



Royal Porcelain®

ANNUAL REPORT 2013



บริษัท รอยัล ปอร์ซเลน จำกัด (มหาชน)

ROYAL PORCELAIN : ANNUAL REPORT 2013

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Message from the Board of Directors

To all shareholders,

In 2013, the Thai economy began to recover as economy in foreign countries started to improve. The concern that the US government would cancel the QE measure and the policy of the financial policy of the EU Central Bank to improve the liquidity in Euro Zone countries have subsided. However, although the world economic trend began to be better, the economy in Euro Zone countries is still facing a problem because commercial banks do not release credits to business and household sectors. The situation has affected the demand for supplies in foreign markets and the plan to expand the business of the company.

As a result of an increase in the price of fuel and power, especially the natural gas which is the main cost of the company's production process and the minimum wage increase which has become effective since 2012, the company has to shoulder a continuing increase in the cost of production. In couple with the allocation of the reserve for employees' retirement benefit, the company's performance in 2013 was negative. However, in the past years, the company has restructured its organization in order to be in line with the increasing cost of production, to improve the organizational effectiveness, to make profit and to expand the business in the long run.

The Board has supervised the company's operation and is determined to develop the potential of the company in terms of management and marketing strategy in the midst of obstacles to the business operation in order to improve the effectiveness and business operation.

Finally, on behalf of the board, I would like to thank all shareholders to the support that you have given to the company. All of you can be assured that the board will do the best to supervise and to take care of the company operation and to further improve the potential of our operation so that our business will be strong, stable and successful according to our goal to maintain the status of market leader forever.

Board of Directors

Board of Directors

Mr. Chokchai	Lertiendumrong	Managing Director and Chief of Executive Officer
Mr. Vanchai	Tosomboon	Director
Miss Sunee	Lertiendumrong	Director
Mr. Krit	Phunratanamala	Director
Mr. Ruangchai	Lertiendumrong	Director
Mr. Teerapong	Ninvoraskul	Director

Risk Management

Mr. Chokchai	Lertiendumrong	Chairman
Mr. Pravit	Paisansarakit	Member
Miss Soontaree	Suttawassunthon	Member
Mr. Chatchai	Kramolngam	Member
Mr. Kamolaphat	Teepsuwan	Member
Mr. Surachai	Kallayanamitra	Member
Mr. Narong	Apichatanakul	Member and Secretary

Executive Committee

Mr. Chokchai	Lertiendumrong	Managing Director and Chief Executive Officer
Mr. Pravit	Paisansarakit	Executive Vice President for Manufacturing
Miss Soontaree	Suttawassunthon	Chief Financial Officer
Mr. Surachai	Kallayanamitra	Vice President for Manufacturing
Mr. Chatchai	Kramolngam	Vice President for Human Resources and Administration
Mr. Narong	Apichatanakul	Vice President for Information Technology
Mr. Kamolaphat	Teepsuwan	Vice President for Marketing and Sales

Company's General Information

Royal Porcelain Public Company Limited

Registration No.	: 0107543000074
Head Office	: 9 th Floor Mahatun Plaza Building 888/90-92 Ploenchit Road, Lumpini, Pathumwan, Bangkok 10330
Telephone	: (662) 253-6823-38, (662) 254-4088-92
Telefax	: (662) 253-6763, (662) 254-4093-4
E-mail	: info@royalporcelain.co.th
Factory	: 36 and 39 Moo 1 Sudbantad Road, Tumbon Tandiew, Kaengkoi District, Saraburi 18110
Telephone	: (6636) 251-680-5, (6636) 244-930-3
Telefax	: (6636)251-686, (6636)251-942
Type of Business	: Manufacturer and distributor of ceramic tableware in Bone China, Porcelain, Ultra Strong, Maxadura and Unleaded Bone China.
Registered Capital	: Total Share capital is 600,000,000 Baht divided into 120,000,000 shares at 5 Baht per value.
Paid-up shares	: Total paid-up shares are 93,586,000 shares at 5 Baht per value, the company received cash contribution of 467,930,000 Baht.
Auditor	: Baker Tilly Audit and Advisory Services (Thailand) Ltd. Level 21/1 Sathorn City Tower, 175 South Sathorn Road Sathorn, Bangkok, Thailand 10120

Independent Auditor's Report

To the Shareholders of Royal Porcelain Public Company Limited

I have audited the accompanying financial statements of Royal Porcelain Public Company Limited, which comprise the statement of financial position as at December 31, 2013, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is 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 audits in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The 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 fair 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 the financial statements.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Royal Porcelain Public Company Limited as at December 31, 2013, and its financial performance and its cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Emphases of Matter

I draw attention to

- a) Note 13 to the financial statements, as at December 31, 2013, the Company could not maintain certain financial ratios in accordance with the long-term loan agreement, which resulted in the loan becoming payable on demand. However, on December 27, 2013, the Company received the waiver letter for such non-compliance from the lender. The classification of such loan to be liability is in accordance with generally accepted accounting principles.
- b) Note 2 to the financial statements, the Company applies Thai Accounting Standard No. 12 “Income Taxes”, which became effective on January 1, 2013.

However, my opinion is not modified in respect of the matters emphasized.

Other Matter

The financial statement of Royal Porcelain Public Company Limited for the year ended December 31, 2012, were audited by another auditor whose report dated on April 12, 2013, expressed an unqualified opinion with an emphasis of matter paragraph about the Company’s inability to maintain certain financial ratios in accordance with long-term loan agreement.



(Mr. Apichart Sayasit)

Certified Public Accountant, Registration No. 4229

Baker Tilly Audit and Advisory Services (Thailand) Ltd.

Bangkok

March 21, 2014

Financial Statements

Royal Porcelain Public Company Limited.

Statement of Financial Position

As at December 31, 2013

		Baht	
	<u>Note</u>	<u>2013</u>	<u>2012</u>
Assets			
Current assets			
Cash and cash equivalents	4	55,466,226	35,303,113
Trade and other account receivables - net	5	186,283,925	159,072,939
Inventories - net	6	477,971,681	471,579,181
Other current assets	7	<u>9,653,015</u>	<u>13,786,189</u>
Total current assets		<u>729,374,847</u>	<u>679,741,422</u>
Non-current assets			
	<i>8, 11,</i>		
Property, plant and equipment - net	<i>13, 14</i>	350,050,194	441,084,733
Intangible assets - net	9	3,391,353	3,236,896
Leasehold rights - net	10	848,809	2,122,022
Other non-current assets		<u>3,448,424</u>	<u>3,916,133</u>
Total non-current assets		<u>357,738,780</u>	<u>450,359,784</u>
Total assets		<u>1,087,113,627</u>	<u>1,130,101,206</u>

The accompanying notes are an integral part of the financial statements.

Royal Porcelain Public Company Limited.

