

ไดนาสตี ไกล่ท้อป

Dynasty Ceramic Public Co.,Ltd.

บริษัท ไดนาสตี เซรามิก จำกัด (มหาชน)

*We are making impossible, **POSSIBLE***

Annual Report 2012
รายงานประจำปี 2555

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Vision

“ Leader of Tile Business with outlets
throughout Thailand ”

Mission

1. To produce tiles with creative production process that meets the international standard at the lowest cost for quality products at reasonable prices.
2. To serve our customer with wide variety of tiles at reasonable prices, easy access for customers with our outlets throughout Thailand. Services and continuity of products is guaranteed.
3. To have high dividend payout.
4. To create stability for employees with:
 - Total management and creative idea.
 - Course training.
 - Key capabilities development.
 - Cultural development.
 - Networking development.
5. To be fair with both customers and suppliers.
6. To have Corporate Social Responsibility.

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
Nature of business	
Core business	Manufacturer and distributor of ceramic floor and wall tiles under “Dynasty”, “Tomahawk”, Jaguar”, “Value” brand. Also, it purchases the ceramic floor, wall and decorative tiles from Tile Top Industry Public, Co., Ltd., which is one of the subsidiaries of the Company.
Secondary core	Nationwide distributor through its subsidiaries: Pick & Pay Co., Ltd., Muang thong Ceramics business Co., Ltd., and World Wide Ceramics Co., Ltd. In addition, Dynasty Ceramic is order other related products such as Sanitary wares and other related products such as Tile groutfor sale
Registered capital	408,000,000 Baht, comprising 408,000,000 shares with a par value of 1 Baht per share, issued and fully paid-up
Subsidiary	The Company has four subsidiaries: Tile Top Industry Co., Ltd., Pick and Pay Co.Ltd., Muangthong Ceramic Co., Ltd., and World Wide Ceramic Co., Ltd, in which it holds an equity stake of 96 percent of the registered and paid-up capital.
Head Office Of DCC And Its’ Subsidiaries	Address 37/7 Suthisarn-Vinijchai Road, Samsen-Nok Sub-district HuayKwang District, Bangkok10310. Tel. 0-2276-9275-81 Fax. 0-2276-0313-17
DCC Factory	Address 54/8 Moo3, Suwannasorn Road, Koke Yae Sub-District, NongKae District, Saraburi Province 18230 Tel. 036-305914-9 Fax. 036-263663
Tile Top 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



Subsidiary Outlets

By the end of 2012, there are a total of 192 factory outlets located nation-wide in forms of factory outlets.

Registrar

Thailand Securities Depository Co. Ltd. The Stock Exchange of Thailand Building, 62 Ratchadapisek Road, Klongtoey Sub-district, Klongtoey District, Bangkok 10110

Telephone: +66 2 229 2800 Fax: +66 2 654 5427

TSP call center: 02229-2888

Website: <http://www.tsd.co.th>

Auditor

Mr. Somckid Tiatragul of CPA No. 2785 or,

Mrs. Sumalee Chokdeeanant of CPA No. 3322 or,

Mr. Kosol Yamleemoon of CPA No. 4575 or,

Miss Sunsanee Poolsawat of CPA No. 6977

From Grant Thornton Co. Ltd. 18th Fl Capital Tower 87/1 Wirthless Road, Kwang Lumpini, Khet Pathumwan, Bangkok 10330 Thailand

Tel.+66 2 205 8222 F +66 264 3339

www.grantthornton.co.th

Legal Counsel

Mr. Payab Khumarj 49/15 Moo 1 Bangratug District Sampran Nakorn-Prathom



It is considered that the year of 2012 is another change of Thailand's economy which leading to higher costs for manufacturers. The major causes are due to government's policies including Increase Minimum Wages Policy, Rice Pledge Policy, Tax Reduction for First Car Policy, Etc. If we consider current Thai economy superficially, it can be said that Thailand's consumption has been grown corresponding to increasing income of Thai people. However, if we analyze thoroughly, it can be found that most domestic consumptions are spent through loan, not from sustainable income. For example; credits to household increased more than 17%. In addition, there is a concern regarding to loan of durable goods. For example; Loans for car increased 77% compared to the last year. Moreover, there are also the problems of traffic jam in big cities, the delay and vague of Mass transportation projects. While consumption sector is being expanded unclearly, production sector is depressed. Industrial production index is reduced for over 6% that is not corresponding to consumption sector. The cost of production sector has increased due to the increasing of labor cost, although tax is reduced from 30% to 23%. Most manufacturers are also unable to adjust themselves to deal with increasing costs promptly that is higher than the amount of profit they earn from reduced tax. In short term, it can be considered that the total economy is positive. However, when consumption rate is higher than production rate, deficit of current account balance is generated and may cause reverse capital flow.

For our company, our cost continually increased compared to last year, namely, the cost of natural gas is increased 12%, cost of chemical materi-

als is increased 9% and the cost of raw material reduced 0.4% due to the new production recipe for reducing energy consumption; labor cost which is 7% of cost of production cost increased 23%. The total value of all increased costs doubled the value that saved from tax reduction. The important things that we should consider for this current economic situation is liquidity management. As a result, our company has allocated our capital investment budget economically and carefully. Our company has divided investment into the following

proportions:

Production Development From last year plan, our company had a policy of improving production formula in order to reduce natural gas consumption, enhance machine's efficiency and decrease employee volume. For this year, the company was able to reduce 3% of the natural gas consumption which the company will develop furthermore to achieve the target of 6%. The company also increased 5% in production capacity and also reduced 5% of labor.

In 2012, our company currently has 20 kilns in total calculated with a total production capacity over 69 million square meters. Our company's production capacity expansion project for this year is to emphasizes on using all existing kilns with the highest efficiency or "Production Capacity Maximize Utilization". This project's goal is to enhance production capacity to be 80 million square meters in 2017. Last year, our company had the total production capacity of 62.0 million square meters calculated to be 90% of total production capacity that was more than production capacity in 2011 at 57.5 million square meters or 8% which

is according to our plan.

For production creativity; our company launched new size of wall tiles, the 8" x 12", in February which has the production cost per square meter equal to the 8" x 10". The new 8" x 12" provided a good value added to the tiles which also accepted by the market. In the fourth quarter of the year, our company launched rectified tiles to the market that were able to add value to our as well. In 2013, the company has plans to add more various size of tiles and also various forms to be more suitable for numerous applications. The major objective of this manufacturing is to add value to our product.

Marketing Development

Last year, our company had a project for stimulating sale volume called, "Chub Laek Chaek Ngern Larn", with the objective of increasing sale volume and market share by focusing on markets in upcountry area in smaller communities. This event was organized throughout Thailand with satisfying reward. In 2013, our company has a plan to organize an event in order to stimulate sale volume as we organized last year that will be started in April. All details of this project will be announced through company's media further. Life circle of business is consisted of birth, old-age, pain and death like general life circle. Nevertheless, business life cycle has distinctive difference because it can be modified, repaired and changed. As a result, the important principle of business development is looking after our business to be young at all times. For this 2013, our company has a project to improve our outlets image by focusing on outlets structure and services that has been planned since 2012. This project is set to be complete within 3 years. In this year, the improve-

ment will be performed in 20 major outlets throughout Thailand as the prototypes for other outlets.

Development and investment in other fields

Another project that played an important role in company development and has been operated for several past years is “Creativity” Project that provides our employees opportunity to participate in developing internal and external operation quality. In 2012, there were several contributions created from employee’s creativity in the amount of 49 contributions that were able to help our company reduce expenses of 15 million baht. The objective of such project is not only cost reduction but also operation enhancement. The “Creativity” project proved to be very successful which our company will continue to push it forward.

Operation for environment and community

Our company remains emphasizes on being a part of taking responsibility to Thai society by continuing the operation of “The Unity of Dynasty Tile-Top for Paying Back to Thai Society” Project. In this year, our company has organized the activity to recover landscape of 3 -4 schools in other provinces in every quarter as well as provided recreation activities, sport and gifts to students by spending the budget for these activities in the amount of 2.6 million baht. Our company also continues future corporate social responsibility to expressing our responsible for Thai society.

From 2012 performance, our company has the highest total net profit in the amount of 1,255 million baht calculated to be the profit of 3.08 baht per share from Par Value of 1.00 baht per share. As a result, we would like to propose profit allocation for paying dividend to our shareholders in the amount of 3.08 baht per share calculated to be the total amount of net profit per share. Such dividend will be paid before 3 May 2013 and our company has already paid interim dividend to shareholders in 2012 in the amount of 2.35 baht per share. As a result, the outstanding dividend for paying to shareholders will be 0.73 baht per share. Our company expects that economic and politic crisis occurred in 2012 will affect on 2013 continuously. However, company’s board of directors will manage our business carefully by following Good Corporate Governance as well as managing revolving fund efficiently in order to make our company has good financial status and liquidity. Subsequently, our company will be able to conquer all obstacles and operate our business to be stable and developed continuously.

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



Mr. Roongroj Saengsastra
Chairman

REPORT OF THE AUDIT COMMITTEE

**Dear Shareholders of
Dynasty Ceramic Public Company Limited**

The Board of Directors of Dynasty Ceramic PCL. has appointed the audit Committee consists of the following 4 independent directors :

Name	Position	Meeting Attendance of Year 2012 (Times)
1. Pol.Gen.Pacharavat Wongsuwan*	Chairman of the Audit Committee	2/4
2. Mr. Yothin Juangbhanich **	Chairman of the Audit Committee	4/4
3. Mr. Surasak Kosiyajinda	Member of the Audit Committee	4/4
4. Mr. Phachon Khachitsarn	Member of the Audit Committee	1/4

* Resigned 2 May 2012

**Committee member is qualified in both experience and knowledge to review the Financial Statement of the Company

This year the committee underwent a series of composition changes during the year as a result of Board of Directors Orders No. 4/2012 on July 24, 2012 which appointed Mr. Yothin Juangbhanich in place of Pol.Gen.Pacharavat Wongsuwan as Chairman of the Audit Committee was resigned from Chairman of the Audit Committee since May 2, 2012 and Mr. Phachon Khachitsarn in placement of the resigned director.

Miss Somruthai Boonyarit, the Chief Internal Auditor acted as the secretary of the Audit Committee.

All members are qualified and in accordance with the Stock Exchange of Thailand and the committee carried out its Board-assigned duties while adhering to DCC's criteria and guidelines for the Audit Committee, which align with the regulations of the Stock Exchange of Thailand (SET).

In 2012, the Audit committee held 4 meetings with the management, the external auditor, and the office corporate audit, as summarized below.

1. Review of financial reports.

The Audit Committee, the auditor, management division and Internal Audit had reviewed the Company's Quarterly and the yearly financial statements as well as the consolidated financial statements of the Company and its subsidiaries. By considering from important aspect and give advices and useful suggestions to ensure that the Company financial budget process is accurate and reliable, as well as to ensure that the disclosure of important information is sufficient and timeliness for the financial statement users. Which is also in accordance with the laws and related notices as well as in accordance with the regulations of Stock Exchange of Thailand (SET) and Securities and Exchange Commission (SEC) and in comply with the General Accepted Accounting Principles and is consistently following the same practice.

2. Review of risk management.

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

3. Review the Internal Control System

The committee assess the adequacy and effectiveness of internal controls that promote the achievement of the goals set in consideration of the internal audit report of the audit and the auditor to ensure that the company have adequate systems and procedures to help prevent and reduce risks that may arise. Including the approval of the management and approved in accordance with the policy and authority. The Audit Committee has also commented on the development of monitoring and follow-up to a better performance. The committee did not find a significant weakness or deficiency.

4. Review of good corporate governance.

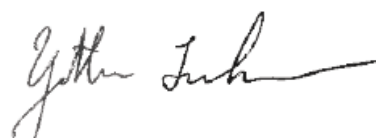
The committee reviewed PTT's performance against the designed processes and found that DCC's business had been conducted with fairness, and DCC had complied with laws on securities and securities exchange, SET requirements, and other laws relevant to its business (particularly those concerning connected transactions among DCC Group) to ensure that DCC had conducted regular business under normal and sensible conditions. And that significant results have been disclosed in the financial statements and the notes to the financial statements are accurate and complete. In addition, the committee carried out its own performance assessment, both as a whole and individually, against audit committee best practices.

5. Appointment of the external auditor for 2013

The committee proposed the performance and independence of Auditor for 2012 and reasonableness of DCC Group's audit fee of The Grant Thornton Co.,Ltd amount 2.03 Million Baht increase last year 2% and approved The Grant Thornton Co.,Ltd as DCC Group's external auditor for 2013 to the Board, which will in turn submit it for shareholders' approval at their 2013 AGM.

In summary, the audit committee values internal control and continuous risk management so that DCC may command good corporate governance as well as management excellence, adequate internal control compatible with its business, effective risk management, together with accurate and reliable accounting practices and financial statement and compliance with relevant laws and regulations.

On Behalf Of Audit Committee
Dynasty Ceramic Public Company, Limited



(Mr. Yothin Juangbhanich)
Chairman of the Audit Committee

February 19, 2013

Report of the Executive and Corporate Governance Committee

To the shareholders

Board of Directors of DCC has appointed the Executive and Corporate Governance Committee and Mr. Roongroj Saengsastra as Chairman , Mr. Sanchai Janejarat as member , Mr. Chana Suthiwangcharoen as member and Ms. Cattleya Saengsastra as member and the secretary.

In the 2012, the Corporate Governance Committee also conducted a total 1 corporate governance meeting for the development of corporate governance and assessed and verified the Company's work procedure to be in accordance with the established corporate governance policy and plans. By maintaining the standards to be of and accepted level for future development, the Company could still provide opportunities for shareholders to propose agenda items and names of Director nominees in the annual general shareholders meeting. This was displayed on the Company's website. The Company had an appraisal and evaluation of its corporate governance (CG Rating) that was consistent with the level of its performance. The facts from the self-evaluation would be appropriately adjusted for the Company's continuous development.

In 2012, the Company's corporate governance was conducted in the following aspects:

- Organized a Code of Conduct to be utilized as a mechanism for conducting business in a creative manner for the Board of Directors and Management of all levels. This was displayed on the Company's website.
- Set the standards for reporting the profit and loss to the Board of Directors and Management including business partners.
- Supported the adjustment of the Company's internal auditing structure by coordinating with the Auditing Committee.
- Assessed and analyzed the Company's performance in accordance with the law and followed the set principals of listed companies in the stock market.

In 2012, the Company obtained the evaluation of the AGM Rating from Thai Investors Association that showed a total 96%, the score was one of excellence and displayed the intention of the future development of the Company's administration under the principles of good corporate governance that will create added value and continuity for the Company and its shareholders for the long term.



(Mr. Roongroj Saengsastra)

**Chairman, the Executive and Corporate Governance
Committee**

Report of The Risk Management and Continuity Committee

To the Shareholders

Appointed by the Board of Directors No 2/2012 since 21 February 2012, the Risk and Business Continuity Management Committee of DCC currently consists Mr. Sunchai Janejarat is the Chairman, Mr. Yothin Juangbhanich , Mr. Maruth Saengasatra ,Mr.Aroon Nutchayangrul , Miss Somruthai Boonyarit are members and Mr. Jaruwat Traithavil is member as the secretary. Its role is to ensure 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 2012, the Audit committee held 1 meetings with the management , the office corporate audit and the Audit Committee, as summarized below.

1. Causes and risks of the Company

Organized seminars on the practices with the executives of each section for them to be aware of the risks that created an effect on the marketing strategies and business plan. This was conducted as a risk map to show the correlation between the threats and opportunities of those risks as well as with an appraisal of the effectiveness of the current internal controls, so to create a sequence of the residual risk of the overall image of the Company.

2. Review and rehearsal of the business continuity management process

The Risk Management and Continuity Committee followed up to ensure a continual review and rehearsal of crisis management plans for personnel and resource preparedness to handle risks and potential crises; defined strategies to keep the company running even during emergencies.

3. Risk management training

The Company conducted training for the related staff to be aware of the policy and various standard procedures in risk management.

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



(Mr.Sunchai Janejarat)

Chairman, the Risk Management and Continuity Committee

Report of The Nomination and Remuneration Committee

To the Shareholders

Appointed by the Board of Directors No 2/2012 since 21 February 2012, the Nomination and Remuneration Committee of DCC currently consists Mr. Roongroj Saengsastra is the Chairman, Mr. Sanchai Janejarat and Mr. Monrak Saengsastra are members Miss Supaporn Meepetra as the secretary.

During the year 2012, in performing its roles as assigned by the Board, the Committee held 2 meetings, with perfect attendance, to carry its duties and responsibilities as outcomes could be summarized as follows:

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

1.1 Replace 1 Independent director of DCC who resigned ; Pol. General Wongsuwan (Resigned 2 May 2012) with consideration of the appropriateness and maximum benefits to the Company, for appointing Mr.Phachon Khachitsarn who was knowledgeable, capable, experienced in the Company's business, and also had broad visions and completed qualifications required by the Public Limited Company Act B.E. 2535 to the Board No 4/2012 at 24 July 2012 as the Company's director in placement of the resigned director.

1.2 Replace 1 director of TTOP (Subsidiary) who resigned ; Pol. General Patcharawat Wongsuwan (Resigned 2 May 2012) with consideration of the appropriateness and maximum benefits to the Company, for appointing Mr.Monrak Saengsastra who was knowledgeable, capable, experienced in the Company's business, and also had broad visions to the TTOP's Board No 107(3/2012) at 11 May 2012 as the Company's director in placement of the resigned director.

1.3 Replace 3 directors who retired by rotation namely, Mr. Roongroj Saengsastra , Mr Surasak Kosi yajinda and Miss Cattleya Saengsastra In enhancing and supporting the Company's Good Corporate Governance Policy on welcoming the minor shareholders' proposal on appropriate candidates to be appointed as the Company's directors via direct contact with the Company Secretary, Investor Relation Unit, or the Company's website from 1 October 2012 to 31 December 2012. During such period, no shareholder nominated any candidate for consideration, the Committee (excluding the member with vested interests), with consideration of the appropriateness and maximum benefits to the Company, resolved to propose to the Board No1/2013 at 29 January 2013 for appointing the 3 retired directors as the Committee opined that those retired directors were knowledgeable, capable, experienced in the Company's business, and also had broad visions, good records of meeting attendance and completed qualifications required by the Public Limited Company Act B.E. 2535 as the Company's directors for another term before submitting to the 2013 Annual General Meeting of Shareholders for approval.

