



Annual Report 2012

The Royal Ceramic Industry Public Company Limited

BorMorJor. 360



THE ROYAL CERAMIC INDUSTRY PUBLIC COMPANY LIMITED
BOR.MOR.JOR. 360

Message from the Chairman

In year 2012, The Royal Ceramic Industry PLC (RCI) has the significant change in the shareholder structure. Since April 4'2012, the company got the approval from the Annual General Shareholder Meeting for the partial tender offer from The Union Mosaic Industry PLC (UMI) in order to support the company operation and technical assistance including the administrative and manufacturing management that effect to the cost reduction and create the business partner in ceramic industry.

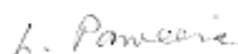
From the tender offer during May 14–Jun 18'2012 from UMI effected to the shareholder structure as of July 2'2012 that The Union Mosaic Industry PLC (UMI) became the major share of The Royal Ceramic Industry PLC (RCI).

Together with the team work and good co-operation from the employees, the company could have the cost reduction of the Manufacturing cost, the Factory overhead expense, the Selling and Administrative expense that effected to the company's operation better than the previous year by the Loss from the operation much more decreased than last year. On the other hand the company still concentrate to be the Leader of the best Quality of Ceramic with the good design and satisfied by the customer such as the additional of the Floor tile including the positioning of the product with the reasonable price.

Even if the company has the better outcome, the company still be awareness in the cost and maintain the liquidity in order to have the cash generation from the operation under the restriction which the company committed with the financial institution.

The company continues to be a major part of society including focus on the common good for the surrounding community by supporting the social and the surrounding community in different ways. As well as measures to protect the environment and maintain strict the environment management.

Finally, on behalf of the company committee, I would like to thank you the Managements, Employees and all related parties that devoted the company's operation in the year 2012 together with the Shareholders and Customer that respect for our values. I would like to thank you all the stakeholder including the government sector and private sector that supported the company operation.



Miss Paweena Laowiwatwong
Chairman

Audit Committee Report

Dear Shareholders,

The Audit Committee of The Royal Ceramic Industry Public Company Limited whose mission is scheduled to three years for each term, comprises of three independent committees as follow.

Ms. Mrs. Sirisook Hoontrakool	Chairman of Audit Committee
Mr. Sripop Sarasas	Member of Audit Committee
Mr. Shaw Sinhaseni	Member of Audit Committee

In the 2011 fiscal year, being assigned by the Company's Board of Directors, the Audit Committee fully completed their tasks and responsibilities, as specified on the Audit Committee's Charter, complying well with benevolent regulations and principles of the National Securities Business's Auditing Committee, who conducted seven conferences of which the essence can be summarized as the following items.

1. Reviewing the company's financial statement, quarterly gross financial statement, and annual financial statement together with the Administration Division and auditors. The Auditing Committee concludes that the company's financial statement has been prepared on the basis of the nationwide-recognized Accounting Standard, where accounting policies were appropriately applied with frequent conducts through attentive consideration and the most supreme forecast in preparation. In addition, crucial information was adequately disclosed on the appendix of the financial statement, being beneficial to the decision of those who handle the company's financial statement.

2. Scrutinizing the company's compliance with Securities and Securities Business Law together with Securities Business Regulations and any other laws relevant to company businesses.

3. Studying the accuracy and completeness on reciprocal disclosure of information amongst companies, affiliated companies, individuals, and related businesses for relevant items or the ones which may cause conflict of interests. The Auditing Committee concludes that these items have been conducted in a reasonable manner with consideration on shareholder's benefits. All in all, the reciprocal information disclosure is accurate, unabridged, and sufficient.

4. Perusing the company whether it applies internal controlling system, and appropriately supervises business management in order to affirm that the business conduct shall attain its objectives. The Auditing Committee concludes that the company has currently assigned an external independent institute in conducting internal audit and control, of which results have been directly reported to the Auditing Committee in a frequent and continual manner for at least three times a year. In doing so, it is rationally affirmed that the company applies decent and sufficient internal controlling systems in order to detect its weaknesses as well as preventing it against any malpractice or prominent anomalies.

5. Proposing the appointment of auditors from Ernst and Young Ltd. As the company auditor, and settling the auditing fees for 2011 fiscal year.

6. Reviewing Business Management Policies and Code of Conduct to the international standard, which is suitable for the company's business conduct.

To sum up, the Auditing Committee concludes that in the recent year the company appropriately prepared the financial report and adequately disclosing information on the basis of the generally-recognized Accounting Principles, along with effective risk management and internal controlling system, including decent business management.

On behalf of the Auditing Committee



(Mrs. Sirisook Hoontrakool)
The Chairman of Audit Committee

General Information

Company Information

Company's name: The Royal Ceramic Industry PLC., Registered No. BorMorJor. 360
Product: Manufacturer, Importer and Distributor of Floor Tiles and Wall Tiles
Office location: No. 65/225 Chamnan Phenjati Business Center 27th Fl., Rama 9 Road, Huaykwang Bangkok 10320
Tel: 0-2643-0222, 0-2643-0753-9 Fax: 0-2643-0948-9
Mill location: No. 54/7 Village No. 3 Suwannasorn Road, Khokya Sub-district, Nongkhae District, Saraburi Province 18230
Tel: 0-3630-5249-57 Fax: 0-3637-9028
Registered capital: 314,285,710 ordinary shares, 1.00 baht per share (Change Registered capital as of April 12, 2012)
Paid-up capital: 314,285,710 baht

Company share registrar

Company name: Securities Depository Center (Thailand) Co., Ltd.
Office location: No. 62 Stock Exchange of Thailand Building Floor 4, 5-7 Ratchadaphisek Road, Khlongtoey Sub-district, Khlongtoey District, Bangkok 10110 Tel: 0-2359-1200-1 Fax: 0-2239-1259

Company's Auditor

Company Name: Ernst & Young Office Limited
Office location: 33rd floor, Lake Rajada Office Complex 193/136-137 Rajadapisek Rd. Klongtoey, Bangkok 10110
Tel. 0-2264-0777, 0-2661-9190 Fax. 0-2264-0789-90

Information of Shareholding of the company in other companies

Security Name: Baan Somthavil Co., Ltd. (Ordinary shares)
Office location: No. 1 Mahadlekluang 3 Lane, Rajdamri Road, Lumpini Sub-district, Pathumwan District, Bangkok 10330
Tel: 0-2650-2100-11 Fax: 02-254-0370
Number of shares: 450,000 shares, equal to 45 percent of registered 1,000,000 shares, value at 25 baht per share

Security Name: The Royal Asia Brick and Tile Company Limited (Ordinary shares)
Office location: No. 65/225 Chamnan Phenjati Business Center 27th Fl., Rama 9 Road, Huaykwang Bangkok 10320
Tel: 0-2643-0222, 0-2643-0753-9 Fax: 0-2643-0948-9
Number of shares: 79,994 shares, equal to 99.99 per cent of registered 80,000 shares, value at 1,000 baht per share.

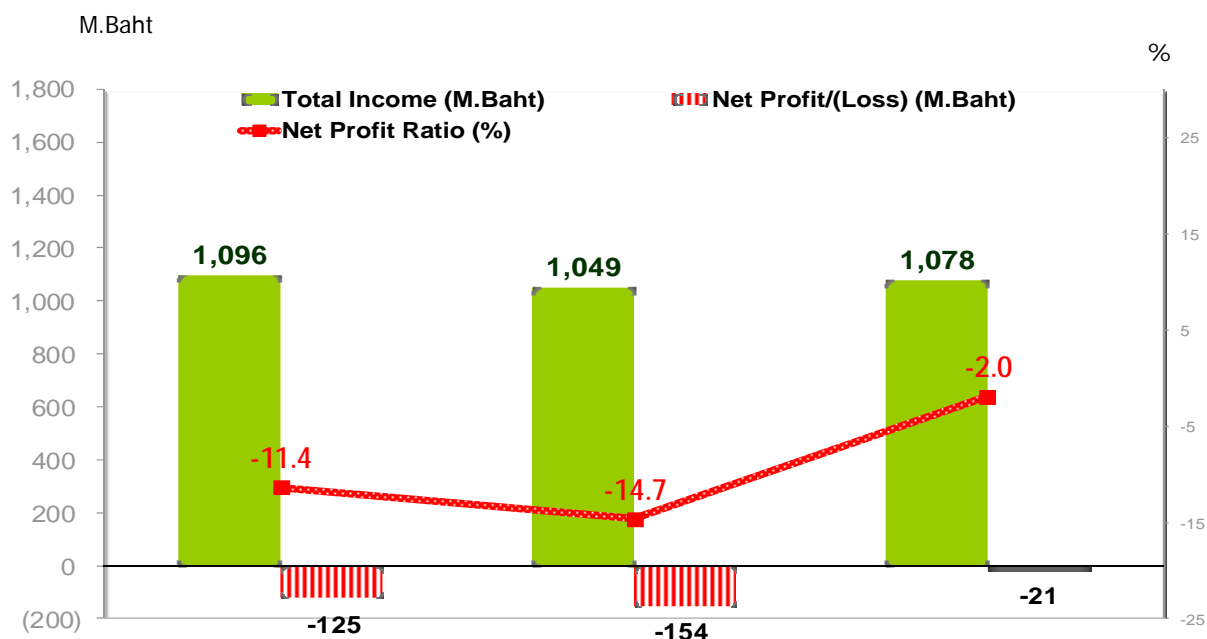
Financial Highlight

As at December 31 (Consolidated F/S)

