



## ANNUAL REPORT 2014

บริษัท รอยัล ปอร์ซเลน จำกัด (มหาชน)  
ROYAL PORCELAIN · ANNUAL REPORT 2014

# CONTENTS

Message from Directors	3
Board of Directors	4
Risk Management Committee	5
Executive Committee	5
Company's General Information	6
Report of Independent Auditor	7
Financial Statements	9
Notes of Financial Statement	16
Performance Analysis	35
Key Figures	36
Shareholding Structure	38
Summary of Significant Information	39
Remuneration for the Directors	40
Related Company's Information	41
Others Company's Information	41

## Message from the Board

To all shareholders,

Once again that the Company Board of Directors has the opportunity to inform our shareholders on the turnovers and the company's financial status for the year 2014. Our revenue derived from goods sales was 1,693 million Baht, increased from last year in the amount of 266 million Baht or 19%, accounting for the total export sales of 81% of the gross sales. Combined with the other revenues, brings the total revenues was 1,753 million Baht.

The world economic crisis situation being slowed down in the past several years has a trend of a gradual recovery, yet a slow recovery, thus, quantity of the Company's goods demands in foreign markets has still been affected consequently resulting in the Company's business expansion to be affected as well. Notwithstanding to the foregoing, the Company has firmly determined to develop and carry on deliberate administration work to the extent of increasing the revenue from the preceding year derived from both international and domestic sales.

Although the Company could increase the revenues, the consequence of the organizational restructuring to cope with the continuously increasing costs in order to increase the organization's efficiency, create the profits and expand the business in the long term which had been carried over since 2013 continuously until early 2014, has still been affected in term of the turnovers, thus, resulting in the Company to be faced with the deficit in the first half of 2014 in the amount of 55 million Baht. However, the Company could generate the profits in the second half of the year in the amount of 46 million Baht. Nevertheless, on the overall turnovers of 2014, the Company still sustained the loss of 9 million Baht.

Finally, on behalf of the board, I would like to thank all shareholders to the support that you have given to the company. We would like to take this opportunity to thank all executives and employees who have always been a part of our success. 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.

The Board

## Board of Directors

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

## Risk Management

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

## Executive Committee

Mr. Chokchai	Lertiendumrong	Managing Director and Chief Executive Officer
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

## Company's General Information

### Royal Porcelain Public Company Limited

Registration No.	: 0107543000074
Head Office	: 9 <sup>th</sup> 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, 2014, and the statements of comprehensive income, changes in equity and cash flows for the year 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 audit 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, 2014, 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 Note 13 to the financial statements, as at December 31, 2014, 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 30, 2014, 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. However, my opinion is not modified in respect of the matter emphasized.



(Mr. Apichart Sayasit)  
Certified Public Accountant, Registration No. 4229  
Baker Tilly Audit and Advisory Services (Thailand) Ltd.  
Bangkok  
March 19, 2015



# Financial Statements

## Royal Porcelain Public Company Limited.

### Statement of Financial Position

As at December 31, 2014

		Baht	
	<u>Note</u>	<u>2014</u>	<u>2013</u>
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	4	71,925,928	55,466,226
Trade and other account receivables - net	5	163,137,014	186,283,925
Inventories – net	6	509,650,506	477,971,681
Other current assets	7	<u>23,255,627</u>	<u>9,653,015</u>
<b>Total current assets</b>		<u>767,969,075</u>	<u>729,374,847</u>
<b>Non-current assets</b>			
Property, plant and equipment - net	8, 11, 13, 14	318,081,350	350,050,194
Intangible assets - net	9	4,267,824	3,391,353
Leasehold rights - net	10	-	848,809
Other non-current assets		<u>5,114,244</u>	<u>3,448,424</u>
<b>Total non-current assets</b>		<u>327,463,418</u>	<u>357,738,780</u>
<b>Total assets</b>		<u><u>1,095,432,493</u></u>	<u><u>1,087,113,627</u></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, 2014

		Baht	
	Note	2014	2013
<b>Liabilities and equity</b>			
<b>Current liabilities</b>			
Short-term loans from financial institutions	8, 11	50,000,000	150,000,000
Trade and other account payables	12	203,075,851	134,934,020
Current portion of long-term loans from financial institution	8, 13	90,371,111	54,228,892
Current portion of liabilities under finance lease agreements	8, 14	2,065,615	2,558,178
Advances received from customers		40,386,606	14,153,591
Other current liabilities		<u>2,961,614</u>	<u>4,999,148</u>
<b>Total current liabilities</b>		<u>388,860,797</u>	<u>360,873,829</u>
<b>Non-current liabilities</b>			
Long-term loans from financial institution - net of current portion	8, 13	181,086,954	189,801,081
Liabilities under finance lease agreements - net of current portion	8, 14	769,583	1,995,996
Provision for employee retirement benefit	15	79,422,306	79,377,678
Other long-term provisions		<u>344,578</u>	<u>823,511</u>
<b>Total non-current liabilities</b>		<u>261,623,421</u>	<u>271,998,266</u>
<b>Total liabilities</b>		<u>650,484,218</u>	<u>632,872,095</u>