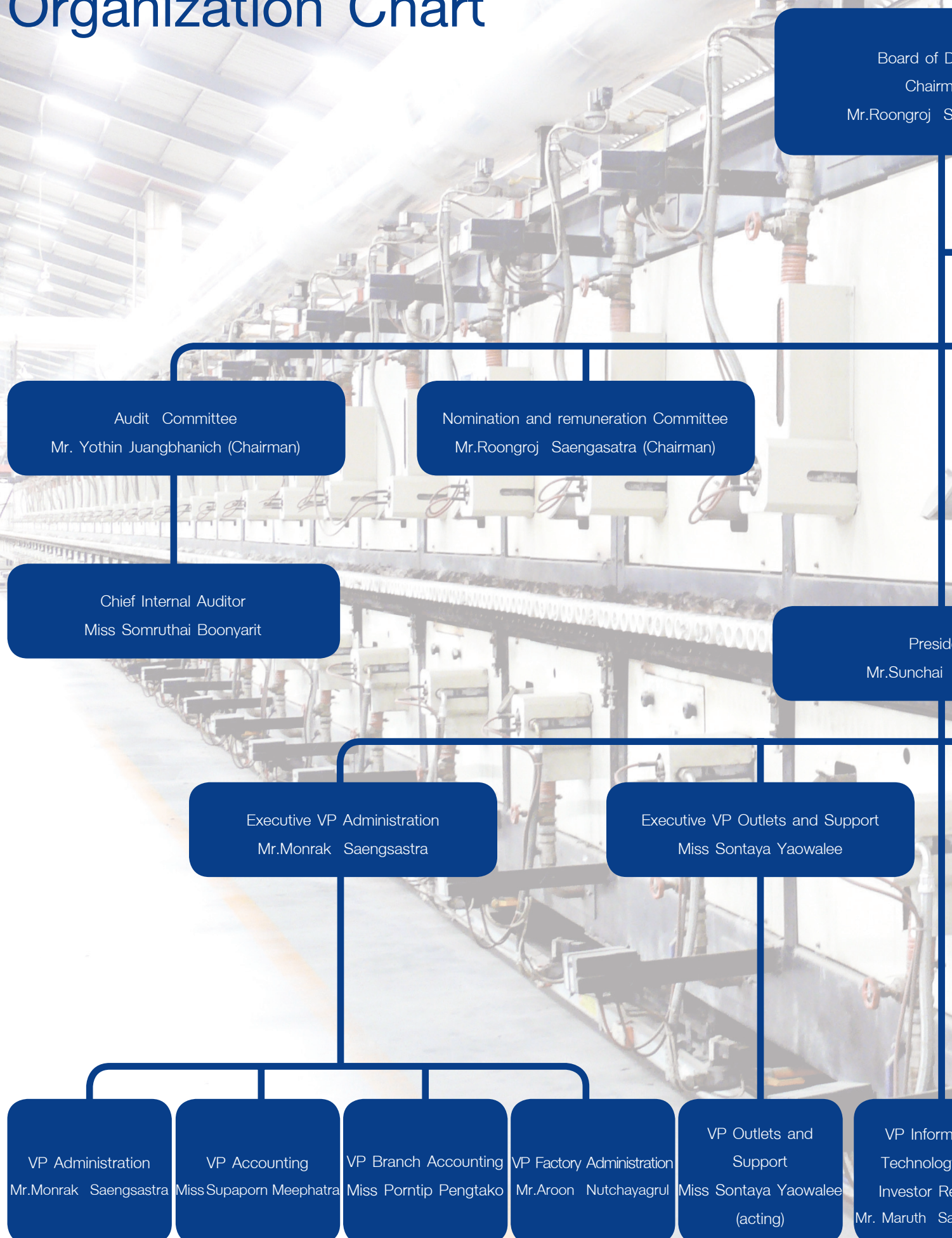
2) Setting the directors and Audit Committee's remuneration for the year 2013 in terms of meeting allowance and Setting the directors and Executive directors's annual gratuity including allocation guideline to the Board to get approval at the 2013 Annual General Meeting of Shareholders held on 23 April 2013. The remuneration of the directors and members of the Audit Committee was considered by taking into account for their respective duties and responsibilities, together with the Company's performances. In considering this, the remuneration of comparable leading companies of the same size in similar industry, with reference to the Report of the Survey on Remuneration of Director and Management of Listed Companies, had been taken as a benchmark for suitability and transparency.

The Committee had reported its performance to the Board for acknowledgement regularly. Throughout the year 2012, the Committee had independently and transparently performed its roles and duties as assigned by the Board with full effort, honesty, integrity, and prudence for the best benefit of the Company, shareholders, and all stakeholders.



(Mr. Roongroj Saengsastra)
Chairman, the Nomination and Remuneration Committee

Organization Chart



of Director
irman
Saengasatra

Company Secretary
Miss Cattleya Saengsastra
Mr. Maruth Saengsastra (Assistant)

Executive and Corporate Governance Committee
Mr.Roongroj Saengasatra (Chairman)

Risk Management and Business Continuity
Committee
Mr.Sunchai Janejarat (Chairman)

ident
ai Janejarat

Senior Executive VP Marketing
Mr.Chana Suthiwangcharoen

Senior VP Production
Mr.Jaruwat Traithavil

Senior VP Technical
Mr.Suthee Boonnak

ormation
ogy and
Relation
Saengsastra

VP Sales and
Marketing
Mr.Jarujate Traithavil

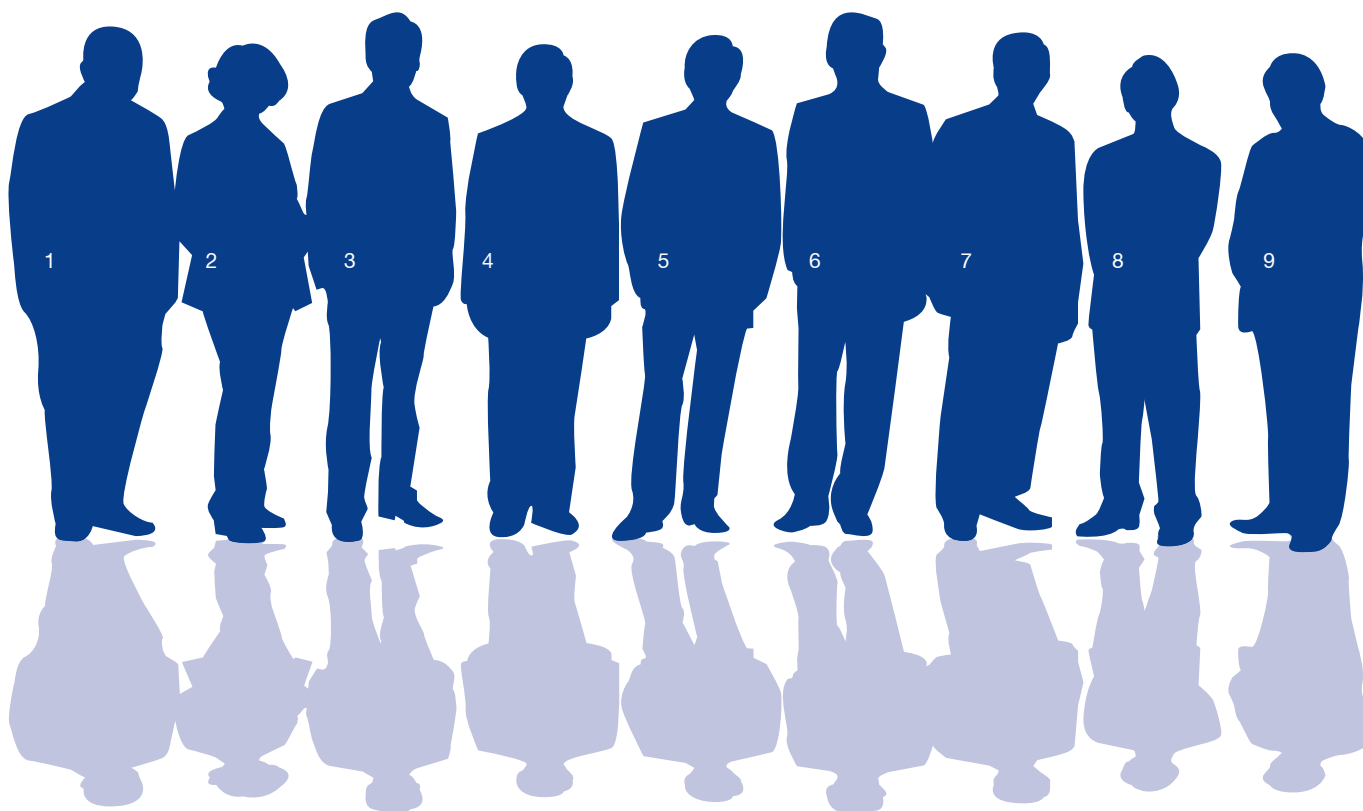
VP Engineering-DCC/
TTOP
Mr.Somnuek Suriyagel

VP Production-TTOP
Mr.Jaruwat Traithavil
(acting)

VP Production-DCC
Mr.Chauwalit Pidthong

VP Technical
Mr.Suthee Boonnak
(acting)

Board of Directors



1. Mr.Chaiyasith Viriyametakul
Director

2. Miss.Cattleya Saengsastra
Executive Director and
Company's Secretary

3. Mr.Monrak Saengsastra
Executive VP Administration

4. Mr. Phachon Khachitsarn
Independent Director &
Audit Committee

5. Mr.Roongroj Saengsastra
Chairman

6. Mr. Suvit Smarnpanchai
Director


7. Mr.Surasak Kosiyaajinda
Independent Director &
Audit Committee

8. Mr.Sanchai Janejarat
President

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

Board of Directors Year 2013



A portrait of Mr. Roongroj Saengsastra, a middle-aged man with dark hair and glasses, wearing a dark suit, a light blue checkered shirt, and a light blue tie. He is smiling and standing in front of a wooden wall with framed pictures.

Name	Mr.Roongroj Saengsastra
Position	Chairman
Date of Birth	5 March 1950
Highest Education	Bachelor degree, Accounting, Chulalongkorn University
Training From IOD	None
% Of Share Holding Holding	100,000,000 shares (24.51%) at Dec 28 , 2012
Family relationship among executives	Miss Cattleya Saengsastra's brother and Mr. Monrak Saengsastra's father (Executive VP Administration)
Other Current Position	
Listed Company	None
Non Listed Company	4 Companies
	1. Chairman of TileTop Industry PCL
	2. Chairman of Pick and Pay Company Limited,
	3. Chairmant of Muang Thong Ceramic Co.Ltd.
	4. Chairman of World Wide Ceramic Company Limited
Previous 5 years experience	
2000-2007	- President-Dynasty Ceramic PCL
2000-2004	- President of TileTop Industry PCL.
2005-Present	- Chairman of Pick and Pay Co.Ltd
	- Chairman of Muang Thong Ceramic Co.Ltd.
	- Chairman of World Wide Ceramic Co.Ltd



Name Mr. Sanchai Janejarat

Position President

Date of Birth 10 October 1949

Highest Education Bachelor degree, Engineering, Chulalongkorn University

Training From IOD Directors Accreditation Program (DAP) No.54/2006

% Of Share Holding 342,000 shares (0.08 %) at Dec 28 , 2012

Family relationship among executives None

Other Current Position

Listed Company None

Non Listed Company 4 Companies

1. President : TileTop Industry PCL.
2. Director : Pick and Pay Co.Ltd.
3. Director : Muang Thong Ceramic Co.Ltd.
4. Director : World Wide Ceramic Co.Ltd

Previous 5 years experience

2008 - at Present	President : Dynasty Ceramic PCL President : TileTop Industry PCL
2002-2007	Executive Director (Production) Dynasty Ceramic PCL
2000-2007	Executive Director (Production) TileTop Industry PCL



Name	Mr.Yothin Juangbhanich
Position	Independent Director & Chairman of Audit Committee
Date of Birth	22 September 1949
Highest Education	Bachelor degree, Accounting, Chulalongkorn University MBA University of Santa Clara,USA
Training From IOD	Director Accreditation Program (DAP) 79/2009
% Of Share Holding	None
Family relationship among executives	None
Other Current Position	
Listed Company	1 Company 1. Independent Director & Chairman of Audit Committee-Tanasiri Group PCL
Non Listed Company	1 Company 1. Sub committee to strengthen good governance in the public sector, the Senate.
Previous 5 years Experience	Head of Management System Development - Revenue Department Regional 12 Revenue Chief


 A portrait of Mr. Chaiyasith Viriyametakul, a middle-aged man with dark hair, wearing a dark suit, white shirt, and patterned tie. He is seated in a wooden chair with a textured backrest. Behind him is a decorative structure with a glass display case containing a framed portrait and a small yellow flower. The background wall is made of large, reddish-brown tiles.

Name	Mr. Chaiyasith Viriyametakul
Position	Director
Date of Birth	22 July 1949
Highest Education	Bachelor degree, Engineering, Chulalongkorn University National Defence College (NDC.4414)
Training From IOD	Director Accreditation Program (DAP) 20/2004 Increasing Your Corporate Value Through Effective Communication Year 2003 - Risk Management
% Of Share Holding	21,540,000 shares or 5.28% at Dec 28 ,2012
Family relationship among executives	None
Other Current Position	
Listed Company 1 Company	1. President of Vibhavadee Hospital
Non Listed Company 2 Companies	1. Vice Chairman of BOD Chao Paya Hospital Public Co.,Ltd 2. Executive Director Vibharam Co.,Ltd and its Subsidiaries



Name	Mr. Suvit Smarnpanchai
Position	Director
Date of Birth	17 April 1947
Highest Education	High-School, Charnvit Wittaya School
Training From IOD	Director Accreditation Program (DAP) 54/2006
% Of Share Holding	12,892,000 shares or 3.16 % at Jan 31 ,2012
Family relationship among executives	None
Other Current Position	
Listed Company	None
Non Listed Company	1 Company
	1. Managing Director-Ekasithpun Co.,Ltd.
Previous 5 years Experience	
Present	: Advisor of The Audit Committee and Monitoring The Police Administration of Ratchburana police Station
2000-Present	: Managing Director-Ekasithpun Co.,Ltd.

A portrait of Mr. Surasak Kosiyaajinda, an older man with grey hair and glasses, wearing a dark suit, white shirt, and a red striped tie. He is sitting on a light green modern chair. The background is a wall with colorful geometric and floral patterns. To the right, there is a large, vibrant bouquet of flowers in a vase with a black and white wavy pattern.

Name

Mr. Surasak Kosiyaajinda

Position

Independent Director & Audit Committee

Date of Birth

19 January 1943

Highest Education

Bachelor degree in Law, Thammasart University

Training From IOD

Director Accreditation Program (DAP) 48/2005

% Of Share Holding

None

Family relationship among executives

None

Other Current Position:

Listed Company 1 Company

1. Director / AJ PLAST Public.Co.Ltd.

Non Listed Company 1 Company

1. Director / UNITED FOOD Public.Co.Ltd.

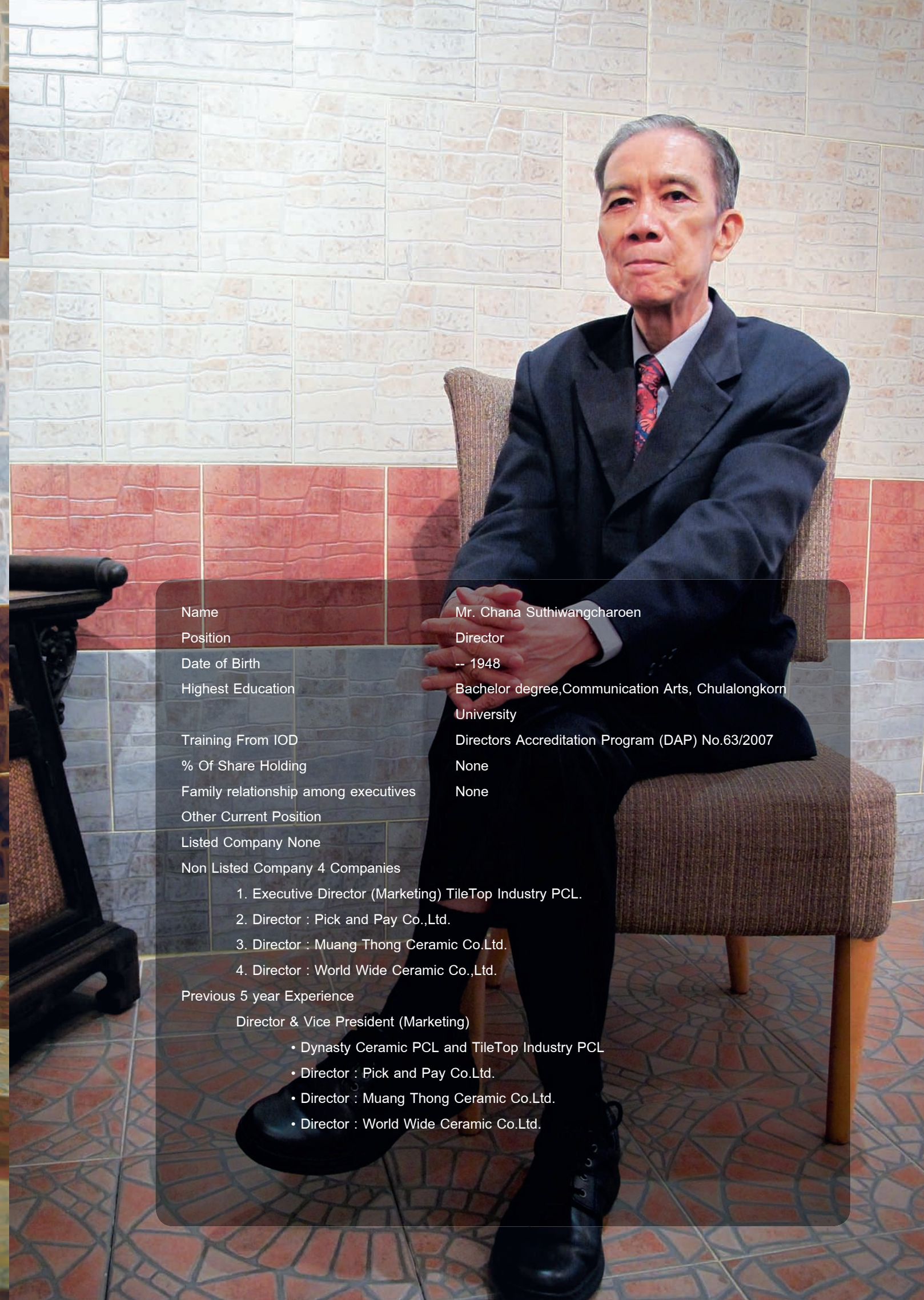
Previous 5 years Experience

1969- at Present


Own office/ Jutturatham Law Office



Name	Mr. Phachon Khachitsarn
Position	Independent Director & Audit Committee
Date of Birth	24 September 1948
Highest Education	Bachelor degree, Arts (Economics) / Kasetsart University Advanced Certificate of Administration / Nida Advanced Mini- MBA , Chulalongkorn University
Training From IOD	Director Accreditation Program (DAP) 99/2012
% Of Share Holding	None
Family relationship among executives	None
Other Current Position	
Listed Company	None
Non Listed Company	None
Previous 5 years Experience	1975-2005 Administration Department Manager, Fuel Administration and Finance Division EGAT / Public Utility



Name	Mr. Chana Suthiwangcharoen
Position	Director
Date of Birth	-- 1948
Highest Education	Bachelor degree, Communication Arts, Chulalongkorn University
Training From IOD	Directors Accreditation Program (DAP) No.63/2007
% Of Share Holding	None
Family relationship among executives	None
Other Current Position	
Listed Company	None
Non Listed Company	4 Companies
	1. Executive Director (Marketing) TileTop Industry PCL.
	2. Director : Pick and Pay Co.,Ltd.
	3. Director : Muang Thong Ceramic Co.Ltd.
	4. Director : World Wide Ceramic Co.,Ltd.
Previous 5 year Experience	
	Director & Vice President (Marketing)
	• Dynasty Ceramic PCL and TileTop Industry PCL
	• Director : Pick and Pay Co.Ltd.
	• Director : Muang Thong Ceramic Co.Ltd.
	• Director : World Wide Ceramic Co.Ltd.



Name	Miss. Cattleya Saengsastra
Position	Executive Director and Company's Secretary
Date of Birth	25 January 1948
Highest Education	Bachelor degree Accounting(Honor), Chulalongkorn University Management Development Program J.J Kellogg , North Western University
Training From IOD	Directors Accreditation Program (DAP) No.47/2005
% Of Share Holding	11,000,000 shares(2.7%) at Dec 28 ,2012
Family relationship among executives	Mr.Roongroj Saengsastra's Sister
Other Current Position	
Listed Company 1 Company	

1. Independent Director & Chairman of Audit Committee S&P Syndicated Public Co.,Ltd.

Non Listed Company 4 Companies

1. Executive Director and Company's Secretary,TileTop Industry PCL
2. Director : Pick and Pay Company Limited,
3. Director : Muang Thong Ceramic Co.Ltd.
4. Director : World Wide Ceramic Company Limited

Previous 5 year Experience

1995- at Present	Director : TileTop Industry PCL
2005-at Present	Director : Pick and Pay Co.Ltd.
	Director : Muang Thong Ceramic Co.Ltd.
	Director : World Wide Ceramic Co.Ltd.
1990-1995	Deputy Director (Accounts)/S&P Syndicated PCL.
1971-1990	Vice President of Accounting and Report Siam Cement



Safety, Environment
and Society

The company has intended to do the business with responsibility for the society by culturing the common sense about civil society in our employees. They must response for themselves and others such as, teams, others employees, shareholders, customers, company partners or suppliers, communities as well as society and environment based on the equality and fairness, respect and liberty, and all benefits of whom it may concerns.

The commitment of the employees and the company

The company has always given priority to the employees since they are the most precious resource of the organization. The company has supported and improved the employees along with the company growth together. This is to create the relation between the company and the employees as well as to communicate the work plans and goals for all understandings.



1.Human resources development

The company has constantly conducted the training programs for working skill development and work practicing for all employees such as office, manufacturing, and branches. This is to increase the efficiency of working capacity of the workers associating with the company's direction and strategy.