(Unit : Baht)	2010	2011	2012
Total Asset	1,056,587,042	924,534,806	914,792,155
Total Liabilities	617,701,754	633,465,906	644,868,736
Total Equity	438,885,288	291,068,900	269,923,419
Total Sales	1,089,474,326	1,047,139,309	1,071,752,956
Total Revenue	1,096,425,054	1,049,115,141	1,077,521,260
Gross Margin	261,696,554	256,978,681	325,020,318
Net Profit/(Loss)	(124,981,734)	(153,722,388)	(21,145,481)

Financial Ratio as of December 31

	Unit	2010	2011	2012
Net Profit Margin	%	(11.40)	(14.65)	(1.96)
Return on Total Shareholder's Equity	%	(24.93)	(42.12)	(7.54)
Return on Assets	%	(11.83)	(16.63)	(2.30)
Net Profit/(Loss) per share	Baht	(0.40)	(0.47)	(0.07)
Book Value per share	Baht	1.40	0.93	0.86



Types of Business Operation

Profile, changes and major developments of the Company

- The Company was set up on September 11, 1969 with initial registered capital worth 5 million baht.
- The Company was listed in the Stock Exchange of Thailand on September 28, 1989 with 180 million baht registered capital.
- The Company increased registered capital to 220 million baht on May 23, 1991 and registered as a public company on April 19, 1994.
- The Company increased registered capital to 314.29 million baht on December 28, 2000.
- In 2005, the Company invested 100 Million baht in machineries as to enhance production efficiency and to replace the old ones.
- In 2005, at the Ordinary Shareholders' Meeting No. 1/2005 on December 23, 2005 had the resolution to invest in The Royal Asia Brick & Tile Company Limited as to expand product lines and for the growth of the company.
- In 2006, the shareholders' meeting had endorsed the change of stock value from 10 baht per share into 1 baht per share. The change became effective on May 15, 2006.
- In 2007, the Company expanded distribution channel by opening two new RCI outlets to sell products directly from the factory.
- In 2008, The Company bought the building and machines for producing the decorated tiles in the amount of 22 Million baht and also added the new product lines were grout and adhesive for tile fixing.
- In 2010, The Company decided to cancel the grout and adhesive for tile fixing, because of product is not make profit.
- In 2011, The Company cannot comply with the resolution of The Extraordinary General Meeting of Shareholders 1/2011, due to the company received the notice letter from the shareholders of the VSSL Enterprise Company Limited dated October 5, 2011. They cannot comply to some conditions and desire to cancel to invest in the Company.
- In year 2012, The Royal Ceramic Industry PLC (RCI) has the significant change in the shareholder structure. Since April 4'2012, the company got the approval from the Annual General Shareholder Meeting for the partial tender offer from The Union Mosaic Industry PLC (UMI) in order to support the company operation and technical assistance including the administrative and manufacturing management that effect to the cost reduction and create the business partner in ceramic industry.

From the tender offer during May 14 – Jun 18'2012 from UMI effected to the shareholder structure as of July 2'2012 that The Union Mosaic Industry PLC (UMI) became the major share of The Royal Ceramic Industry PLC (RCI).

Business Outlook

The company is the manufacturer and importer of ceramic tile, clay tile designed for floor and wall usage. The major income of the company is devoted to internal production of tiles at the approximately 80% proportion, whilst the remaining fraction involves imported tiles.

The company accentuates on product trading locally at the approximately 97% portion of the company sales total, while the remaining value is dedicated to exporting to overseas market, of which the majority proceed trading through nationwide sales representatives at roughly 90% of domestic sales. The remaining fraction is from direct distribution through a variety of projects and direct sales from two RCI outlets, currently operating affront the company factory in Saraburi Province, on Ratchapruet Road in Nonthaburi Province.

Revenue Structure

Sales from floor and wall ceramic tiles during 2010-2012 (Consolidated F/S)

Channel	2010		2011		2012	
	Sales (MB)	(%)	Sales (MB)	(%)	Sales (MB)	(%)
1. Ceramic Tiles : Domestic	1,048	96	1,020	97	1,043	97
2. Ceramic Tiles : Export	42	4	27	3	28	3
Total Sales	1,090	100	1,047	100	1,071	100
% Change	(2.09)		(3.94)		2.29	

Business Goals

The company's target of business operation is to manufacture, import, and distribute ceramic tiles, and clay tile designed for floor and wall cover of high quality in order to meet market demand both domestic and overseas, where the company intends to expand businesses in a continuous and constant manner so that it equivalence of the market demand growth, including the preservation of company market shared.

Likewise, the company focuses on maximizing potentials in competing with other ceramic tile manufacturers, both domestic and overseas, through the following development.

1. Constantly developing product quality, design and its form as well as machinery and equipment technology innovation with the intention of adding values to products, minimizing production cost, and maximizing production efficiency plus enhancing capacity in continuous customer services.
2. Developing expertise in operation towards executives and employees at all levels in accordance with their functional responsibilities, in order to handle the higher competition.

Apart from the company business operation, the company is also conscious of preserving the environment with the most minimal impacts on the surroundings, along with maintaining decent relationship with and support to the community in the vicinity of factories.

Business Operation of each type of product

Type of products or services

Royal Ceramics Industry Public Company Limited's business includes manufacturing and importing premium, best quality ceramic tiles with high standards for both wall and floor tile installations. The company has been awarded the recognized ISO 9001:2008 Certification. We develop products in a wide selection of styles, designs and sizes in order to basically meet the needs of domestic consumers. Moreover, some of our products are also distributed to overseas markets.

Currently, the Company's tile products can be divided into three main categories:

1. Glazed Wall Tile is normally recommended for wall application. It can be plain wall tiles such as Monoporosa tile, special design tiles or decorative tiles using the so-called Third Firing Technique.
2. Porcelain Tile is produced by implementing the world's finest ceramic tile production technique, burnt at a high temperature of 1,200 degrees Celsius resulting in more solid and durable tiles than natural stone and other types of ceramic tile; yet delivering the same beauty and appearance as natural stone. Additionally, its water absorption rate is considerably low so it is appropriate for both wall and floor tiling.

3. Clay Tile is made by the extrusion processing technology resulting in tiles with high strength and durability due to the density of tiles rolled out by vacuum system. With this technique, tiles can be produced in a variety of forms which are suitable for indoor or outdoor applications, high load capacity bearing as well as extremely resistant for industrial heavy duties.

Distribution and Distribution Channels

The Company puts an emphasis on the domestic distribution channels through more than 380 selling agents all over the country. In 2012, the Company has conducted joint marketing activities with the selling agents to promote sales and maintain positive and continuous relationships as well as to strengthen our distribution channels. Besides, we also encouraged direct sales to project customers via our project sales in collaboration with the local selling agents in each respective project area. Furthermore, the Company introduced three outlets to provide end users directly from our own factory. The current operation of the two outlet locations include: 1) in front of the factory – Saraburi Province, 2) on Ratchapruek Road - Nonthaburi Province.

For exports, the Company has exported to Southeast Asian countries, Taiwan, Japan, Australia, New Zealand, India, Korea and Hong Kong, Laos, Burmese, etc.

Productions for Distribution

Factory

1. The Royal Ceramic Industry PLC , Mill location: No. 54/7 Village No. 3 Suwannasorn Road, Khokyaе, Sub-district, Nongkhaе District, Saraburi Province .
2. The Royal Asia Brick and Tiles Co.,Ltd , Mill location: No. 54/7 Village No.3 Suwannasorn Road, Khokyaе, Sub-district, Nongkhaе District, Saraburi Province.

Productivity and Performance of Process

The company have performance of processing by type of production as follows :

Company	Type Production	Productivity Million Sqm./ Year
The Royal Ceramic Industry PLC	Wall Tile	4.32
	Decorative Tile	0.15
	Porcelain Tile	1.20
The Royal Asia Brick and Tiles Co.,Ltd.	Clay Tile	0.78
Total		6.45

Note The company ordered material in local such as clay, stone, mineral, color, chemicals on proportion about 78% and a part remain ordered from overseas. For The Royal Asia Brick and Tiles Co.,Ltd. majority more than 95% for material local .

