



# EMPOWER WITH CARE

Annual Report 2015  
รายงานประจำปี 2558



C.I.Group Public Company Limited  
บริษัท ซี.ไอ.กรุ๊ป จำกัด (มหาชน)



## Vision

We aim to be the world leading producer and service provider in heat exchanger technology advancement with excellent quality.



## Mission

1. Create innovation with research and development on production and product continuously.
2. Get international standard certified for production, work process and quality of products in order to improve and maintain quality of production and product effectively.
3. Keep and increase market share both domestic and export, get in to new market to create variety of chance.
4. Be a good corporate governance organization upon accurate data and updated with appropriate costs.
5. Develop human resources and environment continuously.
6. Create high return to all shareholders and stakeholders.
7. Create own brand to be known.
8. Be a proud organization for our human resources.



# INDEX

000	Vision Mission
003	Objectives and Important Development
006	Message from Chairman
007	Audit Committee's Report
009	Types of Business
012	Corporate Social Responsibility: CSR
027	The Industrial Situation and Competitive
030	Risk Factors
036	Financial Highlights
037	Shareholders Structure and Management
048	Organization Chart
049	Board of Directors and Executives
055	Corporate Governance
075	Related - Transaction
076	Report of The Board of Directors' Responsibilities for Financial Statements
077	Management Discussion and Analysis
082	Report of the Independent Certified Public Accountants
085	Financial Statement and Notes
140	General Information



# HARSH ENVIRONMENT AND HEAVY DUTY

Durable and reliable  
coils for the toughest  
environments. **We help  
people** breakthrough  
the limitations of living.

# BUSINESS OBJECTIVES AND IMPORTANT DEVELOPMENT

## Objectives:

1. Develop and create brand awareness. Supply high quality product and services to domestic and export markets.
2. Develop state-of-the-art and low-cost production processes that make efficient use of resources.
3. Create innovative products that can differentiate from other suppliers and exceed demands of customers.
4. Employees are efficient and loyal to the company.
5. The company becomes a desirable place to work for.
6. Provide good return to shareholders and stakeholders.

## Important changes and events

C.I. Group Public Company Limited was founded on 20 August 1991 from a collaboration of a group of managements who used to work for an American air-conditioning parts manufacturer with registered capital of 10 million Baht. The objective of the company was to manufacture evaporator coils, condenser coils and chilled water coil which are important parts of air-conditioners, refrigerators and heat exchangers for domestic market. In 1998, the company started to export its products.

As of now, the company has registered capital of 583.719 million Baht and is one of the largest producer and distributor of coils in Thailand. In addition to product sales, the company continues to create value and become part of success for customers.

The company's first factory/office is located in Patumthani. Later, the company expands its production base to Sriracha, Chonburi with an area of 6 sq.rai and to Muang, Samutprakarn with an area of 1 sq.rai. The company's headquarters is located at 1/1 Moo 7, Bangkoowad, Muang, Patumthani 12000.

## Important changes and events in the business and management of the company

Year	Events
2005	<ul style="list-style-type: none"> <li>- Issued 41 million shares for sale to the public and 4 million shares to directors and employees.</li> <li>- Listed on MAI of Stock Exchange of Thailand on 27 January 2005.</li> <li>- Received Excellent Industrial Award of 2005 in SME Management category from the Prime Minister held by Department of Industrial Promotion, Industrial Ministry</li> <li>- Increased registered capital from 165 million Baht to 247.50 million Baht by issuing Warrants to shareholders up to 82,500,000 unit with conversion ratio of 2 shares per warrant (round down)</li> </ul>
2007	<ul style="list-style-type: none"> <li>- Increased registered capital from 247.50 million Baht to 350 million Baht by offering 85.50 million shares at 1 Baht/share to the public and prepared for first warrant exercise of 17.00 million shares.</li> <li>- Started operation at the second factory in Pin Thong Industrial Park, Chonburi</li> </ul>
2008	<ul style="list-style-type: none"> <li>- The company invested 144.95 million Baht for 999,680 shares in De Lamai company limited which operated a hotel business in Koh Samui, Suratthani</li> </ul>
2009	<ul style="list-style-type: none"> <li>- Changed par value of shares from 1 Baht to 0.50 Baht and changed number of registered shares from 350,000,000 shares to 700,000,000 shares. This resulted in outstanding shares from 251,592,417 shares to 503,184,834 shares.</li> <li>- ISO 9001 : 2008 certified</li> </ul>
2010	<ul style="list-style-type: none"> <li>- Received approval from extraordinary shareholders meeting to issue 25,100,000 units of free ESOP-1 to directors and employees</li> <li>- Received approval from extraordinary shareholders meeting to issue 219,611,940 free second warrant (CIG-W2) units to existing shareholders with the ratio of 1 share to 0.43637118 unit of CIG-W2</li> </ul>
2011	<ul style="list-style-type: none"> <li>- Received approval from extraordinary shareholders meeting to issue 3,048,173,915 free third warrant (CIG-W3) units to existing shareholders with the ratio of 1 share to 5 units of CIG-W3</li> </ul>

Year	Events
2012	<ul style="list-style-type: none"> <li>- CIG-W2 expired with remaining shares of 13,555,079 shares.</li> <li>- Bank of Ayudhya transferred De Lamai's loan account to Bangkok Asset Management (BAM)</li> <li>- CIG-W3 expired with remaining shares of 213,003,580 shares.</li> </ul>
2013	<ul style="list-style-type: none"> <li>- Received approval from ordinary shareholder's meeting to issue 601,836,915 free third warrant (CIG-W4) units to existing shareholders with the ratio of 1 share to 2 units of CIG-W4</li> <li>- ESOP-1 expired with outstanding shares of 1,761,399 shares</li> <li>- The subsidiary: CIG (Thailand) company limited, signed an agreement to sell its investment in ordinary shares of Shenzhou Xiai Heating and Refrigeration Equipment Manufacture Company limited at the price of 17.55 million Baht to another non-related company.</li> </ul>
2014	<ul style="list-style-type: none"> <li>- CIG-W4 expired with outstanding shares of 38,074,641 shares.</li> <li>- A subsidiary, CIG (Thailand) Co.,Ltd. invested in Fakwantip Co.,Ltd.</li> <li>- The civil case with a debtor namely Mrs. Suthasinee Setapan or Mutamara has been closed after the Civil Court dismissed the objector, the defendant of the case. The asset went into an auction according to Civil Court's order. The company entered and won the auction to buy the collateral asset at 60 million Baht and the company has received title deed transfer.</li> <li>- The subsidiary, De Lamai Company Limited, received a debt restructuring approval from Bangkok Commercial Asset Management Company Limited. for repayment of 102 million Baht to settle all of its outstanding debts.</li> <li>- The company financially support its subsidiary, De Lamai Company Limited, by granting a 102 million Baht loan for debt repayment to Bangkok Commercial Asset Management Company Limited.</li> </ul>
2015	<ul style="list-style-type: none"> <li>- 20 April : Annual General Meeting of shareholders for the year 2015.</li> <li>- 20 April : Received approval from ordinary shareholder's meeting to issue 216,185,556 free fifth warrant (CIG-W5) units to existing shareholders with the ratio of 4 share to 1 units of CIG-W5</li> <li>- Rebranding to make it easier to remember and signs of change to be more international</li> <li>- 29 September : Signed an agreement to distribute its products, Kingspan Insulated Panel Pty Limited, manufacturer of Insulation Panel from Australia</li> </ul>

# MESSAGE FROM CHAIRMAN



In 2015, Thai Air-conditioning Market has a turnover trend when compare with last year due to hot weather and high competition market among air-condition manufacturers and distributors.

However, Thai Air-Conditioning Market, in the year 2015, still had got pressure from similar factors like 2014's which are household debt, that effected directly to purchasing power of consumers, and declining trend of Residence Market. The Company's business result also got effected by which not meet the targets set. Though, overall operation of the Company was still better than last year.

In order to be prepared for AEC in the year 2016, while economic both internal and external are on declining stage, the Company had started from improving image, concentrate on costs reduction, increasing

operational efficiency and productivity, researching for production and product innovation which is friendly to environment under line of trust that business and society must be grow together and supporting each other and keeping and improving human resource continuously with intention to create high return to shareholders.

On behalf of the Board of Directors, I would like to take this opportunity to thank our shareholders, customers, business alliances and all stakeholders who continuously support including management and employees of all levels who devote themselves in all business operations. Please rest assured that the company will thrive for sustainable growth.



Pol.Gen.

(Prung Boonpadung)

Chairman of the Board




# AUDIT COMMITTEE'S REPORT

In 2015, the Audit Committee performed its duties in compliance with the scope established by the Company's Board of Directors regarding the control and monitoring prescribed in the Audit Committee Charter.

In this regard, the Audit Committee held 4 meetings, which all was attended by the Committee. The major issues in operation can be summarized as follows:

1. Review quarterly and annually financial statements for the year 2015 of C.I. Group Plc. in cooperation with the executives and internal audit office. The auditor was also invited to participate in the meeting and to reply to the questions on preparation of financial statements in accordance with the law and accounting standards before approving such financial statement.
2. Review and comment on related transactions or conflict of interest issue (if any) inclusive of disclosure of the referred information as per SET and SEC's rules and regulation which the Audit Committee has an opinion that all of the above issues are reasonable to the best company's business concerned and be disclosed properly and correctly.
3. Monitor the internal audit function through the performance review made by the Internal Audit Office. Considerations were made in approving the scope of operation, annual audit plan. It was believed that the efficiency of internal audit was in a reasonable level. In additions, recommendations and observations were provided to assist in the review and consideration of performance and independence of the Internal Audit Office.
4. Review and follow up if the problem has been resolved within the time frame given as agreed in the meeting. Transparent monitoring of operation was also performed.
5. Meet with the concerned executives, auditor, and internal audit and provide useful suggestion to the management team.
6. Provide internal control system as well as internal audit to the company properly and efficiently to be in the standard of internal audit set forth.
7. Allow the company to abide by SET regulations, laws or concerned business laws.
8. Consider, select, prescribe remuneration, and propose the appointment of an auditor for the year 2015. Considerations were made from the assessment of the auditor's performance, which was satisfactory. Besides, verification of the auditor's qualification was made in compliance with the announcement of SEC and SET. As a result, the Audit Committee resolved to propose to the Company's Board of Director to consider and propose for approval from the shareholders' meeting in appointment of Mr. Virach Aphimeteetamrong, Mr. Chaiyakorn Aunpitipongsa, Mr. Apiruk Ati-anuwat, Mr. Preecha Suan, license no. 1378, 3196, 5202 and 6718 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the Dr. Virach & Associates office Co., Ltd. as the CIG's Auditor for the year 2015.

In conclusion, the Audit Committee has performed as per his duties and responsibilities with their best knowledge and carefulness. The accomplishment of the Audit Committee's duties was from independence which could generate benefits to all stakeholders equally. The Audit Committee has opinion that the company's financial information is accurate and complied with The Certified Accounting Standard; risk management is appropriated; internal control system is appropriate and effective; operations are relied on good corporate governance under rules and regulation related to the company's business.

Pol.Gen.   
(Prung Boonpadung)  
Chairman of the Audit Committee

# TYPES OF **BUSINESS**

## History

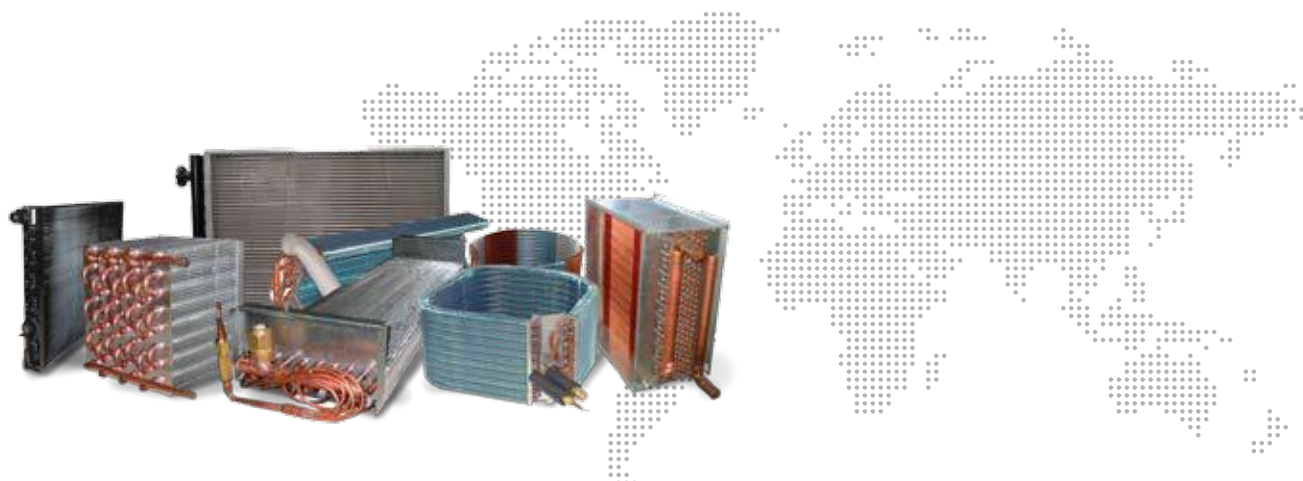
The company was incorporated on 10 April 2003 with registered capital of 94,000,000 Baht which was a result of a merger between C.I.Group Company Limited and Heat Interchange Company Limited by the same groups of shareholders namely Poomsanoh, Wangkorkiat and Wongsawang. The company's objective is to manufacture coils, which are important parts in air conditioner, chiller and other types of heat exchanger for domestic and international markets.

The company's office and first factory is located in Pathumthani and later on expanded to Sriracha, Chonburi on 6 sq.rai of land and to Muang, Samutprakarn on 1 sq.rai of land. The headquarters is located on 1/1 Moo 7, Bangkoowad Rd., Bangkoowad, A. Muang Pathumthani 12000.

## Overall Business Operation

The company is a manufacturer of evaporator coils, condenser coils and chilled water coils which are important parts in all kind of heat exchangers. Most of manufacturing orders are made to order basis for domestic and international market with sales proportion of 70% and 30% respectively.

Domestic customers consists of well-known air-conditioner manufacturers for international and domestic brands especially those with policies to buy parts from other sources and those in replacement markets such as air-conditioning or refrigeration service and maintenance companies. For export markets, the company sells directly to customers in Asia, Europe and sells through sales agents in USA, Canada, Australia and New Zealand. At present, the company is considered by customers as a high quality coils manufacturer. The company is the only manufacturer in Thailand with product certification from Canadian Standards Association ("CSA") from Canada and Underwriters Laboratories Inc. ("UL") of USA which is globally accepted standards. Moreover, our teams of engineers provide consultancy services as well as product designs.



The company has expanded its services into designing and installing air conditioning system and wall insulation products, Polyurethane and Polyisocyanurate type, which is co-partnered with manufacturers of insulation products from both domestic and international, in order to provide one-stop service for customers who require a quick construction of energy saving with good air quality building. The Company has signed an agreement as a distributor of Kingspan Insulated Panel Pty Limited, a manufacture of Insulation Panel from Australia.



## Business Overview of the Company's Group

### Investment Structure of the Company and the Subsidiary

The Company has 2 subsidiaries which are:

#### (1) De Lamai Company Limited

C.I. Group Public Company Limited holds 999,680 ordinary shares with par value of 100 Baht or 99.97% of the paid up capital of De Lamai Co., Ltd. which is in hotel business on Koh Samui under the name "Samayabura" located at 171/4-9 Moo. 4 Maret, Koh-Samui, Suratthani. Registration No. 0845547005846. The company has registered capital of 100,000,000 Baht. There are 3 directors namely, Mr.Aree Poomsanoh, Mr.Theera Poomsanoh and Mr.Sawai Chatchairunguang.



## (2) CIG (Thailand) Company Limited

C.I. Group Public Company Limited holds 599,850 ordinary shares with par value of 100 Baht or 99.98% of the paid up capital of CIG (Thailand) Co., Ltd. which is in manufacturing and distribution of air conditioners and refrigerators business as well as other types of products. The company is located at 1/1 Moo.7 Bangkoowad Rd., Bangkoowad, A.Muang Patumtani 12000. Registration No. 0135554002471. The company has registered capital of 60,000,000 Baht. There are 3 directors namely, Mr.Aree Poomsanoh, Mr.Theera Poomsanoh and Mr.Sawai Chatchairungruang.

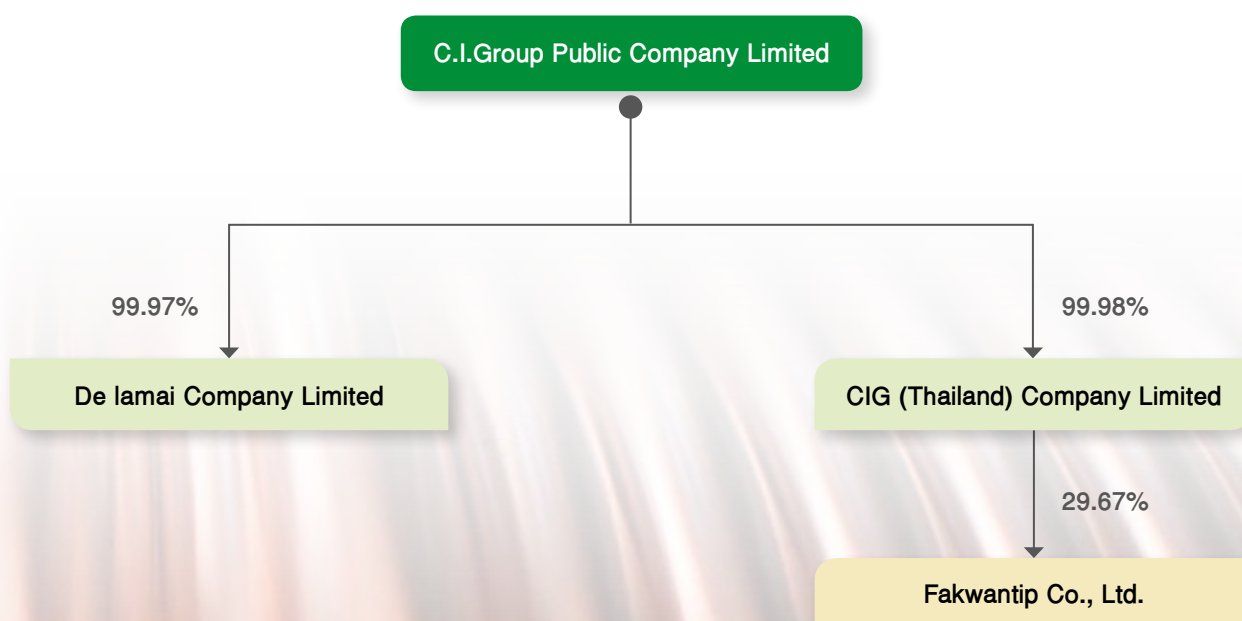


## Association with a Subsidiary

### (1) Fakwantip Co.,Ltd

The CIG (Thailand) Co., Ltd. had engaged in a joint venture of Fakwantip Co., Ltd in a portion of 29.67% of registered capital, THB101,100,000, or equal to Million Baht 30 investment. The Fakwantip is a company in energy business which has ethanol as a main product. The Fakwantip Co., Ltd. is located on 468 Moo. 4, Suntun - Wangdinsor Rd.,Tumbol Kaomaikaew, A. Kabinburi, Prajinburi., Thailand.

### Investment Structure of the Company and Subsidiary



# CORPORATE SOCIAL RESPONSIBILITY: CSR

The company believes that business and society should maintain harmonious relationship, help one another, and strengthen each other's weaknesses. Therefore, the company focuses on growth based on corporate governance and social responsibility in a sustainable way while considering the best interest of all stakeholders.

## Mission on Corporate Social Responsibility



1. Create innovation through continuous research and development
2. Obtain certification for production process and quality of products according to international standard in order to maintain efficiency and effectiveness.
3. Manage the company under corporate governance based on accurate and up to date information
4. Foster human resource development as well as the environment
5. Create the most value to shareholders and stakeholders
6. Become an organization of proud

In order to process upon above intention and idea, the Company has set a Corporate Social and Environment Responsibility Policy, to be applied with both the Company and subsidiaries to be used and followed as the Company's Principle, which is:

“...IN OUR PROFESSION, PRECISION AND PERFECTION ARE NOT A DISPENSABLE LUXURY, **BUT A SIMPLE NECESSITY.**”  
- NIKLAUS WIRTH

# Corporate Social and Environment Policy

## Conserve Environment and Energy

Supporting activities are related to protecting environment and conserving energy resources such as water, fuel and paper efficiently.

- Promoting energy conservation and protection of the environment
- Meeting environmental and conservation standards and regulations.
- Developing and improving manufacturing process and waste management system in order to get rid of pollution that impact to the environment complying to match with ISO14000 standard.
- Promoting environmental awareness among employees at all levels to enhance their responsibility to protect environment both inside and outside of the plant.



## Human Rights and Human Resources Practice

Insist to the Company's traditional; respects and obeys on the human rights; fair and practice to all level of employees equally and support employees on being a part of making benefit to society both on direct and indirect way.

- Developing skills of employees at all levels; building knowledge management towards Knowledge Support Policy and developing human resources in order to increase their work quality as professional one.
- Encouraging employees to take part in community development.
- Welfare, safety and sanitation within the workplace of employees are set including of developing working systems and innovation.



## Responsibility to Consumer

Improve products and services which safe to consumers and environment, quality is match or better than requirement of the consumer based upon fair condition and

- Emphasize on services standard, responsible on the Company 'services, provide accurate information which must not be exaggerated.
- Keep customers' information confidentially and must not get any advantage on it for the Company or related person benefit.
- Marketing and Investment Policy and promoting products and services that concern on social responsibility.



## Corporate Governance

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- Good corporate governance
- Internal data usage policy
- Transparency
- Data Disclosure
- Risk Management

## Community and Education

The Company emphasizes on stakeholder and community where it's located. The Company intends to improve quality of life around the neighborhood by educating people, preserving environment and promote local traditional.

- Using business process to improve quality of life, booth up economic and strength of the neighbor community and society.
- Support on all activities and projects which necessary to the community and related to education projects for schools in the community.
- Together with the Company staffs/employees, employees' family, local community and with overall society in order to improve all quality of life in the way that is value added to both business and development.

## Implementation of Corporate Social Responsibility Policy

The company has studied characteristic and business context both internally and externally using generally accepted principles to create mission on corporate social responsibility. The management has set up social responsibility policy for implementation within the company and conducts thorough analysis whether such policy matches company's business context and make changes when necessary.

In order to identify stakeholders of the company which is in industry sector, the company analyzed each shareholder and corporate social responsibility issue along the supply chain such as customers, suppliers, employees, nearby communities and shareholders. At present, the company is in the process of linking business processes and their effects as well as other dimensions of corporate social responsibility such as economic, social and environment by conducting interviews, focus groups, surveys and industrial data.

The company has implemented the following actions in order to comply with corporate social responsibility policy;

# Linkage to Stakeholders

## Customers

In order to maintain customers' satisfaction and trust in the Company's products and services, the Company pays attention on standard together with marketing, investment and promotion policy that responsible to social.

## Employees

Our employees make sure that they comply with corporate social responsibility policy. Moreover, the company focuses on human resources development and encourages good career path within the company.

## Suppliers

The company ensures that suppliers comply with the company's corporate social responsibility policy.

## Community

The company conducts business fairly and focuses on development of local community.

## Shareholders and investors

The company communicates key information to shareholders and investors transparently, equally and in timely manner.

## Account Payables

The company treats all account payables equally, fairly and transparently according to outstanding terms and agreements.

## Government agencies

The company conduct business with government agencies according to rules, regulations and applicable laws.

## Social and educators

The company is open to public opinions and conduct business together with social development in a sustainable way.

## Competitors

The company treats all competitors fairly, lawfully within code of conduct.

## Important issues

### Health and safety

- The company has comprehensive safety measures.
- Safety training sessions are conducted regularly.

### Waste management and excess materials

- The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.
- Develop production process to reduce waste and excess materials.
- Re-use of excess materials in production process.

### Environmentally friendly products and services

- Joining CFC elimination project to discontinue the use of Chlorofluorocarbon (CFC) in air-conditioning manufacturing process.
- The Company's products do not require use of CFC.
- The Company's repair and maintenance service reduces the need for replacements and therefore reduce effects to environment.

### Product and services accountability

- The company carefully controls its production of products to ensure high quality and customer satisfaction.
- On time delivery is a priority to ensure smooth and efficient supply chain.
- All products come with a warranty according to general sales conditions.
- Fast repair and maintenance service to meet urgent demands of customers.

### Employee benefits

- Trainings are offered to all employees to increase potentials and career path.
- Annual health check-ups are offered to reduce medical costs and promote good health among employees.
- Annual New Year party to entertain and increase morale of employees.
- The company gives scholarships to employees' children.



## Corporate Governance and Integrity measures

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- Good corporate governance
- Internal data usage policy
- Transparency
- Data Disclosure
- Risk Management

## Community and education

The company supports various activities and projects on community and educations for local schools. Furthermore, the company extends its support for victims of natural disasters.

- Offer scholarships to students at various educational institutions and local communities such as Bangkoowad School, Eur Ar Torn village, Bangkoowad Municipality.
- Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School.
- Help victims from disaster and mitigation.

## Corporate Governance and Integrity measures

The company focuses on transparency and moral in its business operation including information disclosure, control of internal data usage, maintaining corporate governance and effective risk management.

- Good corporate governance
- Internal data usage policy
- Transparency
- Data Disclosure
- Risk Management

## Business operations that may affect social responsibility

Due to the fact that the company is in manufacturing sector, some of the production processes may require use of lubricants and/or other chemicals. The company has set up preventive plans to reduce any effects on the environment and local community. The company stopped using CFC which is harmful to the environment even though it is a widely used chemical in air-conditioning industry. The company is thriving to improve its products and production processes to protect the environment and community from any harmful substances. Furthermore, the Company continues improving quality both production process and products to ensure that will not have negative effect to society and environment by following ISO 14001 criteria. The Company seeks for raw material and components which must comply with international safety standard and could be reused in the processes. Moreover, the Company has target on effectively usage of energy to maximize benefit, create less waste, reuse materials and avoid supplying non-compostable raw materials or components.

## Legal disputes

The company and its subsidiaries have never had any legal disputes on environmental / social aspects. The company has never been accused or been investigated of such issues.

We care for local community and environment for better lives of our children. CIG received a certificate from Council of Industry for our effort in protecting our environment by stop using CFC (Chlorofluorocarbon) which is commonly used in air-conditioning industry. Such chemical is harmful to the environment. In 2000, we built a water treatment system as well as re-using water in our production line. These mark the start of Green Factory Initiative.



