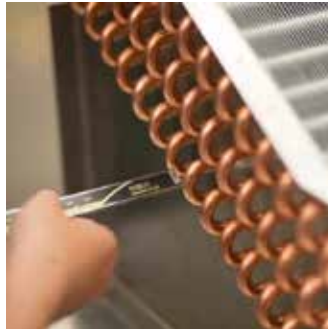


Annual Report 2014  
รายงานประจำปี 2557

Time to  
Diversify



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

A low-angle, upward-looking photograph of several modern skyscrapers against a clear blue sky at dusk. The buildings are illuminated from within, with many windows glowing with warm yellow light. The architecture is contemporary, with glass facades and sharp angles. The perspective creates a sense of height and scale.

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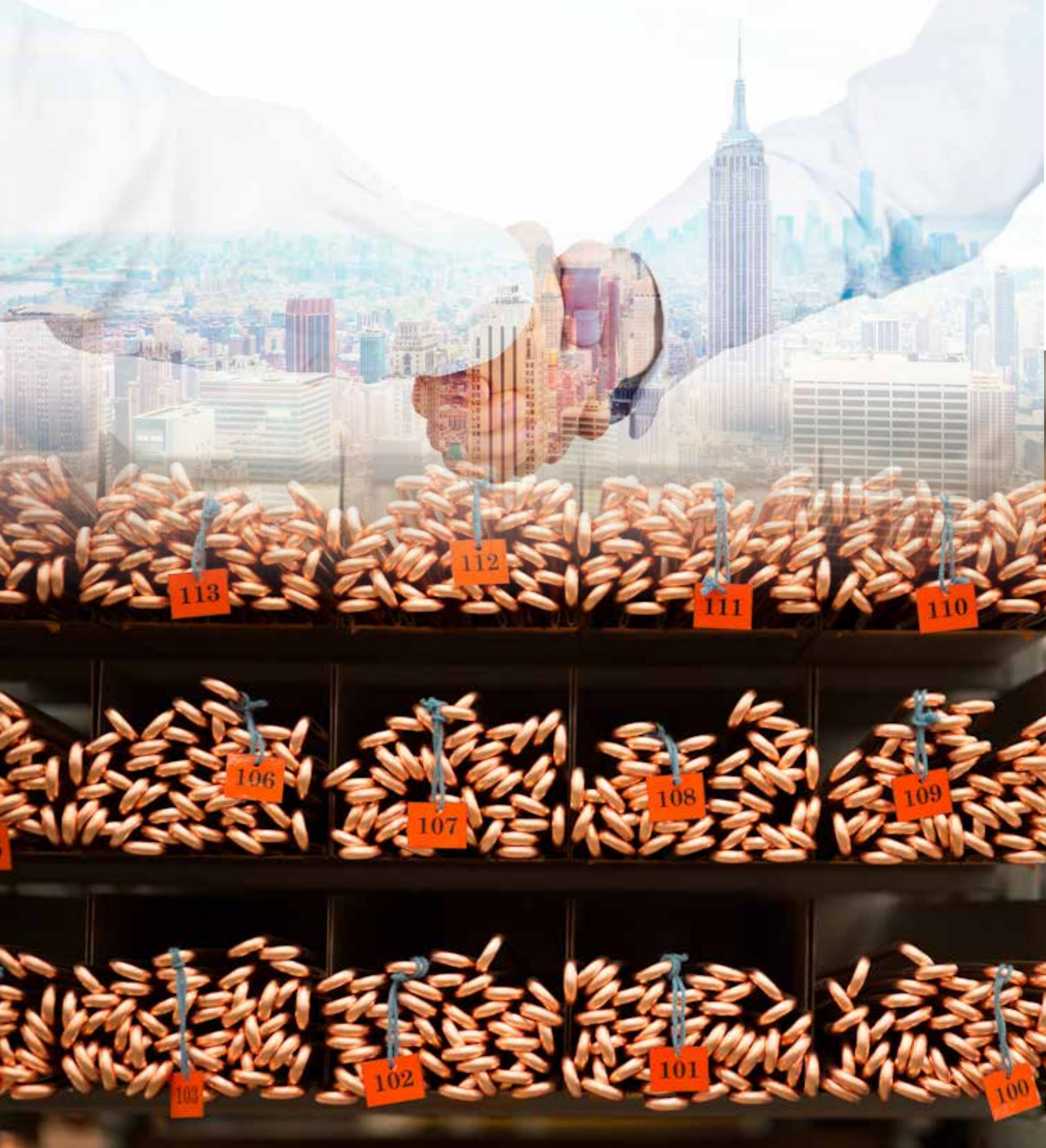


## VISION

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.