Statement of Financial Position

As at December 31, 2013

		Baht	
	Note	<u>2013</u>	<u>2012</u>
Liabilities and equity			
Current liabilities			
Short-term loans from financial institutions	8, 11	150,000,000	35,000,000
Trade and other account payables	12	134,934,020	135,862,530
Current portion of long-term loans from financial institution	8, 13	54,228,892	278,598,759
Current portion of liabilities under finance lease agreements	8, 14	2,558,178	3,201,938
Other current liabilities		<u>19,152,739</u>	<u>17,242,152</u>
Total current liabilities		<u>360,873,829</u>	<u>469,905,379</u>
Non-current liabilities			
Long-term loans from financial institution - net of current portion	8, 13	189,801,081	-
Liabilities under finance lease agreements - net of current portion	8, 14	1,995,996	3,475,097
Provision for employee retirement benefit	15	79,377,678	90,714,671
Other long-term provisions		<u>823,511</u>	<u>428,922</u>
Total non-current liabilities		<u>271,998,266</u>	<u>94,618,690</u>
Total liabilities		<u>632,872,095</u>	<u>564,524,069</u>

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Financial Position

As at December 31, 2013

	<u>Note</u>	<u>Baht</u>	
		<u>2013</u>	<u>2012</u>
Equity			
Share capital			
- Authorized share capital, common share			
120,000,000 shares at Baht 5 par value		<u>600,000,000</u>	<u>600,000,000</u>
- Issued and paid-up share capital, common share			
93,586,000 shares at Baht 5 par value		467,930,000	467,930,000
Premium on share capital	16	89,674,620	89,674,620
Retained earnings (deficit)			
- Legal reserve	17	60,000,000	60,000,000
- General reserve	17	31,500,000	31,500,000
- Unappropriated		<u>(194,863,088)</u>	<u>(83,527,483)</u>
Equity - Net		<u>454,241,532</u>	<u>565,577,137</u>
Total liabilities and equity		<u>1,087,113,627</u>	<u>1,130,101,206</u>

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of comprehensive income

For the years ended December 31, 2013

		Baht	
	Note	<u>2013</u>	<u>2012</u>
Revenues			
Net sales		1,426,821,327	1,512,644,790
Gain on foreign exchange - net		-	20,461,207
Other income		<u>7,694,462</u>	<u>13,881,820</u>
Total Revenues		<u>1,434,515,789</u>	<u>1,546,987,817</u>
Expenses			
Cost of sales		1,302,743,633	1,393,838,883
Selling expenses		105,032,209	110,718,456
Administrative expenses	3, 19	111,596,939	103,467,078
Loss on foreign exchange - net		<u>16,571,948</u>	-
Total Expenses	18	<u>1,535,944,729</u>	<u>1,608,024,417</u>
Loss before Finance Cost		(101,428,940)	(61,036,600)
Finance Cost		<u>(9,906,665)</u>	<u>(8,943,915)</u>
Loss for the year		<u>(111,335,605)</u>	<u>(69,980,515)</u>
Total Comprehensive Loss for the Year		<u>(111,335,605)</u>	<u>(69,980,515)</u>
Basic Loss per Share		<u>(1.19)</u>	<u>(0.75)</u>
Weighted Average Number of Shares (In Shares)		<u>93,586,000</u>	<u>93,586,000</u>

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statement of Changes in Equity

For the years ended December 31, 2013

	Baht						
	Issued and Paid-up share capital	Premium on Share capital	Retained earnings (Deficit)				Net
			Appropriated for		Unappropriated		
			Legal reserve	General reserve			
Balance as at January 1, 2012	467,930,000	89,674,620	60,000,000	31,500,000	(13,546,968)	635,557,652	
Total comprehensive loss for the year	-	-	-	-	(69,980,515)	(69,980,515)	
Balance as at December 31, 2012	467,930,000	89,674,620	60,000,000	31,500,000	(83,527,483)	565,577,137	
Total comprehensive loss for the year	-	-	-	-	(111,335,605)	(111,335,605)	
Balance as at December 31, 2013	<u>467,930,000</u>	<u>89,674,620</u>	<u>60,000,000</u>	<u>31,500,000</u>	<u>(194,863,088)</u>	<u>454,241,532</u>	

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of cash flows For the year ended December 31, 2013

	Baht	
	<u>2013</u>	<u>2012</u>
Cash flows from operating activities:		
Loss for the year	(111,335,605)	(69,980,515)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:		
Provision for (reversal of) allowance for doubtful accounts	822,141	(560,169)
Provision for (reversal of) allowance for obsolete stocks	3,386,639	(901,527)
Depreciation	108,492,978	104,796,755
Amortization	4,745,198	5,525,843
Loss (gain) on sales of fixed assets	494,199	(431,770)
Unrealized loss (gain) on foreign exchange - net	17,708,068	(4,489,783)
Provision for employee retirement benefit	55,246,869	71,978,291
Other long – term provisions	34,589	111,669
Interest income	(418,403)	(585,825)
Interest expenses	9,906,665	8,943,915
Decrease (Increase) in Operating Assets:		
Trade and other account receivables	(26,564,721)	(27,082,617)
Inventories	(9,779,139)	(31,912,511)
Other current assets	4,288,609	301,273
Other non-current assets	467,709	(87,584)
Increase (Decrease) in Operating Liabilities:		
Trade and other account payables	(1,191,081)	(4,250,709)
Other current liabilities	(992,234)	(5,048,171)
Other non – current liabilities	360,000	-
Payment for employee retirement benefit	(66,583,862)	(2,463,620)
Income tax paid	(155,435)	(216,338)
Net Cash Provided by (Used in) Operating Activities	<u>(11,066,816)</u>	<u>43,646,607</u>

The accompanying notes are an integral part of the financial statements.

Financial Statements

Statements of cash flows (Continued)

For the years ended December 31, 2013

	Baht	
	<u>2013</u>	<u>2012</u>
Cash flows from investing activities		
Purchases of fixed assets	(18,039,050)	(27,196,541)
Purchases of intangible assets	(3,626,442)	-
Proceeds from sales of fixed assets	1,533,084	477,582
Interest received	<u>418,403</u>	<u>585,825</u>
Net Cash used in Investing Activities	<u>(19,714,005)</u>	<u>(26,133,134)</u>
Cash Flows from Financing Activities:		
Increase in short-term loans from financial institutions	150,000,000	35,000,000
Repayment of short-term loans from financial institutions	(35,000,000)	(5,000,000)
Repayment of long-term loans from financial institution	(50,654,320)	(52,389,676)
Repayment of liabilities under finance lease agreements	(3,569,533)	(3,648,063)
Interest paid	<u>(9,832,213)</u>	<u>(8,350,068)</u>
Net Cash Provided by (Used in) Financing Activities	<u>50,943,934</u>	<u>(34,387,807)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	20,163,113	(16,874,334)
Cash and Cash Equivalents at Beginning of the Year	<u>35,303,113</u>	<u>52,177,447</u>
Cash and Cash Equivalents at End of the Year	<u><u>55,466,226</u></u>	<u><u>35,303,113</u></u>

Non-Cash Transactions

Purchase of fixed assets under financial lease agreements	1,446,672	3,707,114
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The accompanying notes are an integral part of the financial statements.