We received the certificate from the Department of Industrial Factory for project participation of “Ozone Depleting Substance Phase out” for terminating the usage of Chlorofluorocarbons (CFC) for all steps of production process.

## Adverse effects to society and environment

The company’s operations from the past until end of 2015, there is no evidence of adverse effects to society and environment according to 8 principles of CSR.

## CSR Activities for society and environment

In 2015, the company engaged in various activities such as environment and energy conservation project, production process without harmful chemical, cost reduction, material reduction and maintaining good relationship with local communities.

## Health and safety



In 2015, the company conducted internal and external safety training such as fire extinguish foundation course, crane operating training, safety training as required by Safety Act 2011, Fork Lift training, Safety for Management and Safety committee trainings.



## Waste management and excess materials

- The company has effective water treatment system to adequately treat waste water before releasing water into public drainage.



- The company focuses on optimizing usage of raw materials and materials, resulting in reduced cost of goods sold of 942,577 baht per year.
  - Reduced the use of copper Cross Over Link 503,611 Baht/Year
  - Reduced plate linking 92,377 Baht/Year
  - Reduced waste from CNC plate 142,600 Baht/Year
  - Recycling copper wastes to use as copper lid 203,089 Baht/Year

## Energy management

- The company promotes energy conservation and initiated energy saving project. There were 3 projects with electricity cost reduction of 2,801,039.10 Baht per year as follow;
  - Air conditioning improvement program in Patumthani: Electricity saving of 736,267.59 Baht per year
  - Switching to LED lighting in all 3 factories: Electricity saving of 1,225,193.52 Baht per year
  - Air compression improvement project at Pinthong factory: Electricity saving of 839,577.99 Baht per year

## Employee benefits

- The company offers trainings to employees of all levels to increase potentials and reduce risk of skill shortage.

## Employee development programs

### Hours per person per year

Average training time	2012	2013	2014	2015
Director and employees	3.45	5.80	6.57	5.81

### Baht per person per year

Expenses for training	2012	2013	2014	2015
Director and employees	642.23	548.77	1,244.78	773.80

In 2015, the Company introduced many training courses including cost reducing technique, leadership skills, air conditioning system, internal auditing, and OHSAS 18001



- Annual health check-up



- New Year party



- Scholarships for employee's children



## Community and education

- Merit making at local temples



- Scholarships for the nearby institutes students such as Bangkoowad School, Government housing, municipality of Bangkoowad, etc.



- Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School. In 2015, The company is involved in a collaboration education project by Industrial Council of Thailand under the King's initiative which allows polytechnic students to study and train in real life situation.



## Anti-Corruption

The Company's Board of Director No.4/2015, November 11<sup>th</sup>, 2015, had approved appointment of Anti-Corruption Committee who plays important roles in setting system, supporting and promoting Anti-Corruption Policy in order to communicate to all staffs/employees and all related persons in all departments including risk assessment of activities having a chance to conflict with anti-corruption policy and setup review appropriate of system and measurement to be complied with business situation change, order, rules and regulations of law continuously. The duties and responsibilities of the committee are:

1. Prepare and review the approved anti-corruption policy, risk management frame regarding corruption activities determination of the Company to submit to the Board of Directors.
2. Monitoring and supporting corruption risk management to be complied with the Company' strategies and goals including business situation change.
3. Set up operation process, measure of success to target and resources need to reduce corruption risk to propose to the Board of Directors for approval.

4. Control assessment process of corruption's risk within the organization. Provide suggestion guidelines follow and evaluate of risk management to the Board of Directors and Internal Audit Committee to consider.
5. Report result of corruption's risk assessment and provide suggestion of risks may occur. Including set up controlling process or mitigation plan and improving risk management system to present to the Board of Directors to ensure of effectiveness.
6. In case of having important factors or events that may affect directly to the Company, the committee must report results of such assessment to the Board of Director and/or the Audit Committee to acknowledge and consider immediately.
7. The committee must have meeting at least once per quarter.
8. Monitor directors and management practices to ensure of compliance to the Anti-Corruption Policy and Business Conduct.
9. Set up corporate governance frame of practices that related to anti-corruption.

## Anti-corruption policy

The board of directors' willingness is to manage the company with integrity and fairness with focus on social responsibility and its stakeholders. The board of directors ensures that management and employees comply with anti-corruption policy in all of business operations as follow;

1. Directors, managers and all employees of the company as well as its subsidiaries shall not directly or indirectly accept or support corruptions in any forms. This applies to all its subsidiaries, including but not limited to contractors, sub-contractors, and any parties involved. The anti-corruption policy just be reviewed regularly to match rules, regulations, law and changes in business operations.
2. Anti-corruption is an essential part of business operation. It is a responsibility of board of directors, management, all employees, contractors, sub-contractors to express opinions on how to conform with anti-corruption policy so that the anti-corruption objectives are achieved.
3. The company will not act or support bribery in any form under all activities it is involved including but not limited to control, charitable donations, donations to political parties, corporate gifts and support all activities with transparency and not to influence government officers or private sector employees to act in his or her favor.
4. The company just implements effective internal control and it must be reviewed regularly to prevent inappropriate actions especially sales, marketing and purchasing activities.
5. The company must educate anti-corruption to directors, management and all employees to promote integrity, honestly and responsibility to all business operations as well as communicate the company's willingness to become corruption-free.

6. The company announces its financial positions transparently and accurately.
7. The company allows various ways of communication related to corruption and makes sure that confidentiality is strictly protected while ensuring unfair treatment and investigate all issues that were reported.

Nevertheless, the company promotes implementation of anti-corruption policy by publishing it through the company's website, distribute code of conduct handbook for directors, management and employees for employees to sign their acceptance, organize communication sessions for anti-corruption policy to new employees and review its anti-corruption policy annually.

# THE INDUSTRIAL SITUATION AND COMPETITIVE

## Electrical Appliances and Electronics Industry

Electrical Appliances and Electronics Industry in 2015 in downturn situation when compared to that of last year from Electronics Industry due to decreasing on demands of computers and notebooks in the global market together with global economic slowdown. For Electrical Appliances Industry also experience decreasing trend when compared to that of last year. The Electrical Appliances Groups that were decreased include of Split Type Air-Conditioning, Condensing Units, compressor, microwave, rice cooker and TV, due to decreasing of purchasing power and consumers were more careful with their spending. Moreover, exports decreased in all major markets such as ASEAN, EU, and Japan except for China and USA that were in increasing trend.

## Production Situation

Production of Electrical Appliances dropped steadily from quarter 2/2015. By which Electrical Appliances and Electronics Industry in 2015 reported production index of 107.11 or 3.56% decreasing when compared to that of last year, which is 2.98% from Electronics Group due to overall demand of electrics product in downturn. Electrical Appliances Industry also experienced 4.7% decreased when compared to that of last year resulting from the fact that some TV manufacturers have been relocated their production base to other ASEAN countries.

## Market situation

### Domestic Sales

Domestic Electrical Appliances sales in 2015 that are expected to decrease when compared to that of last year are compressor, fan, washing machine, microwave oven, refrigerator, water boiler and rice cooker with decrease of 1.47%, 11.68%, 10.66%, 31.01%, 1.23%, 24.37% and 8.08% respectively. Electrical Appliances that are expected to increase are split-type air conditioner, condensing unit and fan coil unit air conditioning, with increase of 7.47% and 7.53% respectively as shown in table below;



Products	2013	2014	2014				2015				2015
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	
Split Type Air-Conditioning (Condensing Units)	1,515,746	1,512,098	503,324	508,436	312,737	263,112	600,624	490,044	329,225	286,244	1,706,137
YoY	8.35	8.35	-4.48	6.41	18.82	6.18	19.33	-3.62	5.27	8.79	7.47
QoQ			103.11	1.0	-38.5	-15.9	128.28	-18.41	-32.82		
Split Type Air-Conditioning (Fan Coil Units)	1,541,660	1,607,277	506,864	511,659	321,050	267,704	603,150	497,645	335,110	292,412	1,728,317
YoY	8.01	4.26	-4.06	4.54	19.80	4.62	19.00	-2.74	4.38	9.23	7.53
QoQ			98%	0.9	-37.3	-16.6	125.30	-17.49	-32.66		
Compressors	6,044,049	5,921,716	1,592,508	1,521,132	1,463,961	1,344,115	1,574,088	1,432,990	1,388,243	1,439,318	5,834,639
YoY	-1.95	-2.02	8.67	-11.34	-5.16	1.88	-1.16	-5.79	-5.17	7.08	-1.47
QoQ			20.71	-4.5	-3.8	-8.2	17.11	-8.96	-3.12		

Source : The office of Industrial Economics, Electrical and Electronics Institute

Remarks : 1. Data presented are estimated from actual data of 70% - 80%

2. Domestic sale data were gathered from ex-factory value of domestic manufacturers.

## Export sales

Electrical Appliances export value in 2015 amounted to USD 22,619.93 million, a decrease of 3.67% compared with that of the same period last year with export to the EU, China and Japan decreased continuously. Exports to ASEAN and USA saw an increase when compared to that of last year from the improving economic situations in the respective regions. Key export products that experienced a decrease include air conditioner followed by the TV recorder, digital cameras, and video cameras. Changes in technology allowing for substitutes such as smart phones, tablets accounted for decreasing demands for digital cameras in USA, Japan, China and ASEAN. TV is the only major exports that saw an increased resulting from a 30% increase of sales to the USA compared to that of last year.

## Import

Electrical Appliances and Electronic imports in 2015 amounted to USD 17,743.08 million, an increase of 0.55% compared with that of last year. Import from key markets such as ASEAN, China and USA has increased except from EU and Japan. Key products that experienced an increase include electrical circuit breakers, control panels and TV components mainly from ASEAN, China, USA and EU followed by electrical wire, electrical wiring systems imports from ASEAN and China. There was a decrease in imports of TV components as some manufacturers in Thailand have relocated their production base to other ASEAN countries.

## Trend

Electrical Appliances and Electronics Industry's productivities are expected to increase by 0.81% in 2016 when compared to 2015's. By which the industry are expected to recover by Q3 of 2016 about 6.55% increased from electronic products such as Integrated Circuit, which is a key component in electronic devices such as computers and mobile phones.



# RISK FACTORS



In business operations, there are some internal and external uncertainty that might negatively affect how the company achieves its goals. Such risks include strategy, operation and financial risks. Thus, preparing for uncertainty may reduce those risks and reduce the impact to the company.

The company's board of directors, managing director and department managers regularly assess, analyze risks and their trend that might affect the company. Details of risks and preventive measures are as follow;

## 1. Risk of fluctuations in raw material prices

The company's main raw materials are copper tubes, aluminum fins and zinc coated steel plates. Such raw materials are commodities and their prices varied by the world market prices. Thus, the company's operating results may be affected by these price fluctuations. However, the company maintains close relationship with suppliers so that the company receives timely news and price trends. Moreover, the company's management team has more than 20 years experience in coil manufacturing industry and, to a certain extent, analyze the situation and predict movements in prices of copper, aluminum and iron plates.

To reduce such risk from fluctuation in raw material prices, the company informs the customers of current commodity prices prior to sending quotations. The company maintains safety stock of 2 months. For large customers with annual fixed prices, the company set out conditions so that any big fluctuations will result in adjustment of prices to reflect actual costs. The time needed for such adjustment is between 1 - 2 months which is in line with the company's safety stock. For other customers, fluctuations in raw material prices will automatically result in product price changes.

## 2. Supply risk

The company relies on a few large suppliers. In 2015, the company ordered 77.23% of required copper tubes from 3 large suppliers. The largest of which accounted for 46.11% of total copper tubes orders.

Moreover, the company also relies on a few suppliers providing other raw materials such as aluminum fins and zinc coated steel plates. This is due to the fact that by ordering big volume to suppliers, the company benefits from higher negotiation power and volume discount thus reduces the production cost. These few suppliers have traded with the company for a long period of time and maintained close relationship. The supply risk is therefore reduced slightly.

In any case, the company is aware of supply risk and is trying to spread raw material orders to other suppliers while obtaining the same or similar trade conditions with those from large suppliers. At the present, the percentage of raw material orders to large suppliers has declined slightly.

## 3. Risks from raw material shortage

One of the company's main raw materials for manufacturing is copper which cannot be stored for a long period of time due to oxidation. Reprocessing of copper can be conducted but such copper will need to be imported which may result in inadequacy and higher prices.

To reduce such risk, the company has continued its research and development to find a copper substitute material and successfully developed all aluminum coils which can reduce costs for both the company and customers. The company is a member of ASHRAE (The American Society of Heating, Refrigerating and Air-Conditioning Engineers), an organization that is a center of heating, cooling and air-conditioning knowledge in the US, so that the company has access to data, news, and latest technology in order to maintain the company's competitiveness in manufacturing.

## 4. Risks from exchange rates

The company received 40% of its revenue from export market. Thus, the company is exposed to foreign exchange risk. However, the company also orders some of its raw materials from overseas. In the first half of 2015, export revenue accounted for 41.81% of total revenue and imported 54.21% of total materials from overseas. Since these revenue and cost are in US Dollars, the company enjoys natural hedging to a certain extent.

Moreover, the company's policy allows for 30 - 60 days credit terms from overseas customers. Therefore, exchange rate risks will be in short term basis. The company is fully aware of such risk so it continues to closely gather information and trends of exchange rates and at times exercise risk control actions by utilizing currency forwards.

## 5. Risks from free trade agreements and trade organizations

Free trade agreements encourage stronger competitions within the market which is in line with the overall industry situation for air-conditioning in terms of price and the demands for new products. This drives all players in the market to compete in price and quality. Moreover, Thailand has seen greater number of air-conditioners imports from China which has price advantage. At the present, the company focuses on customers who need high quality coils with different competitiveness than mass products from China which cannot fully satisfy customer's changing needs. With US, Canana certified and award-winning quality products and services, the company is able to maintain good relationships with customers and enhances the company's competitive advantage.

However the company has taken steps to prepare for more intense competitive threats from other players such as quality improvements, production efficiency, cost control and expansions to other export markets. In addition, the company also focuses on customized products that have little or no substitutes.



## 6. Risk from major customer dependency

In the last 3 years, none of the company's largest customer account for more than 30% of total sales.

	2013	2014	2015
Sale proportion to the top 5 customers*	71.28	76.58	75.99

\* Inclusive of international distributors

Most of these major customers have maintained good relationship with C.I.Group for a long time. The company has invested in research and development of new products during these times. The quality of our products has been proven by various quality certifications thus the company believes that it can retain existing customers and can further expand its customer base to new and existing markets.

## 7. Management risk

Due to the fact that the company's Managing Director, Mr. .Aree Poomsanoh, is also a member of the Board of Executive Committee. However, there are 5 members in the Board of Executive Committee and the company's articles specify clear and strict management powers for each position. The risk of having a person with significant power is reduced. Moreover, the Board of Executive Committee and Managing Directors cannot authorize any transactions that himself or herself can be classified as a stakeholder. Moreover, the Board of Directors consists of an Audit Committee working together with Internal Audit department whose duty is to conduct auditing procedures for transactions and to ensure that the company is transparent and property controlled within area of authority for each member of Board of Executive Committee.

## 8. Liquidity Risk

The company might face liquidity risk when the cash or cash equivalent balance is inadequate in running the business. The company monitors closely at its cash or cash equivalent balance to make sure that the company and its subsidiaries will not be interrupted as a result of lack of liquidity. The company is trying to reduce such risk and pays attention to cashflows management to ensure the right balance between cash inflows and cash outflows to avoid liquidity problems.

## 9. Risks from subsidiaries

In the case that one or more of its subsidiaries is/are unable to get capital needed for running the business, the company, as a majority shareholder, is required to financially support its subsidiaries. Therefore, should the operation results from the subsidiaries varied from the forecast, the company might be affected from such investment in subsidiaries and might not get returns as originally planned.

However, the company's subsidiaries are able to maintain their business operations on their own and therefore did not affect the company's liquidity. The company expects that its subsidiaries will be running their businesses at full pace which will provide synergy to the company in the future.



## 10. Other risks

Since a widespread flood in 2011, the company has become aware of natural disasters and other risks that may cause damage to assets, machines, and other fixed assets which are essential for its operations and may cause business interruptions. The company has sought adequate insurance policies covering various risks to the business in order to reduce effects of those risks. Moreover, the company has 3 production capacities in 3 factories at different locations. In case of disruption in one of the factories, the others has excess capacities to cover a disrupted factory to ensure that the company is able to meet demands of its customers.

## 11. Technology Change Risk

One of the risks that industrial players will face is a change of technology in production process or the product itself. Some of those changes may allow the company to benefit from increasing productivity with as increased machine productivity in some areas where time consumption may be reduced or less labour requirements. All of these may lead to cost reduction. On the other hand, such changes may harm the company if it is not able to adapt in a timely manner such as change in product or substitute products. However, heat exchanger industry is quite mature and the change has been minimal. Over the past 30 years, changes in technology that occurred was not too radical and the company was able to keep up with all the changes. To reduce such risk, the company became a member of ASRAE (the American Society of Heating, Refrigerating and Air-conditioning Engineers) which is a key organization with knowledge in Heat, Cool and Air Conditioning systems of the USA. so that the company has access to latest news and technology to ensure that the company maintains latest production capability. Moreover, the company focuses on research and development to ensure that it can adapt to any change and reduce technology change risk.



## 12. Environmental Effects risk

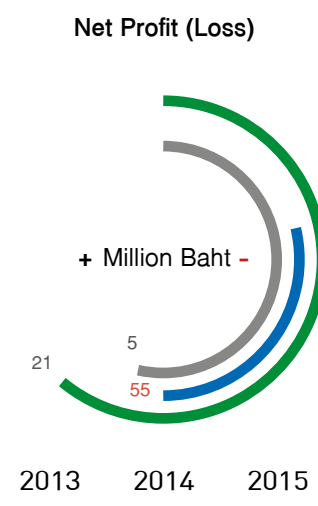
Due to the fact that the company is in industry sector, the company's production process requires oil, water and some chemicals that may affect the environment or its labour. To reduce environmental effect risk, the company provides suitable safety equipment to ensure safety of labour. The company also uses closed system when dealing with chemicals such as coloring spray to ensure that there will be no chemical waste released to the environment. The company has installed adequate water treatment system to recycle water and ensure that water released to public drainage will be free from chemicals. Moreover, the company has a safety committee and high safety standard for all its employees. Any compromised safety issues will be dealt with according to its effects.

# FINANCIAL HIGHLIGHT

## Financial Performance in conclusion of C.I. Group Public Company Limited

Million Baht

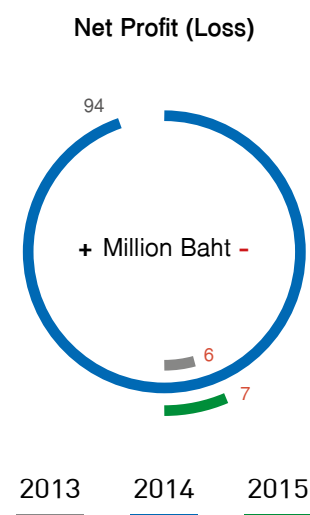
Details	Amount		
	31 Dec.2013	31 Dec. 2014	31 Dec. 2015
Total Assets	1,238	1,335	1,237
Total Liabilities	604	492	371
Shareholder's Equity	634	843	865
Total Revenues	1,027	982	1,073
Gross Profit (Loss)	109	108	150
Net Profit (Loss)	5	(55)	21
Earnings (Loss) per share	0.01	(0.09)	0.02



## Financial Performance in conclusion of C.I. Group Public Company Limited and Subsidiaries

Million Baht

Details	Amount		
	31 Dec.2013	31 Dec. 2014	31 Dec. 2015
Total Assets	1,291	1,304	1,174
Total Liabilities	852	507	384
Shareholder's Equity	438	797	791
Total Revenues	1,065	1,155	1,095
Gross Profit (Loss)	107	111	150
Net Profit (Loss)	(6)	94	(7)
Earnings (Loss) per share	(0.01)	0.15	(0.01)



# SHAREHOLDERS AND MANAGEMENT STRUCTURE

## Shareholders Structure

### Shareholders

The list of 12 major shareholders as of January 15<sup>th</sup>, 2016 is as follow:

Total Shareholders	3,146
% Shares in Scripless Holding	99.98

Rank	Major Shareholders	# Shares	% Shares
<b>Poomsanoh Group</b>			
1.	Mr. Aree Poomsanoh	81,577,200	9.43
2.	Miss. Alisa Poomsanoh	17,949,700	2.08
<b>Sangnoi Group</b>			
3.	Mr. Phairote Sangnoi	32,155,000	3.72
4.	Mrs. Alisa Sangnoi	23,791,000	2.75
5.	Mr. Taweesak Wangkorkiat	30,500,000	3.53
6.	Mr. Nattapat Rangsan	26,400,000	3.05
7.	Miss. Panom Wongpradit	24,497,600	2.83
8.	Mr. Ungkul Thepsarskul	21,691,900	2.51
9.	Mr. Khet Jiaranaisilawong	21,492,100	2.49
10.	Aekkarat Wongsupachatkul	20,000,000	2.31
11.	Mr. Pachok Chanpitak	19,400,000	2.24
12.	Mrs. Araya Tontanasin	15,900,000	1.84

# Management Structure

## Committee

There are 3 committee namely, the Board of Directors, the Executive Committee, and the Audit Committee as detail follows:

### 1. The Board of Directors

The Board of Director is comprised of 8 peoples as name follows:

Name-Surname	Position
1. Pol.Gen.Dato'Prung Boonpadung	Chairman of Board Directors / Chairman of Audit Committee
2. Mr. Aree Poomsanoh	Vice Chairman
3. Mr. Taweesak Wangkorkiat	Director
4. Mr. Theera Poomsanoh	Director
5. Mrs.Chankapaw Dissakul	Director
6. Mr. Songphol Annanon	Independent Director / Audit Committee
7. Mr. Nadith Rodphet	Independent Director / Audit Committee

## Definitions

### Executive Directors

Directors who holds executive positions and are responsible for managing the company

### Non-executive Directors

Directors who do not hold executive positions and are not involved in management of the company. Non-executive directors might or might not be independent directors.

### Independent Directors

Directors who are independent from major shareholders and are independent from any kinds of relationship that will prevent independent consideration. Independent directors must have following qualifications;

- (1) Independent directors must not be or has been directors involving in management of operation, employees, consultants or controlling member of the company, its subsidiary, joint venture, subsidiary of the same level, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (2) Independent directors must not be related by birth or by law in a relationship as father, mother, spouse, brother, sister and child including spouse of child, management, major shareholders, controlling member or person(s) that will be appointed as management or controlling member of the company or its subsidiary.

- (3) Independent directors must not have any business relationship with the company, subsidiary, joint venture, major shareholders or controlling member in a way that might affect independent consideration. He or she must not be or never have been implied shareholders, or controlling member having business relationship with the company, its subsidiary, joint venture, major shareholders or its controlling member unless he or she has ceased from such case for at least 2 years prior to his or her appointment. "Business relationship" as stated earlier includes normal business transactions, renting or letting properties, assets or service transactions, giving or receiving financial support by borrowing or lending, guaranteeing, giving assets as collateral for debt or that of the same kind that creates a binding liability for more than 3% of total tangible assets or from 20 million Baht or more whichever is lower. Thus, such calculation comply with method of calculations for related party transaction according to the Stock Exchange Commission's rule for related party transactions. Such calculations is inclusive of those that happened within 1 year prior to business relationship of the person.
- (4) Independent directors must not be or have been the company's auditor(s), its subsidiary, joint venture, major shareholders or controlling member and must not be implied shareholders, controlling member or partners of auditor's office that has the auditor(s) of the company, its subsidiary, joint venture, major shareholders or controlling members unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (5) Independent directors must not be or have been professional service provider of any kind including legal or financial advisor that received professional fee of 2 million Baht or more from the company, its subsidiary, joint venture, major shareholders or controlling members and must not be implied shareholders, controlling member or partner of such professional firm unless he or she has ceased from such case for at least 2 years prior to his or her appointment.
- (6) Independent directors must not be directors appointed as representative of company's directors, major shareholders or shareholders who are related to major shareholders.
- (7) Independent directors must not operate in a company of the same kind or is in direct competition as that of the company, its subsidiary or partner in partnership or as executive directors with involvement in management, employee, consultants or hold more than 1% of voting rights of other companies that operate in the same business or in direct competition with the company or its subsidiary.
- (8) Independent directors must not have any characteristics that may prevent him or her from giving independent opinions on the company's business operations.

### Authorized Directors

Authorized Directors who can sign to comply with the company are Mr. Aree Poomsanoh or Mr. Theera Poomsanoh or Mrs. Chankapaw Dissakul or Mr. Taweesak Wangkorkiat co-sign totally two persons and affix the company seal.

## Scope of Authority and Duty of the Board of Directors

1. To manage the company honestly in accordance with laws, objectives, obligations and resolutions of Shareholder Meeting and to take precautions in order to protect the company benefits.
2. To authorize an appointment a set of directors as Executive Committee to execute one or several tasks in order to implement the work assigned by the Board of Directors as well as to authorize an appointment the Chairman of Executive Committee together with other committee such as Audit Committee, Nomination and Remuneration Committee as deemed appropriate.
3. To set objective, procedure, policy, plan, and company budget and monitor the management of the Board of Executive Committee or the assigned person to follow with the policy set forth.
4. To consider and review the approved policy, direction, strategy, business plan, and annual budget, investment on big project proposed by the Board of Executive Committee.
5. To continuously follow up on the operation as plan and budget set forth.
6. To consider and approve other activities concerning the company and have it done to benefit the company.

Except for the following tasks which can be implemented only under the resolutions from Shareholder Meeting and under the stipulation that any director or person who might be involved with either conflicts of interests or any other beneficial conflicts with the company or subsidiary company shall not be granted the right to vote in that matter.

- a) Matters stipulated by Laws must be obtained the resolutions from Shareholder Meeting.
- b) Transactions that any directors are involved with either conflict of interest or any other beneficial conflicts particularly stated by Laws or Stock Exchange Specifications must be obtained the resolutions from Shareholder Meeting.

The execution of the following matters must be approved by the Committee Meeting and the Shareholder Meeting with the votes not less than 3 over 4 of total votes of the eligible shareholders present in the meeting.