The Leading Producer  
of International Standard  
Coils in Asia

# 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 483.394 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
2000	<ul style="list-style-type: none"> <li>- Received standard certification from Canadian Standards Association (“CSA”)* at maximum pressure of 420 PSI (Pound Per Square Inch), allowing the company to expand its markets to Canada.</li> <li>- Received Golden Award for parts supplier from Trane (Thailand)</li> <li>- Received certification from Industrial Department for “Ozone Depleting Substance Phase-out” in an initiative to stop using Chlorofluorocarbons (CFC) in all manufacturing processes.</li> </ul>
2002	<ul style="list-style-type: none"> <li>- Received standard certification from Underwriters Laboratories Inc. (“UL”) of USA at maximum pressure of 500 PSI, allowing the company to expand its markets to USA and other countries</li> <li>- Received Best Supplier Award from Trane (Thailand)</li> </ul>
2003	<ul style="list-style-type: none"> <li>- ISO 9001 : 2000 certified</li> <li>- Merger with Heat Interchange Company Limited and re-registered the company with paid up capital of 94 million Baht.</li> <li>- Received excellent rating evaluation from Trane (Thailand) for quality, timely delivery, pricing, service and safety.</li> <li>- Increased registered capital from 94 million Baht to 120 million Baht by issuing 260,000 new shares at 100 Baht per share to existing shareholders proportionately.</li> </ul>
2004	<ul style="list-style-type: none"> <li>- Received standard certification from Underwriters Laboratories Inc. (“UL”) of USA at maximum pressure of 540 PSI, allowing the company to expand its markets to USA and other countries</li> <li>- The company converted its status to Public Company Limited and change the share value from 100 Baht to 1 Baht and increased its registered capital from 120 million Baht to 165 million Baht.</li> <li>- Received Best Performance Award for Service &amp; Special Project from Trane (Thailand) for excellent service, delivery, quality and consulting services for coil designs.</li> </ul>
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> </ul>

Year	Events
	<ul style="list-style-type: none"> <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>
2006	<ul style="list-style-type: none"> <li>- The company received a permission from the Stock Exchange Commission to issue warrants on 22 December 2006.</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> <li>- Received permission from the Stock Exchange Commission to offer to sell up to 85.50 million shares to the public on 26 October 2007.</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> <li>- Approved Treasury Stock buyback during 18 November 2008 to 17 May 2009</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>- The company bought 3,194,800 shares (Par value of 1 Baht) or 1.27% of outstanding shares and sold treasury stock of 6,389,600 shares (Par value of 0.50 Baht)</li> <li>- Received Best Performance Award for Service &amp; Special Project 2009 from Trane (Thailand) for excellent service, delivery, quality and consulting services for coil designs.</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>

Year	Events
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>
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>- 12 May: Annual General Meeting of shareholders for the year 2014.</li> <li>- 29 October: CIG-W4 expired with outstanding shares of 38,074,641 shares.</li> <li>- 9 January: A subsidiary, CIG (Thailand) Co., Ltd. invested in Fakwantip Co., Ltd.</li> <li>- 7 August : The civil case with a debtor namely Mrs.Suthasinee Setaphan or Muttamara 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>- 19 November : 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>- 29 December : 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>

## MESSAGE FROM CHAIRMAN



In 2014, overall Thai industry was growth 1.0%, a slight slowdown from that of 2013 with growth of 2.9%. International trade decreased from that of the same period last year due to decreasing imports and exports which is in line with a regress in domestic consumption and slight global economic recovery. Exports experienced slight decrease in value from that of the same period last year.

While the financial results of the company showed successful turnaround especially in its core business such as manufacturing for exports. This is a result of the company's marketing and production strategy combined with increased all-round efficiency even though not all of efficiency goals were achieved.

Moreover, the company has given priority to social responsibility and anti-corruption issue. This resulted in policies and changes within the organization showing cooperation among directors, management and employees' willingness to bring the company to its goal as reflected in acceptance from local communities, decreased waste and efficient production processes. All of these are evidence that we are ready to grow sustainably.

For 2015, the company will focus on cost reduction, efficiency improvement, effectiveness in operation, change of strategy to meeting constant changes, retain existing customers and expand business to new profitable segment, retain and develop human resources and focus on maximizing 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 2014, 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 2014 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 2014. 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.Chaiyut Angsuwittatya or Mrs.Natsaluck Sarochanunjeen, license no. 3885 and 4563 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the A.M.T & Associates as the CIG's Auditor for the year 2014.