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

## Financial Statements

### Statement of Financial Position

As at December 31, 2014

		Baht	
	<u>Note</u>	<u>2014</u>	<u>2013</u>
<b>Equity</b>			
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>(204,156,345)</u>	<u>(194,863,088)</u>
<b>Equity - Net</b>		<u>444,948,275</u>	<u>454,241,532</u>
<b>Total liabilities and equity</b>		<u>1,095,432,493</u>	<u>1,087,113,627</u>

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

## Financial Statements

### Statement of comprehensive income

For the years ended December 31, 2014

		Baht	
	Note	2014	2013
<b>Revenues</b>			
Net sales		1,692,613,224	1,426,821,327
Gain on foreign exchange - net		8,106,846	-
Other income		52,577,192	7,694,462
<b>Total Revenues</b>		<u>1,753,297,262</u>	<u>1,434,515,789</u>
<b>Expenses</b>			
Cost of sales		1,523,187,702	1,302,743,633
Selling expenses		116,889,842	105,032,209
Administrative expenses	3, 19	111,974,115	111,596,939
Loss on foreign exchange - net		-	16,571,948
<b>Total Expenses</b>	18	<u>1,752,051,659</u>	<u>1,535,944,729</u>
<b>Profit (Loss) before Finance Cost</b>		1,245,603	(101,428,940)
<b>Finance Cost</b>		<u>(10,538,860)</u>	<u>(9,906,665)</u>
<b>Loss for the year</b>		<u>(9,293,257)</u>	<u>(111,335,605)</u>
<b>Total Comprehensive Loss for the Year</b>		<u>(9,293,257)</u>	<u>(111,335,605)</u>
<b>Basic Loss per Share</b>		<u>(0.10)</u>	<u>(1.19)</u>
<b>Weighted Average Number of Shares (In Shares)</b>		<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, 2014

Baht						
			Retained earnings (Deficit)			
			Appropriated for		Unappropriated	Net
			Legal reserve	General reserve		
<b>Balance as at January 1, 2013</b>	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)
<b>Balance as at December 31, 2013</b>	467,930,000	89,674,620	60,000,000	31,500,000	(194,863,088)	454,241,532
Total comprehensive loss for the year	-	-	-	-	(9,293,257)	(9,293,257)
<b>Balance as at December 31, 2014</b>	<u>467,930,000</u>	<u>89,674,620</u>	<u>60,000,000</u>	<u>31,500,000</u>	<u>(204,156,345)</u>	<u>444,948,275</u>

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

## Financial Statements

### Statements of cash flows

For the year ended December 31, 2014

	Baht	
	<u>2014</u>	<u>2013</u>
<b>Cash flows from operating activities:</b>		
Loss for the year	(9,293,257)	(111,335,605)
Adjustments to reconcile loss for the year to net cash provided by (used in) operating activities:		
Allowance for doubtful accounts	2,814,346	822,141
Allowance for obsolete stocks	2,073,127	3,386,639
Depreciation	80,323,730	108,492,978
Amortization	2,820,833	4,745,198
Loss (gain) on sales of fixed assets	17,490	494,199
Written off fixed assets	16,444	-
Unrealized loss (gain) on foreign exchange - net	1,466,224	17,708,068
Provision for employee retirement benefit	43,664,580	55,246,869
Other long – term provisions	-	34,589
Reversal of other long-term provisions	(118,933)	-
Interest income	(476,903)	(418,403)
Interest expenses	10,538,860	9,906,665
<b>Decrease (Increase) in Operating Assets:</b>		
Trade and other account receivables	20,954,522	(26,564,721)
Inventories	(33,751,952)	(9,779,139)
Other current assets	(13,471,048)	4,288,609
Other non-current assets	(1,665,820)	467,709
<b>Increase (Decrease) in Operating Liabilities:</b>		
Trade and other account payables	68,612,238	(1,191,081)
Other current liabilities	23,866,703	(992,234)
Other non – current liabilities	(360,000)	360,000
Payment for employee retirement benefit	(43,619,951)	(66,583,862)
Income tax paid	(131,564)	(155,435)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<u>154,279,669</u>	<u>(11,066,816)</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, 2014

