

Annual Report 2016

รายงานประจำปี 2559

Dynasty Ceramic Public Company Ltd.,
บริษัท ไทเซรามิค จำกัด (มหาชน)

DYNASTY TILETOP

Together, We go



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Message from the Chairman

In 2016, Thailand still has continued economic recession due to the global economy and the lowest agricultural price over the past years. The real estate sector has seriously declined because strict condition of bank credit for the real estate sector since the bank has not approved most of their application. Banks have a large number of doubtful accounts on small and medium enterprises. These incidents have affected the overall sales countrywide with respect to ceramic tiles, about 8 percent, the lowest decline over the past years.

Nonetheless, the company is able to keep itself through the crisis continuously with sales at the level of the preceding year but the net profit has made a recorded increase over 1,400 million baht because we have conducted the marketing work in depth with emphasis on efficiency in continuous production development.

I would like to take this opportunity to express my sincere thankful to all shareholders for giving us trust and good support to the management team and we expect that sales and profit this year will increase as usual.



Mr. Roongroj Saengsastra
Chairman



Board of Directors

1 Mr. Phachon Khachitsarn

Independent Director /

Audit Committee

3 Mr. Monrak Saengsastra

Executive Director (Administration) /

Executive Director

(Business Development)

5 Gen.Yuthasak Sasiprapha

Chairman of Audit Committee /

Independent Director and

Audit Committee

2 Mr. Chaiyasith Viriyamettakul

Director

4 Mr. Surasak Kosiyajinda

Independent Director /

Audit Committee

6 Miss Cattleya Saengsastra

Executive Director /

Company Secretary



7 Mr. Roongroj Saengsastra

Chairman

9 Mr. Sanchai Jenejarat

Executive Director /

President

11 Mr. Yothin Juangbhanich

Independent Director &

Audit Committee

8 Mr. Maruth Saengsastra

Executive Director (Marketing)

10 Mr. Suvit Smarnpanchai

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

DCC Group Values




DCCTOP

Differentiation
Cost Leadership
Continuous Improvement
Total Management System
Trustworthy Product Quality
On Time Delivery
Profit, People, and Planet

ORGANIZATION STRUCTURE





Nature of Business

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

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

strategies to focus more on distribution to consumers.

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

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.

In the middle year 2015, Shareholder's equity increased by registered capital from 408 million baht, to 652.8 baht from the stock dividend payment at the rate of 5 previous stock per 3 stock dividend. Total number of ordinary shares increased from 4,080 million shares to 6,528 million shares at Baht 0.10 each.

In the middle year 2016, Shareholder's equity decreased by registered capital from 652,800,000 baht to 652,799,395.80 baht equal Registered Paid-up Capital of ordinary shares 6,527,993,958 shares at Baht 0.10 each.

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.

The Company is held by Thai nationals 88.04% and 11.96 % by foreigners. (Register closed 31 January, 2017)

Product Types and Sizes

1. Floor Tile (Unit : CM)

- Size 60x60 , 60x60 (Digital)
- Size 30x60 (Rectified) ,
30x60 (Digital Rectified)
- Size 40x40 , 40x40 (Rectified) ,
40x40 (Digital) , 40x40 (Digital Rectified)
- Size 30x30 , 30x30 (Digital)
- Size 20x20

2. Wall Tile (Unit : CM)

- Size 20x20
- Size 20x25
- Size 20x30 , 20x30 (Digital)
- Size 25x40 , 25x40 (Digital)

3. Grout (Produces by the subsidiary)

Brand of products (Trading goods)

Cement Grout under Crocodile Silver Trademark

Tile Adhesive under DAVCO Trademark and Gecko Trademark

Our Brands

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

- “Dynasty”
- “Tile Top”
- “Tomahawk”
- “Jaguar”
- “Anna”
- “Value”
- “Mustang”

Income Structure

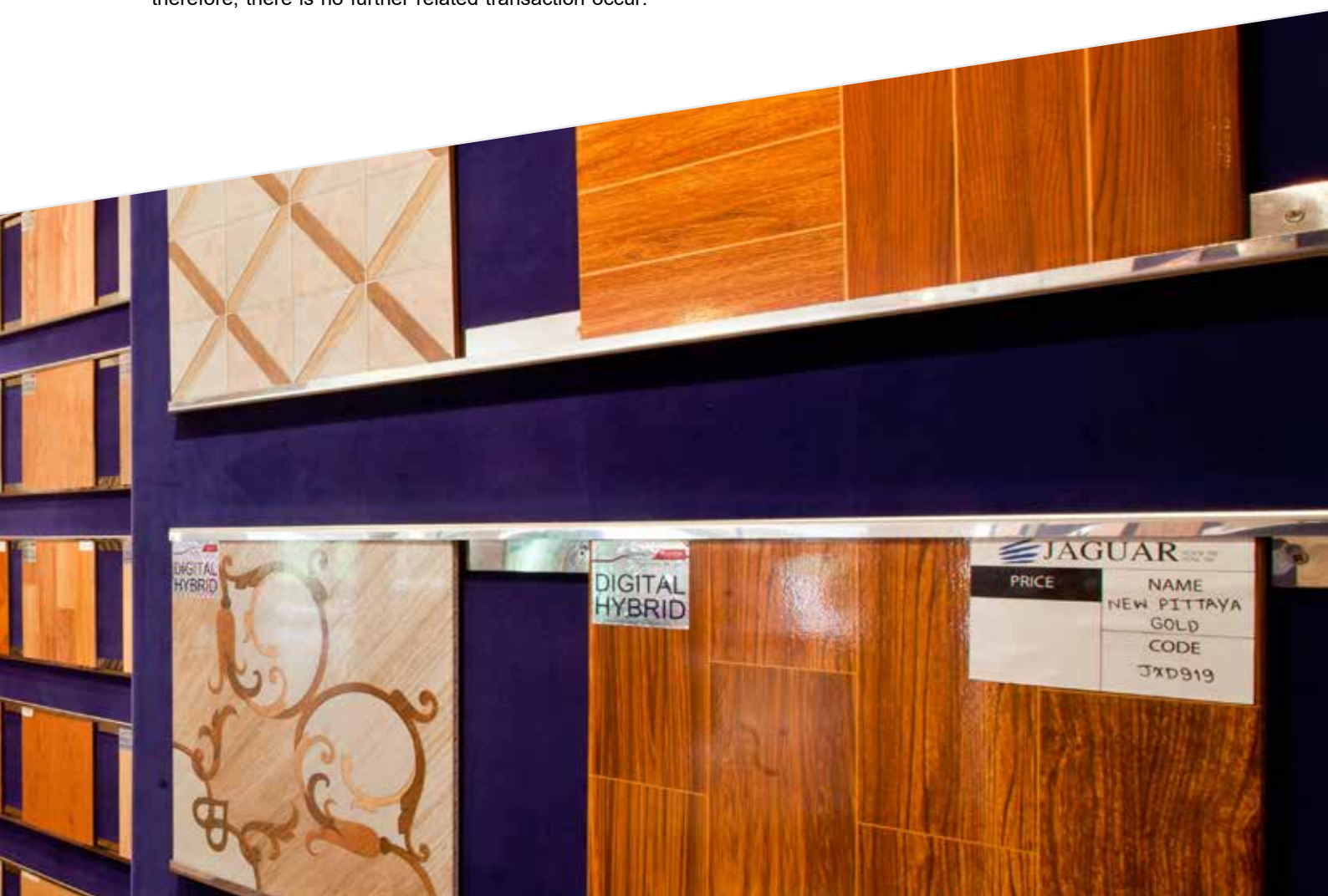
- Sales from tiles produces by Dynasty Ceramic PCL
- Sales from tiles and grout purchases from Tile Top Industry PCL (TTOP) and mark up margin.
- Sales from purchases sanitary ware and other related products from local factory.
- Other income such as Gain from exchange rate, Interest income, Gain from sale of fixed assets etc.



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

Type of Income	by	Y2016		Y2015		Y2014	
Domestic		MB	%	MB	%	MB	%
Sales from tiles	DCC + TTOP	6,672	93	6,744	94	6,806	95
Sales from grout and others	DCC and Outlets	201	3	190	3	190	2
Total Sales - Domestic		6,873	96	6,934	97	6,996	97
Overseas							
Sales from tiles	DCC + TTOP	291	4	237	3	180	3
Sales from grout and others	DCC	1	0	1	0	1	0
Total Sales - Overseas		292	4	238	3	181	3
Total Sales		7,165	100	7,172	100	7,177	100
Others income		19	0	12	0	21	0
Total income		7,184	100	7,184	100	7,198	100

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.



Significant Changes in 2016



Factory

Product development
and adjustment with
digital technology

The company has still put its emphasis on continued product development to ensure that the company is able to introduce the right products to satisfy the needs of the every target groups of customer as much as possible. In the past year the company has introduced the ceramic tiles with various new designs and colors in the market and has increased the proportion of production with digital technology as this technology will help create outstanding printing with beauty similar to natural materials. Another advantage is that the design adjustment could be quickly made in the production line so the competitive edge has increased in terms of response

time to the need of the customers.

The ceramic tile production formula has been developed continuously to reduce energy consumption in the production process and to maintain the referenced quality in accordance with the industrial standards.

For packaging development, the company has improved the packaging styles with focus on suitability, reduction of packaging materials employed, control of environmental impacts and increase in efficiency in containing the products



Increase in productivity in the production process

The main objective to increase the productivity in the production process is to introduce new technology to communicate and coordinate the needs of the customers with the production process.

In 2016 the company has launched Dynasty Creative Productivity System 4.0 to create the productivity culture in the company in a creative manner. The knowledge management process has been employed to guide the employees with knowledge, techniques and experiences from specialists in the production lines to enhance ideas on continued development of the work, reduction of wastes in the production process, development of product quality and higher efficiency.

Branch Office

Image improvement project

The company has put its focus on image of the branch office. In 2016, in addition to re-branding of branch warehouse, the rebranding work has been expanded to customer service area, working rooms, employee rooms to motivate the employees with proper working environment which will indirectly affect the services and convenience for visiting customers. Moreover, there is a project to arrange showroom in branch offices in Bangkok and vicinity and the area improvement has already started in some branch offices.

Improvement in efficiency of the employees

The company has arranged the project to introduce information on the products and service methods to the employees in every branch office nationwide to develop the potential of the employees by rotating from one region to another region to provide the same infor-

mation and methods in terms of improvement of personality, dressing, cleanliness, communication, in connection with KPI project to measure understanding of the employees in the work and of the branch manager in the management, including "top salesman" project as a motivation for sale employees with further driving force on new sale employees.

Head office

Software development

The priority is equally given to every unit in the organization through introduction and development of the existing software to make a system to reduce processing time, complexity and procedures of such work.

Development of efficiency of employees and working process

The main target is still on efficiency and quality through creativity and idea of the employees for development of quality in congruent with each unit.

Industry conditions and competition

In 2016, the economy is still worrisome and is quite hard to recover. Crop price and para-rubber price have gone down as the oil price is still declining. Drought is a major problem and farmers in some areas have been affected by the climate change which will have an impact on the agricultural products.

For ceramic business, the company has made an assessment on a quarterly basis as follows.

First quarter



Even though the overall economy has slowed down and agriculture has contracted due to drought problem, the tax exemption policy to stimulate spending at the end of the year is another factor that affects spending in the beginning of the year. The overall sale in this quarter is still growing in accordance with the seasonal sale. Production

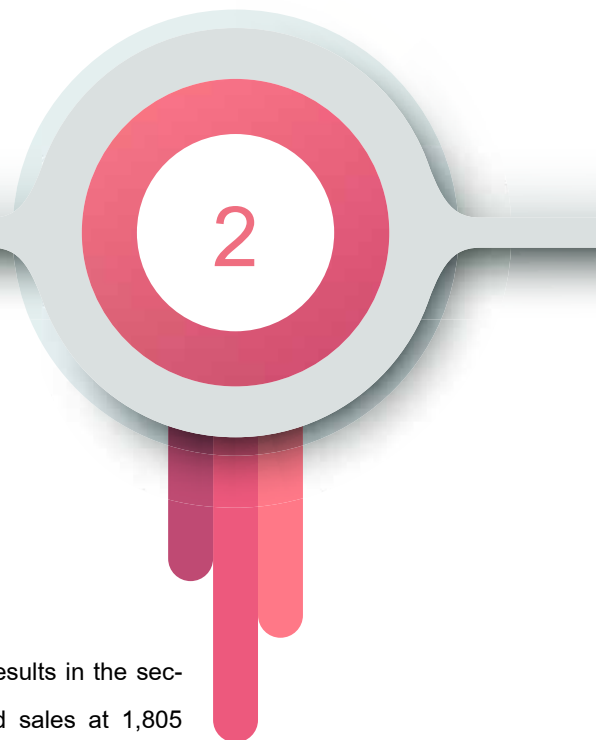
has increased because the measures arranged to stimulate the real estate sector and state investment in the infrastructure.

The operating results in the first quarter recorded sales at 2,086 million baht, an increase of 62 million baht from that of the preceding year or 6% while the average price was 134 baht per square meter.

Second quarter

The agricultural sector is still contracting so that resulted in an increase in labor in the construction sector and the economy is growing quite well at the beginning of the year. Production is still affected by competition from imported Chinese products. Imports of floor and wall ceramic tiles have increased.

The operating results in the second quarter recorded sales at 1,805 million baht, a decline of 26 million baht from that of the preceding year or 1% while the average price was 134 baht per square meter.



Third quarter

The economy is still declining from the preceding quarter and production has not recovered. Therefore, investment in the real estate sector has slowed and new projects were launched at a lower rate but the existing projects are required to be

completed rapidly to accommodate the real estate stimulation measures. However, production is still seriously affected by imported Chinese goods.

The operating results in the third quarter recorded sales at 1,605 million baht, an increase of 50 million baht from that of the preceding year or 4% while the average price was 133 baht per square meter.

Operating results in 2016


In sum, the total sales recorded at 7,165 million baht, a decline of 7 million baht or 0.10% while the average price for the whole year was 133 baht per square meter and the gross profit was at 43 percent and the net profit was at 1,422 million baht, an increase of 50 million baht from that of the preceding year.



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Fourth quarter

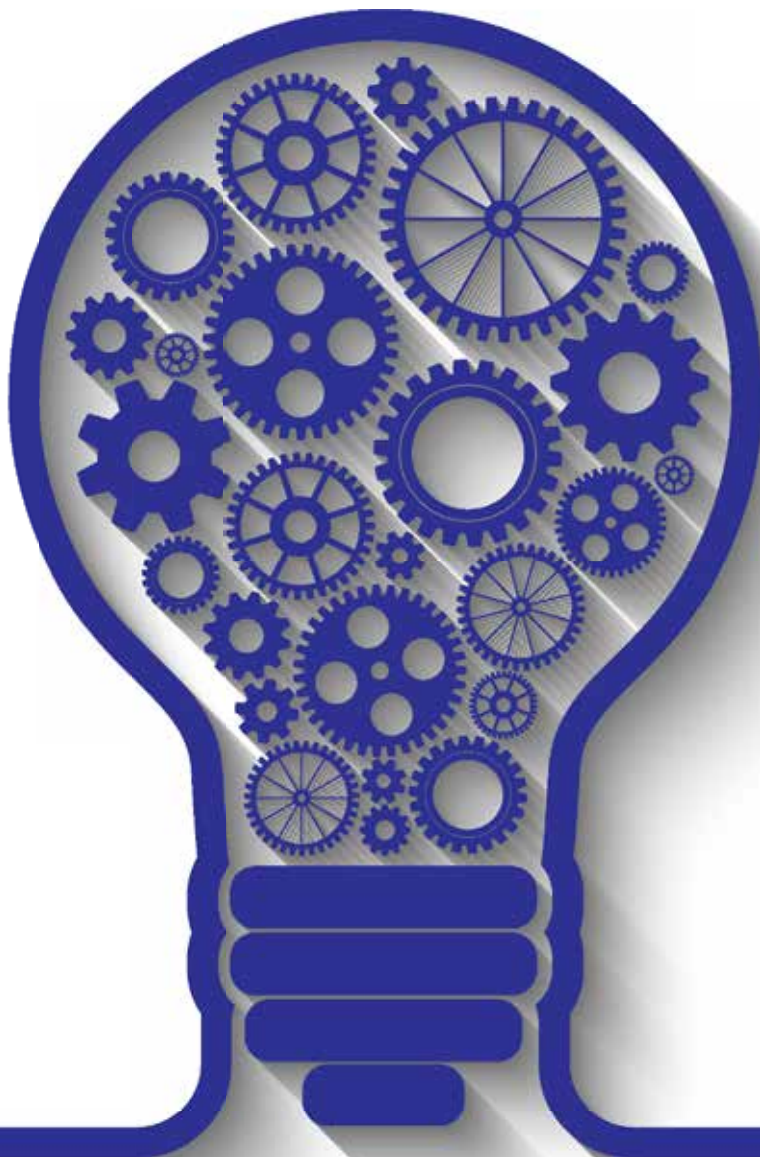
Production and distribution have been impacted by the economic problem and cost of living so new investments have declined and there is no new measure to stimulate the real estate sector after the end to the original measure. Moreover, competition from imported Chinese products has restricted the growth of the market for further expansion.



The operating results in the fourth quarter recorded sales at 1,669 million baht, a decline of 93 million baht from that of the preceding year or 5% while the average price was 131 baht per square meter.

Plans and Strategies in 2017

By implementing strategic plans in 2016, the Branches reach at the goal achievement. The management are still continued implement the strategies at its most effort together with a strategic analysis and evaluation to adjust the strategies more quickly and more easily according to the rapid market changes.



Company Goals in 2017 are as follows:

- Expanding customer base through the high-end market to gain more market share.
- Branch is a strategic point serving valuable service to our customers at all levels.
- Market penetration in all size projects focused on architects and contractors
- Expanding wholesales market with OEM products
- Extending the wholesales market by the branches to facilitate all wholesales customer more conveniently.
- Improve branch image which is an ongoing project from last year.
- Improve branch interior Rebranding projects furthering a Rebranding Phase 2.
- Carry on the Rebranding project to improve major branch image as the icon of its own area.
- Areas capped by icon will develop to be the public relations area and more convenience to customers
- Enhancing potential of employees focused in individual competency and performance.
- Developing branches' employees for better service.
- Analyzes sales data, both retail and wholesale in clear aspect.
- Reduce the waste process of work to create more easily way, to regain more time and to retain effectiveness
- Adding value to goods with an emphasis on public relations at the point of sale and online media.
- Increase patterns of tiles to be use in all areas.
- Increase the average price by using digital tiles as leading products.
- Expand the overseas market in the AEC.
- Increase the sales volume growth up to 10 percent.
- Gross profit margin at 43 percent.
- Net profit margin at 20 percent.
- Branch out 5 outlets
- Reduce the Factory employees at 5 percent
- Reduce of short-term loans.

