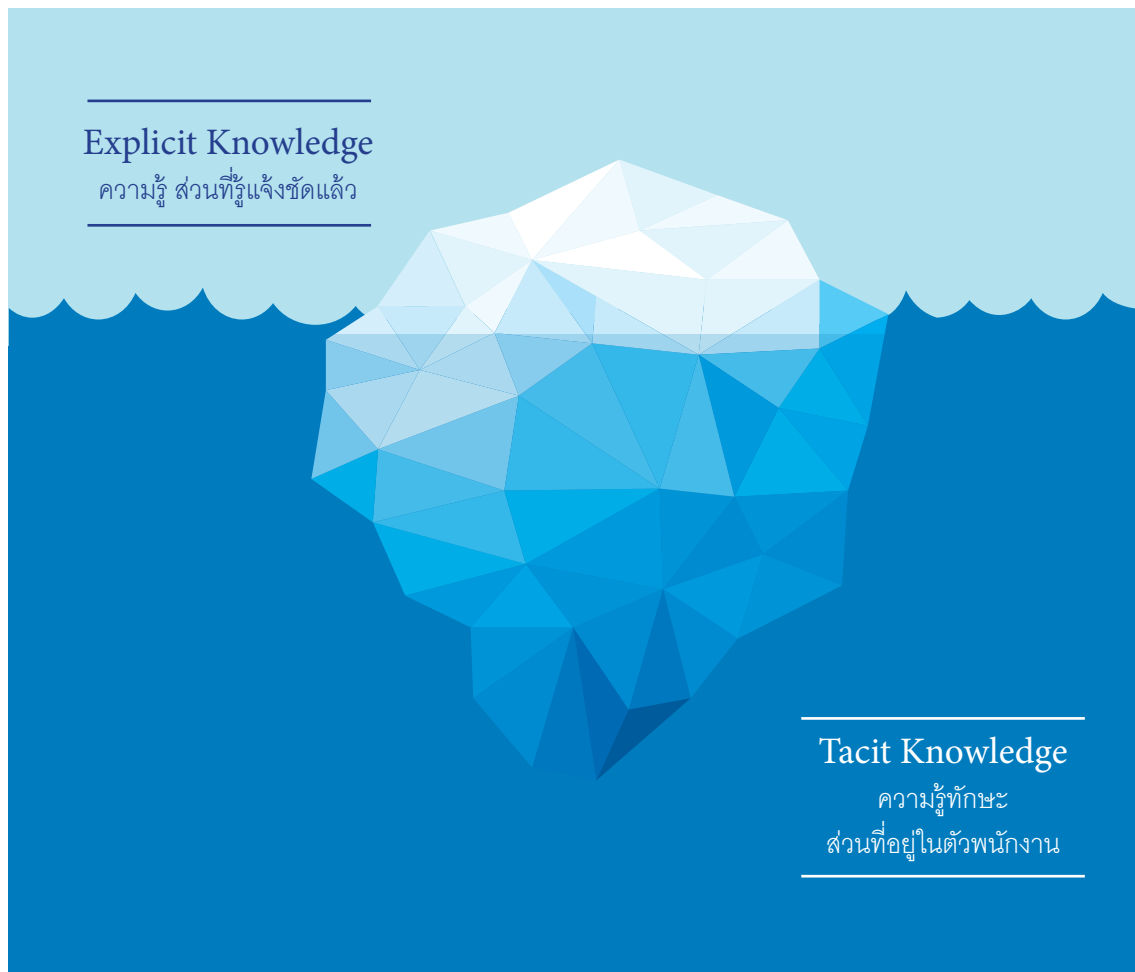
8. Innovation and the innovation share of social responsibility

The company has run policy on the basis of attention to personnel at all levels with respect for the opinion of the initiative. So, all employees have produced creative projects, staff has proposed creative tasks to improve work continually, with the aim that all employees have participated in the development of job more efficiently. They have offered creative and practical results as far as expected and led to the development of knowledge-gathering. They have brought out the creativity in work, in accordance with the development guidelines as a sustainable organization.

8.1 the sustainable innovation enterprise

Throughout the past 25 years of the Dynasty Ceramics Public Company Limited, since the pioneer employees till now have developed the learning technology of ceramic floor and wall tile production at the industrial standard quality and proper price that anyone can purchase in every province in Thailand. Products are supplied to market as soon as the customers want at the Dynasty Tile Top flea market.

The specialized knowledge and skills in ceramic floor and wall tile production and the skills to improve and adjust the machine's performance, which brought in the first episode, have been modified until it is unique for the Dynasty Tile Top factory. – The knowledge has been written and can be forwarded to a new generation of employees in company development. An iceberg is compared to the whole knowledge. The explicit knowledge is the floating part over the surface of the water. But, the tacit knowledge, compared to the rest part of the iceberg under the water, which is in personal knowledge, skills and abilities of each employee.



Therefore, the senior managers in the organization have to concern about Tacit Knowledge application in the employee's personnel. The knowledge has been recorded for the sustainable knowledge and innovation organization. It can be an important foundation to paraphrase to the employee from one generation to the next generation in the future. This will make sustainable growth for the Dynasty Ceramic Public Company Limited along with Thai and international society forever.

The Dynasty Ceramic Public Company Limited has joined the project of Knowledge Management for Sustaining the Organizational Productivity Movement (PFKM) with the National Institute of productivity and achieved the Knowledge Management and Beneficial Innovation Award.



More information:

<http://www.dynastyceramic.com/en/2014/10/>

<http://www.ftpi.or.th/LinkClick.aspx?fileticket=rMijH6j5OEM%3D&tabid=119&language=th-TH>

8.2 The ultimate supervisor of productivity

An organization where knowledge is stored as category for all levels of employees can research in order to increase knowledge and skills can lead to the development of the functions operating more efficiently. It can also be beneficial to improvement of an individual employee's community better.

Knowledge convey is an important skill of supervisors at all levels. The Tile Top Industries Company Limited, which is a subsidiary of the Dynasty Ceramic Public Company Limited, has been assigned to perform a High Performance Development Supervisor for Productivity Improvement Project (SDIP) with the national productivity Institute.

Supervisors and employees have the opportunity to participate in SDIP projects to increase knowledge of skills, productivity and skills to convey knowledge to every employee in the organization. It has been the highly successful project since Mr. Anurak Bhunya, a head of the Selection Department, participated in this project, has been promoted and received the Best of Supervisor in Productivity Improvement Award from the Industrial Development Bureau Management of the Department of Industry on August 15, 2014.



Due to the success of both projects is a guarantee of success of the Dynasty Ceramic Public Company Limited to step into the innovation enterprise in according to sustainable social responsibility.

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.

Related Transaction

The Company's Board of Directors has established approval process for related transactions or transaction 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 Public Co. Ltd., which manufactures floor tiles and wall tiles, at wholesale prices. The Company is the sole distributor. 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 operations, 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 addition, 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, payments 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. , Muang-Thong 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

On June 1, 2014, the Company has conducted group restructuring by Entire Business Transfer of its subsidiaries, consisting of Pick & Pay Co., Ltd, Muangthong Ceramic Co., Ltd, and Worldwide Ceramic Co., Ltd, therefore, there is no further related transaction occur.

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)	
			2014	2013
Tile Top Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	6.7	4.2
		Rental income from office	0.72	0.36
		Management Fee income	12.0	12.0
		Purchases -Finished goods	2,588.0	2,632.1
		Purchases - Raw Materials / Supplies	5.5	9.8
		Warehouse Management Fee	3.6	3.6
Pick and Pay Co.,Ltd.	Subsidiaries Company	Revenue from Sales	1,229.1	2,926.9
		Revenue from Raw Material / Supplies	0.1	0.3
		Rental income from office / equipment	6.6	9.4
		Management Fee income	18.6	43.5
		Dividend Income	429.2	-
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	753.4	1,866.8
		Rental income from office / equipment	3.5	4.1
		Management Fee income	11.7	28.7
		Dividend Income	308.4	-

World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	497.1	1,245.7
		Rental income from office / equipment	2.3	3.0
		Management Fee income	8.6	20.8
		Dividend Income	126.5	-
Mr. Roongroj Saengsastra	Director of the Company and Subsidiaries	Rental Land Expenses	1.0	1.0
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)	
			2014	2013
TileTop Industry PCL.	Subsidiaries Company	Trade Account Payable and other Account Payable	601.2	602.9
Pick and Pay Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	-	479.4
		Trade Account Payable and other Account Payable	-	0.1
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	-	200.1
World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivable	-	376.4

FINANCIAL HIGHLIGHTS

(Million Baht)

CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME	Y2014	Y2013	Y2012 (Restated)
Total Revenues	7,198	7,564	7,638
Net Sales	7,177	7,546	7,603
Gross Profit	3,036	3,099	2,978
%Gross Profit	42.3	41.1	39.2
Selling & Admin. Expenses	(1,453)	(1,456)	(1,349)
Net Profit Before Interest & Depreciation	1,888	1,893	1,842
Net Profit of the company's shareholders	1,227	1,298	1,265