Previous year, the company has conducted the project for promoting the assistants of each branch who had experience and ability to go to the higher position as the manager about 17 positions.



2.Quality of life in fair working

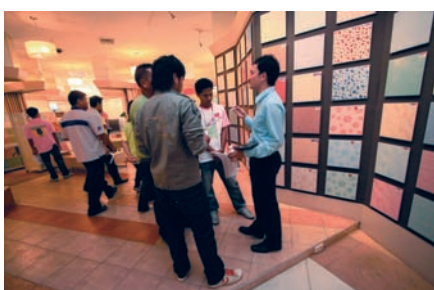
The company has followed the labor law including wage, work times, vacation, regulations, dismissal, maternity protection, and suitable welfares.

- Adjustment of wage of 2012 in advance since the company has considered the situation of the economy in general with the increased cost of living. The company increased the minimum wage early in January before the official increase of minimum wage in April 2012 in order to encourage and help the employees.

- Distribution of overtime premium and overtime work since the company has supported more incomes for the employees by allocating work schedule suitable to the production. This is to open the chance for them to work overtime and on vacation properly.



- Bonus The employees not only earn a salary, but also earn the bonus for their works and responsibility. This is to encourage the working and worker development. Besides, some branches, the employees may earn more bonus than salary depending on their sedulity.



3. Welfares and other benefits

- The company has created the provident fund for saving warranty for the employees after the retirement. The company has joined donating the fund depending on the working age of the workers as following.

Working age	Worker	Company donation
Less than 5 years	5%	5%
5-10 years	5%	7.5%
Over 10 years	5%	10%

- Insurance for all employees
- Add all employees to the social security system for their compensation in cases of the regulation of the department of public Welfare.
- Saving for compensation fund following the law for accidental warranty for workers who injure from working.

4. Hygiene and security of work

The company has emphasized on the security, hygiene, and environment in working by supporting the conduction of security activities including setting of security system and tools for prevention of the dangers that may happen in working. Besides, it is for the improvement of security standard for reducing the loss and following the law conscientiously. These are the hygiene and security activities and projects of the company

Security in working

- Create security of work manual for the employees and to whom it may concerns such as contractor.
- Conduct the seminar or training programs for security information such as the introduction to the security in working, the risk assessment in work place, the analysis work risk for security, how to drive and maintenance the folk lift, and introduction to law about security act 2011, etc for all employees.
- Practicing and demonstrating the dangerous situations with the security plan such as fire drill and accident of works, etc.
- Prevention of accident of works by creating warning signs, especially in the dangerous areas including preparation of security tools suitable to each work.
- Conduction of security encouragement activities such as
 - “The Week of Security of Work”
 - “365 days of No accident”
 - “Creative Idea Got Prize”
 - The projects of lightness, noise, heat, chemicals and dust measurement for improvement of work place.

Health care for employees

- Health check before starting work and annual health check.
- Health activities such as
 - Abstain from alcohol in Buddhist Lent
 - Back Pain Protection
 - World No Tobacco Day, World No Drug Day, Bird Flu and Leptospirosis guideline, and etc.
 - Joining the project of prevention and management of AIDS evaluated by ASO Thailand at silver level and awarding the excellent company of the “21st Tian Song Jai” project on the World AIDS Day of 2012.
- Joining the project of drug prevention “White Factory TO BE NUMBER ONE.”
- Joining the project of “breastfeeding” and setting “breastfeeding corner” for breast pump at least on every three hour during the working time for feeding the baby at home.

The responsibility for the society

The company has supported all employees both office, manufacturing, and branch sections in participating in social activities continually.

1. Dynasty Tile Top and Thai cultural and traditional activities

- Religious tenth month ceremony The company and the employees in Nakhon Si Thammarat's branch had joined the greatest ceremony parade of Nakhon Si Thammarat province for devoted good deeds for the deceased.

- Boat race contest for trophy of Princess Maha Chakri Sirindhorn at Kumphawapi district, Udonthani province.
- Boat race traditional activity at Lang Suan district, Chumphon province.
- Boat race at Don Tan district, Mukdahan province.

The company with the employees of each branch had joined local activities and supported team apparels of those activities.

2. Dynasty Tile Top congratulating upon the Thai heroes of Olympic and Paralympics' Games 2012

- The company congratulated and welcomed the victory of silver medal boxer, Kaew Phongprayun., the gold medal boxer in all Thais' minds, with the Kamphaeng Phet people and gave some ceramic tiles (valuing 100,000 bahts) for the house renovation of Mrs. Mali Phongprayun, the hero's mother.

- The company dedicated some ceramic tiles valuing 100,000 bahts for another hero, 2 gold medal Paralympics winner, Pattaya Testong for fulfilling his dream of boccia stadium construction in Amnat Charoen province. It is for expanding more opportunity in development of new players for this game for upcountry provinces.

3. Dynasty Tile Top Social Thank Project

- The company had conferred 112 boxes of ceramic tile for volunteer spirit project of Ban Phu Muang-Phu Phong School renovation in Saiyok district, Kanchanaburi province, by 40 engineering students, members of the computer community of the faculty of engineering at King Mongkut's Institute of Technology Ladkrabang.

- In the 13th Dynasty Tile Top Social Thank Project at Bang Ban and Sena districts, Phra Nakhon Si Ayutthaya province, there were 4 schools selected to join the project such as Wat Phra Kao Phrachanuklor, Wat Nam Thao (Udomrad-nimit), Wat Na Tang Jai (Chong Nin Upatam), and Senabodee schools.

- In the 14th Dynasty Tile Top Social Thank Project at Ranot districts, Songkhla province, there were 3 schools selected to join the project such as Radniyomwittaya, Nenkaew, and Wat Siyhang schools.

- In the 15th Dynasty Tile Top Social Thank Project at Pong Nam Ron districts, Chanthaburi province, there were 3 schools selected to join the project such as Sam Sib Patthana, Ban Nern Din Dang, and Ban Nhong Bon schools.

- In the 16th Dynasty Tile Top Social Thank Project at Chakkarat districts, Nakhon Ratchasima province, there were 4 schools selected to join the project such as Koak Sam Roang, Chum Chon Sawang Witthaya (Ban Nhong Bua Kao branch), Ban Chong Co and Kham Song Kror schools.

Every school received ceramic tiles for wall and floor renovation such as classrooms, bathrooms, canteen, and surrounding of the schools including the cooperation from the students' parents and the community people there. Besides, in every project, Poombundit Publishing Company has always joined with us by donating many books and instructional media for every school's library.





The responsibility for the shareholders

The company intends to do business by the honest management knowledge and skill along with legality and responsibility.

Besides, the company has emphasized on accurate accounting, clear and economical budget spending, and wisely study and evaluation of all investments including make supreme benefit for both big and small shareholders as well as the respect for their right to know all necessary data, existent business profits, and company financial status regarding to internationality.

According to the 10 years of business profits, the company has been able to distribute dividend for all shareholders constantly.

Environmental responsibility Distribution of reclaimed water and non-discharging of grey water to natural water resources

The company has realized and paid attention to the production procedure that is friendly to the environment, especially in water reclamation. The water used in the production process would be treated in closed clarifier tank system with none discharging to the natural water resources as following steps,

1. The milling process will segregate raw materials, coating materials and water of which water will evaporate into the air.
2. The used water in the cooling process by using water tube cooler is recycled in the closed clarifier tank system without discharging to the environment. The water in the tank will naturally cool down and is reclaimed to the cooling process again.
3. In engine cleaning process, the used water will be treated in closed clarifier tank system, Zero Discharge. The clear water in the last tank will be reclaimed to production process again.




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 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 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 PCL 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%, of which 83.64 % is held by Thai nationals and 16.36 % by foreigners. (Register closed 28 December, 2012)

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 sanitaryware and products related to ceramic tiles such as stair components and tile grout for sale through its three subsidiaries, namely Pick and Pay Co. Ltd., Muangthong Ceramic Co. Ltd. and Worldwide Ceramic Co. Ltd, in which the Company invested an equity stake of over 96% in 2005, to operate a retail business in the form of factory outlets. This enables the Company to get closer to its customers, know what they want and understand their ceramic tile purchasing trends. The Company used such information to improve its products and services, resulting in a rise in sales. As at the end of 2012, the Company had 192 branch warehouses nationwide and 179 local distributors. Its products are exported overseas to countries and regions including South Africa, Brunei, the Maldives, Indochina, Sri Lanka, Myanmar, Australia, New Zealand, Korea, Japan, Canada, Fiji, Laos, Cambodia etc .

The ceramic tiles produced by the Company and its subsidiaries comprise

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

Significant changes in 2012

In 2012, overall Thai economic competition has changed quite a lot due to the cost rise of raw materials and wage. In the past, most competition significantly focused on price for driving sales volume and market share. However, today, manufacturers and retailer business have to develop approach marketing strategies marketing rather than price for better turnover. Therefore, it comes about many new business models and unique point of sale which are different from others and promote business growth.

Assimilating to this new era economic, the company has brainstormed ideas preparing to be ready for new innovations. Despite high competition, the company has taken a stand on gradual development or Kaizen, in Japanese, but can be continually developed with low investment budget, which can be audited and seen the clear outcome. Thus, the year of 2012 is the year for the company's preparation to the new changes, which can be divided into different departments as following



Manufactory

Increase of production capacity More than 15 years ago, the company has increased kiln into the system. Each of them has been expensed budget about 140-280 million bahts. A kiln can increase production capacity about 240,000 square meters per month. Previous year, the company increased more production capacity 5 percent by using 20 kilns for 2 manufactories as usual. The company called this development as "Production Capacity Maximization." Regarding to the development in 2012, the company spent the investment budget about 80 million bahts, but could increase more production capacity about 5 percent on target.

Increase of variety and value added of product It is to response to the various demands. The manufactory had researched on new size ceramic, such as 8 x 12 inch-ceramic that was on sale in February, polished edge tiles, and high definition tiles. Besides, there was another study on preparation for increase value and variety of product in 2013.

Increase speed of production The company had investigated in more modern production processes focusing on automation, auto-no-mation, and sequential in order to increase production efficiency and unlimited adjustable speed of production, and support 3,000 various pattern production plan for the response of the demands.

Development of production efficiency has continually been worked every year. In 2012, it was focused on visual control, such as grade A measure of product, display monitors of capital value of each department, minimum and maximum settings of material cost, and spare parts by easy method without using computer.

Development of calculation method of production plan Today, the company has improved the methods suitable to market situation and production capacity of the company, such as adding of sorting method of bestselling and poor-selling ceramic tiles, adding of calculation of storing per day, adding of proper ranking of production, and ongoing increase of production efficiency in order to keep control inventory level efficiently.

Research on component part in production Regarding to the last year research, the company emphasized the research on the component part in ceramic tile for decrease of energy cost this year. As a result, the technical department found a coolant, a component which can cool down the heat inside the kiln and decrease of expensive chemicals use. According to the reduction plan of natural gas utilization about 6 percent, this year, the company has achieved beyond the halfway.

Creative project The company has campaigned for the creative project constructed by the employees. The constructed projects promote cooperative development in processing and budget saving. Each successful project proposal was complimentary announced and awarded.

Head office

Development of computer system efficiency The company allocated fund for improving computer system to support more branch offices, sales volume, products, and etc. It has been analyzed the future growth and the most efficient utilization of resources based on the principle of information centralized.

Development of communication system For better and prompt communication within the company, a modern technology was integrated in the firm, such as news web board, email notification, and instant messaging.

Development of human resource efficiency The company had conducted several trainings for the employees all the year. The objectives were focused on the efficient software literacy and use and to give employee a chance for self-development in working following the creative projects as well.

Development of working procedure To make a reciprocal association within the company, the employees realized policies underlined the importance of each department including development for more efficient working procedure considering time for working in each step. This could improve the employees' capacity of working time management with no need to hire more workers.

Branch office

Re-branding project To modernize the trendy business, the company proposed the re-branding project in 4th quarter of 2012. This project consisted of building renovation, officer uniform improvement, and customer services enhancement with clear ceramic tile information. In 2013, the project has been operated covering 20 branch offices.

Expanding of branch In 2012 the company has totally expanded 13 new branches and replaced branches since they could not extend the contracts. It indicated that the company could have more inclusively expanded areas.

Development of human resource The company realized and gave priority to the employees working in branch offices. They were mainly trained more information, sale capacity, and service mind.

Development of computer system The company had studied and improved data transferring method in the computer network for data accuracy of good ordering and status.

All mentioned above are the important components of the nonstop company progression. If no cooperation of managers and all employees, these developments could not happen. The important goal is to lower product cost to the least level in market and remain standard quality of the product, which is investigated through the site work, work consistency and including production flexibility, and active sale.





Industrial Conditions and competition

In 2012, it was known that overall economic condition of Thailand had mainly been affected by the policy furtherance of the government. The wage policy that has certainly impacted on all sectors is the increase of minimum wage in April and continual increase of wage about 300 bahts all over the country in 2013. Also, raw material cost was increased follow the wage rise even though the corporation tax was lowered by the government from 30 percent to 23 percent. However, gross profit could not be increased much despite the increase of production efficiency.

Agriculture is an important economic furtherance of the nation. Although the government has declared the rice pledging scheme to guarantee for the price of rice, the corruptions by brokers and governors have certainly

happened. So, many of farmers did not receive complete amount of money. However, there was no great drought, but just few areas which could not be efficiently managed the water, and no flood in 2012, the agriculture was being processed smoothly. These gladly resulted that the vegetables and fruits could seasonably bear flowers and fruits. So, there was no glutted product. In 2013, with positive variable of predictable climate, the economy will tend to a good direction, especially, business with market niche target.

Another economic policy furtherance is the first-time car buyer's program. Most people were alert to the policy. Over 1,256,295 buyers have submitted a request to claim the tax rebate for the program. The majority are middle class. It absolutely benefits for the

producers directly. Nevertheless the buyers are still about to pay installment more than 16,000 bahts each month, so they cannot earn enough for other payments. This gets into lower economic liquidity so that it affects lower level business.

About construction material business as well as our business in 2012, it is counted as the year of modern trade due to many modern trade firms have tried to expand their business to compete with opponents, such as Thaiwassadoo, HomPro, GlobalHouse, Boonthaworn, and etc. Their customers have such a similar character that the company has noticed that it is one of the product distribution channel which does not negatively impact on the company as many people have been concerned. The modern trade is a middleman or trading



partner of manufacturing trade while branch is distribution channel. The more distribution channels, the more turnover of the company and major branches when the modern trade has located nearby. Besides, it benefits for better sales volume. Ceramic tile is one of the construction materials and the business of ceramic tiles has grown up more than 5 percent since the last year. The marketing situation of business growth can be divided into quarters as following

1/2012 Quarter

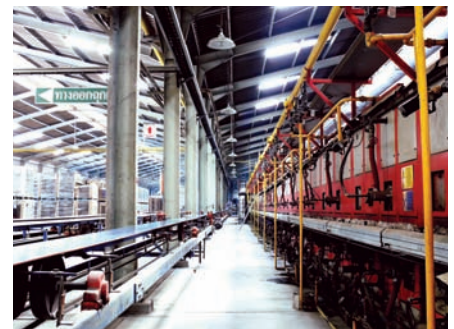
At the beginning of 2012, Thailand has recovered from great flood disaster which affected the transportation very much. The roads were stuck to reconstruct and the lack of trucks which one was washed up by the flood and another went for other more necessary business, or easier transportation and

better pay. These transportation problems are regarded as the big impact for the company and have lasted longer to the middle of the next quarter. The lack of trucks causes freightage delay more than a half month and causes the loss of income and sales opportunity very much. Therefore, it is a major problem that causes the loss of some market shares of the company. To cope with the problem, our company has conducted annual meeting with our transportation partners and drafted a contract with them. The contract indicated that they had to take their responsibility to the amount of trucks per week for our company. They would be paid more if the freightage rate reaches the target goal. Otherwise they would be fined even if the freightage rate is lower than the contract. However, they agreed with the contract while our company has

been seeking for more transportation partners. We calculated that there would be 2,600 trucks circulated in the system throughout the year of 2013.

About new product development, the company has produced and distributed 8x12 inch square meter in February, with the similar production cost to 8x10 inch square meter. However, the higher sales price could make value added about 9 bahts per square meter. Moreover, the company has developed more market for this product.

Overall turnover of the first quarter of the company was totally about 2,093 million bahts more than the last year about 4 percent. The net profit was 373 million bahts more than the last year about 2 percent. The gross profit was 39.6 percent lower than the last year about 6 percent since the high energy cost and wage.



2/2012 Quarter

The problem of the freightage has grown up especially on Songkran Festival due to the lack of trucks' drivers. However, in the middle of May, the problem was getting better and was normalized in June.

Overall market situation in this quarter was high competition in price because the growth of ceramic tile business was low. Then, every factory has tried to promote their ceramic tiles to the market. Most wholesales business just took the profits from the

target price given by the factories. This causes the lower domestic sales price of the company. For example, some companies had got average lower sales price about 10 bahts per square meter when cutting other targets. For our case, the company had done price reduction with some products in order to compete with other in major provinces and the average sales prices were not reduced much.

According to the new 300-baht daily minimum wage imposed by the government, it causes the capital of the company to be increased because the wage was counted 14 percent of production cost which was more than 7 percent of the last year capital. However, it did not matter as much as the increase of more than 20 percent of energy cost which was counted about 34 percent of production cost.

Overall turnover of the second quarter of the company was totally about 1,882 million bahts more than the last year about 2 percent. The net profit was 321 million bahts less than the last year about 5 percent. The gross profit was 39.2 percent lower than the last year about 11 percent since the high competition in the market, and the increased production cost.

3/2012 Quarter

The second half of every year is rainy season or seedtime. It is also a low season of the company. The major factor is the lack of labors. Most of them are from the Northeastern region, the biggest area of the country where most of the population works as an agriculturist. This is the reason that causes seasonality.

According to the decrease of general competition in the market

comparing to the second quarter, it could be concluded that the previous mark-down competitions were just the discharge of glutted goods. During the third quarter of every year, there is a scheme for stimulating sales volume of all branches over the country by the public relation on local radio, leaflet, parade, and etc. Before running the mentioned scheme, the customers would be stimulated by the information about the company's branches, special price, and rewarded gifts. The effect of the scheme resulted in a very satisfaction. So, the next year of 2013, the company has planned to add more sales volume stimulants starting in the second quarter from now on.

Overall turnover of the third quarter of the company was totally about 1,777 million bahts more than the last year about 5 percent. The net profit was 267 million bahts less than the last year about 8 percent. The gross profit was 39.4 percent lower than the last year about 10 percent since the increased production cost.

4/2012 Quarter

Comparing to the last quarter of the last year, the general market situation in the last quarter of this year was highly adjusted. The important reason was that the central of Thailand had encountered with the big flood. This could increase sales volume especially in the normalized areas of the central.

Another variable that caused the growth of sales volume was the improvement of sales problem at the site. The manager has solved it by being a site foreman in order to stimulate better sales volume regarding to the company's goal.

About production, 16x16 inch

polished edge tile production was improved. In primary stage, it could be produced about 5,000-7,500 square meters a day. According to the a bit increase of the polish less than the estimation, the sales price then increased more than 20 bahts per square meter. This was to add product value that was of the company's production. In the market, this was well acceptable. The directors have agreed with the increase of production to 25,000 square meters a day next year.

Overall turnover of the third quarter of the company was totally about 1,851 million bahts more than the last year about 13 percent. The net profit was 295 million bahts more than the last year about 16 percent. The gross profit was 38.5 percent lower than the last year about 5 percent since the increased raw material cost.

According to mentioned economic situation and both of internal and external business factors above, the company has certainly made on and continually improved working competency. The new projects have been launched while the marketing strategy method was planned carefully. However, with the corporations of all employees throughout the year, the company has grown up with the total sales volume of 7,603 million bahts more than the last year about 6 percent. The net profit was 1,255 million bahts more than the last year about 1 percent with the gross profit of 39.2 percent.



Plans and Strategies for 2013

Regard to the last year, the company had encountered with the problems of the increase of registered capitals of both energy and labor including the domestic and international competitions which tend to be more intensive. These had caused the difficulty of price adjustment and profit control. Therefore, the company has designed the framework and the strategy for the improvement of value adding of product not only in product itself, but also re-branding of the branches and customer services upgrade in 2013. The framework and strategy are summed up as following.