- a) To sale or transfer all or important part of the company business.
- b) To purchase or acquire of other company or private company.
- c) To make, to amend or to abolish the contract to rent all or some important part of company business.  
The appointment of other person who will manage company business or the merging with other person in order to share profit and loss.
- d) To amend the Memorandum of Associations or Objectives.
- e) To increase or decrease capital, to issue debenture, to merge or to terminate the business.

## Rotation of Retirement

At every Annual General Meeting of Shareholders, one-third of the directors liable to retirement by rotation or if their number is not three or a multiple of three, then, the number nearest to one-third, shall retire from office. The directors to retire by rotation at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became directors on the same day, those who will have to retire is to be determined by lot, unless otherwise agreed to among themselves.

## Election of the Directors

Since there is no particular committee to perform this task, the selection of persons to be appointed as company's directors shall be made in Shareholders Meeting. The selection shall be made as per the criteria and method as stated in the company regulations as follows:

- 1) Each shareholder has as many votes as he/she owns share.
- 2) Each shareholder may use all his votes to elect one or many persons as the company directors; however, no voter may divide his/her votes among several candidates or allot to one candidate fewer votes than what he/she has.
- 3) Candidates who receive highest votes shall be elected as directors on a consecutive basis until all required directors during that meeting is obtained. The Chairman of that meeting shall act as an arbiter in case that equal votes occurred and numbers of directors exceed the required number of directors.

## Selection and Appointment of Directors and Executive Management

### Directors' Selection

1. The Board of Directors or each Director could propose a nominee to be selected as the company's Director. The Board of Directors will introduce the person to the shareholders in order to select where as the company's Secretary would check the nominees' qualification prior to propose to the shareholders. The shareholders may consider selecting nominees who has appropriated engagement with the company or the main shareholders together with what the company agree to do for the shareholders.

2. Standard of Directors' Selection

The person who would be selected to be a Director of the company must qualified on

- Experiences
- Knowledge
- Honest and well understand in overall of the company business

However, in some case may need to select Directors who have significant relationship with shareholders or stakeholders due to Contract or Agreement with the shareholders regarding director seats in the company's board.

### Executive Managements' Selection

In order to select and appoint executive management of the company must comply with regulation and practices of authorization of the company as follows:

1. Hire and appoint of the Chief Executive Officer and/or Chief Executive Officer of Businesses (CEO) must be approved by the Board of Directors.
2. Appointment of Chief Financial Officer, Chief Investment Officer and/or Chief Operation Officer is under authorization of the Board of Executive Committee.
3. Appointment of any management level lower than above is under authorization of the Chief Executive Officer and/or Executive Management belowed depend upon situation.

## Director Development

The company's Director and Executive Management have paid continuously high attention on attend any courses that related to performance and capability on duty improvement. (as could see in their profiles) All of the Directors had already attended the training course with The Thailand Institute of Directors (IOD) which the company supports and manage to let Directors consider joining related courses with IOD or other institutes throughout the year together with joining site visit of institution, organization or related as appropriated in order to generate new effective thought that could be applied with the company's business.

## Directors Orientation

The company has set an orientation for new Directors in order to create best understanding with the company's business and policies inclusive with related information such as investment structure, shareholders structure, business performance, information and systems are used within the company, related rule and regulations and laws.

## 2. The Board of Executive Committee

The Board of Executive Committee is comprised of 4 people as name follows:

Name-Surname	Position
1. Mr. Aree Poomsanoh	Chairman of Executive Committee
2. Mr. Taweesak Wangkorkiat	Executive Committee
3. Mr. Theera Poomsanoh	Executive Committee
4. Mrs.Chankapaw Dissakul	Executive Committee

## Scope of Authority and Duty of the Board of Executive Committee

1. To manage the company honestly in accordance with laws, objectives, obligations, resolutions of Shareholder Meeting and resolutions of the Board of Directors Meeting and to take precaution to protect the company benefits.
2. To determine organization structure, authorization lines and to ensure its coverage of details in terms of selection, training, employment, reshuffle and dismissal of company personnel.
3. To plan and to determine the business plan, business strategies and annual budget and then to propose to the Board of Directors for approval. Also, to consider and to approve the allocation of annual budget, to amend, adjust, or increase annual expense budget in case of urgent needs and then to present to the Board of Directors accordingly.
4. To audit and monitor the company business operation, policy, and administrative guidance in a manner that is compatible to business situation.
5. To audit and to monitor in order to ensure that the company is operated in accordance with the approved business plans.
6. To consider company large-scaled investment project and have it presented to the Board of Directors for approval.

7. To authorize and to approve the following financial implementations.
  - a) The Board of Executive Committee is entitled to approve unlimited financial amount in case that such implementation is stated in the business plan or annual budget.
  - b) If not stated in documents mentioned in (1), the Board of Executive Committee is entitled to approve an amount not exceeding 150 million Baht. Such approval shall include the approval on the expense occurred from general operations. Investment on permanent property, loan, acquisition of credit including provision of guarantee, etc. and acknowledge the Board of Directors.
8. To implement other tasks as periodically instructed by the Board of Directors.

However, The Chairman of the Board of Executive Committee or the Board of Executive Committee are not entitled to approve any matters that might be a conflicts of interest to themselves or other party or matters that may cause any beneficial conflicts whatsoever with the company or subsidiary company.

### 3. The Audit Committee

The Audit Committee is comprised of 3 people as name follows:

Name-Surname		Position
1. Pol.Gen.Dato'Prung	Boonpadung	Independent Director and the Chairman of Audit committee
2. Mr.Songphol	Annanon	Independent Director and Audit Committee
3. Mr.Nadith	Rodphet	Independent Director and Audit Committee

The audit committee number 1 has adequate expertise and experience to review creditability of the financial reports.

Audit Committee Secretary: Ms. Wanphen Khaosuwat.

### Independent Director / Audit Committee Qualification

Audit committee consists of at least three independent committees who are on 2 year term of designation. The company has recruitment policy for audit committee who qualifications shall meet the followings;

1. Holding not exceeding 1% shares of paid-up capital amount of the company and its affiliates, joint-ventures, or related companies (inclusive of a number of shares hold by those concerned persons)
2. Neither participation in top management of the company and its affiliates, joint-ventures, related companies or major shareholders, nor being salary employee, staff or consultant of company and its affiliates, joint-ventures, related companies or major shareholders.
3. Neither partaking in the interest nor beings stakeholder directly and indirectly in relation to finance and administration of the company and its affiliates, joint-ventures, related companies or major shareholders, and must not participate in such interest and stakes within two years prior to being appointed as audit committee, unless the Board of Director, under deliberate discretion, assumes that such conduct shall not affect the performance and independent comment by the audit committee.

4. Not being a next of kin or relative of the executives or company's major shareholders
5. Not being appointed as fiduciary proxy for the directors, major shareholders, or shareholders who are associated with major shareholder.
6. Independently perform duty and express the opinion or report the Performance assigned by the Directors, and not being subjected to the executives or major shareholders or shareholder's relatives.
7. Not be or have not been auditor of the company, sub-company, co-company and major shareholder.
8. Not be or have not been any vocational service provider inclusive of consultant on law or financial which earn more than 2 MB per year.
9. Not engage in the same type of business and being a significant competitor for the company/sub-company

### Scope of Authority and Duty of the Board of Audit Committee

- 1) To ensure that the company disclose its accurately and adequately Financial Statements to public by co-operating with the Auditor and Director who is in charge with preparing a financial report quarterly and annually. The Audit Committee may suggest the Auditor to examine or investigate any matters are considered necessary and important during the auditing period.
- 2) To review the company's internal control system and internal audit system to ensure that they are suitable and efficient, to attend a non- management meeting with an auditor at least once a year , to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit ;
- 3) To review the Company's compliance with the law on securities and exchange , the Exchange's regulation, and the laws relating to the Company's business;
- 4) To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration by taking into consideration the creditability, personnel sufficiency, work volume of auditing firm as well as experience of the personnel to be appointed as company's auditor.
- 5) To review and ensure if the connected transactions or the transactions that may lead to conflicts of interests are in compliance with the laws and the Exchange's regulations, reasonable and created highest benefit to the Company;
- 6) To prepare, and to disclose an Audit Committee's Report in the Company's Annual Report which must be signed by the Audit Committee's Chairman. The Report must consist of :
  - an opinion on the accuracy, completeness and creditability of the Company's Financial Report,
  - an opinion on the adequacy of the Company's internal control system ,
  - an opinion on the suitability for an Auditor and reasons to believe that the company's Auditor is appropriate to be re-appointed for another term.
  - an opinion on the compliance with the law on Securities and Exchange, the Exchange's regulations, or the laws relating to the company's business,
  - an opinion on the transactions that may lead to conflict of interests,
  - the number of the Audit Committee Meetings and the attendance of such meetings by each committee member,

- an opinion or overview comment was received by the Audit Committee from its performance of duties in accordance with the charter, and
  - other transactions which, according to the audit committee's opinion, should inform to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors.
- 7) To conduct other tasks as instructed by the Board of Directors where as agreed by the Audit Committee, i.e. to make revisions on financial policies and risk management, make revisions on compliance with business ethics, make co-revisions with company directors on important issues which need to be disclosed to public stated by laws, for instance, report and analysis of management team.

### Scope of Authority and Duty of the Managing Director

- 1) To direct and oversee the administration and the management to be in accordance with policies, plans and budget approved by the Board of Directors or the Board of Executive Committee and report the company performance to the Board of Directors or the Board of Executive Committee consecutively.
- 2) To consider the suitability of an annual budget allocation prepared by the Board of Executive Committee prior to propose to the Board of Directors.
- 3) To authorize an approval on the overall purchase and the expenditure on general matters as stated in the Company Authority Table.
- 4) To consistently evaluate the company operation in order to prevent risks from various factors inside and outside the company.
- 5) To authorize the issuance of orders, regulations, announcements, memorandum so that the company is operated in compliance with the policy or for company's interest.
- 6) To provide an authority and/or to sub-authorize to other persons to carry out specific task. Such sub-authorization shall be under the scope of authorization as stated in the given power of attorney and/or shall be comply with the regulations, specifications or order stated by the Board of Directors and/or the company.
- 7) To implement other tasks as periodically instructed by the Board of Directors or the Board of Executive Committee.

However, the Managing Director is not entitled to approve any matters that might be of a conflict of interests or conflicts to himself or other party or may cause any beneficial conflicts what so ever with the company or subsidiary company.

### The Company's Secretary

The Board of Director had appointed Mrs. Chankapaw Dissakul, education: Master Degree in Business Management from the Emporia State University, USA. Major in Financial and Marketing. She got certificate from attending the Company Secretary Program of IOD No. 47/2012, to be the Company's Secretary which has duties as follows.

## Scope of Duty of Company Secretary

- 1) Advice Directors regarding laws, rules and regulations related.
- 2) Ensure the company follows the laws, rules and company's regulations related to good corporate governance.
- 3) Set up meetings as required by rules and regulations, prepare and keep Directors' Record, Invitation Letter for Board of Director Meeting, Minutes of Board Meeting and Annual Report together with Invitation for the Annual General Meeting of Shareholders and the Minute of AGM in fully secure and effective.
- 4) Disclose information and news to SEC and/or SET as required by law and regulations.
- 5) Contact and communicate with the shareholders, SET and SEC
- 6) Support and being an assistant to the new Directors in order to find and provide necessary information and courses that could be value added to director jobs
- 7) Other tasks as requested by the Board of Directors.

## Executive Remuneration Remuneration in Cash

### Remuneration for the Board of Directors

In 2014 and 2015, the remuneration of directors can be summarized as follows:

Name of the Directors	Position	2014			2015		
		Meeting Allowance (Baht)	Gratuity (Baht)	No.of Attendance BOD;AC	Meeting Allowance (Baht)	Gratuity (Baht)	No.of Attendance BOD;AC
1. Pol.Gen, Dato'Prung Boonpadung	Chairman of the Board of Directors, Independent Director and Chairman of the Audit Committee	40,000	540,000	4/4;4/4	40,000	540,000	4/4;4/4
2. Mr. Aree Poomsanoh	Director, Vice Chairman of the Board of Directors	20,000	300,000	4/4	20,000	300,000	4/4;4/4
3. Mr. Taweesak Wangkorkiat	Director	20,000	300,000	4/4	20,000	300,000	4/4;4/4
4. Mr. Theera Poomsanoh	Director	20,000	300,000	4/4	20,000	300,000	4/4;4/4
5. Mrs.Chankapaw Dissakul	Director	20,000	300,000	4/4	20,000	300,000	4/4;4/4
6. Mr.Songphol Annanon	Independent Director & Audit Committee	40,000	450,000	4/4;4/4	30,000	450,000	3/4;3/4
7. Mr.Nadith Rodphet	Independent Director & Audit Committee	40,000	450,000	4/4;4/4	40,000	450,000	4/4;4/4
<b>Total</b>		<b>200,000</b>	<b>2,640,000</b>		<b>190,000</b>	<b>2,640,000</b>	

## Executive Remuneration

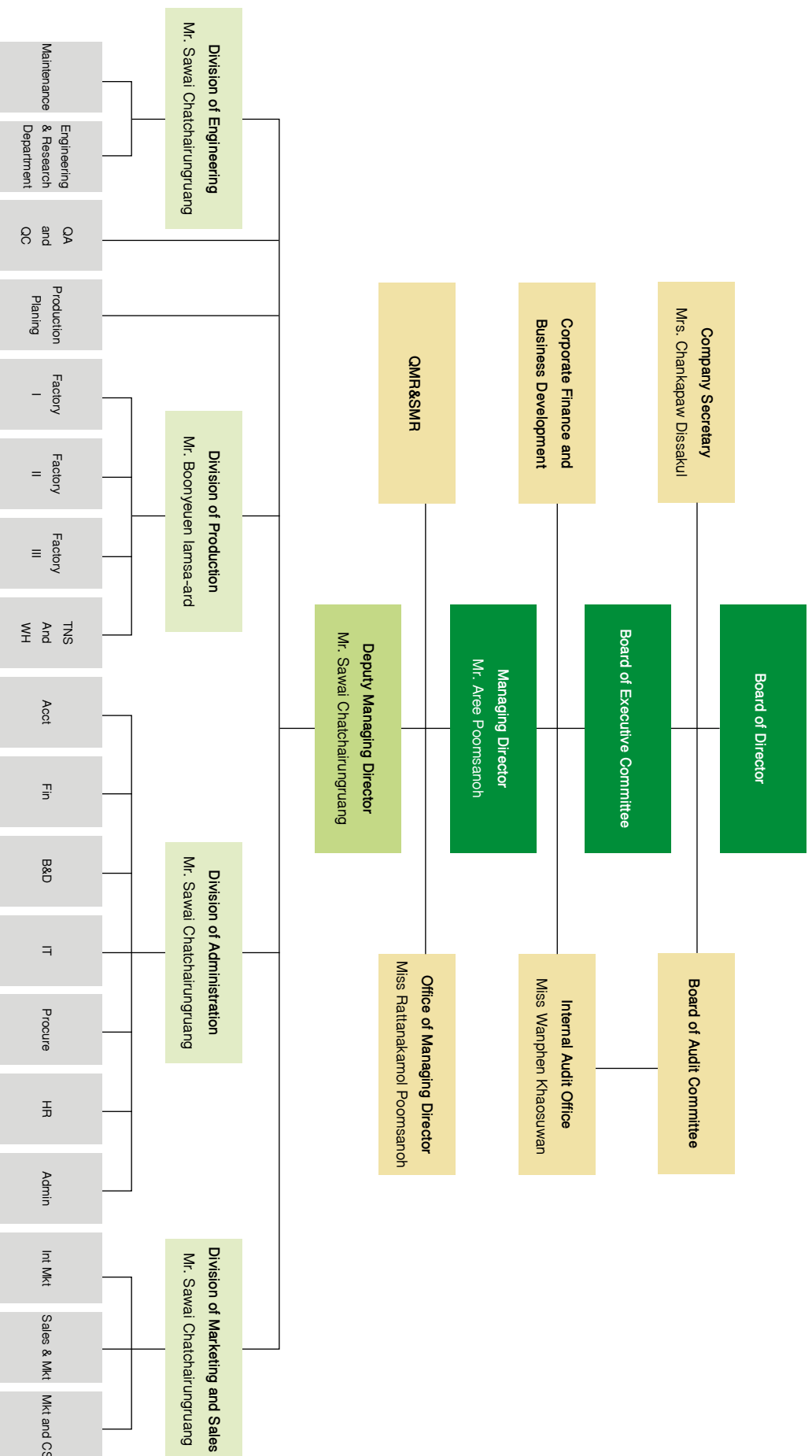
In 2013-2015 The executive remuneration is summarized as follows:

Type of Remuneration	2013	2014	2015
Salary	19,358,000	18,278,000	18,192,000
Incidental benefit	-	364,325	410,500
Other	494,352	488,352	534,172
<b>Total</b>	<b>19,852,352</b>	<b>19,130,677</b>	<b>19,136,672</b>
<b>Number of Executive</b>	<b>9</b>	<b>8</b>	<b>8</b>

**Note :** As of 31 December 2015, The Company has 4 Executive Managements and 4 Executive Committee.  
Other Remunerations consists of ESOP-1 and Provident Fund.

# ORGANIZATION CHART

## Organization Chart C.I. Group Public Company Limited



# BOARD OF DIRECTORS AND EXECUTIVES

## Board of Directors



**Pol.Gen.Prungr Boonpadung**

*Age 67 years old*

*Chairman of the Board of Directors*

*Independent Director*

*And Chairman of the Audit Committee*

**% of share holding** : -none-

**Highest Education** : Master of Public Administration (MPA)  
National Institute of Development Administration (NIDA)

### **Working Experience**

- Chief of Royal Court Security Police
- Deputy Commissioner General : Royal Thai Police
- Commissioner Special Branch : Royal Thai
- Commissioner Provincial Police Region 9 :  
Royal Thai Police
- Commissioner Provincial Police Region 5 :  
Royal Thai Police
- Board of University Council :  
Suan Sunandha Rajabhat University
- Chairman of the board of Promotion Committee :  
Suan Sunandha Rajabhat University
- Police Sub-committee : Human Resources Department
- Chairman of the Ethic Subcommittee :  
The House of Representatives

### **Other current positions**

- Chairman of the Board and Chairman of the Audit Committee : C.I.Group Public Company Limited
- Advisor : The Foundation of Thai-Chinese International School

### **Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 90/2011
- Role of the Chairman Program (RCP) Class 27/2012
- Ethical Leadership Program (ELP) Class 2/2015
- Advanced Audit Committee Program (AACP) Class 21/2015
- Anti-corruption in Thailand : Sustaining the Momentum
- Director Forum 1/2015 : IT Governance
- Chairman Forum : Chairman's Role in Building Independence across the Board



**Mr. Aree Poomsanoh**

*Age 61 years old*

*Vice Chairman of the Board*

*And Chairman of the Executive Committee*

**% of share holding** : 9.43 %

**Highest Education** : B.B.A. (Administration),  
Sukhothai Thammathirat Open University

### **Working Experience**

- Chairman of the Board : C.I.Group Public Company Limited
- Director : Sirakorn Company Limited
- Director : AC Square Energy Company Limited
- Director : A.S.A. Property Company Limited
- Director : A.S.A. Real Estate Company Limited

### **Other current positions**

- Vice Chairman of the Board  
Chairman of the Executive Committee  
and Managing Director : C.I.Group Public Company Limited
- Chairman of the Board : De Lamai Company Limited
- Director : A.S.A. Karnchang Company Limited
- Director : V&A High Tech Company Limited
- Director : C.I.G.(Thailand) Company Limited

### **Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 27/2004
- Role of the Chairman Program (RCP) Class 14/2006
- Role of the Compensation Committee (RCC) Class 8/2009
- Corporate Governance for Executives (CGE) Class 5/2015



**Mr. Taweesak Wangkorkiat**

*Age 64 years old*

*Directors and Member of the Executive Committee*

**% of share holding** : 3.53 %

**Highest Education** : B.S., Faculty of Industrial Technology,  
King Mongkut Institute of Technology, North Bangkok

**Working Experience**

- Director and Member of the Executive Committee :  
De Lamai Company Limited

**Other current positions**

- Director and Member of the Executive Committee :  
C.I.Group Public Company Limited

**Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 27/2004



**Mr. Theera Poomsanoh**

*Age 59 years old*

*Director and Member of the Executive Committee*

**% of share holding** : 1.39 %

**Highest Education** : M.B.A. (Marketing), National Institute  
of Development Administration

**Working Experience**

- Managing Director : C.I.Group Public Company Limited
- Director : AVV Company Limited
- Director : AC Square Energy Company Limited

**Other current positions**

- Director and Member of the Executive Committee :  
C.I.Group Public Company Limited
- Director and Member of the Executive Committee :  
De Lamai Company Limited
- Director : MDICP Holdings Co., Ltd.
- Director & Secretary : Air-Conditioning & Refrigeration  
Group The Federation of Thai Industries
- Director : North East Consultant Ltd.
- Director : C.I.G.(Thailand) Company Limited

**Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 27/2004



**Mrs. Chankapaw Dissakul**

*Age 50 years old*

*Director and Member of the Executive Committee*

**% of share holding** : 0.08%

**Highest Education** : M.S. (Financial/ Economics/ Business Administration) Emporia State University, USA

**Working Experience**

- General Manager/ Marketing Manager/  
Administrative Manager : C.I.Group Public Company Limited
- Director and Executive Committee :  
De Lamai Company Limited

**Other current positions**

- Director and Member of the Executive Committee :  
C.I.Group Public Company Limited
- Company Secretary : C.I.Group Public Company Limited

**Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 60/2006
- Company Secretary Program Class 47/2012
- Ethical Leadership Program (ELP) Class 1/2015
- Director Forum 1/2015 : IT Governance



**Mr. Songphol Annanon**

*Age 45 years old*

*Director and Member of the Executive Committee*

**% of share holding** : -none-

**Highest Education** : MSA in International Business, Central Michigan University

**Working Experience**

- Partner : Dr.Ukrit Mongkolnavin Law Office
- Senior Lawyer : Dej-Udom & Associates
- Lawyer : Chongchai Teangtham Law & Accounting Office
- Lawyer : Chairapee Law Office

**Other current positions**

- Audit Committee : C.I.Group Public Company Limited
- Audit Committee : Scan Global Public Company Limited
- Director : Annanon Law Office
- Senior Lawyer : Punyariddhi Law Office

**Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) class 90/2011



**Mr. Nadith Rodphet**

*Age 46 years old*

*Independent Director and Audit Committee*

**% of share holding** : -none-

**Highest Education** : MBA, Thammasat University

**Working Experience**

- Country Finance Manager : Avanade (Thailand) co.,ltd
- Internal Audit Manager & Financial Controller : Millennium Auto Group
- Finance Director : SME Trade Promotion Company Limited
- Business Manager : Metro Infinium (Thailand) Company Limited

**Other current positions**

- Audit Committee : C.I.Group Public Company Limited
- Audit Committee : Scan Global Public Company Limited
- Financial Controller : Netizen Company Limited

**Certified from Thai Institute of Directors (IOD)**

- Director Accreditation Program (DAP) Class 90/2011

## Executive Management



---

**1. Mr. Aree Poomsanoh**

---

- **Position** : Managing Director and Chairman of the Executive Committee
- **Highest Education** : B.A. (Administration),  
Sukhothai Thammathirat Open University



---

**2. Mr. Sawai Chatchairungruang**

---

- **Position** : Deputy Managing Director and President of  
Corporate Finance and Business Development
- **Highest Education** : M.S (Accounting),  
Chulalongkorn University



---

**3. Miss Rattanakamol Poomsanoh**

---

- **Position** : Assistant to Managing Director
- **Highest Education** : B.Eng. (Computer),  
Assumption University



---

#### 4. Mr. Boonyeuen Iamsa-ard

---

- **Position** : Division of Production Manager
- **Highest Education** : High Vocational Certificate (Business Computer),  
College of technology, Laem Thong



---

#### 5. Mrs. Saowakon Udomrat

---

- **Position** : Accounting Department Manager
- **Highest Education** : B.S. (Accounting), Sripatum University

# CORPORATE GOVERNANCE

The Board of the C.I. Group Public Company Limited has emphasized the good governance practices to ensure the constant growth and development of the business. The company has embraced and complied with the Code of Best Practices in accordance with the Stock Exchange of Thailand. The company also encourages all members of the Board to be trained the Director Accreditation Program (DAP) held by the Thai Institute of Directors (IOD).

Under the Principle of the Good Corporate Governance, the company has provided the internal auditor office which is responsible for supervising the business in just and fair manner with all parties.

## Corporate Governance Policy



The Board of Directors has intention to support and push the company to be effective, corporate governance and management organization by which aim to create high return to shareholders and all stakeholders, to do business with merit transparency and verifiable. Therefore, the company has set the significance of the Principle of Good Corporate Governance for the Board of Directors; Executive Management; Management and staffs to be used as method by embracing the following;

1. The Board of Directors will perform their duties with high attention and responsibility; independence and define clearly between roles of President of the Board of Directors and President of the Board of Executive Committee.

2. The Board of Directors have an important roles in set vision, strategies, policy and important plan which must consider on risks in order to implement an appropriate method of doing business together with must ensure that the company's financial system and accounting audit are reliable and accepted.

3. The Board of Directors shall be leader in ethic, a role model on CG's behavior of the company and shall monitor on conflict of interest management and related items.

4. Board of Directors may set up a committee to decide on important issues.

5. Board of Directors must evaluate themselves for ease of auditing.

6. Board of Directors will set up Ethics Code of Conduct for management and all employees.

7. Board of Directors must disclose financial and non-financial data in a timely and equally manner for all shareholders and stakeholders.

8. Board of Directors must ensure that all shareholders are treated equally and have access to necessary information and provide suitable means for them to contact the company.

9. Board of Directors must set up a fair and transparent system for management recruitments.

10. Operate business in accordance with applicable law, regulation, rule and requirement set out by Stock Exchange Committee (SEC), requirement of the Stock Exchange of Thailand, and comply with the resolution of the shareholder meeting.

11. Prevent the company from entering into the conflict of interest which may occur among the companies, establish confidences with the shareholder under the transparent and verifiable tradeoff approach.

12. The Board of Directors consist at least no less than three independent committees.

13. Provide the evaluation and risk control appropriately.

14. The Board of Directors should hold a meeting at least on quarterly basis regularly and special meeting is allowed to be held when necessary. The meeting agenda should be designed in advance pursuant to the company's regulation so that the Board members have enough time to examine the information prior to the meeting.

15. The Board of Directors must be consisted of many variety of qualifications including skills, experience and expertise in guiding the company. The Board of Directors must also consisted of at least one directors who are not involved or associated with the core business of the company.