(Million Baht)

CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y2014	Y2013	Y2012 (Restated)
Total Assets	5,194	5,130	4,877
Total Liabilities	2,389	2,368	2,080
Total Shareholders' Equity	2,805	2,761	2,797

(Million Baht)

FINANCIAL RATIO	Y2014	Y2013	Y2012 (Restated)
Earning Per Share - Baht	0.301	0.318	0.310
Net Profit / Total Revenues - %	17.05	17.16	16.56
Debt Equity Ratio	0.85	0.86	0.74
Return on Total Assets - %	24.57	25.30	25.94
Return on Equity -%	43.74	47.01	45.23
Booked Value - Baht	0.688	0.677	0.686
Dividend Per Share - Baht	0.301	0.318	0.308
Dividend Yield - %	100	100	99.4

Summary of Operating Results and Financial Analysis

CONSOLIDATED

The Statement of Financial Position

(Unit: Million Baht)

	December 31, 2014	%	December 31, 2013	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	207	4%	169	3%
Trade accounts and notes receivable	90	2%	106	2%
Inventories - net	1,760	34%	1,605	31%
Other investments	18	0%	-	0%
Other current assets	37	1%	35	1%
Total Current Assets	2,112	41%	1,915	37%
NON - CURRENT ASSETS				
Property, plant and equipment - net	2,999	58%	2,942	57%
Intangible assets - net	16	0%	15	0%
Goodwill	-	0%	104	2%
Deferred income tax asset	22	0%	116	2%
Other non - current assets	45	1%	38	1%
Total Non - Current Assets	3,082	59%	3,215	63%
TOTAL ASSETS	5,194	100%	5,130	100%

CONSOLIDATED

The Statement of Financial Position

(CONT.)

(Unit : Million Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

	December 31, 2014	%	December 31, 2013	%
Short - term loans from financial institutions	1,390	27%	1,185	23%
Trade accounts payable	510	10%	588	11%
Accrued income tax	86	1%	148	3%
Other current liabilities	206	4%	236	5%
Total Current Liabilities	2,192	42%	2,157	42%

NON - CURRENT LIABILITIES

Unfunded provident fund - non contributory	55	1%	53	1%
Employee benefits obligation	113	2%	136	3%
Deferred income tax liability	29	1%	22	0%
Total Non - Current Liabilities	197	4%	211	4%

TOTAL LIABILITIES

2,389	46%	2,368	46%
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SHAREHOLDERS' EQUITY

Share capital - common share at Baht 0.1 par

value (2013 : Baht 1)

- Registered - 4,080,000,000 shares

(2013 : 408,000,000 shares)	408	8%	408	8%
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- Issued and paid - up - 4,080,000,000 shares

(2013 : 408,000,000 shares)	408	8%	408	8%
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Premium on share capital	506	10%	506	10%
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Retained earnings

- Appropriated for legal reserve	41	1%	41	1%
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- Unappropriated	1,807	35%	1,757	34%
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Shareholders' equity of the Company	2,762	54%	2,712	53%
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Non-controlling interests in subsidiaries	43	0%	50	1%
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TOTAL SHAREHOLDERS' EQUITY	2,805	54%	2,762	54%
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,194	100%	5,130	100%
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CONSOLIDATED

Statement of comprehensive income for the years ended December 31,

(Unit: Million Baht)

	2014	%	2013	%
REVENUE				
Revenue from sales	7,177	100%	7,546	100%
COSTS OF SALES				
Costs of goods sold	(4,141)	(58%)	(4,447)	(59%)
Gross income	3,036	42%	3,099	41%
Other income	21	0%	18	0%
Selling expenses	(723)	(10%)	(835)	(11%)
Administrative expenses	(626)	(9%)	(621)	(8%)
Goodwill written-off	(104)	(1%)	-	0%
Finance costs	(33)	0%	(24)	0%
Income before income tax	1,571	22%	1,637	22%
Income tax	(342)	(5%)	(335)	(4%)
Income for the year	1,229	17%	1,302	17%
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR				
Actuarial gains - net of tax	28	1%	-	0%
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	1,257	18%	1,302	17%
ALLOCATION OF INCOME FOR THE YEAR				
Portion of the Company's shareholders	1,227	17%	1,298	17%
Portion of non-controlling interests in subsidiaries	2	0%	4	0%
	1,229	17%	1,302	17%
ALLOCATION OF COMPREHENSIVE INCOME				
Portion of the Company's shareholders	1,254	17%	1,298	17%
Portion of non-controlling interests in subsidiaries	3	1%	4	0%
	1,257	18%	1,302	17%
BASIC EARNINGS PER SHARE				
Income (Baht : share)	0.301		0.318	
Weighted average number of common shares (shares)	4,080,000,000		4,080,000,000	

Analysis of Operating Result for the Year 2014

Net profit of the Company in the Consolidated Financial Statement was 1,227 million Baht, at a net profit margin of 17%, which was a decrease of 71 million Baht or 6% YoY.

Sales Revenue

- In the year 2014, the Company had a total revenue of 7,177 million Baht, a decrease of 369 million Baht or 5% YoY. Major revenue derives from the provision of sales in 3 channels:

1. Retail:

In 2014, sales revenue from outlets was equal to 4,876 million Baht, or 68% of total revenue. Revenue from this channel dropped from last year by 307 million Baht, or 6% from the impact of a lower farm income that led to a decrease in purchasing power of the market and a delay spending in home renovation. As of 2014, the Company has a total of 195 outlets nationwide.

2. Wholesale:

Sales revenue from domestic wholesale was 1,932 million Baht, or 27% of total revenue. A slight drop in sales of 16 million Baht, or 1% YoY was a result of the Company's aggressive move in wholesale segment despite the impact from economic and political crisis that affect wholesalers and many property developers both big and small ones to be uncertain and putting their investment on hold. Today, the Company has a total of 3,000 domestic distributors.

3. Export:

Total export value was 181 million Baht, or 3% of total revenue. Export sales increased by 26 million Baht or 17% YoY as the Company noticed an opportunity in foreign markets and has continuously done marketing activities as well as exploring sales distribution channels. 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 2014 was equal to 4,141 million Baht, which was 58% of sales revenue, which decreased from a 59% of sales revenue last year. Gross profit margin in 2014 was 42%, which was 41% in previous year as in June 2014, the Company has conducted group restructuring by Entire Business Transfer of its subsidiaries, consisting of Muangthong Ceramic Co., Ltd, Worldwide Ceramic Co., Ltd, and Pick & Pay Co., Ltd, which all are Company's subsidiaries with a holding of more than 95% of the stock, and as a consequence, there was an increase in value of finished goods according to the transferred book value as well as eliminating mark-up margin of outstanding finished goods from cost of goods sold.

Selling and Administrative Expense

- Selling and administrative expense in 2014 was 1,349 million Baht, which was accounted as 19% of sales revenue and decreased from 1,456 million Baht in previous year by 107 million Baht. Significant drop in selling and administrative expense incurred in 2014 was mainly from a continuous effort to reduce promotional expense by approximately 48 million Baht and transportation expense by 58 million Baht.

Goodwill

- Due to business restructuring, the company amortized goodwill of the three subsidiaries from the consolidated financial statements of 104 million Baht and recorded as full amortization of goodwill in the consolidated statement of comprehensive income.

Financial Cost

- Interest expense in 2014 was 29 million Baht (Net interest on the net defined benefit liability 4 million Baht) increased from last year by 9 million Baht from an increase in interest expense 20 million Baht from short-term bank loan to invest in capital expenditure such as land purchase for new outlets and production capacity expansion of the Company including purchase of raw material, machine, and spare parts.

Corporate Income Tax

- Corporate income tax rate in 2014 was 20%

Net profit and earning per share

- Net profit portion of the Company's shareholders from consolidated financial statement for the year 2014 was equal to 1,229 million Baht; or account as gross profit margin at 17, which decreased by 72 million Baht, or 6% YoY.

- Earnings per share in year 2014 was 0.301 Baht per share for a total of 4,080 million shares at par value 0.10 Baht per share, or totaling 1,228 million Baht.

*Number of ordinary shares are adjusted from 408 million shares at par value of 1.00 Baht per share to 4,080 million shares at par value of 0.10 Baht per share according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2557 on 23 December 2557

Analysis of Financial Status 2014

Assets

- The Company and its subsidiaries has a total consolidate assets as of 31 December 2014 equal to 5,194 million Baht; increase from 31 December 2013 by 64 million Baht or 1% YoY.
- Total current assets as of 31 December 2014 was 1,915 million Baht; or accounted as 37% of total asset. An increase of 4 million Baht was from a increase in cash and cash equivalent 38 million Baht and reduction of trade account receivable 16 million Baht with account receivable turnover day at 5 days; which offset with an increase in inventory 155 million Baht as a result of 6% drop in sales volume YoY. General investment 18 million Baht was part of the Company's investment in the three subsidiaries, which was expected to payback once the process of liquidation is completed in 2016.
- Total noncurrent assets as of 31 December 2014 was 3,082 million Baht, which was 59% of total asset. A decrease of 132 million Baht was due to business restructuring, in which the company amortized goodwill of the three subsidiaries from the consolidated financial statements of 104 million Baht and recorded as full amortization of goodwill in the consolidated statement of comprehensive income.