	Baht	
	<u>2014</u>	<u>2013</u>
<b>Cash flows from investing activities</b>		
Purchases of fixed assets	(47,428,090)	(18,039,050)
Purchases of intangible assets	(2,848,497)	(3,626,442)
Proceeds from sales of fixed assets	24,271	1,533,084
Interest received	<u>476,903</u>	<u>418,403</u>
<b>Net Cash used in Investing Activities</b>	<u>(49,775,413)</u>	<u>(19,714,005)</u>
<b>Cash Flows from Financing Activities:</b>		
Increase in short-term loans from financial institutions	50,000,000	150,000,000
Repayment of short-term loans from financial institutions	(150,000,000)	(35,000,000)
Increase in long-term loans from financial institution	105,430,000	-
Repayment of long-term loans from financial institution	(80,097,479)	(50,654,320)
Repayment of liabilities under finance lease agreements	(2,703,976)	(3,569,533)
Interest paid	<u>(10,673,099)</u>	<u>(9,832,213)</u>
<b>Net Cash Provided by (Used in) Financing Activities</b>	<u>(88,044,554)</u>	<u>50,943,934</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	16,459,702	20,163,113
<b>Cash and Cash Equivalents at Beginning of the Year</b>	<u>55,466,226</u>	<u>35,303,113</u>
<b>Cash and Cash Equivalents at End of the Year</b>	<u><u>71,925,928</u></u>	<u><u>55,466,226</u></u>

### Non-Cash Transactions

Purchase of fixed assets under financial lease agreements	985,000	1,446,672
---	---------	-----------

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

## Royal Porcelain Public Company Limited.

### Note to financial statements

December 31, 2014

#### 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, 2014 and 2013, the Company’s shareholders are summarized as follows:

Shareholders	Percentage of shareholding	
	2014	2013
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, 9<sup>th</sup> 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 Thai Financial Reporting Standards, 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

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.

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

## Unrecognized Deferred Tax Assets

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

	In Thousand Baht	
	2014	2013
Loss carry forward	37,736	53,858
Provision for employee retirement benefit	15,884	15,876
Other long-term provisions	69	165
Allowance for doubtful accounts	1,818	1,255
Write-off fixed assets	571	675
Allowance for obsolete stocks	6,299	5,884
Total	62,377	77,713

The loss carry forward will expire in 2015 to 2019.

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, 2014 and 2013 are as follows:

	Relationship	In Thousand Baht	
		2014	2013
Rental expense	Related company	-	280

## 4. CASH AND CASH EQUIVALENTS

	In Thousand Baht	
	2014	2013
Cash	203	177
Cash in banks	71,723	55,289
Total	71,926	55,466

As at December 31, 2014 and 2013, savings deposits bear interest at the rates ranging from 0.30% to 0.375% per annum and 0.50% to 0.63% per annum, respectively.

## 5. TRADE AND OTHER ACCOUNT RECEIVABLES - Net

	In Thousand Baht	
	2014	2013
Trade account receivables - other companies	162,538	187,278
Less: Allowance for doubtful accounts	(6,380)	(3,566)
Trade account receivables – net	156,158	183,712
Other account receivables - other companies	6,979	2,572
Trade and other account receivables – net	163,137	186,284
Doubtful debts expenses during the year	2,814	822

As at December 31, 2014 and 2013, the aging analysis of trade account receivables were detailed as follows:

	In Thousand Baht	
	2014	2013
• Within credit-term	101,137	141,362
• Periods over credit-term		
- Overdue 1 day to 30 days	28,727	30,655
- Overdue over 30 days to 90 days	17,531	13,761
- Overdue over 90 days to 180 days	15,143	1,277

- Overdue over 180 days to 365 days	-	223
Total	162,538	187,278
Less: Allowance for doubtful accounts	(6,380)	(3,566)
Net	156,158	183,712

**6. INVENTORIES - Net**

	In Thousand Baht	
	2014	2013
Finished goods	100,606	87,457
Work-in-process	292,297	316,894
Raw materials	71,458	57,940
Store supplies	24,020	28,264
Saggars	27,737	16,130
Raw materials in transit	25,026	707
Total	541,144	507,392
Less: Allowance for obsolete stocks	(31,493)	(29,420)
Net	509,651	477,972
Write-down of inventories recognized as an expense during the year	2,073	3,387

**7. OTHER CURRENT ASSETS**

	In Thousand Baht	
	2014	2013
Value added tax receivable	16,776	2,610
Prepaid expenses	2,624	3,919
Others	3,856	3,124
Total	23,256	9,653

**8. PROPERTY, PLANT AND EQUIPMENT – Net**

	In Thousand Baht						Total
	Land	Building and structures	Machinery and equipment	Furniture, fixtures and office equipment	Vehicles	Assets under construction and installations	
<b>Cost</b>							
As at January 1, 2013	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)	-
<b>As at December 31, 2013</b>	96,300	277,377	1,434,459	296,661	9,081	16,283	2,130,161
Additions	-	2,277	15,947	18,370	7	11,812	48,413
Disposals	-	-	-	(1,845)	-	-	(1,845)
Transfer in (out)	-	2,298	14,081	1,432	-	(17,811)	-
<b>As at December 31, 2014</b>	96,300	281,952	1,464,487	314,618	9,088	10,284	2,176,729
<b>Accumulated Depreciation</b>							