The company, in good faith, assumes that Good Corporate Governance is useful administrative guideline and honestly values its principles and compliance in term of corporate responsibility equitably to those related parties. For examples, the company clearly defines the competency and responsibility for the Board of Directors, Audit Committee, and Executive Committee and Managing Director.



## Leadership and Vision

The Board of Directors consists of a group of competent responsible persons who play important role in supervising, auditing, and evaluating the company performance, honestly responsible for pursuing the company in compliance with applicable law, regulations and shareholder meeting resolution, overseeing the administrative affair of management in pursuit to policy, goal, and designated budgets effectively and efficiently.



## Conflicts of Interest

To avoid the interest conflict which may occur among the Board of Directors, executive, and employees, the company declares the following guidelines;

1. The Directors shall neither operate nor engage in nor partake as shareholder or partnership with any juristic person operating the similar business or competing with the company, unless informed in the shareholder meeting prior to appointment resolution.

2. Executive and employees shall neither use internal information for their own exploitation in buying and selling the company's stock, nor disclose the third party or any concerned persons the internal information that jeopardizes the shareholders.

3. Executives and employees shall not utilize their position or acquired information to operate activity or any business relevant to company business to compete.

4. In case that the company and its affiliates have some related transactions or acquired the crucial corporate assets sold, the Board and the Management shall conduct a meeting for such respective matter carefully, honestly and reasonably for the sake of the optimum interest of the company and overall shareholders. The Directors or executives who are stakeholders concerning such a case are required to leave the Board meeting and disclose the information through channels so that the stakeholders can be advised thoroughly and equitably.

## Business Ethics

The company policy has exercised the disclosure of the performance of the Board and employees to customers, trade partners, society and related persons explicitly, and embraced the Best Practices honestly, justly and equitably. The company pursues the performance and concerned matters in accordance with the policy and ethics regularly, including to disciplinary punishment.

## Balance of Power for Authority of Non-executive Directors

The company currently has overall 7 directors, composing of 4 executive committees and 3 independent committees who have real independence out of the Management and have neither business relationship nor any other kinds of relationship with the company. This is to ensure of the autonomy and neutrality of the Board in respect of governance.

## Control Over Affiliates and/or Subsidiaries

When the company decided to invest in a subsidiary or affiliate, the company will control by ensuring of taking one board seat of directors as per portion of investment allowed.

### Approval of related transactions

For related transactions, they must be necessary and sound for the best interest of the company

A future related transaction depends on the reasons and necessity. Paying and receiving remunerations must comply with market or fair value and an approval from the audit committee is required.

### Related transaction policy

For future related transactions, Directors may not approve any transactions that he or she may have conflict of interest and must disclose such transaction to the Audit Committee to see if they are commercially sound and within the fair value to the Board of Directors.

Moreover, the company will follow rules and regulations set out by the Stock Exchange Commission (SEC) and will disclose all related transactions including acquisition and sale of important assets in subsidiary and joint ventures.

## Surveillance of Internal Information Use

To protect the exploitation and misappropriation of undisclosed internal information, the company requires that the members of the Board, executives and their spouse or immature dependents shall not make use of the company's internal information undisclosed to the public for their own purpose of buying, selling, transferring, or being assigned of the corporate assets prior to date of public disclosure or one month before public disclosure of the financial statement. This is to permit the transparent administration and the benefit of all concerned parties.

Regarding to buying, selling, transferring, or being assigned of the company's securities, the Directors and executives shall report the change in the possession of assets to the Stock Exchange Committee (SEC), and Stock Exchange of Thailand, pursuant to the requirements provided by the Stock Exchange Committee (SEC). Also, a copy of such a report shall be filed to the company secretary as a documentary proof.

## Governance in other areas

The company follows good corporate governance as stated by the Stock Exchange of Thailand apart from the aforementioned areas such as internal audit, social responsibility, risk management which will follow.

The company focuses on internal audit in management and operation level and set up rules and clear operating practices. Clear responsibility and scope of authority are clearly written to separate the operating personnel, evaluators and controllers from one another so that a balance can be maintained. Moreover, a financial system control is in place. Financial reports will be sent to related persons.

### Shareholder's Right

The company treats all shareholders equally within widely accepted standards. Shareholders have the right to buy, sell and transfer securities they own freely. They have the right to receive dividends, attend shareholders meetings, propose agendas, nominate persons as Director Candidacy, express opinion in shareholders meetings and take part in decision making on important issues such as Director Appointment, approval of important transactions, alter company register and regulations. Shareholders have the right to vote according to the number of shares they own. Each share equals to one vote and no other shares have extra privilege than that of others.

As the owners, the shareholders are entitled to dictate the company's direction or decide on matters of significant impacts. Shareholder's Meetings therefore serve as their key forums for the expression of views, asking of questions, and voting, apart from election of directors to supervise operation on behalf of the shareholders. Shareholders are entitled to attend shareholders' meetings, take adequate deliberation time, and acknowledge meeting minutes.

## Shareholders' Meetings

### Program of Shareholder's Meeting

The company sets to have Annual General Meeting of Shareholders once a year within four months of the annual closing date of its accounting books. For urgent matters that affect or involve the shareholder's interests or involve conditions, regulations, and laws that require the shareholders' approval, it calls an extraordinary meeting of the shareholders.

In the year 2015, the AGM was held on April 20 at 13.30 hrs. at Meeting Room No.2, Queen Sirikit National Convention Center 60 New Rachadapisek Road, Klongtoey, Bangkok 10110, Thailand. No extraordinary meeting was held this year.

### Meeting Notice in Advance

For the 2015 AGM, the Board of Director's meeting No.1/2015 on Saturday 28<sup>th</sup> February, 2015 decided to call a shareholders' meeting on Monday 20<sup>th</sup> April, 2015, its decision, meeting date, meeting agenda was disclosed in details ahead of time by announcing on SET's website to alert the shareholders before sending meeting notices.

The company assigned Thailand Securities Depository Co., Ltd. (TSD), its securities registrar, to mail meeting notices together with details of the agenda and accompanying documents, supplementary and supporting information for decision making, opinions of the board, complete minutes of the past meeting, the Annual Report, meeting documents, proxy forms with complete instruction, to the shareholders more than 7 days ahead of the meeting date. Also, Three days ahead of the meeting, the invitation was announced through newspaper for three days, to allow the shareholders enough time to prepare for the meeting.

The AGM meeting notice and supporting documents were made available at CIG's website 30 days prior of the meeting date.

### Organize of the Meeting

Before each meeting, the secretary of the meeting introduces the directors, management team members, the external auditor and the legal adviser who acts as a moderator. After explaining the company's rules on voting and vote counting for individual agenda items, the chairman must clearly address how to vote on each agenda item. Once information has been provided for each item, the chairman gives the floor to all attendants to express opinions or recommendations and ask questions, giving adequate time for debate. The chairman and the management are to address and answers all questions clearly and precisely, treating all questions with due respect. For the election of directors, individual votes are required.

The chairman ensures that the meeting proceeds according to the order of the agenda and does not add an item without notifying shareholders in advance. If the meeting should decide to change the order of the agenda, it would need at least two-thirds of the vote of the shareholders in attendance. Alternatively, the shareholders with at least one-third of all the sold-shares may ask the meeting to consider other matters not mentioned in the meeting notice. At the 2015 AGM, the order of the agenda was not changed and there was no request to consider any other matter.

The minute of the meeting must be completely and accurately recorded. Voting completes each applicable agenda item. As a rule, shareholders' meetings last 2 hours. The 2015 AGM began at 13.30 hrs, with registration beginning at 12.00 hrs. At the meeting's opening, the shareholders and proxy holders in total of 119 shareholders which holding 314,449,040 shares or 36.36% of the total shares sold, which exceeded one-third of all the sold shares of 864,768,632 shares.

### Disclosure of Shareholders' Meeting Outcomes

For the year 2015 AGM, the company duly submitted the summary of resolutions made to SET and the SET Board within the afternoon of the date of the meeting (April 20th, 2015). It also duly submitted the report of the shareholders' meeting with minutes, voting records, and every question raised by shareholders to SET and the SET Board within 14 days after the meeting which also could be access via the company's website.

## Equitable Treatment of Shareholders

The company treats all shareholders fairly despite different shareholding proportions and thus different voting proportions. The fundamental rights of the shareholders are conserved regardless of their gender, age, origin, nationality, religious belief, physical impairment or political inclinations. At the AGM, the company has set staffs to take care and services shareholders. For any activity of the company, it will also open opportunities to everybody without any condition.

### Proposing Additional Meeting Agenda Items and Nominating Directors

To enable minor shareholders to earnestly take part in business operations and auditing, the company has defined the criteria and consideration process for entitling them to propose meeting agenda items and/or nominate directors in advance to deliberate agenda items that could be useful to the company, including the selection of qualified directors to perform their duties efficiently in the best interests of the shareholders and all stakeholders alike. In practice, the company gives a right to one shareholder or shareholders with a combined holding of at least 5% of sold shares and paid-up shares of the company not less than 12 months to propose agenda items or nominate qualified directors before the AGM during the last quartet of the last year.

For the AGM of year 2015, the company posted such criteria on its website and posted an announcement on the website of SET from 24 September to 30 December 2014, so that the shareholders could propose meeting agenda items and/or nominate directors in advance. However, it attracted no recommendation of such agenda items and no nomination of directors, and the Corporate Secretary has duly informed the Board meeting on the matter.

### Facilitating Shareholders at the Meeting

For the year 2015 AGM, the company facilitated all shareholders by manning officers to welcome and take care of them, and provided adequate convenience. The meeting venue was well chosen to facilitate all shareholders. Officers were set to verify documents. On the meeting days, registration opened 2 hours ahead of the meeting and extended until the period before the last meeting agenda. A barcode system quickened registration. Finally, the shareholders had access to a reception and fell free to have some snacks which the company had set for treating them.

Since most of the shareholders attending the meeting were Thai, each meeting was conducted in Thai. However, for the benefit of foreign shareholders, the company commissioned the translation of shareholders' meetings, supplementary documents and other relevant documents in English.

## Appointing Proxy

To maintain the rights of shareholders who cannot attend the 2015 AGM in person, they can appoint proxies or delegate their votes to the assigned independent director of the company in attendance. To this end, the company has specified these independent directors' name in proxy form defined by the Ministry of Commerce for voting on behalf of shareholders without conditions. The company shall treat proxies as if they were shareholders. Thirty days ahead of each meeting, the company discloses the proxy form, which is attached along with details and procedures on its website. Shareholders may make further inquiries about this by phone or other channels such as the company's website or e-mail.

## Stakeholder's Role

The company has valued the significance of privilege of all stakeholders in respect of maintaining the company's interest and the benefit, right and equitability of shareholders and stakeholders which include company's shareholder, employee, trade partners, customers, competitor, social and environmental setting as follow;

### Shareholders

The company directors are dedicated to work with transparency and honesty for the best interest of shareholders and promote long term value creation for all shareholders. All information that might affect the share prices and/or important decision makings must be disclosed in a timely manner.

### Employee

All employees are vital to the business. The company acknowledges the importance of all employees, providing equality, giving equal benefits, promoting teamwork and respect human rights. The company tries its best to provide good and safe working environment, giving attractive remuneration, proving good welfare and technology necessary to support their work. Moreover, the company tries to prevent any sexual harassment and provide all the rights to employees to comply with the labor laws.

The company believes that the company's growth depends on high quality personnel. Therefore, the company has a policy to develop and improve management system and promote human resource development so that their potentials are maximized. The company is trying its best to become a high performance organization so that it maintains its competitiveness and adaptability to changes.

## Guidelines

- 1) The company treats all employees with equality without origin, race, sex, age, skin color, religion, disability, wealth, status, education or other discriminations.
- 2) The company gives equal opportunity for all employees to work and provide suitable remuneration with positive motivation such as salary, bonus, and other benefits according to the company's regulations while providing long term and short term training.
- 3) All employees must dedicate themselves to their duties and responsibilities with good attitude, honesty and ethics. They must not directly or indirectly transfer their responsibilities or duties to other persons unless it is necessary to do so.
- 4) All employees must work according to their line of command. In most cases, they must receive orders or instructions from their direct manager. They should avoid criticizing their direct manager or other employees that might cause damages to such person or to the company. All employees should be open to opinions of subordinates, managers and colleagues without bias or prejudice.
- 5) All employees may use company resources, venue and other facilities in their work. They must not use company resources, venue or other facilities for their own use.
- 6) Employees must be polite, dress property and comply with local customs without creating bad image or impression to the company.
- 7) Employees may use the name and their title for charity use that the company is involved but they must not use the name and title for their own benefits.
- 8) Employees should cooperate with company's activities to promote team work or good causes.
- 9) Employees must not cause troubles, irritations, confrontation or disturbance, sexual harassment to other employees or other persons.
- 10) The company promotes employee's rights according to labor laws.

## Business Partner

The company pays great attention to business partners which are important stakeholders. The company treats all business partners equally based on fair competition with respect and mutual cooperation. The company maintains business relationship and honors all contracts. Purchasing system is carefully monitored and transparent for auditing.

### Guidelines

- 1) Company's purchasing department considers the needs, price and quality of products or services it tries to acquire. Purchasing procedures must comply with the company's rules and regulations with transparency. Information is equally distributed to all suppliers without bias or special treatments to promote fair competition. Procurements are based on international practice with careful consideration and suitable for each situation while complying with the laws and regulations applied to governmental sector.
- 2) The company promotes equality to all suppliers and among themselves. The company allows adequate time for suppliers to prepare paper works and quotations to the company.
- 3) Employees must not ask for any benefits or compensations in procurement process and must remain neutral. They must maintain business ethics and avoid conflict of interest with the suppliers.
- 4) Purchasing department and related employees must gather all evidence such as approval, quotation, negotiation papers or contracts for future reference.
- 5) The company must comply and honor all contracts. In case that the company is unable to fulfill the contract, related employees must notify the management in order to seek remedial actions.
- 6) All employees related to purchasing or procurement is responsible for good governance between the company and suppliers in a sustainable basis.

## Creditor

The company will act as a good debtor, taking into account the interests of both parties and strictly comply with the conditions of creditors.

### Guidelines

- 1) Strictly comply with contract terms with creditors in terms of payment and other terms which have been agreed with creditors
- 2) Disclose financial information to creditors according to the contracts in a timely manner.
- 3) Notify creditors in case of non- compliance with the terms of the contract and try find solutions to such problems.

## Customer

The Company focuses on the satisfaction of its customers who buy goods and services from the company with fair pricing, quality, commitment to product development and provide safe, fast and comprehensive quality to continuously meet customer needs.

The company utilizes quality management system, Security, safety, health and environment in the operation to focus on quality management process to deliver products and services to create customer satisfaction. The company put safety as the first priority by adopting standards such as ISO 9001:2008 / CSA / UL into practice.

The company applies customer management and marketing consistent with the vision and mission of the company to meet the needs and expectations of a wide range of clients.

The Company's process of listening to our customers includes 1) direct contact via channels such as common meetings, training, seminars, etc. 2) contact through media channels such as phone, fax, website and Social Network etc. 3) satisfaction survey covering all segments. Different data from each channel will be analyzed so that the company is aware of customer's needs for future design and development of products.

The Company implements complaint handling process in the event of customer dissatisfaction on the services or products via channels for complaints mentioned above. All customer complaints will receive an initial response within 7 days and a response on expected remedial actions will be given to the client. Progress of remedial actions will be communicated to the client from time to time. Upon completion of the corrective actions, the client will be informed in order to maintain customer confidence in the company.

## Competitor

The company operates within the framework of the principles of fair competition and does not violate the rights of competitors. Competition by way of capitalism liberalization in business will be conducted fairly. No misrepresent, fraud or invalid claims will be used in such competition.

## Guidelines

- 1) The company operates in a free market. Business operations will conform with fair competition without false claims to competitors.
- 2) Company supports the commercial competitors to the benefit of consumers. Cooperation between the Company and competitor must not be for the exclusive allocation of revenues and market share. Reducing the quality of products and services and manipulation of pricing of products and services will cause a negative effect on consumers as a whole. Personnel of the Company must be careful when dealing with competitors staff of all competitors and not to disclose confidential information to competitors.

## Community and Society

The company is a part of society. Thus it is responsible for developing and gives back to the community and society as a whole. For the company's sustainable growth based on the development of social policy, the company is committed to the community and social activities focusing on the development of society, the environment and conserve natural resources, supporting religion including education of young people and support activities in the community.

## Respect for International Human Rights Principles

The company requires all its directors, the management, and employees observe laws, customs, and culture which differ in each country that the company invests in and strictly respect international human rights principles under the Universal Declaration of Human Rights; it does not condone its violation.

### Guidelines

- 1) Employees must understand and comply with all laws related to their duties and responsibilities.
- 2) Employees who are required to work in foreign countries should study local laws, customs and cultures of the countries they are visiting so that all products, samples and equipment, documents and operation procedures comply with local laws and customs.
- 3) The company must comply with international human rights guidelines and must educate its employees while avoiding activities that violate them.

## Intellectual property or copyright and the use of information/communication technology and communications

The company encourages employees of the company to use Information Technology and communication to enhance the understanding outside parties for the benefit of the company. They must carefully use such technology and respect the rights of intellectual property owners.

### Guidelines

- 1) The company encourages employees to use the internet to work related matters. Employees must not interfere with the system and others in the office. They must not use the computer system of the company to publish information that is not suitable to customs and traditions or violates the laws, such as damage to reputation and assets. The possession of pornography and forwarding abusive mails or personal advertisement are also prohibited.
- 2) Employees must use licensed programs. Should they work on external computers, they must verify the required licenses and inform the management. They must not install or use illegal programs in the company.
- 3) Employees must protect their own password and never tell anyone. They should not use suspicious websites which may be harmful to the company's computer system.

- 4) In case that the employees require external user to use the company's computer system, they should oversee all the usage and they must be responsible for any damages that might result from such use.
- 5) The company will check, search, track, investigate and control use of Information technology system of the company for security and safely purposes.

## Employee Safety and Welfare

The employee's welfare and safety on workplace has been emphasized by the company. Not only having provided the employees with general health insurance and special welfare for those employees who work under the risk situation or risky area, the company also requires that employees who are assigned to perform duty in high risky area and supervisors at every level in the organization shall be trained on the workplace safety in accordance with the workplace safety law, Ministry of Labour. This is to enhance the employees and supervisors of different work units to realize and manage their subordinators safely to avoid the accident or illness caused by working.

Currently, the company has set up the Workplace Environment and Bio-Hygiene Safety Commission, which included professional safety officials, management safety officials, and supervisor safety officials. All commission shall be trained on the work safety according to the curriculum provided by the Ministry of Labour, and responsible for coordinating, promoting, and enhancing the work safety area to employees. In addition, Enterprise Place Welfare Commission has been established aiming to take care of the employees, coordinate the understanding between the company and employees. Also, the company has partaken as member of the "White Plant" project to express the intention of the corporate social responsibility to cope with the proliferation of illicit drug problems which are currently spreading over the business places according to policy promoted by the Ministry of Labour.

## Receiving and Offering Customary Gifts, Assets or other Benefits

Giving and receiving gifts is essential for the company personnel to show they care or appreciate. However, it is unacceptable to offer and/or receive gifts, assets, or other benefits that may bring about obligation difficulties, affect decision making or eventually harm the company in any way. Bribery and corruption are strictly prohibited which will be complied with the related laws.

### Guidelines

- 1) Non-extravagant gifts, assets or other benefits may be given and received so long as they are moral, legal and it is a customary local practice. When either the given or the recipient have any doubts or believe that such gifts, assets or other benefits may not be appropriate, the gift shall be returned. If it cannot be returned, it shall be delivered to the Office or President and Corporate Secretary to be kept in their custody as the company property.
- 2) Ethical and legal gifts or assets of appropriate value may be received from persons with whom personnel have associated with if it is the general practice and there are no ulterior reasons. The Company personnel must not illegally accept gifts.

- 3) The Company prohibits its personnel and their family members at all levels, under any circumstances, to solicit or receive gifts, assets or other benefits from contractors, sub-contractors, customers, trade partners or other related parties, which may lead to unfair judgments, impair decision making or create conflicts of interest.
- 4) The Company personnel are responsible for reporting and gifts, assets or other benefits they have received. The Company shall frequently communicate its policies related to giving and receiving gifts, assets or other benefits to its contractors, sub-contractors, customers, and trade partners.
- 5) The Company personnel shall not offer bribes or other similar benefits to other company personnel or outsiders, especially government officials. When offering gifts, assets or other benefits to government officers in Thailand and other countries, it must be ensured that such offerings or not against the local law and customs.

## Disclosure of Information and Transparency

### Financial and Non-Financial Reports

The company trusts that disclosure of information is a key index of transparency, an important factor to create confidence among investors and stakeholders. Thus, it is important to control and set standard in disclosure of information in both financial and non-financial to be precisely correct and accurately align with the required laws and regulation. The information must include all major concern, is adequate, trustable and on-time both in Thai and English. Channels of disclosure information are through the Set Community Portal' system of the SET and SET Community Portal and through the company's website. The company strictly respects rules and regulations as set forth by SET, SEC and other government organization and following up all the changes (if any) at all time to ensure if the company's policies and regulations are correct including the standard set which could ensure shareholders' trust in our transparency, accuracy and accountability. The company also creates appropriate mechanism to receive complaints and fair treatment both for those who file complaints and those who have been complained such as:

- 1) Disclose information both financial and non-financial correctly, accurately and on-time.
- 2) Prepare Report of Directors' Responsibility on Financial Report together with Auditor Report in the company's Annual Report.
- 3) Set policy to make directors and managements to report all interests that are involved with interest of the company and affiliates of themselves and related person by having criteria and method of reporting as follows:
  - Report by the time of positioning as Directors and Management.
  - Report every time if the significant information have changed
  - Report every end of the year.

- In case the Directors retired by rotation which are chosen to be in the same position continuously, they do not need to submit new form if there is no change in the information reported.
  - The Directors and Management must submit Interests Report Form to the Corporate Secretary and the Corporate Secretary must submit the report form to the Chairman of the BOD and AC within 7 days after receiving the reports.
- 4) Disclose information of the directors' performance and number of attendance to the meeting individually.
  - 5) Clearly disclose operation structure and investment in affiliates and subsidiaries.
  - 6) Disclose the Director's remuneration of each director from acting as the Company's Directors.
  - 7) Disclose Compensation Policy for directors and executive managements in details.
  - 8) Report on Corporate Governance Policy and results of perform as per the policies.
  - 9) Disclose all significant investment projects and effects of investment through SET Community Portal of the SET and the company's website for investors, shareholders, mass media and related persons aware of the information thoroughly correctly and transparently.

## Investor Relations

The company has assigned the Central Management by the executive directors and MD to disclose the company's information and responsible for getting contact with the analysts and related investors. The company has focused the accuracy and transparency of the information disclosure for the benefit of the investors through the company website <http://www.coilinter.com>. If any questions relevant to disclosure or further information, they are recommended to contact the Central Management at call 02-976-5290 or via email: [secretary@coilinter.com](mailto:secretary@coilinter.com)

## Complaint-Filling and Access to Information

All stakeholders have equal access to the company's public information, including reporting of news and leads, whether inside the company or outside the company through the company's website, by phone, letter or e-mail to the Corporate Secretary Office:

- Tel: 0-2976-5290
- Web site: [www.coilinter.com](http://www.coilinter.com)
- E-mail: [secretary@coilinter.com](mailto:secretary@coilinter.com)

The queries, comment and recommendations will be forwarded to relevant units to take action through complaints management system. Follow-up on the action is done through e-mail. When completed, responsible units will notify the contact(s) person.

The company offers opportunities for the public to complain on improper behavior of directors, the management, and staffs or their violation of the company's business ethics through Internal Audit (Corporate Audit) and/or the Corporate Secretary Office. The company treats all complaints on the basis of equality, transparency and fairness to all concerned. An appropriate timeframe to consider the complaints is set and the secrecy and protection of those who file the complaints will be observed through the following channels:

- A. The Corporate Secretary : [secretary@coilinter.com](mailto:secretary@coilinter.com)
- B. The Corporate Audit (Internal Audit): [internalaudit@coilinter.com](mailto:internalaudit@coilinter.com)

For the year 2015, no complaints on ethics were made.

## Board Responsibility

### Segregation of the Chairman and the President & CEO Position

To segregate policy-making duties from those of day-to-day management and to enable directors to oversee, look after, and assess performance effectively. The company has required that the Chairman and the President & CEO are always two distinct persons. This is because the Chairman needs to oversee the management's performance, guide, and assist, but not to take part in or interfere with day-to-day management, which is the duty of the President & CEO under the authority delegated by the Board.

In addition, the Chairman must exercise leadership and ensure that directors do not fall under the influence of the management, partly by chairing Board meetings and shareholders' meetings fairly and efficiently, while encouraging participants to exercise their voting rights and strictly comply with good CG principles.

### Board Meeting

The company has policy that the Board of Directors shall convene the meeting at least every three months, and additional meeting is permitted when necessary. At any meeting, the agenda shall be predetermined precisely and the letter of meeting appointment shall be mailed seven days in advance so that the Directors shall have enough time to investigate the related matter and topics reasonably prior to commencement of meeting. The detailed discussion at the meeting shall be recorded in writing, and the Board-approved meeting report shall be retained and be verified by the Board and concerned persons.

Overall, the Board of Directors has held 5 meetings in the FY 2015 which are 4 BOD and 1 AGM. The directors could propose idea and opinion open and freely. For which agenda that may relate or has any conflict of interest to the directors, the said directors will not vote or even not attend the meeting during the agenda.

## Self-Assessment of the Board

The company has decided the self-assessment of the Committees to align with the company's CG principles which complied with the SET's. It was to be a vital tool for improving Board performance, provide reference data for the corporate governance rating, cover the assessment of all committees, as well as serving as information for the monitoring/assessment from external auditors. There are two types of self-assessment forms, Assessment of the Board and Assessment of individual Directors which must be filled independently (Self-Assessment). The Self-Assessment Form has criteria by calculating into percentage of each item's total point as follows:

Over 85% = Excellent

Over 75% = Very Good

Over 65% = Good

Over 50% = Fair

Below 50% = Need improvement

The findings from the self-assessments were as follows:

**Assessment of the Board** consisted of four categories:

1) Construction and Qualifications of Directors 2) Directors' Meeting 3) Roles, Duties and Responsibilities of the Directors 4) Other matters such as relationships with the Management, self-assessment and improvement of the Directors and the development of the Management.

Overall results were good for most directors, with an average score at 85.74%.