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

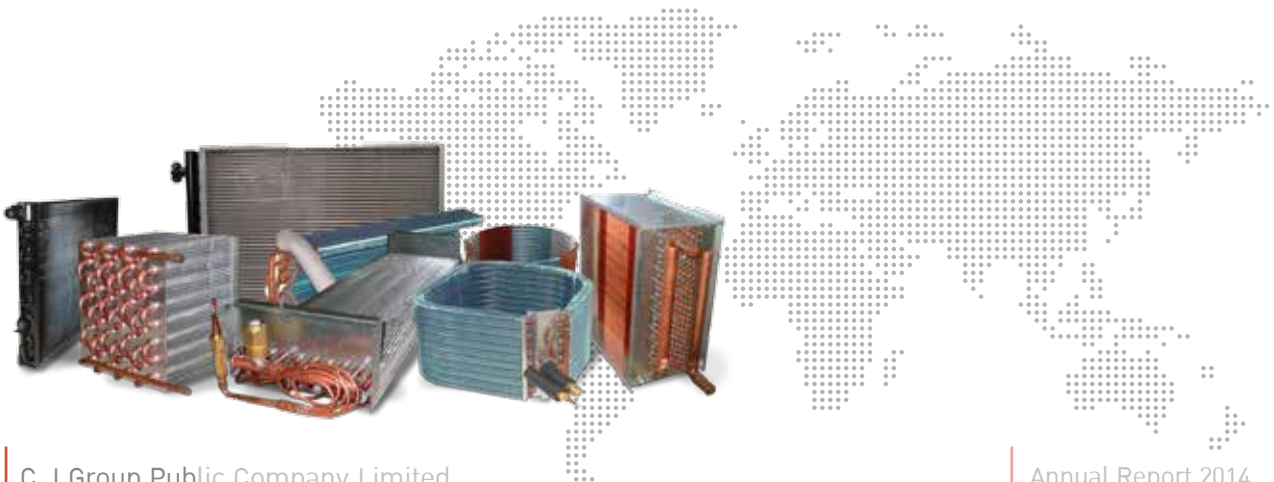
The company was incorporated on 10 April 2003 with registered capital of 94,000,000 Baht which was a result of a merger between C.I.Group Company Limited and Heat Interchange Company Limited by the same groups of shareholders namely Poomsanoh, Wangkorkiat and Wongsawang. The company's objective is to 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.



## 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 499,700 ordinary shares with par value of 100 Baht or 99.94% 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 50,000,000 Baht. There are 3 directors namely, Mr. Aree Poomsanoh, Mr. Theera Poomsanoh and Mr. Sawai Chatchairunguang.

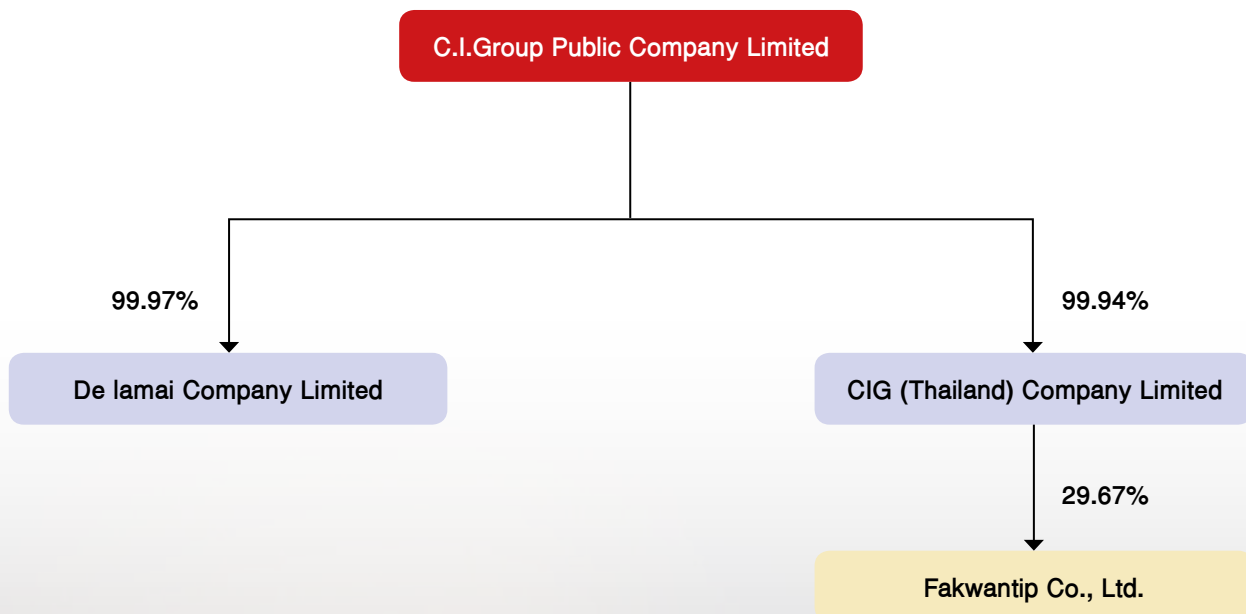


## ASSOCIATION WITH A SUBSIDIARY

### 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, THB 101,100,000, 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 achieve the above mission, the company implements corporate social responsibility policy as follow;