As at January 1, 2013	-	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)
<b>As at December 31, 2013</b>	-	214,858	1,286,818	267,623	8,324	-	1,777,623
Depreciation charge for the year	-	6,738	59,946	13,336	304	-	80,324
Disposals	-	-	-	(1,787)	-	-	(1,787)
<b>As at December 31, 2014</b>	-	221,596	1,346,764	279,172	8,628	-	1,856,160
<b>Allowance for impairment loss</b>							
<b>As at December 31, 2013</b>	-	-	2,302	186	-	-	2,488
<b>As at December 31, 2014</b>	-	-	2,302	186	-	-	2,488
<b>Net Book Value</b>							
Owned assets	96,300	62,519	145,339	25,959	-	16,283	345,400
Assets under finance lease	-	-	-	3,893	757	-	4,650
<b>As at December 31, 2013</b>	96,300	62,519	145,339	28,852	757	16,283	350,050
Owned assets	96,300	60,356	115,421	32,775	7	10,284	315,143
Assets under finance lease	-	-	-	2,485	453	-	2,938
<b>As at December 31, 2014</b>	96,300	60,356	115,421	35,260	460	10,284	318,081

The gross carrying amounts of the Company's certain plant and equipment totaling approximately Baht 1,384.8 million and Baht 1,002.4 million were fully depreciated as at December 31, 2014 and 2013, respectively, but these items are still in active use.

Certain of the Company's land, which have cost as at December 31, 2014 and 2013 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, 2014 and 2013 of Baht 117.9 million and Baht 130.8 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

	In Thousand Baht
<b>Cost</b>	
As at January 1, 2013	55,346
Additions	3,626
<b>As at December 31, 2013</b>	58,972
Additions	2,849
<b>As at December 31, 2014</b>	61,821



**Accumulated Amortization**

As at January 1, 2013	52,109	The gross carrying amount of the Company's
Amortization charge for the year	3,472	
<b>As at December 31, 2013</b>	<b>55,581</b>	
Amortization charge for the year	1,972	
<b>As at December 31, 2014</b>	<b>57,553</b>	
<b>Net Book Value</b>		
<b>As at December 31, 2013</b>	<b>3,391</b>	
<b>As at December 31, 2014</b>	<b>4,268</b>	

certain intangible assets totalling approximately Baht 55.2 million and Baht 51.9 million were fully amortized as at December 31, 2014 and 2013, respectively, but these items are still in active use.

**10. LEASEHOLD RIGHT - Net**

	In Thousand Baht	
	2014	2013
Cost	11,903	11,903
Less: Accumulated amortization	(11,903)	(11,054)
Net	-	849
Amortization expenses included in the loss for the year	849	1,273

**11. SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS**

	Interest Rate (% p.a.)		In Thousand Baht	
	2014	2013	2014	2013
Short-term loans from financial institutions	3.43 - 3.9	3.9 - 4.1	50,000	150,000

As at December 31, 2014, the Company has overdraft line amounting to Baht 41 million (2013: Baht 41 million), short-term loan line and credit facilities totalling of Baht 335 million (2013: Baht 432.1 million) and forward exchange contract line totalling Baht 130 million and U.S. Dollars 10.5 million (2013: Baht 41 million and U.S. Dollars 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	
	2014	2013
Trade account payables	156,832	94,893
Other payables	46,244	40,041
Total	203,076	134,934

**13. LONG-TERM LOANS FROM FINANCIAL INSTITUTION**

	Sign Agreement on	Interest Rate (% per annum)		In Thousand Baht	
		2014	2013	2014	2013
Loans from a local financial institution					
- The first loan	June 29, 2011	LIBOR 3M+2.15	LIBOR 3M+2.15	190,745	244,030
- The second loan	April 1, 2014	LIBOR 3M+2.50	-	80,713	-
Total				271,458	244,030
Less: Portion due within one year				(90,371)	(54,229)
Net				181,087	189,801

The first loan: On June 29, 2011, the Company obtained long-term loan line of U.S.Dollars 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.

The second loan: On April 1, 2014, the Company obtained long-term loan line of US Dollar 3.25 million. The Company drew down in whole amount. Such loan was used to restructure short-term debt for labor costs during October 2013 to January 2014 to be a long-term debt. The long-term loan is repayable in every 3 months for 12 equal installments, commencing from June 30, 2014 and maturing within 36 months from drawn down date.

These loans are 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 agreements 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, 2014 and 2013, the Company could not maintain certain financial ratios in accordance with the loan agreement. However, in 2014 and 2013, the Company received the waiver letters for such non-compliance from the lender. The classification of such loan to be liabilities is in accordance with generally accepted accounting principles.