- 20 pilot renovation branches
- Efficiency upgrade of customer service of branches' officers
- More intensive analytical study on sale data
- Add more value of the product by means application
- Produce more variety of ceramic tile sizes suitable with all applications.

In production, the company has emphasized on the decrease of energy cost, especially, by the study on the reuse of wasteful heat from burning step. The study indicated that it could reduced natural gas using of other steps in the production using the heat.

The expected targets of 2013

- Increase of average sales volume from 129 bahts to 138 bahts
- Increase of quantitative sales volume at 10 percent
- Gross profit at 40 percent
- Increase of total production at 5 percent
- Expand more 10 branches
- Reduce industrial employee about 5 percent
- Reduce short loan

Associated with the expected targets and framework, the company has enhanced internal structure by separating the tasks for the lower management, and improvement of professional employees.





Risk Factors

The company's preliminary risk assessment by the management committee of the Company and has established a risk management and business continuity committee to monitor and analyze the impact that could occur in the future for both short and long term. Also initiate risk control measurements to reduce risk in the following topics.

The risk of cost of energy

In 2012, natural gas has increased 9 percent from the previous year, the PTT has estimated that the price of natural gas will continue to rise further 10 per cent but the company is not complacent, either, and estimates that natural gas will average to increase 10 percent this year. Moreover, the company has been improving the mixture of raw materials continually. This year the company has the ingredients which are known as our fourth generation of mixture that makes use of some chemicals that are less expensive and It also helps to reduce the temperature inside the kiln. The company also aims to develop a new mixture in order to reduce the use of natural gas or the fifth generation of mixture. With these, the company can reduce the risk from natural gas even further.

The risk of government policy

In Thailand, the political changes is very fluctuate and has very high risk in terms of policies. Policies of each party that are used in the election campaign usually benefit for the party itself rather than developing countries. Most of the policies often times is not carefully considered and lack of understanding the nature of business. However, with the experience of the management team, the company is very volatile and flexible and can adapt to any economy hardship which has been proven in the past. The company can be dependent, even though government policy can affect costs.

Risk of accidents and continuity in the business:

In 2012, the company has studied the issue of continuity in the business. The principle is that when an accident or something unexpected occurs then how the company brings the business back to normal condition as soon as possible. The management committee has been working to determine what might be going on (what-if analysis) and provide support and backup plans, such as the preparation of the operational reserve facility or "Disaster Recovery Site", backup equipment and computers ready to be replaced when malfunction.

Risk of labor

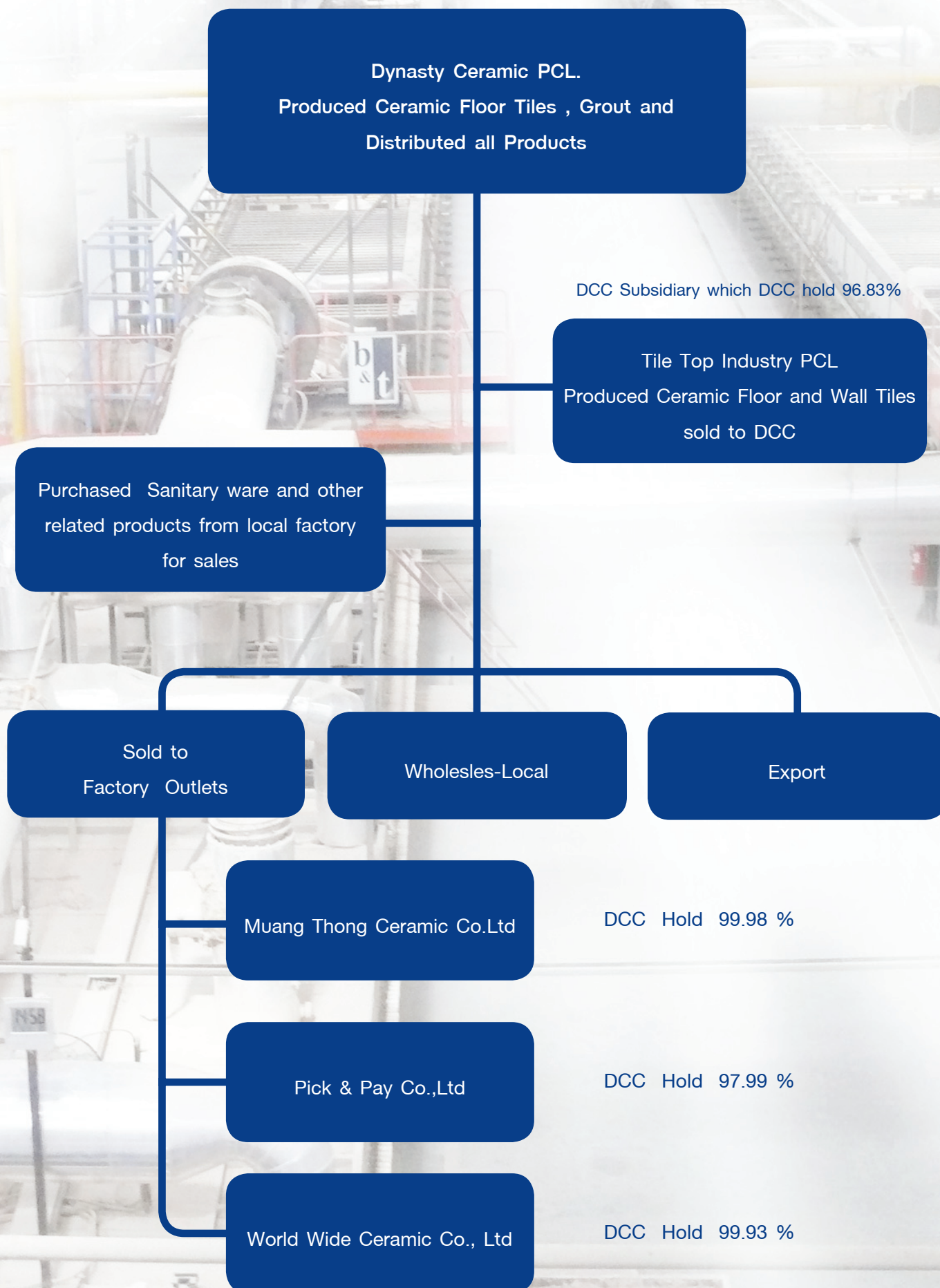
The government announced the minimum wage increases and it will definitely affect the other cost such as raw materials and employment, especially in transportation. For the cost of raw materials, the company has developed continuously to substitute to cheaper raw materials. For the transportation, the company has been hiring temporary labors from local area of each outlet to help with loading which can help load and unloading tiles more quickly and also reduce the lead of the trucks to come back to the factory.

These risk factors are an important part of the company and the Risk Management Committee continued to study in other areas carefully and continuously in order to provide customers, partners, investors and employees with confidence.



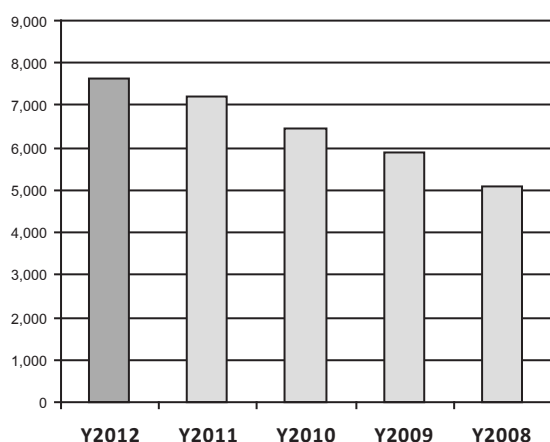
Admin & Marketing Team

ORGANIZATION STRUCTURE

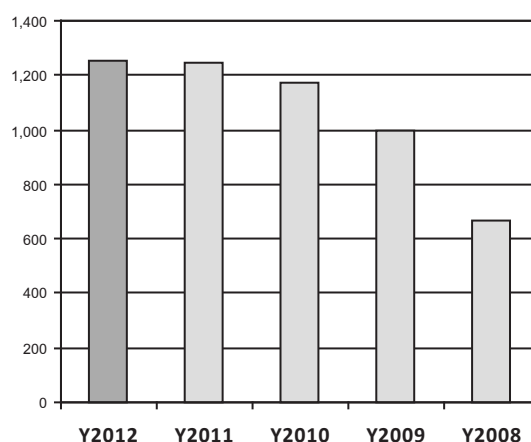


FINANCIAL HIGHLIGHTS

Total Revenue (MB.)



Net Profit (MB.)



(Million Baht)

CONSOLIDATED THE STATEMENTS OF COMPREHENSIVE INCOME	Y2012	Y2011	Y2010	Y2009	Y2008
Total Revenues	7,638	7,227	6,477	5,905	5,095
Net Sales	7,603	7,207	6,459	5,884	5,089
Gross Profit	2,978	3,066	2,829	2,500	1,964
%Gross Profit	39.2	42.5	43.8	42.5	38.6
Selling & Admin. Expenses	(1,349)	(1,277)	(1,152)	(1,081)	(984)
Net Profit Before Interest & Depreciation	1,840	1,976	1,988	1,705	1,280
Net Profit	1,255	1,243	1,175	994	664

CONSOLIDATED THE STATEMENTS OF FINANCIAL POSITION	Y2012	Y2011	Y2010	Y2009	Y2008
Total Assets	4,759	4,288	3,715	3,632	3,893
Total Liabilities	2,057	1,624	989	922	1,443
Total Shareholders' Equity	2,702	2,664	2,726	2,710	2,449

FINANCIAL RATIO	Y2012	Y2011	Y2010	Y2009	Y2008
Earning Per Share - Baht	3.08	3.05	2.88	2.44	1.63
Net Profit / Total Revenues - %	16.43	17.20	18.14	16.83	13.03
Debt Equity Ratio	0.76	0.61	0.36	0.34	0.59
Return on Total Assets - %	26.37	28.99	31.63	27.37	17.06
Return on Equity - %	46.45	46.66	43.10	36.68	27.11
Booked Value - Baht	6.62	6.53	6.68	6.64	6.00
Dividend Per Share - Baht	3.08	3.05	2.88	2.08	1.25
Dividend Yield - %	100	100	100	85	77

Shareholding Structure

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

- Par value of 1 Baht per share, representing a total 408 million shares
- Registered, issued and paid-up capital comprising 408 million shares
- No debentures or warrants have been issued whatsoever.
- No obligations with regard to the issue of future securities to Thai Trust Fund
- No Major Shareholding Agreement on any company's business

As of 31 December 2012, 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 Company Limited	4,500,000	4,500,000	100	99.98	4,790,334	None
World Wide Ceramic Co., Limited	1,000,000	1,000,000	100	99.93	1,063,937	None
Total	317,500,000	239,500,000			127,853,787	

Shareholders

Shareholding structure

(10 major shareholders) as of 28 December 2012

Ranking No.	Shareholder name	No. of Share	% of shareholding
1	Mr. Roongroj Saengsastra	100,000,000	24.51
2	Mr. Vibul Vadcharasurang	35,034,010	8.59
3	Mr. Chaiyasith Viriyamettakul	21,540,000	5.28
4	Mr. Monrak Saengsastra	20,000,000	4.90
5	Mr. Maruth Saengsastra	20,000,000	4.90
6	STATE STREET BANK EUROPE LIMITED	15,905,500	3.90
7	NORTRUST NOMINEES LTD.	14,135,700	3.47
8	Mr. Suvit Smarnphanchai	12,892,000	3.16
9	Miss Cattleya Saengsastra	11,000,000	2.70
10	THAI NVDR CO.,LTD	6,545,338	1.60
Total 10 major shareholders		257,052,548	63.01
Total number of shares		408,000,000	100.00

Shareholding structure of the subsidiary

1. Tile Top Industry Public Co., Ltd

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

2. Pick and Pay Co., Ltd

Company/individual shareholder name	No. of shares	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	117,593	97.99
2. Mr. Roongroj Saengsastra	1	0.0
3. Miss. Cattleya Saengsastra	1	0.0
4. Mr. Monrak Saengsastra	1	0.0
5. Miss Sonthaya Yaowalee	1	0.0

3. Muangthong Ceramic Company Limited

Company/individual shareholder name	No. of shares	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	44,993	99.98
2. Mr. Roongroj Saengsastra	1	0.0
3. Miss. Cattleya Saengsastra	1	0.0
4. Mr. Monrak Saengsastra	1	0.0
5. Miss Sonthaya Yaowalee	1	0.0

4. World Wide Ceramic Co., Limited

Company/individual shareholder name	No. of shares	% of shareholding
1. Dynasty Ceramic Public Co., Ltd.	9,993	99.93
2. Mr. Roongroj Saengsastra	1	0.0
3. Miss. Cattleya Saengsastra	1	0.0
4. Mr. Monrak Saengsastra	1	0.0
5. Miss Sonthaya Yaowalee	1	0.0

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 Directors 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 2012.

According to the year 2012 Annual General Meeting of Shareholders of the Company approval of the remuneration committee. Details are as follows.

Name of Board Members	Dynasty Ceramic PCL.			Tile Top Industry PCL.		
	Board Meeting Allowance	Committee Meeting Allowance	Director Fee	Board Meeting Allowance	Director Fee	Total
1. Mr.Roongroj Saengsastra	300,000	-	600,000	240,000	300,000	1,440,000
2. Pol.Gen.Patcharavat Wongsuwan (1)	150,000	120,000	300,000	100,000	300,000	970,000
3. Mr.Yothin Juangbhanich (2)	250,000	210,000	300,000	-	-	760,000
4. Mr.Surasak Kosiyajinda	250,000	200,000	300,000	-	-	750,000
5. Mr.Phachon Khachitsarn (3)	50,000	50,000	-	-	-	100,000
6. Mr. Sanchai Janejarat	250,000	-	600,000	200,000	300,000	1,350,000
7. Mr.Chaiyasith Viriyametakul	250,000	-	300,000	-	-	550,000
8. Mr.Suvit Smarnpanchai	250,000	-	300,000	-	-	550,000
9. Mr. Chana Suthiwangcharoen	250,000	-	600,000	200,000	300,000	1,350,000
10. Miss Cattleya Saengsastra	250,000	-	600,000	200,000	300,000	1,350,000
11. Mr. Monrak Saengsastra (4)	-	-	-	100,000	-	100,000
Total	2,250,000	580,000	3,900,000	1,040,000	1,500,000	9,270,000

- (1) Pol.Gen.Patcharavat Wongsuwan resigned as a director and independent director of DCC and a director of TTOP on May 2, 2012
- (2) Mr.Yothin Juangbhanich appointed as Chairman of the Audit Committee by the Board of Directors No.4/2012 on 24 July 2012
- (3) Mr.Phachon Khachitsarn appointed as director and independent director by the Board of Directors No.4/2012 on 24 July 2012
- (4) Mr. Monrak Saengsastra appointed as director of TTOP (subsidiary) by the Board of Directors of TTOP No.3/2012 on 11 May 2012

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. The only director 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 more limited scope of 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 at that 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 comparison with the remuneration of directors of leading companies in the stock market and in the same industry. The performance of the company.

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

For the year 2013 the Board of Directors has considered the proposals of the nomination and remuneration committee approved a that the directors' remuneration shall be determined to the directors equaled to the same as last year as follows:

	Baht / Meeting / person	
	Y2013	Y2012
1. Remuneration to the chairman and chairman of the audit committee	60,000	60,000
2. Remuneration to the chairman of Nomination and Remuneration Committee and Risk management Committee (only the outside director)	40,000	40,000
3. Remuneration payable to each of the director and audit committee	50,000	50,000
4. Remuneration sub-committee (only the outside director)	30,000	30,000
	Y2012	Y2011
5. Annual bonus payable to all directors (Baht/person)	300,000	300,000
6. Annual bonus payable to all managing directors (Baht/person)	300,000	300,000

The directors' remuneration shall only be paid to directors whose are present at the Board Meeting, and shall be effective as from January 29, 2013. The Annual bonus is paid in fix amount from the Company's operation account on 24 April 2013.

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)	
	2012	2011	2012	2011
Dynasty Ceramic PCL.	7	7	29.76	29.30
Tile Top Industry PCL.	4	4	10.69	10.38
Pick and Pay Co.,Ltd.	1	1	0.50	0.45
Muangthong Ceramic Co.,Ltd.	1	1	0.50	0.45
Worldwide Ceramic Co.,Ltd.	-	-		-
Total			41.45	40.57

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 2012, compared to 2011, is as follows :

Company	Total employee remuneration In 2012 (MB)			Total employee remuneration In 2011 (MB)			Remuneration Increase (decrease)%
	Plant/Branch	HQ	Total	Plant/Branch	HQ	Total	
Dynasty Ceramic PCL.	193.55	36.40	229.95	151.61	29.26	180.87	27.14
Tile Top Industry PCL.	218.81	11.78	230.59	164.40	10.70	175.10	31.69
Pick and Pay Co.,Ltd.	105.10	-	105.10	93.40	-	93.40	12.53
Muangthong Ceramic Co.,Ltd.	67.47	-	67.47	55.90	-	55.90	20.70
Worldwide Ceramic Co.,Ltd.	42.99	-	42.99	31.40	-	31.40	36.91
Total	627.92	48.18	676.10	496.71	39.96	536.67	25.98

Number of employees for the Company and its subsidiaries as of 31 December, 2012, compared to a year earlier, is as follows :

Company	No. of Employees In 2012			No. of Employees In 2011			% Increase (Decrease)
	Plant/Branch	HQ	Total	Plant/Branch	HQ	Total	
Dynasty Ceramic PCL.	742	97	839	671	95	766	9.53
Tile Top Industry PCL.	868	15	883	736	15	751	17.58
Pick and Pay Co.,Ltd.	569	-	569	519	-	519	9.63
Muangthong Ceramic Co.,Ltd.	369	-	369	319	-	319	15.67
Worldwide Ceramic Co.,Ltd.	257	-	257	211	-	211	21.80
Total	2,805	112	2,917	2,456	110	2,566	13.68

Audit Fee

(Quarterly Financial Statements and Annual Financial Statements)

Audit Fee (Baht / Year)	Proposed for Y2013*	Y2012	% Increase (Decrease)
Dynasty Ceramic PCL.	725,000	715,000	1%
Tile Top Industry PCL.	425,000	425,000	0%
Pick and Pay Co.,Ltd.	380,000	370,000	3%
Muangthong Ceramic Co.,Ltd.	315,000	310,000	2%
Worldwide Ceramic Co.,Ltd.	185,000	180,000	3%
Total Audit Fee	2,030,000	2,000,000	2%

Audit Report Summary	Y2012	Y2011	Y2010
Auditor / Registration	Mr. Somckid Tiatragul /2785	Miss Kannika Wipanurat /7305	Mr.Jadesada Hungsapruerk /3759
Auditing Office	Grant Thornton Co.,Ltd.	Karin Audit Co.,Ltd.	Karin Audit Co.,Ltd.
Auditor's opinion	No Conditions	No Conditions	No Conditions

* For the year 2013, The Audit Committee proposed the old Auditors from Grant Thornton Co.,Ltd. to The Board of Director for approval from The Shareholders' Meeting 1/2013

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.

Management Structure

1. Nomination of Board Members

The Nomination and Remuneration Committee is responsible for selecting qualified candidates to replace the directors who are retiring on rotation at the end of their terms, or whatever the case may be, and proposing a list of nominees to the Board for resolution at the remuneration package

2. BOARD OF DIRECTORS

The size of the Board Committee is stated in DCC's Articles of Association, which specifies that the Board shall consist of not less than five directors. As of December 31, 2012, There are currently 9 directors in the Board, of which (3 out of 9) are independent directors. All Directors have a number of duties and responsibilities, which include the following:

1. Directors should have sufficient access to financial and other business information to perform their duties effectively.

2. Directors should regularly attend every Board meeting, including committee meetings, raise essential questions to protect and ensure the rights and interests of DCC's shareholders and other stakeholders, and ensure that the Company complies with best practices.

3. Directors should have the ability and display the willingness to learn DCC's business and express their views independently by dedicating sufficient time and attention to all substantive issues.

4. Non-executive directors are not expected to stay in their positions beyond a certain time limit. However, the difficulties of finding appropriate replacements, the benefits of the working relationship built up over the years within the Board and their understanding of the business are taken into account. While no time limits were formally established, the policy on director terms is that non-executive directors are not generally expected to hold office for more than ten years or four terms, consecutively or otherwise, unless there are justifiable reasons for their continuity, taking into consideration the responsibility of such persons, and their past, current, and anticipated contributions to DCC.