Risk Factors

Dynasty Ceramic Co., Ltd. cess is a key part of the management as a tool to make a (Public) is involved in the business ment of every unit. During the decision to determine the new policy and strategy of the company. of manufacturing and distributing past year, the company is aware of At present the company is ceramic tiles. There are a number the changes possibly incurred in able to classify and conclude the of risks which may cause by exter- the future so the risk assessment risks that are possible to incur and nal and internal factors and affect and management in both opera- may affect the operation as fol- the operation of the company. tion and strategy has been com- lows.

The risk management pro- bined as a critical agenda of risk

Business risk



Risk :

In the past year, the economy has been fluctuating and slowed down, that may affect the demand for decorative items like ceramic tiles to decline lower than expected. The competition in ceramic tiles has been severe from both domestic and foreign manufacturers.

Risk management :

One of the risk management of the company is to create value to the products and trading partner through improving cost and developing product and quality consistently to enhance competitive potential.

Strategic risk

Risk :

The strategy and strategic decision has presently affected growth and sustainability of the company. Changes in the market and technological progress have been monitored to upgrade the competitive edge and to respond to the market needs at present and in the future and to enhance the company to conduct its business in a sustainable manner.



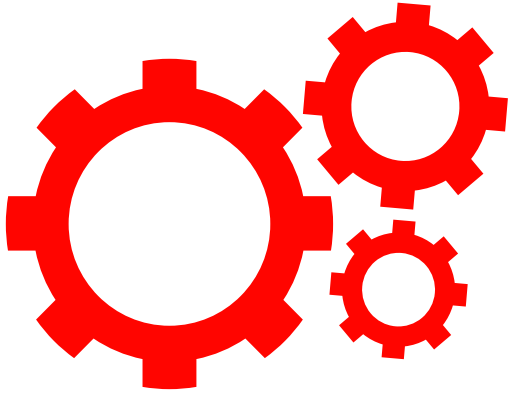
Risk management :

Adjustment in marketing strategy is the tool that the company has arranged to counter the risk and fluctuation in ceramic tile market. Distribution pattern has been monitored and

adjusted continuously to prevent any mistake if the market has changed. Technological progress is another factor that could enhance the company to achieve sustainable growth so the company has every unit

study and research the possibility and progress of the current technology and has arranged the policy to modernize the machines or tools in congruent with the technological change.

Operational risk



Risk management :

Energy cost reduction project is the continued project of the company with emphasis on savings of production cost and the company has made a study, analysis and progress to recycle the energy as much as possible

To procure the raw materials for production, the measure to reduce the risk is prepared through identifying reserves for raw materials with cooperation from the trading partners to explore new sources of raw materials and the trading partners

Energy and Raw materials procurement risk

Risk : Energy cost is the major cost in the ceramic tile industry. Even though in 2016 the fuel price has declined, there is a chance that it will go up in the future and the raw materials employed in ceramic tile production are from the natural sources. Thus there is a need to prepare and plan for the procurement as another key factor of risk management of the company.

are required to apply for the concession certificate in advance to ensure that the company will have sufficient raw materials for its business operation in a sustainable manner.

Safety risk

Risk : The ceramic tile industry involves a large number of machines and chemicals so it is necessary to put its focus on safety and health of the employees, The company has undertaken its business in accordance with related standards, laws and regulations in terms of safety and health.

Risk with impact on safety and health is an unacceptable risk and is required to be handled and reduced immediately.



Risk management :

The occupational health management and safety system in accordance with the industry standard has been employed as part of the management system of the company to analyze the risk on

health and safety periodically and to look for measures and standards to reduce the possible health and safety risk through the project of zero-accident as part of the main policy on safety of the company.

The counter measure has been determined if the analysis has shown a negative impact and it will affect the safety and health of the employees.



Environment and community risk

Risk :

Ceramic tiles are the product manufactured from clay, pebble, minerals and chemicals and these materials are required to go through a number of processes in the plants so the company is aware that use of natural resources and energy will directly affect the environment and community.

Risk management: :

The major policy for the internal units and trading partners of the company is to comply with the operation concept

based on legitimacy and compliance with related laws and regulations on environment and community. Besides the com-

pany has undertaken the corporate social responsibility project to promote the society and environment continuously.



Risk in Human resources management and development of personnel capability for future growth

Risk :

As the manufacturing industry is mainly relied on a large number of personnel and labors and the labor shortage problem has started to have an impact on some industries while the population in the working age has declined. There is competition in skill labors in the industry.

Risk management :

The company is aware that to develop the company at present and in the future. The company has taken part in the project on competition of labor skill of the public sector to promote its personnel and employees to develop themselves through activities on knowledge management and enhancement of productivity. Lecturers and specialists have been invited to train and improve the capability of personnel and employees in various units.



Research and development in technology and innovation

In 2016 the company spent 784,460 baht on research and development of technology and innovation consisting of spending on personnel, test and research.

The research and development of the company in past year involved with trial development with an aim to conserve energy and improvement of the production process and the company is able to learn and collect the knowledge from the research and development to improve its products and process in the future.



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	6652,799,395.80 Baht
Registered Paid-up Capital	652,799,395.80 Baht, comprising of 6,527,993,958 shares with a par value of 0.10 Baht per share
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.
93 Ratchadaphisek Road, Dindaeng,
Bangkok 10400, Thailand
Tel: (66 2) 009 9000
Fax: (66 2) 009 9991
SET Contact Center: (66 2) 009 9999
Website: <http://www.set.or.th/tsd>
E-mail: SETContactCenter@set.or.th

Auditor

Grant Thornton Co., Ltd
87/1 Capital Tower 18th Floor Wireless Road,
Kwang Lumpini, Khet Pathumwan, Bangkok 10330
Tel. 02-205-8222 Fax. 02-654-3339
www.granthornton.co.th

Company Secretary

Miss Cattleya Saengsastra
Tel. 0-2276-9275-81 Ext 403
Fax. 0-2276-0313-17
E-mail : Cattleya.sa@dynastyceramic.com

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

Report of the Audit Committee

To the Shareholders

The Board of Directors of Dynasty Ceramic Public Company Limited has appointed four Independent Director as Audit Committee consists of Gen. Yuthasak Sasipraphaas Chairman of the Audit Committee, Mr. Yothin Juangbhanich, Mr. Surasak Kosiyaajinda and Mr. Phachon Khachitsarn as the Member of the Audit Committee to perform the duty of Audit Committee which include review the Financial Statements of the Company and internal audit system, supervise in compliance with the law and policy, review related party transactions and conflict of interest lists to promote good governance, and propose the appointment and remuneration of Auditors.

In order to complete the aforementioned duties and responsibilities, in 2016 the Audit Committee held four meetings with full attendance of the committee members in all meetings. Furthermore, in order to ensure independence from the management, the Audit Committee had meetings with the external auditor. The external auditor expressed their opinions that the cooperation was excellent, the Financial Statements were prepared in compliance with accounting standards appropriately and the Audit Committee was available for discussions at all times. As such, significant results of the meeting are as summarized below.

1. Review the Company's financial statement

The Audit Committee has reviewed the Company's quarterly and the yearly financial statement together with auditors, Chief Financial Officer, Chief Operation and Internal Audit, and other related departments to review the important issues, give advices, and inquire on any significant areas. This is to ensure that the financial statement is reliable with adequate and timely information disclosure as well as being prepared in compliance with the regulations of the Stock Exchange of Thailand, Securities and Exchange Commission, and the General Accepted Accounting Principles before submitting to the Board of Directors for approval.

Once the review is satisfied, the Audit Committee approved the Auditor Report, Financial Statements, Notes to Financial Statements of the Company, and the Consolidated Financial Statements before submitting to the Board of Directors for consideration and approval before presenting it to the Shareholders Meeting for approval.

2. Verification of the effectiveness of internal control system

The Audit Committee has assessed the effectiveness of the internal control and information technology system in related to record of the financial transactions and worked with audit teams and the management to ensure the effectiveness of internal controls that is suitable with business environment. Accordingly, the Audit assessment identified no significant issue of the Internal Control system of the Company.

3. Assessment of the implementation of internal audit procedure

The Audit Committee has assessed the implementation of the internal audit procedure and found that the procedure has been implemented as planned in view of a creative examination to create value in the organization based on the principles of good corporate governance, and able to successfully create strategic planning accordingly. The summary of the quarterly review was reported and shared with audit agency to determine follow-up measures, making the procedure more efficient.

4. Assessment of the implementation in compliance of law, rules and regulations

The Audit Committee has reviewed with the audit teams and the management and found that the implementation has been completed in compliance of law, rules and regulations at a satisfactory level. In case of an inaccuracy, a follow-up for improvement was done immediately. In addition, a special agenda was included quarterly to consider changes in accounting standards and other matters related to the company's operations to study and make recommendations to determine the guidelines of the relevant agencies to conform to proper operation with the company's business.

5. Examination of the risk management policy

The Audit Committee has examined risk management policy of the Risk Management Committee. The review result identified that the plans have been implemented with control and follow-up and managed significant risk to an acceptable level. This is proven from the efficiency and timely risk management processes. The significant risks have also been disclosed in the Annual Report.

6. Related party transactions and conflicts of interest

The Audit Committee has reviewed with the relevant party which appropriate and adequate to verify related transaction that may be causing a conflict of interest. Every quarterly, in the year 2016 the connected transactions have normal commercial transaction and related items are normal according to the announcement of the stock exchange of Thailand which were disclosed in the annual report.

7. Promotion of the good corporate governance

The company has been committed to the Administration based on good governance, transparency and ethical monitoring. There is also a channel for complaints that do not comply with the law. Regulations and code of conduct (Whistle Blower) so as to build confidence with the shareholders and stakeholders in regard to the complaint. In 2016, the numbers of complaint are not so much and all cases are pass through investigation. In addition, the company has communicated to employees at all levels to understand and follow the code of ethics, especially in regard to the anti-corruption in which, the company has certified with the certification from the Board of Directors of the private sector (Collective Action Coalition Against Corruption or CAC). Including, enhancing the internal audit performance for better practice improvement and more preventive.

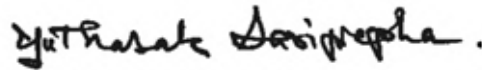
8.Consideration of the selections of the external auditors and auditing fees for 2017

The Audit Committee has considered the new external auditor based on the qualification and experience and considered that it is appropriate to propose Karin Audit Company Limited as auditor of the Company and its subsidiaries. The Audit Committee presented to the Board for consideration and approval before submitted to the General Shareholders Meeting for appointment and approval of the auditor remuneration for the year 2017 accordingly.

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

Gen.



(Yuthasak Sasiprapha)

Chairman of the Audit Committee

February 17, 2017

Report of the Executive and Corporate Governance Committee

To the Shareholders

The Board of Directors has appointed the Corporate Governance Committee to be responsible for the corporate governance of the Company in accordance with the principles of good corporate governance.

In 2016, the Corporate Governance Committee conducted a total of two corporate governance meeting in accordance with the established corporate governance policy and plans. To summarize, the Company's corporate governance meeting was conducted in the following aspects:

- Considered and approved corporate governance procedure in order to comply with the principles of good corporate governance to promote corporate governance continuously as corporate culture such as:

- Gave rights to shareholders to propose agenda and/or to nominate qualified candidates to be elected as Directors at the 2017 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.
- Encouraged the implementation of the defined anti-corruption policy
- Ensured the implementation of program and activities of corporate social responsibility policies.
- Reviewed and communicated good corporate governance and code of conduct, to be current and consistent with the guidelines of the stock exchange of Thailand and the regulatory agencies.

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 2016, the Company achieved a full score 100%, which the score was one of excellences, for three consecutive years.

Such evaluation, which imply that the company has given priority and importance to good governance, concentrate and dedicate all attempts to comply with principles of good corporate governance constantly. The company insists on operate business together with social and environmental concern under the code of conduct and good corporate governance, as well as provide management and monitoring process, which will strengthen the sustainability growth and stability for the company in the long term.



(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.

During the year 2016, the Sub-Committee has had 4 meetings. In addition, there have been the meetings with the management, the internal auditor and the Inspection Committee one time. Following is the summary of the actions we have taken:

- Reviewing the efficiency of the risk management system conducted by the organizations under the Group of Company to ensure that the risk management of each organization meets the same standard. Further, the review aims to examine whether all risk factors, both existing in and outside the organization, have been identified, effective risk management has been implemented and the policies of the Group of Company have been revised to follow the current situations.

- Co-making the management plan to the Inspection Committee by providing the information about the risks and internal control which may affect the Company's business.

- Following up the progress of the risk management plan implementation of each department in the following aspects:

1. Business risk
2. Strategic risk
3. Environment and community
4. Operational risk
 - 4.1 Energy and Raw materials procurement risk
 - 4.2 Safety risk
 - 4.3 Risk in Human resources management and development of personnel capability for future growth

Promoting and building risk management culture in the organization to encourage the employees of all levels to participate in the risk management which relates to their responsibilities.

Risk and Business Continuity Management Committee considers that the Company has made the risk management plan and implemented it continuously and effectively. The risk management is in compliance with good governance and the internal control has been conducted appropriately in accordance with good corporate governance policy and other related law and regulations.

(Mr. Sunchai Janejarat)

Chairman of the Risk Management
and Continuity Committee

Report of the Nomination and Remuneration Committee

To the Shareholders

During the year 2016, the Nomination and Remuneration Committee of the Company which currently consists of Mr. Roongroj Saengsastra as the Chairman, Mr. Sanchai Jenejarat, 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 regularly suggested 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 directors who are retired by rotation](#)

The Company has made an announcement on the company's website and on the Stock Exchange of Thailand's website to invite shareholders to propose names of qualified candidate to be elected as director during 1 October 2016 to 31 December 2016 in advance of the 2017 Annual General Meeting of Shareholders. However, during such period, no shareholder nominated any candidate for consideration.

In 2017, there are four directors who are retired by rotation consists of Independent Director/Audit Committee namely are Mr. Yothin Juangbhanich and Mr. Phachon Khachitsarn and two Directors namely are Mr. Chaiyasith Viriyamettakul and Mr. Sanchai Jenejarat. However, Mr. Yothin Juangbhanich and Mr. Phachon Khachitsarn would like to resign from the Independent Director/Audit Committee positions; therefore the Committee (excluding Mr. Sanchai Jenejarat, the member with vested interests) has considered candidates with qualifications required by the Public Limited Company Act who are knowledgeable, capable, experienced in the Company's business, and also has broad visions. The Committee resolved to propose two new Independent Director/Audit Committee to the Board of Directors, who namely are:

1.Mr. Siripong Tinnarat (Propose to be Independent Director/Audit Committee position to replace Mr. Yothin Juangbhanich)

2.Mr. Totsaporn Banyongwate (Propose to be Independent Director/Audit Committee position to replace Mr. Phachon Khachitsarn)

And propose to elect the two directors who have retired by rotation to be the Company's Directors for another term, who namely are:

3.Mr. Chaiyasith Viriyamettakul (Propose to be the Company's Director for another term)

4.Mr. Sanchai Jenejarat (Propose to be the Company's Director for another term)

And propose to the Board of Directors to approve before submitting to the 2017 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 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 2017 and determine the annual bonus for the year 2016 and policy of annual bonuses for the year 2016 in collaboration with human resources and the Management Committee in the proper ratio and correspond to the performance of the company.

- [Performance evaluation of the Board of Directors](#)

Provide a self-evaluation of the Board of Directors, sub-committee, and individual annually. The assessment result is reported to the Board of Directors to acknowledge and use to improve operational efficiency and achieve the objectives 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](#)

Report of the Board of Directors' Responsibilities for Financial Reports

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

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

The Board of Directors has appointed an Audit Committee comprised of independent directors responsible for the quality of the Company's financial reporting and internal control systems as well as complete and appropriate disclosure of connected transactions and other processes. The opinion of the Audit Committee with regard to these matters appears in the Report of the Audit Committee in this Annual Report. In which the consolidated Financial Statement 2016 has changed the auditor's report in order to increase transparency and to provide valuable information.

The Board of Directors viewed that the Company has maintained an effective internal control system at an adequate and appropriate level of protection to assure the credibility of the consolidated and Company-only financial statements presenting the financial positions as of December 31, 2016.



(Mr. Roongroj Saengsastra)

Chairman

Shareholding Structure

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

Ranking No.	Shareholder name	% of shareholding		
		30 Jan 2015	29 Jan 2016	31 Jan 2017
1	Mr. Roongroj Saengsastra	24.510	24.510	24.510
2	Mr. Monrak Saengsastra	7.353	7.353	7.353
3	Mr. Maruth Saengsastra	7.353	7.353	7.353
4	Mr. Chaiyasith Viriyamettakul	5.015	5.038	5.038
5	CHASE NOMINEES LIMITED	-	-	3.107
6	Miss Supanee Thongplengsri	4.422	3.913	2.838
7	N.C.B.TRUST LIMITED-NORGES BANK 11	-	2.723	2.723
8	Miss Cattleya Saengsastra	2.696	2.696	2.696
9	Mr. Suvit Smarnphanchai	2.451	2.451	2.451
10	Krungsri Dividend Stock LTF	2.486	2.470	2.317
Total 10 major shareholders		56.826	58.507	60.386
Total number of shares (Shares)		408,000,000	6,528,000,000	6,528,000,000
Issued and Paid-up share capital (Baht)		408,000,000	652,799,395.80	652,799,395.80
Authorized Share Capital (Baht)		408,000,000	652,800,000	652,799,395.80

Data as of 31 January 2017

Shareholders that are Thai legal entities 77 entities; holding 790,646,516 shares or 12.11%

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

Shareholders that are foreign legal entities 56 entities; holding 780,317,849 shares or 11.96%

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;

- 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 2016, 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 Meeting resolved that the Annual General Meeting of Shareholders for the year 2017 be proposed to consider and approve the payment of the annual dividend of the year 2016 at the rate of 0.16325 Baht per share, for total number of 6,527,993,958 shares as the issued and paid-up share capital of the Company, totally 1,065,695,014 Baht, of which cash totally 830,687,231 Baht or 0.12725 Baht per share was paid as interim dividend during the year 2016. The remaining of 0.036 Baht would be further paid out totally 235,007,782 Baht, the dividend payout ratio of the Company shall be 75%. In case of the Meeting of Shareholders for the year 2017 approves the dividend payment as proposed.