As at December 31, 2014 and 2013, the outstanding balance on such long-term loan of U.S. Dollars 8.2 million and U.S. Dollars 7.4 million, respectively (or equivalent to Baht 271.4 million and Baht 244.0 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 2017. 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	
	2014	2013
2014	-	2,884
2015	2,207	1,845
2016	596	235
2017	211	-
Total minimum lease payments	3,014	4,964
Less: deferred interest	(179)	(410)
Present value of net minimum lease payments	2,835	4,554
Less: portion due within one year - net deferred interest	(2,066)	(2,558)
Net	769	1,996

#### 15. PROVISION FOR EMPLOYEE RETIREMENT BENEFIT

	In Thousand Baht	
	2014	2013
Provision for employee retirement benefit as at January 1,	107,578	133,015
Current service costs	5,057	7,724
Interest costs	3,596	5,055
Benefits paid during the year	(43,620)	(66,584)
Actuarial loss	20,911	28,368
Employee retirement benefit obligation at end of year	93,522	107,578
Unrecognized transitional liability	(14,100)	(28,200)
Provision for employee retirement benefit as at December 31,	79,422	79,378

Expenses recognized in the statements of comprehensive income for each of the years ended December 31, 2014 and 2013

	In Thousand Baht	
	2014	2013
Current service costs	5,057	7,724
Interest costs	3,596	5,055
Actuarial loss recognized during the year	20,911	28,368
Transitional liability recognized during the year	14,100	14,100
Total	43,664	55,247

Actuarial assumptions

2014	2013
------	------

Discount rate	4.1 % p.a.	4.1 % p.a.
Future salary increase rate (depending on employee type)	4.0 % p.a.	4.0 % 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, 2014 and 2013, 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, 2014 and 2013 are as follows:

	In Thousand Baht	
	2014	2013
Raw materials and consumable used	667,986	456,221
Change in finished goods and work-in-process	11,448	(24,960)
Other production expenses	221,346	178,483
Employee benefit expenses	628,485	672,904
Depreciation and amortization	83,145	113,238
Rental and service expenses	14,763	11,233
Other expenses	124,879	128,826
Total expenses	1,752,052	1,535,945

## 19. MANAGEMENT BENEFIT EXPENSES

During the years ended December 31, 2014 and 2013, the Company paid salaries, bonus, meeting allowance and gratuities to their directors and managements totalling Baht 17.9 million and Baht 24.8 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 2014 and 2013, which were charged to the statements of comprehensive income, amounted to Baht 11.3 million and Baht 13.5 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 financial performance, 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, 2014 and 2013, 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,	
	2014 (Million)	2013 (Million)	2014 (Million)	2013 (Million)	2014 (Baht per foreign currency unit)	2013
U.S. Dollars	2.0	1.6	9.6	8.0	32.9630	32.8136
Euro	0.1	0.3	0.3	0.3	40.0529	45.0217
GBP	0.1	0.1	0.6	0.1	51.1497	53.9162

Foreign exchange contracts outstanding balance as at December 31, 2014 and 2013 are as follows:

Foreign currency	Sold amount (million)		Forward exchange rate (Baht per 1 foreign currency unit)	
	2014	2013	2014	2013
U.S. Dollars	-	2.3	-	30.57 – 32.86

### 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, 2014 and 2013, classified by type of interest rates are summarized 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.

	2014 (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	-	-	-	71,723	203	71,926	0.30 - 0.375
Trade and other receivables	-	-	-	-	163,137	163,137	-
Total	-	-	-	71,723	163,340	235,063	
Financial liabilities							
short-term loans							

from							
financial institutions	50,000	-	-	-	-	50,000	3.43 - 3.90
Trade and other account payables	-	-	-	-	203,076	203,076	-
Long-term loans from financial institution	-	-	-	271,458	-	271,458	2.41 - 2.76
Liabilities under finance lease agreements	<u>2,066</u>	<u>769</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,835</u>	6.4 - 10.8
Total	<u>52,066</u>	<u>769</u>	<u>-</u>	<u>271,458</u>	<u>203,076</u>	<u>527,369</u>	

## 2013 (In Thousand Baht)

	Fixed interest rates					Total	Effective interest rate (% p.a.)
	Within 1 year	1- 5 years	Over 5 years	Floating interest rate	Non-interest bearing		
<b>Financial assets</b>							
Cash and cash equivalents	-	-	-	55,289	177	55,466	0.50 - 0.63
Trade and other account receivables	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>186,284</u>	<u>186,284</u>	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,289</u>	<u>186,461</u>	<u>241,750</u>	
<b>Financial liabilities</b>							
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	<u>2,558</u>	<u>1,996</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,554</u>	8.4 - 10.8
Total	<u>152,558</u>	<u>1,996</u>	<u>-</u>	<u>244,030</u>	<u>134,934</u>	<u>533,518</u>	

**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, 2014 and 2013, export sales represented approximately 81% and 74% 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	
	2014	2013
Not later than 1 year	16.1	12.7
Later than 1 year and not later than 5 years	19.1	25.0
Later than 5 years	-	-
Total	35.2	37.7

## 24. OTHERS

As at December 31, 2014 and 2013, 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	
	2014	2013
Guarantee electricity use	0.5	0.5
Guarantee import duty fee	-	1.0
Guarantee payment to suppliers	6.8	6.2
Total	7.3	7.7

## 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, 2014, the Company had a debt to equity ratio of 1.5 to 1 (2013: 1.4 to 1).