1. Conduct business with honesty, transparency, fairness and verifiability by focusing on growth and development of employee's quality of life, community, society and environment as well as best interest of stakeholders.
2. Conduct business with respect in human rights. Acknowledge each other's value and treating everyone as equal and care for one another.
3. Conduct business by treating labors fairly, especially in remuneration, benefits while focusing on human resource development and career paths.
4. Conduct business with product quality as the top priority. Be responsible for consumers. Ensure that the company's products and manufacturing process comply with quality control and certified by reputable organizations.
5. Conduct business with environmental saving awareness. Make efficient use of natural resources. Focus on prevention, control and reduction of waste using the concept "reduce, recycle, re-use, and waste reduction" in order to preserve the environment for the community.
6. Conduct business with responsibility towards community and society. Refrain from causing problems or disturbing local community. Help local community and society whenever possible to create sustainable community and society.

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.

## IMPLEMENTATION OF CORPORATE SOCIAL RESPONSIBILITY POLICY

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

### LINKING STAKEHOLDERS

#### CUSTOMERS

The company gives priority to customer service and maintains marketing, investment and product and service offerings according to corporate social responsibility policy

- Responsible for products and services
- Maintain confidentiality of customers
- Obtain certifications for processes and products from world class reputable organizations

#### 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.

- Set up operational manual
- Employee training and development
- Analyze, compare and adjust wages and employee benefits to match industry standard to ensure fairness and competitiveness.

## SUPPLIERS

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

- Conduct business with suppliers that have corporate social responsibility
- Communicate guidelines with suppliers to ensure transparency and fairness

## COMMUNITY

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

- Support local schools, temples focusing on activities to improve quality of life for people in local communities.
- Public service to local communities

## SHAREHOLDERS AND INVESTORS

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

- The company maintains transparency and auditable.
- The company releases key information accurately and adequately to shareholders and investors transparently and in timely manner through appropriate channels.

## ACCOUNT PAYABLES

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

- The company are in good standing with all account payables
- All terms, conditions, contracts and agreements are fair and for the best interest of all parties involved.

## GOVERNMENT AGENCIES

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

- The company complies with all rules and regulations imposed by government agencies or authorities.
- The company is involved in a collaboration education project by Industrial Council of Thailand which allows polytechnic students to study and train in real life situation.

## SOCIAL AND EDUCATORS

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

- The company collaborates with various educational institutes for development and research and education.
- The company joins various talks, workshops and discussions, providing market and industrial data to educators and different organizations to foster research and development.

## COMPETITORS

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

- The company sells its products at appropriate prices that does not destroy or cause volatility in the market.
- The company sells its products with integrity and maintains no tolerance to bribery.

## 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 flood victims with necessary items.

## 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.

## 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 2014, there is no evidence of adverse effects to society and environment according to 8 principles of CSR.

## CSR ACTIVITIES FOR SOCIETY AND ENVIRONMENT

In 2013, 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

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



In 2013, 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 encourage Kaizen project by employees to improve efficiency and reduce costs. In 2011, there are 3 Kaizen projects to reduce waste and excess materials in production process which can reduce cost by 757,384 Baht per year as follow;
  - Lubrication reuse project: Cost reduction of 484,000 Baht per year
  - Scrap reduction project from copper caps: Cost reduction of 167,681 Baht per year
  - Waste reduction from CNC programming: Cost reduction of 105,703 Baht per year

## ENERGY MANAGEMENT

- The company promotes energy conservation and initiated energy saving project. There were 3 projects with electricity cost reduction of 2,701,039.10 Baht per year as follow;
- Air conditioning improvement program in Patumthani: Electricity saving of 696,267.59 Baht per year
- Switching to LED lighting in all 3 factories: Electricity saving of 1,195,193.52 Baht per year
- Air compression improvement project at Pinthong factory: Electricity saving of 809,577.99 Baht per year

## EMPLOYEE BENEFITS

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

In 2014, the company organized trainings in AHU, D - Coat, Laht CNC, Basic Air-conditioning knowledge, inspection and sales strategy.