Royal Porcelain Public Company Limited

Notes to financial statements

For the years ended December 31, 2013

1. General

Royal Porcelain Public Company Limited (“The Company”) was incorporated as a limited company in Thailand on March 19, 1984 and was transformed to be the Public Company on October 25, 2000. The Company is engaged in the manufacture of ceramic tableware.

As at December 31, 2013 and 2012, the Company’s shareholders are summarized as follows:

Shareholders	Percentage of shareholding	
	2013	2012
Lertiendumrong Group	35.09	35.09
Thailand Prosperity Fund	20.00	20.00
Government Pension Fund	15.00	15.00
Teepsuwan Group	10.66	10.66
Others	19.25	19.25

The registered office address of the Company is located at 888/90-92, 9th floor Mahatun Plaza Building, Ploenchit Road, Bangkok, Thailand and its factory is located at 36 and 39 Moo 1, Sudbantad Road, Tumbol Tandieo, Amphur Kaengkoi, Saraburi Province, Thailand.

Basis of Financial Statement Preparation

The statutory financial statements are prepared in Thai Baht and in the Thai language in conformity with Thai Financial Reporting Standards. Accordingly, the accompanying financial statements are intended solely to present the financial position, financial performance and cash flows in accordance with Thai Financial Reporting Standards.

The accompanying financial statements are prepared under the historical cost convention except where otherwise disclosed in the accounting policies.

For convenience of the readers, an English translation of the financial statements has been prepared from the Thai language statutory financial statements, which are issued solely for domestic financial reporting purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

Cash on hand is kept for general use purpose within the Company. Cash equivalents are savings deposits and current accounts, highly liquid investments that are readily convertible to known amount of cash that are subject to an insignificant risk of change in value.

Accounts Receivable and Allowance for Doubtful Accounts

Accounts receivable are stated at invoice amount net of allowance for doubtful accounts.

The Company provides an allowance for doubtful accounts equal to the estimated collection losses that may be incurred in the collection of all receivables. The estimated losses are based on historical collection experience and analysis of debt aging.

Inventory Valuation

The Company values its inventories at the lower of cost and net realizable value, by using the following methods:

Finished goods, work-in-process, raw materials and store supplies	- at average cost method
Saggars	- at cost method and the Company amortizes its saggars upon issuance on a straight-line basis over a period 10 months.

Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. In the case of manufactured inventories and work-in-process, cost includes an appropriate share of overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Property, Plant and Equipment

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and impairment losses. When assets are sold or retired, their cost and accumulated depreciations are eliminated from the accounts and any gain or loss resulting from their disposal is included in the statement of comprehensive income.

Depreciation

Depreciation of plant and equipment is calculated by reference to their costs on a straight-line basis over the following estimated useful lives:

	<u>Years</u>
Buildings and structures	20
Machinery and equipment	10
Furniture, fixtures and office equipment	5
Vehicles	5

Intangible Assets

Intangible assets that are acquired by the Company are stated at cost less accumulated amortization and impairment losses.

Amortization is charged to the statement of comprehensive income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets, unless such lives are indefinite. Intangible assets with an indefinite useful life are not amortized but are systematically tested for impairment at each statement of financial position date. The estimated useful lives are as follows:

	<u>Years</u>
Software licenses	3, 5

Leasehold Rights

Leasehold rights are amortized on the straight-line basis over the lease period of 10 years.

Impairment of Assets

The Company reviews the impairment of assets whenever events or changes in circumstances indicate that the recoverable amount (the higher of asset's selling price or value in use) of assets is below the carrying amount. The review is made for individual assets or for the cash-generating unit.

If the carrying value of an asset exceeds its recoverable amount, the Company recognizes the impairment losses by reducing the carrying value of the asset to its recoverable amount and recording the devaluation in statements of comprehensive income or reducing revaluation increment in assets in case that those assets were previously revalued. The reversal of impairment losses recognized in prior years is recorded as part of other income or as a revaluation increment in assets when there is an indication that the impairment losses recognized for the assets no longer exist or

are decreased. Such a reversal should not exceed the carrying amount that would have been determined (net of the associated depreciation or amortization).

Provision

A provision is recognized when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. A provision is reviewed at the statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

Provision for Employee Retirement Benefit

The Company's employee retirement benefit obligation is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods by the projected unit credit method determined by a professionally qualified independent actuary. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. Gains or losses on the curtailment or settlement of pension benefits are recognized when the curtailment or settlement occurs. Actuarial gains or losses are recognized immediately to the statement of income. The defined benefit obligations are measured at the present value of estimated future cash flows using a discount rate that is similar to the government bonds.

For the first-time adoption of TAS 19 "Employee Benefits", the Company elected to recognize the transitional liability, which exceeds the liability that would have been recognized at the same date under the previous accounting policy, as an expense on a straight-line basis over 5 years from the date of adoption (January 1, 2011).

Use of Estimates

In order to prepare financial statements in conformity with generally accepted accounting standards in Thailand, the management needs to make estimates and set assumptions that affect income, expenditure, assets and liabilities in order to disclose information on the valuation of assets, liabilities and contingent liabilities. Actual outcomes may, therefore, differ from the estimates used.

The estimates and underlying assumptions used in the preparation of these financial statements are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only

that period or in the period of the revision and future periods if the revision affects both current and future periods.

Revenue Recognition

Revenue from the sale of goods is recognized in the statement of comprehensive income when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognized if there are significant uncertainties regarding recovery of the condition due, associated costs, the probable return of goods or the continuing management involvement with the goods.

Interest income is recognized on a time proportion basis that reflects the effective yield on the asset.

Other income is recognized as income on an accrual basis.

Repair and Maintenance

Expenditures on repair and maintenance are charged to expense at the expenditures are incurred. Expenditures of a capital nature are added to the related plant and equipment.

Finance Lease

Leases in terms of which the Company substantially assumes all the risk and rewards of ownership are classified as finance leases. Equipment and vehicles acquired by way of finance leases are capitalized at the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to the statement of comprehensive income.

Operating Lease

Leases of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

Finance Costs

Interest expenses and similar costs are charged to the statement of comprehensive income for the period in which they are incurred, except to the extent that they are capitalized as being directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to be prepared for its intended use or sale. The interest component of finance lease payments is recognized in the statement of comprehensive income using the effective interest rate method.

Foreign Currency Transactions

Foreign currency transactions throughout the year are recorded in the accounts at the rates prevailing at the dates of transactions. Monetary assets and liabilities denominated in foreign currencies (except certain assets and liabilities in foreign currencies covered by forward exchange contracts) at the end of the years are translated into Baht at the prevailing rates at that date. Gains or losses from translations are credited or charged to the statements of comprehensive income. Assets and liabilities covered by forward exchange contracts are recorded at the forward contract rates. The difference between the current exchange rate (at the contract date) and the forward rate is deferred and amortized to the statement of comprehensive income by the straight-line method over the terms of the forward exchange contracts.

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealized gains and losses from the translation are included in profit or loss for the year. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the contract periods.

Income Taxes

Starting January 1, 2013, the Branch applies TAS 12 “Income Taxes”, which became effective as of January 1, 2013. This accounting standard requires an entity to recognize deferred tax assets and liabilities in the financial statements.