No changes were made in the Company's objectives, policies or processes during the years ended December 31, 2014 and 2013.



## 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 2014)	Share-based Payment	2015
TFRS 3 (revised 2014)	Business Combinations	2015
TFRS 4 (revised 2014)	Insurance Contracts	2016
TFRS 5 (revised 2014)	Non-current Assets held for Sale and Discontinued Operations	2015
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Resources	2015
TFRS 8 (revised 2014)	Operating Segments	2015
TFRS 10	Consolidated Financial Statements	2015
TFRS 11	Joint Arrangements	2015
TFRS 12	Disclosure of Interests in Other Entities	2015
TFRS 13	Fair Value Measurement	2015
TAS 1 (revised 2014)	Presentation of financial statements	2015
TAS 2 (revised 2014)	Inventories	2015
TAS 7 (revised 2014)	Statement of Cash Flows	2015
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors	2015
TAS 10 (revised 2014)	Events after the Reporting Period	2015
TAS 11 (revised 2014)	Construction Contracts	2015
TAS 12 (revised 2014)	Income Taxes	2015
TAS 16 (revised 2014)	Property, Plant and Equipment	2015
TAS 17 (revised 2014)	Leases	2015
TAS 18 (revised 2014)	Revenue	2015
TAS 19 (revised 2014)	Employee Benefits	2015
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance	2015
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates	2015
TAS 23 (revised 2014)	Borrowing Costs	2015
TAS 24 (revised 2014)	Related Party Disclosures	2015
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans	2015
TAS 27 (revised 2014)	Separate Financial Statements	2015
TAS 28 (revised 2014)	Investments in Associates and Joint Ventures	2015
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies	2015
TAS 33 (revised 2014)	Earnings per Share	2015
TAS 34 (revised 2014)	Interim Financial Reports	2015
TAS 36 (revised 2014)	Impairment of Assets	2015
TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets	2015
TAS 38 (revised 2014)	Intangible Assets	2015
TAS 40 (revised 2014)	Investment Property	2015
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities	2015
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease	2015
TFRIC 5 (revised 2014)	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	2015

TFRS	Topic	Effective date
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 (revised 2014) Financial Reporting in Hyperinflationary Economies	2015
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment	2015
TFRIC 12 (revised 2014)	Service Concession Arrangements	2015
TFRIC 13 (revised 2014)	Customer Loyalty Program	2015
TFRIC 14	TAS 19 (revised 2014) —The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate	2015
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners	2015
TFRIC 18 (revised 2014)	Transfers of Assets from Customers	2015
TFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	2015
TSIC 10 (revised 2014)	Government Assistance—No Specific Relation to Operating Activities	2015
TSIC 15 (revised 2014)	Operating Leases-Incentives	2015
TSIC 25 (revised 2014)	Income Taxes—Changes in the Tax Status of an Entity or its Shareholders	2015
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	2015
TSIC 29 (revised 2014)	Service Concession Arrangements Disclosure	2015
TSIC 31 (revised 2014)	Revenue—Barter Transactions Involving Advertising Services	2015
TSIC 32 (revised 2014)	Intangible Assets -Web Site Costs	2015

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 19, 2015.

## Performance Analysis

### Revenues

In the Year 2014, the Company's Total Sale Revenue was reported at THB 1,693 million, which was increase by THB 266 million compared to the previous year of 2013. Accordingly, Export Sales represented THB 1,374 million, which was 81% of the total sales. Domestic Sales were recorded at THB 319 million, or 19% of total sales. Porcelain was the major sales product, showing the highest income in year 2014 that represented 41% of total sales, Unleaded Bone China was second representing 31%, while Vitreous represented 14% ,Maxadura represented 7% and Ultra Strong 7% respectively.

In the year 2014, the Company recorded a total revenue inclusive of other income at the value of THB 1,753 million, an decrease of THB 319 million or 22%, when compared to the total revenue figure for the year 2013.

### Performance

In 2014, Gross Profit was reported at THB 208 million or 12% of total sales, an increase of THB 38 million or a growth 22% from the previous year.

Profit before interest and taxes was THB 1 million, after THB 10 million deductions from interest, with no the corporate income tax this year, net loss was, therefore, THB 9 million of 1% of total sales, which loss was lower than year 2013 by THB 102 million. loss per share represented 0.10 Baht, which loss was lower than the figure in 2013, loss per share represented 1.19 Baht.