Liabilities and Shareholder's Equities

- Total liabilities of the Company and its subsidiaries as of 31 December 2014 was 2,338 million Baht, increased 20 million Baht or 1% as compared to total liabilities as of December 31, 2013.
- Current liabilities was 2,192 million Baht, increased 35 million Baht YoY mainly from increase in short term loan 205 million Baht and lower trade account payable 78 million Baht
- Noncurrent liabilities was 197 million Baht, decreased 15 million Baht from total liabilities as of December 31, 2013 due to a 23 million Baht reduction in reserves for employees' benefit obligations and deferred income tax liabilities increased 6 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 2,805 million Baht as of 31 December 2014. Dividend payment from the operational performance of the Year 2014 at 0.301 Baht per share, or the annual dividend totaling 1,228 million Baht

*Number of ordinary shares are adjusted from 408 million shares at par value of 1.00 Baht per share to 4,080 million shares at par value of 0.10 Baht per share according to the resolution of the Extraordinary General Meeting of Shareholders No. 1/2557 on 23 December 2557

Appendix

Board of directors's biography

Name	Mr. Roongroj Saengsastra
Position	Chairman
Date of Birth	5 March 1950
Highest Education	Bachelor of Accounting, Chulalongkorn University
Training from IOD	None
% of Share Holding	1,000,000,000 shares (24.510%) at Jan 30, 2015
Family relationship among executives	Miss Cattleya Saengsastra's brother
Other Current Position	Listed Company None Non Listed Company 1 Company 1. Chairman of TileTop Industry Public Co., Ltd
Experience	2005-Present Chairman of Pick and Pay Co., Ltd Chairman of Muang Thong Ceramic Co., Ltd Chairman of World Wide Ceramic Co., Ltd

Name	Mr. Sanchai Janejarat
Position	President
Date of Birth	10 October 1949
Highest Education	Bachelor of Engineering, Chulalongkorn University
Training from IOD	Directors Accreditation Program (DAP) No.54/2006
% of Share Holding	3,420,000 shares (0.084%) at Jan 30, 2015
Family relationship among executives	None
Other Current Position	Listed Company None Non Listed Company 1 Company 1. President of TileTop Industry Public Co., Ltd
Experience	2008 - Present President of Dynasty Ceramic Co., Ltd President of TileTop Industry Public Co., Ltd

Name	Mr. Yothin Juangbhanich
Position	Independent Director & Chairman of Audit Committee
Date of Birth	22 September 1949
Highest Education	Bachelor of Accounting, Chulalongkorn University MBA University of Santa Clara USA
Training from IOD	Director Accreditation Program (DAP) 79/2009
% of Share Holding	None
Family relationship among executives	None
Other Current Position	Listed Company 1 Company 1.Independent Director & Chairman of Audit Committee at Tanasiri Group Public Co., Ltd Non Listed Company 2 Companies 1.Part-time Faculty at Assumption University: Tax Accounting 2.Subcommittee of State Audit Commission on Audit Inspection and Consideration
Experience	-Subcommittee to strengthen good governance in the public sector, the Senate. -Head of Management System Development - Revenue Department -Regional 12 Revenue Chief

Name	Mr. Chaikasith Viriyametakul
Position	Director
Date of Birth	22 July 1949
Highest Education	Bachelor of Engineering, Chulalongkorn University National Defense College (NDC.4414)
Training from IOD	- Director Accreditation Program (DAP) 20/2004 - Increasing Your Corporate Value through Effective Communication Year 2003 - Risk Management
% of Share Holding	204,600,000 shares (5.015%) at Jan 30, 2015
Family relationship among executives	None
Other Current Position	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	Mr. Suvit Smarnpanchai
Position	Director
Date of Birth	17 April 1947
Highest Education	High-School, Charnvit Wittaya School
Training from IOD	Director Accreditation Program (DAP) 54/2006
% of Share Holding	100,000,000 shares (2.451%) at Jan 30, 2015
Family relationship among executives	None
Other Current Position	Listed Company None Non Listed Company 1 Company 1. Managing Director at Ekasithpun Co., Ltd
Experience	Advisor of the Audit Committee and Monitoring The Police Administration of Ratchaburana police Station

Name	Mr. Surasak Kosiyajinda
Position	Independent Director & Audit Committee
Date of Birth	19 January 1943
Highest Education	Bachelor of Law, Thammasart University
Training from IOD	Director Accreditation Program (DAP) 48/2005
% of Share Holding	None
Family relationship among executives	None
Other Current Position	Listed Company 1 Company 1. Director at AJ Plast Public Co., Ltd Non Listed Company 1 Company 1. Director at United Food Co., Ltd
Experience	1969 – Present Own office at Jutturatham Law Office

Name	Mr. Phachon Khachitsarn
Position	Independent Director & Audit Committee
Date of Birth	4 September 1948
Highest Education	Bachelor of Arts in Economic, Kasetsart University Advanced Certificate of Administration, National Institute of Development Administration (Nida)
Training from IOD	Director Accreditation Program (DAP) 99/2012
% of Share Holding	None
Family relationship among executives	None
Other Current Position	Listed Company None Non Listed Company None
Experience	1975 - 2005 Administration Department Manager, Fuel Administration and Finance Division EGAT / Public Utility

Name	Mr. Monrak Saengsastra
Position	Executive Director (Administration)
Date of Birth	3 November 1975
Highest Education	Master of Business Administration, Kasetsart University Bachelor of Science in Business Computer Information Systems, University of North Texas, USA
Training from IOD	Director Accreditation Program (DAP) 107/2014
% of Share Holding	300,000,000 shares (7.353%) at Jan 30, 2015
Family relationship among executives	Mr. Roongroj Saengsastra's Son
Other Current Position	Listed Company None Non Listed Company 1 Company 1. Executive Director at TileTop Industry Public Co., Ltd
Experience	2013 - Present Executive Director (Administration) at Dynasty Ceramic Public Co., Ltd and TileTop Industry Public Co., Ltd - 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.

Name	Miss Cattleya Saengsastra
Position	Executive Director and Company Secretary
Date of Birth	25 January 1948
Highest Education	Bachelor degree Accounting (Honor), Chulalongkorn University Management Development Program J.J Kellogg, North Western University
Training from IOD	Directors Accreditation Program (DAP) No.47/2005
% of Share Holding	110,000,000 shares (2.696%) at Jan 30, 2015
Family relationship among executives	Mr. Roongroj Saengsastra's Sister
Other Current Position	Listed Company 1 Company 1. Independent Director and Chairman of Audit Committee S&P Syndicated Public Co., Ltd Non Listed Company 1 Company 1. Executive Director and Company Secretary at TileTop Industry Public Co., Ltd
Experience	1995 - Present Director at TileTop Industry Public 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

Name	Mr. Maruth Saengsastra
Position	Executive Director at TileTop Industry Co., Ltd (Subsidiary)
Date of Birth	15 December 1977
Highest Education	Master of Science in Computer Science, Southern Methodist University, USA
Training from IOD	Director Accreditation Program (DAP) 107/2014
% of Share Holding	300,000,000 shares (7.353%) at Jan 30, 2015
Family relationship among executives	Mr. Roongroj Saengsastra's Son
Other Current Position	Listed Company 1 Company 1.Senior Executive Vice President (Marketing) at Dynasty Ceramic Public Co., Ltd Non Listed Company 1 Company 1.Senior Executive Vice President (Marketing) at TileTop Industry Public Co., Ltd
Experience	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 and TileTop Industry Public Co., Ltd.



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 2014, 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 2014, 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 2014 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 2014 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.

Others

As discussed in Notes 6 and 14 to the financial statements, during the year, the Company has re-structured its group companies by receiving the transfers of entire business from three subsidiaries. The Company therefore, classified investments in three subsidiaries which share capital have not been returned as "Other investments" in the statement of financial position. This caused to write off the balance of goodwill amounting to Baht 103.62 million which had been recorded in the consolidated financial statements at the time of the acquisition of such three subsidiaries. This was recorded as Goodwill written-off in the consolidated statement of comprehensive income.



Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

17 February 2015

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated		Separate	
	Notes	31 December 2014	31 December 2013	31 December 2014	31 December 2013
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	206,837,966	169,125,129	194,150,525	51,442,342
Trade accounts and notes receivable	7	90,302,377	105,988,253	90,302,377	79,901,884
Trade accounts receivable and other receivable - subsidiary companies	6, 7	-	-	-	1,055,848,588
Inventories - net	8	1,759,820,250	1,604,766,656	1,642,940,146	659,062,800
Other investments	9	18,374,257	-	18,374,257	-
Other current assets	10	36,540,159	35,121,765	23,362,232	18,924,095
Total Current Assets		2,111,875,009	1,915,001,803	1,969,129,537	1,865,179,709
NON - CURRENT ASSETS					
Investments in subsidiaries	11	-	-	109,479,530	127,853,787
Property, plant and equipment - net	12	2,999,198,829	2,942,094,316	2,007,828,678	1,372,569,115
Intangible assets - net	13	15,424,376	14,877,346	13,320,145	14,877,346
Goodwill	14	-	103,623,825	-	-
Deferred income tax asset	24	22,289,420	116,291,059	-	-
Other non - current assets	15	45,102,219	37,619,031	42,910,484	4,626,818
Total Non - Current Assets		3,082,014,844	3,214,505,577	2,173,538,837	1,519,927,066
TOTAL ASSETS		5,193,889,853	5,129,507,380	4,142,668,374	3,385,106,775

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Notes	Consolidated		Separate	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short - term loans from financial institutions 16	1,390,000,000	1,185,000,000	1,390,000,000	1,185,000,000
Trade accounts payable 17	510,060,587	588,126,559	296,015,681	282,053,651
Trade accounts and others payable				
- subsidiary companies 6	-	-	601,190,484	602,976,846
Accrued income tax	85,550,634	148,058,104	83,493,548	127,603,018
Other current liabilities 18	206,399,200	235,718,377	171,684,673	149,624,091
Total Current Liabilities	2,192,010,421	2,156,903,040	2,542,384,386	2,347,257,606
NON - CURRENT LIABILITIES				
Unfunded provident fund - non contributory 19	55,386,296	53,479,429	-	-
Employee benefits obligation 21	112,593,793	135,695,957	67,045,154	57,178,789
Deferred income tax liability 24	28,577,907	22,255,304	28,577,907	22,255,304
Total Non - Current Liabilities	196,557,996	211,430,690	95,623,061	79,434,093
TOTAL LIABILITIES	2,388,568,417	2,368,333,730	2,638,007,447	2,426,691,699
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht				
0.1 par value (2013 : Baht 1)				
- Registered - 4,080,000,000 shares				
(2013 : 408,000,000 shares)	408,000,000	408,000,000	408,000,000	408,000,000
- Issued and paid -				
up - 4,080,000,000 shares				
(2013 : 408,000,000 shares) 22	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
Retained earnings				
- Appropriated for legal reserve 23	40,800,000	40,800,000	40,800,000	40,800,000
- Unappropriated	1,807,243,517	1,756,598,309	549,860,927	3,615,076
Shareholders' equity of the Company	2,762,043,517	2,711,398,309	1,504,660,927	958,415,076
Non-controlling interests in subsidiaries	43,277,919	49,775,341	-	-
TOTAL SHAREHOLDERS' EQUITY	2,805,321,436	2,761,173,650	1,504,660,927	958,415,076
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,193,889,853	5,129,507,380	4,142,668,374	3,385,106,775

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)

Notes	Consolidated		Separate	
	2014	2013	2014	2013
REVENUE				
Revenue from sales	27	7,177,493,342	7,546,224,632	6,834,034,031
COSTS OF SALES				
Costs of goods sold	27, 28	(4,141,307,787)	(4,447,427,512)	(4,714,764,797)
Gross income		3,036,185,555	3,098,797,120	2,119,269,234
Other income	27	20,598,894	18,153,610	79,390,146
Dividend income from subsidiaries	6	-	-	864,087,866
Selling expenses	28	(723,600,543)	(834,846,757)	(666,894,994)
Administrative expenses	28	(626,238,860)	(621,570,493)	(402,189,374)
Goodwill written-off	14	(103,623,825)	-	-
Finance costs		(32,853,327)	(23,877,575)	(30,669,026)
Income before income tax		1,570,467,894	1,636,655,905	1,962,993,852
Income tax	24	(341,714,802)	(334,946,979)	(221,774,246)
Income for the year		1,228,753,092	1,301,708,926	1,741,219,606
OTHER COMPREHENSIVE INCOME (LOSS) FOR THE YEAR				
Actuarial gains - net of tax	24	27,916,828	-	8,626,245
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		1,256,669,920	1,301,708,926	1,749,845,851
ALLOCATION OF INCOME FOR THE YEAR				
Portion of the Company's shareholders		1,226,662,214	1,298,132,683	1,741,219,606
Portion of non-controlling interests in subsidiaries		2,090,878	3,576,243	-
		1,228,753,092	1,301,708,926	1,741,219,606
ALLOCATION OF COMPREHENSIVE INCOME				
Portion of the Company's shareholders		1,254,245,208	1,298,132,683	1,749,845,851
Portion of non-controlling interests in subsidiaries		2,424,712	3,576,243	-
		1,256,669,920	1,301,708,926	1,749,845,851
BASIC EARNINGS PER SHARE				
Income (Baht : share)		0.301	0.318	0.427
Weighted average number of common shares (shares)	26	4,080,000,000	4,080,000,000	4,080,000,000

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)

Shareholders' equity of the Company								
	Note	Paid - up Share Capital	Premium on Share capital	Retained earnings		Total shareholders' equity of the Company	Non-controlling interests	Total
				Legal Reserve	Unappropriated			
<u>Consolidated F/S</u>								
Balance as at 1 January 2013		408,000,000	506,000,000	40,800,000	1,796,705,626	2,751,505,626	46,199,098	2,797,704,724
Comprehensive income (loss) for the year		-	-	-	1,298,132,683	1,298,132,683	3,576,243	1,301,708,926
Dividend payment	25	-	-	-	(1,338,240,000)	(1,338,240,000)	-	(1,338,240,000)
Balance as at 31 December 2013		408,000,000	506,000,000	40,800,000	1,756,598,309	2,711,398,309	49,775,341	2,761,173,650
Balance as at 1 January 2014		408,000,000	506,000,000	40,800,000	1,756,598,309	2,711,398,309	49,775,341	2,761,173,650
Comprehensive income (loss) for the year		-	-	-	1,254,245,208	1,254,245,208	2,424,712	1,256,669,920
Dividend paid from subsidiaries		-	-	-	-	-	(8,922,134)	(8,922,134)
Dividend payment	25	-	-	-	(1,203,600,000)	(1,203,600,000)	-	(1,203,600,000)
Balance as at 31 December 2014		408,000,000	506,000,000	40,800,000	1,807,243,517	2,762,043,517	43,277,919	2,805,321,436

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)

	Note	Paid - up Share Capital	Premium on Share capital	Retained earnings		Total
				Legal Reserve	Unappropriated	
<u>Separate F/S</u>						
Balance as at 1 January 2013		408,000,000	506,000,000	40,800,000	142,254,588	1,097,054,588
Comprehensive income (loss) for the year		-	-	-	1,199,600,488	1,199,600,488
Dividend payment	25	-	-	-	(1,338,240,000)	(1,338,240,000)
Balance as at 31 December 2013		408,000,000	506,000,000	40,800,000	3,615,076	958,415,076
Balance as at 1 January 2014		408,000,000	506,000,000	40,800,000	3,615,076	958,415,076
Comprehensive income (loss) for the year		-	-	-	1,749,845,851	1,749,845,851
Dividend payment	25	-	-	-	(1,203,600,000)	(1,203,600,000)
Balance as at 31 December 2014		408,000,000	506,000,000	40,800,000	549,860,927	1,504,660,927