- Annual health check-up



- New Year party



- Scholarships for employee's children



## COMMUNITY AND EDUCATION

- Merit making at local temples



- Donate book shelves with books under “Give Future Donate Books to 600 Schools” project, organized by Nanmee Book Co., Ltd., to schools in neighbor such as Bangkoowad School, Indharam School (Songworn-U-Tis), Shinwararam (Charoenpholwittayawes) School and etc.



- Provide trainings to polytechnic students such as Lamthong Polytechnic School and Patumthani Polytechnic School. In 2011, the company
- 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

In 6/2013 board of director's meeting on 8th November 2013, the board of directors considered corruption prevention issue as the Stock Exchange Commission sent a letter asking the company to initiate anti-corruption measures. The meeting's unanimous resolution was that the management will study and set anti-corruption initiatives within the company.

## 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, honesty 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 though 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 2014 reported production index of 278, an increase of 1.10% when compared to that of last year. Electronics saw an increase of 2.35% when compared to that of last year due to increasing demands in communication devices. Electrical Appliances, on the other hand, saw 0.14% decrease when compared to that of last year due to decreasing purchasing power and domestic consumers have become more careful with their spending. However, domestic market is recovering with increasing confidence in consumers in the third quarter of 2014.

Exports of electrical appliances and electronics in 2014 valued at 55,392 million US dollars, an increase of 3.84% compared to that of the same period last year. Exports increased in all major markets such as ASEAN, EU, USA, and Japan except for China due to decreasing HDD demand.

In 2015, it is expected that production of electrical appliances and electronics will increase around 1.2% when compared to that of the same period last year. Electronics production is expected to increase by 0.5-1 % due to increasing demand for communication devices but such increase will not be as much as that of last year. While electrical appliances production is expected by increase by 1-2% when compared with that of the same period last year due to recovery in domestic and export market.

## PRODUCTION SITUATION

Electrical appliances saw a decrease of 0.14% when compared with that of the same year with key products such as refrigerator, rice cooker and TV. This is due to decreasing purchasing power and consumers cut down on spending. Moreover, some TV producers have moved their production base to other ASEAN countries except split type air conditioning, condensing unit, fan coil unit air conditioning which saw an increase from domestic sales and export to ASEAN, US and EU. Since the third quarter of 2014, however, export to EU has slowdown and some producers have changed their production process to accommodate new refrigerant R32 or R410a.



## MARKET SITUATION

### DOMESTIC SALES

Domestic electrical appliances sales in 2014 that expected a decrease when compared to that of last year are compressor, fan, washing machine, microwave oven and refrigerator with decrease of 2.68%, 2.53%, 2.19%, 6.48% and 3.71% respectively. Electrical appliances that expected an increase are split-type air conditioner, condensing unit, fan coil unit air conditioning, water boiler and rice cooker with increase of 5.33%, 5.02%, 7.0% and 6.65% respectively as shown in table below;

Products	2012	2013	2013				2014				2014*
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4*	
Split Type Air-Conditioning (Condensing Units)	1,398,998	1,515,746	526,917	477,817	263,208	247,804	503,324	508,436	312,737	272,035	1,596,532
YoY	36.00	8.35	36.65	3.31	15.21	-12.28	-4.48	6.41	18.82	4.85	5.33
QoQ			86.53	-9.32	-44.91	-5.85	103.11	1.02	-38.49		
Split Type Air-Conditioning (Fan Coil Units)	1,427,380	1,541,660	528,340	489,440	267,998	255,882	506,864	511,659	321,050	279,526	1,619,099
YoY	32.68	8.01	33.52	3.76	16.27	-5.46	-4.06	4.54	19.80	4.52	5.02
QoQ			95.21	-7.36	-45.24	-4.52	98.09	0.95	-37.25		
Compressors	7,230,540	7,330,143	1,809,705	2,075,139	1,861,942	1,583,357	1,953,942	1,822,133	1,725,054	1,632,760	7,133,889
YoY	14.30	1.39	33.68	33.39	19.73	10.96	7.97	-12.19	-7.35	-3.72	-2.68
QoQ			26.82	14.67	-10.27	-14.96	23.41	-6.75	-5.33		

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.