### Financial Position

At the end of December 2014, the Company's total assets were THB 1,095 million, which was higher than the previous year by THB 8 million compared to the previous year of 2013. Total Liabilities stood at THB 650 million which included loan and financial debt of THB 321 million, trade and other payables THB 250 million and provision for long-term employee benefits THB 79 million, an increase of THB 17 million compared to last year for an increase of loan. Total Shareholders' Equity was THB 445 million, a decrease of THB 9 million from year 2013 due to performance was loss.

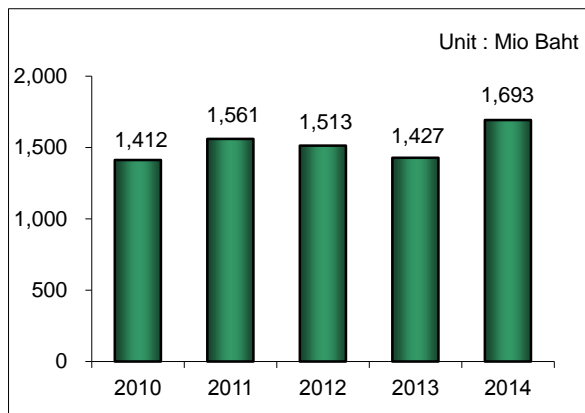
### Liquidity

Throughout the year 2014, Net Cash from operation activities stood at THB 154 million, an increase of THB 165 million from year 2013. The net cash amount used in the payment of employee retirement benefit for THB 44 million. The Net Cash amount used in investing activities was THB 50 million for purchasing of machinery, equipment and tools. The net cash amount used for financing activities was recorded at THB 88 million. This was due to an increase to long-term loan from financial institution for THB 155 million, the payment of long-term loans for THB 80 million, the payment of short-term loans for THB 150 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 2014, the total cash amount stood at THB 72 million that already included Net Cash amounts at the beginning of the year.

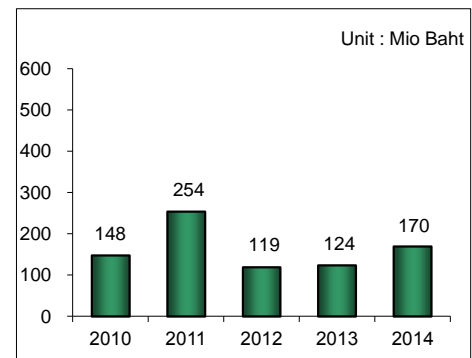
## Key figures

Financial Highlights	2010	2011	2012	2013	2014
Unit : Million Pieces					
Production Volume	28.6	28.6	29.3	27.4	32.0
Sales Volume	25.6	25.9	25.9	25.3	28.6
Unit : Persons					
Number of Employees	2,253	2,466	2,508	2,005	2,790
Operating Performance	Unit : Million Baht				
Total revenue	1,427	1,571	1,547	1,435	1,753
Net Sales	1,412	1,561	1,513	1,427	1,693
Gross profit	148	269	119	124	170
EBITDA	87	144	49	12	84
EBIT	(52)	30	(61)	(101)	1
Net profit before tax	(72)	15	(70)	(111)	(9)
Net profit after tax	(72)	15	(70)	(111)	(9)
Earning per share	(0.77)	0.16	(0.75)	(1.19)	(0.10)
Dividend per share	0	0	0	n.a.	n.a.
Dividend payout ratio (%)	0	0	0	n.a.	n.a.
Financial Position					
Total assets	1,188	1,171	1,130	1,087	1,095
Total liabilities	567	535	564	633	650
Net Financial Debt	361	299	285	343	252
Total shareholders' equity	621	636	566	454	445
Book value per share	6.64	6.80	6.05	4.85	4.75
Financial Ratio					
Net income to sales (%)	(5.1)	1	(4.6)	(7.8)	(0.5)
Return on assets (%)	(4.2)	2.5	(5.3)	(9.1)	(0.1)
Return on equity (%)	(11)	2.4	(11.6)	(21.8)	(2.0)
Total assets per share	12.7	12.5	12.1	11.6	11.7
Debt to Equity Ratio (Times)	0.9	0.8	1.0	1.4	1.5