As a matter of principle, DCC limits the number of active boards on which our Directors may sit to ensure that they have sufficient time to devote to DCC business affairs.

2.1 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.

2.2 Independent Director

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

The main qualifications of an independent director include:

1. They must not hold more than 1 percent, including shares held by a related person, of the issued shares of DCC, its subsidiary, affiliate, or related company. To act as a member of the Audit Committee, the ownership restriction must not exceed 0.5 percent.

2. They must not be or have previously been directors who take part in management of DCC, an employee, a staff, a major shareholder of DCC, member or advisor who receives a regular salary, or a controlling person of DCC, its subsidiary, affiliate, related company, or same-level subsidiary unless they have not been involved in such positions for at least two years prior to the date of appointment. Such business relationship shall not be inclusive of the independent director who has previously been an officer or a consultant in a government sector who is a major shareholder or a controlling person of DCC.

3. They must be free of any direct or indirect, financial or other interests in the management and business of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person in a way that might interfere with their independent opinions, and neither being nor having been a significant shareholder, or a controlling person having business relationship with DCC, its subsidiary, affiliate, related company, or a major shareholder of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

4. They must not be related to any executive director, executive officer, controlling person, or major shareholder no matter by blood or registration under laws such as parents, spouse, siblings, and children, including the spouse of the children, executives, major shareholder, controlling person, or persons to be nominated as executive or controlling person of DCC or its subsidiary.

5. They must not be a director who has been appointed as a representative of DCC's director, major shareholder, or shareholders who are related to DCC's major shareholder.

6. They must not be or have previously been an auditor of DCC, its subsidiary, affiliate, related company, a major shareholder, a controlling person of DCC, and not being a significant shareholder, a controlling person or a partner of an audit firm which employs auditors of DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person having business relationship with DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

7. They must not be or have previously been persons who provided any professional advice and services, such as legal adviser or financial consultant, who receives service fees more than Baht 2 million per annum from DCC, its subsidiary, affiliate, related company, a major shareholder, or a controlling person of DCC, unless they have not been involved in such positions for at least two years prior to the date of appointment.

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

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

2.2 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.

3. ROLES AND RESPONSIBILITIES OF THE MANAGEMENT STRUCTURE

3.1 Executive Board and President

The Executive Board of Dynasty Ceramic Public Co. Ltd. comprises as follows;

1 Mr. Roongroj Saengsastra	Chairman
2 Mr. Sanchai Janejarat	President
3 Mr. Chana Suthiwangcharoen	Executive Director-Marketing
4 Miss Cattleya Saengsastra	Executive Director & Company's Secretary

The Executive Board and President have the powers and duties that the Board deems appropriate include the following:

1. To implement DCC's operations according to the policies, strategies and goals, budgets, and plans defined and approved by the Board, subject to legal requirements, regulations, and announcements made by the relevant authorities.

2. To monitor and provide reports on business conditions and the Company's financial position, and recommend options and strategies, which are consistent with the policies and market conditions.

3. To consider and approve business transactions in accordance with the Board's direction and within the limits established by the Board.

4. To manage and supervise all business and support functions, including finance, risk management, internal controls, operations, human resource management, and administration.
5. To represent DCC, including having the authority to deal with government agencies and regulators.
6. To oversee communications with all stakeholders and ensure that our reputation and image are continually enhanced.
7. To implement assignments entrusted to them by the Board and the Board committees.
8. To oversee implementation of good corporate governance practices.
9. To screen matters before forwarding them to the Board.

3.2 CHAIRMAN

The Chairman primary responsibility is to supervise and be the Chairman of the Board's meeting and in the Shareholder's Meeting. In case that the Chairman cannot attend the Meeting, The Board of Directors shall vote one of the Director to be the chairman in that meeting. The Chairman is committed to conducting itself in accordance with the highest standards of behaviour and in compliance with all laws, rules, and regulations.

4. COMPANY SECRETARY AND BOARD COMMITTEES

The Board has appointed the Company Secretary and 4 committees, namely

1. The Audit Committee,
2. The Nomination and Remuneration Committee.
3. The Executive & Corporate Governance Committee.
4. The Risk Management and Business Continuity Committee

4.1 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 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.

4.2 Audit Committee

As of 31 December 2012, the Audit Committee comprised the following directors;

- | | |
|-----------------------------|------------------------------|
| 1. Mr. Yothin Juangphanich | Chairman of Audit Committee |
| 2. Mr. Surasak Kosiyajinda | Audit Committee |
| 3. Mr. Phachon Khachitsarn | Audit Committee |
| 4. Miss Somruthai Boonyarit | Secretary of Audit Committee |

All members of Audit Committee are Independent Director. During the year that ended on 31 December 2011, the Audit Committee convened 4 meetings. There was a full attendance record.

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 AC

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

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

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

1. Reviewed the accuracy and completeness of financial statements
2. Reviewed the adequate and effectiveness of the Internal Control System and the Internal Audit Systems. Also reviewed the independence of the Internal auditor and considered the nomination and appointment or rotation of the Internal auditor and related party.
3. Reviewed the compliance with Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other relevant laws including Securities and Exchange acts.
4. Considered the independence, performance and services of the external auditor, nomination and appointment of the external auditor and reviewed the annual audit fee including settled at least 1 a year private meeting with the External Auditor without management from the Company.

5. Reviewed connected transactions executed by the Company with related parties who were considered as having a conflict of interest, and reviewed the sufficiency of the disclosure of these transactions in accordance with the requirements of the Stock Exchange of Thailand.
6. Prepare Report of the Audit Committee by disclosing in the Company's annual disclosure form (Form 56-1) and Annual Report (Form 56-2), whereas the report must be signed by the Chairman of the Audit committee and include the following information
 - (A) The opinion of the Committee on the financial reports of the Company for their correctness, completeness and reliability.
 - (B) The opinion of the Committee on the sufficiency of internal controls of the Company.
 - (C) The opinion of the Committee as to the Company's abiding by the laws and regulations of the Securities, the Office of the SEC and the SET, and other relevant laws concerning business operations of the Company.
 - (D) The opinion of the Committee concerning suitability of the external auditor.
 - (E) The opinion of the Committee concerning connected transaction.
 - (G) The opinion or comment that the Committee receives from complying with the Charter.
 - (H) The presentation of any other reports or pertinent information that is deemed appropriate for shareholders to know within the scope of duties and responsibilities as assigned to the Committee by the Board of Directors.
7. Any other responsibilities assigned by the Board of Directors with the consent from the Audit Committee.

4.3 The Nomination and Remuneration Committee

As of 31 December 2012, The Nomination and Remuneration Committee comprised of

- | | |
|-----------------------------|-----------|
| 1. Mr. Roongroj Saengsastra | Chairman |
| 2. Mr. Sanchai Janejarat | Member |
| 3. Mr. Monrak Saengsastra | Member |
| 4. Miss Suphaporn Meepetra | Secretary |

The Nomination and Remuneration Committee main task included

1. Determining 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. Reviewing and making 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. Identifying and making 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, and independence.

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

5. Ensuring 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. Identifying and nominating candidates for the approval of the Board to fill vacancies in the Board and sub-committees as and when they arise.

7. Reviewing all candidates nominated for appointment as Chairman or President & Chief Executive Officer.

8. Reviewing and making 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. Procuring 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. Supporting 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 RC, 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

4.4 The Executive & Corporate Governance Committee.

The Company has 4 Executive Directors as follows

- | | | |
|-----------------|------------------|--|
| 1. Mr. Roongroj | Saengsastra | Chairman |
| 2. Mr. Sanchai | Janejarat | President |
| 3. Mr. Chana | Suthiwangcharoen | Executive Director |
| 4. Ms. Cattleya | Saengsastra | Executive Director and Company's Secretary |

Scope and Authority of Executive Board

1. Authorized 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.

4.5 Risk Management and Business Continuity Committee (RMBC)

As of 31 December 2012, The Risk Management and Business Continuity Committee (RMBC). The RMBC members comprise a minimum of 3 members from the Company's Directors and executives. From the Board of Directors shall come one non-executive Director. The other members shall be President & Vice President Finance & Accounting, and others related functions.

The Risk Management and Business Continuity Committee (RMBC's) include:

1. Mr. Sanchai	Janejarat	Chairman
2. Mr. Yothin	Juangbhanich	Member
3. Mr. Aroon	Nutchayangrul	member
4. Mr. Maruth	Saengsastra	Member
5. Miss Somruthai	Boonyarit	Member
6. Mr. Jaruwat	Traithavil	Member& 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. BOARD MEETINGS

The Board is generally required to meet at least 5 times a year. Special meetings are convened as necessary to address specific needs. In 2012, there were 9 Board meetings. 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 7 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 before the 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 requires all members to devote sufficient time to the work of the Board, to perform the duties and responsibilities of Directors, and to use their best endeavors to attend meetings.

Details of attendance records in 2012 are shown in the following table

Name Of Directors	Dynasty Ceramic PCL		Tile Top PCL	Shareholder's
	Board Of Director 10 Person Total 5 times	Board Of Audit Committee 4 Person Total 4 times	Board Of Director 6 Person Total 4 times	Meeting 8 Person As of 24 April 2012
1. Mr.Roongroj Saengsastra	5/5		4/4	1
2. Pol.Gen.Patcharawat Wongsuwan (1)	3/5	2/4	2/4	-
3. Mr. Yothin Juangbhanich (2)	5/5	4/4		1
4. Mr. Surasak Kosiyajinda	5/5	4/4		1
5. Mr. Phachon Khachitsarn (3)	1/5	1/4		-
6. Mr. Sanchai Janejarat	5/5		4/4	1
7. Mr. ChaiyasithViriyamettakul	5/5			1
8. Mr. Suvit Smarnphanchai	5/5			1
9. Mr.Chana Suthiwangcharoen	5/5		4/4	1
10. Miss Cattleya Saengsastra	5/5		4/4	1
11. Mr. Monrak Saengsastra (4)	-		2/4	-

(1) Pol.Gen.Patcharawat Wongsuwan resigned as a director and independent director of DCC and a director of TTOP on May 2, 2012

(2) Mr.Yothin Juangbhanich appointed as Chairman of the Audit Committee by the Board of Directors No.4/2012 on 24 July 2012

(3) Mr.Phachon Khachitsarn appointed as director and independent director by the Board of Directors No.4/2012 on 24 July 2012

(4) Mr. Monrak Saengsastra appointed as director of TTOP (subsidiary) by the Board of Directors of TTOP No.3/2012 on 11 May 2012

6. BOARD ASSESSMENT AND ROTATION

The Board is composed of 9 directors. Directors stand for re-election every 3 years. The Board is pursuing a gradual process to rotate its composition without compromising its continued effectiveness. New board members are invited based on many criteria, an important one being their ability to contribute to DCC's business growth strategy.

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

The Board conducted a formal evaluation of its own performance for the year that ended 31 December 2012. The evaluation process was led by the Chairman of the NC and was conducted by sending a board assessment form to each Director. The responses to the form were collated by the Company Secretary.

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

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

The Board's collective view was that the above six areas were functioning effectively, with improvements targeted in certain areas.

7. Performance Appraisal and Knowledge Enhancement

Performance Appraisal of the Board

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

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

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

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

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

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.

Performance Assessment of DCC's President and Top Executives

The Board and The Nomination and Remuneration Committee assess the performance of the president & CEO based on the Company's operating results, implementation of the Board's policies, and the overall socio-economic circumstances. The Remuneration Committee will then consider the appropriate remuneration for the president & CEO and top executives of DCC and propose such amount to the Board for approval, taking into account the following information regarding the current and previous years:

1. The business unit's operating results based on Operation Profit and Return on Assets. The target shall be set forth each year for assessment and comparison purposes.

2. The operating results of the business unit compared to those of other companies in the same industry, both locally and internationally.

3. The executive's capability to develop the business unit.

Subsidiaries

There are four subsidiaries which were controled by Parent's Company and equity stake. List of Directors of whom also serve as Directors in this Subsidiary as follows:

1. Tile Top Industry Public Co. Ltd. a subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 96.83%

2. Pick and Pay Co. Ltd.a subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 97.99 %

3. Muang Thong Ceramic Co. Ltd.a subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 99.98 %

4 . World Wide Ceramic Co. Ltd.a subsidiary in which Dynasty Ceramic Public Co. Ltd. has a 99.93 %

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

Name Of Board Members	Positon in as at Dec 31,2012		
	Dynasty Ceramic PCL.	Tile Top Industry PCL.	3 Subsidiaries
1. Mr.Roongroj Saengsastra	Chairman	Chairman	Chairman
2. Mr. Yothin Juangbhanich *	Independent Director & Chairman of Audit Committee	-	-
3. Mr. Surasak Kosiyajinda	Independent Director & Audit Committee	-	-
4. Mr.Phachon Khachitsarn **	Independent Director & Audit Committee	-	-
5. Mr. Sanchai Janejarat	President	Managing Director	Director
6. Mr. Chaayasith Viriyamettakul	Director	-	-
7. Mr. Suvit Smarnphanchai	Director	-	-
8. Mr.Chana Suthiwangcharoen	Director	Director	Director
9. Miss Cattleya Saengsastra	Executive Director & Company's Secretary	Director	Director
10. Mr. Monrak Saengsastra	-	Director	Director

* Mr.Yothin Juangbhanich has appointed as Chairman of the Audit Committee by the Board of Directors No.4/2012 on July 24,2012

** Mr. Phachon Khachitsarn has appointed as Independent Director by the Board of Directors No.4/2012 on July 24,2012

Principles of Corporate Governance

The Board of Directors considers corporate governance to be a basic part of its business policy, which the Board of Directors has assigned the Management Committee to take charge of corporate governance manual since 2003 and revised in October 27, 2006. The Company publishes booklets on DCC'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 SEC. and Stock Market regulation. Furthermore the Board of Directors' are responsible and fairness towards all stakeholders. The Board of Directors performed their knowledge and experience in control and followed-up the Management Team to ensure that The Company was performed according to the Vision and Company's policies, can control the expenses in budget and utilized their resources effectively.

The President & Chief Executive Officer and his executive team of DCC role as the link in the chain of authority to set the objective of DCC's CG Policy and implementation and monitoring plan to ensure compliance with all policies to ensure that the business is transparent, ethical, and complies with the policies and resolution of the Board of Directors.

DCC subsidiaries are monitored the CG Policy by the Management Team who was appointed to be the Director of that Company. The scope of controlling policy depended on the number of directors and each Subsidiaries and was performed according to the Company's policies.

DCC provides CG guidelines covering the following issues:

- Section 1. The Rights of Shareholders .
- Section 2. The Equitable Treatment of Shareholders
- Section 3. The Role of Stakeholders in Corporate Governance
- Section 4. Disclosure and Transparency
- Section 5. Responsibilities of the Board of Directors and Committees

1. The Rights of Shareholders

DCC ensures that shareholders, both as investors and owners of the Company, are entitled to all basic rights meeting widely accepted and reliable standards, which include the right to freely trade or transfer their own shares, the right to receive dividends from the Company, the right to attend shareholders' meetings, the right to propose 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, amendment of Memorandum of Association and Articles of Association of the Company, etc. Shareholders have the right to vote at meetings according to the number of shares owned by each shareholder, whereby one share entitles one vote, and no particular share allows them privilege over the rights of other shareholders.

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

1. Provides essential, clear, and up-to-date information for shareholders regarding the Company's business.
2. Sends all shareholders significant and sufficiently detailed information concerning the Shareholders' Meeting date and the Meeting agenda prior to the date of the meeting. Such information will be posted on DCC's website around two months before the related documents are submitted to shareholders, and not less than 14 days prior to the Meeting. The shareholders' right to attend the Meeting and the right to vote on resolutions will be clearly stated in the Meeting notice submitted by the Company.
3. Any shareholder who is unable to attend a Meeting is entitled to appoint a representative, or an independent director or other person, to act as proxy, using the proxy form attached to the notice of the Meeting. The Company has prepared the proxy form in compliance with the specifications defined by the Ministry of Commerce whereby the shareholders can exercise their voting rights as wished. The proxy forms can also be downloaded from DCC's website.
4. Prior to the Meeting, one or several shareholders holding in aggregate at least 5% of all issued shares of the Company have the right to suggest issues to be included in the agenda of the Annual General Meeting of Shareholders for the year 2011. Shareholders were allowed to exercise this right from October 1 -December 31, 2010 so that the Board of Directors could screen the issues before presenting them to shareholders for consideration. Should the proposed issue be included on the Meeting agenda, the Company shall specify in the notice of the Meeting that the agenda item was proposed by a shareholder.

2. The Equitable Treatment of Shareholders

DCC shall provide equitable treatment to every individual shareholder, major or minor, as well as institutional or foreign investors. To that effect, 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 e-mail: dynastyceramic.com. The independent directors are responsible for handling each matter appropriately. For example, in case of a complaint, the independent directors will investigate and seek a proper solution. On the other hand, if there is a suggestion that is considered to affect the stakeholders or the business, the independent director will report it to a Board of Directors meetings for consideration and include it in the agenda of the Shareholders' Meeting.

3. The Role of Stakeholders in Corporate Governance

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

- **Shareholders**: Besides 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 focused on promoting employees' health and safety, excellent working conditions, and competitive remuneration.

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

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

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

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

4. Disclosure and Transparency

DCC realizes the importance of information disclosure because this greatly affects decision-making by investors and stakeholders. It is therefore necessary to define and administer measures concerning the disclosure of information, both financial and non-financial. Information disclosed via the SET Community Portal and DCC'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 SET, and other relevant government bodies. Regular amendment takes place to ensure that DCC is up-to-date in its adherence to laws, regulations, and obligations, and to guarantee DCC's 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 report their own interests, and those of any related persons, which are vested interests relating to management of the Company or its subsidiaries, via the corporate secretary, who will gather and store 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 Board member selection and the Board's 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 each director receives as a member of the Committee.

9. Disclose the policy on the remuneration of 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 still upheld information disclosure guidelines related to DCC so as to systematize the Company's information disclosure and avert any damage caused by improper disclosure. This reassured shareholders, investors, the general public, and all stakeholders that DCC is committed to disclosing information clearly, equitably, and in compliance with the law. To that effect, the existing practices have been compiled and formulated in DCC's Disclosure Policy set forth in 2008. The Company has designated the persons responsible for disclosing non-public information as well as establishing guidelines on disclosure of different types of information to the public and setting up critical periods in which extreme caution should be taken prior to the disclosure of information to the public. Details of the guidelines are available for stakeholders and the general public on DCC's website.

The Investor Relations Department of DCC is responsible for communications with institutional investors, retail investors, shareholders, analysts, and related government bodies on an equal and fair basis. Should the shareholders require additional information, they can contact the Investor Relations Department directly via Chadarat.Ut@dynastyceramic.com Tel : 0-2276-9275-81 ต่อ 311 Fax : 0-2276-0308 / 02-2276-0316 In 2012, DCC arranged activities for the president and CEO to meet retail investors, institutional investors and analysts on a regular basis, whereby the operating results, financial statements and position, management discussion and analysis, and industry trends were presented.

Conflicts of Interest

1. Some transactions, which could lead to a potential conflict of interest and/or related party transaction, must be considered very carefully in full compliance with the relevant rules and regulations of the 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 were required to submit a report that summarises 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 (30) days after being appointed.

In case there are changes in related persons and close relatives, Directors and executives shall submit a revised report to DCC within fourteen (14) days after changes occur. The Board also monitors compliance with the regulations regarding criteria, procedures, and disclosure of such transactions. DCC has a policy to disclose detailed information of these transactions, which includes transaction amounts, transaction parties, their underlying reasons, and necessity of the transaction in our annual reports.

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

The Board and management also emphasise a prudent and unbiased review of inter-company transactions, which are transactions between DCC and its subsidiaries.