The Royal Asia Brick and Tiles Co.,Ltd. is producer and distributor clay tiles by themselves and sells to RCI for agent distribution . Moreover the company imports tiles from overseas for distribution about 0.40 million square meter per year.

Risk Factors

Risk factors that may affect the return on investment of investors and may also affect the overall business of manufacturing ceramic tiles. Potential risk factors can be classified as follows:

Energy and fuel costs

According to 2012's operation, the direct impacts from the energy and fuel prices up; the costs of energy and fuel in tile production cost was 23 percent while the cost of transportation accounted for 6.7 percent of total sales. This represents that the direct impact on the Company's operation is moderately high. The Company may also be somehow affected from the increase of raw material prices which is the main cost of production. We subsequently took into consideration higher costs of energy and fuel as well as other costs that may have both direct and indirect impacts on the Company; thus leading to the increase of overall costs of production. These data and information were cautiously assessed and presented to the Company management in controlling production costs, improving efficiency and productivity as well as dealing with costs expected to increase in the future; for example, enhancing machinery development and building up employees' expertise to minimize the damage ratio resulted from production process.

Political and social factors

Political and social factors both domestically and internationally i.e. political conflicts, disaster or flood may affect the overall sales revenue of the Company; thus causing the decline in product prices which make low gross profit margins or decreases in sales volume. Therefore, the Company adopts preventive measures by adjusting production plans and import volume to cope with possible decreases in sales. If the consumers' demand remains relatively high, the Company shall increase imports of tiles to cover the needs as well as constantly survey supplementary tile manufacturers from several countries. In case certain suppliers are unable to deliver in a timely fashion, the Company then has other dependable resources to deliver immediately.

The minimum wage adjustment as Government's Policy

Since the minimum wage adjustment as Government's Policy started from April 2012 that direct effected to production cost (labor cost is 18% of production cost). The company aware that problem by developed and improve the machinery and equipment efficiency as well as expertise in the development of the staff efficiency to minimize such impact.

Interest rates

The company has the obligations to pay interest of approximately 37 million baht per year, representing 3.5 percent of total sales. If the loan interest rates increase, the Company would have extra burdens in interest expenses, thus causing a reduction in the Company's net profits. Consequently, the Company attempts to reduce the liabilities when we have cash flow surplus sufficient to business operation by reserving funds as per required by law as well as provisions for all anticipated expenses in order to maintain the liquidity. Furthermore, the Company management is substantially prudent in incurring additional liabilities.

Liquidity

The Company has the accumulate loss more than 5 years that caused the company faced with the liquidity problem. The Company has resolved the liquidity problem by sold out the inventory at lower prices and reduced capacity in line with the sales volume in order to maintain the company to go on the operation in the future together with the reschedule of the loan payment and revised of the financial ratio with the Finance Institution. At the same time The Company has a new partner to support the business operations including marketing, manufacturing and finance in order to enable the company to operate in the long term.

Shareholders and Management

Top twenty major shareholders as of March 15,2013

No.	Name	No. of share	Percentage
1.	The Union Mosaic Industry PLC.	100,339,590	31.92%
2.	Mr.Aphisak Tepphadungporn	14,873,100	4.73%
3.	Mr.Boonjue Eiamphikul	13,800,000	4.39%
4.	Mr.Watchara Keawswang	8,000,000	2.54%
5.	Mrs. Jaruwan Jongphipatsuk	6,655,900	2.11%
6.	Miss Linda Methadara	5,000,000	1.59%
7.	Mr.Nuttapol Srongsayacharachai	4,588,000	1.46%
8.	Wall Street Finance and Securities PLC	3,968,000	1.26%
9.	Mr. Nirat Pongsitithavorn	3,947,000	1.25%
10.	Miss Sununtha Wongtajai	3,149,000	1.00%
11.	Mrs. Onittha Makdungtian	3,107,400	0.98%
12.	Mrs. Netarika Korapinthanun	3,000,000	0.95%
13.	Thai NVDR Co.,Ltd	2,959,900	0.94%
14.	Col. Prin Ruenprakwuti	2,689,100	0.85%
15.	Mr.Nattaphong Punrattanamongkong	2,650,000	0.84%
16.	Mrs.Siriwan Jungtherapanit	2,500,000	0.79%
17.	Mr. Panu Vitayaaumnuykhun	2,380,000	0.75%
18.	Mr.Wutipong Prajongkran	2,319,600	0.73%
19.	Mr.Praseach Boonmechoti	2,200,000	0.70%
20.	Mr.Kodchakorn Vichaboonsiri	2,152,100	0.68%

Management Structure

Board of Directors

1.Miss Paweena Laowiwatwong

Position Chairman of the Board of Directors

Birth 2 June 1949

Education - Bachelor in Accountancy (Costing) Chulalongkorn University
- Master of Business Administration (Major : Cost Accounting), Chulalongkorn University

Shareholding none

Experience - Accountant , Bangkok Cigar Co.,Ltd.
- Accountant, The Union Mosaic Industry PLC.
- Vice President, The The Union Mosaic Industry PLC.
- Director and Chairman ,The Royal Ceramic Industry PLC.

Training DAP

2. Mr.Natchana Phenjati

Position Director
 Birth 8 April 1963
 Education - B.Sc.,Chulalongkorn University
 - MBA ,Boston University, USA
 Shareholding 1,000 shares
 Experience - Ececutive, The Union Mosaic Industry PLC.
 - President , Nahm Sanitaryware Co.,Ltd.
 - Director ,The Royal Ceramic Industry PLC.
 Training DAP

3. Mr.Somboon Uranukul

Position Managing Director
 Birth 12 December 1960
 Education - Mechanical Engineering ,King Mongkut Institute of Technology ,
 Thonburi Campus
 - Master of Industrial Engineering and Management , Asian
 Institute of Technoglogy (AIT)
 Shareholding none
 Experience - The Siam Refractory Industry Co.,Ltd
 - Executive / General Manager ,The Union Mosaic Industry PLC.
 - Managing Director , The Royal Ceramic Industry PLC.
 - Chairman and Managing Director , The Royal Asia Brick and Tiles
 Co.,Ltd
 Training DAP

4.Mr.Sutin Youthanavaraporn

Position Director
 Birth 9 November 1965
 Education Bachelor of Science in Economics ,Chulalongkorn University
 MBA, Thammasat University
 Shareholding none
 Experience - The Siam Refractory Industry Co.,Ltd
 - Ececutive, The Union Mosaic Industry PLC.
 - Director , The Royal Ceramic Industry PLC.
 - Director , The Royal Asia Brick and Tiles Co.,Ltd
 Training DAP

5. Mr. Chakorn Warintraporn

Position Director
 Birth 1949
 Education Bachelor of Science (Ceramics) Chulalongkorn University
 Shareholding 23,000 shares
 Experience - Managing Director, The Royal Ceramic Industry PLC.

Training - Director , The Royal Ceramic Industry PLC.
DAP

6. Mrs. Sirisook Hoontrakool

Position Director and Chairman of Audit Committee

Birth 1946

Education Bachelor of Finance and Banking Thammasat University

Shareholding None

Experience - Personal Division The Industrial Finance Corporation of Thailand
- Executive Manager Thai Pattana Industrial Factory PLC.
- Director Thai Setakij Insurance PLC.
- Director and Chairman Auditing Committee of The Royal Ceramic Industry PLC.
- Director Life Incorporation PLC. (BNT Entertainment)

Training DAP, ACP

7. Mr. Sripop Sarasas

Position Director and Member of Audit Committee

Birth 1957

Education - Master Degree in Business Administration (Finance) University of Southern California, U.S.A.
- Bachelor of Science (Medical Technology) Chulalongkorn University

Shareholding None

Experience - Managing Director Phatra Thanakit PLC.
- Chief Executive Officer General Environmental Conservation PLC.
- Director and Chairman of Audit Committee Samitivej PLC.
- Director and Audit Committee RCI
- Director and Audit Committee Advanced Information Technology PLC.
- Director and Audit Committee Bangkok Dusit Medical Services PLC.
- Director and Audit Committee Living Land Capital PLC.
- Director and Audit Committee Kiattana Transport PLC.
- Director and Audit Committee of The Royal Ceramic Industry PLC.

Training DCP, ACP

8. Mr. Shaw Sinhaseni

Position Member of Audit Committee and Chairman of the Nomination and Remuneration Committee

Birth 1953

Education MBA (Management) University of San Francisco USA.

Shareholding None

Experience - Managing Director The Thai Insurance PLC.
- Director The Thai Insurance PLC.
- Director Home Product Center PLC.
- Director Asian Property Development PLC.