The income tax charge is based on profit for the period and considers deferred taxation. Deferred income taxes reflect the net tax effects of temporary differences between the tax basis of an asset or liability and its carrying amount in the statement of financial position. Deferred tax assets and liabilities are measured using the tax rates expected to apply to taxable income in the periods in which those temporary differences are expected to be recovered or settled. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow

from the manner in which the Branch expects, at the statement of financial position date, to recover or settle the carrying amount of their assets and liabilities.

Deferred tax assets are recognized when it is probable that sufficient taxable profits will be available against which the deferred tax assets can be utilized. At each statement of financial position date, the Company re-assesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered. The Company conversely reduces the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of these deferred tax assets to be utilized.

Unrecognized Deferred Tax Assets

Deferred tax assets have not been recognized in respect of the following items:

	In Thousand Baht	
	2013	2012
Loss carry forward	53,858	30,871
Provision for employee retirement benefit	15,876	18,143
Other long-term provisions	165	86
Allowance for doubtful accounts	1,255	1,091
Write-off fixed assets	675	786
Allowance for obsolete stocks	5,884	5,207
Total	77,713	56,184

The loss carry forward will expire in 2014 to 2018.

Deferred tax assets have not been recognized in respect of these items because it is not probable that future taxable profit will be available against which the Company can utilize the benefits therefrom.

Loss per Share

Loss per share is determined by dividing the loss for the year by the weighted average number of shares outstanding during the year.

3. TRANSACTIONS WITH RELATED COMPANIES

A portion of the Company's expenses arose from transactions with related companies. These companies are related through common shareholdings and/or directorships. The accompanying financial statements reflect the effects of these transactions.

Significant transactions with related company for each of the years ended December 31, 2013 and 2012 are as follows:

	Relationship	In Thousand Baht	
		2013	2012
Rental expense	Related company	280	480

4. CASH AND CASH EQUIVALENTS

	In Thousand Baht	
	2013	2012
Cash	177	141
Cash in banks	55,289	35,162
Total	55,466	35,303

As at December 31, 2013 and 2012, savings deposits bear interest between 0.50% to 0.63% per annum and 0.62% to 0.75% per annum, respectively.

5. TRADE AND OTHER ACCOUNT RECEIVABLES - Net

	In Thousand Baht	
	2013	2012
Trade account receivables - other companies	187,278	154,896
Less: Allowance for doubtful accounts	(3,566)	(2,744)
Trade account receivables – net	183,712	152,152
Other account receivables - other companies	2,572	6,921
Trade and other account receivables – net	186,284	159,073
Doubtful debts expenses during the year	822	-
Reversal of allowance for doubtful accounts during the year	-	560

As at December 31, 2013 and 2012, the aging analysis of trade account receivables were detailed as follows:

	In Thousand Baht	
	2013	2012
• Within credit-term	141,362	122,985
• Periods over credit-term		
- Overdue 1 day to 30 days	30,655	26,291
- Overdue over 30 days to 90 days	13,761	4,138
- Overdue over 90 days to 180 days	1,277	664
- Overdue over 180 days to 365 days	223	818
Total	187,278	154,896
Less: Allowance for doubtful accounts	(3,566)	(2,744)
Net	183,712	152,152

6. INVENTORIES - Net

	In Thousand Baht	
	2013	2012
Finished goods	87,457	84,687
Work-in-process	316,894	294,704
Raw materials	57,940	55,964
Store supplies	28,264	21,597
Saggars	16,130	26,842
Raw materials in transit	707	13,818
Total	507,392	497,612
Less: Allowance for obsolete stocks	(29,420)	(26,033)
Net	477,972	471,579
Write-down of inventories recognized as an expense during the year	3,387	-
Reversal of write-down inventories during the year	-	902

7. OTHER CURRENT ASSETS

	In Thousand Baht	
	2013	2012
Value added tax receivable	2,610	6,897
Prepaid expenses	3,919	2,770
Others	3,124	4,119
Total	9,653	13,786

8. PROPERTY, PLANT AND EQUIPMENT – Net

	In Thousand Baht						
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installations	Total
Cost							
As at January 1, 2012	96,300	274,523	1,418,144	273,752	9,081	14,811	2,086,611
Additions	-	916	2,819	14,353	-	12,816	30,904
Disposals	-	-	-	(1,150)	-	-	(1,150)
Transfer in (out)	-	-	211	2,799	-	(3,010)	-
As at December 31, 2012	96,300	275,439	1,421,174	289,754	9,081	24,617	2,116,365
Additions	-	1,053	6,139	8,804	-	3,490	19,486
Disposals	-	-	(3,654)	(2,036)	-	-	(5,690)
Transfer in (out)	-	885	10,800	139	-	(11,824)	-
As at December 31, 2013	96,300	277,377	1,434,459	296,661	9,081	16,283	2,130,161
Accumulated Depreciation							
As at January 1, 2012	-	201,648	1,113,695	246,052	7,704	-	1,569,099
Depreciation charge for the year	-	6,575	85,808	12,097	317	-	104,797
Disposals	-	-	-	(1,103)	-	-	(1,103)
As at December 31, 2012	-	208,223	1,199,503	257,046	8,021	-	1,672,793
Depreciation charge for the year	-	6,635	88,966	12,589	303	-	108,493
Disposals	-	-	(1,651)	(2,012)	-	-	(3,663)
As at December 31, 2013	-	214,858	1,286,818	267,623	8,324	-	1,777,623
Allowance for impairment loss							
As at December 31, 2012	-	-	2,488	-	-	-	2,488
As at December 31, 2013	-	-	2,488	-	-	-	2,488
Net Book Value							
Owned assets	96,300	67,216	219,183	27,133	-	24,617	434,449
Assets under finance lease	-	-	-	5,575	1,060	-	6,635
As at December 31, 2012	96,300	67,216	219,183	32,708	1,060	24,617	441,084
Owned assets	96,300	62,519	145,153	25,145	-	16,283	345,400
Assets under finance lease	-	-	-	3,893	757	-	4,650
As at December 31, 2013	96,300	62,519	145,153	29,038	757	16,283	350,050

The gross carrying amounts of the Company's certain plant and equipment totalling approximately Baht 1,002.4 million and Baht 940.6 million were fully depreciated as at December 31, 2013 and 2012, respectively, but these items are still in active use.

Certain of the Company's land, which have cost as at December 31, 2013 and 2012 of Baht 25,356, are jointly owned by the Company and another company and the original land title deeds are kept by such company. In addition, certain the Company's land are subject to easement.

Certain of the Company's land, buildings and structures, machinery and equipment, which have net book value as at December 31, 2013 and 2012 of Baht 130.8 million and Baht 162.3 million, respectively, are mortgaged/pledged as collateral for credit facilities and long-term loans from the local financial institutions as discussed in Notes 11 and 13.

Certain equipment and vehicles of the Company are under finance lease agreements as discussed in Note 14.