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

Dividend Details	2016	2015	2014	2013	2012
1.Net Profit (Million Baht)	1,422	1,372	1,227	1,298	1,265
2.Number of shares (Million Shares)	6,528	6,528	4,080	4,080	4,080
3.Earning per Share (Baht)	0.218	0.210	0.301	0.318	0.310
4.Dividend paid per share (Baht)	0.16325	0.210	0.301	0.318	0.308
5.Total Dividend Paid (Million Baht)	1,066	1,371	1,228	1,297	1,257
6.Dividend Payout Ratio (%)	75	100	100	100	99.4

Y2016	Net Profit (Million Baht)	Earning per Share (Baht)	Directors approved to pay Dividend (Baht/Share)	Dividend Payout Ratio (%)
Quarter 1	439	0.067	0.05000	75
Quarter 2	359	0.055	0.04125	75
Quarter 3	317	0.048	0.03600	75
Quarter 4	307	0.048	0.03600	75
Total	1,422	0.218	0.16325	75

Management structure

Comprises 5 committees and 1 management team that is

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

1. Board of Directors

The Board of Directors comprises 11 members

1.Mr. Roongroj	Saengsastra	Chairman
2.Gen. Yuthasak	Sasiprapha	Independent Director and Chairman of Audit Committee
3.Mr. Sanchai	Janejarat	President
4.Ms. Cattleya	Saengsastra	Executive Director and Company's Secretary
5.Mr. Monrak	Saengsastra	Executive Director Administration / Executive Director Business Development
6.Mr. Yothin	Juangbhanich	Independent Director and Audit Committee
7.Mr. Surasak	Kosiyajinda	Independent Director and Audit Committee
8.Mr. Phachon	Khachitsarn	Independent Director and Audit Committee
9.Mr. Chaiyasith	Viriyamettakul	Director
10.Mr. Suvit	Smarnphanchai	Director
11.Mr. Maruth	Saengsastra	Executive Director Marketing

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.

1.3 Segregation of Positions

The Board elects one of its directors as Chairman. The Chairman and President are two separate individuals. The Chairman oversees the implementation of policies and guidelines pursuant to the strategies established by the Board and management and ensures that Board meetings are successfully conducted. During each meeting, all Directors are encouraged to actively participate and raise essential questions.

The authorities of the Board and management are clearly defined and segregated. Directors occasionally meet to advise and support management through the President & Chief Executive Officer. At the same time, the Board stays away from routine tasks or business activities under management responsibility. Only the President & Chief Executive Officer is authorized by the Board to perform such tasks. The President & Chief Executive Officer's authority is therefore efficiently channeled through management. DCC has developed a clear written scope of duties and authorities for every management level.

2. Audit Committee

The Audit Committee comprised 4 members

- | | |
|----------------------------|--|
| 1. Gen. Yuthasak Sasirapha | Independent Director and Chairman of Audit Committee |
| 2. Mr. Yothin Juangphanich | Independent Director and Audit Committee |
| 3. Mr. Surasak Kosiyajinda | Independent Director and Audit Committee |
| 4. 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 2016, the Audit Committee convened 4 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 system-

atic 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

- to review the Company's financial reporting process to ensure that it is accurate and adequate; 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;

- 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;

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;

- 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;

- 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;

- an opinion on the accuracy, completeness and creditability of the Company's financial report,
- an opinion on the adequacy of the Company's internal control system,
- 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,
- an opinion on the suitability of an auditor,
- an opinion on the transactions that may lead to conflicts of interests,
- the number of the audit committee meetings, and the attendance of such meetings by each committee member,
- an opinion or overview comment received by the audit committee from its performance of duties in accordance with the charter, and
- 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	Jenejarat	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	Jenejarat	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 20 February 2017, the management team comprised of 12 members

1.Mr. Sanchai	Janejarat	President
2.Mr. Monrak	Saengsastra	Executive Director Administration Executive Director Business Development
3.Mr. Maruth	Saengsastra	Executive Director Marketing and Investor Relation
4.Mr. Suthee	Boonnak	Senior VP Technical
5.Mr. Jaruwat	Traithavil	Senior VP Production/ VP Production-TTOP
6.Mr. Chauwalit	Pidthong	VP Production-DCC
7.Mr. Somnuek	Suriyagrul	VP Engineering-DCC/TTOP
8.Mrs. Pobkhun	Kaosaiyanant	VP Administration
9.Ms. Supaporn	Meephatra	VP Accounting
10.Mr. Chanin	Suppapinyopong	VP Information Technology
11.Ms. Nong	Klongvicha	VP Technical
12.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 6 times a year. (In the year 2016, 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.

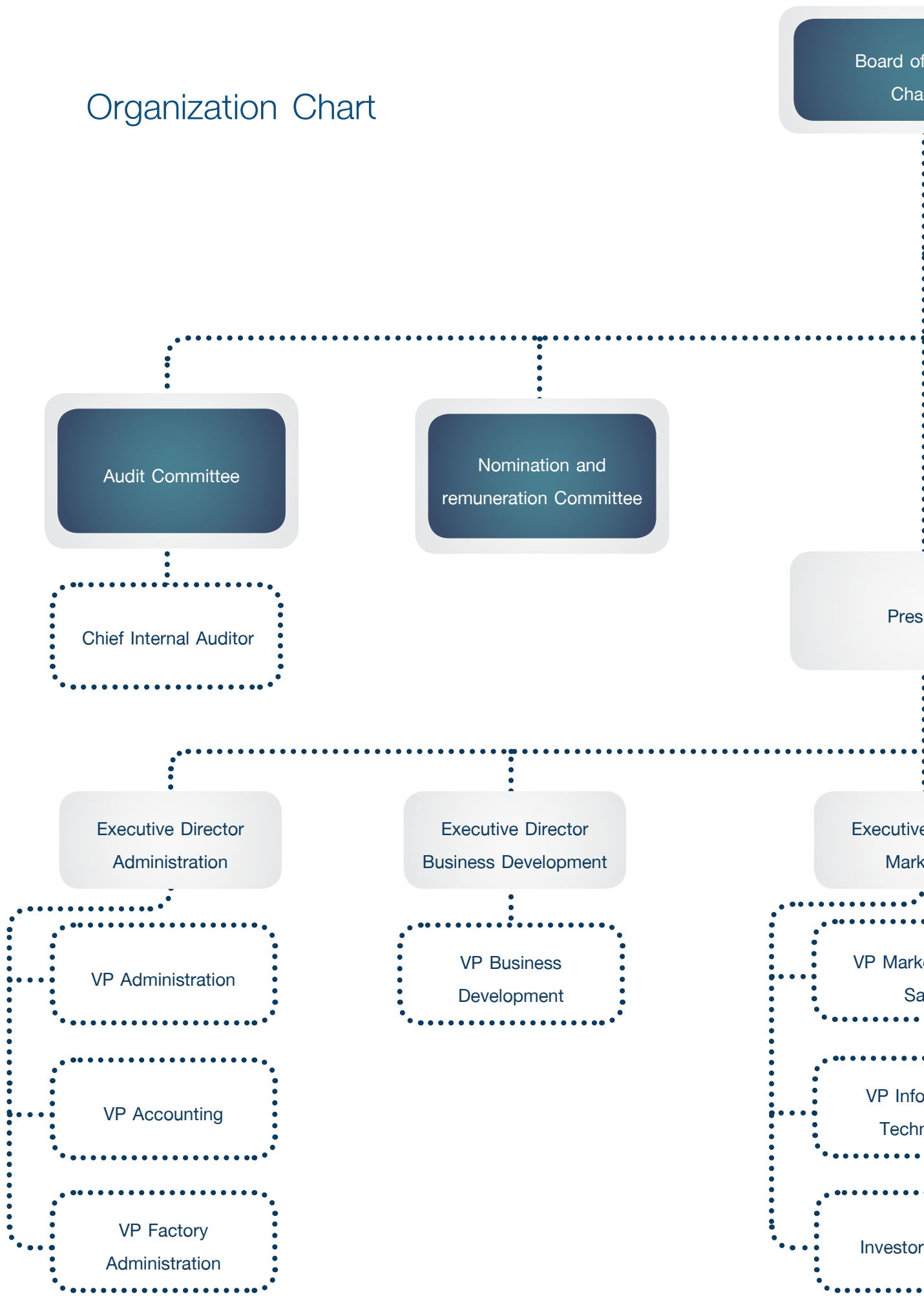
Details of attendance records of Dynasty Ceramic PCL are shown in the following table

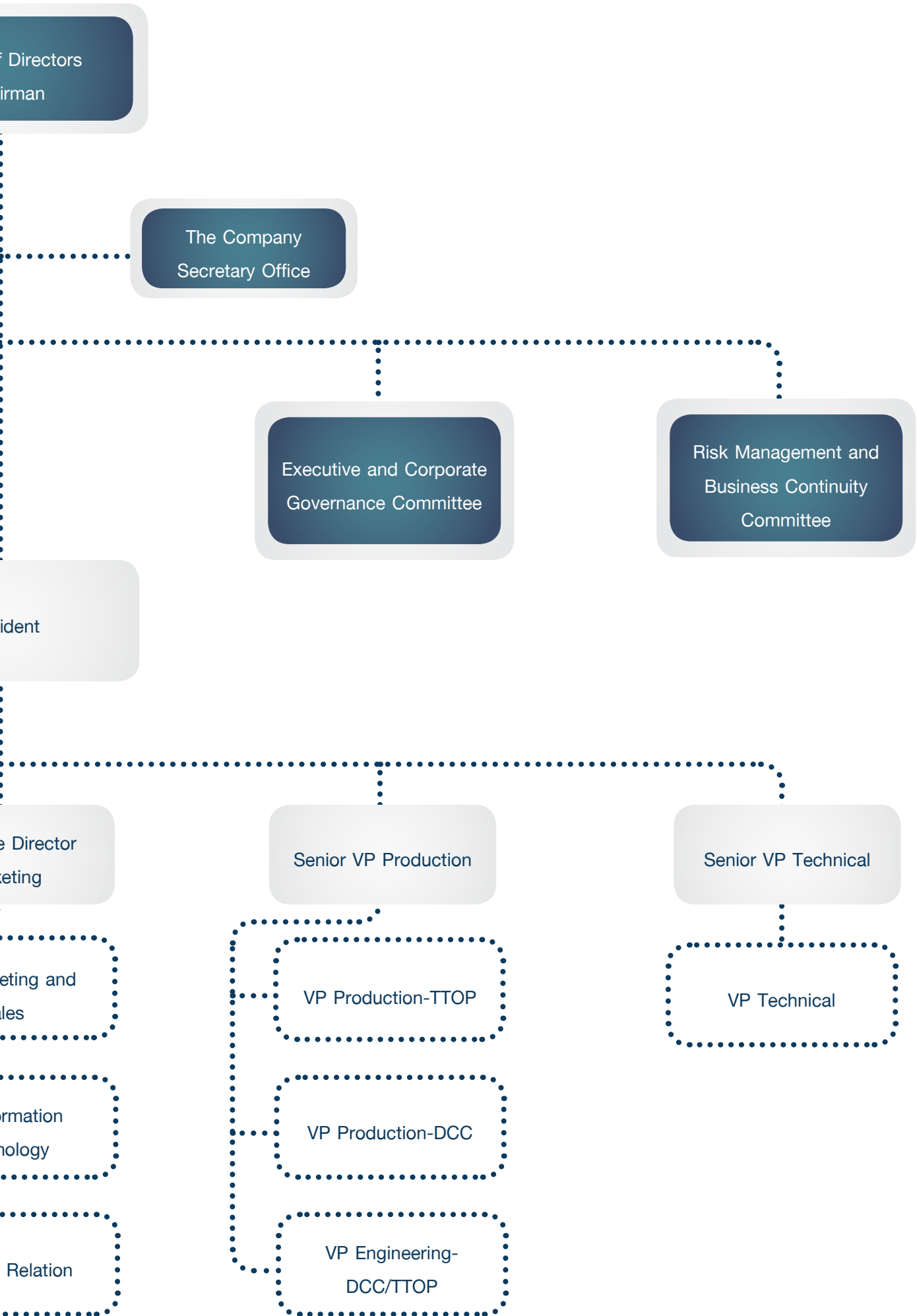
Name Of Directors	Board Meeting in 2016					AGM in 2016
	Board Of Director Total 6 times	Board Of Audit Committee Total 4 times	Nomination and Remuneration Committee Total 2 times	Executive & Corporate Governance Committee Total 2 times	Risk Management and Business Continuity Committee Total 2 times	
1. Mr.Roongroj Saengsastra	6/6	-	2/2	2/2	-	1/1
2. Gen. Yuthasak Sasiprapha	6/6	4/4	-	-	-	1/1
3. Mr. Yothin Juangbhanich	6/6	4/4	-	-	-	1/1
4. Mr. Surasak Kosiyajinda	6/6	4/4	-	-	--	1/1
5. Mr. Phachon Khachitsarn	6/6	4/4	-	-	-	1/1
6. Mr. Sanchai Janejarat	6/6	-	2/2	2/2	2/2	1/1
7. Mr. ChaiyasithViriyamet-takul	6/6	-	-	-	-	1/1
8. Mr. Suvit Smarnphanchai	6/6	-	-	-	-	1/1
9. Miss Cattleya Saengsastra	6/6	-	-	2/2	-	1/1
10. Mr. Monrak Saengsastra	6/6	-	2/2	2/2	2/2	1/1
11. Mr. Maruth Saengsastra	6/6	-	2/2	2/2	2/2	1/1

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 2016
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

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 2016.

According to the year 2016 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. Gen.Yuthasak Sasiprapha	300,000	240,000	300,000	-	-	840,000
3. Mr.Yothin Juangbhanich	300,000	200,000	300,000	-	-	800,000
4. Mr.Surasak Kosiyajinda	300,000	200,000	300,000	-	-	800,000
5. Mr.Phachon Khachitsarn	300,000	200,000	300,000	-	-	800,000
6. Mr. Sanchai Janejarat	300,000	-	600,000	200,000	300,000	1,400,000
7. Mr.Chaiyasith Viriyametakul	300,000	-	300,000	-	-	600,000
8. Mr.Suvit Smarnpanchai	300,000	-	300,000	-	-	600,000
9. Miss Cattleya Saengsastra	300,000	-	600,000	200,000	300,000	1,400,000
10. Mr. Monrak Saengsastra	300,000	-	600,000	200,000	300,000	1,400,000
11. Mr. Maruth Saengsastra	300,000	-	300,000	200,000	300,000	1,100,000
Total	3,360,000	840,000	4,500,000	1,040,000	1,500,000	11,240,000

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. Extra 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 2017 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)
	Y2017	Y2016	
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 2016 as follows:

Annual bonus	(Baht/person)		%Increase (Decrease)
	Y2016	Y2015	
1. Annual bonus payable to all directors	300,000	300,000	-
2. Annual bonus payable to all managing directors	300,000	300,000	-

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as from January 23, 2017. The Annual bonus is paid in fix amount from the Company's operation account on 25 April 2017.

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)
	Y 2016	Y 2015	Y 2016	Y 2015	
Dynasty Ceramic PCL.	8	8	24.24	32.46	(25%)
Tile Top Industry PCL.	4	4	8.33	13.14	(37%)
Total	12	12	32.57	45.60	(29%)

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 2016, compared to 2015, is as follows:

Company	Total employee remuneration			Total employee remuneration			%Increase (Decrease)
	In 2016 (MB)			In 2015 (MB)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	500.82	48.18	549.00	481.5	40.08	521.58	5%
Tile Top Industry PCL.	272.28	8.63	280.91	276.16	10.66	286.82	(2%)
Total	733.10	56.81	829.91	757.66	50.74	808.40	3%

Number of employees for the Company and its subsidiaries as of 31 December, 2016, compared to 2015, is as follows:

Company	Number of Employees			Number of Employees			%Increase (Decrease)
	In 2016 (person)			In 2015 (person)			
	Plant/ Branch	HQ	Total	Plant/ Branch	HQ	Total	
Dynasty Ceramic PCL.	1,898	110	2,008	1,806	91	1,897	6%
Tile Top Industry PCL.	729	8	737	744	11	755	(2 %)
Total	2,267	118	2,745	2,550	102	2,652	4%

Audit Fee

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2017*	Y2016	%Increase (Decrease)
Dynasty Ceramic PCL.	1,490,000	1,545,000	(4%)
Tile Top Industry PCL.	510,000	415,000	23%
Total Audit Fee	2,000,000	1,960,000	2 %

Audit Report Summary	Y2016	Y2015	Y2014
Auditor / Registration	Ms. Kanyanat Srirat- chatchaval / 6549	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 2017, The Audit Committee proposed the new Auditors from Karin Audit Co.,Ltd. to the Board of Director for approval from The Shareholders' Meeting 1/2017

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 2016

Name Of Board Members	Dynasty Ceramic PCL.	Tile Top Industry PCL. (Subsidiary)
1. Mr.Roongroj Saengsastra	Chairman	Chairman
2. Gen. Yuthasak Sasiprapha	Independent Director & Chairman of Audit Committee	-
3. Mr. Yothin Juangbhanich	Independent Director & Audit Committee	
4. Mr. Surasak Kosiyajinda	Independent Director & Audit Committee	-
5. Mr. Phachon Khachitsarn	Independent Director & Audit Committee	-
6. Mr. Sanchai Janejarat	President	Managing Director
7. Mr. Chaiyasith Viriyamettakul	Director	-
8. Mr. Suvit Smarnphanchai	Director	-
9. Miss Cattleya Saengsastra	Executive Director & Company's Secretary	Director
10. Mr. Monrak Saengsastra	Executive Director Adminisrtation / Executive Director Business Development	Director
11. Mr. Maruth Saengsastra	Executive Director Marketing	Director

Principles of Corporate Governance

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](#)

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.

1. [The Rights of Shareholders](#)

DCC ensures that every shareholder is entitled to all basic rights that are widely accepted according to the reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend shareholders' meetings, the right to propose the meeting agenda, the right to nominate a person to be a Director, the right to express opinions independently, and the right to make decisions on important affairs of the Company, e.g., the election of Directors, approval of significant transactions influencing the Company's direction, and amendment of Memorandum of Association and Articles of Association of the Company. Shareholders have the right to vote at Shareholders' meeting according to the number of shares owned by each shareholder, whereby one share entitles one vote, and no particular share allows them privilege over the rights of other shareholders.

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

- 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 2016, the Annual General Shareholders' Meeting No.1/2016 (No.1/2016) was held on Monday 25 April 2016 at the Main Meeting Room, 4th floor DCC Head Office Building, 37/7 Suttisarnvinijchai Samsennok Huay-Kwang District Bangkok.

- 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 2016. Shareholders were allowed to exercise this right from October 1 -December 31, 2016 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

Notify the result of the agenda items and the director nomination proposal on 13 January 2017.

- 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 2016, the Company has sent invitation to the Annual General Shareholders' Meeting on 24 March 2016, which is 29 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.

- 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.

- 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:

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. 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.



Dynasty Ceramic Public Company Limited

ANTI-CORRUPTION POLICY

Dynasty Ceramic Public Company Limited together with its subsidiary (referred to in this document as the "Company") are committed to conducting our business in accordance with the highest ethical standards, corporate transparency, all applicable laws, rules and regulations, and with responsible and sustainable business strategy that benefits stakeholders and society as a whole.