- Director and Member of Audit Committee,
- Chairman of The Nomination and Remuneration Committee , RCI

Training DAP

9. Mrs. Pawanya Kritachart

Position Director

Birth 1948

Education

- Bachelor of ACC.-Finance and Banking, Faculty of Commerce and Accountancy Chulalongkorn University
- MBA-Finance, Graduate School of Business Administration, University of Baltimore, Maryland, USA

Shareholding none

Experience

- Assistant to Managing Director, Thaimex Finance & Securities Co.,Ltd.
- Managing Director, Thaimex Finance & Securities Co.,Ltd.
- Managing Director, Thai Keha Credit Foncier Co.,Ltd
- Advisor – TL Management Co.,Ltd. Thai Life Insurance Group
- Director The Royal Ceramic Industry PLC.

Training DAP

10. Mrs. Rudeerat Sangkasaba*

Position Director, Chairman and Chief Executive Officer

Birth 1949

Education

- Bachelor of Science (Engineering) Waseda University Japan

Shareholding none

Experience

- Director, Chairman and Chief Executive Officer ,The Royal Ceramic Industry PLC.

Training DAP

11. Mrs. Jittima Sangkasaba*

Position Director

Birth 1945

Education

- Business Law Strayer College, Washington D.C. USA.

Shareholding none

Experience

- Director, The Royal Ceramic Industry PLC.

Training DAP

12. Mr.Parames Rachjaibun*

Position Independent Director

Birth 1955

Education

- Bachelor of Arts (History) Thammasart University
- Honorary Doctorage Degree,Sripatum University

Shareholding None

Experience	Present
	<ul style="list-style-type: none"> - Chairman Emeritus, The Advertising Association of Thailand - Deputy Chairman of Board of Director, MASTER AD PLC. - Chief Executive Officer and Managing Director, Nea Na bun Co.Ltd. - Chief Executive Officer and Managing Director, Turnaround Focus Company Limited - Executive Director, Dentsu Young & Rubicam Co., Ltd. - Executive Director and Customer Service, Dentsu Young & Rubicam Co., Ltd - General Manager , Dentsu Young & Rubicam Co., Ltd

Training DAP

13. Mrs. Pittraporn Sangkasaba*

Position	Director
Birth	1955
Education	International School of Sacred Heart Tokyo Japan
Shareholding	none
Experience	<ul style="list-style-type: none"> - Managing Director S.K. Transport Co.,Ltd. - Director Yacht Charter Co.,Ltd. - Director, The Royal Ceramic Industry PLC.

Training DAP

14. Lt. Gen. Nirundon Patpongpanit*

Position	Director
Birth	1948
Education	Bachelor of Engineering Milworky University USA.
Shareholding	none
Experience	<ul style="list-style-type: none"> - Director General Planning & Real Estate Division, Civil - Engineering Department, Ministry of Defense Staff Officer Attached to Defense Ministry - Director and Member of Audit Committee The Royal Ceramic Industry PLC. - Director The Royal Ceramic Industry PLC.

Training DAP

15 Mr. James Cutter *

Position	Director and Managing Director (Foreign Affair)
Birth	1966
Education	Bachelor of Science (Economic) University of Colorado USA.
Shareholding	none
Experience	<ul style="list-style-type: none"> - Manager, Oversea Branch RCI. - Assistant Managing Director, Marketing RCI. - Assistant Managing Director, Oversea Branch RCI. - Director and Managing Director, Foreign Affair RCI

Training DAP

16. Mr. Anek Wasanasompong *

Position	Director and Managing Director (Operation)
Birth	1963
Education	MBA (Finance) NIDA
Shareholding	none
Experience	<ul style="list-style-type: none"> - Vice President, Business Development Phatra Thanakit PLC. - Assistant Managing Director Officer and Human Resource and Administration Branch - Director and Managing Director, Operation RCI
Training	DAP

* **Notes:** Director resigned during of year such as Mrs. Jittima Sangkasaba, Director Mr. Parames Rachjaibun, Lt. Gen. Nirundon Patpongpanit resigned from the positions effective date on February 22,2012. Mrs. Pittraporn Sangkasaba , Mr. James Cutter resigned from the positions effective date on August 1 2012 . Mrs. Rudeerat Sangkasaba, Mr. Anek Wasanasompong resigned from the positions on September 11,2012 Then, the structure of the board of directors composes of 9 persons , audit committee directors for 1 in 3 of all members the board directors.

Management

<u>1.Mr.Prateep Natapa</u>	
Position	Assistant Managing Director- Sales Division
Birth	1968
Education	Bachelor of Political Science, Chulalongkorn University
Shareholding	None
Experience	<ul style="list-style-type: none"> - Assistant Sale Dep.Manager ,Siam NEC Co.,Ltd - Sale Dept. Manager ,Ecoline Co.,Ltd - Sale Dept. Manager,The Union Mosaic Industry PLC - Sales Division Manager,The Royal Ceramic Industry PLC.
<u>2.Mrs.Chomchada Nityo</u>	
Position	Assistant Managing Director- Management Operations
Birth	1960
Education	Master of Science in Economics Policy and Planning from Northeastern University , Boston, MA. USA
Shareholding	none
Experience	<ul style="list-style-type: none"> - Bangkok Bank - Asia Bank - Nahm Sanitaryware Co.,Ltd. - Executive,The Royal Ceramic Industry PLC.
<u>3. Mr. Kompoj Panchan</u>	
Position	Assistant Managing Director, Factory
Birth	1963
Education	Vocational Education Factory Mechanic Surin Technology College
Shareholding	none
Experience	- To act for Quality Control Manager, RCI

	- Quality Control Manager, RCI - Assistant Managing Director, Factory RCI
4. Miss Piyaporn Sasiprapa	
Position	Assistant Managing Director, Technical of Factory
Birth	1966
Education	Bachelor of Material Science Chulalongkorn University
Shareholding	none
Experience	- Research and Development Manager, RCI - Assistant Managing Director, Technical of Factory RCI

***Note :** List the name of the management on December 31,2012

Mrs .Chomchada Nityo to resigned from the positions effective date on March 6,2013

Director remuneration (Baht)

Name	<u>Entertain and Recreation budget</u>	<u>Meeting Allowance</u>	<u>Total</u>
1. Miss Paweena Laowiwatwong	82,000	4,000	86,000
2. Mr.Natchana Phenjati	44,000	4,000	48,000
3. Mr.Somboon Uranukul	72,000	8,000	80,000
4. Mr.Sutin Youthanavaraporn	72,000	8,000	80,000
5. Mr.Chakorn Warintaraporn	144,000	24,000	168,000
6. Mrs. Pawanya Kritachart	144,000	24,000	168,000
7. Mrs.Sirisook Hoontrakool	144,000	36,000	180,000
8. Mr.Shaw Sinhaseni	144,000	20,000	164,000
9. Mr.Sripop Sarasas	144,000	44,000	188,000
10. Mrs.Jittima* Sangkasaba	24,000	4,000	28,000
11. Mr.Parames* Rachjaibun	24,000	4,000	28,000
12. Lt.Gen. Nirundon* Patpongpanit	24,000	4,000	28,000
13. Mrs.Pittraporn* Sangkasaba	72,000	-	72,000
14. Mr.James* Cutter	72,000	28,000	100,000
15. Mrs.Rudeerat* Sangkasaba	300,000	20,000	320,000
16. Mr.Anek* Wasanasompong	72,000	32,000	104,000

Notes : 1. The Remuneration is salary for Chairman =36,000 baht/month or 432,000 baht /year
2. Entertain and recreation =12,000 baht /month or 144,000 baht/year
3. Meeting allowance for Director ,Audit Committee, Nomination and Remunerations Meeting = 4,000 baht /person /time

The director meeting year 2012 as following details:

<u>Meeting Attendance</u>		<u>BoD Meeting</u>	<u>Audit Committee Meeting</u>	<u>Nomination and Remunerations Meeting</u>	<u>AGM 2011</u>	<u>EGM 2012</u>
1. Miss Paweena	Laowiwatwong	1/6	-	-	-	-
2. Mr.Natchana	Phenjati	1/6	-	-	-	-
3. Mr.Somboon	Uranukul	2/6	-	-	-	1/1
4. Mr.Sutin	Youthanavaraporn	2/6	-	-	-	1/1
5. Mr.Chakorn	Warintaraporn	6/6	-	-	1/1	1/1
6. Mrs. Pawanya	Kritachart	6/6	-	-	1/1	1/1
7. Mrs.Sirisook	Hoontrakool	5/6	4/4	-	1/1	1/1
8. Mr.Shaw	Sinhaseni	3/6	2/4	-	1/1	1/1
9. Mr.Sripop	Sarasas	5/6	3/4	3/3	1/1	1/1
10. Mrs.Jittima*	Sangkasaba	1/6	-	-	-	-
11. Mr.Parames*	Rachjaibun	1/6	-	-	-	-
12. Lt.Gen. Nirundon*	Patpongpanit	1/6	-	-	-	-
13. Mrs.Pittraporn*	Sangkasaba	4/6	-	-	1/1	-
14. Mr.James*	Cutter	4/6	-	3/3	1/1	-
15. Mrs.Rudeerat*	Sangkasaba	5/6	-	-	1/1	1/1
16. Mr.Anek*	Wasanasompong	5/6	-	-	1/1	1/1