## INTERNATIONAL TRADE

### EXPORT SALES

Electrical appliances export value in 2014 amounted to 23,336 million USD, an increase of 3.08 percent compared with that of the same period last year. Export to ASEAN and USA increased continuously more than 7% and 20% respectively. Exports to China, EU and Japan have been stable with a slight decrease for China in the first half of 2014 but picked up later in the year after better economic situation. While export to EU and Japan experienced a slowdown in the second half of 2014 due to economic slump in those markets. Key export products that experienced an increase include air conditioner to ASEAN and USA. Key export products that experienced a decrease include TV recorder, digital cameras, and video cameras. Change in technology allowing for substitutes such as smart phones, tablets accounted for decreasing demands for digital cameras in USA, EU and Japan.

## IMPORT

Electrical appliances and electronic import in 2014 amounted to 17,345 million USD, a decrease of 7% compared with that of last year. Import from key markets such as EU, China, USA and Japan has decreased except imports from ASEAN. Key products that experienced a decrease include electrical circuit breakers, control panels and TV components.

## TREND

Electrical appliances and Electronics is expected to increase by 1-2% because increasing demands in domestic market is anticipated according to recovering economic situation as well as government policies to promote investment and increasing government spending. Moreover, an increase in export is expected with recovering world economic. However, economic situation in Japan and EU are still fragile.





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 2014, the company ordered 84.58% of required copper tubes from 3 large suppliers. The largest of which accounted for 35.25% 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 30% 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 2014, export revenue accounted for 42.47% of total revenue and imported 63.18% 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 35% of total sales.

	2012	2013	2014
Sale proportion to the top 5 customers*	62.25	71.28	76.58

\*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

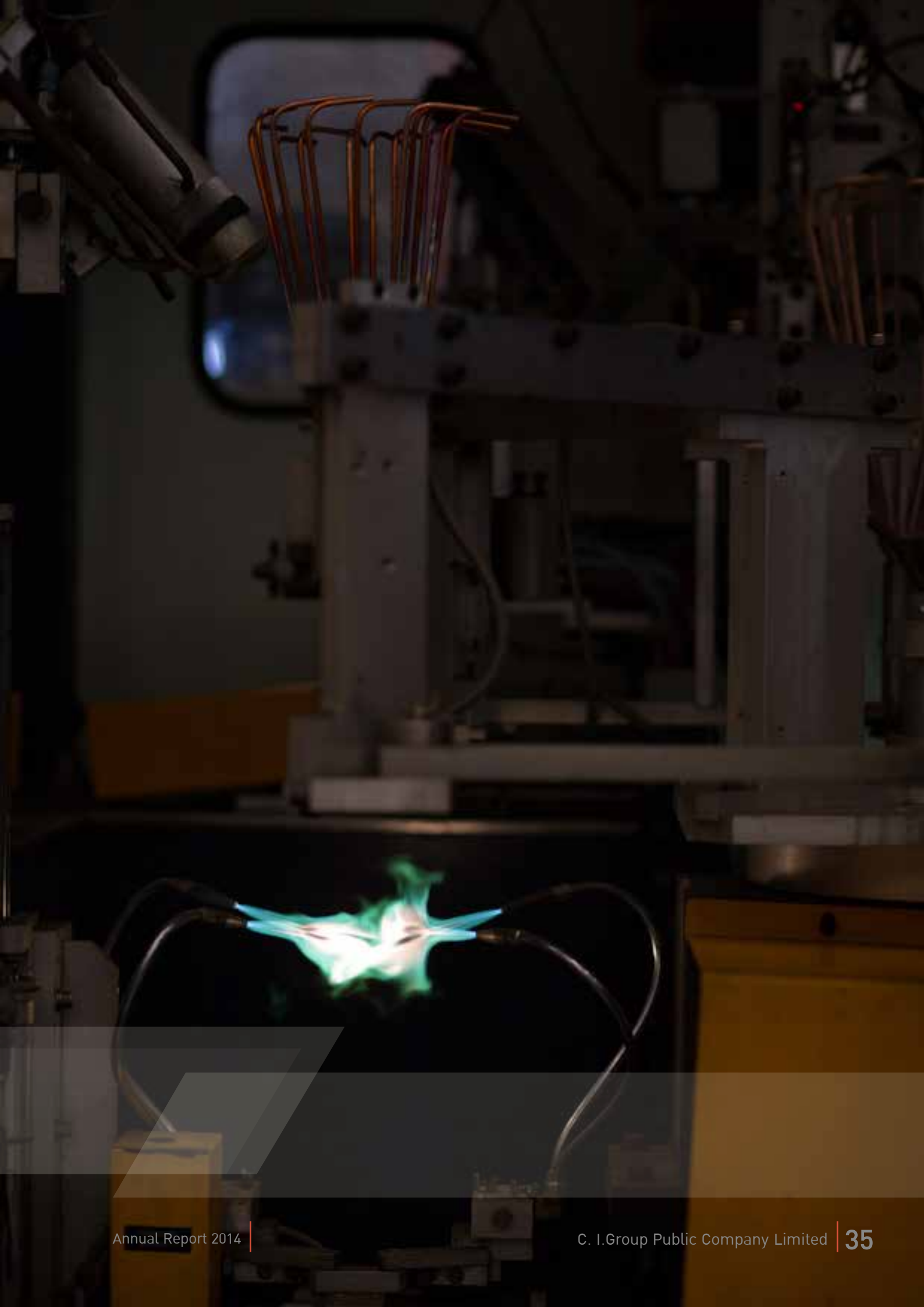
One of the risks that industrial players will face is a change of technology in production process or the product itself. Some of those changes may allow the company to benefit from increasing productivity such as increased machine productivity in some areas where time consumption may be reduced or less 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. 2012	31 Dec. 2013	31 Dec. 2014
Total Assets	1,228	1,238	1,335
Total Liabilities	601	604	492
Shareholder's Equity	628	634	843
Total Revenues	1,006	1,027	982
Gross Profit (Loss)	47	109	108
Net Profit (Loss)	(28)	5	(55)
Earnings (Loss) per share	(0.04)	0.01	(0.09)