9. INTANGIBLE ASSETS - Net

	<u>In Thousand Baht</u>
Cost	
As at January 1, 2012	55,346
Additions	-
As at December 31, 2012	<u>55,346</u>
Additions	3,626
As at December 31, 2013	<u>58,972</u>
Accumulated Amortization	
As at January 1, 2012	47,857
Amortization charge for the year	4,252
As at December 31, 2012	<u>52,109</u>
Amortization charge for the year	3,472
As at December 31, 2013	<u>55,581</u>
Net Book Value	
As at December 31, 2012	<u>3,237</u>
As at December 31, 2013	<u>3,391</u>

The gross carrying amounts of the Company's certain intangible assets totalling approximately Baht 51.9 million and Baht 44.7 million were fully amortized as at December 31, 2013 and 2012, respectively, but these items are still in active use.

10. LEASEHOLD RIGHT - Net

	In Thousand Baht	
	2013	2012
Cost	11,903	11,903
Less: Accumulated amortization	(11,054)	(9,781)
Net	<u>849</u>	<u>2,122</u>
 Amortization expenses included in the loss for the year	 <u>1,273</u>	 <u>1,273</u>

11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

	Interest Rate (% p.a.)		In Thousand Baht	
	2013	2012	2013	2012
Short-term loans from financial institutions	3.9 - 4.1	4.1 - 5.6	150,000	35,000

As at December 31, 2013, the Company has overdraft line amounting to Baht 41 million, short-term loan line and credit facilities totalling of Baht 432.1 million and forward exchange contract line totalling Baht 41 million and US Dollar 10.5 million with local financial institutions. Such credit facilities are collateralized by mortgaging/pledging of the Company's land and structures, machinery and equipment as discussed in Note 8.

Under the terms of the trust receipt agreements, certain imported raw materials have been released to the Company in trust for the financial institution. The Company is accountable to the financial institution for the trusted raw materials or their sales proceeds.

12. TRADE AND OTHER ACCOUNT PAYABLES

	In Thousand Baht	
	2013	2012
Trade account payables	94,893	95,827
Other payables	40,041	40,036
Total	<u>134,934</u>	<u>135,863</u>

13. LONG-TERM LOANS FROM FINANCIAL INSTITUTION

	Interest Rate (% p.a.)		In Thousand Baht	
	2013	2012	2013	2012
Loans from a local financial institution	LIBOR 3M+2.15	LIBOR 3M+2.15	244,030	278,599
Less portion due within one year			(54,229)	(278,599)
Net			189,801	-

On June 29, 2011, the Company obtained long-term loan line from a local financial institution of US Dollar 11.5 million (or equivalent to Baht 350.8 million). The Company drew down in whole amount to settle the long-term loan with another financial institution. The long-term loan is repayable in every 3 months for 28 equal installments, commencing from September 2011.

This loan is secured by the mortgage of the Company's land and structures, machinery and equipment as discussed in Note 8. In addition, the Company has to maintain the significant conditions of loan agreement such as the proportion of shareholders and maintain the certain financial ratios, such as debt to equity ratio and debt service coverage ratio, etc.

As at December 31, 2013 and 2012, the Company could not maintain certain financial ratios in accordance with the loan agreement, which resulted in the loan becoming payable on demand. The loan had therefore been classified as current liability in 2012. However, in 2013, the Company received the waiver letter for such non-compliance from the lender. The classification of such loan to be liability is in accordance with generally accepted accounting principles.

As at December 31, 2013 and 2012, the outstanding balance on such long-term loan of US Dollar 7.4 million and US Dollar 9.1 million, respectively (or equivalent to Baht 244.0 million and Baht 278.6 million, respectively).

14. LIABILITIES UNDER FINANCE LEASE CONTRACTS

The Company has entered into various finance lease agreements with several leasing companies covering certain equipment and vehicles as discussed in Note 8. The agreements have the term for certain periods expiring in 2016. The ownership of the assets under finance lease agreements will be transferred to the Company when all payments are made to the leasing companies, which are summarized as follows:

Year Ending December 31,	In Thousand Baht	
	2013	2012
2013	-	3,771
2014	2,884	2,336
2015	1,845	1,297
2016	235	-
Total minimum lease payments	4,964	7,404
Less: deferred interest	(410)	(727)
Present value of net minimum lease payments	4,554	6,677
Less: portion due within one year - net deferred interest	(2,558)	(3,202)
Net	1,996	3,475

15. PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Thousand Baht	
	2013	2012
Provision for employee retirement benefit as at January 1,	133,015	77,600
Current service costs	7,724	4,494
Interest costs	5,055	3,184
Benefits paid during the year	(66,584)	(2,464)
Actuarial loss	28,368	50,201
Provision for employee retirement benefit at end of year	107,578	133,015
Unrecognized transitional liability	(28,200)	(42,300)
Provision for employee retirement benefit as at December 31,	79,378	90,715

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2013 and 2012

	In Thousand Baht	
	2013	2012
Current service costs	7,724	4,494
Interest costs	5,055	3,184
Actuarial loss recognized during the year	28,368	50,201
Transitional liability recognized during the year	14,100	14,100
Total	55,247	71,979
Actuarial assumptions		
	2013	2012
Discount rate	4.1 % p.a.	3.8 % p.a.
Future salary increase rate (depending on employee type)	4.0 % p.a.	4.5 % - 5.0 % p.a.
Employee turnover rate	0 % - 25 % p.a.	0 % - 25 % p.a.

16. PREMIUM ON SHARE CAPITAL

Premium on share capital represents share subscription monies received in excess of the par value of the shares issued. Premium on share capital is not available for dividend distribution.

17. LEGAL RESERVE AND GENERAL RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company is required to set aside to a statutory reserve at least 5% of its net income after deducting accumulated deficit brought forward (if any), until the reserve reaches 10% of registered capital. The statutory reserve is not available for dividend distribution.

As at December 31, 2013 and 2012, the Company had fully reserved.

General reserve represents the amount the Company's shareholders approved to appropriate from retained earnings for future projects.

18. EXPENSES BY NATURE

Significant expenses by nature for each of the years ended December 31, are as follows:

	In Thousand Baht	
	2013	2012
Raw materials and consumable used	456,221	539,968
Change in finished goods and work-in-process	(24,960)	(36,692)
Other production expenses	178,483	194,698
Employee benefit expenses	672,904	676,488
Depreciation and amortization	113,238	110,322
Rental and service expenses	11,233	11,538
Other expenses	128,826	111,702
Total expenses	1,535,945	1,608,024

19. MANAGEMENT BENEFIT EXPENSES

During the years ended December 31, 2013 and 2012, the Company paid salaries, bonus, meeting allowance and gratuities to their directors and managements totalling Baht 24.8 million and Baht 20.0 million, respectively.

20. REGISTERED PROVIDENT FUND

The Company has established a contributory registered provident fund in accordance with the Provident Fund Act B.E. 2530 based on the approval from the Ministry of Finance on March 22, 1996. Under the plan, members and the Company contribute to the fund at 3% - 5% of the employees' basic salaries. The Company appointed a fund manager to manage the fund in accordance with the terms and conditions prescribed in the Ministerial Regulation No. 2 (B.E. 2532) issued under the Provident Fund Act B.E. 2530.