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

Preventing Conflicts of Interest

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

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

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

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

5. Responsibilities of the Board of Directors

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

1. Overseeing the conduct of the Company's business to evaluate whether it is being properly managed and ensure all activities are conducted according to relevant laws and ethical standards.
2. Managing the Company's performance in line with legal requirements, our objectives and by-laws, and resolutions adopted at the shareholders' meetings.
3. Establishing and approving major financial objectives, plans, and actions.
4. Reviewing and approving major changes in the appropriate auditing and accounting principles and practices used in the preparation of the Company's financial statements.
5. Assessing major risk factors relating to the Company's performance and reviewing measures to address and mitigate such risks.
6. Evaluating its own performance and capabilities and improving its work processes as necessary.
7. Approving the compensation of employees.
8. Appointing the appropriate committees to manage the Company's business affairs as assigned by the Board.

The Board has delegated to the President & Chief Executive Officer, working with other executive officers, the authority and responsibility for managing the business consistent with DCC's standards and according to any specific plans, instructions, or directions of the Board.

Additionally, DCC focuses on internal control and risk management systems appropriate for our current business undertakings. The Board works in close consultation with management in a consistent manner with our Core Values, Mission and Vision also according to DCC CG Policy.

INTERNAL CONTROL

The company give great importance to the internal control system to ensure the effective management and operations at all levels. In addition, the internal audit department an independent agency that reports directly to the Audit Committee to assist the Audit Committee and Board of Directors in assessing the adequacy of internal controls. The financial accounting issues, compliance and regulations include policies and procedures dealing with risk management in business and financial risks as well as for the internal control the company focuses on five key elements relating to internal control as follows.

1. Organization and the environment.

The company has an appropriate organizational structure to facilitate the management to operate effectively. and the company has set goals to guide business operations and employees to follow. Since the company recognizing the fact that it works under a controlled environment that is suitable to work efficiently and effectively.

2. Risk Management

Management committee of the Company review policies and the risks. Management and employees are encouraged to recognize the importance of risk and the importance of risk management. This ensures everyone is prepared to reduce the risk or the appropriate and timely. The company encourage everyone to be aware of the risk behaviors this means that risk management is everyone's responsibility.

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

3. Control of Work Effectiveness of Administrative Department

The company has the authority and the approval of the department and be monitored regularly. If the company ,the transactions with major shareholders, directors or related to such person. The Company will comply with the Notification of the Stock Exchange of Thailand : Rules, procedures and disclosure of related party transactions of listed companies. In addition, the company has focused on the internal control system to operate as efficiently has the authority to carry out the operations of the executive is clearly written. The determination and separation of duties between the parties and the evaluation of the clear. To maintain a balance between appropriate and monitoring. The level of maintenance, control and maintain the assets of the company properly. In addition, internal controls related to financial and accounting reporting system, the company has provided a clear and adequate to the management concerned.

4. Management Information Systems and Communications

Information system has been developed to ensure efficient operation and meet the needs of management. The company also focus on accuracy reliable and timely information and data communications. The initial purpose was to be and timeliness of data to be used for decision making, the company has invested to establish effective communication systems both within and outside the company. Accounting records in accordance with generally accepted accounting standards and recording the current consistently. This document contains sufficient information to make decisions for the shareholders and directors can be sent to shareholders and board of directors prior to the meeting.

5. Follow-up and Assessment Methods

Of current information systems can provide reliable and timely information. The management and the Board of Directors control and monitoring operations over financial reporting was effective. In the meantime, can review the assessment and make recommendations to improve business processes through the supervision of the Office of Internal Audit to carry out checks throughout the year.

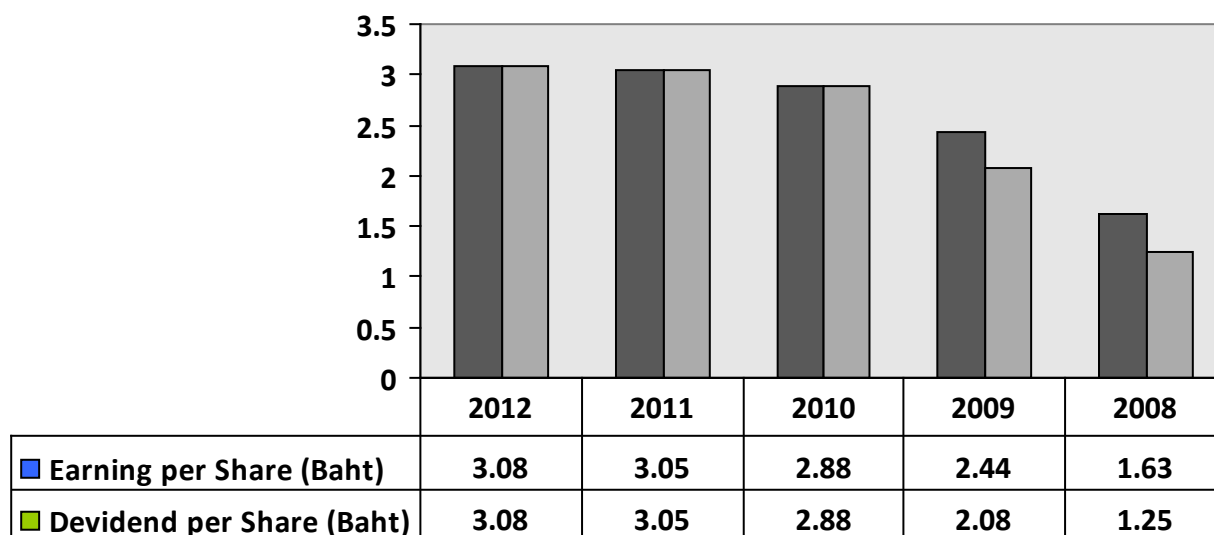
The internal audit was conducted to examine the system of internal control on a regular basis. The annual audit plan monitoring and reporting to the Audit Committee to date have not found any significant flaws. However, comments on how to improve internal controls to detect a certain point. by the internal audit of the company and auditing to ensure that the operational and financial activities of the company implemented effectively and in accordance with the law under the guidelines.

DIVIDEND PAYMENT POLICY

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

In 2012, the Company proposed that the shareholders of the 1/2013 to 23 April 2013 to pay an annual dividend rate equal to 100 percent by the year 2010-2011 the company's financial status.

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



RELATED TRANSACTION

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

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

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

1. The Company is a sole distributor of all ready made products purchased from Tile Top Industry Public Co. Ltd., which manufactures floor, wall and decorative 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 packaging), purchasing and sales, financial and accounting systems with an online computer system, with a yearly budget of 12 million baht, resulting in connected transactions. 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, within a budget of 3.6 million baht.

2. Dynasty Ceramic Public Co. Ltd. delivered and sold its own products and those purchased to the three distributors, namely Pick and Pay Co. Ltd., Muangthong Ceramic Co. Ltd. and Worldwide Ceramic Co. Ltd., at wholesale prices, resulting in connected sales of products. Moreover, Dynasty Ceramic designed shop format and arranged management systems for all the three subsidiaries as well as collecting fees on the product distribution right on a yearly basis. In addition, the three distributors contracted Dynasty Ceramic Public Co. Ltd. to manage their operations, inventory, purchasing and sale, financial and accounting systems with an online computer system, with an annual budget of 0.48 million baht per branch, resulting in connected transactions.

Since Dynasty Ceramic is in charge of controlling its own and its subsidiaries' financial policies, Payments were made in advance on some items produced and distributed to Dynasty Ceramic Public Co. Ltd. This is a means of providing financial support to its subsidiary, with the borrowers issuing a promissory note to the loan provider. Interest is calculated according to prevailing market rates on the date the borrowing was made. The financial statements of Dynasty Ceramic PLC include transactions with related companies and the financial statements reflect the effects of these.

Transaction

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

TRANSACTIONS WITH RELATED PARTIES

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

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

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2012	2011
Tile Top Industry PCL.	Subsidiaries Company	Revenue from Raw Material / Supplies	2.5	10.8
		Rental income from office	0.36	0.36
		Management Fee income	12.0	12.0
		Purchases -Finished goods	2,745.1	2,346.7
		Purchases - Raw Materials / Supplies	15.5	15.3
		Warehouse Management Fee	3.6	3.6
Pick and Pay Co.,Ltd.	Subsidiaries Company	Revenue from Sales	2,947.9	2,753.6
		Revenue from Raw Material / Supplies	0.5	0.5
		Rental income from office / equipment	1.8	1.3
		Management Fee income	42.1	31.0
		Purchases -Finished goods	0.8	1.5
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	1,815.1	1,598.3
		Rental income from office / equipment	0.4	0.1
		Management Fee income	28.3	20.9
World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Revenue from Sales	1,234.9	973.8
		Rental income from office / equipment	0.2	0.0
		Management Fee income	19.7	12.6
Mr.Roongroj Saengsastra	Director of the Company and Subsidiaries	Rental Land Expenses	1.0	1.0
Mr.Monrak Saengsastra and Mr.Maruth Saengsastra	Director in Subsidiaries Company	Rental Land Expenses	1.0	1.0
Acapulco Co.,Ltd	A related parties of the company	Rental Land Expenses	0.3	0.6

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

Account name / Company's name	Relationship	Type of Transaction	Amount (Million Baht)	
			2012	2011
TileTop Industry PCL.	Subsidiaries Company	Trade Account Payable and other Account Payable	540.3	448.0
Pick and Pay Co.,Ltd	Subsidiaries Company	Trade Account Receivable and other Account Receivabel	428.1	349.3
		Trade Account Payable and other Account Payable	0.1	-
Muangthong Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivabel	176.1	144.1
World Wide Ceramic Co.,Ltd.	Subsidiaries Company	Trade Account Receivable and other Account Receivabel	381.1	301.8

Summary of Operating Results and Financial Analysis

CONSOLIDATED

(Unit : Thousand Baht)

The Statement of Financial Position as at December 31,

ASSETS	2012	%	2011	%
CURRENT ASSETS				
Cash and cash equivalents	188,624	3.96	190,321	4.44
Trade accounts and notes receivable - net	136,621	2.87	131,039	3.05
Receivables from subsidiaries	-	-	-	-
Inventories – net	1,549,877	32.57	1,266,495	29.54
Other current assets – net	35,685	0.75	35,012	0.82
Total Current Assets	1,910,807	40.15	1,622,867	37.85
NON-CURRENT ASSETS				
Investment in subsidiaries	-	-	-	-
General investment net	-	-	250	0.01
Property , plant and equipment – net	2,700,852	56.75	2,513,719	58.62
Goodwill – net	103,624	2.18	103,624	2.42
Intangible assets – net	7,121	0.15	8,825	0.21
Other non-current assets - net	36,515	0.77	38,605	0.90
Total Non-current Assets	2,848,112	59.85	2,665,023	62.15
TOTAL ASSETS	4,758,919	100.00	4,287,890	100.00

CONSOLIDATED

(Unit : Thousand Baht)

The Statement of Financial Position as at December 31,

(CONT.)

LIABILITIES AND SHAREHOLDERS'EQUITY	2012	%	2011	%
CURRENT LIABILITIES				
Short- term loans from financial institutions	840,000	17.65	400,000	9.33
Trade accounts payable	621,412	13.06	607,540	14.17
Payable to subsidiaries	-	-	-	-
Accrued income tax	182,526	3.84	259,780	6.06
Other current liabilities	243,149	5.11	213,423	4.98
Total current liabilities	1,887,087	39.65	1,480,743	34.53
NON-CURRENT LIABILITIES				
Unfunded provident fund	51,447	1.08	49,572	1.16
Employee benefits obligation	118,465	2.49	93,338	2.18
Total non-current liabilities	169,912	3.57	142,910	3.38
TOTAL LIABILITIES	2,056,999	43.22	1,623,653	37.87
SHAREHOLDERS' EQUITY				
Share capital Common share at				
Baht 1 par value				
- Registered 408,000,000 shares	408,000		408,000	
Issued and paid up				
- 408,000,000 shares	408,000	8.57	408,000	9.52
Premium on ordinary shares	506,000	10.63	506,000	11.80
Retained earnings				
- Appropriated – legal reserve	40,800	0.86	40,800	0.95
- Unappropriated	1,711,799	35.97	1,668,305	38.91
Other component of equity	(10,132)	(0.21)	-	-
Shareholders' equity of the Company	2,656,467	55.82	2,623,105	61.17
Non-controlling interests' equity	45,453	0.96	41,132	0.96
Total shareholders' equity	2,701,920	56.78	2,664,237	62.13
TOTAL LIABILITIES AND SHAREHOLDERS'EQUITY	4,758,919	100.00	4,287,890	100.00

CONSOLIDATED

(Unit : Thousand Baht)

Statement of comprehensive income for the years ended December 31,

	2012	%	2011	%
Sales	7,602,747	100.00	7,206,759	100.00
Cost of Sales	(4,624,990)	(60.83)	(4,141,068)	(57.46)
Gross profit	2,977,757	39.17	3,065,691	42.54
Other income	34,779	0.46	20,076	0.28
Income before expenses	3,012,536	39.62	3,085,767	42.82
Selling expenses	(760,575)	(10.00)	(740,939)	(10.28)
Administrative expenses	(588,040)	(7.73)	(535,700)	(7.43)
Total expenses	(1,348,615)	(17.74)	(1,276,639)	(17.71)
Income before finance costs and income tax	1,663,921	21.89	1,809,128	25.10
Financial costs	(15,795)	(0.21)	(6,321)	(0.09)
Income before income tax	1,648,126	21.68	1,802,807	25.02
Income tax	(388,392)	(5.11)	(554,779)	(7.70)
Earnings for the years	1,259,734	16.57	1,248,028	17.32
Other Comprehensive Income				
Actuarial losses	(10,291)	(0.14)	-	
Net Comprehensive Income (loss)				
for the period	1,249,443	16.43	1,248,028	17.32
Allocation of income for the period				
Portion of the Company's shareholders	1,255,254	16.51	1,243,207	17.25
Portion of non-controlling interests	4,480	0.06	4,821	0.07
	12,59,734	16.57	1,248,028	17.32
ALLOCATION OF COMPREHENSIVE INCOME				
Portion of the Company's shareholders	1,245,121	16.38	1,243,207	17.25
Portion of non-controlling interests	4,322	0.06	4,821	0.07
	1,249,443	16.43	1,248,028	17.32
BASIC EARNINGS PER SHARE				
Income (Baht / share)	3.08		3.05	
Weighted average number of common shares (Thousand share)	408,000		408,000	

- For the year 2012 total sales amount 7,603 MB. increased from last year 5% from total sales volume of 58.3 million sqm. increased 5% and the marketing plan for many size tiles which another way increase the value of the product.
- Year 2012 total cost of sales 4,625 MB or 60.83% of total sales increases from the year that the cost of sales as 57.46% of total sales, the gross margin decreased from year 2011 were 42.54 % to 39.17% in year 2012, Total Cost of Manufacturing increased 9% YoY resulting from increased in chemicals and pigments 9%, increased in gas and electricity 27% and also increased in cost of labor from the government policy of minimum wages 23% YoY.
- Selling expenses increased by 3 % of transportation costs, which accounted for 8% of sales, increased sales volume and price of diesel fuel were 3% and organizing various promotional campaigns.
- Administration cost increased 10% due to increased in minimum wages policy and increased in number of outlets.
- Financial costs : Interest expense in year 2012 included 11.8 MB. (net from employee benefits obligation 4 MB.) due to , the Company had outstanding short-term loans to expand the capacity of the company and its subsidiaries. The purchase of machinery and raw materials, spare parts increased.
- The year 2012 tax rate of 23%, last year 30% tax rate , the year 2012 Percent of Net Profit decreased from last year were 17.32% to 16.57% and earnings per share 3.08 Baht in year 2012.

Overview of financial status of 2012

- Total consolidated assets as 2012 are 4,759 MB increased from the end of 2011 471 MB or 11% due to the inventory on hand increased 283 MB or 22%. Assets increased 187 MB or 7% according to modifications of kilns and also outlet expansions.
- Total consolidated debt at 31 December 2012 is at 2,057 MB which increased from the end of 2011 433 MB or 27% resulting from increased short-term loan 440 MB. Corporate tax payable decreased 77 MB from tax rate 23% , 30% from the previous year. Account payable increased 14 MB or 2% resulting from the increased in purchasing raw material and spare parts in order to comply with the capacity expansion and also kilns' modifications.

DYNASTY CERAMIC PUBLIC COMPANY LIMITED



THE CONSOLIDATED FINANCIAL STATEMENTS
AND SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2012
AND AUDITORS

REPORT OF INDEPENDENT AUDITOR

To the Shareholders of Dynasty Ceramic Public Company Limited

I have audited the accompanying consolidated financial statements of Dynasty Ceramic Public Company Limited and its subsidiaries comprising the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, including notes disclosure summarizing significant accounting policies and other explanatory information. I have also audited the separate financial statements of Dynasty Ceramic Public Company Limited comprising the separate statements of financial position as at 31 December 2012, and the related separate statements of comprehensive income, changes in shareholders' equity and cash flows for the years then ended, including notes disclosure summarizing significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

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

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidences about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of financial statements.

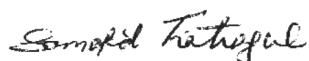
I believe that the audit evidences I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the consolidated financial position as at 31 December 2012 and the consolidated results of operations and cash flows for the year then ended of Dynasty Ceramic Public Company Limited and its subsidiaries, and the separate financial position as at 31 December 2012 and its results of operations and cash flows for the year then ended of Dynasty Ceramic Public Company Limited, in accordance with Thai Financial Reporting Standards.

Comparative financial statements

The consolidated financial statements of Dynasty Ceramic Public Company Limited and subsidiaries and the separate financial statements of Dynasty Ceramic Public Company Limited for the year ended 31 December 2011 were audited by other auditor who expressed an unqualified opinion thereon, with emphasis on the adoption of the new and amended accounting and financial reporting standards, on her report dated 21 February 2012.