* **Notes :** Director No. 10-12 resigned from the positions effective date on Feb. 22,2012
Director No. 13-14 resigned from the positions effective date on Aug. 1, 2012
Director No. 15-16 resigned from the positions effective date on Sept.11,2012

Good Corporate Governance

The Board of Directors values the importance of Good Corporate Governance and has implemented the Stock Exchange of Thailand's principle: Code of Best Practices to govern the company's Good Corporate Governance. The company defines its operation under applicable legislation, requirements, and rules including Good Corporate Governance policies to increase transparency and competition ability, and assurance among shareholders, investors, creditors, employees, and other relevant personnel. Therefore, the company has assigned a subcommittee to monitor and formulate relevant policies and charters to form standard operation plans for all committees, management and employees as follows:-

1. Charter of internal audit and good corporate governance committee
2. Charter of nomination and remuneration committee
3. Good corporate governance policy
4. Internal audit and control policy
5. Nomination and remuneration policy
6. Risk management policy

The Charter of The Internal audit and good corporate governance committee

1. Objectives

To supervise and audit operations, internal control and risk management, ensure good governance and examine financial reports to guarantee transparency and reliability in the operations and information dissemination of the company.

2. Definitions

"The company" refers to The Royal Ceramic Industry Pubic Company Limited.

"The board" refers to the board of directors of The Royal Ceramic Industry Pubic Company Limited.

"The chairman" refers to the chairman of the board of The Royal Ceramic Industry Pubic Company Limited.

"Board members" refer to the board members of The Royal Ceramic Industry Pubic Company Limited.

"The chief executive officer" refers to the chief executive officer of The Royal Ceramic Industry Pubic Company Limited.

"The audit committee" refers to the audit committee of The Royal Ceramic Industry Pubic Company Limited.

"Audit members" refer to the members of the audit committee of The Royal Ceramic Industry Pubic Company Limited.

3. Structure and qualifications

- (1) The audit committee consists of at least three board members whom the board appointed. At least one audit member must have the knowledge of accounting and finance.
- (2) All audit members must be independent board members.
- (3) They must be able to devote enough time to the work of the audit committee.
- (4) Their holding of the company's shares is limited at the amount equivalent to 5% of the paid-up capital of the company, its subsidiaries, and associated or related companies. This also refers to shareholding by any related person.
- (5) Audit members must not be involved in management, be the employees or staff members, or have any direct or indirect interests or stakes in the company, its subsidiaries, associated or related companies, or the major shareholder of the company.
- (6) Audit members must not be related or be an immediate relative of any executives or the major shareholder of the company.
- (7) Audit members must not be the board members who are assigned to protect the interests of the company, the major shareholder or any shareholder who is related to the major shareholder.
- (8) Audit members must have freedom to work and express their opinions.

4. The term of audit members

Each term of audit members lasts three years. Each year of the term means the period between the annual general shareholders' meeting during which audit members are appointed and the next annual general shareholders' meeting. Audit members can be reelected for the sake of work continuation.

If an audit member serves his term or he cannot serve his full term due to any reason, the board must appoint a new audit member to completely fill the vacant position within three months of the date when the membership of the audit committee becomes incomplete. The replacement will serve only the remaining term of the predecessor.

5. Duties and responsibilities

- (1) Lay down policies, regulations and processes for the sake of good corporate governance as well as internal control and audit.
- (2) Review corporate management, financial reports, and internal control and audit.
- (3) Assure that the company abides by relevant laws and regulations.
- (4) Select and nominate an auditor and recommend his remuneration.
- (5) Consider the disclosure of the company's information on relevant issues or the issues that may involve a conflict of interest.
- (6) Guarantee that operations comply with policies, regulations, rules, restrictions and relevant laws as well as the resolutions of the board.
- (7) Find outside advisers who will give advice or assist in examination as long as the board agrees.
- (8) Do other duties as assigned by the board.

6. Meetings

The audit committee has at least four meetings annually.

Its quorum needs at least half the total number of audit members. A ruling of the audit committee requires a majority vote. If a vote is equally divided, the chairman in the concerned meeting will cast the deciding vote.

7. Reporting

The audit committee must regularly report to the board the conclusions of its meetings or any issues that the board should know.

8. Advisers

The audit committee may seek opinions from independent advisers in other professional fields as long as it considers that is necessary. The company will pay for the consultation.

9. The charter takes effective on

December 14, 2007.

The Charter of The Nomination and Remuneration Committee

1. Objectives

To recruit and nominate to the board for appointment the candidates who will be board members, members of the board's committees and the chief executive officer and to propose their appropriate remuneration.

2. Definitions

"The company" refers to The Royal Ceramic Industry Public Company Limited.

"The board" refers to the board of The Royal Ceramic Industry Public Company Limited.

"The chairman" refers to the chairman of the board of The Royal Ceramic Industry Public Company Limited.

"Board members" refer to the board members of The Royal Ceramic Industry Public Company Limited.

"The chief executive officer" refers to the chief executive officer of The Royal Ceramic Industry Public Company Limited.

"The nomination committee" refers to the nomination and remuneration committee of The Royal Ceramic Industry Public Company Limited.

"Nomination members" refer to the members of the nomination and remuneration committee of The Royal Ceramic Industry Public Company Limited.

3. Structure and qualifications

- (1) The nomination committee consists of at least three board members whom the board appointed.
- (2) The chairman of the nomination committee is an independent board member.
- (3) Nomination members must not include the chairman of the board or the chief executive officer.
- (4) Nomination members must have enough time to work for the nomination committee.

4. The term of nomination members

Each term of nomination members lasts three years. Each year of the term means the period between the annual general shareholders' meeting during which nomination members are appointed and the next annual general shareholders' meeting. Nomination members can be re-elected for the sake of work continuation.

If a nomination member serves his term or he cannot serve his full term due to any reason, the board must appoint a new nomination member to completely fill the vacant position within three months of the date when the membership of the nomination committee becomes incomplete. The replacement will serve only the remaining term of the predecessor.

5. Duties and responsibilities

5.1 For nomination

- (1) Propose the sizes, elements and terms of the board and its committees to the board.
- (2) Lay down policies, criteria and processes for the rule-based and transparent selection and nomination to the board of suitable candidates, including those recommended by shareholders, to be new board members, the board's committee members and the chief executive officer.
- (3) Prepare the nomination of the potential candidates who should become members of the board and the board's committees and the chief executive officer in advance and/or on the occasions of any vacancy to the positions of board and committee members and the chief executive officer.
- (4) Propose to the board standards and conditions for the annual work of board and committee members and the chief executive officer as well as methods to evaluate their work.

5.2 For remuneration

- (1) Propose to the board policies on the remuneration of board and committee members as well as the chief executive officer – covering their salaries, meeting allowances, bonuses

and other financial and non-financial returns – in line with fair and reasonable criteria, procedures and structures.

- (2) Review the remuneration of board and committee members as well as the chief executive officer in accordance with their responsibilities and performances, the operational results of the company and the traditions of the industry and companies listed on the Stock Exchange of Thailand.

6. Meetings

The nomination committee must have at least one meeting annually.

Its quorum requires at least half the total number of nomination members.

A ruling of the nomination committee requires a majority vote. If a vote is equally divided, the chairman in the concerned meeting will cast the deciding vote.

7. Reporting

The nomination committee must regularly report to the board the conclusions of its meetings or any issues that the board should know.

8. Advisers

The nomination committee may seek opinions from independent advisers in other professional fields as long as it considers that is necessary. The company will pay for the consultation.

9. The charter takes effective on

December 14, 2007.

Good Corporate Governance Policy

The Rights of Shareholders

1. The board will ensure that the company gives in a timely and adequate manner the information, date, time, venue and agenda of every shareholders' meeting and any information on the issues which shareholders will resolve. Besides, it will inform shareholders of meeting regulations and the process to reach a resolution.

2. The board will refrain from any action that will limit the opportunities of shareholders in studying the information of the company.

3. The company guarantees that shareholders will have full rights to attend shareholders' meetings and exercise their vote. It will not take any action that will limit shareholders' chances to attend shareholders' meetings.

4. The chairman of each shareholders' meeting will give appropriate time and encourage shareholders to express their opinions and pose questions related to the company in the meeting. Shareholders are also allowed to file their questions prior to the meeting.

5. All board members are duty-bound to attend every shareholders' meeting to answer shareholders' questions that concern them.