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	
	2014	2013	2014	2013
Cash Flows From Operating Activities				
Income before income tax	1,570,467,894	1,636,655,905	1,962,993,852	1,500,691,817
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortization	285,054,182	232,315,410	171,180,678	100,771,667
Reversal of allowance for doubtful accounts	(1,389,974)	(672,983)	-	-
Reversal of allowance for obsolete stock	(212,832)	(83,286)	-	-
Goodwill written-off	103,623,825	-	-	-
Loss (gain) from disposal of fixed assets	(1,363,475)	9,652,100	(2,767,250)	(338,486)
Unrealized loss (gain) on exchange rate	(21,468)	4,007,267	(50,896)	402,425
Dividend income	-	-	(864,087,866)	-
Interest income	(799,849)	(918,379)	(1,354,110)	(562,849)
Interest expense	32,853,327	23,877,575	30,669,026	21,705,213
Provision for Provident fund	2,646,364	2,530,191	-	-
Provision for employee benefits obligation	8,152,542	13,818,921	4,615,745	4,361,035
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	1,999,010,536	1,921,182,721	1,301,199,179	1,627,030,822
Decrease (increase) in operating assets;				
Trade accounts and notes receivable	15,702,067	30,632,409	(10,384,302)	41,412,333
Trade accounts receivable and other accounts receivable - subsidiary companies	-	-	1,055,848,588	(70,588,300)
Inventories	(154,840,762)	(54,806,312)	(983,877,346)	22,834,238
Other current assets	(18,981,820)	1,235,852	(7,787,352)	74,582
Other non - current assets	(2,589,905)	(303,029)	(33,016,172)	(34,750)
Increase (decrease) in operating liabilities;				
Trade accounts payable	(78,060,695)	(104,834,024)	13,996,735	(121,834,411)
Trade accounts and others payable - subsidiary companies	-	-	(1,786,362)	62,473,663
Other current liabilities	(46,857,505)	59,998,814	21,867,364	53,138,032
Unfunded provident fund - non contributory	(739,497)	(498,260)	-	-
Employee benefits obligation	(575,943)	(339,224)	13,759,009	(150,346)
Cash Provided from Operating Activities	1,712,066,476	1,852,268,947	1,369,819,341	1,614,355,863
Income tax paid	(293,532,128)	(367,665,964)	(258,947,604)	(313,738,212)
Net Cash Provided from Operating Activities	1,418,534,348	1,484,602,983	1,110,871,737	1,300,617,651

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	
	2014	2013	2014	2013
Cash Flows from Investing Activities				
Acquisitions of assets	(346,106,331)	(483,776,545)	(811,316,647)	(294,021,869)
Acquisitions of intangible assets	(5,633,100)	(12,110,040)	(3,362,123)	(12,110,040)
Payment for leasehold right	(5,291,187)	(1,578,947)	(5,291,187)	(105,263)
Proceed from disposal of fixed assets	11,374,228	5,698,477	13,165,817	470,858
Cash received from interest income	799,849	-	1,354,110	-
Cash received from dividend	-	918,379	864,087,866	562,849
Net Cash Provided from (used in)				
Investing Activities	(344,856,541)	(490,848,676)	58,637,836	(305,203,465)
Cash Flows from Financing Activities				
Increase in bank overdraft and short				
- term loans from financial institutions	9,310,000,000	8,690,000,000	9,310,000,000	8,690,000,000
Repayment for short - term loans from				
financial institutions	(9,105,000,000)	(8,345,000,000)	(9,105,000,000)	(8,345,000,000)
Interest payment	(28,442,836)	(20,013,660)	(28,201,390)	(19,990,978)
Dividend payment	(1,203,600,000)	(1,338,240,000)	(1,203,600,000)	(1,338,240,000)
Dividend paid from subsidiary companies	(8,922,134)	-	-	-
Net Cash Used in Financing Activities	(1,035,964,970)	(1,013,253,660)	(1,026,801,390)	(1,013,230,978)
NET INCREASE (DECREASE) IN CASH				
AND CASH EQUIVALENTS	37,712,837	(19,499,353)	142,708,183	(17,816,792)
CASH AND CASH EQUIVALENTS				
AT BEGINNING OF YEAR	169,125,129	188,624,482	51,442,342	69,259,134
CASH AND CASH EQUIVALENTS				
AT END OF YEAR	206,837,966	169,125,129	194,150,525	51,442,342

Supplement cash flows information

Additional information

As at 1 June 2014, the Company restructured its group businesses by receiving the transfer of net assets from 3 subsidiaries totaling Baht 24.93 million.

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2014

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:

Company	Address	Number of branches during the year	
		2014	2013
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
Muangthong Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	-	60 branches
World Wide Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	-	43 branches

At the General Meeting of Shareholders No. 1/2014 on 29 April 2014, the shareholders passed a resolution for group restructuring by Entire Business Transfer of three subsidiaries, consisting of Muangthong Ceramic Co., Ltd, World Wide Ceramic Co., Ltd. and Pick and Pay Co., Ltd. (“subsidiaries”). The transfer of assets and liabilities were based on the book values as at the transfer date which was effective on 1 June 2014. The three subsidiaries had registered for the liquidation with the Department of Business Development on 30 September 2014.

Presently, the Company has 195 branches that located in various provinces.

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.

2.2 New Accounting Standards

Accounting standards that became effective in the current accounting year and those that will become effective in the future

Accounting standards that became effective in the current accounting year

Accounting Standards:

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Ventures
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible Assets

Financial Reporting Standards:

TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments

Accounting Standard Interpretations:

TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosures
TSIC 32	Intangible Assets - Web Site Costs

Financial Reporting Standard Interpretations:

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers

[Accounting Treatment Guidance for Stock Dividend](#)

These accounting standards were amended primarily to align their content with the corresponding International Financial Reporting Standards. Most of the changes were directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of the accounting standards. These accounting standards do not have any significant impact on the financial statements.

[Accounting standards that will become effective in the future](#)

The Federation of Accounting Professions has issued a number of revised and new accounting standards that become effective for fiscal years beginning on or after 1 January 2015. These accounting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of accounting standards. However, some of these accounting standards involve changes to key principles, which are relevance to the Company as discussed below:

[TAS 19 \(revised 2014\) Employee Benefits](#)

This revised standard requires that the entity recognize actuarial gains and losses immediately in other comprehensive income while the existing standard allows the entity to recognize such gains and losses immediately in profit or loss, or in other comprehensive income, or to recognize them gradually in profit or loss.

TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the part dealing with consolidated financial statements as included in TAS 27 Consolidated and Separate Financial Statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over the investees and determine which entities have to be included for preparation of the consolidated financial statements.

TFRS 13 Fair Value Measurement

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurements. Entities are to apply the guidance under this standard if they are required by other accounting standards to measure their assets or liabilities at fair value. The effect of the change from the adoption of this standard is to be recognized prospectively.

Based on the preliminary analysis, the management believes that these standards will not have any significant impact on the financial statements.

2.3 Principles 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 :

Subsidiary Company	Percentage of holding (%)		Nature of business
	2014	2013	
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	Distribution of ceramic wall and floor tiles
Muangthong Ceramic Co., Ltd.	-	99.98	Distribution of ceramic wall and floor tiles
World Wide Ceramic Co., Ltd.	-	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 2014 and 2013 and total revenues for the years ended 31 December 2014 and 2013, as included in the consolidated financial statements presented in term of percentages as follow :

	Percentage of subsidiaries' total assets to consolidated total assets		Percentage of subsidiaries' total revenues to consolidated total revenues	
	2014	2013	2014	2013
Subsidiary companies				
Tile Top Industry Public Co., Ltd.	34	35	36	35
Pick and Pay Co., Ltd.	-	18	20	43
Muangthong Ceramic Co., Ltd.	-	10	12	27
World Wide Ceramic Co., Ltd.	-	10	18	18

The three subsidiaries have registered for the liquidation with the Department of Business Development on 30 September 2014 which on the process of dissolution and share capital settlement to the Company. This caused the Company lost control of the three subsidiaries and investments in subsidiaries have been classified to present as Other investments.

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.

Dividend income is recognized when the right to receive the dividends is established.

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

(a) 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.

(b) Investment in non - marketable equity securities, which the Company classified as other investments. Are presented at cost net of allowance for impairment (if any).

3.6 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.

3.7 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.

3.8 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 3 to 16 years.

3.9 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.

3.10 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.

3.11 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.

3.12 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.

3.13 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.

3.14 Income tax

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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or when tax assets and liabilities will be realized simultaneously.

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.

3.15 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.

3.16 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.

3.17 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.

3.18 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.

3.19 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.

3.20 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.

3.21 Use of accounting estimates

When preparing the financial statements, management undertake judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management.

3.22 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 Impairment of investments

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

4.1.4 Property, plant and equipment and intangible assets

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

4.1.5 Impairment of goodwill

The Company annually reviews goodwill from investments in subsidiary companies to determine whether it is impaired or not. The recoverable amounts of cash-generating units are determined based on value-in-use calculations. These calculations require the use of management estimates.

4.1.6 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.

4.1.7 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.

4.1.8 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.

4.1.9 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	
	2014	2013	2014	2013
Cash on hand	3,414,337	5,726,204	3,324,337	120,000
Cash at banks				
- Current accounts	13,590,056	53,868,360	9,586,410	10,031,625
- Saving accounts	189,833,573	109,530,565	181,239,778	41,290,717
Total	206,837,966	169,125,129	194,150,525	51,442,342

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. Those transactions are executed based on agreed upon bases which 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 property leased to subsidiaries	Director of the Company and Subsidiaries
Mr. Monrak Saengsastra	Owner of the property leased to subsidiaries	Director of the Company and Subsidiaries
Mr. Marut Saengsastra	Owner of the property leased to subsidiaries	Director in subsidiary Company

* The three subsidiaries have registered for the liquidation with the Department of Business Development on 30 September 2014 which on the process of dissolution and share capital settlement to the Company. This caused the Company lost control of the three subsidiaries and investment in subsidiaries have been classified to present as Other investments.