Mr. Somckid Tiatragul

Certified Public Accountant

Registration No. 2785

Bangkok, Thailand

19 February 2013

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 AND 2011

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Notes	2012	2011	2012	2011
ASSETS					
CURRENT ASSETS					
Cash and cash equivalents	5	188,624,482	190,320,579	69,259,134	110,842,464
Trade accounts receivable - net	7	136,620,662	131,039,265	121,314,217	112,540,869
Trade accounts receivable and other receivable - subsidiary companies	6 , 7	-	-	985,260,288	795,296,600
Inventories - net	8	1,549,877,058	1,266,495,128	681,897,038	554,023,531
Other current assets	9	35,684,634	35,012,472	18,998,677	23,484,313
Total Current Assets	-	1,910,806,836	1,622,867,444	1,876,729,354	1,596,187,777
NON - CURRENT ASSETS					
Investments in subsidiaries	10	-	-	127,853,787	127,853,787
Other investment - net		-	249,750	-	-
Property, plant and equipment - net	11	2,700,851,480	2,513,718,852	1,175,097,426	1,011,911,389
Goodwill		103,623,825	103,623,825	-	-
Intangible assets - net	12	7,121,166	8,824,723	7,121,166	8,824,723
Other non - current assets	13	36,515,472	38,605,712	4,486,807	3,822,307
Total Non - Current Assets		2,848,111,943	2,665,022,862	1,314,559,186	1,152,412,206
TOTAL ASSETS		4,758,918,779	4,287,890,306	3,191,288,540	2,748,599,983

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012 AND 2011

(Unit : Baht)

Notes	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
LIABILITIES AND SHAREHOLDERS' EQUITY				
CURRENT LIABILITIES				
Bank overdrafts and short - term loans				
from financial institutions	14	840,000,000	400,000,000	840,000,000
Trade accounts and notes payable	15	621,411,667	607,540,157	335,943,988
Trade accounts payable and other payable				
- subsidiary companies	6	-	-	540,503,183
Accrued income tax		182,525,931	259,780,441	149,628,272
Other current liabilities	16	243,149,034	213,422,553	163,915,531
Total Current Liabilities		1,887,086,632	1,480,743,151	2,029,990,974
NON - CURRENT LIABILITIES				
Unfunded provident fund	17	51,447,498	49,572,499	-
Employee benefits obligation	19	118,464,522	93,337,925	51,366,044
Total Non - Current Liabilities		169,912,020	142,910,424	51,366,044
TOTAL LIABILITIES		2,056,998,652	1,623,653,575	2,081,357,018
SHAREHOLDERS' EQUITY				
Share capital - common share at Baht 1 par value				
- Registered - 408,000,000 shares		408,000,000	408,000,000	408,000,000
- Issued and paid - up - 408,000,000 shares		408,000,000	408,000,000	408,000,000
Premium on share capital		506,000,000	506,000,000	506,000,000
Retained earnings				
- Appropriated for legal reserve	20	40,800,000	40,800,000	40,800,000
- Unappropriated		1,711,799,020	1,668,305,260	158,397,747
Other component of equity	19	(10,132,472)	-	(3,266,225)
Shareholders' equity of the Company		2,656,466,548	2,623,105,260	1,109,931,522
Non-controlling interests		45,453,579	41,131,471	-
TOTAL SHAREHOLDERS' EQUITY		2,701,920,127	2,664,236,731	1,109,931,522
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		4,758,918,779	4,287,890,306	3,191,288,540

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIE
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	Notes	Consolidated F/S		Separate F/S	
		2012	2011	2012	2011
REVENUE FROM SALES					
Revenue from sales	6	7,602,746,830	7,206,759,233	7,091,836,271	6,442,504,528
COSTS OF SALES					
Costs of sales	6 , 23	(4,624,989,865)	(4,141,068,186)	(4,928,262,308)	(4,316,369,479)
Gross income		2,977,756,965	3,065,691,047	2,163,573,963	2,126,135,049
Other income	6	34,779,531	20,075,757	128,793,227	92,091,270
Income Before Expenses		3,012,536,496	3,085,766,804	2,292,367,190	2,218,226,319
Selling expenses		(760,574,805)	(740,938,424)	(694,557,304)	(663,662,666)
Administrative expenses		(588,040,239)	(535,700,355)	(122,524,384)	(133,257,037)
Total expenses	6 , 23	(1,348,615,044)	(1,276,638,779)	(817,081,688)	(796,919,703)
Income before finance costs and income tax		1,663,921,452	1,809,128,025	1,475,285,502	1,421,306,616
Finance costs		(15,795,442)	(6,320,347)	(13,643,996)	(4,775,649)
Income before income tax		1,648,126,010	1,802,807,678	1,461,641,506	1,416,530,967
Income tax		(388,391,771)	(554,779,363)	(318,424,341)	(427,226,526)
Income for the year		1,259,734,239	1,248,028,315	1,143,217,165	989,304,441
OTHER COMPREHENSIVE INCOME					
Actuarial losses	19	(10,290,843)	-	(3,266,225)	-
TOTAL COMPREHENSIVE INCOME (LOSS)					
FOR THE YEAR		1,249,443,396	1,248,028,315	1,139,950,940	989,304,441
ALLOCATION OF INCOME FOR THE YEAR					
Portion of the Company's shareholders		1,255,253,760	1,243,207,014	1,143,217,165	989,304,441
Portion of non-controlling interests		4,480,479	4,821,301	-	-
		1,259,734,239	1,248,028,315	1,143,217,165	989,304,441
ALLOCATION OF COMPREHENSIVE INCOME					
Portion of the Company's shareholders		1,245,121,288	1,243,207,015	1,139,950,940	989,304,441
Portion of non-controlling interests		4,322,108	4,821,301	-	-
		1,249,443,396	1,248,028,315	1,139,950,940	989,304,441
BASIC EARNINGS PER SHARE					
Income (Baht : share)		3.08	3.05	2.80	2.42
Weighted average number of common shares (share)		408,000,000	408,000,000	408,000,000	408,000,000

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	Notes	Paid - up Share Capital	Premium on Share Capital	Retained earnings		Shareholders' equity of the Company		Non-controlling interests	Total
				Legal Reserve	Unappropriated	Other component of equity Actuarial loss	Total shareholders' equity of the Company		
<u>Consolidated F/S</u>									
Balance as at 1 January 2011		408,000,000	506,000,000	40,800,000	1,653,178,246	-	2,607,978,246	36,310,170	2,644,288,416
Total comprehensive income (loss) for the year		-	-	-	1,243,207,014	-	1,243,207,014	4,821,301	1,248,028,315
Dividend payment	21	-	-	-	(1,228,080,000)	-	(1,228,080,000)	-	(1,228,080,000)
Balance as at 31 December 2011		408,000,000	506,000,000	40,800,000	1,668,305,260	-	2,623,105,260	41,131,471	2,664,236,731
Balance as at 1 January 2012		408,000,000	506,000,000	40,800,000	1,668,305,260	-	2,623,105,260	41,131,471	2,664,236,731
Total comprehensive income (loss) for the year		-	-	-	1,255,253,760	(10,132,472)	1,245,121,288	4,322,108	1,249,443,396
Dividend payment	21	-	-	-	(1,211,760,000)	-	(1,211,760,000)	-	(1,211,760,000)
Balance as at 31 December 2012		408,000,000	506,000,000	40,800,000	1,711,799,020	(10,132,472)	2,656,466,548	45,453,579	2,701,920,127

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARY
STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

		Retained earnings			Other components of equity	(Unit : Baht)
Notes	Paid - up Share Capital	Premium on Share Capital	Legal Reserve	Unappropriated	Actuarial losses	Total
Separate F/S						
Balance as at 1 January 2011	408,000,000	506,000,000	40,800,000	465,716,141	-	1,420,516,141
Total comprehensive income (loss) for the year	-	-	-	989,304,441	-	989,304,441
Dividend payment 21	-	-	-	(1,228,080,000)	-	(1,228,080,000)
Balance as at 31 December 2011	408,000,000	506,000,000	40,800,000	226,940,582	-	1,181,740,582
Balance as at 1 January 2012	408,000,000	506,000,000	40,800,000	226,940,582	-	1,181,740,582
Total comprehensive income (loss) for the year	-	-	-	1,143,217,165	(3,266,225)	1,139,950,940
Dividend payment 21	-	-	-	(1,211,760,000)	-	(1,211,760,000)
Balance as at 31 December 2012	408,000,000	506,000,000	40,800,000	158,397,747	(3,266,225)	1,109,931,522

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Cash Flows From Operating Activities				
Income before income tax	1,648,126,010	1,802,807,678	1,461,641,506	1,416,530,967
Adjustments to reconcile income before income tax to net cash provided from (used in) operating activities:				
Depreciation and amortization	183,001,088	195,615,067	75,461,244	85,630,211
Reversal of allowance for doubtful accounts	(862,389)	(3,037,964)	-	(3,099,470)
Reversal of allowance for obsolete inventories	(9,950)	(646,844)	-	-
Reversal of allowance for other investment	(249,750)	-	-	-
Gain from sales of other investment	(137,353)	-	-	-
Loss (gain) on disposal of fixed assets	1,600,825	1,356,678	(682,955)	12,755
Reversal of allowance for property foreclosed	-	(78,987)	-	-
Unrealized loss (gain) on exchange rate	803,148	(145,091)	563,826	(193,922)
Interest income	(1,283,015)	(6,585,329)	(925,143)	(6,256,869)
Interest expense	15,795,442	6,320,347	13,643,996	4,775,649
Provision for provident fund	2,458,715	2,398,368	-	-
Provision for employee benefits obligation	13,818,921	10,714,355	4,361,035	3,504,456
Cash Flows Provided from Operations before Changes in Operating Assets and Liabilities	1,863,061,692	2,008,718,278	1,554,063,509	1,500,903,777
Decrease (increase) in operating assets;				
Trade accounts receivable	(5,581,275)	19,080,105	(8,773,226)	14,978,410
Trade accounts receivable and other receivable - subsidiary companies	-	-	(189,963,688)	63,382,963
Inventories	(283,371,980)	(134,589,948)	(127,873,507)	(109,091,978)
Other current assets	190,226	(6,925,406)	4,485,636	(12,214,865)
Other non - current assets	(1,950,211)	(7,900,671)	(664,500)	(684,870)
Increase (decrease) in operating liabilities;				
Trade accounts and notes payable	13,069,070	111,761,439	5,823,744	71,582,204
Trade accounts payable and other payable - subsidiary companies	-	-	92,464,924	(73,532,369)
Other current liabilities	29,479,131	6,920,770	18,675,319	(2,050,090)
Unfunded provident fund	(583,716)	(1,196,685)	-	-
Employee benefits obligation	(2,734,905)	(4,543,429)	(2,463,274)	(1,714,301)
Cash Provided from Operations Activities	1,611,578,032	1,991,324,453	1,345,774,937	1,451,558,881
Income tax paid	(465,646,281)	(530,689,575)	(368,467,223)	(405,652,753)
Net Cash Provided from Operations Activities	1,145,931,751	1,460,634,878	977,307,714	1,045,906,128

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES
STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE YEARS ENDED 31 DECEMBER 2012 AND 2011

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Cash Flows from Investing Activities				
Cash paid for acquisitions of assets	(371,404,851)	(601,352,267)	(237,817,773)	(204,402,864)
Cash paid for acquisitions of intangible assets	(806,080)	(5,141,040)	(806,080)	(5,141,040)
Proceed from disposal of fixed assets	6,220,398	1,192,897	2,363,084	467,290
Cash received from sales of other investment	636,853	-	-	-
Cash received from interest income	1,283,015	6,585,329	925,143	6,256,869
Net Cash Used in Investing Activities	(364,070,665)	(598,715,081)	(235,335,626)	(202,819,745)
Cash Flows from Financing Activities				
Cash received from short - term loans from financial institutions	5,840,000,000	3,630,000,000	5,840,000,000	3,630,000,000
Cash paid for short - term loans from financial institutions	(5,400,000,000)	(3,230,000,000)	(5,400,000,000)	(3,230,000,000)
Interest payment	(11,797,183)	(3,432,154)	(11,795,418)	(3,430,482)
Dividend payment	(1,211,760,000)	(1,228,080,000)	(1,211,760,000)	(1,228,080,000)
Net Cash Used in Financing Activities	(783,557,183)	(831,512,154)	(783,555,418)	(831,510,482)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,696,097)	30,407,643	(41,583,330)	11,575,901
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	190,320,579	159,912,936	110,842,464	99,266,563
CASH AND CASH EQUIVALENTS - END OF YEAR	188,624,482	190,320,579	69,259,134	110,842,464

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

DYNASTY CERAMIC PUBLIC COMPANY LIMITED AND SUBSIDIARIES

NOTES TO FINANCIAL STATEMENTS

31 DECEMBER 2012 AND 2011

1. GENERAL INFORMATION

Dynasty Ceramic Public Company Limited (“the Company”) was incorporated and domiciles in Thailand. The Company is principally engaged in 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.

Information about subsidiaries are as follows:

Company	Address	Number of branches	
		2012	2011
Tile Top Industry Public Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	-	-
Pick and Pay Company Limited	54 Moo 4 Phaholyothin Rd., Hueykhamin, Nongkae, Saraburi, 18230	89 branches	87 branches
Muangthong Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	60 branches	58 branches
World Wide Ceramic Company Limited	37/7 Suthisarnwinijchai Rd., Samsennok, Hueykwang, Bangkok, 10310	43 branches	37 branches

2. BASIS OF FINANCIAL STATEMENT PREPARATION AND CONSOLIDATION

2.1 Basis of financial statement preparation

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

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

During the year 2011, the Federation of Accounting Professions has announced the accounting standards, financial reporting standards and interpretation of accounting standards that will affect the Company's operations but are not effective for the year 2012 as follows;

Accounting Standards No.	Topic	Effective date	Effect to the financial statements
12 21 (Revised 2009)	Income Taxes	1 Jan 2013	Being assessed
	The Effects of Changes in Foreign		
	Exchange Rates	1 Jan 2013	Being assessed

Moreover, during the year 2012, the Federation of Accounting Professions issued the financial reporting standard TFRS 8: Operating Segments, which is effective for fiscal years beginning on or after 1 January 2013. The Company's management believes that this financial reporting standard will not have any significant impact on the financial statements when it is initially applied.

2.2 Basis of consolidation

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

Subsidiary Company	Percentage of holding (%)		Nature of business
	2012	2011	
Tile Top Industry Public Co., Ltd.	96.83	96.83	Manufacturing and distribution of ceramic wall and floor tiles
Pick and Pay Co., Ltd.	97.99	97.99	Distribution of ceramic wall and floor tiles
Muangthong Ceramic Co., Ltd.	99.98	99.98	Distribution of ceramic wall and floor tiles
World Wide Ceramic Co., Ltd.	99.93	99.93	Distribution of ceramic wall and floor tiles

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

2.4 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.

2.5 The percentage of subsidiaries' assets as included in the consolidated financial statements as at 31 December 2012 and 2011 and total revenues for the years ended 31 December 2012 and 2011, are as follow :

	Percentage of subsidiaries' total assets to consolidated total assets		Percentage of subsidiaries' total revenues to consolidated total revenues	
	2012	2011	2012	2011
<u>Subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	35	35	-	-
Pick and Pay Co., Ltd.	18	18	42	44
Muangthong Ceramic Co., Ltd.	10	10	26	26
World Wide Ceramic Co., Ltd.	11	10	17	15

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Revenues and expenses recognition

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

Other income and expenses recognized on an accrual basis.

3.2 Cash and cash equivalents

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

3.3 Trade accounts receivable and allowance for doubtful accounts

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

3.4 Inventories

The Company and its subsidiaries value its inventories at standard cost or net realizable value, whichever is the lower. Standard cost approximates actual average cost (moving average method). Net realizable value is the estimated selling price in the ordinary course of the 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 the Company and its subsidiaries' past experiences.

3.5 Investment in subsidiaries

Investments in subsidiaries in Separate F/S are stated at cost method. The Company recognizes gain or loss on sale in the statement of comprehensive income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends receive when the subsidiaries declare the payments of their dividends.

3.6 Investments in Shares (General Investment)

Long-term investments in other companies are stated at cost. The Company and its subsidiaries recognize gain or loss on sale in the statement of comprehensive income in the period which sale of long-term investments occurred. In the case of impairment on investment, the Company and its subsidiaries will recognize loss from impairment of investment as expense in statement of comprehensive income.

3.7 Property, plant and equipment

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

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

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

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

3.8 Intangible assets

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

3.9 Lease rights cost

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

3.10 Goodwill

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

3.11 Property foreclosed and assets not used in operations

Property foreclosed - land of which the Company and its subsidiaries take possession from its debtors, is stated at the net realizable values.

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

3.12 Impairment of assets

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

3.13 Foreign currencies transactions

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

3.14 Employee benefits

Employee benefits

Short-term employment benefits

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

Unfunded provident fund

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

Post-employment benefits (Defined contribution plan)

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

Post-employment benefits (Defined benefit plan)

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

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

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

3.15 Income tax

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

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

3.16 Related parties

Related parties comprise enterprises and individuals that control, or are controlled by the Company, whether directly or indirectly, or which are under common control with the Company.

They also include associated companies and individuals which directly or indirectly own a voting interest in the Company that gives them significant influence over the Company, key management personnel, directors and officers with authority in the planning and directing the Company's operations.

3.17 Financial instruments

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

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

3.18 Operating Lease

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

3.19 Dividend payment

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

3.20 Earnings per share

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

3.21 Use of accounting estimates

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

3.22 Provisions for liabilities and expenses, and contingent assets

Provisions are recognized in the financial statements when the Company and its subsidiaries have a present 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 assets will be recognized as separate assets only when the realization is virtually certain.

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

4.1 Critical accounting estimates, assumption and judgements

4.1.1 Impairment of receivables

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

4.1.2 Allowance for slow - moving and defective inventories

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

4.1.3 Property, plant and equipment and intangible assets

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

4.1.4 Leases

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

4.1.5 Impairment of assets

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

4.1.6 Post-employment benefits (defined benefit plans)

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

4.2 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	
	2012	2011	2012	2011
Cash on hand	5,903,386	1,747,000	90,000	90,000
Cash at banks				
- Current accounts	64,805,418	26,622,509	9,599,001	8,349,644
- Saving accounts	117,915,678	161,951,070	59,570,133	102,402,820
Total	188,624,482	190,320,579	69,259,134	110,842,464

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

6. TRANSACTIONS WITH RELATED PARTIES

The Company has significant transactions with its related parties. These companies are related through common shareholding and/or directorship. Thus, the financial statements reflect the effects of those transactions on the basis agreed upon between the Company and the related companies which basis might be different from the basis used for transactions with unrelated parties.

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

The significant transactions with related parties for the years ended 31 December 2012 and 2011 are as follows :

		(Unit : Baht)			
		Consolidated F/S		Separate F/S	
	Pricing Policy	2012	2011	2012	2011
<u>Sales - finished goods</u>					
Pick and Pay Co., Ltd.	At the parent company determination,	-	-	2,947,904,469	2,753,575,581
Muangthong Ceramic Co., Ltd.	market competicable and more	-	-	1,815,071,449	1,598,265,689
World Wide Ceramic Co., Ltd.	than cost	-	-	1,234,852,217	973,798,505
Total		-	-	5,997,828,135	5,325,639,775
<u>Sales - raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.	At cost	-	-	2,538,855	10,779,455
Pick and Pay Co., Ltd.	At cost	-	-	460,503	506,877
Total		-	-	2,999,358	11,286,332
<u>Office and branches rental income</u>					
Tile Top Industry Public Co., Ltd.	Baht 30,000 per month	-	-	360,000	360,000
Pick and Pay Co., Ltd.	Baht 10,000 per month	-	-	120,000	120,000
	Baht 100,000 per month	-	-	1,200,000	1,200,000
Muangthong Ceramic Co., Ltd.	Baht 12,000 per month	-	-	144,000	144,000
World Wide Ceramic Co., Ltd.	Baht 3,000 per month	-	-	36,000	36,000
Total		-	-	1,860,000	1,860,000

(Unit : Baht)

		Consolidated F/S		Separate F/S	
	Pricing Policy	2012	2011	2012	2011
<u>Management income</u>					
Tile Top Industry Public Co., Ltd.	Baht 1,000,000 per month	-	-	12,000,000	12,000,000
Pick and Pay Co., Ltd.	Baht 480,000 per branch for year 2012				
	Baht 360,000 per branch for year 2011	-	-	42,080,000	31,020,000
Muangthong Ceramic Co., Ltd.	Baht 480,000 per branch for year 2012				
	Baht 360,000 per branch for year 2011	-	-	28,280,000	20,880,000
World Wide Ceramic Co., Ltd.	Baht 480,000 per branch for year 2012				
	Baht 360,000 per branch for year 2011	-	-	19,720,000	12,630,000
Total		-	-	102,080,000	765,300,000
<u>Pur Rental income - Crane</u>					
Pick and Pay Co., Ltd.	Baht 21,000 per crane per month	-	-	513,100	-
Muangthong Ceramic Co., Ltd.	Baht 21,000 per crane per month	-	-	253,400	-
World Wide Ceramic Co., Ltd.	Baht 21,000 per crane per month	-	-	196,700	-
Total		-	-	963,200	-
<u>Pur Purchases - finished goods</u>					
Tile Top Industry Public Co., Ltd.	At market competicable and more than cost	-	-	2,745,131,876	2,346,741,298
Pick and Pay Co., Ltd.		-	-	770,822	1,506,663
Muangthong Ceramic Co., Ltd.		-	-	10,346	2,453
Total		-	-	2,745,913,044	2,348,250,414
<u>Purchases - raw materials and supplies</u>					
Tile Top Industry Public Co., Ltd.	At cost	-	-	15,468,312	15,271,007
<u>Management fee</u>					
Tile Top Industry Public Co., Ltd.	Baht 300,000 per month	-	-	3,600,000	3,600,000
<u>Land rental expenses</u>					
Mr. Roongroj Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	-	-
Mr. Monrak Saengsastra and					
Mr. Marut Saengsastra	Baht 1,000,000 per year	1,000,000	1,000,000	-	-
Acapulco Co., Ltd.	Baht 50,000 per month	300,000	600,000	-	-
Total		2,300,000	2,600,000	-	-
<u>Management expense</u>					
Short - term employee benefits		41,261,600	40,399,289	29,629,933	29,185,054
Post - employment benefits		187,720	169,968	127,370	116,351
Total		41,449,320	40,569,257	29,757,303	29,301,405

The significant balances with related companies as at 31 December 2012 and 2011 are as follows :

(Unit : Baht)				
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
<u>Trade accounts receivable and other receivables – subsidiary companies</u>				
Pick and Pay Co., Ltd.	-	-	428,094,598	349,325,449
Muangthong Ceramic Co., Ltd.	-	-	176,091,758	144,139,338
World Wide Ceramic Co., Ltd.	-	-	381,073,932	301,831,813
Total	-	-	985,260,288	795,296,600
<u>Trade accounts payable and other payables – subsidiary companies</u>				
Tile Top Industry Public Co., Ltd.	-	-	540,343,863	448,038,259
Pick and Pay Co., Ltd.	-	-	111,320	-
Muangthong Ceramic Co., Ltd.	-	-	26,000	-
World Wide Ceramic Co., Ltd.	-	-	22,000	-
Total	-	-	540,503,183	448,038,259
Employee benefits obligation				
<u>Executive</u>				
- Post - employee benefits	12,784,378	12,553,286	8,540,435	8,378,668

Guarantees

The Company had guaranteed its subsidiary's credit facilities with a local bank approximately Baht 795 million. The Company does not charge any fee for such guarantee.