The Company's contribution for each of the years 2013 and 2012, which were charged to the statements of comprehensive income, amounted to Baht 13.5 million and Baht 13.9 million, respectively.

21. DISCLOSURE OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities carried on the statements of financial position include cash and cash equivalents, trade and other account receivables, short-term loans from financial institutions, trade and other account payables, long-term loans from financial institution and liabilities under finance lease agreements. The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies in Note 2.

Liquidity Risk

Liquidity risk arises from the problem in raising funds adequately and in time to meet commitments as indicated in the financial statements. Based on the assessment of the Company's current financial position and results of operations, the Company does not face liquidity risk.

Foreign Currency Risk

The Company's exposure to foreign currency risk arises mainly trading transactions that are denominated in foreign currencies. The Company seeks to reduce this risk by entering in to forward exchange contracts when it considers appropriate. Generally, the forward contracts will mature within one year.

As at December 31, 2013 and 2012, the balances of financial assets and liabilities denominated in foreign currencies are as follows;

Foreign currency	Financial assets as at December 31,		Financial liabilities as at December 31,		Exchange rate as at December 31,	
	2013 (Million)	2012 (Million)	2013 (Million)	2012 (Million)	2013 (Baht per foreign currency unit)	2012
US dollar	1.6	1.1	8.0	9.7	32.8136	30.6316
Euro	0.3	0.3	0.3	0.2	45.0217	40.5563
GBP	0.1	0.1	0.1	0.2	53.9162	49.3458
Yen	-	-	-	2.8	-	0.3545

Foreign exchange contracts outstanding balance as at December 31, 2013 and 2012 are as follow:

Foreign currency	Sold amount (million)		Forward exchange rate (Baht per 1 foreign currency unit)	
	2013	2012	2013	2012
US dollar	2.3	2.3	30.57 – 32.86	30.97 – 31.06

Credit Risk

The Company is exposed to credit risk primarily with respect to trade accounts receivable and other receivables. The Company manages the risk by adopting

appropriate credit control policies and procedures and therefore does not expect to incur material financial losses. In addition, the Company does not have high concentration of credit risk since it has a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables, as stated in the statement of financial position.

Interest Rate Risk

Interest rate risk arises from the fluctuation of market interest rates, which may have an impact to current and future operations of the Company. The Company's exposure to interest rate risk relates primarily to its deposits at financial institutions, short-term loans and long-term loans, which bear interest rate. However, since most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The management considers that the interest rate risk is minimal, hence, the Company has no hedging agreement to protect against such risk.

Significant financial assets and liabilities as at December 31, 2013 and 2012, classified by type of interest rates are summarised in the table below, with those financial assets that carry fixed interest rates further classified based on the maturity date, or the repricing date if this occurs before the maturity date.

2013 (In Thousand Baht)							
Fixed interest rates							
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	55,289	177	55,466	0.50 - 0.63
Trade and other account receivables	-	-	-	-	186,284	186,284	-
Total	-	-	-	55,289	186,461	241,750	
Financial liabilities							
short-term loans from financial institutions	-	-	-	150,000	-	150,000	3.9 - 4.1
Trade and other account payables	-	-	-	-	134,934	134,934	-
Long-term loans from financial institution	-	-	-	244,030	-	244,030	2.39 - 2.46
Liabilities under finance lease agreements	2,558	1,996	-	-	-	4,554	8.4 - 10.8
Total	2,558	1,996	-	394,030	134,934	533,518	
2012 (In Thousand Baht)							
Fixed interest rates							
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets							
Cash and cash equivalents	-	-	-	35,162	141	35,303	0.62 - 0.75
Trade and other account receivables	-	-	-	-	159,073	159,073	-
Total	-	-	-	35,162	159,214	194,376	
Financial liabilities							
Short-term loans from financial institutions	-	-	-	35,000	-	35,000	4.1 - 5.6
Trade and other account payables	-	-	-	-	135,863	135,863	-
Long-term loans from financial institution	-	-	-	278,599	-	278,599	2.46 - 2.729
Liabilities under finance lease agreements	3,202	3,475	-	-	-	6,677	8.4 - 10.8
Total	3,202	3,475	-	313,599	135,863	456,139	

Fair Value of Financial Instruments

Fair value is defined as the amount at which the instrument could be exchanged in a current transaction between knowledgeable willing parties in an arm's length transaction. The following methods and assumptions are used to estimate the fair value of each class of financial instruments.

Since the majority of the Company's financial assets and liabilities are short-term in nature and loans bear interest of the rates approximate the market rates, their fair

values are not expected to be materially different from the amounts present in the statement of financial position.

22. OPERATING SEGMENTS

The business of the Company is the manufacture of ceramic tableware for both the domestic and export markets. For the years ended December 31, 2013 and 2012, export sales represented approximately 74% and 77% of total sales, respectively. The Company's operations involve a single industry segment and are carried out from a single geographic area in Thailand. Accordingly, revenues, earnings and assets as reflected in these financial statements pertain to the industry segment and geographic area mentioned above.

23. LONG-TERM LEASE AGREEMENTS

The Company has various operating leases covering its office premises. The totals of future minimum lease payments under non-cancellable operating leases for each period are as follows:

	In Million Baht	
	2013	2012
Not later than 1 year	12.7	12.7
Later than 1 year and not later than 5 years	25.0	0.2
Later than 5 years	-	-
Total	<u>37.7</u>	<u>12.9</u>

24. OTHERS

As at December 31, 2013 and 2012, there were outstanding bank guarantees issued by various local financial institutions on behalf of the Company in respect of certain performance bonds as required in the normal course of business. The details are as follows;

	In Million Baht	
	2013	2012
Guarantee electricity use	0.5	0.5
Guarantee import duty fee	1.0	1.0
Guarantee payment to suppliers	6.2	4.1
Total	<u>7.7</u>	<u>5.6</u>

25. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it has appropriate capital structure in order to support its business and maximize shareholder value. As at December 31, 2013, the Company had a debt to equity ratio of 1.4 to 1 (2012: 1 to 1).

No changes were made in the Company's objectives, policies or processes during the years ended December 31, 2013 and 2012.