The significant transactions with related parties for the years ended 31 December 2014 and 2013 are as follows :

(Unit : Baht)

		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
	Pricing Policy	2014	2013	2014	2013
<u>Sales - finished goods</u>					
Pick and Pay Co., Ltd.	As determined by the parent company,	-	-	1,229,108,908	2,926,929,784
Muangthong Ceramic Co., Ltd.	comparable market prices	-	-	753,380,975	1,866,815,546
World Wide Ceramic Co., Ltd.	and more than cost	-	-	497,056,278	1,245,654,414
Total		-	-	2,479,547,161	6,039,399,744
<u>Sales - raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.					
At cost		-	-	6,703,390	4,196,477
Pick and Pay Co., Ltd.		-	-	113,855	327,915
Total		-	-	6,817,245	4,524,392
<u>Office and branches rental income</u>					
Tile Top Industry Public Co., Ltd.	Contract price	-	-	720,000	360,000
Pick and Pay Co., Ltd.		-	-	1,856,874	2,461,000
Muangthong Ceramic Co., Ltd.		-	-	827,447	312,000
World Wide Ceramic Co., Ltd.		-	-	182,105	36,000
Total		-	-	3,586,426	3,169,000
<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	-	-	18,600,000	43,520,000
Muangthong Ceramic Co., Ltd.	Baht 480,000 per branch / year	-	-	11,720,000	28,720,000
World Wide Ceramic Co., Ltd.	Baht 480,000 per branch / year	-	-	8,600,000	20,840,000
Total		-	-	50,920,000	105,080,000
<u>Vehicle rental income</u>					
Pick and Pay Co., Ltd.	Baht 21,000 per car / month	-	-	4,725,000	6,893,600
Muangthong Ceramic Co., Ltd.		-	-	2,625,000	3,749,900
World Wide Ceramic Co., Ltd.		-	-	2,100,000	2,978,500
Total		-	-	9,450,000	13,622,000

(Unit : Baht)

		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
	Pricing Policy	2014	2013	2014	2013
<u>Dividend income</u>					
Pick and Pay Co., Ltd.		-	-	429,214,450	-
Muangthong Ceramic Co., Ltd.		-	-	308,382,022	-
World Wide Ceramic Co., Ltd.		-	-	126,491,394	-
Total		-	-	864,087,866	-
<u>Interest income</u>					
Pick and Pay Co., Ltd.	2.58 percent per annum	-	-	375,125	-
Muangthong Ceramic Co., Ltd.		-	-	350,809	-
World Wide Ceramic Co., Ltd.		-	-	58,668	-
Total		-	-	784,602	-
<u>Purchases - finished goods</u>					
Tile Top Industry Public Co., Ltd.	At competitive market price but more than cost	-	-	2,587,985,125	2,632,149,813
<u>Purchases - raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.	At cost	-	-	5,479,404	9,843,704
<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	583,333	-
Mr. Monrak Saengsastra and Mr. Marut Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	583,333	-
Total		2,000,000	2,000,000	1,166,666	-
<u>Management expense</u>					
Current employment benefits		38,841,156	39,468,782	27,439,091	26,586,194
Post-employment benefits		477,664	187,720	333,294	127,370
Total		39,318,820	39,656,502	27,772,385	26,713,564

The significant balances with related companies as at 31 December 2014 and 2013 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Trade accounts and others receivable – subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	-	-	-	-
Pick and Pay Co., Ltd.	-	-	-	479,377,744
Muangthong Ceramic Co., Ltd.	-	-	-	200,102,463
World Wide Ceramic Co., Ltd.	-	-	-	376,368,381
Total	-	-	-	1,055,848,588
<u>Trade accounts and others payables – subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	-	-	601,190,484	602,910,720
Pick and Pay Co., Ltd.	-	-	-	66,126
Total	-	-	601,190,484	602,976,846
Employee benefits obligation				
<u>Executive</u>				
- Post - employment benefits	12,767,533	12,972,098	8,993,925	8,667,805

As described to Note 1 to the financial statements, total assets and liabilities that the Company received the transfers from 3 subsidiaries as at 1 June 2014 are as follow :

(Unit : Baht)

	Muangthong Ceramic Co., Ltd.	Pick and Pay Co., Ltd.	Worldwide Ceramic Co., Ltd.
Cash and cash equivalents	38,779,156	79,305,815	48,096,979
Trade accounts receivable	2,852,492	9,189,226	1,485,835
Inventories	358,655,644	629,745,211	283,809,060
Other current assets – net	2,356,514	1,804,138	799,058
Property, plant and equipment – net	104,395,983	240,731,507	186,914,700
Deferred income tax asset	639,351	1,503,645	627,075
Other non – current assets – net	14,749,235	9,889,140	5,299,838
Total	522,428,375	972,168,682	527,032,545
Trade accounts payable – parent company	504,078,062	931,541,327	517,260,438
Other current liabilities	9,604,554	14,843,504	5,521,692
Employee benefits obligation	3,196,754	7,518,225	3,135,373
Total	516,879,370	953,903,056	525,917,503
Net assets	5,549,005	18,265,626	1,115,042

7. TRADE ACCOUNTS AND OTHER RECEIVABLE

Outstanding balances of receivable as at 31 December 2014 and 2013 classified by ages are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
<u>Trade accounts receivable</u>				
Not over 90 days	85,392,898	98,828,950	85,392,898	72,742,581
Over 90 days to 120 days	4,034,343	3,791,930	4,034,343	3,791,930
Over 120 days to 180 days	875,136	3,367,373	875,136	3,367,373
Total	90,302,377	105,988,253	90,302,377	79,901,884

(Unit : Baht)

	Separate F/S	
	2014	2013
<u>Trade accounts and other receivable - subsidiary companies</u>		
Not over 90 days	-	940,164,567
Over 90 days to 120 days	-	93,897,849
Over 120 days to 180 days	-	21,786,172
Total	-	1,055,848,588

The Company grants credit terms to its general customers for 7 - 75 days.

8. INVENTORIES – NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Finished goods	1,508,240,062	1,326,204,798	1,518,752,228	522,720,932
Work in process	38,527,206	41,420,037	17,147,829	17,389,634
Raw materials	121,806,488	146,708,089	61,658,558	67,239,852
Supplies	84,345,692	80,651,988	45,087,406	47,556,074
Goods in transit	9,385,237	12,479,011	294,125	4,156,308
Total	1,762,304,685	1,607,463,923	1,642,940,146	659,062,800
Less Allowance for decline values	(2,484,435)	(2,697,267)	-	-
Net	1,759,820,250	1,604,766,656	1,642,940,146	659,062,800

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Beginning balance	2,697,267	2,780,553	-	-
Increase	-	-	-	-
Decrease	(212,832)	(83,286)	-	-
Ending balance	2,484,435	2,697,267	-	-

During the year 2014, the subsidiaries reversed allowances for decline value of inventories and raw materials of Baht 0.21 million because they used for production. Those were reversed in statement of comprehensive income. (2013 : Baht 0.08 million)

9. OTHER INVESTMENTS

As described to Note 6 to the financial statement, Other investments in the consolidated and separate financial statements as at 31 December 2014 are as follow:

(Unit : Thousand Baht)

	Consolidated and Separate F/S					
	Paid-up capital		Percentage of shareholding		Amount	
	2014	2013	2014	2013	2014	2013
Pick and Pay Co., Ltd.	12,000	-	97.99	-	12,520	-
Muangthong Ceramic Co., Ltd.	4,500	-	99.98	-	4,790	-
World Wide Ceramic Co., Ltd.	1,000	-	99.93	-	1,064	-
Total					18,374	-

10. OTHER CURRENT ASSETS – NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Refundable valued added tax	-	656,675	-	-
Undue valued added tax	7,864,611	9,493,912	3,683,754	3,656,014
Rewards and sale promotion supplies	6,495,161	9,550,757	6,495,161	9,550,757
Prepaid insurance	7,036,676	7,004,389	5,501,282	423,294
Other current assets	12,475,542	5,424,782	5,015,934	4,943,950
Miscellaneous receivables	4,067,533	5,786,588	4,065,465	350,080
Less Allowance for doubtful accounts	(1,399,364)	(2,795,338)	(1,399,364)	-
Net	36,540,159	35,121,765	23,362,232	18,924,095

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Beginning balance	2,795,338	3,468,321	-	-
Increase	-	6,750	1,405,364	-
Decrease	(1,395,974)	(679,733)	(6,000)	-
Ending balance	1,399,364	2,795,338	1,399,364	-

During the year 2014, allowances for doubtful accounts decreased by Baht of 1.40 million, because the Subsidiaries received the settlements from debtors and the wrote-off of receivables. (2013 : Baht 0.68 million)

11. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the separate financial statements as at 31 December 2014 and 2013 which are stated at cost are as follow:

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		Amount		Dividend Income	
	2014	2013	2014	2013	2014	2013	2014	2013
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	-	97.99	-	12,520	429,215	-
Muangthong Ceramic Co., Ltd.	-	4,500	-	99.98	-	4,790	308,382	-
World Wide Ceramic Co., Ltd.	-	1,000	-	99.93	-	1,064	126,491	-
Total					109,480	127,854	864,088	-

12. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S				
	2013	Increase	Decrease	Transfer in (out)	2014
Cost :					
Land	474,123	175,905	93,000	1,956	558,984
Building and structures	1,414,668	639,857	657,723	82,770	1,479,572
Building improvements	57,975	-	-	-	57,975
Machinery and equipment	4,297,611	22,856	36,388	143,698	4,427,777
Furniture, fixtures and office equipment	484,241	100,580	110,213	164,398	639,006
Vehicles	166,863	16,286	37,137	(109,065)	36,947
Construction in progress	174,101	234,078	24,233	(283,757)	100,189
Total	7,069,582	1,189,562	958,694	-	7,300,450
Less Accumulated depreciation :					
Building and structures	611,911	328,399	261,845	3	678,468
Building improvements	31,027	1,210	-	-	32,237
Machinery and equipment	3,037,214	130,740	34,646	2,112	3,135,420
Furniture, fixtures and office equipment	375,484	109,399	92,720	34,070	426,233
Vehicles	71,852	18,960	25,734	(36,185)	28,893
Total	4,127,488	588,708	414,945	-	4,301,251
Net book value	2,942,094				2,999,199
Depreciation allocation for the year:					
Cost of sales	134,989				159,059
Selling and administrative expenses	92,196				119,934
Total	227,185				278,993

(Unit : Thousand Baht)

	Separate F/S				
	2013	Increase	Decrease	Transfer in (out)	2014
Cost :					
Land	233,465	175,905	-	1,957	411,327
Building and structures	448,795	637,081	12,950	70,550	1,143,476
Machinery and equipment	2,196,718	15,871	11,349	71,940	2,273,180
Furniture, fixtures and office equipment	305,415	97,011	24,835	150,647	528,238
Vehicles	127,663	16,291	22,240	(97,768)	23,946
Construction in progress	89,574	178,875	-	(197,326)	71,123
Total	3,401,630	1,121,034	71,374	-	4,451,290

(Unit : Thousand Baht)

	Separate F/S				
	2013	Increase	Decrease	Transfer in (out)	2014
<u>Less Accumulated depreciation :</u>					
Building and structures	214,232	289,012	11,224	3	492,023
Machinery and equipment	1,532,461	71,326	8,703	1,526	1,596,610
Furniture, fixtures and office equipment	237,404	99,801	24,366	24,063	336,902
Vehicles	44,964	15,237	16,683	(25,592)	17,926
Total	2,029,061	475,376	60,976	-	2,443,461
Net book value	1,372,569				2,007,829
Depreciation allocation for the year:					
Cost of sales	69,291				83,859
Selling and administrative expenses	27,127				81,799
Total	96,418				165,658

As at 31 December 2014, Land transferred from 3 subsidiaries as described in Note 1 is presently under the process of registration to transfer the right to the Company totalling Baht 93 million.

As at 31 December 2014, 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 released of mortgage as collaterals for bank overdrafts and loans from financial institution (Note 16) and the right has already been transferred back to the Company and a subsidiary.

As described to Note 1 to the financial statements, the Company has received the property, plant and equipment transferred from 3 subsidiaries which are presented together with addition balances occurred during the year both in cost and accumulated depreciation amounting to Baht 841.76 million and Baht 309.72 million, respectively.

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 2014 and 2013, 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 2,231 million and Baht 2,206 million, respectively. (the Company's portions : Baht 1,403 million and Baht 1,304 million, respectively)

13. INTANGIBLE ASSETS – NET

(Unit : Baht)

	Consolidated F/S				
	2013	Increase	Decrease	Transfer in (out)	2014
At cost					
Computer software	39,481,775	5,633,100	-	-	45,114,875
Less Accumulated amortization	(24,604,429)	(5,086,070)	-	-	(29,690,499)
Net	14,877,346				15,424,376

(Unit : Baht)

	Separate F/S				
	2013	Increase	Decrease	Transfer in (out)	2014
At cost					
Computer software	39,481,775	3,362,123	-	-	42,843,898
Less Accumulated amortization	(24,604,429)	(4,919,324)	-	-	(29,523,753)
Net	14,877,346				13,320,145

14. GOODWILL

As a result of the business restructuring described in Note 6 to the financial statements, the Company wrote off goodwill on investments in 3 subsidiaries from the consolidated financial statements amounting to Baht 103.62 million and recorded as "Good written-off" in the consolidated statement of comprehensive income.

15. OTHER NON - CURRENT ASSETS - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
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	-	-	-	-

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Deposit and guarantee	8,568,271	8,313,706	6,748,661	1,706,811
Lease right - land - net	4,793,612	4,191,711	4,793,612	105,261
Prepaid land rental	28,553,465	21,508,310	28,553,465	-
Restricted deposit with bank	357,125	775,558	-	-
Total	45,102,219	37,619,031	42,910,484	4,626,818

The Company has amortization for land lease right in statements of comprehensive income for the year ended 31 December 2014 of Baht 0.60 million. (2013 : Baht 0.78 million)

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

As at 31 December 2014, the restricted deposits of the two subsidiaries were obliged under the guarantee against the legal cases, which were sued for damages of Baht 0.67 million, therefore, one of the prosecution had ended and on the process of requesting back the bank passbook amounting to Baht 0.36 million.

16. SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Interest rate per annum	Consolidated F/S		Separate F/S	
		2014	2013	2014	2013
Promissory notes	2014: 2.50 - 2.87 per annum 2013: 2.67 - 2.85 per annum	1,390,000,000	1,185,000,000	1,390,000,000	1,185,000,000
Total		1,390,000,000	1,185,000,000	1,390,000,000	1,185,000,000

4 promissory notes will be matured at call of Baht 1,390 million. (2013 : 3 promissory notes of Baht 1,185 million.)

As at 31 December 2014 and 2013, the Company and its subsidiary have credit facilities with the financial institutions as follow :

	Credit line (Million Baht)		Interest rate	Maturity Date	Guarantee**
	2014	2013			
<u>Bank overdraft</u>					
The Company	70	70	At the floating rate at MOR per annum	One year	- By the mortgage of land and the existing and future construction thereon
The subsidiaries	30	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	2,337	1,837	At the floating rate at the lower of at MLR - 1.5% and MRR per annum At the average floating rate In 2014 : 2.50% per annum In 2013 : 2.68% 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 Date	Guarantee**
	2014	2013			
<u>Liabilities under trust receipts</u>					
The Company	45	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

** During the year, the Company and its subsidiary have already released the mortgage of land with existing construction as mentioned in Note 12.

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.

17. TRADE ACCOUNTS PAYABLE

Trade accounts payable classified by foreign currencies as at 31 December 2014 and 2013 are as follows :

	Consolidated F/S			
	Foreign Currencies (Units)		Unit : Baht	
	2014	2013	2014	2013
Baht	-	-	499,609,163	512,245,089
Euro	80,899	1,317,534	3,264,700	59,713,661
USD	217,035	490,686	7,186,724	16,167,809
			510,060,587	588,126,559

	Separate F/S			
	Foreign Currencies (Units)		Unit : Baht	
	2014	2013	2014	2013
Baht	-	-	294,184,880	273,105,803
Euro	45,367	197,427	1,830,801	8,947,848
			296,015,681	282,053,651

18. OTHER CURRENT LIABILITIES

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Accrued salaries, wages and other employee compensation	78,180,935	83,846,493	47,060,224	32,432,087
Others	128,218,265	151,871,884	124,624,449	117,192,004
Total	206,399,200	235,718,377	171,684,673	149,624,091

19. UNFUNDED PROVIDENT FUND – NON CONTRIBUTORY

(Unit : Baht)

	Consolidated F/S	
	2014	2013
Beginning balance	53,479,429	51,447,498
Increase during the year – accrued interest	2,646,364	2,530,191
Payment during the year	(739,497)	(498,260)
Ending balance	55,386,296	53,479,429

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.

20. 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 2014 and 2013 amounted to Baht 32.22 million and Baht 30.11 million, respectively. (Separate F/S : Baht 15.66 million and Baht 11.12 million, respectively)

21. EMPLOYEE BENEFITS OBLIGATION

- Movement of employee benefits obligation for the year ended 31 December 2014 is as follows :

(Unit : Baht)

	2014		2013	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
Beginning balance	135,695,957	57,178,789	118,464,522	51,366,044
Current service costs	8,152,542	4,615,745	13,818,921	4,361,035
Interest on obligation	4,217,272	2,274,417	3,751,738	1,602,056
Increase from employee transfer	-	13,850,352	-	-
Actuarial gains	(34,896,035)	(10,782,806)	-	-
Decrease in obligation from payment	(575,943)	(91,343)	(339,224)	(150,346)
Ending balance	112,593,793	67,045,154	135,695,957	57,178,789

During the year, three subsidiaries transferred their employees to work as the staff of the Company. The length of service of such employees is counted continuously from date of employment with the subsidiaries. The Company is responsible for liabilities under such obligation by recording liabilities of approximately Baht 13.85 million in the account.