As at 31 December 2012 and 2011, the subsidiary had guaranteed the company's credit facilities with a local bank of Baht 240 million. The subsidiary company does not charge any fee for such guarantee.

7. TRADE ACCOUNTS RECEIVABLES AND OTHER RECEIVABLES

Aging analysis of outstanding balance of receivable as at 31 December 2012 and 2011 are as follows :

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
<u>Trade accounts receivable</u>				
Not over 90 days	127,793,924	123,256,422	112,487,479	104,758,025
Over 90 days to 120 days	6,633,355	5,117,420	6,633,355	5,117,421
Over 120 days to 180 days	2,193,383	2,439,606	2,193,383	2,439,606
Over 180 days to 365 days	-	225,817	-	225,817
Over 365 days	-	12,260,433	-	12,260,433
Total	136,620,662	143,299,698	121,314,217	124,801,302
Less Allowance for doubtful accounts	-	(12,260,433)	-	(12,260,433)
Net	136,620,662	131,039,265	121,314,217	112,540,869
<u>Trade accounts receivable and other Receivables - subsidiary companies</u>				
Not over 90 days			925,907,966	722,189,704
Over 90 days to 120 days			59,175,656	71,744,041
Over 120 days to 180 days			176,666	1,362,855
Total			985,260,288	795,296,600

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

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Beginning balance	12,260,433	15,359,903	12,260,433	15,359,903
Increase	-	-	-	-
Decrease	(12,260,433)	(3,099,470)	(12,260,433)	(3,099,470)
Ending balance	-	12,260,433	-	(12,260,433)

During the year, allowance for doubtful accounts decreased from the write off of an account receivable of Baht 12.26 million as the Court adjudged debtor to make a payment but no assets for legal execution.

8. INVENTORIES – NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Finished goods	1,260,928,946	1,001,406,333	543,085,523	410,548,973
Work in process	39,034,032	37,990,205	14,430,150	16,751,204
Raw materials	164,197,869	158,789,003	78,037,040	84,737,117
Supplies	77,579,266	66,937,471	41,036,873	39,353,090
Goods in transit	10,917,498	4,162,619	5,307,452	2,633,147
Total	1,552,657,611	1,269,285,631	681,897,038	554,023,531
Less Allowance for obsolete inventories	(2,780,553)	(2,790,503)	-	-
Net	1,549,877,058	1,266,495,128	681,897,038	554,023,531

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Beginning balance	2,790,503	3,437,347	-	-
Increase	-	-	-	-
Decrease	(9,950)	(646,844)	-	-
Ending balance	2,780,553	2,790,503	-	-

In the year 2012 and 2011, the subsidiaries reversed allowances for obsolete inventories and raw materials of Baht 0.01 million and 0.65 million, respectively, because they were sold during the years and used for production. Those were reversed in statement of comprehensive income for the years.

9. OTHER CURRENT ASSETS – NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Refundable valued added tax	1,218,844	538,298	-	-
Undue valued added tax	11,014,088	11,010,378	4,944,406	5,009,453
Rewards and sale promotion supplies	10,400,134	12,889,337	10,400,134	12,889,336
Prepaid insurance	3,668,855	1,507,694	382,382	255,043
Other current assets	6,683,668	2,625,189	3,009,618	1,349,768
Miscellaneous receivables	6,167,366	10,772,286	262,137	3,980,713
Less Allowance for doubtful accounts	(3,468,321)	(4,330,710)	-	-
Net	35,684,634	35,012,472	18,998,677	23,484,313

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

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Beginning balance	4,330,710	4,269,204	-	-
Increase	1,769,027	255,801	-	-
Decrease	(2,631,416)	(194,295)	-	-
Ending balance	3,468,321	4,330,710	-	-

In the years 2012 and 2011, allowances for doubtful accounts decreased by Baht of 2.63 million and Baht 0.19 million, respectively, because the subsidiaries received the settlements from debtors and wrote off receivables.

10. INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries in the separate financial statements as at 31 December 2012 and 2011 which are stated at cost are as follow :

(Unit : Thousand Baht)

	Paid-up capital		Percentage of shareholding		At Cost method	
	2012	2011	2012	2011	2012	2011
Tile Top Industry Public Co., Ltd.	222,000	222,000	96.83	96.83	109,480	109,480
Pick and Pay Co., Ltd.	12,000	12,000	97.99	97.99	12,520	12,520
Muangthong Ceramic Co., Ltd.	4,500	4,500	99.98	99.98	4,790	4,790
World Wide Ceramic Co., Ltd.	1,000	1,000	99.93	99.93	1,064	1,064
Total					127,854	127,854

11. PROPERTY, PLANT AND EQUIPMENT – NET

(Unit : Thousand Baht)

	Consolidated F/S				
	2011	Increase	Decrease	Transfer in (out)	2012
Cost :					
Land 389,062	28,441	1,047	8,298	424,754	
Building and structures	1,332,411	4,791	5,548	137,234	1,468,888
Building improvements	55,521	2,630	683	1,083	58,551
Machinery and equipment	3,825,726	60,603	8,903	303,292	4,180,718
Furniture, fixtures and office equipment	480,983	22,634	1,785	13,053	514,885
Vehicles	86,283	16,116	8,254	35,120	129,265
Construction in progress	353,256	236,191	-	(498,080)	91,367
Total	6,523,242	371,406	26,220	-	6,868,428
Less Accumulated depreciation :					
Building and structures	658,865	46,430	1,915	(407)	703,787
Building improvements	17,930	3,416	357	407	20,582
Machinery and equipment	2,876,524	86,412	7,837	-	2,955,099
Furniture, fixtures and office equipment	406,781	27,727	1,699	-	432,809
Vehicles	49,423	12,465	6,588	-	55,300
Total	4,009,523	176,450	18,396	-	4,167,577
Net book value	2,513,719				2,700,851
Depreciation allocation for the year:					
Cost of sales	124,998				114,754
Selling and administrative expenses	65,613				61,696
Total	190,611				176,450

(Unit : Thousand Baht)

	Separate F/S				
	2011	Increase	Decrease	Transfer in (out)	2012
Cost :					
Land 153,299	28,441	-	2,221	183,961	
Building and structures	385,101	994	-	31,703	417,798
Machinery and equipment	1,864,347	43,910	-	196,978	2,105,235
Furniture, fixtures and office equipment	320,301	8,695	691	10,266	338,571
Vehicles	45,872	12,439	8,254	34,185	84,242
Construction in progress	184,737	143,338	-	(275,353)	52,722
Total	2,953,657	237,817	8,945	-	3,182,529
Less Accumulated depreciation :					
Building and structures	196,705	8,517	-	-	205,222
Machinery and equipment	1,437,371	42,274	-	-	1,479,645
Furniture, fixtures and office equipment	276,730	16,322	677	-	292,375
Vehicles	30,940	5,838	6,588	-	30,190
Total	1,941,746	72,951	7,265	-	2,007,432
Net book value	1,011,911				1,175,097
Depreciation allocation for the year:					
Cost of sales	57,366				57,038
Selling and administrative expenses	25,490				15,913
Total	82,856				72,951

As at 31 December 2012 and 2011, the Company and a subsidiary's land at book value of Baht 223.09 million (Separated F/S : Baht 120.63 million) with the existing and future construction thereon have been mortgaged as collaterals for bank overdrafts and loans from financial institution (Note 14).

A part of the above land for construction of head office building amounting to Baht 73 million (2.7% of total space) has been registered as the servitudes.

As at 31 December 2012 and 2011, a portion of the Company's and its subsidiaries' building and equipment had been fully depreciated, but are remained in active use. The gross carrying amounts of such assets before accumulated depreciation are totalling Baht 2,266 million and Baht 1,637 million, respectively. (the Company's portions : Baht 1,357 million and Baht 1,025 million, respectively)

12. INTANGIBLE ASSETS – NET

(Unit : Baht)

	Consolidated F/S / Separate F/S			
	2011	Increase	Decrease	Transfer in (out)
At cost				
Computer software	18,333,657	806,080	-	-
Less Accumulated amortization	(9,508,934)	(2,509,637)	-	-
Net	8,824,723			7,121,166

13. OTHER NON - CURRENT ASSETS - NET

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Property foreclosed - net of accumulated depreciation	5,121,865	5,121,865	4,121,865	4,121,865
<u>Less</u> Allowance for impairment	(2,292,119)	(2,292,119)	(1,307,119)	(1,307,119)
Property foreclosed - net	2,829,746	2,829,746	2,814,746	2,814,746
Non-operating machine	4,647,318	4,647,318	4,647,318	4,647,318
<u>Less</u> Allowance for impairment	(4,647,318)	(4,647,318)	(4,647,318)	(4,647,318)
Non-operating machine - net	-	-	-	-
Deposit and guarantee	8,171,085	7,545,204	1,672,061	1,007,561
Lease right - land - net	3,391,181	7,431,632	-	-
Prepaid land rental	21,352,688	20,033,160	-	-
Restricted deposit with bank	770,772	765,970	-	-
Total	36,515,472	38,605,712	4,486,807	3,822,307

The subsidiaries have amortization for land lease right in statements of comprehensive income for the years ended 31 December 2012 and 2011 of Baht 4.70 million and Baht 2.23 million, respectively.

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

(Unit : Baht)				
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Beginning balance	6,939,437	7,018,424	5,954,437	5,954,437
Increase	-	-	-	-
Decrease	-	(78,987)	-	-
Ending balance	6,939,437	6,939,437	5,954,437	5,954,437

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

As at 31 December 2012 and 2011, the restricted deposit of the two subsidiaries were used to guarantee against the legal case, which was sued for any damages on the subsidiary of Baht 0.66 million (such subsidiaries have already fully provided for the damages). In addition, a subsidiary has restricted deposit with bank to guarantee for electricity usage of Baht 0.11 million.

14. BANK OVERDRAFTS AND SHORT – TERM LOANS FROM FINANCIAL INSTITUTIONS

(Unit : Baht)					
	Interest rate per annum	Consolidated F/S		Separate F/S	
		2012	2011	2012	2011
Promissory notes	2012: 2.85 – 3.35 per annum				
	2011: 3.10 – 3.15 per annum	840,000,000	400,000,000	840,000,000	400,000,000

As at 31 December 2012, the Company issued 4 promissory notes which will be matured on 7 January 2013 of Baht 300 million and on call of Baht 540 million. (As at 31 December 2011, the matured on 11 January 2012 of Baht 100 million and on call amount of Baht 300 million.)

As at 31 December 2012 and 2011, the Company and its subsidiaries have credit facilities with the financial institutions as follow :

	Credit line (Million Baht)		Interest rate	Maturity	Guarantee
	2012	2011		Date	
<u>Bank overdraft</u>					
The Company	40	40	At the floating rate at MOR per annum	One year	- By the mortgage of land and the existing and future construction thereon
The subsidiaries	44.80	44.80	At the floating rate at MOR per annum to MOR less 0.5% per annum	One year	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company
<u>Short - term loans</u>					
The Company	1,817	1,292	At the floating rate at the lower of at MLR - 1.5% and MRR per annum At the average floating rate In 2011 : 3.25% per annum In 2010 : 3.55% per annum	Due at call	- By the mortgage of land and the existing and future construction thereon - By a subsidiary
The subsidiaries	620	620	At the floating rate at MRR per annum	Due at call	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company

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

	Credit line (Million Baht)		Interest rate	Maturity	Guarantee
	2012	2011		Date	
<u>Liabilities under trust receipts</u>					
The Company	95	95	At the floating rate at MLR less 1.5% per annum	Maturity on agreement	- By the mortgage of land and the existing and future construction thereon - By a subsidiary
The subsidiaries	20	20	At the floating rate at MOR per annum	Maturity on agreement	- By the mortgage of the major portion of land and the existing and future construction thereon - By the Company

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

15. TRADE ACCOUNTS PAYABLE AND NOTES PAYABLE

Trade accounts and notes payable classified by foreign currencies as at 31 December 2012 and 2011 are as follows :

	Consolidated F/S			
	Foreign Currencies (Units)		(Unit : Baht)	
	2012	2011	2012	2011
Baht	-	-	580,942,527	587,821,116
Euro	707,763	245,057	28,919,421	10,130,600
USD	375,265	301,665	11,549,719	9,588,441
			<u>621,411,667</u>	<u>607,540,157</u>

	Separate F/S			
	Foreign Currencies (Units)		(Unit : Baht)	
	2012	2011	2012	2011
Baht	-	-	318,192,795	323,383,001
Euro	434,436	149,351	17,751,193	6,174,123
			<u>335,943,988</u>	<u>329,557,124</u>

16. OTHER CURRENT LIABILITIES

	(Unit : Baht)			
	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Accrued salaries, wages and other employee compensation	102,476,269	63,237,026	57,966,536	35,855,910
Accrued transportation	67,552,369	63,901,564	67,552,369	63,901,564
Others	73,120,396	86,283,963	38,396,626	45,235,388
Total	<u>243,149,034</u>	<u>213,422,553</u>	<u>163,915,531</u>	<u>144,992,862</u>

17. UNFUNDED PROVIDENT FUND

(Unit : Baht)

	Consolidated F/S	
	2012	2011
Beginning balance	49,572,499	48,370,816
Increase during the year	2,458,715	2,398,368
Payment during the year	(583,716)	(1,196,685)
Ending balance	51,447,498	49,572,499

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

18. PROVIDENT FUND

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

A subsidiary established a provident fund covering all of its employees, which the fund is a self-managed fund (not in accordance with the Provident Fund Act B.E.2530). A subsidiary contributes to the fund at the amount equivalent to 5.5% per annum based on the number of years employed at the specified rate which is presented as "Unfunded provident fund" in the subsidiary's statement of financial position (Note 16).

The Company and its subsidiaries' contribution for the years ended 31 December 2012 and 2011 amounted to Baht 22.65 million and Baht 21.39 million, respectively. (Separate F/S : Baht 9.67 million and Baht 8.05 million, respectively)

19. EMPLOYEE BENEFITS OBLIGATION

- Movement of employee benefits obligation for the year ended 31 December 2012 is as follows :

(Unit : Baht)

	2012		2011	
	Consolidated F/S	Separate F/S	Consolidated F/S	Separate F/S
Beginning balance	93,337,925	44,600,002	84,408,395	41,594,269
Current service costs	13,818,921	4,361,035	10,714,355	3,504,456
Interest on obligation	3,751,738	1,602,056	2,758,604	1,215,578
Actuarial losses	10,290,843	3,266,225	-	-
Decrease in obligation from payment	(2,734,905)	(2,463,274)	(4,543,429)	(1,714,301)
Ending balance	118,464,522	51,366,044	93,337,925	44,600,002

- Principal actuarial assumptions at the reporting date for the year ended 31 December 2012 are as follows :

(Unit : Percent)

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

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

20. LEGAL RESERVE

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

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

21. DIVIDEND PAYMENTS

Description	Date of Meeting	Date Payment of dividend	Declaration of dividend		Amount paid (Million Baht)
			Per share (Baht)	Amount (Million Baht)	
The board of directors meeting passed the resolution to approve :					
- payment of final dividend for year 2012	On 29 January 2013*	On 3 May 2013	0.73	297.84	-
- payment of interim dividend 3/2012	On 30 October 2012	On 28 November 2012	0.65	265.20	265.20
- payment of interim dividend 2/2012	On 24 July 2012	On 23 August 2012	0.79	322.32	322.32
- payment of interim dividend 1/2012	On 24 April 2012	On 23 May 2012	0.91	371.28	371.28
- payment of final dividend for year 2011	On 24 January 2012**	On 4 May 2012	0.62	252.96	252.96
Total					1,211.76
- payment of interim dividend 3/2011	On 25 October 2011	On 23 November 2011	0.71	289.68	289.68
- payment of interim dividend 2/2011	On 26 July 2011	On 24 August 2011	0.83	338.64	338.64
- payment of interim dividend 1/2011	On 26 April 2011	On 26 May 2011	0.89	363.12	363.12
- payment of final dividend for year 2010	On 25 January 2011***	On 4 May 2011	0.58	236.64	236.64
Total					1,228.08

* The Board of Directors will propose the dividend payment at the Annual Shareholders Meeting for 2013.

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

*** The shareholders ratified such dividend payments at the Annual Shareholders' Meeting for 2011, held on 26 April 2011.

22. SEGMENT FINANCIAL INFORMATION

The segment financial information of the Company and its subsidiaries for the years ended 31 December 2012 and 2011 are as follows :

(Unit : Thousand Baht)

	Consolidated F/S					
	Domestic		Overseas		Total	
	2012	2011	2012	2011	2012	2011
Revenues from sales - net	7,380,529	6,998,248	222,218	208,511	7,602,747	7,206,759
Cost of sales	(4,459,093)	(3,986,631)	(165,897)	(154,437)	(4,624,990)	(4,141,068)
Gross income	2,921,436	3,011,617	56,321	54,074	2,977,757	3,065,691
Property, plant and equipment - net					2,700,851	2,513,719
Other assets					2,058,068	1,774,171
Total assets					4,758,919	4,287,890

(Unit : Thousand Baht)

	Separate F/S					
	Domestic		Overseas		Total	
	2012	2011	2012	2011	2012	2011
Revenues from sales - net	6,869,618	6,233,994	222,218	208,511	7,091,836	6,442,505
Cost of sales	(4,762,365)	(4,161,933)	(165,897)	(154,437)	(4,928,262)	(4,316,370)
Gross income	2,107,253	2,072,061	56,321	54,074	2,163,574	2,126,135
Property, plant and equipment - net					1,175,097	1,011,911
Other assets					2,016,192	1,736,689
Total assets					3,191,289	2,748,600

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

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

23. EXPENSES BY NATURE

(Unit : Baht)

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Changes in finished goods and work in process	(260,566,440)	6,765,769	(130,215,496)	53,269,399
Raw materials and supplies used	2,364,894,972	1,583,671,142	1,114,030,773	762,704,566
Salaries, wages and other employee compensation	769,482,367	464,063,109	278,507,237	166,662,849
Depreciation and amortization	183,651,089	165,272,641	75,461,244	69,406,290
Transportation expense	635,921,319	460,779,288	635,916,319	460,779,288
Electricity and fuel expenses	1,888,754,081	1,162,586,389	887,081,168	559,673,246

24. COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2012, the Company and its subsidiaries have :

24.1 Contingent liabilities under letters of guarantee issued by bank for electricity usage and machineries imported approximately Baht 20.87 million for the Company and amounting to Baht 27.31 million for the subsidiary.

24.2 Commitment to pay under the agreement for construction of building amounting to Baht 10.57 million and Baht 7.81 million for the subsidiaries.

24.3 Commitments under operating lease agreements

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

Million Baht

Vehicle lease agreements

Within

1 year	31.24
2 - 5 years	11.95

Land lease agreements

Within

1 year	49.52
2 - 5 years	106.41
after 5 years	52.59

- 24.4 Unused Credit facilities from bank in consolidated and separate financial statements amounted to Baht 1,901.62 million and Baht 1,134.13 million, respectively.

25. FINANCIAL INSTRUMENTS

25.1 Accounting policies

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

25.2 Financial risk management

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

25.3 Credit risk

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

25.4 Interest rate risk

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

25.5 Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk relate to their foreign accounts payable in US dollars and EURO. However, the Company and its subsidiaries do not expect to incur significant risk from the exchange rate.

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

	Consolidated F/S		Separate F/S	
	2012	2011	2012	2011
Assets - Thousand USD	325,204	200,260	325,204	200,260
Liabilities - Thousand USD	398,734	321,207	23,469	19,542
Liabilities - Thousand EURO	707,763	245,057	434,436	149,350

25.6 Fair value of financial instruments

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

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

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

26. APPROVAL OF FINANCIAL STATEMENTS

These financial statements have been approved by the Company's Board of Directors on 19 February 2013.