The Company is determined to prevent and cease any forms of corruption. In order to so, the Company has developed this Anti-Corruption Policy (the "Policy") to indicate appropriate responsibilities, guidance and codes of conduct. This policy is applicable to every employee of the Company, including senior executive and financial officers, and to members of the Board of Directors.

Definition

Corruption can take many forms including the offer, promise, or payment of cash, gifts, or even excessive entertainment, or an inducement of any kind offered or given to a person in a position of trust to influence that person's views or conduct or to obtain an improper advantage with the exceptions to requirements by laws and regulations.

Requirements

- To promote compliance with the policy, details of the policy should be properly communicated with all personnel. In addition, the Company should inform the public of this policy.
- To have regular schedules of auditing/investigating potential corruption cases and conduct reviews and amendments to the original policy, if needed.

Responsibilities

- The Board of Directors is responsible for policy development and oversight of policy compliance in order to create anti-corruption mindset into corporate culture.
- An audit committee is responsible for overseeing of corporate financial reporting and disclosure, and in charge of risk management.
- Managements are responsible for creating corresponding work systems and environment to the policy with the main focus on communicating and raising awareness of anti-corruption policy.

Discipline

- All Company personnel are strictly required to implement this policy to serve as good examples for other colleagues and promote morality and integrity as the Company's core values.
- Any employee who has direct knowledge of potential violations of this policy should report such potential violations to Company management and would take part in follow-ups and an investigation of that case.
- The Company will give any employee justice when he/she reports cases of corruption. Even though the case might create losses of business opportunities to the Company, the Company would not demote or punish him/her for violating the terms of the policy.
- Any employee who violates this policy will be subject to disciplinary action. If the action is against laws, disciplinary action may include punishments according to the applicable law.
- To promote, encourage, motivate, oversee and train all personnel to increase their capabilities and also communicate relevant information regarding prevention and eradication of corruption.

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

We are committed to delivering the highest standards of disclosure with accuracy, completeness, fairness, transparency, quality, and timeliness in all communications with our shareholders and the investment communities.

Relationship with Investors

DCC Investor Relations Website <http://www.dynastyceramic.com/th/investor-relations/investor-news> contains essential sources of information for investors, including historical performance, financial statements, conference call replays, annual reports, SET disclosure, shareholder meeting announcements, DCC share information, dividends, corporate governance news, sustainable development information and more.

DCC has also established the Compliance Department, which is responsible for the disclosure of information to the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC) to ensure that the Company complies with all applicable laws and regulations. In addition, the Company has regularly organized investor activities, which have been attended by various Company executives.

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 2016, 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 Ext.251

Fax : 02-2760313

Conflicts of Interest

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 trans-**actions 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.

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.

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

Board Assessment

The Board of Directors is composed of 11 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 Board of Directors conducted a formal evaluation of group assessment and self-assessment performance for the year 2016. The evaluation process was led by the Secretary was conducted by sending a board assessment form to each Director. The responses to the form were collated by the Company Secretary.

Criterion

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

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

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

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

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

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.

Summary of the assessment results for the year 2016

Subject	% of the assessment results	
	group assessment	self-assessment
1. Board of Directors' structure and qualifications of the Board of Directors	94 %	94 %
2. The roles, duties and responsibilities of the Board of Directors	95 %	95 %

3. Board of Directors' meetings	97 %	96 %
4. The Board's performance	96 %	97 %
5. Relationships with management	96 %	97 %
6. Directors' self-development and executive development	93 %	95 %
Total	95 %	96 %

Training of Directors for the year 2016

No.	Subject	Date	Place
1.	CEO Innovation Forum 2016	25/03/16	SET
2.	CG Forum 2/2016 "Honesty Precaution as Directors' Safety"	17/05/16	SET
3.	Class Action knowledge	25/05/16	SET
4.	Insider Trading Management Techniques	27/06/16	SET
5.	Marketing with Digital Technology Era	05/10/16	SET
6.	Knowing New Securities and Exchange Act	17/10/16	SET

Monitoring the Business Operations of Subsidiaries

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

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

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

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

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

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

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

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

CORPORATE SOCIAL RESPONSIBILITY





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SIBILITY



Sustainable Development Report

Dynasty Ceramic Public Co., Ltd., the manufacturer and distributor of ceramic floor and wall tile products has determined to continue product development in terms of research in raw materials and production technology to ensure the product quality and design in response to the demand of the customers with consideration on environmental management system, use of less energy, waste reduction for standard and quality products, efficient production cost, better competitive edge along with community and social development in a consistent manner.

Vision To become the leading company in ceramic tile business with standard and quality products, good governance, responsible for social and environmental balance along with business growth.

Mission To become a leader in ceramic tiles with international standard quality production system in response to variety of needs of the customers based on skill, competency and creative idea of the employees to develop the organization together to ensure quality production of ceramic tiles and impressive services to every stakeholders.

This sustainable development report 2016 has been prepared with disclosure in accordance with Information Form 56-1 of the Securities and Exchange Commission and the Stock Exchange of Thailand and presented under the reporting framework on social responsibility of the business with coverage on every group of stakeholders on data collected from January 1 through December 31, 2016.

To move towards sustainability, Dynasty Ceramic Public Co., Ltd. has determined to develop the organization for more efficiency based on the initiative generated in the organization to create a happy and quality family of Dynasty as a major driving force to develop the organization, the products and services with emphasis on fair competition, to look after the employees, customers, trading partners, society, community and every group of stakeholders to have sustainable growth together under the motto of "Together, we go".

DYNASTY TILETOP

Together, We go

Sustainable Business Strategy

- To manage with flexibility to ensure rapid and efficient adjustment suitable to the situations and in accordance with the changing conditions of the market
- To undertake the research and development on the products to create value to the products and the trading partners
- To employ modern production technology to enhance the competitiveness To consistently improve and control the production system to ensure that the natural resources are employed in a cost-effective manner and to provide a guideline on sustainable reduction on energy consumption
- To enlarge the product diversity and design in response to the changes in demand of the customers and to manage the inventory to ensure continued sufficiency, to enhance satisfaction of the customers, to maintain the existing customer base to ensure repeat purchasing behavior and to increase new customer base so they are aware of the products and choose the products of their choice.
- To manage in accordance with the standard, correctly in accordance with the laws and rules and regulations both occupational health, safety, environment and community management of the internal business unit and external trading partners
- To emphasize on Human Resources development, both working skill, competency, ethics and attitude through internal and external training courses, under various activities to upgrade the capability of the personnel and to promote teamwork and coordinate cooperation of every level and unit in the factory, branch office and head office for maximum efficiency of the entire organization
- To conduct the business with integrity to promote and cultivate ethics in employees of all levels to ensure awareness and properly correct ethical treatment provided to the customers, trading partners, community and society
- To improve and develop internal process to enhance work transparency and accountability in accordance with the anti-corruption policy

The framework on sustainable development is consisting of capability to undertake the business in conjunction with moral and ethical behavior in the workplace through economic, environmental, social and community balance generated.

Economic aspect

The key task of the company is to deliver standard and quality products to the consumers, deliver the value to the community and environment, including every stakeholder through the working process of the company commencing from procurement process for quality raw materials, efficient production development, appropriate production for the trend of the market and changes in the market during each period, services rendered to the customers through the branch offices of the company all over Thailand, as well as delivery of products to the consumers with responsibility for the benefits of every group of stakeholders which will lead to sustainability of the organization.

Products and Services

- To study and analyze retail and wholesale data with computer system for more details and more systematic manner and to process the data for the decision of the executives clearly on production plan, suitable and efficient coordination with the marketing in each period.
- To employ the technology in product development to satisfy the need of the customers through production with digital printing design for distinguished and virtual features and to reduce the lead time in production for better competition and response to the customers' needs rapidly and efficiently.
- To ensure standard and quality of products with research and development by continued improvement of the production process in the factory, to reduce energy use and to enhance competitive edge.
- To jointly undertake the research and development and to develop the packaging work with the trading partners to reduce waste of supplies for economical use of natural resources and packaging cost reduction.
- To increase variety of designs continuously so the customers have more opportunity to buy the tiles in accordance with their taste and needs as another channel to enhance sales.
- To penetrate the wholesale market with production of OEM tiles for the trading partners so they are able to create their brand without any impact on sales of the branch offices and continued sale growth together.
- The project selling team has been formed by the company with focus on project customer base of every size and every province to increase sales and the market share. The work has been undertake continuously since the outset of the 2016 with contact with 224 projects through representative stores for 29 project and branch offices for 195 projects with trust provided from a number of projects so sales to the projects have grown up over 200,000 square meters.
- The image and structure of the branch offices of the company have been improved through the Rebranding Project with improvement of space in the branch officer, whether the display space, customer's corner, restroom, front office in the branch, employee room to ensure modernization and service readiness.
- To develop service efficiency of the employees in the branch offices, to promote better skill and confidence in the services and to provide clear recommendation of the products so the employees could work efficiently and the customers have better information to make a decision to purchase the suitable products and sales could be concluded rapidly.

In addition, to build a good relationship between the company, customers, partners, and our stakeholders, our factory are willing to be observed. This project is aimed to show our standardized production process and give confident in our efficiency which able to develop products that suitable to customers' needs and market demands.





1

25 February, 2016 the
management of CSC Group
,Champasak Province, Lao
PDR.

2

9 March, 2016 Factory visit by
Chainart Tile Company
Limited.

3

21 October, 2016 Construc-
tion project manager,
Engineering, Procurement,
Architecture, Interior of
Piamsuk Development
Co.,Ltd. visited our factory.

4

22 December, 2016 United
Plaza and Thu Aung,
Myanmar customers.

Environmental aspect

Production research and development has been undertaken for sometimes to provide every employee an opportunity to present their ideas to improve the work through creativity project with competence, skill and experience of the employees for improvement the working process and procedure with an aim to reduce the working process, use of energy and to maintain the quality of the environment and to prevent and reduce possible environmental impacts and wastes from the production process for sustainable environment.

The work to accomplish the goals to prevent and maintain the environment and resources will directly affect the environment and reduce losses during various processes like procurement, production, packaging and delivery through the following steps.

- To improve the production formula continuously with the main objective to reduce the energy used in the production process as the energy cost has adjusted upwards while the energy savings is the major consideration of the factory in conjunction with the quality of the products. The factory has made an improvement in every process consistently as part of the measures to cut down uses of limited natural resources for sustainable power consumption and energy risk management of the company.
- To increase efficiency in crushing the raw materials through reduction of energy used in the crushing process for raw materials.
- Development of packaging work to reduce the supplies employed in the packaging process and environmental impacts with cooperation from the product development team of the trading partners so the packages have been modified to reduce use of supplies with no impact on quality of packaging and the packaging cost is lower.
- Selection of raw materials from the operators legally permitted under the laws in accordance with the standard on environment and community impacts directly and indirectly to ensure that the raw materials employed by the company in the production process have caused no impact to the environment and community where the raw materials are from.
- To recycle the heat energy for maximum benefits in the production system and to reduce wastes disposed in the environment.
- To cooperate with local agencies to conserve the environment and the location of the factory and branch offices.
- Energy conservation project through reduction of lighting used in the office with replacement of the lamp bulbs to LED lamp bulbs for energy savings in the factory, branch offices and head office.
- Project on treatment of water from the production process for recycle has reduced the use of water resource partially in the production process and arrangement of the closed system to dispose no water from the factory to the nearby surrounding community and to preserve the water resource of the community.
- The “Go Save Our Water” Project to save water for Thai people in accordance with the water savings policy against the drought crisis implemented in every unit of the factory, head office and branch office around the country.

Social and Community aspect

The company has also made an emphasis on social and community work including attention to the living of every employees, better quality of life and awareness of the community and surrounding society. The main policy is to ensure sustainable living with the community starting from the upstream, whether procurement of raw materials for the production, selection of the trading partners with policy on attention to the environment.

Besides the focus includes improvement of the quality of life of the employees, community and society, respect to human rights, management of occupational health and safety of the employees in the factory, branch office and head office because it is well aware that the sustainable growth of the organization is dependent on sustainability of the employees, trading partners, community, society and every groups of stakeholders so the work is conducted under the concept of assistance, supervision, attention and prevention of impacts towards the community in the long run and search for the sustainable preventive measures.

Respect of Human Rights

The human resource management regulations have been arranged and implemented with consideration on the labor laws, human right, good governance such as no use of child labor, support on employment of the disabled, fair labor treatment and no discrimination on gender.

- No employment of the person with age lower than 18 years
- Emphasis on suitable work safety and occupational health in the workplace, both the factory and branch offices
- Support on training program for the employees of all levels to enhance working knowledge and quality for more efficiency
- Support on employment of the disabled. In 2016, 8 disable employees have been employed and the contribution has been made in accordance with the laws. Employment of the disabled as of October 2016 is as follows.

	2014	2015	2016
Number of non-disable employees (persons)			
DCC	1,945	1,912	2,005
TTOP	802	758	749
Total	2,747	2,670	2,754
Number of the disabled employees required to be employed under the law (100 : 1 person)			
DCC	19	19	20
TTOP	8	8	7
Total	27	27	27



Number of disabled persons employed according to Section 33(persons)			
DCC	10	8	5
TTOP	3	3	3
Total	13	11	8
Number of disabled persons under professional promotion according to Section 35 (persons)	0	0	0
Contribution made to the fund according to Section 34 (baht)			
DCC	985,500	1,204,500	1,642,500
TTOP	547,500	547,500	438,000
Total	1,533,000	1,752,000	2,080,500

Safety, Health and promotion of Fair treatment on the employees

The work safety of every employee and every level is the major concern of the company with confidence that the sustainable growth of the business is based on proper health and safety of the employees to ensure efficiency and happiness in the employment through welfares, tools and equipment to reduce risk in the job undertaken and to facilitate the work performed.

- As the factory is processed under the assembly line, there are works undertaken by the machines and workers throughout the lines. Therefore the measures are arranged to reduce accident as a work safety measure. The machines and equipment have been inspected to analyze and determine measures to correct the possible problems and to reduce safety risk in employment of the machines and equipment, including inspection and improvement of the working space which may be a risk factor of the accident during the production work.
- Preparation of the working environment in accordance with the occupational concept with annual inspection of light, sound, heat, dust and chemical conditions.
- The annual medical check-up is arranged for the employees in the factory and head office to prepare a database of the employee health for monitoring the irregularity, recommendation on healthcare to ensure the health of the employees. Therefore the company is able to reduce the risk of job absence and/or replacement due to sick employees.
- Additional electric forklift vehicles are provided to the branch office to reduce the risk of accident due to the products lifted manually and to reduce the long-term health problems of the employees. In 2016, additional 40 forklift vehicles have been provided to the branch offices so the total forklift vehicles employed in the branch offices are 196 units.
- Fire prevention and extinguishing training program has been conducted annually in the factory and the head office.
- Back support belt is provided to every employee involved with loading work in every branch office nationwide.

- The employment welfare is based on competence and responsibility while male and female employees are fairly treated with the same privileges such as contribution to the social security fund, uniform and safety equipment to ensure safety.

Human Resources development

The company is aware that human resource is the most valuable element of every organization because it is the critical factor leading the organization towards accomplishment in a sustainable manner. The company is relied on its human resource to steer the company to the direction targeted. Besides it is the risk management on labor shortage at present and in the future. Therefore the company has determined to develop the existing human resources to upgrade their competence in conjunction with promotion of responsibility for the work assigned, proper ethics, understanding the different divisions to enhance their competence and relationship between related units and job advancement, career security so they are able to grow together with the company.

The executives have continued the personnel development policy for a long time, whether the production development project, maintenance of the machine in accordance with TPM system, productivity enhancement activity, QCC activity, creativity project, 5 S's project with determination to develop the human resource, image, morale of the employees and career progress to ensure efficient performance.

Factory

The factory has arranged skill and potential development of the employees in conjunction with the government agencies and human resource development experts through 3 main projects.



Project on improving productivity & sustainability through knowledge management with cooperation and support from the Thailand Productivity Institute and Ministry of Industry.



Lean Project with support from the Industrial Promotion Department, Ministry of Industry, to enhance the production efficiency under LEAN standard. The company received the Best corporate team under this 2016 training project on 10 August,2016.



Thai labor productivity enhancement project with support from the Department of Skill Development, Ministry of Labor with a certificate issued on September9,2016.

Branch office

Trainee managers and clerk assistants were trained in the sale office program and coordination with other units for 8 times with total 161 attendants.

Training course to ensure understanding and KPI preparation were provided to 165 branch managers for proper and correct understanding and performance assessment and efficient evaluation and continued development.

Head office: External training data of head office employees in 2016, total 211 hours for 40 persons

	Course	Number of hours	Number of employees (persons)
1	Overall Value Added Tax Criteria	7.5	2
2	40 issues in bookkeeping and adjustment in advanced accounting	7.5	2
3	Account receivable system and techniques to control accounts receivable and doubtful accounts	7.5	2
4	Case studies on Problems of expenditure, non-deductible expenses, forbidden purchase tax and related issues on withholding tax	7.5	2
5	Professional Network Installation and Management Workshop (3 days)	24	2
6	Windows Server 2012 R2 Administrative Working (5 days)	30	2
7	Knowledge about social security for 2016	7	4
8	Professional Supervisor Development, Class	7	1
9	Techniques for efficient work with Excel	7	2
10	Knowledge on import and export	7	1
11	Taxation on wages, employee welfares that should not be missed by the personnel and accounting divisions	7.5	2
12	Labor law for personnel management	7	2
13	ASP Net Web Development with Visual Studio 2015 (3 days)	18	1
14	Withholding tax criteria and methods in accordance with the business agreement and contract	7.5	2
15	Problem on deduction of depreciation in accordance with the criteria of the revenue Department	7	2
16	Issue and correction of the tax invoice, debit not, credit note and preparation of the report	7	2
17	Techniques for debt prosecution and problematic debtors	7.5	2
18	Ne criteria on corporate income tax exemption and tax privileges in 2016	7.5	2
19	Bookkeeping of account receivable, account receivable management and doubtful accounts and internal control in accordance with the accounting standard (new course for 2016)	7.5	2
20	Key issues in practice of bookkeeping	7.5	1
21	Update with examination by the revenue Department for manufacturing and production business	7.5	2
22	Preparation for examination on the tax invoices issued and new method for examination of the tax invoices for the entire system of the Revenue Department (new course)	7.5	1
	Total	211	40

Social and Environmental activities

Dynasty volunteer for rural development project

The Dynasty volunteer for rural development project of the company has provided the support to the volunteer camps of the students from various educational institutes with floor and wall tiles continuously since 2013 as part of the support on good deed, volunteer camps for development and construction of classroom buildings and multi-purpose buildings and cafeteria to rural schools in need of financial assistance and to encourage social work among students to learn and make a sacrifice to other people in the society throughout 4 years of work, tiles have been provided to support 43 volunteer camps.