**Assessment of Individual Directors (Self-Assessment)** consisted of three categories:

1) Construction and Qualifications of Directors 2) Directors' Meeting 3) Roles, Duties and Responsibilities of the Directors.

Overall results of the three categories indicated excellent conformance by most directors, with an average score at 78.75%.

## Assessment of the Audit Committee's Performance

Under the company's Audit Committee Charter 2013 on performance assessment, the Audit Committee Manual for State Enterprises under the Ministry of Finance, and SET's Good Governance handbook for internal auditors and the audit committee section 1.1: responsibility of the Audit Committee, the Audit Committee must assess its performance by undertaking self-assessment at least once a year. The individual self-assessment or the entire Committee's assessment is presented yearly to the Board, specify in problems leading to unfulfilled objectives. The Audit Committee's meeting No.1/2015 on 28 February, 2015, passed a resolution to use the assessment form since it conform to the good governance stipulated by SET, with a waiver of cross-assessments because there were only three audit committee members. The Audit Committee's Meeting No. 1/2016 dated 29 February, 2016, passed a resolution to approve the assessment of the Audit Committee's performance 2015 with the following details:

Assessment of the entire committee consisted of the structure and composition/ role and responsibilities/ relationship with the Office of Corporate Audit and the external auditor/ relationship with the management/ reporting / quality consistency.

The assessment criteria were 3 = regularly implemented 2= sometimes implemented 1 = not implemented

The result of the assessment of the entire Audit Committee was at the regularly implemented level.

## Directors and Executive Remuneration

The competitive and reasonable remuneration has been designed to the Directors and executives by the company at the similar level to the industry compensation and no surplus compensation has been paid. The committee remuneration pay shall be based on the meeting allowance depending on numbers of attendances, which shall be approved at the company's shareholder meeting. On the other hand, the executive remuneration shall be based on individual executive's performance and company's performance. It's believed that such incentive remuneration could be so motivated that powerful personnel can be retained.

## Director's Compensation

The 2015's Annual General Meeting of the shareholders on 20 April, 2015 had resolution to approve Director and Audit Committee's remuneration for the year 2015 not exceeded THB 8,000,000 per year, there were details of compensation as follows:

Position	Director's Compensation	Meeting Allowance THB 5,000 /Person/Time
Chairman of the BOD	THB 30,000 / Month	Meeting Allowance will be paid to Directors who attend meetings only (BOD and AC)
Chairman of the AC	THB 15,000 / Month	
Directors	THB 25,000 / Month	
Independent Directors	THB 25,000 / Month	
Audit Committee	THB 12,500 / Month	

## Policy on Serving as Directors of Other Companies

In the year 2015, CIG had 2 affiliates, so the company put highly attention to adopt group management structure for synergy and alignment of policies. To achieve this, the company has appoints directors or management team members to serve as directors in these companies to supervise policies and business management which align with the company's for the benefit and value addition for all stakeholders. The objectives for such appointments are as follows:

- 1) To ensure that the management of a given company aligns with the policy of the CIG's group companies; to monitor its overall business performance to align with the company's policy and institute comparable standards.
- 2) To establish synergy for the business of the company's group and add value to all related parties.
- 3) To apply specific expertise in support of business, including financial know-how to improve accounting and financial processes to enable a given company to grow robustly. This includes assistance to companies outside the group. The resulting application of the knowledge and expertise gained from serving in such leading companies will enhance the benefit to the company and foster cordial relations and business alliances for the company in return.
- 4) This is part and parcel of the responsibility of directors and the management of the company.

The company currently has three directors in the Director's Pool. The company has set a policy to limit the number of listed companies in which each director or management can hold a directorship to a maximum of three. This policy aims to protect the Company's best interests and to ensure that directors have sufficient time in performing their duties. This policy is also set to decrease the risk of conflict of interests and to ensure conformance to applicable laws and related regulation.

## Directors' Development

The Board and the management value regular participation in development training relevant to their performance, as seen in each of their profiles. Most directors have undergone training with Thai Institute of Directors (IOD). The company supports and encourages their training with IOD as well as other institutes in all relevant courses throughout the year. In addition, it stages study trips to other agencies and organizations to promote helpful initiatives for application to the company's business.

## Related Transaction and Acquisition/Sales of Company's Assets

In case that the company and its affiliates have some transaction relevant to or acquiring or sales the company assets that may lead to any kind of interest conflict, the company has to conduct the measures to bring forth the transparency and equitability for the benefit of the shareholders, by embracing the following guidelines;

- 1) The transaction is regarded for the company interest as the transaction with the outsiders.
- 2) The transaction is passed on comments through entering the transaction under sound consideration of the audit committee in term of reasonability and price appropriation.
- 3) The transaction is consented by the Board of Directors transparently in conjunction with the stockholder's decision-making.
- 4) Information is disseminated to those concerned persons equitably.

## Dividend Policy

The Company has a policy to pay an annual dividend not less than 50% of the Company's net profits after deducting all provisional reserves required by the Articles of Association and law. However, the dividend payments are subject to the Company's cash flow, investment plans of the Company and its subsidiaries, necessity, and other suitability as per the consideration of the Board of Directors.

# RELATED-TRANSACTIONS

## Detailed Related-transactions

As during 2013 - 2015, the company and its subsidiaries transactions with party that may cause the interest conflict, the company has to undertake the following transactions with necessity and reasonability;

Related Individual / Juristic Person who may cause conflict of interest	Relationship	Description	Related-transactions Amount (million Baht)			Necessity and reasonability of transactions
			2013	2014	2015	
1. De lamai Co.,Ltd / Hotel Business	C.I.Group Pcl., has held the ordinary shares 99.97% of the paid up capital of the De lamai Co.,Ltd. and Joint Directors ,	Long-term Loan	79.40	179.62	174.80	For using as working capital
		Interest receivable	1.98	1.98	5.19	
		Short-term Loan	-	-	2.00	For using as working capital
		Interest receivable			0.009	

## Measures or Approval Procedures for Related-transaction

In the inter-transaction procedures, it's necessary to be reasonable to allow the optimum interest of the company. That contingent inter-transaction should be considered based on reasonability and necessity. Pay and wages should be made in accordance with the fair price in the market and should be approved by the audit committee. Having such the preceding event occurred, the audit committee shall determine based on the necessity and reasonability of the transaction, and inform their opinion at the Board Meeting

## Future Related-Transaction Policy

For any contingent inter-transaction, the Directors shall not approve any transaction that he/she or related party may invoke any kinds of the interest conflict against the company interest and such transaction should be disclosed in the presence of the audit committee to determine whether or not it is classified as general business with fair price, and further submit the Directors for approval.

However, the company has embraced the practices in accordance with the applicable law relevant to the security and the stock exchange, regulation, proclamation, order or the rule of the Stock Exchange of Thailand, including disclosure procedures for the related transaction, acquisition or distribution of the crucial assets of the company or the affiliates.

# REPORT OF THE BOARD OF DIRECTORS'

## RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Board of Directors is responsible for the Company's financial statements, the consolidated financial statement of the Company and its affiliated companies, and the financial information stated in the Company's Annual Report. These financial statements were prepared in accordance with generally accepted accounting standards in Thailand, which are based on appropriated accounting policies applied and practiced on a regular basis. The financial statements were carefully prepared based on the most accurate and up-to-date information available. All relevant information related to the policies and practices used to prepare these financial statements are sufficiently disclosed in the Notes to the Financial Statements in order to maintain the Company's high standards of transparency for the benefit of shareholders and investors.

The Board of Directors has initiated the adoption and maintenance of an effective system of risk management and internal control which provides reasonable assurance that the Company's accounting records are accurate, complete, and sufficient to protect the assets of the Company. This system is also designed to prevent serious misconduct or other irregularities in the operation of the Company.

The Audit Committee was appointed by the Board and comprises independent directors to oversee the quality of the Company's financial reports and internal control procedures. The Audit Committee's view regarding such matters is disclosed in this Annual Report under the Audit Committee's Report.

In the Board of Directors' opinion, the Company's internal control system is satisfactory and can assure the reliability of both the Company's financial statements and the consolidated financial statements of the Company and its affiliated companies as of 31 December 2015.

Pol.Gen.



(Prung Boonpadung)

Chairman of the Board of Directors



(Aree Poomsanoh)

Chairman of the Executive Committee

# MANAGEMENT DISCUSSION AND ANALYSIS

## Description and Analysis of Financial and Performance

### Conclusion of Operational Performance for the Fiscal Year 2015

The following conclusion of the company's financial and performance is an analysis upon the Financial Statement of the Company, C.I.Group (Public) Company Limited and its affiliates (company) as states in Notes to Financial Statement item 1. General Information.

#### Operation Performance

##### (1) Overall Performance

Thailand's overall economy slightly declined for the year 2015 as a result of slow global economic recovery and domestic demand, both consumption and investment. Moreover, there were economic and political uncertainties. As a result, the overall electrical industry saw a downturn in demand across the board from slow recovery in domestic demand and exports. Home appliance and electronics industries play a key role in creating revenue for the country but many manufacturers have started migrating from Thailand to nearby countries from the increasing cost of labor. In the near future, industrial electrical and electronic industries are expected to rely on automatic manufacturing process to reduce labor cost. The industry's SMEs must adapt and develop the skills to work with new technologies. Thailand begins to face more risk factors such as lack of labor, high wage cost and restrictions on investment.

With current domestic and international situation, the company has not achieved all of its goals, and with that, the overall performance has declined compared to those of previous years. The company and its subsidiaries reported net loss of 7.27 million Baht and net profit of 93.73 million Baht for 2015 and 2014 respectively. In 2015, the company recorded sales of 1,037.87 million Baht. The gross profit margin increased 2.9% compared with that of last year and the cost of goods sold per sales decreased from 88.51% to 85.57%.

Overall, the decreased cost of goods sold is a result of production process efficiency improvement, causing lower raw material usage and decreasing production expenses. This combined with lower interest expense due to short term debt repayment.

## (2) Financial Performance for Each Business

### 1. Income

The company recorded revenue of 1,095.56 million Baht, a decrease of 59.28 million Baht or 5.13% compared to revenue of 1,154.84 million Baht in 2014. Details for each business units are as follow;

Unit: million Baht

	2015	2014	Change	
			Amount	Percentage
Manufacturing Business	1,037.87	945.10	92.77	9.82
Hotel Business	23.06	25.67	(2.61)	(10.14)
Trading Business	-	-	-	-

Revenue from the hotel business has decreased slightly due to the decrease in foreign tourists in Thailand. Overall performance reduced slightly in 2015 but the company continuously improves its strategy and management, reduces costs, increases its products and seeks more sales channels.

### Revenue from sales and services

Unit: million Baht

	2015	2014	Change	
			Amount	Percentage
Revenue from sales and services	1,066.91	970.77	96.14	9.90
- Revenue from domestic sales	625.50	563.92	61.58	10.92
- Revenue from export sales	441.41	406.85	34.56	8.49
<u>Deduct</u> Cost of sales and services	914.51	860.26	54.25	6.31
<b>Gross Profit</b>	<b>152.40</b>	<b>110.51</b>	<b>41.89</b>	<b>37.91</b>

### 2. Cost of sales and gross profit margin

Cost of sales in 2015 amounted to 914.51 million Baht, an increase of 54.25 million Baht or 6.31% compared to cost of sales of 860.26 million Baht in 2014. The increase cost of sales is a result of more productions of goods, but with the new factory improvement and new machine purchases has resulted in reduced raw material usage and decreased manufacturing expenses per unit. Thus, gross profit margin in 2015 increased by 2.9% from that of 2014.

### 3. Sales, general and administrative expenses

Sales, general and administrative expenses in 2015 amounted to 168.84 million Baht, an increase of 25.48 million Baht or 17.77% compared to 143.37 million Baht in 2013 due to export expenses which was in line with increased export sales. Moreover, the company has invested in human resources and information technology systems to support business expansion.

### 4. Interest expenses

The company recorded interest expenses of 7.35 million Baht in 2015, a decrease of 33.56 million Baht or 82.03% compared to 40.91 million Baht in 2014 due to short term loan repayment and defaulted loan repayment and debt restructuring of a subsidiary.

### Profitability

Description	2013	2014	2015
<b>Profitability Ratio</b>			
Gross Profit Margin (%)	10.49	11.38	14.28
Operating Profit (%)	(1.24)	(3.38)	(1.54)
Net Profit (%)	(0.53)	8.12	(0.66)
ROE (%)	(1.28)	15.18	(0.92)
ROA (%)	(0.44)	7.22	(0.59)
ROFA (%)	13.27	32.13	13.78
Asset turnover (times)	0.83	0.89	0.88

Return on Asset (ROA) decreased from 7.22% in 2014 to (0.59%) in 2015 and Return on Equity (ROE) increased from 15.18% in 2014 to (0.92%) in 2015. Net Profit of the company fall from 93.73 million Baht in 2014 to net loss of (7.27) million Baht in 2015 due to the following factors;

## Factors affecting the company's profitability in 2015

### 1. Changing commodity prices of raw materials

Average raw material prices have decreased from that of 2015 while the company's pricing depends on commodity prices. With the business nature of the company, 2 months minimum stock is required and this inevitably creates a gap between actual price charged to customers and actual cost. The company strives to improve its raw material and inventory management and change pricing policy to cover existing risks.

### 2. Cost of sales

Overall cost of sales have decreased because the company invested in machines and equipment to reduce raw material usage and manufacturing expenses which helps improve profitability.

### 3. Exchange rates

The company received import tax benefit for import of its main raw materials so the company orders its raw materials from overseas especially China. Therefore, the company is exposed to exchange rate risks. At the same time, the company also exports to overseas markets. Thus, if the company can maintain a good balance between export sales and raw material imports, the company will have less exposure to exchange rate risks.

### 4. Financing cost

With the successful debt restructuring of a subsidiary in addition to debt settlement with a financial institute has resulted in better financial ratio and significantly reduced liquidity risk. With lower financial risks, the company will benefit from lower borrowing interest rate. The company's financing cost is also reduced.

## Factors Effect to Future Operation Performance

### 1. Wage

The government's policy on minimum wage of 300 Baht has caused further labor shortage. Labors from upcountry find it unnecessary to work in Bangkok vicinity as they can work in their home towns getting the same wage resulting in a higher labor cost pushes up manufacturing cost. The company however, has acted on this by employing migrant workers and focuses on new technologies such as new automatic machinery to reduce labor dependency.

### 2. Exchange rates

Should US Dollars become volatile, the company may receive higher or lower order volumes which will affect sales. The company may delay placing orders for raw materials because copper and aluminum are the product's main cost which will directly affect profitability of the company. However, the company is fully aware of the exchange rate risk and systematically manage such risk by using financial instruments such as Forwards and natural hedging by balancing raw material imports and export sales.

## Audit Fee

Audit Fee for 2013 - 2015

(Baht)

	2015	2014	2013
Audit Fee	990,000	1,100,000	1,160,000
Non-Audit Fee	118,800	80,000	114,860

**Remark :** Non-Audit Fee such as fee for additional financial statement report, traveling expense, Overtime and dairy allowance.

# AUDITOR'S REPORT

## **To the Shareholders of C. I. GROUP PUBLIC COMPANY LIMITED**

I have audited the accompanying consolidated financial statements of C.I. Group Public Company Limited and subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of C.I. Group Public Company Limited for the same period.

### **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 qualified opinion.

## **Basis of Qualified Opinion**

As mentioned in note 8 to the financial statements, as at December 31, 2015, the Company has loan to other person with principal amounting to Baht 26.88 million and accrued interest amounting to Baht 12.03 million. Due to the borrower default payment, the Company filed lawsuits against the borrower. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate; the debtor's personal assets shall be forced sale after on. At present, the Company has been following up the confiscation of other personal assets of the debtor which are condominium units and many pieces of land. The assets are being mapped and the values of the assets are in process of valuation. The handed-over common shares of a company as collateral have been kept under the custody of the Company for confiscation after condominium units and many pieces of land, of the debtor have been confiscated.

The above factors cause the Company unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. However, the Company has ceased to record the interest received from the loan of Baht 80 million as from January 1, 2010, and will recognize the amount exceeding the accrued interest receivable as income in the period that the Company receives the payment.

Therefore, I am unable to audit the "Default payment of loan to other" account, which represents a limitation of scope imposed by circumstances.

## **Qualified Opinion**

In my opinion, except for the effect which may happen as discussed the Basis of Qualified Opinion paragraph. The financial statements referred to above present fairly, in all material respects, the financial position of C.I. Group Public Company Limited and subsidiaries and of C.I. Group Public Company Limited as at December 31, 2015, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

## **Emphasis of Matters**

The consolidated financial statements for the year ended December 31, 2015, on which I issued a disclaimer of opinion dated February 29, 2015, due to the Company has included the financial statements of subsidiary De Lamai Company Limited, based on financial information prepared by its management. The Company included the financial statements for the nine-month period ended September 30, 2015, in consolidated financial statements. De Lamai Company Limited has prepared financial statements for the year ended December 31, 2015. I am able to obtain sufficient appropriate audit evidence of subsidiary financial statements for auditing the accompanying consolidated financial statements of C.I. Group Public Company Limited and subsidiaries. This audit report replaces the previously issued as mentioned.

## **Other Matter**

The consolidated financial statements of C.I. Group Public Company Limited and subsidiaries and separate financial statements of C.I. Group Public Company Limited for the year ended December 31, 2014, which have been presented herewith for comparative purpose, were audited by other auditor, whose report date February 28, 2015, expressed a qualified opinion regarding net realizable value of the default payment of loan to other person.



(Mr. Chaiyakorn Aunpitipongsa)

Certified Public Accountant Registration No. 3196

Dr. Virach & Associates Office Co., Ltd.

Bangkok: March 28, 2016.

(Except notes to the financial statements No. 39.3 issued on March 30, 2016)

# STATEMENTS OF FINANCIAL POSITION

C.I. Group Public Company Limited and Subsidiaries

As At December 31, 2015

Assets	Notes	BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
		2015	2014	2015	2014
<b>Current Assets</b>					
Cash and cash equivalents	3.2 and 4	48,018,055	149,187,008	44,724,968	144,658,660
Short-term investments	3.3 and 5	900,000	1,500,000	900,000	1,500,000
Trade and other receivables	3.4 and 6	168,881,814	226,705,818	172,320,047	226,708,233
Short-term loans to subsidiaries	7	-	-	2,000,000	10,000,000
Default payment of loan to other person	8	38,910,289	38,910,289	38,910,289	38,910,289
Short-term loans to other person and company	9	30,500,000	-	30,000,000	-
Inventories	3.5 and 10	181,137,737	170,871,747	180,987,549	170,626,775
Other current assets		1,911,770	13,385,807	1,717,339	3,503,094
<b>Total Current Assets</b>		<b>470,259,665</b>	<b>600,560,669</b>	<b>471,560,192</b>	<b>595,907,051</b>
<b>Non-current Assets</b>					
Investments in subsidiaries	3.6 and 11	-	-	52,985,000	24,988,000
Other long-term investments					
Investments in other company	12.1	30,000,000	9,000,000	-	-
Bank deposits with obligation	12.2	38,000,000	38,000,000	38,000,000	38,000,000
Total other long-term investments		68,000,000	47,000,000	38,000,000	38,000,000
Long-term loan to subsidiary	13	-	-	174,800,000	179,600,000
Receivable from disposal investment of associated company of the subsidiary	14	-	2,374,571	-	-
Investments property	3.7 and 15	61,156,355	60,166,623	61,156,355	60,166,623
Property, plant and equipment	3.8 and 16	530,752,659	528,460,609	386,165,917	365,385,503
Deferred leasehold land	17	20,604,016	22,030,684	-	-
Intangible assets	3.9 and 18	6,722,468	7,981,226	6,597,911	7,811,692
Deferred tax assets	3.12 and 29	12,919,146	15,279,074	42,228,714	44,305,946
Other non-current assets					
Withholding tax		388,425	1,692,865	375,435	1,692,865
Deposit		2,070,868	16,803,516	2,070,868	16,803,516
Others		1,544,088	1,524,411	698,584	633,549
Total other non-current assets		4,003,381	20,020,792	3,144,887	19,129,930
<b>Total Non-current Assets</b>		<b>704,158,025</b>	<b>703,313,579</b>	<b>765,078,784</b>	<b>739,387,694</b>
<b>TOTAL ASSETS</b>		<b>1,174,417,690</b>	<b>1,303,874,248</b>	<b>1,236,638,976</b>	<b>1,335,294,745</b>

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF FINANCIAL POSITION

C.I. Group Public Company Limited and Subsidiaries

As At December 31, 2015

Liabilities and Shareholders' Equity

		BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL	
				STATEMENTS	
	Notes	2015	2014	2015	2014
Current Liabilities					
Bank overdrafts and short-term loans					
from financial institutions	19	205,381,010	154,199,634	205,381,010	154,199,634
Trade and other payables	20	129,129,695	145,846,490	126,015,570	142,287,562
Current portion					
Long-term loans	21	-	40,000,000	-	40,000,000
Financial lease liabilities	3.10 and 22	2,896,979	5,787,203	2,896,979	5,787,203
Land lease liabilities		889,000	2,000,000	-	-
Accrued income tax		5,297,098	-	5,297,098	-
Short-term loans		-	120,169,985	-	120,169,985
Other current liabilities		2,954,993	1,926,257	1,574,033	559,371
Total Current Liabilities		346,548,775	469,929,569	341,164,690	463,003,755
Non-current Liabilities					
Financial lease liabilities	3.10 and 22	4,125,915	6,965,833	4,125,915	6,965,833
Land lease liabilities		7,111,000	8,000,000	-	-
Provision for long-term employee benefits	3.11 and 23	25,938,222	22,260,194	25,886,103	22,228,630
Other non-current liabilities		54,000	50,000	-	-
Total Non-current Liabilities		37,229,137	37,276,027	30,012,018	29,194,463
TOTAL LIABILITIES		383,777,912	507,205,596	371,176,708	492,198,218

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF FINANCIAL POSITION

C.I. Group Public Company Limited and Subsidiaries

As At December 31, 2015

Liabilities and Shareholders' Equity (Continued)

		BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Notes	2015	2014	2015	2014
Shareholders' Equity					
Share capital	24 and 25				
Authorized share capital					
1,167,437,650 common stocks of Baht 0.50 par value		583,718,825		583,718,825	
966,787,719 common stocks of Baht 0.50 par value			483,393,860		483,393,860
Issued and paid-up share capital					
864,768,632 common stocks of Baht 0.50 par value		432,384,316	432,384,316	432,384,316	432,384,316
Premium on common stocks		565,015,214	565,015,214	565,015,214	565,015,214
Premium on sale treasury stock		15,534,581	15,534,581	15,534,581	15,534,581
Retained earnings (deficits)					
Appropriated					
Legal reserve	26	12,707,000	12,707,000	12,707,000	12,707,000
Unappropriated		(235,002,143)	(229,003,380)	(160,178,843)	(182,544,584)
Total Equity of the Parent		790,638,968	796,637,731	865,462,268	843,096,527
Non-controlling interests		810	30,921	-	-
Total Shareholders' Equity		790,639,778	796,668,652	865,462,268	843,096,527
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,174,417,690	1,303,874,248	1,236,638,976	1,335,294,745

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF COMPREHENSIVE INCOME

C.I. Group Public Company Limited and Subsidiaries

As At December 31, 2015

		BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Notes	2015	2014	2015	2014
<b>REVENUES</b>					
Revenues from sales		1,037,866,418	945,102,737	1,037,701,266	945,102,737
Revenues from services		29,041,493	25,660,438	5,982,278	-
Gain on debt restructure		-	147,163,459	-	-
Other incomes		28,642,160	36,909,329	29,690,585	36,598,070
<b>Total Revenues</b>		<b>1,095,550,071</b>	<b>1,154,835,963</b>	<b>1,073,374,129</b>	<b>981,700,807</b>
<b>EXPENSES</b>					
Cost of sales		888,114,025	836,491,419	888,224,654	836,989,150
Cost of services		26,396,568	23,766,361	4,211,998	-
Selling expenses		54,952,004	35,067,178	52,247,346	34,957,382
Administrative expenses		111,054,953	105,449,504	85,452,968	75,481,732
Loss from impairment of investment in subsidiary		-	-	-	64,547,841
Directors' remuneration	27	2,830,000	2,840,400	2,830,000	2,840,400
Finance costs		7,346,345	40,913,475	7,346,345	18,351,091
<b>Total Expenses</b>	<b>28</b>	<b>1,090,693,895</b>	<b>1,044,528,337</b>	<b>1,040,313,311</b>	<b>1,033,167,596</b>
<b>Profit (loss) before income tax expenses</b>		<b>4,856,176</b>	<b>110,307,626</b>	<b>33,060,818</b>	<b>(51,466,789)</b>
<b>Income tax expenses</b>	<b>29</b>	<b>12,128,238</b>	<b>16,578,335</b>	<b>11,845,541</b>	<b>3,671,623</b>
<b>Profit (loss) for the years</b>		<b>(7,272,062)</b>	<b>93,729,291</b>	<b>21,215,277</b>	<b>(55,138,412)</b>

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF COMPREHENSIVE INCOME

(CONTINUED)

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

		BAHT			
		CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	Note	2015	2014	2015	2014
Other comprehensive income (loss)					
Actuarial gain from employee benefit plan		1,527,804	2,147,665	1,438,080	2,143,479
Components of income tax		(287,616)	(429,533)	(287,616)	(428,696)
Actuarial gain from employee benefit plan-net of tax		1,240,188	1,718,132	1,150,464	1,714,783
Other comprehensive income (loss) for the years		1,240,188	1,718,132	1,150,464	1,714,783
Total comprehensive income (loss) for the years		(6,031,874)	95,447,423	22,365,741	(53,423,629)
Profit (Loss) Attributable to					
Equity holders of the parent		(7,238,922)	93,703,912	21,215,277	(55,138,412)
Non-controlling interests		(33,140)	25,379	-	-
		(7,272,062)	93,729,291	21,215,277	(55,138,412)
Total Comprehensive Income (Loss) Attributable to					
Equity holders of the parent		(5,998,763)	95,422,044	22,365,741	(53,423,629)
Non-controlling interests		(33,111)	25,379	-	-
		(6,031,874)	95,447,423	22,365,741	(53,423,629)
Earnings (Loss) per Share of the Parent					
Basic Earnings (Loss) per Share	3.13	(0.01)	0.15	0.02	(0.09)
The number of common stocks used in computation earnings (loss) per share (share)		864,768,632	643,088,453	864,768,632	643,088,453