Fair Treatment for All Shareholders

1. The shareholders who are executives will not add any issue that has not been notified in advance to an agenda unless it is necessary. Especially they will not do so with the issue on which shareholders will need times to study relevant information.

2. The board will encourage shareholders to use the proxy form that enables them to specify their votes for each issue. It will nominate at least one audit member as a choice of proxy for shareholders.

3. The board will support the use of ballots for important issues for the sake of transparency and verifiability if a dispute happens subsequently.

4. The board will allow shareholders to appoint one board member after another.

5. The board will set out written guidelines for keeping inside information and preventing its use and order all members of the organization to follow them. It will also require all board members and executives, who are obliged by law to report their shareholdings, to file the reports to the board regularly.

The Roles of Stakeholders

1. The board acknowledges the importance of the company's stakeholders namely customers, partners, competitors, creditors, employees, and surrounding communities. It has the following policies to guide its treatment for the parties.

Customers

- A. Assure that customers receive quality products and services at reasonable prices and keep seriously improving their quality.
- B. Reveal the news and information about products and services completely and correctly without distorting any facts.
- C. Give warranties on products and services for appropriate periods.
- D. Set up a system to receive customers' complaints about products and services and do whatever it takes to respond to their complaints swiftly.
- E. Seriously and always keep customers' information secret.

Partners

- A. Never demand, receive or provide any benefits that will be dishonest towards partners.
- B. Strictly honor agreements reached with partners.
- C. If the agreements cannot be honored, the company will inform partners of the problem right away so that they can jointly work out rational solutions.

Competitors

- A. Follow the rules of fair competition.
- B. Never ruin the reputation of competitors with groundless accusations.

Creditors

- A. Strictly honor and fulfill obligations made with creditors with regard to repayment, the maintenance of collateral and other conditions. Never spend the lent money for any purposes that violate the agreements reached with creditors.
- B. Honestly report the financial status of the company to creditors.
- C. Inform creditors in advance of any possible failure to meet obligations under the agreements and jointly figure out solutions.

Staff

- A. Give fair returns to staff members in the forms of appropriate salaries, welfare, and/or bonuses.
- B. Always keep the workplace in the condition that is safe for the life and property of staff.
- C. The appointment, transfer, reward and punishment of any staff member must be done fairly and honestly and based on the knowledge, ability, suitability and actions of the staff member concerned.

- D. Realize the importance of improving the knowledge and ability of staff and provide them with the improvement chances equally and regularly.
- E. Listen to opinions and recommendations and receive complaints about possible violations to regulations or laws from staff members of all levels equally and fairly.
- F. Strictly follow the laws and restrictions concerning staff.
- G. Keep the company's businesses from any actions that are unfair and may affect the job security of staff.

Society and the environment

- A. The company will minimize the adverse impacts of its operations on society, the environment and the quality of life of the general public.
- B. Continuously raise the awareness of staff members at all levels on their responsibilities for society and the environment.
- C. Promote the efficient consumption and saving of energy.
- D. Follow, cooperate with and ensure strict obedience to the laws and regulations that regulatory agencies issue.
- E. Acknowledge the importance of the activities that continuously contribute to communities and society.

2. The board will lay down a clear course of actions to respond to complaints. It may requires complaints to be filed with the company's audit members so that they can order investigation in line with the process that the company has set up and report findings to the board.

The Disclosure of Information and Transparency

1. The board will disclose information in line with the regulations and the channels that the SET specifies. Information will be publicized in Thai and English on the company's website and be updated regularly.
2. The board will report the good corporate governance policy that it has endorsed and the results of the policy implementation through various channels including the annual report and the website of the company.
3. The board will declare its responsibility for the financial report along with the auditor's report in the annual report.
4. The board will report the roles and duties of the board and its committees, the number of their meetings and the meeting attendance of each member in the past year.
5. The board will reveal the policy of members' remuneration that suits the burdens, duties and responsibilities of each member and report the forms of the remuneration.

The Responsibilities of the Board

1. The structure of the board

1.1 The board of the company consists of 5-15 members depending on necessity and suitability and its shareholders must approve the number of board members.

The board should comprise

- the chairman who is appointed by the board,
- at least three independent board members, and
- other members who represent shareholders.

1.2 Each term of the board is limited at three years. The board members who have served the longest term and constitute one-third of the board will resign when their terms are served. One year of a term starts from the annual shareholders' meeting which approves a board lineup to the next annual shareholders' meeting. Board members can be reelected for the continuation of work.

1.3 To ensure that the independent board members are truly independent with regard to the nature of the company, the qualifications of independent board members are specified superior to the minimal standard of the SEC and the SET. Under the company's requirements, independent board members:

- (1) are independent from the major shareholder, executives and related persons;
- (2) can protect the interests of all shareholders equally;
- (3) hold the company's shares worth not over 5% of the amount equivalent to the paid-up capital of the company, its subsidiaries, and associated or related companies and this also covers shareholding by any related person;
- (4) do not take part in management and are not the employees, staff members or advisers who receive regular salaries from the company, its subsidiaries, associated or related companies and the major shareholder of the company;
- (5) have neither interests nor stakes, both directly and indirectly, in the company, its subsidiaries, associated or related companies, and the major shareholder of the company;
- (6) are not related to and are not an immediate relative of any executive or the major shareholder of the company;
- (7) are not assigned to protect the interests of any board members, the major shareholder and any shareholders related to the major shareholder of the company; and
- (8) are able to carry out duties and have the freedom of expression.

1.4 The board does not want its members to hold positions in too many companies for the sake of their effective contribution and devotion to the board. It requires all members to reveal their positions to shareholders.

1.5 The board prohibits the managing director and other executives of the company from being the board members of other companies unless the board allows them to do so.

1.6 The board will see to the recruitment of a secretary to the company. The secretary will advise board members on the laws and regulations that the board needs to know, will facilitate the activities of the board and will coordinate the implementation of its resolutions.

2. Committees

2.1 The board will set up the following committees to scrutinize important issues carefully and efficiently.

- The audit committee that is duty-bound to:

- (1) lay down policies, regulations and processes for good corporate governance as well as internal control and audit;
- (2) review corporate management, financial reports, and internal control and audit;
- (3) assure that the company abides by relevant laws and regulations;
- (4) select and nominate an auditor and recommend his remuneration;
- (5) consider the disclosure of the company's information on relevant issues or the issues that may involve a conflict of interest;

- (6) guarantee that operations comply with policies, regulations, rules, restrictions and relevant laws as well as the resolutions of the board;
- (7) find outside advisers who will give advice or assist in examination as long as the board agrees; and
- (8) do other duties as assigned by the board.

- The nomination and remuneration committee that is duty-bound to:

For nomination

- (1) propose to the board the sizes, elements and terms of the board and its committees;
- (2) lay down policies, criteria and processes for the rule-based and transparent selection and nomination to the board of suitable candidates, including those recommended by shareholders, to be new board members, the board's committee members and the chief executive officer;
- (3) prepare the nomination of the potential candidates who should become members of the board and the board's committees and the chief executive officer in advance and/or on the occasions of any vacancy to the positions of board and committee members and the chief executive officer;
- (4) propose to the board standards and conditions for the annual work of board and committee members and the chief executive officer as well as methods to evaluate their work;

For remuneration

- (1) propose to the board policies on the remuneration of board and committee members as well as the chief executive officer – covering their salaries, meeting allowances, bonuses and other financial and non-financial returns – in line with fair and reasonable criteria, procedures and structures; and
- (2) review the remuneration of board and committee members as well as the chief executive officer in accordance with their responsibilities and performances, the operational results of the company and the traditions of the industry and companies listed on the Stock Exchange of Thailand.

- The risk management committee is duty-bound to:

- (1) consider and endorse policies and frameworks for risk management;
- (2) follow up the development of risk management frameworks;
- (3) monitor the process to identify and estimate risks;
- (4) evaluate and endorse risk management plans;
- (5) report to the board risks and risk management; and
- (6) discuss major risks with the audit committee.

2.2 The board's committees must have at least the following qualifications.

- 2.2.1 The audit committee has its chairman and members who are independent board members.
- 2.2.2 The nomination and remuneration committee has the chairman who is an independent board member.
- 2.2.3 The risk management committee has the chairman who is an independent board member.

The board chairman will not be the chairman or member of any committees for the sake of their transparent and independent work.

3. The roles, duties and responsibilities of the board

3.1 The board is duty-bound to consider and resolve important issues related to the operations of the company such as visions, missions, strategies, financial goals, risks, plans and budgets and to assure that the management efficiently and effectively implements policies and plans.

3.2 The board is duty-bound to lay down written policies for the management of the company's businesses, endorse the policies and review them and their implementation at least once a year.

3.3 The board is duty-bound to lay down a written code of business conduct so that all board members, executives and staff members understand the business etiquette of the company. The board should ensure serious compliance with the code of business conduct.