2013 (first year)	supports to 9 camps with 995 square meters of tiles
2014 (second year)	supports to 10 camps with 1,343 square meters of tiles
2015 (third year)	supports to 11 camps with 1,566 square meters of tiles
2016 (fourth year)	supports to 13 camps with 1.717 square meters of tiles

N0.	Educational institute	Schools participated	Building	Tile (sq.m.)	Branch participated
31	Maharakham University	Baan Na Si nuan School Maharakham Province	Multi-purpose building	246	Yangtalad
32	Buriram Rajabhat University	Baan Raatrak daen School Buriram Province	Dharma practice room	170	Nangrong
33	Surin Rajabhat University	Tri Mitr Vidhaya Sawan School Surin Province	Classroom for 4 units	227	Surin 2
34	Bangkok Suvarnabhumi University	Bhodi Hak Wong Somboon School Ratchaburi Province	Cafeteria	247	Ratchaburi
35	Kasetsart University, Royal Clelbration Sakol Nakorn campus	Baan Khok Yao School Nakorn Phanom Province	Library	58	Nakorn Phanom
36	Prince of Songkla University, Haadyai campus	Baan Lor Yai School Krabi Province	Classroom floor and pavement	227	Nua Klong
37	Mahidol University	Baan Chaluay School Buriram Province	Classroom floor	51	Satuek
38	King Mongkut's Institute of technology, North Bangkok Campus	Baan Pong Ched School Ratchaburi Province	Classroom floor	76	Ratchaburi
39	Sri Nakharinviroth University	Baan Iew School Phayao Province	Multi-purpose building	99	Chiangkham
40	Chulalongkorn University	Ban Na Udom School Ubon Ratchathani Province	Multi-purpose building	105	Dej Udom

41	King Mongkut's Institute of technology, North Bangkok Campus	Baan Thesmongkol Scool Sakaew Province	Cafeteria	82	Sakaew
42	Silapakorn University, Petchburi campus	Insi-Asa Border Patrol Police School Petchburi Province	Sufficiency Learning Center	74	Cha-Am
43	Kasetsart University	Baan Klong Kapong School Chantaburi Province	Library	55	Chantaburi



Volunteer activities

The company has encouraged the employees to take part in the volunteer program to conserve the environment and to provide assistance to other people in the society by providing an opportunity to undertake the environmental and social conservation activities of interest and to promote relationship among different divisions. In 2016, the employees participated in two voluntary projects





1

Love shared with younger brother project, Year 2
On June 4, 2016, Pak Kred Welfare House for disabled and handicapped children (Baan Nonthaphoom House) . Lunch provided and fed to the children and other activities undertaken with the children for happiness and impression.

2

Check dam Voluntary construction On July 9, 2016 at Ched Sao Noi waterfall in the national park, the check dam was constructed to slow the water and to prevent soil erosion with harmony and impression

Moral activity

The alms giving ceremony was arranged at year end to pass along the tradition of Thai people and to bring happiness to life.



Anti-corruption

The company has determined to undertake its business with transparency, ethics and responsibility to the society and every group of stakeholders to maintain ethics in accordance with good governance principle. In 2015, the anti-corruption committee has been appointed to arrange the guideline practice effectively and accountably. The company has expressed its intent to become a member of the Partnership Against Corruption for Thailand – PACT Network and to take part in the Collective Action Against Corruption or CAC and the certificate has been provided by CAC.

The policy of the company is not to accept any gift or souvenir for every related unit as a guideline practice on anti-corruption in every process of the business of the company to reduce the fraudulent risk in the related activity based on the legal principle and equitable treatment for every stakeholder. The internal control unit in the company is required to supervise the business in accordance with the laws and regulations correctly, transparently and fairly for every level from the board of directors, the executives and employees, and to make an examination and assessment on the possible risk by formulating and notifying the anti-corruption policy to every person for strict compliance because the company is aware that fraud and corruption have obstructed the free competition and fairness and have caused damages to the economic and social development.

In addition, the company has arranged the complaining procedure through several channels, like hotline, complaints dropped in various boxes and direct delivery to the internal control unit for examination and preparation of the preventive and corrective measures.

Internal Control and Risk Management

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

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

The Company applies the Internal Control – Integrated Framework of The Committee of Sponsoring Organizations of the Treadway Commission (COSO) comprising 5 components and 17 principles to the Company's operation, management, and internal control system. In the Board of Directors meeting no. 2/2017 on 17 February 2017, the directors have assessed the adequateness of the Company's internal control system in accordance with the Securities and Exchange Commission Thailand (SEC) and concluded that the overall internal control system is adequate and effective.

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

1. Organization and Environment

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

2. The Board of Directors oversees system of internal control independently. The board consists of more than one-third independent directors. Its members are experts, skilled, and qualified to oversee

the development and performance of internal control which includes the control environment, the risk assessment, the control activities, the information and communication, and the monitoring activities. The authorities and responsibilities of the board and each committee are clearly defined and segregated from the management.

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

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

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

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

2.Risk Assessment

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

- Goals are clearly stated and practical. They support and are align with the Company's missions and strategies.
- The Company's resources are managed and utilized efficiently and economically to achieve established objectives.
- The Company's assets, information, reputation, and personnel are safeguarded.
- Process, policies, and procedures are continuously improved and updated benchmarking relevant international standards.
- Financial and non-financial reporting are accurate, reliable, and timely. Financial reporting accurately and completely complies with the generally accepted accounting principles,

represents the Company's financial position and rights and obligations, and has full disclosures, reflecting activities and performances of the Company.

- Internal and external regulations, policies, and laws relating to the Company's business are being adhered to.
- CSA is properly implemented in crucial processes.

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

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

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

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

3.Control Activities

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

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

- Technology infrastructure controls: centralized technical infrastructure operations, IT system change management, business continuity management program etc.

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

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

4. Information & Communication

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

The Board of Directors receives sufficient information for the decision making in the meetings in a timely manner 7 or 14 days before the meetings as stipulated by laws and regulations. The information includes relevant details, backgrounds, options, and effects to the Company. In the meetings, each director's opinions, recommendations, observations, inquiries, disagreements, and reasoning are recorded for subsequent board assessment.

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

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

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

- communications via the internet, social media,

- investor relations,
- service quality complaint centers, and Whistle Blower hotline to the Audit Committee

5. Monitoring Activities

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

17. When the internal control deficiencies are identified, the company evaluates their significances and communicate them to responsible parties for timely corrective actions. Material deficiencies and their correction progress are reported to the Board of Directors and the senior management as appropriate. Fraud incidents or clues, violation of law, or any other irregularities which may materially affect the Company's reputation or financial position will be immediately informed to the Board of Directors.

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

Internal Audit

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

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

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

Related Transaction

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

To be aligned with the Security and Exchange Act (No. 4) B.E. 2551, Article 89/12 (1), with the following measures.

1. The Audit Committee must consider and give their comments before transaction occurs.
2. In case the Audit Committee is not able to give any comment on any transaction, the Company must provide independent specialist to provide comments for the Audit Committee to form their comments before proposing to the Board of Directors and/or Shareholders' Meeting for further consideration.
3. The persons who have potential conflict of interest cannot vote on the transaction that is related to them.
4. The Company will disclose the related transaction in the notes attached to financial statements. The Audit Committee will give comments concerning the necessity and rationale of the related transaction that has been audited by external accounting auditor.

[Dynasty Ceramic Public Co. Ltd. has related transactions with its subsidiaries as follows:](#)

- 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.
- 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.,(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

For approval process, the related transactions shall be processed in the same practice as other general trading transactions with outside parties with the authorized executives designated and empowered to endorse up to a certain limit of budget according to their respective rank and position. The Audit Committee of the Company and its subsidiaries is responsible for reviewing the related transactions every quarter to ensure that no conflict of interest will be occurred in order to maximize the overall company's benefits.

For the fiscal year ended 31 December 2016 and 2015, the Company and its subsidiaries had the related transactions in which the auditors had disclosed in the notes to audited financial statements and these transactions have been reviewed by the Audit Committee. The Audit Committee had an opinion that all related transactions are reasonable and based on the normal course of business.

TRANSACTIONS WITH RELATED PARTIES

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

• Revenue and Expense between the Company , Subsidiaries and Related parties

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2016	2015
Tile Top Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	1.9	2.1
		Rental income from office	0.72	0.72
		Management Fee income	12.0	12.0
		Purchases -Finished goods	2,185.8	2,308.9
		Purchases - Raw Materials / Supplies	3.7	4.2
		Warehouse Management Fee	3.6	3.6
Mr. Monrak Saengsastra	Director	Rental Land Expenses	1.0	1.0
Mr. Maruth Saengsastra	Director	Rental Land Expenses	1.0	1.0

• Assets and Liabilities between the Company , Subsidiaries and Related parties

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2016	2015
TileTop Industry PCL.	Subsidiaries Company	Trade Account Payable and other Account Payable	732.4	693.0

FINANCIAL HIGHLIGHTS

(Million Baht)

CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME	Y 2016	Y 2015	Y 2014
Total Revenues	7,184	7,184	7,198
Net Sales	7,165	7,171	7,177
Gross Profit	3,104	3,010	3,036
% Gross Profit	43.3	42.0	42.3
Selling & Admin. Expenses	(1,332)	(1,274)	(1,350)
Goodwill	-	-	(104)
Net Profit Before Interest & Depreciation	2,127	2,039	1,888
Net Profit	1,422	1,372	1,227

(Million Baht)

CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y 2016	Y 2015	Y 2014
Total Assets	5,750	5,134	5,194
Total Liabilities	2,373	2,013	2,389
Total Shareholders' Equity	3,377	3,121	2,805

(Million Baht)

FINANCIAL RATIO	Y 2016	Y 2015	Y 2014
Earning Per Share - Baht	0.218	0.210	0.301
Net Profit / Total Revenues - %	19.79	19.10	17.05
Debt Equity Ratio	0.70	0.64	0.85
Return on Total Assets - %	24.73	26.72	24.57
Return on Equity -%	42.11	43.96	43.74
Booked Value - Baht	0.518	0.478	0.688
Dividend Per Share - Baht	0.16325	0.210	0.301
Dividend Yield - %	75	100	100
Authorized Share Capital - Baht	652,799,395.80	652,800,000	408,000,000
Total number of shares –Shares	6,527,993,958	6,528,000,000	4,080,000,000
Issued and Paid-up share-Shares	6,527,993,958	6,527,993,958	4,080,000,000

Summary of Operating Results and Financial Analysis

CONSOLIDATED

The Statement of Financial Position

(Unit: Million Baht)

	December 31, 2016	%	December 31,2015	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	82	1%	217	4%
Trade accounts and notes receivable	139	2%	126	3%
Inventories - net	1,567	27%	1,582	31%
Other investments	18	0%	18	0%
Other current assets	47	1%	49	1%
Total Current Assets	1,853	31%	1,992	39%
NON - CURRENT ASSETS				
Property, plant and equipment - net	3,837	67%	3,074	60%
Computer Program - net	18	0%	21	0%
Deferred income tax asset	21	1%	22	0%
Other non - current assets	21	1%	25	1%
Total Non - Current Assets	3,897	69%	3,142	61%
TOTAL ASSETS	5,750	100%	5,134	100%

CONSOLIDATED

The Statement of Financial Position

(CONT.)

(Unit : Million Baht)

LIABILITIES AND SHAREHOLDERS' EQUITY

CURRENT LIABILITIES

	December 31, 2016	%	December 31,2015	%
Short - term loans from financial institutions	1,330	23%	960	19%
Trade accounts payable	510	9%	478	9%
Accrued income tax	138	2%	160	3%
Other current liabilities	199	3%	199	4%
Total Current Liabilities	2,177	37%	1,797	35%

NON - CURRENT LIABILITIES

Unfunded provident fund				
- non contributory	55	1%	57	1%
Employee benefits obligation	103	2%	125	2%
Deferred income tax liability	38	1%	34	1%
Total Non - Current Liabilities	196	4%	216	4%

TOTAL LIABILITIES

2,373	41%	2,013	39%
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SHAREHOLDERS' EQUITY

Share capital - common share at Baht 0.1 par value

- Registered - 6,527,993,958 shares	653	11%	653	13%
- Issued and paid - up - 6,527,993,958 shares	653	11%	653	13%
Premium on share capital	506	9%	506	10%
Retained earnings				
- Appropriated for legal reserve	65	1%	65	1%
- Unappropriated	2,105	37%	1,850	36%

Shareholders' equity of the Company	3,329	58%	3,074	60%
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Non-controlling interests in subsidiary	48	1%	47	1%
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TOTAL SHAREHOLDERS' EQUITY	3,377	59%	3,121	61%
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TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,750	100%	5,134	100%
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CONSOLIDATED

Statement of comprehensive income for the years ended December 31,

(Unit : Million Baht)

	2016	%	2015	%
REVENUE				
Revenue from sales	7,165	100%	7,172	100%
COSTS OF SALES				
Costs of goods sold	(4,061)	(57%)	(4,161)	(58%)
Gross income	3,104	43%	3,011	42%
Other income	19	0%	12	0%
Selling expenses	(674)	(9%)	(648)	(9%)
Administrative expenses	(658)	(9%)	(625)	(9%)
Finance costs	(20)	0%	(26)	0%
Income before income tax	1,771	25%	1,724	24%
Income tax	(347)	(5%)	(348)	(5%)
Income for the year	1,424	20%	1,376	19%

OTHER COMPREHENSIVE INCOME FOR THE YEAR

Items that will not be reclassified subsequently
to profit or loss

Actuarial gains - net of tax	9	0%	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,433	20%	1,376	19%

ALLOCATION OF INCOME FOR THE YEAR

Portion of the Company's shareholders	1,422	20%	1,373	19%
Portion of non-controlling interests in subsidiary	2	0%	3	0%
	1,424	20%	1,376	19%

ALLOCATION OF COMPREHENSIVE INCOME

Portion of the Company's shareholders	1,431	20%	1,373	19%
Portion of non-controlling interests in subsidiary	2	0%	3	0%
	1,433	20%	1,376	19 %

BASIC EARNINGS PER SHARE

Income (Baht : share)	0.218	0.210
Weighted average number of common shares (unit : shares)	6,527,993,958	6,527,993,958

Analysis of Operating Result for the Year 2016

For the year 2016, net profit of the Company in the Consolidated Financial Statement was 1,422 MB, an increase of 50 MB or 4% YoY

Total revenues of 7,165 MB, which decreased by 7 MB, or 0.1%. The Company's gross profit was 43%, Increased from last year at 42%.

Production units increased by 2%. Natural gas price, which is the major component in the production cost, decreased by 16% from last year which is slightly increased in the 4thQuarter at 2%.

The sales expenses increased 26 MB, or 4%, due to the price of diesel fuel used in transportation began to increase during the 4th Quarter at 10

The administrative costs increased from 32 MB or 5%.

The finance cost decreased 5 MB, or 21% resulted from a reduction of Loan interest rates.

The net profit on equity holders of the company is 1,421 MB, or 0.218 baht per share.

Analysis of Financial Status 2016

Assets

Total consolidated assets as of December 31, 2016 were 5,750 MB, an increase of 616 MB or 12% from the total consolidated assets as of December 31, 2015.

Total current assets decreased 139 MB, or 7% as part of Cash and cash equivalents decreased 136 MB, or 62% due to more efficient in cash management and trade accounts receivable increased by 13 MB or 10% from increasing of credit customers. Inventory decreased 15 million baht or 1% from the lower costs of production.

Total noncurrent assets increased 754 MB, or 24% resulted from purchase of land for three Company's outlets amount 600 MB substitute the branches that end of lease for 19 branches, 3 new branches, improve efficiency of the Digital machine for approximately 164 MB.

Liabilities and Shareholder's Equities

Total liabilities of the company and its subsidiaries as of December 31, 2016 is 2,373 MB, increased from the end of year 2015 for 359 MB, or 18% resulted from

Current liabilities increased 380 MB, or 21% by increasing in short term loan of 370 MB, or 39%. Trade account payable increased by 32 MB, or 7%.

Non-current liabilities decreased by 21 MB, or 10% resulted by employees' benefits reimbursement.

Appendix

Board of Directors

Name	Mr. Roongroj Saengsastra
Appointed	26 January 1998
Age	66 years
Position	Chairman / Chairman of Executive Director Chairman of the Corporate Governance Committee Chairman of the Nomination and Remuneration Committee
% of Share Holding	1,600,000,000 shares (24.510%) at Jan 31, 2017
Family relationship among executives	Miss Cattleya Saengsastra's brother
Highest Education	Bachelor of Accounting, Chulalongkorn University
Training from IOD	None
Experience in the past 5 years (at December 31, 2016)	2011-2014 Chairman of Pick and Pay Co., Ltd Chairman of Muang Thong Ceramic Co., Ltd Chairman of World Wide Ceramic Co., Ltd
Other Current Position	Listed Company None Non Listed Company 1 company 1. Chairman of TileTop Industry PCL.

Name	Gen.Yuthasak Sasiprapha
Appointed	21 April 2015
Age	79 years
Position	Chairman of Audit Committee Independent Director and Audit Director
% of Share Holding	None at Jan 31, 2017
Family relationship among executives	None
Highest Education	- The National Defence Course for Joint State-Private sectors #33 - Army Command and General Staff College #48 - Chulachomklao Royal Military Academy
Training from IOD	- Director Accreditation Program (DAP) 56/2006 - Leader Program Capital Market Academy Class XI 2010
Experience in the past 5 years (at December 31, 2016)	- Jan 2012-Oct 2012 Deputy Prime Minister - Aug 2011-Jan 2012 Minister of Defence
Other Current Position	Listed Company 2 Companies 1. Advisor to Chairman of Nawanakorn PCL. 2. Advisor to Chairman of NEP Realty and Industry PCL. Non Listed Company None

Name	Miss Cattleya Saengsastra
Appointed	26 January 1998
Age	68 years
Position	Executive Director and Company Secretary
% of Share Holding	176,000,000 shares (2.696%) at Jan 31, 2017
Family relationship among executives	Mr. Roongroj Saengsastra's Sister
Highest Education	-Bachelor degree Accounting (Honor), Chulalongkorn University -Management Development Program J.J Kellogg, North Western University
Training from IOD	Directors Accreditation Program (DAP) No.47/2005
Training from IOD: (Company Secretary Program)	None
Experience in the past 5 years (at December 31, 2016)	2011-2014 Director of Pick and Pay Co., Ltd Director of Muang Thong Ceramic Co., Ltd Director of World Wide Ceramic Co., Ltd
Other Current Position	Listed Company 1 Company 1.Independent Director and Chairman of AuditCommittee / S&P Syndicated PCL. Non Listed Company 1 Company 1.Executive Director and Company Secretary / TileTop Industry PCL.