- Principal actuarial assumptions at the reporting date for the year ended 31 December 2014 are as follows :

(Unit : Percent)

	Consolidated F/S	Separate F/S
Discount rates	4.01 - 4.34	4.09 - 4.34
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.

22. SHARE CAPITAL

At the extraordinary shareholders' meeting on 23 December 2014, the shareholders passed a resolution to approve the change in number and par value of common share from Baht 1.00 par value to Baht 0.10 par value. As a result, the number of common shares increased from 408 million shares to 4,080 million shares which effective on 7 January 2015. However, the proportion of shareholding, the registered and paid – up capital are not affected from such change. The Company had registered such change in the Memorandum of association with the Department of Business Development on 29 December 2014.

23. LEGAL RESERVE

Under the Public Companies Act B.E. 2535, 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.

24. DEFERRED INCOME TAX

Deferred income tax asset and liability are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Deferred income tax asset	35,698,451	127,336,077	13,409,031	11,045,018
Deferred income tax liability	(41,986,938)	(33,300,322)	(41,986,938)	(33,300,322)
Deferred income tax - net	(6,288,487)	94,035,755	(28,577,907)	(22,255,304)

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

(Unit : Baht)

	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2014	Statement of	Shareholders'	31 December 2014
		income	equity	
Deferred income tax asset :				
Inventories				
From profit in inventories	89,994,600	(87,892,167)	-	2,102,433
Employee benefits obligation				
From employee benefits obligation	26,645,591	2,852,374	(6,979,207)	22,518,758
From unfunded provident fund	10,695,886	381,374	-	11,077,260
	127,336,077	(84,658,419)	(6,979,207)	35,698,451
Deferred income tax liability :				
From difference of depreciation between accounting and tax bases	(33,300,322)	(8,686,616)	-	(41,986,938)

(Unit : Baht)

	Consolidated F/S			
	Recognised as income (expense)			
	1 January 2013	Statement of	Shareholders'	31 December 2013
		income	equity	
Inventories				
From profit in inventories	85,055,194	4,939,406	-	89,994,600
Employee benefits obligation	23,199,304	3,446,287	-	26,645,591
From employee benefits obligation	10,289,500	406,386	-	10,695,886
From unfunded provident fund	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 2014	Statement of income	Shareholders' equity	31 December 2014
Deferred income tax asset :				
From employee benefits obligation	11,045,018	1,750,504	613,509	13,409,031
Deferred income tax liability :				
From difference of depreciation between accounting and tax	(33,300,322)	(8,686,616)	-	(41,986,938)

(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 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)

Income tax expenses for the years ended 31 December 2014 and 2013 are as follows :

(Unit : Baht)

Consolidated F/S	Separate F/S			
	2014	2013	2014	2013
Current income tax expense	248,369,767	333,198,138	214,838,133	291,712,958
The amount of deferred income tax expense relating to the initial and reversal of temporary differences	93,345,035	1,748,841	6,936,113	9,378,371
Income tax expense	341,714,802	334,946,979	221,774,246	301,091,329
<i>Income tax recognizes in other comprehensive income</i>	(6,979,207)	-	(2,156,561)	-
From Actuarial gains	34,896,035	-	10,782,806	-
Total	27,916,828	-	8,626,245	-

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Accounting profit	1,570,467,894	1,636,655,905	1,962,993,852	1,500,691,817
Tax at the applicable tax rate of 20%	314,093,579	327,331,181	392,598,770	300,138,363
Tax effect of income and expense that are not taxable income or not deductible in determining taxable profit				
Non – taxable items	(77,635,405)	5,866,957	(182,859,594)	(8,425,405)
Non - deductible items	105,256,628	1,748,841	12,035,070	9,378,371
Income tax expense	341,714,802	334,946,979	221,774,246	301,091,329
Effective tax rate (Percentage)	21	20	11	20

25. DIVIDEND PAYMENTS

Description	Date of Meeting	Date Payment of dividend	Declaration of dividend		Amount paid (Million Baht)
			Per share (Baht)	Amount (Million Baht)	
The board of directors meeting passed the resolution to approve :					
- payment of final dividend for year 2014*	On 27 January 2015	On 30 April 2015	0.069****	281.52	-
- payment of interim dividend 3/2014	On 28 October 2014	On 27 November 2014	0.67	273.36	273.36
- payment of interim dividend 2/2014	On 22 July 2014	On 20 August 2014	0.78	318.24	318.24
- payment of interim dividend 1/2014	On 29 April 2014	On 23 May 2014	0.87	354.96	354.96
- payment of final dividend for year 2013**	On 28 January 2014	On 9 May 2014	0.63	257.04	257.04
Total					1,203.60
- 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

* The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2015

** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2014, held on 29 April 2014.

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

**** The shareholders approved change in number and par value of common share as mentioned in Note 22.

26. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing income for the year by the weighted average number of common shares outstanding during the year, after adjusting the number of common shares in proportion to the change in the number of shares as a result of the change in par value from Baht 1 to Baht 0.10 as discussed in Note 22. The number of common shares is adjusted as if the share split had occurred at the beginning of the earliest period reported. Consequently, the consolidated financial statement's basic earnings per share for the year ended 31 December 2013 changed from Baht 3.18 per share (calculated from 408,000,000 common shares) to Baht 0.318 per share (calculated from 4,080,000,000 common shares) and the Company's basic earnings per share for the year ended 31 December 2013 changed from Baht 2.94 per share (calculated from 408,000,000 common shares) to Baht 0.294 per share (calculated from 4,080,000,000 common shares).

27. SEGMENT REPORTING

The segment reporting of the Company and its subsidiaries for the years ended 31 December 2014 and 2013 are as follows :

(Unit : Thousand Baht)

	Consolidated F/S							
	Domestic		Overseas		Eliminated		Total	
	2014	2013	2014	2013	2014	2013	2014	2013
Revenue from sale to external customers - net	6,996,680	7,391,889	180,813	154,336	-	-	7,177,493	7,546,225
Revenue from sale to subsidiaries - net	2,479,547	6,039,400	-	-	(2,479,547)	(6,039,400)	-	-
Cost of sales	(4,015,217)	(4,339,594)	(126,090)	(107,834)	-	-	(4,141,307)	(4,447,428)
Gross income	5,461,010	9,091,695	54,723	46,502	(2,479,547)	(6,039,400)	3,036,186	3,098,797
Other income							19,799	17,236
Interest income							800	918
Interest expense							(32,853)	(23,878)
Depreciation and amortization							(285,054)	(232,315)
Income before income tax							1,544,575	1,636,656
Property, plant and equipment - net							2,999,199	2,942,094
Other assets							2,194,691	2,187,413
Total assets							5,193,890	5,129,507

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 does not have major customer from external sales.

28. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2014	2013	2014	2013
Changes in finished goods and work in process	(49,518,954)	(67,661,857)	(995,789,491)	17,405,107
Raw materials and supplies used	1,985,347,501	2,141,195,908	823,921,329	952,587,903
Salaries, wages and other employee compensation	883,556,242	884,408,640	460,613,098	310,813,613
Depreciation and amortization	285,054,182	232,315,410	171,180,678	100,771,667
Transportation expense	544,855,479	602,047,214	544,855,479	602,047,214
Electricity and fuel expenses	1,580,390,929	1,634,115,533	662,660,353	719,245,898

29. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2014, the Company and its subsidiary have :

29.1 Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries approximately Baht 20.97 million for the Company and amounting to Baht 27.31 million for the subsidiary.

29.2 Commitment to pay under the agreement for construction of building of the Company amounting to Baht 26.11 million.

29.3 Commitments under operating lease agreements

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

	Million Baht
Vehicle lease agreements	
Within	
1 year	42
2 - 5 years	28
	Million Baht
Land lease agreements	
Within	
1 year	54
2 - 5 years	119
after 5 years	100

29.4 Unused credit facilities from bank in consolidated and separate financial statements amounted to Baht 1,836.72 million and Baht 1,084.03 million, respectively.

30. FINANCIAL INSTRUMENTS

30.1 Accounting policies

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

30.2 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.

30.3 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.

30.4 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.

30.5 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	
	2014	2013	2014	2013
Assets - USD	195,849	57,031	195,849	57,031
Liabilities - USD	242,483	521,508	25,448	30,822
Liabilities - EURO	80,899	1,317,534	45,367	197,427

30.6 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.

31. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 17 February 2015.