3.4 The board is duty-bound to carefully consider conflicts of interest and possible conflicts of interest. It must take clear actions mainly to protect the interest of the company and shareholders, and the actions must be free of influences from any stakeholders. Besides, the board must see to the correct and complete compliance with regulations on actions towards and the disclosure of possible conflicts of interest.

3.5 The board is duty-bound to install systems to supervise operations, financial reports and compliance with regulations and policies. Independent persons or units are responsible for checking the systems and should review policies at least once a year.

3.6 The board is duty-bound to lay down risk management policies that cover the whole organization. The management will implement the policies and report results to the board regularly. Risk management policies and results should be reviewed and evaluated at least once a year and whenever the degree of risks changes. The review and evaluation must be in line with established guidelines and importantly pay attention to any warning signs and unusual developments.

4. Board meetings

4.1 The company is duty-bound to schedule board meetings in advance and inform each of board members of the schedule so that they can manage their time and attend the meetings.

4.2 The company is duty-bound to schedule at least four board meetings annually so that the board can supervise, control and monitor the performances of the management continuously and promptly.

4.3 The board chairman and the chief executive officer are duty-bound to jointly prepare the agendas of the board and board members have the right to include their topics in the agendas.

4.4 The company must send papers related to board meetings to board members in advance. The papers must contain information which is complete and adequate for board members to consider and decide on. However, the prior provision does not apply to any issues that are not intended to be documented and should thus be discussed in board meetings.

4.5 The board chairman must reserve enough time for the management to present its issues and for all board members to discuss important issues. The chairman must encourage board members to take careful judgments and board members must pay attention to every issue in their agendas including issues concerning corporate governance.

4.6 The board must encourage the chief executive officer to invite senior executives concerned to board meetings to provide additional information on issues.

4.7 The board has access to additional and essential information through the chief executive officer, the company's secretary, or other assigned executives.

4.8 The board must always allow the board members who are not the company's executives to meet one another as far as it is necessary so that they can discuss interesting issues concerning the management. Such meetings will exclude the management and these board members will inform the chief executive officer of the results of their meetings.

5. The self-evaluation of the board

5.1 The board is duty-bound to evaluate its own performance regularly. This enables board members to jointly consider its performances and problems for the sake of solutions. The evaluation will be subject to clear standards.

5.2 The board will evaluate its overall performances, not the work of any individual board member.

6. Remuneration

6.1 The board is duty-bound to propose the remuneration of board members to shareholders' meetings. The remuneration must suit the traditional level of the industry and the duties, roles, accountabilities and responsibilities of board members. The board members who have extra duties and responsibilities, such as for being members of the board's committees, deserve additional returns.

6.2 The nomination and remuneration committee will evaluate the performance of the chief executive officer annually in order to consider remuneration for the chief executive officer in accordance with the concrete criteria that the committee and the chief executive officer agreed in advance. The evaluation should be proposed to the board for approval and the board chairman or a senior board member should inform the chief executive officer of evaluation results.

7. The development of board members and executives

7.1 The board must support and facilitate the training and education of the persons involved in the corporate governance of the company so that they can always improve their work. They include board members, audit members, executives and the company's secretary.

7.2 The company must provide new board members with documents and information useful for their work and with orientation on the business and business trend of the company.

7.3 The board must require the chief executive officer to report development plans, proceed with the work of senior executives and continuously initiate development projects.

The good corporate governance policy takes effect on December 14, 2007.

Internal Audit and Control Policy

The company pays special attention to internal audit and control in order to have adequate and proper internal audit and control systems for its business and to prevent possible damages and impacts on the company. It established an independent unit particularly to conduct internal audit and control and report findings at least twice a year directly to the audit committee. Besides, the company seriously listens to recommendations and remarks in order to improve its internal control system up to the highest efficiency and effectiveness.

The company adapted the instructions of the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and the Institute of Internal Auditors (IIA) to lay down its internal audit and control policy as follows.

1. Control environment

The audit committee sees to the adequacy of the internal control system, control on operations, and the policies of the company as required by the law and the announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand. To the effect, the committee:

- Considers the company's structure and work system that support good internal control;
- Works out an operational plan and a budget for the internal audit and control unit;
- Selects a capable and recognized auditor; and
- Supports the personnel development programs that convince staff members of the importance of internal audit and control.

2. Risk assessment

The audit committee looks into the inside and outside factors that can obstruct the main goals of the organization. It assesses the following aspects of risks:

- Operational risks
- Financial risks
- Compliance risks

This leads to audit plans and control activities that suit anticipated risks.

3. Control activities

The audit committee sets internal audit and control standards by taking into consideration:

- Duty segregation to create balance in operations among units and staff members at all levels;
- Approval and/or authorization for actions in line with the rules and regulations of the company;
- Asset supervision covering the documentation of acquired and sold assets and the exploitation of the company's assets; and
- Review by verification and reconciliation.

4. Information exchange and communications

The audit committee will see to the following qualifications of information exchange and communications.

- Adequate communications throughout the organization, covering communications between executives and staff members, among different units in the company, among staff members and between outside parties and the company.
- Adequate and accurate information to support the decisions of the company.
- Clear communications.

5. Monitoring

The audit committee requires monitoring to guarantee that operations steadily follow processes and procedures and to see if existing processes and procedures should be adjusted to deal with the situations that may change and thus jeopardize the organization. Monitoring must be the duty of the independent unit that is unrelated to the operational units monitored.

Course of actions

1. Units under the organization must be audited gradually in line with the mentioned policy to ensure that they follow the plans, policies, goals and objectives of the organization as well as relevant regulations and laws.

2. When the audit is concluded, the secretary to the audit committee must organize meetings with the executives of audited units so that people concerned can discuss findings including detected defects and propose solutions, and these details will be included in audit reports.

3. Reports on the audit are compiled to contain the objectives and scope of the audit, spotted defects and recommendations for solutions and improvement.

4. The auditor must follow up actions in response to the audit reports, contact the auditees concerned and advise the auditees on solutions and improvement.

5. The secretary to the audit committee must improve the auditor's capability or require the auditor to have enough experiences to conduct audit.

6. The auditor must work with honesty, morality, human relations and neutrality and have positive attitudes towards colleagues.

This policy takes effective on December 14, 2007.

Nomination and Remuneration Policies

Policies and principles on nomination and remuneration

The company has laid down its good corporate governance policy and is determined to implement, them especially those concerning its board members. Directors must possess various qualifications, skills, experiences and technical abilities that benefit the company and can devote their time and efforts to work for the organization. The policies require the company to implement standard and transparent processes to recruit its board members and set their remuneration with the consent of its shareholders.

Therefore, the board has established the nomination and remuneration committee. The panel was tasked with selecting and proposing to the board the candidates who will be appointed as new board members and members of the board's committees in the company and with proposing appropriate remuneration for the persons. The board has laid down policies and principles on nomination and remuneration as follows.

1. Nomination principles

Instructions for the nomination of board members and committee members of the company

A. For the formation of the board and its committees, the nomination and remuneration committee will comply with the following instructions.

1. The number of board members must be appropriate and enough to keep the operations of the company in line with its strategies. It must also abide by the good corporate governance policy of the company stipulating that there must be at least five and not over 15 board members and that there must be at least three independent board members, no matter how many members there are in the whole board.

2. The board must consist of the members who possess various qualifications, skills and experiences so that the board can issue policies and strategies and have the management implement strategies effectively.

3. There must be enough committees and committee members to study and scrutinize specific issues as assigned by the board.

B. The nomination of candidates to the board must be subject to the following instructions.

1. With regard to the preferred qualifications of each board member, the nomination and remuneration committee will ensure the following qualifications of candidates. In this case, each candidate must have

- 1.1 the qualifications of a board member as the company sets;
- 1.2 morality and responsibility;
- 1.3 the work record deemed as valuable for the company; and
- 1.4 professionalism and adherence to principle-based work.

2. With regard to the expertise that the company needs from the board, the nomination and remuneration committee will look for candidates with a wide range of knowledge that will enable the board to issue strategies and policies and supervise and ensure the effective implementation of the strategies. The nomination and remuneration committee requires candidates to have the following abilities:

- 2.1 accounting and financial knowledge,
- 2.2 risk management,
- 2.3 expertise related to the business of the company, and
- 2.4 strategic planning and vision.

3. As for access to information about board member candidates, the nomination and remuneration committee sources it from stakeholders including shareholders.

The nomination process

The nomination and remuneration committee will annually review the structure, number and combined expertise of the board and committees to ensure that they can effectively supervise the operations of the company. If the company needs any replacements of board and committee members or any additional board and committee members, the nomination and remuneration committee will go through the following process.

1. The nomination and remuneration committee will compile the lists of potential board member candidates and committee member candidates in line with specified qualifications and verify with agencies concerned that the candidates are not blacklisted or were removed as board or committee members.