Name	Mr. Sanchai Jenejarat
Appointed	26 April 2002
Age	67 years
Position	Executive Director / President
% of Share Holding	5,472,000 shares (0.084%) at Jan 31, 2017
Family relationship among executives	None
Highest Education	- Bachelor of Engineering, Chulalongkorn University
Training from IOD	Directors Accreditation Program (DAP) No.54/2006
Experience in the past 5 years (at December 31, 2016)	2011 - Present President of Dynasty Ceramic PCL. President of TileTop Industry PCL.
Other Current Position	Listed Company None Non Listed Company 1 Company 1. President of TileTop Industry PCL.

Name	Mr. Yothin Juangbhanich
Appointed	28 April 2006
Age	67 years
Position	Independent Director & Audit Committee
% of Share Holding	None at Jan 31, 2017
Family relationship among executives	None
Highest Education	- Bachelor of Accounting, Chulalongkorn University - MBA, University of Santa Clara, USA
Training from IOD	Director Accreditation Program (DAP) 79/2009
Experience in the past 5 years (at December 31, 2016)	- Subcommittee to strengthen good governance in the public sector, the Senate. - Head of Management System Development – Revenue Department - Regional 12 Revenue Chief
Other Current Position	Listed Company 1 Company 1. Independent Director & Chairman of Audit Committee at Tanasiri Group PCL. 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

Name	Mr. Chaiyasith Viriyamettakul
Appointed	26 January 1998
Age	67 years
Position	Director
% of Share Holding	328,900,000 shares (5.038%) at Jan 31, 2017
Family relationship among executives	None
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 - Capital Market Academy, Class 15 (15 CMA)
Experience in the past 5 years (at December 31, 2016)	2011-Present President at Vibhavadee Hospital Listed Company 1 Company
Other Current Position	1. President at Vibhavadee Hospital Non Listed Company 2 Companies 1. Vice Chairman of BOD at Chao Paya Hospital PCL. 2. Executive Director at Vibharam Co., Ltd and its Subsidiaries

Name	Mr. Suvit Smarnpanchai
Appointed	26 January 1998
Age	69 years
Position	Director
% of Share Holding	160,000,000 shares (2.451%) at Jan 31, 2017
Family relationship among executives	None
Highest Education	- High-School, Charnvit Wittaya School
Training from IOD	Director Accreditation Program (DAP) 54/2006
Experience in the past 5 years (at December 31, 2016)	-Advisor of the Audit Committee and Monitoring The Police Administration of Ratchaburana police Station
Other Current Position	Listed Company None Non Listed Company 1 Company 1. Managing Director at Ekasithpun Co., Ltd

Name	Mr. Surasak Kosiyajinda
Appointed	30 April 1998
Age	73 years
Position	Independent Director & Audit Committee
% of Share Holding	None at Jan 31, 2017
Family relationship among executives	None
Highest Education	- Bachelor of Law, Thammasart University
Training from IOD	Director Accreditation Program (DAP) 48/2005
Experience in the past 5 years (at December 31, 2016)	2011 – Present Own office at Jutturatham Law Office
Other Current Position	Listed Company 1 Company 1. Independent Director & Audit Committee /AJ Plast PCL. Non Listed Company 1 Company 1. Director at United Food Co., Ltd

Name	Mr. Phachon Khachitsarn
Appointed	24 July 2012
Age	68 years
Position	Independent Director & Audit Committee
% of Share Holding	None at Jan 31, 2017
Family relationship among executives	None
Highest Education	<ul style="list-style-type: none"> - Bachelor of Arts in Economic, Kasetsart University - Advanced Certificate of Administration, National Institute of Development Administration (Nida) - Advanced Mini- MBA, Chulalongkorn University
Training from IOD	Director Accreditation Program (DAP) 99/2012
Experience in the past 5 years (at December 31, 2016)	2012-Present Independent Director & Audit Committee / Dynasty Ceramic PCL.
Other Current Position	Listed Company None Non Listed Company None

Name	Mr. Monrak Saengsastra
Appointed	29 January 2013
Age	41 years
Position	Executive Director (Administration) Executive Director (Business Development)
% of Share Holding	480,000,000 shares (7.353%) at Jan 31, 2017
Family relationship among executives	Mr. Roongroj Saengsastra's Son
Highest Education	<ul style="list-style-type: none"> - Master of Business Administration, Kasetsart University - Master of Art in International Economics. Southern Methodist University (SMU) - Bachelor of Science in Business Computer Information Systems, University of North Texas (UNT)
Training from IOD	Director Accreditation Program (DAP) 107/2014
Experience in the past 5 years (at December 31, 2016)	2013 - Present Executive Director (Administration) Nov 2016-Present Executive Director (Business Development) at Dynasty Ceramic PCL and Tile Top Industry PCL.
Other Current Position	Listed Company None 1. Independent Director & Audit Committee /AJ Plast PCL. Non Listed Company Company 1. Executive Director at Tile Top Industry PCL.

Name	Mr. Maruth Saengsastra
Appointed	21 April 2015
Age	39 years
Position	Executive Director (Marketing)
% of Share Holding	480,000,000 shares (7.353%) at Jan 31, 2017
Family relationship among executives	Mr. Roongroj Saengsastra's Son
Highest Education	-Master of Science in Computer Science,University of North Texas,USA
Training from IOD	Director Accreditation Program (DAP) 107/2014
Experience in the past 5 years (at December 31, 2016)	2011 - Present Senior Executive Vice President (Marketing) at Dynasty Ceramic PCL and Tile Top Industry PCL. 2011 - Present Assistant Company Secretary and Investor Relation at Dynasty Ceramic PCL. 2011 -2015 Vice President Information Officer at Dynasty Ceramic PCL and Tile Top Industry PCL.
Other Current Position	Listed Company None Non Listed Company 1 Company 1.Senior Executive Vice President (Marketing) at Tile Top Industry PCL.

Dynasty Ceramic Public Company Limited

The consolidated financial statements
and the financial statements
for the years ended December 31, 2016
Report of Independent Auditor

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Dynasty Ceramic Public Company Limited

Opinion

I have audited the consolidated financial statements of Dynasty Ceramic Public Company Limited and its subsidiary (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2016, the consolidated statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and I have also audited the separate financial statements of Dynasty Ceramic Public Company Limited (the "Company"), which comprise the separate statement of financial position as at 31 December 2016, the separate statements of profit or loss and other comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the separate financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and cash flows for the year then ended and the separate financial position as at 31 December 2016, and its separate financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

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

Key Audit Matters

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

Revenue

Risk description

Revenue is the significant transactions to the financial statements which the Company has income both from sales directly to the customers and sales through branches which spread over Thailand more than 190 branches. I have focused on the completeness and the occurrence of the revenue transactions especially the sales through branches that the Company has to rely on the Information Technology system, together with reconciliation of daily cash sales including the existence of the outstanding inventory in each branch.

Key audit procedures

Our audit work on the risk are as follows;

- Understood revenue process and revenue recognition.
- Evaluated and tested of internal control for revenue cycle.
- Substantive tested of revenue from branches by reconciliation daily sales reports with cash received and tested the existence of the quantities of outstanding inventories as at period ended.
- Analysed and compared actual sales transactions with budgeted revenue prepared by the management and business trend in the same industry.

Other Matter

The consolidated financial statements of Dynasty Ceramic Public Company Limited and its subsidiary and the separate financial statements of Dynasty Ceramic Public Company Limited for the year ended 31 December 2015, presented as comparative information, were audited by Mr. Somkid Tiatragul, an auditor in the same office as mine, who issued his audit report dated 17 February 2016 expressed an unqualified opinion.

Other Information

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

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



Ms. Kanyanat Sriratchatchaval

Certified Public Accountant

Registration No. 6549

Grant Thornton Limited

Bangkok

17 February 2017

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	31 December 2016	31 December 2015	31 December 2016	31 December 2015
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	81,523,000	217,115,838	71,493,151	200,796,552
Trade accounts receivable - net	7	139,216,006	126,264,443	139,216,006	126,264,443
Inventories - net	8	1,567,405,830	1,582,121,226	1,462,221,085	1,464,357,470
Other investments	9	18,374,257	18,374,257	18,374,257	18,374,257
Other current assets - net	10	46,858,569	48,005,700	42,846,063	43,465,997
Total Current Assets		1,853,377,662	1,991,881,464	1,734,150,562	1,853,258,719
NON - CURRENT ASSETS					
Investment in subsidiary	11	-	-	109,479,530	109,479,530
Property, plant and equipment - net	12	3,837,413,961	3,073,586,770	2,851,167,313	2,103,060,063
Computer Program - net	13	17,546,903	21,490,750	16,351,063	19,840,715
Deferred income tax asset	23	20,860,861	22,127,582	-	-
Other non - current assets	14	20,627,633	25,174,006	19,513,023	24,059,396
Total Non - Current Assets		3,896,449,358	3,142,379,108	2,996,510,929	2,256,439,704
TOTAL ASSETS		5,749,827,020	5,134,260,572	4,730,661,491	4,109,698,423

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY

STATEMENTS OF FINANCIAL POSITION

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	31 December 2016	31 December 2015	31 December 2016	31 December 2015
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Short - term loans from financial institutions 15	1,330,000,000	960,000,000	1,330,000,000	960,000,000
Trade accounts payable 16	510,557,686	478,097,109	313,303,520	265,007,380
Trade accounts and others payable				
- subsidiary company 6	-	-	732,383,905	693,022,807
Accrued income tax	137,961,322	160,184,015	133,821,818	152,343,099
Other current liabilities 17	198,594,262	199,070,910	158,131,295	163,028,442
Total Current Liabilities	2,177,113,270	1,797,352,034	2,667,640,538	2,233,401,728
NON - CURRENT LIABILITIES				
Unfunded provident fund - non contributory 18	55,435,679	56,621,448	-	-
Employee benefits obligation 20	102,500,094	125,363,645	63,670,138	76,227,711
Deferred income tax liability 23	37,564,769	34,387,503	37,564,769	34,387,503
Total Non - Current Liabilities	195,500,542	216,372,596	101,234,907	110,615,214
TOTAL LIABILITIES	2,372,613,812	2,013,724,630	2,768,875,445	2,344,016,942
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 0.10 par value				
- Registered - 6,527,993,958 shares 21, 25	652,799,396	652,800,000	652,799,396	652,800,000
(2015 : 6,528,000,000 shares)				
- Issued and paid - up - 6,527,993,958 shares	652,799,396	652,799,396	652,799,396	652,799,396
Premium on share capital	506,000,000	506,000,000	506,000,000	506,000,000
Retained earnings				
- Appropriated for legal reserve 22	65,280,000	65,280,000	65,280,000	65,280,000
- Unappropriated	2,104,794,272	1,850,037,161	737,706,650	541,602,085
Shareholders' equity of the Company	3,328,873,668	3,074,116,557	1,961,786,046	1,765,681,481
Non-controlling interests in subsidiary	48,339,540	46,419,385	-	-
TOTAL SHAREHOLDERS' EQUITY	3,377,213,208	3,120,535,942	1,961,786,046	1,765,681,481
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	5,749,827,020	5,134,260,572	4,730,661,491	4,109,698,423

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
REVENUE				
Revenue from sales	26	7,164,720,744	7,171,986,768	7,164,720,744
COSTS OF SALES				
Costs of goods sold	26, 27	(4,060,282,770)	(4,161,382,667)	(4,162,949,269)
Gross profit		3,104,437,974	3,010,604,101	3,001,771,475
Other income	26	18,503,096	12,291,542	30,379,939
Selling expenses	27	(674,400,048)	(648,214,272)	(674,400,048)
Administrative expenses	27	(657,616,111)	(625,517,494)	(636,075,749)
Finance costs		(20,079,741)	(25,522,619)	(19,102,289)
Profit before income tax		1,770,845,170	1,723,641,258	1,702,573,328
Income tax	23	(347,334,627)	(348,059,748)	(335,422,734)
Profit for the year		1,423,510,543	1,375,581,510	1,367,150,594
OTHER COMPREHENSIVE INCOME FOR THE YEAR				
Items that will not be reclassified subsequently to profit or loss				
Actuarial gains - net of tax	23	9,837,634	-	5,624,882
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		1,433,348,177	1,375,581,510	1,372,775,476
ALLOCATION OF PROFIT FOR THE YEAR				
Portion of the Company's shareholders		1,421,723,933	1,372,438,930	1,367,150,594
Portion of non-controlling interests in subsidiary		1,786,610	3,142,580	-
		1,423,510,543	1,375,581,510	1,367,150,594
ALLOCATION OF COMPREHENSIVE INCOME FOR THE YEAR				
Portion of the Company's shareholders		1,431,428,022	1,372,438,930	1,372,775,476
Portion of non-controlling interests in subsidiary		1,920,155	3,142,580	-
		1,433,348,177	1,375,581,510	1,372,775,476
BASIC EARNINGS PER SHARE	25			
Income (Baht : share)		0.218	0.210	0.209
Weighted average number of common shares (unit : shares)		6,527,993,958	6,527,993,958	6,527,993,958

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 2015		408,000,000	506,000,000	40,800,000	1,807,244,631	2,762,044,631	43,276,805	2,805,321,436
Share increment during the year	21	244,799,396	-	-	-	244,799,396	-	244,799,396
Appropriation for legal reserve	22	-	-	24,480,000	(24,480,000)	-	-	-
Comprehensive income for the year		-	-	-	1,372,438,930	1,372,438,930	3,142,580	1,375,581,510
Dividend payment	24	-	-	-	(1,305,166,400)	(1,305,166,400)	-	(1,305,166,400)
Balance as at 31 December 2015		652,799,396	506,000,000	65,280,000	1,850,037,161	3,074,116,557	46,419,385	3,120,535,942
Balance as at 1 January 2016		652,799,396	506,000,000	65,280,000	1,850,037,161	3,074,116,557	46,419,385	3,120,535,942
Comprehensive income for the year		-	-	-	1,431,428,022	1,431,428,022	1,920,155	1,433,348,177
Dividend payment	24	-	-	-	(1,176,670,911)	(1,176,670,911)	-	(1,176,670,911)
Balance as at 31 December 2016		652,799,396	506,000,000	65,280,000	2,104,794,272	3,328,873,668	48,339,540	3,377,213,208

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 2015		408,000,000	506,000,000	40,800,000	549,860,927	1,504,660,927
Share increment during the year	21	244,799,396	-	-	-	244,799,396
Appropriation for legal reserve	22	-	-	24,480,000	(24,480,000)	-
Comprehensive income for the year		-	-	-	1,321,387,558	1,321,387,558
Dividend payment	24	-	-	-	(1,305,166,400)	(1,305,166,400)
Balance as at 31 December 2015		652,799,396	506,000,000	65,280,000	541,602,085	1,765,681,481
Balance as at 1 January 2016		652,799,396	506,000,000	65,280,000	541,602,085	1,765,681,481
Comprehensive income for the year		-	-	-	1,372,775,476	1,372,775,476
Dividend payment	24	-	-	-	(1,176,670,911)	(1,176,670,911)
Balance as at 31 December 2016		652,799,396	506,000,000	65,280,000	737,706,650	1,961,786,046

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Cash Flows From Operating Activities				
Income before income tax	1,770,845,170	1,723,641,258	1,702,573,328	1,653,883,268
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortization	337,307,630	291,319,339	245,366,164	205,041,339
Allowance (reversal of allowance) for doubtful accounts	(474,884)	610,576	(474,884)	610,576
Reversal of allowance for obsolete stock	(183,902)	(135,058)	-	-
Loss from disposal of fixed assets	10,174,886	9,312,641	10,164,760	8,975,045
Unrealized loss on exchange rate	41,080	187,210	75,596	88,525
Interest income	(608,646)	(830,823)	(531,390)	(753,173)
Interest expense	20,079,741	25,522,619	19,102,289	23,546,089
Provision for provident fund	2,691,047	2,716,219	-	-
Provision for employee benefits obligation	9,102,044	8,735,933	6,450,479	6,648,126
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	2,148,974,166	2,061,079,914	1,982,726,342	1,898,039,795
Decrease (increase) in operating assets;				
Trade accounts receivable	(14,150,259)	(35,962,066)	(14,150,259)	(35,962,066)
Inventories	14,899,298	177,834,082	2,136,385	178,582,676
Other current assets	2,820,713	13,686,548	2,293,515	5,048,324
Other non - current assets	4,053,975	(2,946,875)	4,053,975	(4,024,000)
Increase (decrease) in operating liabilities;				
Trade accounts payable	32,420,650	(29,359,342)	48,221,697	(28,305,479)
Trade accounts and others payable - subsidiary company	-	-	39,361,098	91,832,324
Other current liabilities	(881,781)	(6,777,630)	(5,302,281)	(8,105,574)
Unfunded provident fund - non contributory	(3,876,816)	(1,481,067)	-	-
Employee benefits obligation	(22,310,843)	(824,889)	(13,650,098)	(348,387)
Cash Provided from Operating Activities	2,161,949,103	2,175,248,675	2,045,690,374	2,096,757,613
Income tax paid	(367,572,741)	(267,454,933)	(352,172,968)	(257,836,563)
Net Cash Provided from Operating Activities	1,794,376,362	1,907,793,742	1,693,517,406	1,838,921,050

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

FOR THE YEARS ENDED 31 DECEMBER

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Cash Flows from Investing Activities				
Purchases of assets	(1,104,517,075)	(369,373,801)	(997,299,737)	(304,055,844)
Acquisitions of computer program	(3,303,793)	(11,015,509)	(3,303,793)	(11,015,509)
Payment for leasehold right	(1,052,632)	(7,157,895)	(1,052,632)	(7,157,895)
Proceed from disposal of fixed assets	2,000,037	782,533	2,000,037	782,533
Cash received from interest income	608,646	830,823	531,390	753,173
Net Cash Used in Investing Activities	(1,106,264,817)	(385,933,849)	(999,124,735)	(320,693,542)
Cash Flows from Financing Activities				
Increase in short - term loans from financial institutions	5,071,000,000	10,990,000,000	5,071,000,000	10,990,000,000
Repayment for short - term loans from financial institutions	(4,701,000,000)	(11,420,000,000)	4,701,000,000)	(11,420,000,000)
Interest payment	(17,033,472)	(21,215,017)	(17,025,161)	(21,214,477)
Dividend payments	(1,176,670,911)	(1,060,367,004)	(1,176,670,911)	(1,060,367,004)
Net Cash Used in Financing Activities	(823,704,383)	(1,511,582,021)	(823,696,072)	(1,511,581,481)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(135,592,838)	10,277,872	(129,303,401)	6,646,027
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	217,115,838	206,837,966	200,796,552	194,150,525
CASH AND CASH EQUIVALENTS AT END OF YEAR	81,523,000	217,115,838	71,493,151	200,796,552

Supplemental cash flows information

Non cash transactions:-

The Company paid stock dividend of 2,448 million shares

at Baht 0.06 per share

- 244,799,396

—

244,799,396

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2016

1. NATURE OF OPERATIONS

Dynasty Ceramic Public Company Limited ("the Company") was registered as a public company in the year 1992. 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.

Presently, the Company has 194 branches located in various provinces in Thailand.