### FINANCIAL PERFORMANCE IN CONCLUSION OF C.I. GROUP PUBLIC COMPANY LIMITED AND SUBSIDIARIES

Million : Baht

Details	Amount		
	31 Dec. 2012	31 Dec. 2013	31 Dec. 2014
Total Assets	1,266	1,291	1,304
Total Liabilities	823	852	507
Shareholder's Equity	443	438	797
Total Revenues	1,032	1,065	1,155
Gross Profit (Loss)	48	107	111
Net Profit (Loss)	(78)	(6)	94
Earnings (Loss) per share	(0.14)	(0.01)	0.15

# SHAREHOLDERS AND MANAGEMENT STRUCTURE

## SHAREHOLDERS STRUCTURE

### SHAREHOLDERS

The list of 12 major shareholders as of January 9th, 2015 is as follow:

Total Shareholders	3,471
% Shares in Scripless Holding	99.43

Rank	Major Shareholders	# Shares	% Shares
1.	Mr. Aree Poomsanoh	81,577,200	9.43
2.	Mr. Sompong Chonkadeedamrongkul	48,200,000	5.57
3.	Mr. Taweesak Wangkorkiat	30,500,000	3.52
4.	Mr. Nattapat Rangsan	25,625,600	2.96
5.	<b>Sangnoi Group</b>		
	Mrs. Alisa Sangnoi	21,351,600	2.47
	Mr. Phairote Sangnoi	20,771,900	2.40
6.	Mr. Aekkarat Wongsupachatkul	20,200,000	2.34
7.	<b>Chanpitak Group</b>		
	Mr. Pachok Chanpitak	20,000,000	2.31
	Mr. Pachai Chanpitak	18,000,000	2.08
8.	Mr. Khet Jiaranaisilawong	19,508,600	2.26
9.	Miss. Panom Wongpradit	19,507,497	2.26
10.	Mr. Sumeth Manosuthi	16,600,000	1.92

## 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 MANAGERMENTS' 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 bellowed 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 being 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 2013 and 2014, the remuneration of directors can be summarized as follows:

Name of the Directors	Position	2013			2014		
		Meeting Allowance (Baht)	Gratuity (Baht)	No.of Attendance	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	55,000	540,000	6/6 ; 5/5	40,000	540,000	4/4;4/4
2. Mr. Aree Poomsanoh	Director, Vice Chairman of the Board of Directors	30,000	300,000	6/6	20,000	300,000	4/4
3. Mr. Taweesak Wangkorkiat	Director	30,000	300,000	6/6	20,000	300,000	4/4
4. Mr. Theera Poomsanoh	Director	30,000	300,000	6/6	20,000	300,000	4/4
5. Mr. Wongsawat Wongsawang	Director	-	300,000	6/6	-	-	-
6. Mrs. Chankapaw Dissakul	Director	30,000	300,000	6/6	20,000	300,000	4/4
7. Mr. Songphol Annanon	Independent Director & Audit Committee	55,000	450,000	6/6 ; 5/5	40,000	450,000	4/4;4/4
8. Mr. Nadiith Rodphet	Independent Director & Audit Committee	55,000	450,000	6/6 ; 5/5	40,000	450,000	4/4;4/4
<b>Total</b>		285,000	2,940,000		200,000	2,640,000	