26. NEW/REVISED THAI FINANCIAL REPORTING STANDARDS NOT YET ADOPTED

The Company has not adopted new/revised Thai Financial Reporting Standards (TFRS) that have been issued but are not yet effective at the reporting date as follows:

TFRS	Topic	Effective date
TFRS 2 (revised 2012)	Share-based Payment	2014
TFRS 3 (revised 2012)	Business Combinations	2014
TFRS 4	Insurance Contracts	2016
TFRS 5 (revised 2012)	Non-current Assets held for Sale and Discontinued Operations	2014
TFRS 8 (revised 2012)	Operating Segments	2014
TAS 1 (revised 2012)	Presentation of financial statements	2014
TAS 7 (revised 2012)	Statement of Cash Flows	2014
TAS 12 (revised 2012)	Income Taxes	2014
TAS 17 (revised 2012)	Leases	2014
TAS 18 (revised 2012)	Revenue	2014
TAS 19 (revised 2012)	Employee Benefits	2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	2014
TAS 24 (revised 2012)	Related Party Disclosures	2014
TAS 28 (revised 2012)	Investments in Associates	2014
TAS 31 (revised 2012)	Interests in Joint Ventures	2014
TAS 34 (revised 2012)	Interim Financial Reports	2014
TAS 38 (revised 2012)	Intangible Assets	2014
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2014
TFRIC 4	Determining whether an Arrangement contains a Lease	2014

TFRS	Topic	Effective date
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	2014
TFRIC 10	Interim Financial Reporting and Impairment	2014
TFRIC 12	Service Concession Arrangements	2014
TFRIC 13	Customer Loyalty Programmes	2014
TFRIC 17	Distributions of Non-cash Assets to Owners	2014
TFRIC 18	Transfers of Assets from Customers	2014
TIC 15	Operating Leases-Incentives	2014
TIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2014
TIC 29	Service Concession Arrangements Disclosure	2014
TIC 32	Intangible Assets -Web Site Costs	2014

Management expects to adopt and apply these new and revised TFRSs in accordance with the FAP's announcement and is presently considering the potential impact on the Company's financial statements of these new and revised TFRSs.

27. APPROVAL OF FINANCIAL STATEMENTS

The Company's director has authorized these financial statements for issue on March 21, 2014.

Performance Analysis

Revenues

In the Year 2013, the Company's Total Sale Revenue was reported at THB 1,427 million, which was decrease by THB 86 million compared to the previous year of 2012. Accordingly, Export Sales represented THB 1,060 million, which was 74% of the total sales. Domestic Sales were recorded at THB 367 million, or 26% of total sales. Porcelain was the major sales product, showing the highest income in year 2013 that represented 50% of total sales, Unleaded Bone China was second representing 38%, while Maxadura represented 7% and Ultra Strong 6% respectively.

In the year 2013, the Company recorded a total revenue inclusive of other income at the value of THB 1,435 million, an decrease of THB 112 million or 7%, when compared to the total revenue figure for the year 2012.

Performance

In 2013, Gross Profit was reported at THB 124 million or 9% of total sales, an increase of THB 5 million or a growth 4% from the previous year.

Profit before interest and taxes was THB 101 million, after THB 10 million deductions from interest, with no the corporate income tax this year, net loss was, therefore, THB 111 million of 8% of total sales, which was higher than year 2012 by THB 41 million. loss per share represented 1.19 Baht, which was higher than the figure in 2012, loss per share represented 0.75 Baht.

Financial Position

At the end of December 2013, the Company's total assets were THB 1,087 million, which was lower than the previous year by THB 43 million compared to the previous year of 2012. Total Liabilities stood at THB 633 million which included loan and financial debt of THB 399 million, trade and other payables THB 155 million and provision for long-term employee benefits THB 79 million, an increase of THB 68 million compared to last year for an increase of loan. Total Shareholders' Equity was THB 454 million, a decrease of THB 111 million from year 2012 due to performance was loss.

Liquidity

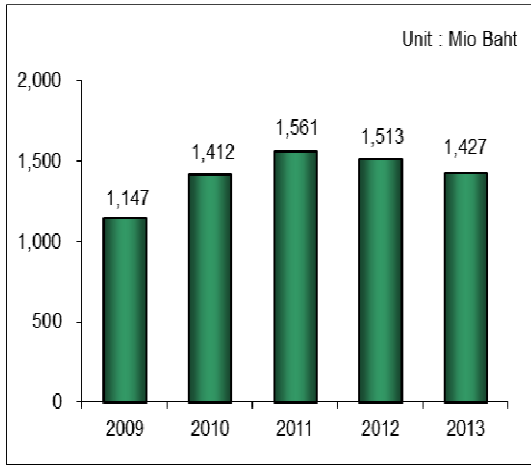
Throughout the year 2013, Net Cash from operation activities stood at THB 11 million, a decrease of THB 55 million from year 2012. The net cash amount used in the payment of employee retirement benefit for THB 67 million. The Net Cash amount used in investing activities was THB 20 million for purchasing of machinery, equipment, tools and software. The net cash amount used for financing activities was recorded at THB 51 million. This was due to an increase to short-term loan from financial institution for THB 150 million, the payment of long-term loans for THB 51 million, the payment of short-term loans for THB 35 million, the payment of liabilities under finance lease agreements for THB 3 million and the interest payment of THB 10 million. Therefore at the end of

year 2013, the total cash amount stood at THB 55 million that already included Net Cash amounts at the beginning of the year.

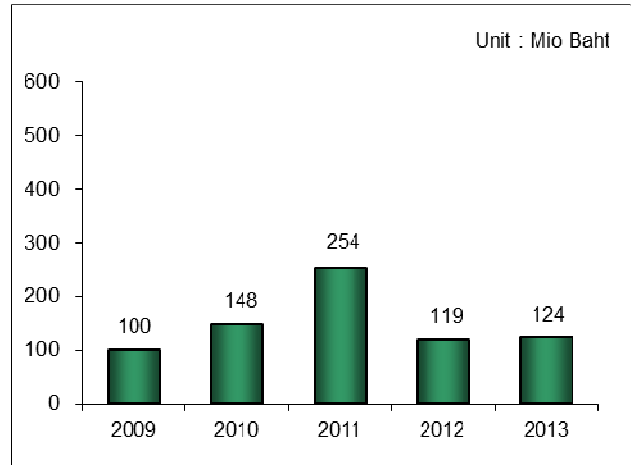
Key figures

Financial Highlights	2009	2010	2011	2012	2013
	Unit : Million Pieces				
Production Volume	19.9	28.6	28.6	29.3	27.4
Sales Volume	19.1	25.6	25.9	25.9	25.3
	Unit : Persons				
Number of Employees	1,782	2,253	2,466	2,508	2,005
	Unit : Million Baht				
Operating Performance					
Total revenue	1,162	1,427	1,571	1,547	1,435
Net Sales	1,147	1,412	1,561	1,513	1,427
Gross profit	100	148	269	119	124
EBITDA	42	87	144	49	12
EBIT	(110)	(52)	30	(61)	(101)
Net profit before tax	(136)	(72)	15	(70)	(111)
Net profit after tax	(136)	(72)	15	(70)	(111)
Earning per share	(1.45)	(0.77)	0.16	(0.75)	(1.19)
Dividend per share	0	0	0	0	n.a.
Dividend payout ratio (%)	0	0	0	0	n.a.
Financial Position					
Total assets	1,290	1,188	1,171	1,130	1,087
Total liabilities	597	567	535	564	633
Net Financial Debt	383	361	299	285	343
Total shareholders ' equity	693	621	636	566	454
Book value per share	7.40	6.64	6.80	6.05	4.85
Financial Ratio					
Net income to sales (%)	(11.9)	(5.1)	1	(4.6)	(7.8)
Return on assets (%)	(7.8)	(4.2)	2.5	(5.3)	(9.1)
Return on equity (%)	(17.9)	(11)	2.4	(11.6)	(21.8)
Total assets per share	13.8	12.7	12.5	12.1	11.6
Debt to Equity Ratio (Times)	0.9	0.9	0.8	1.0	1.4