The Company has a subsidiary, Tile Top Industry Public Company Limited, which is also engaged in the manufacturing and selling of ceramic wall and floor tiles for sales mainly to the Company. Its head office address is 37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok.

2. BASIS FOR FINANCIAL STATEMENTS PREPARATION AND PRINCIPLES OF CONSOLIDATION

2.1 Basis of financial statement preparation

The accompanying financial statements have been officially prepared in accordance with the Accounting Act B.E. 2543 and Thai Financial Reporting Standards ("TFRS") 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. These financial statements are officially prepared in the Thai language. The translation of these financial statements to another language must be in compliance with the official report in Thai.

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

The Federation of Accounting Professions has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these new and revised TFRS has resulted in changes in certain of the Company's accounting policies. These changes have no material effect on the financial statements.

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Company's operations, which become effective for annual financial periods beginning on or after 1 January 2017, are set out below. The Company does not plan to adopt these TFRS early.

TFRS**Topic**

TAS 1 (revised 2016)	Presentation of Financial Statements
TAS 2 (revised 2016)	Inventories
TAS 7 (revised 2016)	Statement of Cash Flows
TAS 8 (revised 2016)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2016)	Events After the Reporting Period
TAS 12 (revised 2016)	Income Taxes
TAS 16 (revised 2016)	Property, Plant and Equipment
TAS 17 (revised 2016)	Leases
TAS 18 (revised 2016)	Revenue
TAS 19 (revised 2016)	Employee Benefits
TAS 21 (revised 2016)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2016)	Borrowing Costs
TAS 24 (revised 2016)	Related Party Disclosures
TAS 26 (revised 2016)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2016)	Separate Financial Statements
TAS 33 (revised 2016)	Earnings Per Share
TAS 34 (revised 2016)	Interim Financial Reporting
TAS 36 (revised 2016)	Impairment of Assets
TAS 37 (revised 2016)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2016)	Intangible Assets
TAS 105 (revised 2016)	Accounting for Investments in Debt and Equity Securities
TAS 107 (revised 2016)	Financial Instruments: Disclosure and Presentation
TFRS 3 (revised 2016)	Business Combinations
TFRS 8 (revised 2016)	Operating Segments
TFRS 10 (revised 2016)	Consolidated Financial Statements
TFRS 12 (revised 2016)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2016)	Fair Value Measurement
TSIC 27 (revised 2016)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2016)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 10 (revised 2016)	Interim Financial Reporting and Impairment
TFRIC 14 (revised 2016)	TAS 19 (revised 2016) Employee Benefits ^o The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The Company and subsidiary has made a preliminary assessment of the potential initial impact on the financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

2.2 Principles of consolidation

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

Subsidiary Company	Percentage of holding (%)		Nature of business
	2016	2015	
Tile Top Industry Public Co., Ltd.	96.83	96.83	Manufacturing and distribution of ceramic wall and floor tiles for the Company.

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

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

The total assets of subsidiary as at 31 December 2016 and 2015 and total revenues for the years ended 31 December 2016 and 2015, 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	
	2016	2015	2016	2015
<u>Subsidiary company</u>				
Tile Top Industry Public Co., Ltd.	32	35	-	-

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

Sales are recognized as revenues upon delivery of goods based on net invoice 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 subsidiary 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 subsidiary 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 subsidiary in separate financial statements are presented by the cost method. The Company recognizes gain or loss on sale in the statement of profit or loss and other 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-right in the statement of profit or loss and other comprehensive income. The Company recognizes dividends income when the subsidiary declares the payment of its 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 subsidiary 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 :

Buildings and structures	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 program) 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). Amortization is charged to the statement of profit or loss and other comprehensive income on a straight-line basis over the estimated useful lives of the leases between 3 to 16 years.

3.9 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 subsidiary recognize impairment loss on the assets in the statement of profit or loss and other comprehensive income for the period in which they incurred.

3.10 Impairment of assets

The Company and its subsidiary assess whether there is an indication that any asset may be impaired. If any such indication exists, the Company and its subsidiary 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 profit or loss and other comprehensive income. An asset recoverable amount is the higher of fair value less costs to sell and value in use.

3.11 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, denominated in foreign currencies, at the reporting date are translated into Thai Baht at the foreign exchange rates ruling at that date. Gain or loss arising from translation is recognized in the statement of profit or loss and other comprehensive income.

3.12 Employee benefits

Employee benefits

Current 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 the rate of 5.5% of basic salary 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 subsidiary, and their employees have jointly established a provident fund plan whereby monthly contributions are made by employees and by the Company and subsidiary. The fund's assets are held under a trustee fund separately from the Company's and subsidiary's assets. The Company's and subsidiary's contribution to the fund are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plan)

The Company and subsidiary have obligations in respect of the severance payments they must make to employees upon retirement under the labor law. The Company and its subsidiary set up provision for the obligation under the defined benefit plan based on the amounts determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

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

3.13 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 are reversed, 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 Revenue Department on a net basis or when tax assets and liabilities will be realized simultaneously.

3.14 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.

3.15 Financial instruments

The Company and its subsidiary 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.

3.16 Fair value measurement of financial instruments

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3: unobservable inputs for the asset or liability.

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

4.1.2 Allowance for slow - moving and defective inventories

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

4.1.3 Impairment of investments

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

4.1.4 Property, plant and equipment and intangible assets

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

4.1.5 Leases

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

4.1.6 Impairment of assets

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

4.1.7 Post-employment benefits (defined benefit plans)

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

4.1.8 Deferred tax assets

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

4.2 Capital risk management

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

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

5. CASH AND CASH EQUIVALENTS

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Cash on hand	2,312,684	3,644,232	2,222,684	3,554,232
Cash at banks				
- Current accounts	22,171,120	25,675,501	16,280,065	16,204,108
- Saving accounts	57,039,196	187,796,105	52,990,402	181,038,212
Total	81,523,000	217,115,838	71,493,151	200,796,552

Cash at bank² 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 (being liquidated)
Muangthong Ceramic Co., Ltd.*	Distribution of ceramic wall and floor tiles	Subsidiary Company (being liquidated)
World Wide Ceramic Co., Ltd.*	Distribution of ceramic wall and floor tiles	Subsidiary Company (being liquidated)
Mr. Roongroj Saengsastra	Owner of the property leased to subsidiary	Director of the Company and Subsidiary
Mr. Monrak Saengsastra	Owner of the property leased to subsidiary	Director of the Company and Subsidiary
Mr. Marut Saengsastra	Owner of the property leased to subsidiary	Director of the Company and Subsidiary

* 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 which has been in process of dissolution and the settlement of share capital to the Company. The Company therefore classified the investments in such three subsidiaries as other investments under current assets.

The significant transactions with related parties for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Baht)

		Consolidated F/S		Separate F/S	
		For the years ended 31 December			
		Pricing Policy	2016	2015	2016
Sales - raw materials and supplies					
Tile Top Industry Public Co., Ltd.	At cost	-	-	1,854,323	2,147,211
Office and branches rental income					
Tile Top Industry Public Co., Ltd.	Contract price	-	-	720,000	720,000
Management income					
Tile Top Industry Public Co., Ltd.	Baht 1,000,000 per month	-	-	12,000,000	12,000,000
Purchases - finished goods					
Tile Top Industry Public Co., Ltd.	At competitive market price but more than cost	-	-	2,185,785,846	2,308,896,020
Purchases - raw materials and supplies					
Tile Top Industry Public Co., Ltd.	At cost	-	-	3,675,044	4,233,753
Warehouse management fee					
Tile Top Industry Public Co., Ltd.	Baht 300,000 per month	-	-	3,600,000	3,600,000
Land rental expenses					
Mr. Monrak Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	1,000,000	1,000,000
Mr. Marut Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	1,000,000	1,000,000
Total		2,000,000	2,000,000	2,000,000	2,000,000
Management expense					
Current employment benefits		47,121,580	45,178,665	33,858,158	32,177,261
Post-employment benefits		148,248	421,472	121,842	281,426
Total		47,269,828	45,600,137	33,980,000	32,458,687

The significant balances with related company as at 31 December 2016 and 2015 are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
<u>Trade accounts and others payables</u>				
° <u>subsidiary company</u>				
Tile Top Industry Public Co., Ltd.	-	-	732,383,905	693,022,807
Employee benefits obligation				
<u>Executive</u>				
- Post ^f employment benefits	15,312,788	13,189,005	10,743,066	9,433,122

7. TRADE ACCOUNTS RECEIVABLE - NET

Outstanding balances of receivable as at 31 December 2016 and 2015 classified by ages are as follows:

(Unit : Baht)

	Consolidated and Separate F/S	
	2016	2015
<u>Trade accounts receivable</u>		
Not over 90 days	139,034,840	122,358,030
Over 90 days to 120 days	75,707	2,592,888
Over 120 days to 180 days	100,514	1,236,380
Over 180 days to 365 days	1,203,643	77,145
Total	140,414,704	126,264,443
<u>Less</u> Allowance doubtful accounts	(1,198,698)	-
Net	139,216,006	126,264,443

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

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

(Unit : Baht)

	Consolidated and Separate F/S	
	2016	2015
Beginning balance	-	-
Increase	1,198,698	-
Decrease	-	-
Ending balance	1,198,698	-

8. INVENTORIES - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Finished goods	1,339,642,875	1,343,284,443	1,349,681,545	1,348,164,971
Work in process	37,990,611	39,993,201	19,360,581	18,843,904
Raw materials	102,706,146	112,369,518	47,390,640	49,582,922
Supplies	83,323,526	86,163,765	44,265,269	45,381,255
Goods in transit	5,908,147	2,659,676	1,523,050	2,384,418
Total	1,569,571,305	1,584,470,603	1,462,221,085	1,464,357,470
Less Allowance for obsolete stock	(2,165,475)	(2,349,377)	-	-
Net	1,567,405,830	1,582,121,226	1,462,221,085	1,464,357,470

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Beginning balance	2,349,377	2,484,435	-	-
Increase	-	-	-	-
Decrease	(183,902)	(135,058)	-	-
Ending balance	2,165,475	2,349,377	-	-

During the year 2016, the subsidiary reversed allowances for obsolete of inventories and raw materials of Baht 0.18 million because they were used for production. Those were reversed in the statement of profit or loss and other comprehensive income. (2015 : Baht 0.14 million)

Costs of inventories which were recognized as expenses for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Cost of goods sold	4,060,466,672	4,161,517,725	4,162,949,269	4,272,921,278
Reversal of allowance for obsolete of inventories	(183,902)	(135,058)	-	-
Cost of sales	4,060,282,770	4,161,382,667	4,162,949,269	4,272,921,278

9. OTHER INVESTMENTS

As described in Note 6 to the financial statements, other investments in the consolidated and separate financial statements as at 31 December 2016 and 2015 are as follow:

(Unit : Thousand Baht)

	Consolidated and Separate F/S					
	Paid-up capital		Percentage of shareholding		Amount	
	2016	2015	2016	2015	2016	2015
Pick and Pay Co., Ltd.	12,000	12,000	97.99	97.99	12,520	12,520
Muangthong Ceramic Co., Ltd.	4,500	4,500	99.98	99.98	4,790	4,790
World Wide Ceramic Co., Ltd.	1,000	1,000	99.93	99.93	1,064	1,064
Total					18,374	18,374

The Company will receive the returns of investments upon the completion of liquidation of the above three companies.

10. OTHER CURRENT ASSETS - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Undue valued added tax	6,029,157	6,014,048	3,186,488	2,808,443
Rewards and sale promotion supplies	4,862,885	4,726,315	4,862,885	4,726,315
Prepaid insurance	4,114,990	5,942,969	3,232,554	4,981,874
Prepaid rental	24,693,385	22,161,305	24,693,385	22,161,305
Other current assets	5,268,357	3,697,591	4,986,848	3,344,531
Miscellaneous receivables	1,889,795	7,141,374	1,883,903	7,121,431
<u>Less</u> Allowance for doubtful accounts	-	(1,677,902)	-	(1,677,902)
Net	46,858,569	48,005,700	42,846,063	43,465,997

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Beginning balance	1,677,902	1,399,364	1,677,902	1,399,364
Increase	2,936,424	1,677,902	2,936,424	1,677,902
Decrease	(4,614,326)	(1,399,364)	(4,614,326)	(1,399,364)
Ending balance	-	1,677,902	-	1,677,902

During the year 2016, allowances for doubtful accounts decreased from the Company litigated its debtors and wrote off bad debt for the whole amount. (2015 : Baht 1.40 million)

11. INVESTMENT IN SUBSIDIARY

Investment in subsidiary in the separate financial statement as at 31 December 2016 and 2015 which are stated at cost are as follow:

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		Amount		Dividend Income	
	2016	2015	2016	2015	2016	2015	2016	2015
Tile Top Industry Public Co., Ltd.	222,000	222,000	96.83	96.83	109,480	109,480	-	-

12. PROPERTY, PLANT AND EQUIPMENT - NET

(Unit : Thousand Baht)

	Consolidated F/S				
	2015	Increase	Decrease	Transfer in (out)	2016
Cost :					
Land	635,167	366,083	-	20,259	1,021,509
Buildings and structures	1,550,704	51,302	22,180	174,734	1,754,560
Buildings and structures improvements	57,975	-	-	-	57,975
Machinery and equipment	4,524,402	27,348	493,520	136,170	4,194,400
Furniture, fixtures and office equipment	694,605	87,810	38,056	71,002	815,361
Vehicles	33,575	-	3,871	-	29,704
Construction in progress and machinery during installation	101,030	571,975	-	(402,165)	270,840
Total	7,597,458	1,104,518	557,627	-	8,144,349

(Unit : Thousand Baht)

	Consolidated F/S				
	2015	Increase	Decrease	Transfer in (out)	2016
Less Accumulated depreciation :					
Buildings and structures	731,542	82,645	15,154	-	799,033
Buildings and structure improvements	33,445	1,209	-	-	34,654
Machinery and equipment	3,249,727	163,455	489,323	-	2,923,859
Furniture, fixtures and office equipment	478,391	79,400	37,103	-	520,688
Vehicles	30,766	1,806	3,871	-	28,701
Total	4,523,871	328,515	545,451	-	4,306,935
Net book value	3,073,587				3,837,414
Depreciation allocation for the year:					
Cost of sales	175,867				195,410
Selling and administrative expenses	109,024				133,105
Total	284,891				328,515

(Unit : Thousand Baht)

	Consolidated F/S				
	2014	Increase	Decrease	Transfer in (out)	2015
Cost :					
Land	558,984	73,617	-	2,566	635,167
Buildings and structures	1,479,572	7,501	20,966	84,597	1,550,704
Buildings and structure improvements	57,975	-	-	-	57,975
Machinery and equipment	4,427,777	17,728	29,413	108,310	4,524,402
Furniture, fixtures and office equipment	639,006	22,788	14,386	47,197	694,605
Vehicles	36,947	-	3,372	-	33,575
Construction in progress and machinery during installation	100,189	247,740	4,229	(242,670)	101,030
Total	7,300,450	369,374	72,366	-	7,597,458
Less Accumulated depreciation :					
Buildings and structures	678,468	69,502	16,428	-	731,542
Buildings improvements	32,237	1,208	-	-	33,445
Machinery and equipment	3,135,420	143,381	29,074	-	3,249,727
Furniture, fixtures and office equipment	426,233	66,049	13,891	-	478,391
Vehicles	28,893	4,751	2,878	-	30,766
Total	4,301,251	284,891	62,271	-	4,523,871
Net book value	2,999,199				3,073,587
Depreciation allocation for the year:					
Cost of sales	159,059				175,867
Selling and administrative expenses	119,934				109,024
Total	278,993				284,891

(Unit : Thousand Baht)

	Separate F/S				
	2015	Increase	Decrease	Transfer in (out)	2016
Cost :					
Land	487,510	366,083	-	20,259	873,852
Buildings and structures	1,206,475	51,302	22,180	167,637	1,403,234
Machinery and equipment	2,330,448	22,631	287,308	68,359	2,134,130
Furniture, fixtures and office equipment	584,017	85,766	17,430	70,348	722,701
Vehicles	20,574	-	3,871	-	16,703
Construction in progress and machinery during installation	80,455	471,518	-	(326,603)	225,370
Total	4,709,479	997,300	330,789	-	5,375,990
Less Accumulated depreciation :					
Buildings and structures	536,788	74,162	15,154	-	595,796
Machinery and equipment	1,666,684	87,835	283,114	-	1,471,405
Furniture, fixtures and office equipment	385,170	73,237	16,485	-	441,922
Vehicles	17,777	1,794	3,871	-	15,700
Total	2,606,419	237,028	318,624	-	2,524,823
Net book value	2,103,060				2,851,167
Depreciation allocation for the year:					
Cost of sales	92,077				103,944
Selling and administrative expenses	106,990				133,084
Total	199,067				237,028

(Unit : Thousand Baht)

	Separate F/S				
	2014	Increase	Decrease	Transfer in (out)	2015
Cost :					
Land	411,327	73,617	-	2,566	487,510
Buildings and structures	1,143,476	7,501	20,966	76,464	1,206,475
Machinery and equipment	2,273,180	12,229	5,789	50,828	2,330,448
Furniture, fixtures and office equipment	528,238	20,976	11,511	46,314	584,017
Vehicles	23,946	-	3,372	-	20,574
Construction in progress and machinery during installation	71,123	189,733	4,229	(176,172)	80,455
Total	4,451,290	304,056	45,867	-	4,709,479
Less Accumulated depreciation :					
Buildings and structures	492,023	61,192	16,427	-	536,788
Machinery and equipment	1,596,610	75,863	5,789	-	1,666,684
Furniture, fixtures and office equipment	336,902	59,283	11,015	-	385,170
Vehicles	17,926	2,729	2,878	-	17,777
Total	2,443,461	199,067	36,109	-	2,606,419
Net book value	2,007,829				2,103,060
Depreciation allocation for the year:					
Cost of sales	83,859				92,077
Selling and administrative expenses	81,799				106,990
Total	165,658				199,067

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 2016 and 2015, a portion of the Company's and its subsidiary's 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 1,773 million and Baht 2,231 million, respectively. (the Company's portions : Baht 1,167 million and Baht 1,417 million, respectively)

13. COMPUTER PROGRAM - NET

(Unit : Baht)

	Consolidated F/S				
	2015	Increase	Decrease	Transfer in (out)	2016
At cost					
Computer software	56,130,384	3,303,793	-	-	59,434,177
<u>Less</u> Accumulated amortization	(34,639,634)	(7,247,640)	-	-	(41,887,274)
Net	21,490,750				17,546,903

(Unit : Baht)

	Separate F/S				
	2015	Increase	Decrease	Transfer in (out)	2016
At cost					
Computer software	53,859,407	3,303,793	-	-	57,163,200
<u>Less</u> Accumulated amortization	(34,018,692)	(6,793,445)	-	-	(40,812,137)
Net	19,840,715				16,351,063

(Unit : Baht)

	Consolidated F/S				
	2014	Increase	Decrease	Transfer in (out)	2015
At cost					
Computer software	45,114,875	11,015,509	-	-	56,130,384
<u>Less</u> Accumulated amortization	(29,690,499)	(4,949,135)	-	-	(34,639,634)
Net	15,424,376				21,490,750

(Unit : Baht)

	Separate F/S				
	2014	Increase	Decrease	Transfer in (out)	2015
At cost					
Computer software	42,843,898	11,015,509	-	-	53,859,407
<u>Less</u> Accumulated amortization	(29,523,753)	(4,494,939)	-	-	(34,018,692)
Net	13,320,145				19,840,715

14. OTHER NON - CURRENT ASSETS - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
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
Deposits and guarantee	7,818,296	11,872,271	6,718,686	10,772,661
Lease right - land - net	9,979,591	10,471,989	9,979,591	10,471,989
Total	20,627,633	25,174,006	19,513,023	24,059,396

The Company has amortization for land lease right in the statements of profit or loss and other comprehensive income for the year ended 31 December 2016 of Baht 1.55 million. (2015 : Baht 1.48 million)

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

15. SHORT - TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)

	Interest rate per annum	Consolidated F/S		Separate F/S	
		2016	2015	2016	2015
Promissory notes	2016 : 1.80 - 2.05 per annum				
	2015 : 2.05 - 2.50 per annum	1,330,000,000	960,000,000	1,330,000,000	960,000,000
Total		1,330,000,000	960,000,000	1,330,000,000	960,000,000

The Company has 9 promissory notes will be matured at call.