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

Consolidated

BAHT

	Note	Shareholders' equity of the parent					Non- controlling interests	Total	
		Issued and paid-up share capital	Premium on common stocks	Premium on sale treasury stock	Retained earnings (deficits)				Total equity of the parent
					Legal reserve	Unappropriated			
<u>Year 2014</u>									
Beginning balances as at January 1, 2014		300,974,908	433,605,806	15,534,581	12,707,000	(324,425,424)	438,396,871	5,542	438,402,413
Capital increase	24	131,409,408	131,409,408				262,818,816		262,818,816
Total comprehensive income for the year 2014 :-									
Comprehensive income for the year									
Actuarial gain from employee benefit plan						93,703,912	93,703,912	25,379	93,729,291
						1,718,132	1,718,132		1,718,132
Total comprehensive income for the year 2014						95,422,044	95,422,044	25,379	95,447,423
Ending balances as at December 31, 2014		432,384,316	565,015,214	15,534,581	12,707,000	(229,003,380)	796,637,731	30,921	796,668,652
<u>Year 2015</u>									
Beginning balances as at January 1, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(229,003,380)	796,637,731	30,921	796,668,652
Increase in non-controlling interests									
from called for shares subscription								3,000	3,000
Total comprehensive income (loss) for the year 2015 :-									
Comprehensive income (loss) for the year						(7,238,922)	(7,238,922)	(33,140)	(7,272,062)
Actuarial gain from employee benefit plan						1,240,159	1,240,159	29	1,240,188
Total comprehensive income (loss) for the year 2015						(5,998,763)	(5,998,763)	(33,111)	(6,031,874)
Ending balances as at December 31, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(235,002,143)	790,638,968	810	790,639,778

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

Separate Financial Statements

	Note	BAHT					Total
		Issued and paid-up share capital	Premium on common stocks	Premium on sale treasury stock	Retained earnings (deficits)		
					Legal reserve	Unappropriated	
<u>Year 2014</u>							
Beginning balances as at January 1, 2014		300,974,908	433,605,806	15,534,581	12,707,000	(129,120,955)	633,701,340
Capital increase	24	131,409,408	131,409,408				262,818,816
Total comprehensive loss for the year 2014 :-							
Comprehensive loss for the year						(55,138,412)	(55,138,412)
Actuarial gain from employee benefit plan						1,714,783	1,714,783
Total comprehensive loss for the year 2014						(53,423,629)	(53,423,629)
Ending balances as at December 31, 2014		432,384,316	565,015,214	15,534,581	12,707,000	(182,544,584)	843,096,527
<u>Year 2015</u>							
Beginning balances as at January 1, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(182,544,584)	843,096,527
Total comprehensive income for the year 2015 :-							
Comprehensive income for the year						21,215,277	21,215,277
Actuarial gain from employee benefit plan						1,150,464	1,150,464
Total comprehensive income for the year 2015						22,365,741	22,365,741
Ending balances as at December 31, 2015		432,384,316	565,015,214	15,534,581	12,707,000	(160,178,843)	865,462,268

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CASH FLOWS

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL	
	2015	2014	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES				
PROFIT (LOSS) BEFORE INCOME TAX	4,856,176	110,307,626	33,060,818	(51,466,789)
ADJUSTMENTS TO RECONCILE PROFIT (LOSS) BEFORE INCOME TAX				
TO NET CASH PROVIDED FROM (USED IN) OPERATION :				
Depreciation	80,246,135	82,476,304	61,376,004	64,399,807
Amortization of right to use land	1,426,668	-	-	-
Amortization of computer softwares	2,003,758	2,865,296	1,958,781	2,792,177
Amortization of withholding tax	63,112	-	-	-
Gain on equipment disposal	(756,678)	(1,479,126)	(756,678)	(1,479,126)
Loss on unused equipment	4,369,501	-	3,755,879	-
Bad debts	24,514,162	-	22,270,282	-
(Reverse) doubtful debt	(22,479,003)	1,103,556	(21,097,084)	1,103,556
Doubtful debt receivable from disposal investment	299,802	14,331,629	-	-
Unrealized loss on exchange rates	386,039	1,589,009	386,039	1,589,009
Unrealized (gain) loss on marketable trading securities	600,000	(600,000)	600,000	(600,000)
Provision for diminution in inventory value	6,497,682	-	6,453,453	-
Loss from impairment of investment in subsidiary	-	-	-	64,547,841
Long-term employee benefit expenses	5,205,832	3,959,295	5,095,553	3,946,910
Transfer equipment installation to maintenance expense	184,467	-	184,467	-
Interest income	(2,298,437)	-	(5,490,638)	-
Interest expenses	7,347,178	(189,433,434)	7,346,345	18,351,091
PROFIT FROM OPERATIONS BEFORE CHANGES IN				
OPERATING ASSETS AND LIABILITIES ITEMS	112,466,394	25,120,155	115,143,221	103,184,476
(INCREASE) DECREASE IN OPERATING ASSETS ITEMS				
Trade and other receivables	55,870,583	91,730,084	57,019,284	89,541,865
Inventories	(16,763,672)	17,230,377	(16,814,227)	17,273,660
Other current assets	9,611,044	8,265,792	(14,059)	8,238,324
Other non-current assets	(549,943)	-	(595,301)	-
INCREASE (DECREASE) IN OPERATING LIABILITIES ITEMS				
Trade and other payables	(17,747,921)	(50,799,995)	(17,371,618)	(46,983,923)
Other current liabilities	1,028,736	(20,652,365)	1,014,662	544,989
Other non-current liabilities	(64,500)	-	-	-
CASH PROVIDED FROM OPERATING ACTIVITIES	143,850,721	70,894,048	138,381,962	171,799,391
Income tax refunded	1,692,865	-	1,692,865	-
Income tax expenses paid	(4,771,751)	-	(4,758,827)	-
NET CASH PROVIDED FROM OPERATING ACTIVITIES	140,771,835	70,894,048	135,316,000	171,799,391

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CASH FLOWS (CONTINUED)

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL	
	2015	2014	2015	2014
CASH FLOWS FROM INVESTING ACTIVITIES				
Increase bank deposits with obligation	-	(38,000,000)	-	(38,000,000)
(Increase) decrease in short-term loans to subsidiaries	-	-	8,000,000	(10,000,000)
Increase short-term loans to other company	(30,000,000)	-	(30,000,000)	-
(Increase) decrease in long-term loans to subsidiary	-	-	4,800,000	(100,200,000)
Interest received	2,298,437	-	2,268,080	-
Increase in investments in subsidiary	-	-	(27,997,000)	-
Proceed from investment disposal				
of associated company of subsidiary	2,074,769	-	-	-
Increase other investments of the subsidiary	(21,000,000)	(9,000,000)	-	-
Increase in investments property	(1,010,950)	(6,883,262)	(1,010,950)	(6,883,262)
Purchase of vehicle and equipment	(67,904,119)	(29,047,275)	(66,908,730)	(27,580,895)
Purchase of computer softwares	(745,000)	(317,429)	(745,000)	(317,429)
Proceeds from disposal of equipment	788,972	1,902,957	788,972	1,902,957
Payment deposit on equipment	(1,694,687)	(15,735,666)	(1,694,687)	(15,735,666)
NET CASH USED IN INVESTING ACTIVITIES	(117,192,578)	(97,080,675)	(112,499,315)	(196,814,295)
CASH FLOWS FROM FINANCING ACTIVITIES				
Interest expenses paid	(7,341,254)	(18,833,597)	(7,340,421)	(18,833,597)
Increase (decrease) in bank overdrafts and short-term loans				
from financial institutions	50,659,046	(116,939,643)	50,659,046	(116,939,643)
Increase (decrease) in short-term loan from other company	(120,169,985)	105,580,884	(120,169,985)	105,580,884
Payment for long-term loans from financial institutions	(40,000,000)	(70,820,506)	(40,000,000)	(70,820,506)
Payment for financial lease	(5,854,854)	(176,828)	(5,854,854)	(1,495,005)
Payment for land lease liabilities	(2,000,000)	-	-	-
Proceeds from capital increase	-	262,818,816	-	262,818,816
Increase in non-controlling interests	3,000	-	-	-
NET CASH PROVIDED FROM (USED IN) FINANCING ACTIVITIES	(124,704,047)	161,629,126	(122,706,214)	160,310,949
Effects of exchange rates in cash and cash equivalents	(44,163)	(32,523)	(44,163)	(32,523)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENT	(101,168,953)	135,409,976	(99,933,692)	135,263,522
CASH AND CASH EQUIVALENTS AS AT JANUARY 1,	149,187,008	13,777,032	144,658,660	9,395,138
CASH AND CASH EQUIVALENTS AS AT DECEMBER 31,	48,018,055	149,187,008	44,724,968	144,658,660

Notes to the financial statements form an integral part of these statements.

# STATEMENTS OF CASH FLOWS (CONTINUED)

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

	BAHT			
	CONSOLIDATED		SEPARATE FINANCIAL	
	2015	2014	2015	2014
ADDITIONAL DISCLOSURE ITEMS TO CASH FLOWS STATEMENTS				
Non-cash flows items :				
Assets payable for equipment	805,769	-	805,769	-
Financial leases liabilities for vehicles	2,079,357	13,819,177	2,079,357	13,819,177
Transferred deposit to equipment	16,313,984	-	16,313,984	-
Transferred deposit to other payable	112,950	-	112,950	-
Transferred withholding tax to other non-current assets	438,614	-	375,435	-
Transferred deferred interest to financial lease liabilities	1,120,334	-	1,120,334	-
Transferred deferred input tax to financial lease liabilities	834,311	-	834,311	-
Transferred other payable to other non-current liabilities	68,500	-	-	-
Transferred default payment of loan to other person to investments property	-	53,117,108	-	53,117,108
Transferred advances to short-term loans to other person	500,000	-	-	-

Notes to the financial statements form an integral part of these statements.

# NOTES TO THE FINANCIAL STATEMENTS

C.I. Group Public Company Limited and Subsidiaries

For the Year Ended December 31, 2015

## 1. GENERAL INFORMATION

<b>1.1</b> Company status	A juristic person established under Thai law and listed on the Stock Exchange of Thailand.
<b>1.2</b> Company location	
- Head Office	1/1 Moo 7 Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province.
- Branch	12/2 Moo 7 Bangkoowad Road, Tambol Bangkoowad, Amphor Muang, Pathumthani Province.
- Branch	526/1 Moo 3 Theparak Road, Tambol Theparak, Amphor Muang, Samutprakarn Province.
- Branch	789/75 Moo 1 Tambol Nong Kham, Amphor Si Racha, Chonburi Province.
<b>1.3</b> Type of business	(1) Manufacturing and distributing air conditioning products and parts. (2) Invested in subsidiaries which operate business according to Note 11 to the financial statements.

## 2. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

**2.1** These consolidated and the separate financial statements are prepared in accordance with the Accounting Standards and Financial Reporting Standards issued by Federation of Accounting Professions under the Accounting Profession Act, B.E. 2547 (2004), the Accounting Act, B.E. 2543 (2000) and the Notification of the Office of the Securities and Exchange Commission.

**2.2** The consolidated financial statements included the financial statements of C.I. Group Public Company Limited and its subsidiaries as follows :

COMPANIES	PERCENTAGE OF HOLDING	
	DECEMBER 31, 2015	DECEMBER 31, 2014
C.I.G. (Thailand) Co., Ltd.	99.98	99.94
De Lamai Co., Ltd.	99.97	99.97

- 2.3 Inter-company balances and significant transactions between the Company and the subsidiaries have been eliminated from the consolidation.
- 2.4 The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- 2.5 These financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.
- 2.6 The accounting standards that became effective in the current accounting year are as follows:

1. Conceptual Framework for Financial Reporting (revised 2014)

**Thai Accounting Standards (TAS)**

2. TAS 1 (revised 2014)      Presentation of Financial Statements
3. TAS 2 (revised 2014)      Inventories
4. TAS 7 (revised 2014)      Statement of Cash Flows
5. TAS 8 (revised 2014)      Accounting Policies, Changes in Accounting Estimates and Errors
6. TAS 10 (revised 2014)      Events after the Reporting Period
7. TAS 11 (revised 2014)      Construction Contracts
8. TAS 12 (revised 2014)      Income Taxes
9. TAS 16 (revised 2014)      Property, Plant and Equipment
10. TAS 17 (revised 2014)      Leases
11. TAS 18 (revised 2014)      Revenue
12. TAS 19 (revised 2014)      Employee Benefits
13. TAS 20 (revised 2014)      Accounting for Government Grants and Disclosure of Government Assistance
14. TAS 21 (revised 2014)      The Effects of Changes in Foreign Exchange Rates
15. TAS 23 (revised 2014)      Borrowing Cost
16. TAS 24 (revised 2014)      Related Party Disclosures
17. TAS 26 (revised 2014)      Accounting and Reporting by Retirement Benefit Plans
18. TAS 27 (revised 2014)      Separate Financial Statements

- |                           |  |
|---------------------------|--|
| 19. TAS 28 (revised 2014) | Investments in Associates and Joint Ventures             |
| 20. TAS 29 (revised 2014) | Financial Reporting in Hyperinflationary Economies       |
| 21. TAS 33 (revised 2014) | Earnings per Share                                       |
| 22. TAS 34 (revised 2014) | Interim Financial Reporting                              |
| 23. TAS 36 (revised 2014) | Impairment of Assets                                     |
| 24. TAS 37 (revised 2014) | Provisions, Contingent Liabilities and Contingent Assets |
| 25. TAS 38 (revised 2014) | Intangible Assets  |
| 26. TAS 40 (revised 2014) | Investment Property                                      |

### **Thai Financial Reporting Standards (TFRS)**

- |                           |   |
|---------------------------|---|
| 27. TFRS 2 (revised 2014) | Share-Base Payments   |
| 28. TFRS 3 (revised 2014) | Business Combinations   |
| 29. TFRS 4 (revised 2014) | Insurance Contracts   |
| 30. TFRS 5 (revised 2014) | Non-current Assets Held for Sales and Discontinued Operations |
| 31. TFRS 6 (revised 2014) | Exploration for and Evaluation of Mineral Resources           |
| 32. TFRS 8 (revised 2014) | Operating Segments  |
| 33. TFRS 10               | Consolidated Financial Statements                             |
| 34. TFRS 11               | Joint Arrangements  |
| 35. TFRS 12               | Disclosure of Interests in Other Entities                     |
| 36. TFRS 13               | Fair Value Measurement  |

### **Thai Accounting Standard Interpretations (TSIC)**

- |                            |  |
|----------------------------|--|
| 37. TSIC 10 (revised 2014) | Government Assistance-No specific Relation to Operating Activities           |
| 38. TSIC 15 (revised 2014) | Operating Leases-Incentives  |
| 39. TSIC 25 (revised 2014) | Income Taxes-Changes in the Tax Status of an Entity or Its Shareholders      |
| 40. TSIC 27 (revised 2014) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |
| 41. TSIC 29 (revised 2014) | Service Concession Arrangements: Disclosures                                 |

42. TSIC 31 (revised 2014) Revenue-Barter Transactions Involving  
Advertising Services

43. TSIC 32 (revised 2014) Intangible Assets - Web Site Costs

**Thai Financial Reporting Standard Interpretations (TFRIC)**

44. TFRIC 1 (revised 2014) Changes in Existing Decommissioning, Restoration and  
Similar Liabilities

45. TFRIC 4 (revised 2014) Determining Whether an Arrangement Contains a Lease

46. TFRIC 5 (revised 2014) Rights to Interests Arising from Decommissioning,  
Restoration and Environmental Rehabilitation Funds

47. TFRIC 7 (revised 2014) Applying the Restatement Approach under TAS 29  
(revised 2014) Financial Reporting in Hyperinflationary  
Economies

48. TFRIC 10 (revised 2014) Interim Financial Reporting and Impairment

49. TFRIC 12 (revised 2014) Service Concession Arrangements

50. TFRIC 13 (revised 2014) Customer Loyalty Programmes

51. TFRIC14 TAS 19 - The Limit on a Defined Benefit Asset,  
Minimum Funding Requirements and Their Interaction

52. TFRIC 15 (revised 2014) Agreements for the Construction of Real Estate

53. TFRIC 17 (revised 2014) Distributions of Non-cash Assets to Owners

54. TFRIC 18 (revised 2014) Transfers of Assets from Customer

55. TFRIC 20 Stripping Costs in the Production Phase  
of a Surface Mine

These accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standard interpretations do not have any significant impact on the financial statements.

- 2.7 The Federation of Accounting Professions has issued the new accounting standards but not yet effective.

Effective for fiscal years beginning on or after January 1, 2016

1. Conceptual Framework for Financial Reporting (revised 2015)

**Thai Accounting Standards (TAS)**

- |                           |   |
|---------------------------|---|
| 2. TAS 1 (revised 2015)   | Presentation of Financial Statements  |
| 3. TAS 2 (revised 2015)   | Inventories   |
| 4. TAS 7 (revised 2015)   | Statement of Cash Flows   |
| 5. TAS 8 (revised 2015)   | Accounting Policies, Changes in Accounting<br>Estimates and Errors          |
| 6. TAS 10 (revised 2015)  | Events After the Reporting Period   |
| 7. TAS 11 (revised 2015)  | Construction Contracts  |
| 8. TAS 12 (revised 2015)  | Income Taxes  |
| 9. TAS 16 (revised 2015)  | Property, Plant and Equipment   |
| 10. TAS 17 (revised 2015) | Leases  |
| 11. TAS 18 (revised 2015) | Revenue   |
| 12. TAS 19 (revised 2015) | Employee Benefits   |
| 13. TAS 20 (revised 2015) | Accounting for Government Grants and Disclosure of<br>Government Assistance |
| 14. TAS 21 (revised 2015) | The Effects of Changes in Foreign Exchange Rates                            |
| 15. TAS 23 (revised 2015) | Borrowing Costs   |
| 16. TAS 24 (revised 2015) | Related Party Disclosures   |
| 17. TAS 26 (revised 2015) | Accounting and Reporting by Retirement Benefit Plans                        |
| 18. TAS 27 (revised 2015) | Separate Financial Statements   |
| 19. TAS 28 (revised 2015) | Investments in Associates and Joint Ventures                                |
| 20. TAS 29 (revised 2015) | Financial Reporting in Hyperinflationary Economies                          |
| 21. TAS 33 (revised 2015) | Earnings Per Share  |
| 22. TAS 34 (revised 2015) | Interim Financial Reporting   |
| 23. TAS 36 (revised 2015) | Impairment of Assets  |
| 24. TAS 37 (revised 2015) | Provisions, Contingent Liabilities and Contingent Assets                    |

- |                           |                     |
|---------------------------|---------------------|
| 25. TAS 38 (revised 2015) | Intangible Assets   |
| 26. TAS 40 (revised 2015) | Investment Property |
| 27. TAS 41                | Agriculture         |

**Thai Financial Reporting Standards (TFRS)**

- |                            |   |
|----------------------------|---|
| 28. TFRS 2 (revised 2015)  | Share-based Payment   |
| 29. TFRS 3 (revised 2015)  | Business Combinations   |
| 30. TFRS 4 (revised 2015)  | Insurance Contracts   |
| 31. TFRS 5 (revised 2015)  | Non-current Assets Held for Sale and<br>Discontinued Operations |
| 32. TFRS 6 (revised 2015)  | Exploration for and Evaluation of Mineral Assets                |
| 33. TFRS 8 (revised 2015)  | Operating Segments  |
| 34. TFRS 10 (revised 2015) | Consolidated Financial Statements                               |
| 35. TFRS 11 (revised 2015) | Joint Arrangements  |
| 36. TFRS 12 (revised 2015) | Disclosure of Interests in Other Entities                       |
| 37. TFRS 13 (revised 2015) | Fair Value Measurement  |

**Thai Accounting Standard Interpretations (TSIC)**

- |                            |  |
|----------------------------|--|
| 38. TSIC 10 (revised 2015) | Government Assistance - No Specific Relation to<br>Operating Activities          |
| 39. TSIC 15 (revised 2015) | Operating Leases - Incentives  |
| 40. TSIC 25 (revised 2015) | Income Taxes - Changes in the Tax Status of an<br>Enterprise or Its Shareholders |
| 41. TSIC 27 (revised 2015) | Evaluating the Substance of Transactions in the Legal<br>Form of a Lease         |
| 42. TSIC 29 (revised 2015) | Disclosure - Service Concession Arrangements                                     |
| 43. TSIC 31 (revised 2015) | Revenue - Barter Transactions Involving<br>Advertising Services                  |
| 44. TSIC 32 (revised 2015) | Intangible Assets - Web Site Costs   |

## **Thai Financial Reporting Standard Interpretations (TFRIC)**

45. TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
46. TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
47. TFRIC 5 (revised 2015)	Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
48. TFRIC 7 (revised 2015)	Applying the Restatement Approach under TAS 29 (revised 2015) Financial Reporting in Hyperinflationary Economies
49. TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
50. TFRIC 12 (revised 2015)	Service Concession Arrangements
51. TFRIC 13 (revised 2015)	Customer Loyalty Programmes
52. TFRIC 14 (revised 2015)	TAS 19 (revised 2015) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and Their Interaction
53. TFRIC 15 (revised 2015)	Agreements for the Construction of Real Estate
54. TFRIC 17 (revised 2015)	Distributions of Non-cash Assets to Owners
55. TFRIC 18 (revised 2015)	Transfers of Assets from Customers
56. TFRIC 20 (revised 2015)	Stripping Costs in the Production Phase of a Surface Mine
57. TFRIC 21	Levies

The management of the group companies is evaluating the impact of such accounting standards on the financial statements in the year when they are adopted.

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **3.1 Revenues and expenses recognition**

The Company and subsidiaries recognized revenues from sales when the significant risks and rewards of ownership of the goods have passed to the buyers.

The Company and subsidiaries recognized revenues from services when those services are already rendered to customers.

The Company and subsidiaries recorded revenues and expenses on an accrual basis.

### **3.2 Cash and cash equivalents**

Cash and cash equivalents are cash on hand and fixed deposit at the financial institutions due not more than 3 months from the date of acquisition with no obligation.

### **3.3 Short-term investments**

Marketable securities for trading are stated at fair value. The difference between fair value and cost is shown as provision for adjustment of investments. The Company recognized revaluation of securities as unrealized gain (loss) on trading securities in the statements of comprehensive income. Cost of the disposed trading securities during the year is based on the average cost of each security on the disposal time.

### **3.4 Allowance for doubtful accounts**

Allowance for doubtful accounts is made for estimated loss which may be incurred where collection is doubtful.

### **3.5 Inventories**

Recognized inventories at cost or net realizable value, whichever is the lower. Cost is determined by the first-in, first-out method.

The Company and subsidiaries set up provision for diminution in value of obsolete, deteriorated and non-salable inventories.

### **3.6 Investments**

Investments in subsidiaries mean those companies in which the parent company in the group companies, directly or indirectly, has power more than one half of the total voting rights or power to govern the financial and operating policies of subsidiaries. Investments in subsidiaries are stated by cost method for the separate financial statements.

### 3.7 Investments property

Investments property includes property, building and building improvements at acquisition cost. Depreciation of building and building improvements is calculated by the straight-line method based on the estimated useful life of assets within 10-20 years.

### 3.8 Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is calculated by the straight-line method over the estimated useful life of the following assets:

PARTICULARS	YEARS OF USEFUL LIFE
Building and building improvements	10 - 20
Machineries and spare parts	5 - 10
Furniture, fixtures and office equipment	3 - 10
Vehicles	5
Other	5

Assets under financial leases are recorded by the fair value at the inception of the lease. Depreciation is calculated by the straight - line method based on the estimated useful life of assets.

### 3.9 Intangible assets

Computer softwares amortized to expense by the straight-line method for 5 years.

Deferred expenses amortized to expense by the straight-line method for 10 years.

### 3.10 Leases

#### Financial leases

Financial leases are leases which transfer to the Company most of substantial risks and rewards of ownership other than legal title. At the inception of the leases, the fair value of assets is recorded together with the obligation, excluding interest element, to pay future rentals.

Interest or financial expenses are recognized in the statements of comprehensive income in proportion to the principal balance.

### **Operating leases**

Leases where most of the substantial risks and rewards of ownership of assets still remain with the leasing company are accounted for as operating leases. Rentals applicable to such operating leases are charged to the statements of comprehensive income according to the lease term.

### **3.11 Employee benefits**

#### **Short-term employee benefits**

The Company and subsidiaries recognized salaries, wages, bonuses and contributions to the social security fund as expenses when incurred.

#### **Long-term employee benefits**

##### Defined contribution plan

The Company and subsidiaries provide a provident fund, which is a defined contribution plan, the assets of which are held in a separate trust fund and managed by the external fund manager. The provident fund is contributed by payments from employees and the Company and subsidiaries. Contributions to the provident fund are recorded to expense in the statements of comprehensive income in the incurred period.

##### Defined benefit plan

The provision for employee retirement benefits is recognized as an expense of operations over the employee's service period. It is calculated by estimating the amount of future benefit earned by employees in return for service provided to the Company and subsidiaries in the current and future periods, with such benefit being discounted to determine the present value. The reference point for setting the discount rate is the yield rate of government bonds as at the reporting date. The calculation is performed by a qualified actuary using the Projected Unit Credit Method.

### **3.12 Deferred tax assets/liabilities**

Deferred tax assets/liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes as at the statements of financial position date. They will be realised in future period when the income is realized, or the expenses provided for are actually incurred and considered deductible for income tax purposes.

Deferred tax assets are recognized for deductible temporary differences or addtible tax are deferred tax liabilities if it is highly probable that the Company will generate sufficient taxable profits from its future operations to utilise these assets.

At each statement of financial position date, the Company reviews and reduces the carrying amount of deferred tax assets/liabilities to the extent that it is no longer probable that sufficient taxable profit be available to allow all or part of the deferred tax asset or deferred tax liabilities to be utilised.

### **Income tax expenses**

Income tax expenses from profit/loss for the year consist of current income tax and deferred tax. Income tax expenses recognized in income statement unless part of transaction recorded in shareholders' equity recorded directly to equity.

### **3.13 Earnings (loss) per share**

Basic earnings (loss) per share is calculated by dividing the annual net profit (loss) for the year by the number of weighted average common stocks held by outsiders during the years.

### **3.14 Foreign currency transactions**

Foreign currency transactions are recorded in Baht at the rate ruling on the date of transactions. Outstanding foreign currency assets and liabilities at the end of the years are converted to Baht at the rate of exchange in effect on that date. Gains or losses on exchange are credited or charged to current operations of each year.