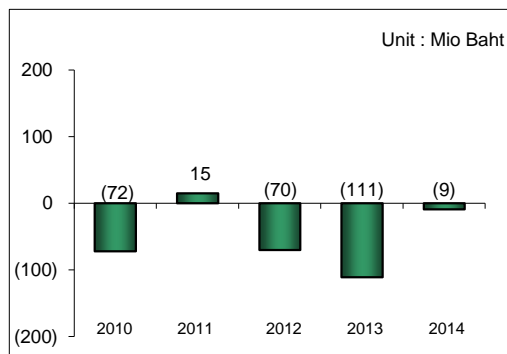
## NET SALES



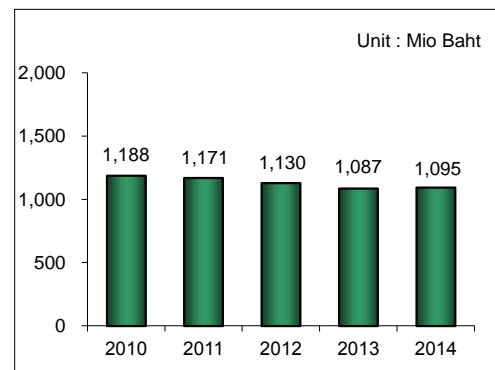
## GROSS PROFIT



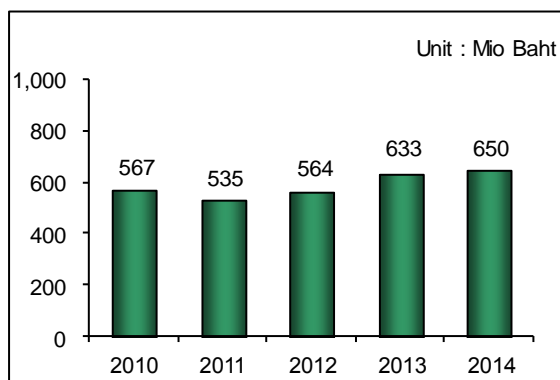
## NET PROFIT (DEFICIT)



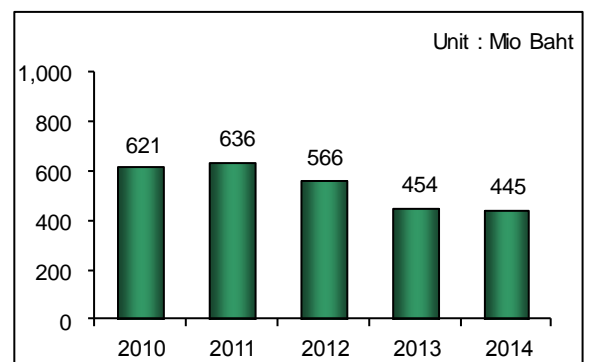
## TOTAL ASSETS



## TOTAL LIABILITIES



## SHAREHOLDER'S EQUITY



## Shareholding Structure

### Major Shareholders and Shareholding proportion

Major Shareholders (At closing date of Share registry : December 31, 2014)		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
<b>Total</b>		<b>93,586,000</b>	<b>100.00</b>

## SUMMARY OF SIGNIFICANT INFORMATION

1. A Director who has any direct and indirect interest from the company's transaction in the year 2014.

- None –

2. Holdings in shares by the Directors as at December 31, 2014

Directors	Number of shares	Increase (Decrease)
1. Mr. Chokchai Lertiendumrong	16,427,695	-
2. Miss Sunee Lertiendumrong	-	-
3. Mr. Krit Phunratanamala	-	-
4. Mr. Ruangchai Lertiendumrong	16,408,097	-
5. Mr. Teerapong Ninvoraskul	-	-
6. Mr. Kamolaphat Teepsuwan	5,002,262	-

## Remuneration for the Directors

Unit : Baht per year

Director's Name	Position	Monthly Remuneration	Annual Remuneration	Total
1. Mr. Chokchai Lertiendumrong	Managing Director and Chief Executive Officer	120,000	-	120,000
2. Mr. Vanchai Tosomboon	Director	40,000	-	80,000
3. Mr. Krit Phunratnamala	Director	120,000	-	120,000
4. Mr. Ruangchai Lertiendumrong	Director	120,000	-	120,000
5. Mr. Teerapong Ninvoraskul	Director	120,000	-	120,000
6. Miss Sunee Lertiendumrong	Director	120,000	-	120,000
7. Mr. Kamolaphat Teepsuwan	Director	80,000	-	80,000
<b>Total</b>		<b>720,000</b>	<b>-</b>	<b>720,000</b>

### Remark :-

- 1) Mr. Vanchai Tosomboon has resigned as director from April 28, 2014.
- 2) Mr. Kamolaphat Teepsuwan has appointed as director since April 28, 2014.



## Related Company's Information

### 1. Holdings in related shares as at December 31, 2014

- None –

### 2. Holdings in shares by the Directors as at December 31, 2014

- None –

## Others Company's Information

### 1. Holdings in other shares as at December 31, 2014

- None –

### 2. Holdings in shares by the Directors as at December 31, 2014

- None –



*Royal Porcelain*

*Royal Bone China*



*Royal Fine China*

*Royal Porcelain*  
MADE IN THAILAND

**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](http://www.royalporcelain.co.th) e-mail : [info@royalporcelain.co.th](mailto:info@royalporcelain.co.th)