2. The nomination and remuneration committee will meet and interview potential candidates.

3. It will then propose the names of potential candidates for the board to consider. The number of the names will be higher than the number of board or committee members needed so that the board can come up with the best lineup for a new board or a committee and send it to a shareholders' meeting for appointment.

4. The nomination and remuneration committee must submit via the board a complete report on the names and backgrounds of selected board member candidates in the manner that shareholders can study it in advance. The list will be delivered along with an invitation to a shareholders' meeting that will include the appointment of a new board in its agenda.

5. If any outgoing board member is nominated for reinstatement, the nomination and remuneration committee will also report the board member's past contributions and attendance at board and shareholders' meetings for the consideration of shareholders.

6. On the session to appoint board members, the nomination and remuneration committee will organize a vote for shareholders to vote for one board member candidate at a time and vote results will be announced in the very meeting.

7. New board members will undergo orientation before attending their first board meeting.

2. Remuneration principles

Remuneration elements

To match the burdens, duties and responsibilities of board and committee members who have legal obligations as well as criminal and civil liability and are required to create values to the organization and devote themselves to their work, three elements of remuneration for board and committee members are set as follows.

1. Retainer Fee is paid monthly to board and committee members, no matter whether they have a meeting or not. To retain board and committee members whose qualifications are essential for the company, the retainer fee is based on the three factors:

- 1.1 a standard rate in the industry
- 1.2 the size of business and operational results
- 1.3 the responsibilities and duties of board and committee members

2. Attendance Fee is paid to the board members and the committee members who attend each meeting. The attendance fee will be set appropriately and adequately to convince all board and committee members to devote their time to meetings.

3. Incentive Fee is a special annual return for board and committee members to reward them for the value that they have generated for the organization and shareholders such as the profit of the company and dividends.

The process to set remuneration

1. The nomination and remuneration committee will propose the amounts of the remuneration elements and their proper proportion in accordance with situations of the company for the board and shareholders to endorse every year.

2. The nomination and remuneration committee will review remuneration for board and committee members and base its decisions on findings from the annual board remuneration survey by the Stock Exchange of Thailand and the Thai Institute of Directors (or from the survey that both institutes may schedule otherwise) or, if necessary, on appropriate recommendations from the consultancy that the company hires.

3. The nomination and remuneration committee will recommend the remuneration to the board that will in turn submit the recommendations to the annual general shareholders' meeting for endorsement. The committee will also propose criteria for the determination of the remuneration for board and committee members in addition to the recommendations on the remuneration amounts.

4. The nomination and remuneration committee will disclose the remuneration policy and criteria as well as remuneration amounts that have been endorsed in the annual report and other reports that the Stock Exchange of Thailand requires.

This takes effective on December 14, 2007.

Risk Management Policy

The company realizes the importance of risk management. It has laid down the risk management policy to limit risks and possible impacts at the degree that is acceptable, assessable and verifiable systematically in order that the company can achieve its main objectives. The company would like its staff members at all levels to understand its risk management policy and implement the policy systematically and continuously to eradicate risks.

The followings are the risk management principles of the organization.

1. The company requires its executives and workers in every section to manage risks. They must play roles and take part in developing the risk management of the organization and understand their duties and responsibilities related to risk management.

2. The company establishes effective risk management processes for every stage of its operations and in line with good corporate governance principles to increase success opportunities and reduce uncertainties in its overall operational results.

3. The company conducts and supports successful risk management throughout its organization by using its limited resources efficiently to identify, assess and manage risks appropriately.

4. The company promotes risk management as a corporate culture so that every staff member realizes the importance of risk management.

Operational guidelines

The company sets the process for risk management as follows.

1. Objective Setting

There must be business objectives and goals that are clear, measurable, practical and rational and have clear timeframes. The objectives of the organization must be related to the indicators of sections at all levels.

2. Event Identification

There will be studies on any possible event that may obstruct the main objectives of the organization. The studies will focus on the possible risks that may result from factors both inside and outside the organization.

3. Risk Assessment

There will be assessment on the possibility and impacts of the events that may occur and affect the objectives of the organization. Risk assessment has two aspects:

- the likelihood of risks
- the likelihood of the financial and non-financial impacts of the risks on the organization

4. Risk Response

There will be studies on options to manage risks and risk management planning to avoid or reduce possible adverse impacts. The studies will consider the acceptable levels of risks and the costs and benefits of risk management options.

5. Control Activities

Processes will be implemented and staff members will be assigned to manage the risks of the organization. The staff members who are assigned so must consider the effectiveness of the management of existing risks and look for additional and necessary measures to increase the effectiveness of risk management.

6. Monitoring

Evaluation and its report must be done regularly to inform stakeholders and executives of risks, the management of existing risks, and the results of the organization's risk management.

The risk management policy takes effect on December 14, 2007.

Inside Information Control

The company has strictly imposed policy and established ways to superintend and govern the management and employees on the matter of inside information disclosure for their personal gain as follows: -

1. The company has provided knowledge and promotes understanding to the management in various levels about their obligations and accountabilities for reporting their security holdings and changes of security holdings of the company to the Securities and Exchange Commission according to the Article 59 of the Securities and Exchange Act 1992 as well as relevant punitive regulations of the Act and the Stock Exchange of Thailand's regime.

2. The company has set up internal regulations barring the company's staff from disclosing or exploiting confidential corporate information and encouraging them to keep the inside information strictly confidential, as well as from abusing their positions or authorities and information available to them during the working process for their personal gains.

3. The company would take maximum penalty courses if the management or staff were found using inside information or exercising irregular actions, which produce damages to the company.

Dividend Policy

The Board of Directors will announce the dividend payment upon its cash flow position after legal reserve (not less than 10% of registered share capital). Dividend payout depends on the necessity of future expenditure such as debt repayment plan and investment for continued business expansion. Thereafter, it will be proposed to the Shareholders' meeting for considerations on an occasionally basis. This process is also applied to interim dividend payout. Dividend is paid within 1 month from the day of the Shareholders' meeting or the resolution of the Board of Directors is taken place.

Persons with mutual interest and related transaction

The persons are held with mutual interest in case of joint directorship or management or shareholding, as well as the relationship between those persons.

Persons with mutual interest	Relationship
1. Miss Paweena Laowiwatwong	None
2. Mr.Natchana Phenjati	
3. Mr.Somboon Uranukul	
4. Mr.Sutin Youthanavaraporn	

Related business transaction between RCI and other companies in year 2012

1. The Royal Asia Brick and Tiles Co.,Ltd
2. The Union Mosaic Industry PLC

Transaction with other companies	Million baht	
	Sales /Service	Buy/Service
The Royal Asia Brick and Tiles Co.,Ltd	-	54
The Union Mosaic Industry PLC	-	29
Total	-	83

Financial Analysis and business performance

Regarding the company's business results in 2010 were at 1,089 million baht, with gross margins at 24.0 % of sales , and loss profit amount 125.0 baht .

For the results in 2011 were at 1,047 million baht which decreased from year 2010 or about 3.9 % by sales decreasing because of flood disaster in the fourth quarter some agents could not hold the stock then they celled orders. For export markets, the Company faced and could not compete with the foreign competitors especially from China. the company had gross margins at 24.5%. Transportation cost increased from the previous year at 6.7% of sales to from the increasing of energy cost and sales volume in upcountry portion were more than Bangkok area. That effected to the selling expense increased to 5.9 % of sales. For the Administration expense was more than the previous year because of the advisory fee, audit fee, legal fee engaged to the transaction between the Company and shareholders' VSSL Enterprise Company Limited in the amount of 6 million Bath. Loss from sales of the deteriorate assets in the amount of 8 million Bath, the Company adopted of TAS 19 Employee Benefits for first time in year 2011 which recognized Post-employment benefits in the amount of 3 million Baht and Salaries in the amount of 4 million Baht. The company had to maintain the level of inventories, the company has suspend production expense of 62.6 million Baht included in administrative expenses. Results from operating loss was 154 million Baht. However, the company still maintained liquidity to business operation, including liability payment in compliance with regulations at the 2.18 debt to equity ratio.

For the year 2012 the company had operation 21 million baht decreasing 132 million baht from the year 2011 according to the net sales in the year 2012 was 1,072 million baht increase from 2011 at 2.4% with the gross margin 30.3% that improved from the year 2011 because of the cost reduction of manufacturing cost total 43 million baht . For the Administration expense was less than the previous year because of the suspend production cost from the stop production was 28 million baht less than the previous year 12 million baht the rental less than previous year 5 million baht cause of relocated the Head Office . The other Administration expense reduce from the pervious year according to the cost reduction such as the Delivery expense and Sales Promotion expense reducing 19 million baht , the reduce of the number employees effected to accrued Employee Benefit less than previous year 5 million baht .