### **3.15 Use of accounting estimates and judgment**

In preparation of financial statements in accordance with generally accepted accounting standards requires management to use judgment on various estimates and assumptions that will affect the reported amounts of revenues, expenses, assets and liabilities including disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Company and subsidiaries make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions of significant accounting relate primarily to provision for investments adjustment, allowance for doubtful accounts, provision for diminution in inventories, allowance for depreciation of plant and equipment, amortization of intangible assets, allowance for receivable from disposal investment of associated company of the subsidiary and provision for long-term employee benefits. All other estimates mentioned above are further disclosed in the corresponding notes to the financial statements.

#### 4. CASH AND CASH EQUIVALENTS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Cash	553,944	337,788	365,437	211,065
Bank deposit	47,464,111	148,849,220	44,359,531	144,447,595
Total cash and cash equivalents	48,018,055	149,187,008	44,724,968	144,658,660

#### 5. SHORT-TERM INVESTMENTS

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Marketable trading securities		
Aggregate cost	1,960,000	1,960,000
Provision for investments adjustment	(1,060,000)	(460,000)
Total short-term investments	900,000	1,500,000

## 6. TRADE AND OTHER RECEIVABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Notes receivable	5,904,182	2,279,742	5,904,182	2,279,742
Trade accounts receivable				
Classified by aging of receivables as follows:				
Current	131,273,979	139,915,875	130,457,987	139,159,287
Overdue within 3 months	28,287,339	54,172,968	27,746,355	53,820,228
Over 3 to 6 months	259,926	416,653	204,980	404,753
Over 6 to 12 months	253,058	10,397,796	213,226	10,397,796
Over 12 months	19,349,755	58,911,138	19,336,155	57,228,490
Total trade accounts receivable	185,328,239	266,094,172	183,862,885	263,290,296
<u>Less</u> Allowance for doubtful accounts	(19,336,155)	(41,815,158)	(19,336,155)	(40,433,239)
Trade accounts receivable-net	165,992,084	224,279,014	164,526,730	222,857,057
Other receivables	2,889,730	2,426,804	7,793,317	3,851,176
Total trade and other receivable	168,881,814	226,705,818	172,320,047	226,708,233

## 7. SHORT-TERM LOANS TO SUBSIDIARIES

BAHT

SEPARATE FINANCIAL STATEMENTS			
PARTICULARS	2015		
	C.I.G. (Thailand) Co., Ltd.	De Lamai Co., Ltd.	Total
Beginning principal balance	10,000,000	-	10,000,000
<u>Add</u> : Additional loans extended during the year	-	2,260,000	2,260,000
<u>Less</u> : Settlement during the year	(10,000,000)	(260,000)	(10,260,000)
Ending principal balance	-	2,000,000	2,000,000
Interest income	-	18,025	18,025
Interest rates	-	15%	15%

## 8. DEFAULT PAYMENT OF LOAN TO OTHER PERSON

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Beginning balances		
Principal	26,882,892	80,000,000
Interest	12,027,397	12,027,397
Total	38,910,289	92,027,397
<u>Less</u> Settlement during the year	-	(53,117,108)
Ending balances	38,910,289	38,910,289

The Company has loan to other person amounting to Baht 92.03 million (principal amounting to Baht 80 million and accrued interest amounting to Baht 12.03 million) which the borrower has mortgaged land and construction in Phuket province as collateral. The appraised value of the collateral is Baht 110 million (as appraisal report dated March 25, 2010). In addition, the borrower has handed over 450,000 common shares of a company that operates a hotel business in Phuket province as additional collateral. Due to the borrower default payment, the Company filed lawsuits against the borrower in court. The court has the verdict that orders the borrower to repay the debt to the Company. In case of fail, the collateral should be forced sale, if the forced sale amount is inadequate; the debtor's personal assets shall be forced sale after on. Since March 2010, the Company has filed to execute the enforcement of the assets confiscation. On November 14, 2013, the Company entered into the bidding of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60 million. In August 2014, the Company registered the receipt of the land and construction and recorded in the "Investments Property" account. For the balance of the loan amount of Baht 38.91 million, the Company has been following up the confiscation of other personal assets of the debtor which are condominium units and many pieces of land. The assets are being mapped and the value of the assets are in process of valuation.

The handed-over common shares of a company as collateral have been kept under the custody of the Company's lawyer for confiscation after other personal assets, condominium units and many pieces of land, of the debtor have been confiscated.

The above factors cause the Company unable to determine a suitable net realizable value of the receivable. Thus, no allowance for doubtful accounts has been provided. However, the Company has ceased to record the interest received from the loan of Baht 80 million as from January 1, 2010, and will recognize the amount exceeding the accrued interest receivable as income in the period that the Company receives the payment.

## 9. SHORT-TERM LOANS TO OTHER PERSON AND COMPANY

BAHT

	2015		Interest rate (%)	Interest income
PARTICULARS	CONSOLIDATED	SEPARATE FINANCIAL STATEMENTS		
PERSON				
Beginning principal balance	-	-		
<u>Add</u> : Additional loans extended during the year	500,000	-		
<u>Less</u> : Settlement during the year	-			
Ending principal balances	500,000	-	-	-
SUPREME C.N.B CORPORATION CO., LTD				
Beginning principal balance	-	-		
<u>Add</u> : Additional loans extended during the year	30,000,000	30,000,000		
<u>Less</u> : Settlement during the year	-	-		
Ending principal balances	30,000,000	30,000,000	15	1,306,849
Total short-term loans to other person and company	30,500,000	30,000,000		

Supreme C.N.B. Corporation Co., Ltd. has mortgaged its land with structure as collateral for loans.

## 10. INVENTORIES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Raw materials	146,322,224	131,997,892	146,322,224	131,997,892
Goods in process	10,643,297	11,348,563	10,643,297	11,348,563
Finished goods	26,399,811	26,090,290	26,251,924	25,885,071
Goods in process	11,285,184	5,805,714	11,285,184	5,805,714
Supplies	4,844,921	7,489,306	4,798,391	7,449,553
Total	199,495,437	182,731,765	199,301,020	182,486,793
<u>Less</u> Provision for diminution in inventories	(18,357,700)	(11,860,018)	(18,313,471)	(11,860,018)
Inventories-net	181,137,737	170,871,747	180,987,549	170,626,775

## 11. INVESTMENTS IN SUBSIDIARIES

BAHT

SUBSIDIARIES	Percentage of Holding		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
C.I.G. (Thailand) Co., Ltd.	99.98	99.94	52,985,000	24,988,000
De Lamai Co., Ltd.	99.97	99.97	146,547,841	146,547,841
Total			199,532,841	171,535,841
<u>Less</u> Provision for diminution in investments			(146,547,841)	(146,547,841)
Total Investments in Subsidiaries			52,985,000	24,988,000

SUBSIDIARIES	Type of Business	Paid-up Capital		Dividend	
		2015	2014	2015	2014
C.I.G. (Thailand) Co., Ltd.	Manufacture and distributing air conditioning products	53,000,000	25,000,000	-	-
De Lamai Co., Ltd.	Hotel	100,000,000	100,000,000	-	-

On May 19, 2015, the Extraordinary General Shareholders' Meeting No. 2/2558 of C.I.G. (Thailand) Company Limited was held and approved to increase its share capital from 500,000 shares to 600,000 shares (at Baht 100 par value). The Company has additionally invested amount of 100,000 shares (at Baht 100 par value), and paid for subscription at Baht 30 each, worth amount Baht 3,000,000. The subsidiary has registered the resolution of changing its authorized share capital with the Ministry of Commerce on July 14, 2015

On February 3, 2015, the Extraordinary General Shareholders' Meeting No. 1/2558 of C.I.G. (Thailand) Company Limited was held and approved to increase authorized share capital from Baht 25,000,000 (amount of 500,000 shares of Baht 50 par value) to amount Baht 50,000,000 (amount of 500,000 shares of Baht 100 par value). The subsidiary has registered the resolution of changing its par value and the authorized share capital with the Ministry of Commerce on February 6, 2015.

## **12. OTHER LONG-TERM INVESTMENTS**

### **12.1 INVESTMENTS IN OTHER COMPANY**

On April 2, 2014, Board of Directors Meeting of a subsidiary (C.I.G (Thailand) Co.,Ltd.) approved a resolution to invest in Fakwantip Co.,Ltd. with registered capital of Baht 101.10 million at Baht 1 per share which is in energy business. The subsidiary company has invested 29.67% of registered capital amount of Baht 30 million.

As at December 31, 2015 and 2014, the subsidiary has made payment for shares in Fakwantip Co., Ltd. totaling Baht 30 million and Baht 9 million, respectively.

The rehabilitation plan manager of Fakwantip Co., Ltd. has submitted a request to the Central Bankruptcy Court to arrange the creditors' meeting to consider the proposal for changing the Plan on August 19, 2015, and the creditors' meeting has approved the resolution. The Bankruptcy Court has ordered the Meeting date to be arranged on November 24, 2015 for amendment of the rehabilitation plan of the plan administrator.

On November 24, 2015, the court considered that the restructuring plan is only the postponement of the commercial operation date, the postponement of interest payment, the extension of the capital restructuring period and the extension has called for share subscription and did not to reduce the credit's loan. The court agrees with the restructuring plan according to the resolution of the official creditor's meeting.

The financial statements of Fahkwantip Co., Ltd. are awaiting the update of the rehabilitation plan.

## 12.2 FIXED DEPOSITS WITH OBLIGATION

The Company has pledged deposit at bank as collateral for the issuance of repayment.

## 13. LONG-TERM LOAN TO SUBSIDIARY

PARTICULARS	SEPARATE FINANCIAL STATEMENTS	
	2015	2014
De Lamai Co., Ltd.		
Beginning principal balances	179,600,000	79,400,000
<u>Add</u> : Additional loans extended during the years	-	102,000,000
<u>Less</u> : Settlement during the years	(4,800,000)	(1,800,000)
Ending principal balances	174,800,000	179,600,000

On June 18, 2010, the Company's executive board of directors has approved the subsidiary's debt restructuring plan, with monthly installation repayment in amount of Baht 0.15 million to Baht 2.20 million from the operating cash flow within 11 years. The first installation of Baht 0.15 million is due in January 2012, and waived the interest charged of the total loan for 5 years period, which effect on April 1, 2010 and the interest rates as from the 6 year to the 11 year are 2.88% and 4.75%.

On December 29, 2014, the Company has lent additional Baht 102 million to the subsidiary as requested by the subsidiary to repay the loan with an assets management company which has made repayment to finished and recorded gain on debt restructure of Baht 147.16 million in the statement of comprehensive income. The loan of Baht 102 million was approved by the board of executives of the Company. The interest rate for the loan is 1.5% per annum. The repayment is by quarterly according to the repayment schedule in the loan agreement for the period of 16 years amounting between Baht 1 million to Baht 2.625 million per quarter starting from March 2015. The interest is to be accrued and repayment of the interest at Baht 3.395 million per quarter will be made after the principal of the loan has been fully repaid. If the subsidiary fully abide with the conditions of repayment of the loan, the total outstanding balance of the accrued interest will be exempted on the date of repayment of the principal of the loan.

**14. RECEIVABLE FROM DISPOSAL INVESTMENT OF ASSOCIATED COMPANY OF THE SUBSIDIARY**

PARTICULARS	BAHT	
	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Receivable from disposal invesment	12,176,639	14,251,408
<u>Less</u> Allowance for doubtful accounts	(12,176,639)	(11,876,837)
Net	-	2,374,571

On May 5 , 2 0 1 1 , a subsidiary company invested in Chenzhou XIAI Heating & Refrigeration Equipment Manufacture Co., Ltd. in The People Republic of China which was regarded as an associated company totaling approximately Baht 17.55 million. During quarter 2 of 2013, the subsidiary has an agreement signed with a non-related company in Thailand to sell all the investment (Ordinary shares of Chenzhou XIAI Heating & Refrigeration Equipment Manufacture Co., Ltd.) for Baht 17.55 million which payment is to be made within 3 years. The buyer agreed that the subsidiary deducts the payments for the investment from payments of purchases of machinery that the Company (CI Group Public Company Limited.) would buy from the buyer at not less than 20% of the value of the machinery until the amount is fully paid. The company in Thailand who bought the investment is not liable for payment of the investment after 3 years as specified in the agreement.

## 15. INVESTMENTS PROPERTY

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS
	Land with structures
<b><u>Cost</u></b>	
As at January 1, 2014	60,000,370
Transfer to/from	213,893
As at December 31, 2014	60,214,263
Increase	1,010,950
As at December 31, 2015	61,225,213
<b><u>Accumulated depreciation</u></b>	
As at January 1, 2014	-
Transfer to/from	47,640
As at December 31, 2014	47,640
Increase	21,218
As at December 31, 2015	68,858
<b><u>Book Value</u></b>	
As at December 31, 2014	60,166,623
As at December 31, 2015	61,156,355
<b><u>Fair value</u></b>	
Year 2015	127,700,000

In 2015, the Company has appraised its land with structure by the independent appraiser by cost approach in determination fair value of investments property at Phuket and market comparison approach of investments property at Bangkok.

**16. PROPERTY, PLANT AND EQUIPMENT**

BAHT

CONSOLIDATED	Land and land improvement	Building structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Facilities	Vehicles	Fixed assets under installation	Assets under financial leases	Total
<u>Cost</u>									
As at January 1, 2014	83,964,442	526,105,018	661,738,364	35,989,585	1,446,676	17,409,924	13,609,025	-	1,340,263,034
Purchases	-	-	17,649,881	2,604,839	18,673	-	317,425	19,608,645	40,199,463
Sold and amortization	-	90,000	(2,449,031)	(165,980)	-	(3,655,117)	167,929	-	(6,012,199)
Transfer to/from	(132,788)	(81,105)	-	-	-	-	(317,429)	-	(531,322)
As at December 31, 2014	83,831,654	526,113,913	676,939,214	38,428,444	1,465,349	13,754,807	13,776,950	19,608,645	1,373,918,976
Purchases	10,654,206	1,462,631	36,562,873	1,983,032	11,326	-	33,553,881	2,875,280	87,103,229
Sold and amortization	-	(1,486,169)	(79,902,719)	(11,969,199)	(276,004)	(5,056,789)	-	-	(98,690,880)
Transfer to/from	-	174,002	39,860,221	-	-	-	(40,218,690)	-	(184,467)
As at December 31, 2015	94,485,860	526,264,377	673,459,589	28,442,277	1,200,671	8,698,018	7,112,141	22,483,925	1,362,146,858
<u>Accumulated depreciation</u>									
As at January 1, 2014	-	170,033,228	456,510,356	32,776,281	1,394,781	13,984,332	-	-	674,698,978
Depreciation for the year 2014	-	25,077,411	51,286,089	1,733,994	27,319	972,076	-	2,284,395	81,381,284
Sold and amortization	-	-	(3,965,526)	(22,710)	-	(3,655,249)	-	-	(7,643,485)
Transfer to/from	-	(47,640)	-	-	-	-	-	-	(47,640)
As at December 31, 2014	-	195,062,999	503,830,919	34,487,565	1,422,100	11,301,159	-	2,284,395	748,389,137
Depreciation for the year 2015	-	27,076,299	46,603,236	1,717,503	17,985	781,4444	-	4,028,450	80,224,917
Sold and amortization	-	(819,205)	(76,270,330)	(11,873,955)	(268,810)	(5,056,785)	-	-	(94,289,085)
As at December 31, 2015	-	221,320,093	474,163,825	24,331,113	1,171,275	7,025,818	-	6,312,845	734,324,969
<u>Allowance for impairment</u>									
As at December 31, 2014	-	(97,069,230)	-	-	-	-	-	-	(97,069,230)
As at December 31, 2015	-	(97,069,230)	-	-	-	-	-	-	(97,069,230)
<u>Book Value</u>									
As at December 31, 2014	83,831,654	233,981,684	173,108,295	3,940,879	43,249	2,453,648	13,776,950	17,324,250	528,460,609
As at December 31, 2015	94,485,860	207,875,054	199,295,764	4,111,164	29,396	1,672,200	7,112,141	16,171,080	530,752,659

SEPARATE FINANCIAL STATEMENTS	Land and land improvement	Building structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Vehicles	Fixed assets under installation	Assets under financial leases	Total
<b><u>Cost</u></b>								
As at January 1, 2014	83,515,958	163,995,286	655,354,820	27,725,985	15,324,149	13,609,025	-	959,525,223
Purchases	-	-	17,620,984	2,549,778	-	317,425	19,608,645	40,096,832
Sold and amortization	-	90,000	(2,449,031)	(165,980)	(3,655,117)	167,929	-	(6,012,199)
Transfer to/from	(132,788)	(81,105)	-	-	-	(317,429)	-	(531,322)
As at December 31, 2014	83,383,170	164,004,181	670,526,773	30,109,783	11,669,032	13,776,950	19,608,645	993,078,534
Purchases	10,654,206	705,617	36,354,258	1,964,598	-	33,553,881	2,875,280	86,107,840
Sold and amortization	-	(360,896)	(77,690,302)	(8,992,843)	(5,056,789)	-	-	(92,100,830)
Transfer to/from	-	174,002	39,860,221	-	-	(40,218,690)	-	(184,467)
As at December 31, 2015	94,037,376	164,522,904	669,050,950	23,081,538	6,612,243	7,112,141	22,483,925	986,901,077
<b><u>Accumulated depreciation</u></b>								
As at January 1, 2014	-	83,737,125	450,365,765	24,947,762	11,928,113	-	-	570,978,765
Depreciation for the year 2014	-	8,783,489	51,067,827	1,327,158	942,522	-	2,284,395	64,405,391
Sold and amortization	-	-	(3,965,526)	(22,710)	(3,655,249)	-	-	(7,643,485)
Transfer to/from	-	(47,640)	-	-	-	-	-	(47,640)
As at December 31, 2014	-	92,472,974	497,468,066	26,252,210	9,215,386	-	2,284,395	627,693,031
Depreciation for the year 2015	-	8,320,142	46,564,696	1,660,055	781,443	-	4,028,450	61,354,786
Sold and amortization	-	(267,858)	(74,066,763)	(8,921,252)	(5,056,784)	-	-	(88,312,657)
As at December 31, 2015	-	100,525,258	469,965,999	18,991,013	4,940,045	-	6,312,845	600,735,160
<b><u>Book Value</u></b>								
As at December 31, 2014	83,383,170	71,531,207	173,058,707	3,857,573	2,453,646	13,776,950	17,324,250	365,385,503
As at December 31, 2015	94,037,376	63,997,646	199,084,951	4,090,525	1,672,198	7,112,141	16,171,080	386,165,917

The Company has mortgaged its land with structure and machinery with commercial bank as collateral for loans obtained from the financial institutions (Notes 19 and 21) with various commitments as specified in the loan contract, for example: the transfer of beneficiary to the lender, etc.

#### 17. DEFERRED LEASEHOLD LAND

BAHT

PARTICULARS	CONSOLIDATED	
	2015	2014
Leasehold land - cost	32,270,526	32,270,526
<u>Less</u> Accumulated amortization	(11,666,510)	(10,239,842)
Leasehold land - net	20,604,016	22,030,684

Leasehold of land recorded in the subsidiary amounting Baht 22 million is amortized according to the duration of the leased contract for 26 years (June 2005 to June 2031). Leasehold contract of Baht 10.27 million is amortized according the lease duration of the leased contract for 20 years (January 2010 to December 2029). The subsidiary company has placed the lease contract amounting Baht 22 million as collateral of loans from a financial institution. After the debt restructure and the repayment of the loan has complete, the financial institution has returned the original of the lease of land agreement dated June 16, 2005 to the Company on January 5, 2015.

## 18. INTANGIBLE ASSETS

BAHT

CONSOLIDATED	Computer softwares	Computer softwares under development	Deferred expenses	Total
<b><u>Cost</u></b>				
As at January 1, 2014	27,808,032	6,824,631	451,000	35,083,663
Transfer to/from	-	317,429	-	317,429
As at December 31, 2014	27,808,032	7,142,060	451,000	35,401,092
Purchases	745,000	-	-	745,000
Sold and amortization	(8,454,666)	-	-	(8,454,666)
Transfer to/from	6,507,202	(6,507,202)	-	-
As at December 31, 2015	26,605,568	634,858	451,000	27,691,426
<b><u>Accumulated amortization</u></b>				
As at January 1, 2014	24,318,319	-	236,251	24,554,570
Amortization for the year 2014	2,820,077	-	45,219	2,865,296
As at December 31, 2014	27,138,396	-	281,470	27,419,866
Amortization for the year 2015	1,958,781	-	44,977	2,003,758
Sold and amortization	(8,454,666)	-	-	(8,454,666)
As at December 31, 2015	20,642,511	-	326,447	20,968,958
<b><u>Book Value</u></b>				
As at December 31, 2014	669,636	7,142,060	169,530	7,981,226
As at December 31, 2015	5,963,057	634,858	124,553	6,722,468

BAHT

SEPARATE FINANCIAL STATEMENTS	Computer softwares	Computer softwares under development	Total
<b><u>Cost</u></b>			
As at January 1, 2014	26,914,167	6,824,631	33,738,798
Transfer to/from	-	317,429	317,429
As at December 31, 2014	26,914,167	7,142,060	34,056,227
Purchases	745,000	-	745,000
Sold and amortization	(8,454,666)	-	(8,454,666)
Transfer to/from	6,507,202	(6,507,202)	-
As at December 31, 2015	25,711,703	634,858	26,346,561
<b><u>Accumulated amortization</u></b>			
As at January 1, 2014	23,452,358	-	23,452,358
Amortization for the year 2014	2,792,177	-	2,792,177
As at December 31, 2014	26,244,535	-	26,244,535
Amortization for the year 2015	1,958,781	-	1,958,781
Sold and amortization	(8,454,666)	-	(8,454,666)
As at December 31, 2015	19,748,650	-	19,748,650
<b><u>Book Value</u></b>			
As at December 31, 2014	669,632	7,142,060	7,811,692
As at December 31, 2015	5,963,053	634,858	6,597,911

## 19. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Bank overdrafts	613,471	-
Short-term loans from financial institutions	204,767,539	154,199,634
Total	205,381,010	154,199,634

## 20. TRADE AND OTHER PAYABLES

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Trade accounts payable	101,169,192	127,790,509	100,401,689	126,893,364
Accrued expenses	20,848,714	17,514,894	18,611,530	14,853,111
Advance received from customers	178,743	513,590	134,461	513,590
Other payables	6,933,046	27,497	6,867,890	27,497
Total	129,129,695	145,846,490	126,015,570	142,287,562

## 21. LONG-TERM LOANS FROM FINANCIAL INSTITUTIONS AND CURRENT PORTION

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS			
CREDIT LINE	REPAYMENT CONDITIONS	PRINCIPAL BALANCES (BAHT)	
		Dec. 31, 15	Dec.31, 14
Baht 200 million started on May 29, 2012	- The principal will be repaid by monthly under condition and amount as specified in the agreement with the first installment in June 2012 and will be finished within May 2016. - Monthly payment of interest rate at MOR-1 per annum.	-	40,000,000
Long-term loans from financial institutions		-	40,000,000
Less Current portion of long-term loans		-	(40,000,000)
Long-term loans from financial institutions-net		-	-

The Company has mortgaged its lands with structures and machineries as collateral for long-term loans.

Long-term loans due within one year were shown under current liabilities.

## 22. FINANCIAL LEASE LIABILITIES

BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Within 1 year	2,896,979	5,787,203
Over 1 year not over 5 years	4,125,915	6,965,833
Total minimum amount to pay	7,022,894	12,753,036
<u>Less</u> Portion due within one year	(2,896,979)	(5,787,203)
Financial lease liabilities-net	4,125,915	6,965,833

The portion of long-term financial lease liabilities due within one year has been shown under current liabilities.

### Vehicle Leasing Agreement

CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS					
Agreement  dates	Period		Amount in	Rental per	Notes
	Started	Ended	Agreement	Month	
			(Million Baht)	(Baht)	
February 2014	April 2014	March 2016	2.12	88,491	- Hire purchase
February 2014	April 2014	March 2016	2.12	88,491	- Hire purchase
February 2014	April 2014	March 2016	1.14	47,333	- Hire purchase
February 2014	April 2014	March 2016	1.14	47,333	- Hire purchase
February 2014	April 2014	March 2016	1.14	47,333	- Hire purchase
February 2014	April 2014	March 2016	1.14	47,333	- Hire purchase
February 2014	April 2014	March 2016	1.14	47,333	- Hire purchase
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
January 2014	February 2014	January 2017	0.38	10,418	- Hire purchase
October 2014	October 2014	September 2019	2.58	42,986	- Hire purchase
October 2014	October 2014	September 2019	2.61	43,555	- Hire purchase
April 2015	April 2015	March 2019	0.66	13,652	- Hire purchase
August 2015	September 2015	August 2019	0.61	12,801	- Hire purchase
December 2015	February 2016	January 2020	0.95	19,727	- Hire purchase

### 23. PROVISION FOR LONG-TERM EMPLOYEE BENEFITS

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Defined benefit obligation				
Balances as at January 1,	22,260,194	20,448,564	22,228,630	20,425,199
Actuarial gain (recognized in other comprehensive income)	(1,527,804)	(2,147,665)	(1,438,080)	(2,143,479)
Current service cost	3,966,034	3,193,440	3,863,982	3,182,862
Interest cost	1,239,798	765,855	1,231,571	764,048
Balances as at December 31,	25,938,222	22,260,194	25,886,103	22,228,630

The principle assumptions used in determining the employee benefit liabilities are shown as follows:

PARTICULARS	Rate			
	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Discount rate	3.59 - 4.78 % per annum	4.72 - 4.78 % per annum	3.76 % per annum	4.72 % per annum
Future salary increase rate	5.00 % per annum	5.00 % per annum	5.00 % per annum	5.00 % per annum
Average staff turnover rate	0 - 47.26 % per annum	0 - 47.26 % per annum	0 - 44.39 % per annum	0 - 47.26 % per annum

## 24. SHARE CAPITAL

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved the resolutions as follows;

- Cancellation of General Mandate of Private Placement in the amount of 60,104,082 shares, at Baht 0.50 par value, equal to registered capital amount of Baht 30,052,041, according to the resolutions approved by the General Shareholders' Meeting No. 1/2014.
- The reduction of authorized share capital of the Company from Baht 483,393,859.50 (966,787,719 shares of Baht 0.50 par value) to Baht 432,384,316 (864,768,632 shares of Baht 0.50 par value).

The Company has registered the capital reduction with the Ministry of Commerce on April 29, 2015.

- To increase the authorized share capital amount 216,192,158 shares at Baht 0.50 par value, with the capital increase amount of Baht 108,096,079 to accommodate the exercise of the warrant No. 5 (CIG-W5).
- To increase the authorized share capital under General Mandate by increase capital amount 86,476,860 shares or 10% of distributed shares at Baht 0.50 par value equaling to authorized share capital increase amount of Baht 43,238,430.