As at 31 December 2016 and 2015, the Company and its subsidiary have credit facilities with the financial institutions as follow :

	Credit line (Million Baht)		Interest rate	Maturity Date
	2016	2015		
<u>Bank overdraft</u>				
The Company	40	40	At the floating rate at MOR per annum	Within one year
The subsidiary	30	30	At the floating rate at MOR per annum to MOR - 0.5% per annum	Within one year
<u>Short - term loans</u>				
The Company	2,667	2,167	At the floating rate at MLR - 1.5% or MRR per annum, whichever is the lower Average floating rate In 2016 : 1.94% per annum In 2015 : 2.46% per annum	Due at call
The subsidiary	620	620	At the floating rate at MRR per annum	Due at call

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

	Credit line (Million Baht)		Interest rate	Maturity Date
	2016	2015		
<u>Liabilities under trust receipts</u>				
The Company	41.46	45	At the floating rate at MLR - 1.5% per annum	Maturity on agreement
The subsidiary	20	20	At the floating rate at MOR per annum	Maturity on agreement

The Company and subsidiary 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 subsidiary to the lender, etc. Such credit facilities have no guarantee.

16. TRADE ACCOUNTS PAYABLE

Trade accounts payable classified by currencies as at 31 December 2016 and 2015 are as follows :

	Consolidated F/S			
	Currencies (Units)		Unit : Baht	
	2016	2015	2016	2015
Baht	-	-	500,941,823	468,758,502
Euro	156,415	234,641	5,965,065	9,338,607
USD	101,404	-	3,650,798	-
			510,557,686	478,097,109

	Separate F/S			
	Currencies (Units)		Unit : Baht	
	2016	2015	2016	2015
Baht	-	-	306,369,087	259,987,674
Euro	86,103	126,125	3,283,635	5,019,706
USD	101,404	-	3,650,798	-
			313,303,520	265,007,380

17. OTHER CURRENT LIABILITIES

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Accrued salaries, wages and other employee compensation	91,047,676	79,056,666	54,353,228	45,448,156
Others	107,546,586	120,014,244	103,778,067	117,580,286
Total	198,594,262	199,070,910	158,131,295	163,028,442

18. UNFUNDED PROVIDENT FUND - NON CONTRIBUTORY

(Unit : Baht)

	Consolidated F/S	
	2016	2015
Beginning balance	56,621,448	55,386,296
Increase during the year° accrued interest	2,691,047	2,716,219
Payment during the year	(3,876,816)	(1,481,067)
Ending balance	55,435,679	56,621,448

The 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 set up accruals for the fund at the amount equivalent to 5.5% of employee salary 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.

19. PROVIDENT FUND

The Company and subsidiary 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 subsidiary contribute to the fund for each employee at amount based on the number of years employed at the specified rate. The Company and its subsidiary 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's and its subsidiary's contribution for the years ended 31 December 2016 and 2015 amounted to Baht 34.79 million and Baht 33.07 million, respectively. (Separate F/S: Baht 19.91 million and Baht 18.42 million, respectively)

20. EMPLOYEE BENEFITS OBLIGATION

- Movements in employee benefits obligation for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Defined benefit obligation at 1 January	125,363,645	112,593,793	76,227,711	67,045,154
Current service cost	9,102,044	8,735,933	6,450,479	6,648,126
Interest expense	2,642,290	4,858,808	1,673,148	2,882,818
Re-measurement ¹ actuarial (gains) loss from :				
- changes in demographic assumptions	(7,693,364)	-	(4,898,938)	-
- changes in financial assumptions	(4,522,428)	-	(2,530,555)	-
- experience adjustment	(81,250)	-	398,391	-
Benefits paid	(22,310,843)	(824,889)	(13,650,098)	(348,387)
Defined benefit obligation at 31 December	102,500,094	125,363,645	63,670,138	76,227,711
Wholly unfunded	102,500,094	125,363,645	63,670,138	76,227,711

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

- Principal actuarial assumptions at the reporting date for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Percent)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Discount rates	2.71 - 2.94	4.01 - 4.34	2.94	4.01 - 4.34
Salary growth rate	5.00	3.00 - 7.00	5.00	3.00 - 7.00
Weighted average duration of the defined benefit obligations (years)	11 - 15	20	15	21

The present value of the defined benefit obligation was measured using the projected unit credit method.

- Defined benefit plan expenses

Amounts recognised in profit or loss related to the Company's and subsidiary's defined benefit plans are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Current service cost	9,102,044	8,735,933	6,450,479	6,648,126
Net interest expense	2,642,290	4,858,808	1,673,148	2,882,818
Total expenses recognized in profit or loss	11,744,334	13,594,741	8,123,627	9,530,944

The current service cost is included in employee benefits expense. The net interest expense is included in finance costs.

- Amounts recognized in other comprehensive income related to the Company's and subsidiary's defined benefit plans are as follows:

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Actuarial gains (loss) from :				
- changes in demographic assumptions	7,693,364	-	4,898,938	-
- changes in financial assumptions	4,522,428	-	2,530,555	-
- experience adjustment	81,250	-	(398,391)	-
Total income recognized in other comprehensive income	12,297,042	-	7,031,102	-

All expenses summarised above were included within items that will not be reclassified subsequently to profit or loss in the statement of profit or loss and other comprehensive income.

- Sensitivity analysis

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

Changes in the significant actuarial assumptions

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate				
Increase (decrease) in the defined benefit liability	(9,235,632)	10,729,828	(5,750,648)	6,706,424

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016		2016	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Salary growth rate				
Increase (decrease) in the defined benefit liability	10,175,769	(8,959,088)	6,286,313	(5,514,397)

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016		2016	
	Increase 20%	Decrease 20%	Increase 20%	Decrease 20%
Staff Turnover rate				
Increase (decrease) in the defined benefit liability	(7,693,363)	9,048,099	(4,898,937)	5,827,532

As at 31 December 2016, expected maturity of employee benefits obligation before discount are as follow :

(Unit : Baht)

	Consolidated F/S	Separate F/S
Within one year	3,136,236	1,144,608
Between 2 - 5 years	22,727,678	16,779,787
Between 6 - 10 years	313,183,198	221,896,024
Total	339,047,112	239,820,419

21. SHARE CAPITAL

At the Annual General Meeting of Shareholders for the year 2016 (No.1/2016) held on 25 April 2016, the shareholders passed a resolution to reduce the registered share capital of the Company by decreasing the remaining registered ordinary share from the allocation of the interim stock dividend as the resolution of the Extra^o ordinary Meeting of Shareholder No.1/2015 for 6,042 stock dividend at Baht 0.10 par value. The Company has registered such share decrement with the Department of Business Development on 3 May 2016.

At the Extraordinary Shareholders' Meeting No. 1/2015 held on 2 June 2015, the shareholders passed a resolution to approve the increment of registered share capital from Baht 408.00 million to Baht 652.80 million by issuance of new 2,448,000,000 shares at par value of Bath 0.10. The Company has registered such increment on 12 June 2015.

22. 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.

23. DEFERRED INCOME TAX

Deferred income tax asset and liability are as follows :

(Unit : Baht)				
	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Deferred income tax asset	33,583,333	37,373,124	12,722,472	15,245,542
Deferred income tax liability	(50,287,241)	(49,633,045)	(50,287,241)	(49,633,045)
Deferred income tax - net	(16,703,908)	(12,259,921)	(37,564,769)	(34,387,503)

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

(Unit : Baht)

	Consolidated F/S			
	Recognized as income (expense)			
	1 January 2016	Statement of income	Shareholders equity	31 December 2016
Deferred income tax asset :				
Inventories				
From profit in inventories	976,106	1,031,628	-	2,007,734
Employee benefits obligation				
From employee benefits obligation	25,072,728	(2,124,857)	(2,459,408)	20,488,463
From unfunded provident fund	11,324,290	(237,154)	-	11,087,136
	37,373,124	(1,330,383)	(2,459,408)	33,583,333
Deferred income tax liability :				
From difference of depreciation between accounting and tax bases	(49,633,045)	(654,196)	-	(50,287,241)

(Unit : Baht)

	Consolidated F/S			
	Recognized as income (expense)			
	1 January 2015	Statement of income	Shareholders equity	31 December 2015
Deferred income tax asset :				
Inventories				
From profit in inventories	2,102,433	(1,126,327)	-	976,106
Employee benefits obligation				
From employee benefits obligation	22,518,758	2,553,970	-	25,072,728
From unfunded provident fund	11,077,260	247,030	-	11,324,290
	35,698,451	1,674,673	-	37,373,124
Deferred income tax liability :				
From difference of depreciation between accounting and tax bases	(41,986,938)	(7,646,107)	-	(49,633,045)

(Unit : Baht)

	Separate F/S			
	Recognized as income (expense)			
	1 January 2016	Statement of income	Shareholders equity	31 December 2016
Deferred income tax asset :				
From employee benefits obligation	15,245,542	(1,116,850)	(1,406,220)	12,722,472
Deferred income tax liability :				
From difference of depreciation between accounting and tax	(49,633,045)	(654,196)	-	(50,287,241)

(Unit : Baht)

	Separate F/S			
	Recognized as income (expense)			
	1 January 2015	Statement of income	Shareholders equity	31 December 2015
Deferred income tax asset :				
From employee benefits obligation	13,409,031	1,836,511	-	15,245,542
Deferred income tax liability :				
From difference of depreciation between accounting and tax	(41,986,938)	(7,646,107)	-	(49,633,045)

Income tax expenses for the years ended 31 December 2016 and 2015 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Current income tax expense	345,350,048	342,088,315	333,651,688	326,686,115
The amount of deferred income tax expense relating to the initial and reversal of temporary differences	1,984,579	5,971,433	1,771,046	5,809,595
Income tax expense	347,334,627	348,059,748	335,422,734	332,495,710
Income tax recognizes in other comprehensive income				
From Actuarial gains	(2,459,408)	-	(1,406,220)	-
Total	(2,459,408)	-	(1,406,220)	-

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Accounting profit before tax	1,770,845,170	1,723,641,258	1,702,573,328	1,653,883,268
Tax at the applicable tax rate of 20%	354,169,034	344,728,252	340,514,665	330,776,654
Tax effect :				
Exemption of income and additional expenses	(14,865,355)	(9,707,955)	(11,340,402)	(9,564,493)
Non - deductible expenses	8,030,948	13,039,451	6,248,470	11,283,549
Income tax expense	347,334,627	348,059,748	335,422,734	332,495,710
Effective tax rate (Percentage)	19.61	20.19	19.70	20.10

24. DIVIDEND PAYMENTS

Description	Date of Board Approval	Date Payment of dividend	Declaration of dividend		
			Per share (Baht)	Amount (Million Baht)	Amount paid (Million Baht)
The board of directors meeting passed the resolution to approve :					
- payment of final dividend for Year 2016*	On 23 January 2017	On 12 May 2017	0.036	235.01	-
- payment of interim dividend 3/2016	On 31 October 2016	On 30 November 2016	0.036	235.01	235.01
- payment of interim dividend 2/2016	On 25 July 2016	On 18 August 2016	0.04125	269.28	269.28
- payment of interim dividend 1/2016	On 25 April 2016	On 25 May 2016	0.050	326.40	326.40
- payment of final dividend for year 2015**	On 25 January 2016	On 13 May 2016	0.053	345.98	345.98
Total					1,176.67
- payment of interim dividend 3/2015	On 26 October 2015	On 20 November 2015	0.042	274.20	274.20
- payment of interim dividend 2/2015	On 28 July 2015	On 21 August 2015	0.056	365.60	365.60
- payment of interim dividend 1/2015***	On 21 April 2015	On 12 June 2015	0.09408	383.85	383.85
- payment of final dividend for year 2014****	On 27 January 2015	On 30 April 2015	0.069*****	281.52	281.52
Total					1,305.17

* The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2017.

** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2016, held on 25 April 2016.

*** The shareholders approved interim dividend payment for quarter 1/2015 by paying stock dividend and cash dividend as described in Note 25.

**** The shareholders approved such dividend payments at the Annual Shareholders' Meeting for 2015, held on 21 April 2015.

***** The shareholders approved change in number and par value of common share from Baht 1 per share to Baht 0.10 per share.

25. EARNINGS PER SHARE

Stock dividend

At the Extraordinary Shareholders' Meeting No.1/2015 held on 2 June 2015, the Shareholders approved interim dividend payment at the rate of Baht 0.09408 per share, totaling Baht 383.85 million as described in Note 24, by paying cash dividend at Baht 0.03408 per share, amounting to Baht 139.05 million and stock dividend of 2,448 million shares at Baht 0.06 per share amounting to Baht 244.80 million. The interim dividend payment was paid on 12 June 2015.

Effects on basic earnings per share

	Consolidated F/S		Separate F/S	
	For the years ended 31 December			
	2016	2015	2016	2015
Income for the year - portion of the Company's shareholders (Thousand Baht)	1,421,724	1,372,439	1,367,151	1,321,388
No. of share capital (Thousand Shares)	6,528,000	4,080,000	6,528,000	4,080,000
Share increment from stock dividend	-	2,448,000	-	2,448,000
Share decrement of remaining from stock dividend	(6)	-	(6)	-
Total share capital registered	6,527,994	6,528,000	6,527,994	6,528,000
Total share capital issued and paid-up (Thousand shares)*	6,527,994	6,527,994	6,527,994	6,527,994
Basic Earnings per share (Baht)	0.218	0.210	0.209	0.202

* In the payment of share dividend, the Company issued new shares capital to existing shareholders with no additional consideration. Therefore, the number of share capital outstanding before the issuance of share dividend is adjusted to the number of outstanding shares for earnings per share computation as if the number of shares had changed since the prior year.

26. SEGMENT REPORTING

The segment reporting of the Company and its subsidiary for the years ended 31 December 2016 and 2015 are as follows:

(Unit : Thousand Baht)

	Consolidated F/S							
	Domestic		Overseas		Eliminated		Total	
	2016	2015	2016	2015	2016	2015	2016	2015
Revenue from sale to external customers - net	6,872,946	6,934,431	291,775	237,556	-	-	7,164,721	7,171,987
Revenue from sale to subsidiary - net	-	-	-	-	-	-	-	-
Cost of sales	(3,875,758)	(4,007,076)	(184,525)	(154,307)	-	-	(4,060,283)	(4,161,383)
Gross income	2,997,188	2,927,355	107,250	83,249	-	-	3,104,438	3,010,604
Other income							17,894	11,461
Interest income							609	831
Interest expense							(20,080)	(25,523)
Depreciation and amortization							(337,308)	(291,319)
Income before income tax							1,770,845	1,723,641
Property, plant and equipment - net							3,837,414	3,073,587
Other assets							1,912,413	2,060,674
Total assets							5,749,827	5,134,261

Gross margin on sales of each geographical segment is derived from the deduction of total costs of sales from the total sales amounts proportionately based on sales of the Company and its subsidiary.

Other assets mainly consist of cash and cash equivalents, trade accounts receivable, inventories and others.

Major Customer

The Company does not have major customer from external sales.

27. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Changes in finished goods and work in process	5,644,158	163,489,624	(2,033,251)	168,891,182
Raw materials and supplies used	2,105,437,472	1,984,085,614	1,023,152,729	866,925,329
Salaries, wages and other employee compensation	929,586,108	900,361,444	614,627,162	587,323,119
Depreciation and amortization	337,307,630	291,319,339	245,366,164	205,041,339
Transportation expense	501,931,642	482,830,787	501,931,642	482,830,787
Electricity and fuel expenses	1,115,396,382	1,216,541,386	530,827,718	540,721,461

28. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2016, the Company and its subsidiary have :

- 28.1 Outstanding letters of guarantees issued by bank for electricity usage and importation of machineries approximately Baht 20.87 million for the Company and Baht 27.31 million for the subsidiary.
- 28.2 Commitment to pay under the agreement for construction of building and branches' improvement of the Company of Baht 172.76 million.
- 28.3 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	53.33
2 - 5 years	42.15
Land lease agreements	
Within	
1 year	68.70
2 - 5 years	173.32
after 5 years	132.85

- 28.4 Unused credit facilities granted by bank for the company and subsidiary totaling Baht 2,205.27 million (Baht 1,972.59 million for the Company.)

29. FINANCIAL INSTRUMENTS

29.1 Accounting policies

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

29.2 Financial risk management

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

29.3 Credit risk

The Company has exposures to credit risk primarily with respect to trade accounts receivable. The Company has a prudent credit policy and maintain a well - diversified customer base and believe that the maximum credit risk exposure is lower than the book value of accounts receivable in the statement of financial position.

29.4 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 subsidiary in the current reporting period and in future periods. The Company and its subsidiary do not expect to incur significant incremental effect on its interest expense.

29.5 Foreign currency risk

The Company and its subsidiary have exposure to foreign currency risk relating to their monetary assets and liabilities in US and EURO currencies. However, the Company and its subsidiary do not expect to incur significant risk from the exchange rates.

The Company and its subsidiary have foreign currency liabilities as follows :

	Consolidated F/S		Separate F/S	
	2016	2015	2016	2015
Liabilities - USD	129,580	2,891	129,580	2,891
Liabilities - EURO	156,415	234,641	86,103	126,125

29.6 Fair value of financial instruments

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.

30. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were authorized by the Company's authorized directors on 17 February 2017



Together, We go