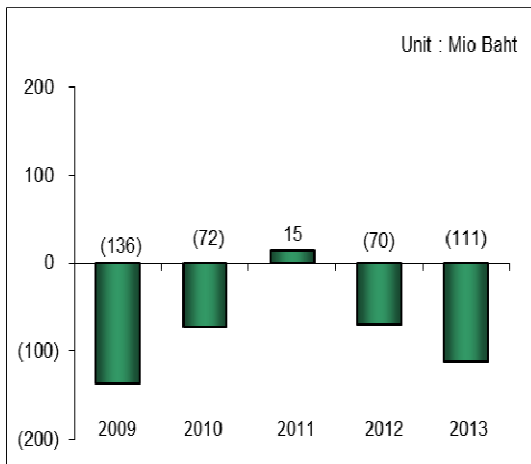
NET SALES



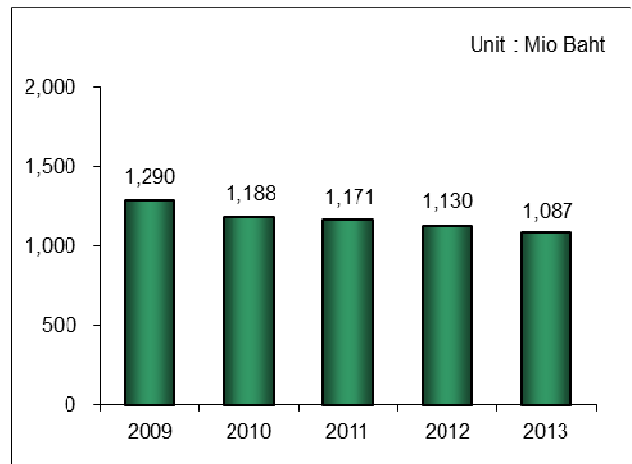
GROSS PROFIT



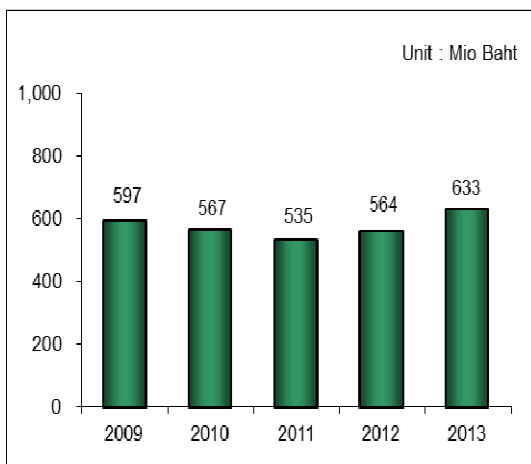
NET PROFIT (DEFICIT)



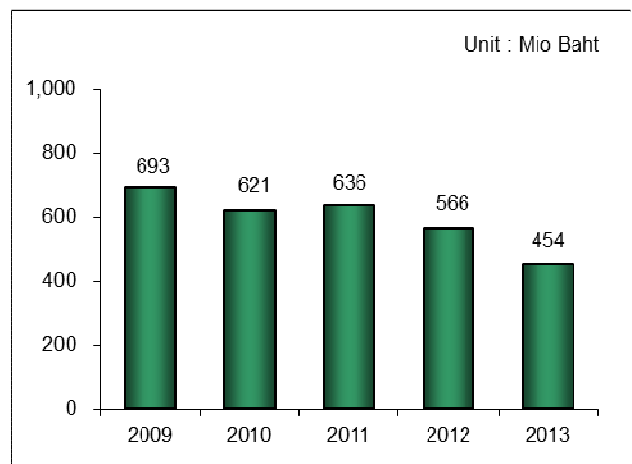
TOTAL ASSETS



TOTAL LIABILITIES



SHAREHOLDERS' EQUITY



Shareholding Structure

Major Shareholders and Shareholding proportion

Major Shareholders (At closing date of Share registry : December 31, 2013)		Shares	Shareholding(%)
1.	Thailand Prosperity Fund	18,717,200	20.00
2.	Mr. Chokchai Lertiendumrong	16,427,695	17.55
3.	Mr. Ruangchai Lertiendumrong	16,408,097	17.53
4.	Government Pension Fund	14,037,900	15.00
5.	Mr. Kamolaphat Teepsuwan	5,002,262	5.35
6.	Dhipaya Insurance Public Company Limited	4,679,300	5.00
7.	Mr. Nataphol Teepsuwan	2,748,060	2.94
8.	Raven Capital Limited.	1,650,000	1.76
9.	Kencana Asia Pte,Ltd.	1,590,950	1.70
10.	Mr. Chatchai Teepsuwan.	1,580,292	1.69
	Other Shareholders	10,744,244	11.48
Total		93,586,000	100.00

SUMMARY OF SIGNIFICANT INFORMATION

1. **A Director who has any direct and indirect interest from the company's transaction in the year 2013.**

- None –

2. **Holdings in shares by the Directors as at December 31, 2013**

Directors	Number of shares	Increase (Decrease)
1. Miss Sopawadee Lertmanaschai	-	-
2. Mr. Chokchai Lertiendumrong	16,427,695	-
3. Mr. Vanchai Tosomboon	50,000	-
4. Miss Sunee Lertiendumrong	-	-
5. Mr. Krit Phunratanamala	-	-
6. Mr. Ruangchai Lertiendumrong	16,408,097	-
7. Mr. Teerapong Ninvoraskul	-	-

Remuneration for the Directors

Unit : Baht per year

Director's Name	Position	Monthly Remuneration	Annual Remuneration	Total
1. Miss Sopawadee Lertmanaschai	Chairman	320,000	-	320,000
2. Mr. Chokchai Lertiendumrong	Managing Director and Chief Executive Officer	160,000	-	160,000
3. Mr. Vanchai Tosomboon	Director	160,000	-	160,000
4. Mr. Krit Phunratanamala	Director	160,000	-	160,000
5. Mr. Ruangchai Lertiendumrong	Director	160,000	-	160,000
6. Mr. Teerapong Ninvoraskul	Director	160,000	-	160,000
7. Miss Sunee Lertiendumrong	Director	160,000	-	160,000
Total		1,280,000	-	1,280,000

Remark :-

- 1) Miss Sopawadee Lertmanaschai has resigned as director from December 24, 2013.

Related Company's Information

1. Holdings in related shares as at December 31, 2013

- None –

2. Holdings in shares by the Directors as at December 31, 2013

- None –

Others Company's Information

1. Holdings in other shares as at December 31, 2013

- None –

2. Holdings in shares by the Directors as at December 31, 2013

- None –




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MAXADURA



ROYAL PORCELAIN PUBLIC COMPANY LIMITED.

9th Floor, Mahatun Plaza Building 888/90-92 Ploenchit Road, Pathumwan Bangkok 10330 Thailand.

Tel : (662) 253-6823-38, 0-2254-4088 Fax : (662) 254-4093-4, 0-2650-9136

www.royalporcelain.co.th e-mail : info@royalporcelain.co.th