The Company has registered the capital increase with the Ministry of Commerce on April 30, 2015.

On November 5, 2014, the Company has registered the increase of the paid-up share capital amounting to Baht 130,785,658 (common share 261,571,316 shares at par value Baht 0.50 each) from the exercise of CIG-W4 warrants 523,142,655 units.

On October 8, 2014, the Company has registered the increase of the paid-up share capital amounting to Baht 623,750 (common share 1,247,500 shares at par value Baht 0.50 each) from the exercise of CIG-W4 warrants 2,495,000 units.

## 25. WARRANTS

### CIG-W5 WARRANTS

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved to issue and offer warrants to purchase ordinary shares of the Company to existing shareholders of the Company in the amount of not over 216,192,158 units at the ratio of 4 existing shares : 1 unit. One unit of CIG-W5 can be exercised to buy an ordinary share at Baht 1.15 per share. The record date for eligible shareholders who have the right to receive warrants No. 5 (CIG-W5) is on April 28, 2015, and the book closing date for collecting the name of shareholders on April 29, 2015.

The Company issued warrants to purchase the Company's ordinary shares on May 7, 2015 for 216,185,556 units at no selling price. The distribution of the warrants to the existing shareholders at the ratio of 4 existing share to 1 unit buy share with the duration of 1 year and 4 months and 25 days. The first exercise date is May 31, 2015 and the last exercise date is September 30, 2016.

As at December 31, 2015, no exercise has been made.

### CIG-W4 WARRANTS

On April 24, 2013, the Ordinary General Shareholders' Meeting for 2013 was held and approved to issue warrants to purchase ordinary shares of the Company to the existing shareholders not over 603,686,215 units at no selling price. The distribution of the warrants to the existing shareholders at the ratio of 1 existing share : 1 unit of CIG-W4 at no selling value. The 2 units of CIG-W4 can be exercised to buy an ordinary share of the capital increase at the price Baht 1 per share.

The Company issued warrants to purchase the Company's ordinary shares on April 30, 2013 for 601,836,915 units at no selling price. The distribution of the warrants to the existing shareholders at the ratio of 1 existing share : 1 unit of CIG-W4 with the duration of 1 year and 6 months. The first exercise date is May 31, 2013 and the last exercise date is October 29, 2014.

The warrants allocated to the existing shareholders amount of 601,836,915 units, only 525,687,655 units were subscribed. The remaining 76,149,260 units were cancelled.

The exercise dates	Amount exercised (units)	Balances (units)
April 30, 2013	-	601,836,915
Year 2013	50,000	601,786,915
Year 2014	525,637,655	76,149,260

## 26. LEGAL RESERVE

In compliance with the Public Company Act, B.E. 2535 (1992), the Company has to set aside for legal reserve at least 5% of annual net profit less deficits (if any) until meet 10% of authorized share capital. Such legal reserve is not allowed to pay for dividend.

In 2015 and 2014, the Company has provided legal reserve amount of Baht 12.71 million of both years.

## 27. DIRECTORS' REMUNERATION

On April 20, 2015, the Ordinary General Shareholders' Meeting for 2015 was held and approved to pay the directors' remuneration for 2015 at the maximum of Baht 8 million.

On May 12, 2014, the Ordinary General Shareholders' Meeting for 2014 was held and approved to pay the directors' remuneration for 2014 at the maximum of Baht 8 million.

## 28. EXPENSES BY NATURE

BAHT

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
Decrease in change of finished goods and work in progress	395,745	8,557,316	338,413	8,600,597
Raw materials and consumables used	645,615,171	592,028,102	645,125,632	592,232,271
Purchase of goods for sale	9,660,313	2,416,820	8,514,044	886,083
Director and management benefit expenses	14,594,172	12,591,077	14,594,172	12,591,077
Employee benefit expenses	174,397,645	166,559,965	164,740,143	157,145,776
Depreciation and amortization expenses	83,676,561	85,432,780	63,334,785	67,191,984
Finance costs	7,346,345	40,913,475	7,346,345	18,351,091
Provision for diminution in inventory value	6,497,682	-	6,453,453	-
Doubtful debt receivable from disposal investment	299,802	11,876,837	-	-
Loss from impairment of investment	-	-	-	64,547,841
Other expenses	148,210,459	124,151,965	129,866,324	111,620,876
Total	1,090,693,895	1,044,528,337	1,040,313,311	1,033,167,596

## 29. INCOME TAX

Corporate income taxes of the Company and subsidiaries for the years ended December 31, 2015 and 2014 were calculated from the accounting profit (loss), adjusted with other revenues and some expenses which are exempted from income tax or being disallowable expenses in tax computation purposes.

The non-BOI business, the income tax computation of the Company and subsidiaries were calculated at the rate of 20 percent.

The BOI business, the income tax computation of the Company was calculated according to the promotional privileges which are granted (see also Note 31).

Income taxes expenses recognized in income statements consist:

FOR THE YEARS ENDED DECEMBER 31,	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
The corporate income tax for the periods	10,055,926	-	10,055,926	-
Deferred taxes from temporary differences and reverse of temporary differences	2,072,312	16,578,335	1,789,615	3,671,623
<b>Income tax expenses</b>	12,128,238	16,578,335	11,845,541	3,671,623

As at December 31, 2015 and 2014, the deferred tax assets arose from the following temporary differences:

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
<b>Accumulated temporary differences in the statements of income</b>				
Provision for adjustment in marketable trading securities	1,060,000	460,000	1,060,000	460,000
Allowance for doubtful debt	19,336,155	41,815,157	19,336,155	40,433,238
Provision for diminution in inventories	18,313,471	11,860,018	18,313,471	11,860,018
Provision for diminution in investments in subsidiary	-	-	146,547,841	146,547,841
Provision for long-term employee benefits	27,324,183	22,260,194	27,324,183	22,228,630
Total	66,033,809	76,395,369	212,581,650	221,529,727
<b>Temporary differences in other comprehensive income</b>				
- <b>recognized in retained earnings</b>				
Provision for long-term employee benefits	(1,438,080)	-	(1,438,080)	-
Total	64,595,729	76,395,369	211,143,570	221,529,727
<b>Deferred tax assets calculated from tax rate of 20%</b>	12,919,146	15,279,074	42,228,714	44,305,946

### 30. FOREIGN CURRENCY TRANSACTIONS

The Company and subsidiaries have outstanding assets and liabilities denominated in foreign currencies which are not covered by any hedging as follows:

UNIT : THOUSAND

PARTICULARS	CONSOLIDATED				SEPARATE FINANCIAL STATEMENTS			
	2015		2014		2015		2014	
	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht	Foreign currencies	Converted to Baht
<u>Assets</u>								
USD	2,070.95	74,395.19	3,466.54	113,589.01	2,070.95	74,395.19	3,466.54	113,589.01
AUD	33.55	868.93	87.16	2,312.71	33.55	868.93	87.16	2,312.71
CNY	4.14	22.64	5.41	28.40	0.60	3.25	4.94	25.92
EUR	0.39	15.34	0.20	7.80	0.39	15.34	0.20	7.80
GBP	0.007	0.36	-	-	0.007	0.36	-	-
HKD	1.69	7.79	0.48	2.03	0.38	1.74	0.38	1.59
KRW	2.00	0.06	4.27	0.13	2.00	0.06	4.27	0.13
MYR	0.84	7.00	0.18	1.65	0.84	7.00	0.18	1.65
SGD	0.64	16.16	0.58	14.20	0.64	16.16	0.58	14.20
INR	1.19	0.60	53.02	25.61	1.19	0.60	53.02	25.61
IDR	13.00	0.03	-	-	13.00	0.03	-	-
AED	0.31	3.03	0.31	2.77	0.31	3.03	0.31	2.77
VND	63.00	0.10	63.00	0.09	63.00	0.10	63.00	0.09
Total		75,337.23		115,984.40		75,311.79		115,981.48
<u>Liabilities</u>								
USD	4,897.92	177,568.05	3,617.56	119,788.84	4,897.92	177,568.05	3,617.56	119,788.84
EUR	87.62	3,487.39	-	-	87.62	3,487.39	-	-
Total		181,055.44		119,788.84		181,055.44		119,788.84

### 31. PROMOTIONAL PRIVILEGES

The Company was granted promotional certificates by virtue of the Investment Promotion Act, B.E. 2520 (1977) as follows:

Company	1. Promotional certificate No.	2. Effective date	3. To promote investment in business of	4. Expiry dates according to items 5.1 and 5.2
CI Group Plc.	1864(2)/2548	November 8, 2007	Manufacturing of coils as parts or assemblies used for electronic equipment	November 8, 2014
<p>5. Important privileges which are granted :</p> <p>5.1 Exemption from corporate income tax on net profit of promotional operation not exceeding 100% of investment excluding land and working capital for 7 years from the dates on which income is first derived from the operations.</p> <p>5.2 Exemption from income tax on dividend from promoted business which was exempted from corporate income tax as 5.1 through out the promotional period.</p> <p>5.3 Exemption from payment of import duty for raw material imported for re-exporting for one year from the first import date.</p> <p>5.4 Exemption from payment of import duty of a promotional for return export for one year from the first import date.</p> <p>5.5 Allowance to deduct the annual loss incurred during the income tax exemption period as 5.1 from the net profit since the expiry dates within 5 years, by which can be deducted from net profit of any year or several years.</p>				

As a promoted industry, the Company must strictly comply with certain terms and conditions stipulated in the promotional certificate.

### 32. PROVIDENT FUND

The Company and its subsidiary have set up a provident fund for the employees under the Provident Fund Act, B.E. 2530 (1987), in order to be their welfare as well as security whenever resignation or retirement as defined by the Company's regulation, with partly contribute by its employees and another part by the Company at the rate 3% on their salaries. The Company has also appointed TISCO Asset Management Company Limited to manage such fund.

The Company and subsidiary' contributions for the employees provident fund and recorded as expenses in the statements of comprehensive income for the years ended December 31, 2015 and 2014 are as follows :

BAHT

PARTICULARS	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
C.I. Group Pcl.	2,654,727	2,425,402	2,654,727	2,425,402
C.I.G. (Thailand) Co., Ltd.	25,525	23,712		
Total	2,680,252	2,449,114		

### 33. COMMITMENT AND CONTINGENT LIABILITIES

33.1 The Company has commitment and contingent liabilities as follows:

MILLION BAHT

PARTICULARS	CONSOLIDATED AND SEPARATE FINANCIAL STATEMENTS	
	2015	2014
Letters of guarantee issued by commercial banks	1.67	1.62

33.2 As at December 31, 2015 and 2014, the Company has capital expenditure commitment for the purchase of machinery and equipment contract amount of Baht 3.36 million and Baht 18.11 million, respectively.

33.3 The Company has signed a lease contract of land for warehouse at 12/2 Moo 7 Bangkoowad Road, Amphor Muang, Pathumthani, by having lease period of 12 years. The Company has to pay rental amount of Baht 0.48 million per annum.

33.4 The Company has signed contract of business development specialist served as a consultant in business development by having contact period 5 years. The Company has to pay monthly consultant fee amount of Baht 0.30 million.

33.5 A subsidiary company has signed a lease contract of land with building of 4 floors for hotel operation at 99/99 Moo 3 Tambon Bo Phut, Amphoe KohSamui, SuratThani, by having lease period of 20 years, commencing from January 2010 to December 2029. The Company has to pay monthly rental amount of Baht 0.20 million, (net of withholding taxes) and adjusted monthly rental rate increase 10% of every 3 years.

### 34. FINANCIAL INFORMATION BY SEGMENT

THOUSAND BAHT

CONSOLIDATED	FOR YEAR ENDED DECEMBER 31, 2015			
	Air-conditioning products and parts		Hotel services	Total
	sales	services		
Local revenues	596,458	5,982	23,059	625,499
Export revenues	441,408	-	-	441,408
Total	1,037,866	5,982	23,059	1,066,907
Cost of sales and services	(888,114)	(4,209)	(22,187)	(914,510)
Gross profit by segment	149,752	1,773	872	152,397
Non-allocation expenses				(168,837)
Loss from operations				(16,440)
Other incomes				28,642
Finance costs				(7,346)
Income tax expenses				(12,128)
Loss for the period				(7,272)
Property, plant and equipment - net	386,171		144,582	530,753

THOUSAND BAHT

CONSOLIDATED	FOR YEAR ENDED DECEMBER 31, 2014		
	Air-conditioning products and parts	Hotel services	Total
Local revenues	538,255	25,660	563,915
Export revenues	406,848	-	406,848
Total	945,103	25,660	970,763
Cost of sales and services	(836,492)	(23,766)	(860,258)
Gross profit by segment	108,611	1,894	110,505
Non-allocation expenses			(143,357)
Loss from operations			(32,852)
Gain on debt restructure			147,163
Other incomes			36,909
Finance costs			(40,913)
Income tax expenses			(16,578)
Profit for the period			93,729
Property, plant and equipment - net	365,402	163,059	528,461

### 35. TRANSACTIONS WITH RELATED PARTIES

The Company has certain accounting transactions with related parties under the following relationship:

RELATED PARTIES	RELATIONSHIP
C.I.G. (Thailand) Co., Ltd.	Subsidiary of the Company
De Lamai Co., Ltd.	Subsidiary of the Company

The significant transactions with related parties are as follow:

### 35.1 Sales and expenses with related parties for the years ended December 31,

BAHT

RELATED TRANSACTION IN STATEMENTS OF COMPREHENSIVE INCOME	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
<b>Sale</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	153,380	-
<b>Interest income</b>				
De Lamai Co., Ltd.	-	-	3,223,392	-
<b>Cost of services</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	16,278	-
<b>Purchase of spare parts</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	1,234,030	8,276,916

### 35.2 Balances of receivable and payable from sales, purchase and service rendered to related parties.

BAHT

PARTICULARS IN STATEMENTS OF FINANCIAL POSITION	CONSOLIDATED		SEPARATE FINANCIAL STATEMENTS	
	2015	2014	2015	2014
<b>Trade accounts receivables</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	88,981	-
<b>Accrued interest</b>				
De Lamai Co., Ltd.	-	-	5,198,876	1,976,317
<b>Short-term loans to subsidiaries</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	-	10,000,000
De Lamai Co., Ltd.	-	-	2,000,000	-
<b>Long-term loans to subsidiary</b>				
De Lamai Co., Ltd.	-	-	174,800,000	179,600,000
<b>Trade accounts payable</b>				
C.I.G. (Thailand) Co., Ltd.	-	-	73,830	416,765

## **36. DISCLOSURE OF FINANCIAL INSTRUMENTS**

The Company and subsidiaries have information relating to financial instruments both in and off statements of financial position as follows :

### **36.1 Accounting policies**

Accounting policies are disclosed in Note 3 to the financial statements.

### **36.2 Risk from breach of contracts**

- Due to the contracting party does not follow the requirement in the contract which caused damage to the Company and subsidiaries.
- The credit risk with respect to the concentration of trade accounts receivable consists of:
- Revenues of the Company and its subsidiaries resulting from sale to few major customers with very high proportion.
- Revenues of the Company and subsidiaries resulting from sale and services to the small business customers has no concentration of credit risk, because they have a large number of customers.
- For the financial assets shown in the statement of financial position, the book value of such assets is net from various provisions to be estimated fair value. Such provisions are assumed to be the highest value of risk incurred from breach of contracts.

### **36.3 Risk relating to interest rate of financial assets and liabilities**

Risk from the fluctuation in interest rate may have negative effect to the Company and subsidiaries for the current and the following years. The Company expects that it can manage the contingent risk, due to the Company has set a plan and follow up the situation closely.

### **36.4 Risk from currency exchange rate**

The Company and subsidiaries have risk from the fluctuation of foreign exchange rates, due to some debtors and creditors arisen from the trading in foreign currencies. The Company and subsidiaries will provide the forward exchange contract, in case of Baht currency is highly fluctuated and it is appropriate for the situation.

### **36.5 Fair value of financial instruments**

The following methods and assumptions are used to estimate the fair value of the financial instruments.

- Financial assets shown at book value which are equal to the estimated fair value.
- Financial liabilities shown at book value which are equal to the estimated fair value. Loans carrying interest rates close to the market rate.

## **37. LITIGATION**

On November 16, 2014, the Company received court summon which the accused file a lawsuit against the Company and one director in the civil court dated October 22, 2014, for infringe of the co-investment agreement and to withdraw suppressive legal acts that considered invalid by saying that the loan agreements and mortgage agreements are suppressive legal acts. The accused requested the court to order the void of the suppressive legal acts of the loan agreements dated February 27, 2008 and dated May 30, 2008, the mortgage agreements of land and buildings dated June 27, 2008 and July 31, 2008. The Company appointed a lawyer to defend the case by submitting the testimony to the Court.

On July 8, 2015, the court considered that the plaintiff had no longer wished to proceed with litigation process against the two defendants. The court allowed the plaintiff to withdraw the case and stroked the case out of the case list.

## **38. ADJUSTMENT AND RECLASSIFICATION OF ACCOUNTING TRANSACTIONS**

The Company has reclassified some accounting transactions of financial statements for the year 2014, to conform with the presentation of financial statements for the year 2015, which has no effect to net profit or shareholders' equity as previously reported. Reclassification items are as follow;

BAHT

CONSOLIDATED	As previously reported	Reclassification	As restated
<u>Statement of financial position</u>			
Trade and other receivables	243,509,334	(16,803,516)	226,705,818
Inventories	142,857,478	28,014,269	170,871,747
Bank deposits with obligation	-	38,000,000	38,000,000
Investments property	60,000,370	166,253	60,166,623
Property, plant and equipment	528,944,291	(483,682)	528,460,609
Intangible assets	7,663,797	317,429	7,981,226
Other current assets	41,400,076	(28,014,269)	13,385,807
Other non-current assets	41,217,276	(21,196,484)	20,020,792
<u>Statements of cash flows</u>			
Trade and other receivables	75,994,418	15,735,666	91,730,084
Inventories	45,244,646	(28,014,269)	17,230,377
Other current assets	(19,748,477)	28,014,269	8,265,792
Purchase of vehicle and equipment	(29,364,704)	317,429	(29,047,275)
Purchase of computer softwares	-	(317,429)	(317,429)
Payment deposit on equipment	-	(15,735,666)	(15,735,666)

BAHT

SEPARATE FINANCIAL STATEMENTS	As previously reported	Reclassification	As restated
<u>Statement of financial position</u>			
Trade and other receivables	243,511,749	(16,803,516)	226,708,233
Inventories	142,612,506	28,014,269	170,626,775
Bank deposits with obligation	-	38,000,000	38,000,000
Investments property	60,000,370	166,253	60,166,623
Property, plant and equipment	365,869,185	(483,682)	365,385,503
Intangible assets	7,494,263	317,429	7,811,692
Other current assets	31,517,363	(28,014,269)	3,503,094
Other non-current assets	40,326,414	(21,196,484)	19,129,930

SEPARATE FINANCIAL STATEMENTS	As previously reported	Reclassification	As restated
<u>Statements of cash flows</u>			
Trade and other receivables	73,806,199	15,735,666	89,541,865
Inventories	45,287,929	(28,014,269)	17,273,660
Other current assets	(19,775,945)	28,014,269	8,238,324
Purchase of vehicle and equipment	(27,898,324)	317,429	(27,580,895)
Purchase of computer softwares	-	(317,429)	(317,429)
Payment deposit on equipment	-	(15,735,666)	(15,735,666)

### 39. EVENTS AFTER THE REPORTING PERIOD

**39.1** On March 8, 2016, the Company has bid of land and construction for auction of the legal Execution Department at Tambol Bangkadi Amphor Muang, Pathumthani Province, in order to expand the production line of large scale air conditioning units amount of Baht 46,740,000. The Company has paid deposit amount of Baht 5,000,000.

**39.2** On March 28, 2016, the Board of Directors Meeting No. 2/2016 was held and approved the resolutions as follows;

- Approval of proposing to the Ordinary Shareholders' Meeting for 2016 to approve issuance and offering of warrants No. 6 (CIG-W6) to existing shareholders of the Company in the amount of not exceeding 216,192,158 units at zero Baht.
- In case of CIG-W5 holders not exercise CIG-W5 in March - April 2016 at the ratio of 4 existing ordinary shares per 1 unit of CIG-W6 (delete any fraction of shares).
- In case of CIG-W5 holders exercise in March - April 2016 at the ratio of 5 existing ordinary shares per 1 unit of CIG-W6 (delete any fraction of shares).

The number of shares issued for the exercise of CIG-W5 and CIG-W6 combined will not exceed 50 percent of the paid up capital. The Board of Directors or authorized persons has the right to consider and adjust any conditions and details of CIG-W6. One unit of CIG-W6 can be exercised to buy an ordinary share at Baht 1.50 per share. The record date for eligible shareholders who have the right to receive CIG-W6 will be on May 11, 2016.

- Approval of proposing to the Ordinary Shareholders' Meeting for 2016 to approve increasing of the Company's registered capital of 216,192,158 shares with a par value of Baht 0.50 per share, equal to Baht 108,096,079 to accommodate the exercise of CIG-W6 and to approve amendment to Clause 4 of the Company's Memorandum of Association in accordance with the increase of registered capital.
- Approval of proposing to the Ordinary Shareholders' Meeting for 2016 to approve issuance and allocation of the increased ordinary shares of not exceeding 216,192,158 shares with a par value of Baht 0.50 per share in accordance with the increased registered capital of the Company to accommodate the right exercise of CIG-W6. It is assigned to the Board of Directors of the Company and/or the Authorized Directors and/or the person assigned by the Board of Directors of the Company and/or the Authorized Directors to have his power to consider and to determine remaining capital for unexercised warrants as seen appropriate.
- Approval of proposing to the Ordinary Shareholders' Meeting for 2016 to approve allocation of shares not exceeding 86,476,860 shares at Baht 0.50 par value for the General Mandate through Private Placement.

**39.3** On March 30, 2016, the Board of Directors Meeting No. 3/2016 was held and approved the resolutions as follows;

- Approval of proposing to the Ordinary Shareholders' Meeting for 2016 to decrease the registered capital from Baht 583,718,825 to Baht 540,480,395 due to the cancellation of the General Mandate through private placement and approved to amend Clause 4 of the Company's Memorandum of Association in accordance with the capital reduction.

- Approval of cancellation agenda of proposing to the Ordinary Shareholders' Meeting for 2016 to approve allocation of shares not exceeding 86,476,860 shares at Baht 0.50 par value for the General Mandate through Private Placement that was approved in the Board of Director Meeting No. 2/2016 on March 28, 2016 due to the referred resolution is not clear enough which might create confusion to investors. Moreover, the Company has no urgent requirement in increasing capital.

#### **40. FINANCIAL STATEMENTS APPROVAL**

These financial statements are duly approved by the Company's directors on March 28, 2016.

# COMPANY PROFILE

<b>Company Name</b>	C.I.Group Public company Limited
<b>Initial</b>	CIG
<b>Business Type</b>	Produce parts, coils, for all heat exchanger products such as air-condition, refrigeration, heat pump, air handling unit and etc, for both export and local market
<b>Registration Number</b>	0107547000133
<b>Registered Capital</b>	583,718,825 Bahts (As of December 31, 2015) Paid up capital 432,384,316.00 Bahts Par value 0.50 Baht per share
<b>Head Office</b>	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290-9 Fax : 0-2976-5023
<b>Branch Office</b>	789/75 Moo 1 Pinthong Industrial Estate Nong-Kham, Sriracha, Chonburi Tel : 0-3829-6920-4 Fax : 0-3829-6919
<b>Branch Office</b>	526/1-3 Moo 3 Soi. Than Phu Ying, Thepharak Rd., Thepharak, Muang Samutprakan 10270 Tel : 0-2758-3034-6 Fax : 0-2758-3085
<b>Home Page</b>	<a href="http://www.coilinter.com">http://www.coilinter.com</a>

## Branch Office

<b>Share Registrar</b>	Thailand Securities Depository Company Limited 93 The Stock Exchange of Thailand Building, Rachadapisek Road, Din Daeng, Bangkok 10400 Tel : 0-2009-9000 Fax : 0-2009-9991
<b>Branch Office</b>	Mr. Virach Aphimeteetamrong, Mr. Chaiyakorn Aunpitipongsa, Mr. Apiruk Ati-anuwat, Mr. Preecha Suan, license no. 1378, 3196, 5202 and 6718 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the Dr.Virach & Associates office Co.,Ltd. Dr.Virach & Associates office Co.,Ltd. 518/3 Maneeya Center North Building, 7th Floor Ploenchit Road, Lumpinee District, Patumwan, Bangkok 10330 Tel. : 0-2252-2860, 0-2255-2518, 0-2254-1210, 0-2250-0634, 0-2254-8386-7 Fax : 0-2253-8730

## Subsidiary Companies

<b>Company Name</b>	De Lamai Co., Ltd.
<b>Business Type</b>	Hotel
<b>Registration Number</b>	0845547005846
<b>Registered Capital</b>	100,000,000.00 Bahts (as of December 31, 2015) Paid up capital 100,000,000.00 Bahts
<b>Head Office</b>	171/4-9 Moo 4 Maret Koh Samui, Suratthani Tel : 0-7791-3250 Fax : 0-7791-3255
<b>Website</b>	<a href="http://www.samayabura.com">http://www.samayabura.com</a>

<b>Company Name</b>	CIG (Thailand) Co., Ltd.
<b>Business Type</b>	Produce and sell air-condition and all other refrigeration parts
<b>Registration Number</b>	0135554002471
<b>Registered Capital</b>	60,000,000.00 Bahts (as of December 31, 2015) Paid up capital 53,000,000.00 Bahts
<b>Head Office</b>	1/1 Moo 7 Bangkoowad Rd., Bangkoowad, Muang Pathumthani 12000 Tel : 0-2976-5290 (Auto 10 lines) Fax :0-2976-5023, 0-2598-2332





C.I. Group Public Company Limited  
บริษัท ซี.ไอ.กรุ๊ป จำกัด (มหาชน)

1/1 Moo7, Bangkoowad Rd., Bangkoowad, A, Muang, Pathumthani 12000 Thailand

Tel. +66-(02)-976-5290, Fax. +66-(02)-976-5023

1/1 ม.7 ถ.บางคูวัด ต.บางคูวัด อ.เมือง จ.ปทุมธานี 12000

โทรศัพท์ : (66) 0-2976-5290 แฟกซ์ : (66) 0-2976-5023

[www.coilinter.com](http://www.coilinter.com)