## EXECUTIVE REMUNERATION

In 2012-2014 The executive remuneration is summarized as follows:

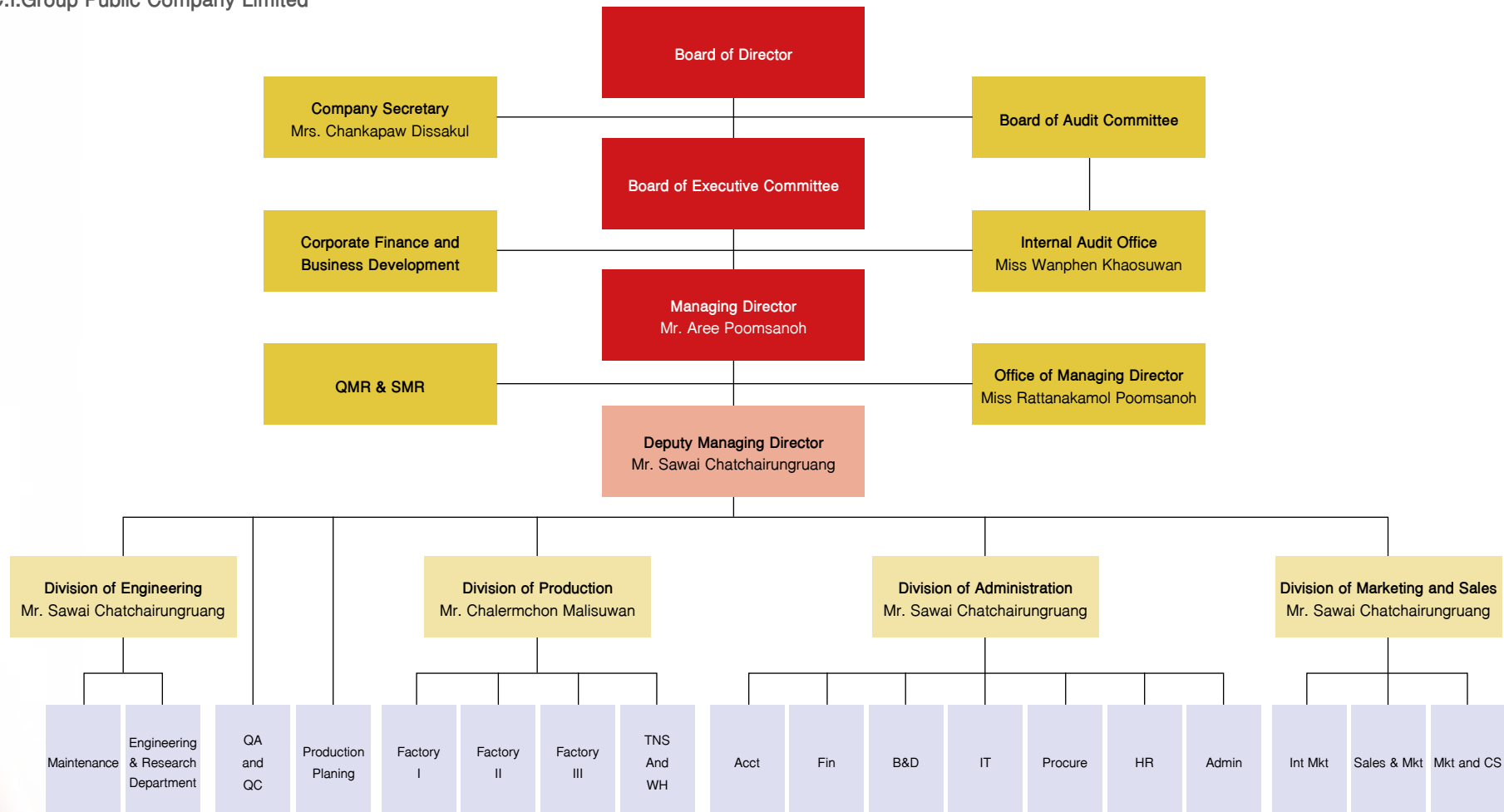
Type of Remuneration	2012	2013	2014
Salary	20,515,500	19,358,000	18,278,000
<i>Incidental benefit</i>	-	-	364,325
Other	565,200	494,352	488,352
<b>Total</b>	<b>21,080,700</b>	<b>19,852,352</b>	<b>19,130,677</b>
<b>Number of Executive</b>	<b>9</b>	<b>9</b>	<b>8</b>


Note: As of 31 December 2014, The Company has 4 Executive Managements and 4 Executive Committee.

Other Remunerations consists of ESOP-1 and Provident Fund.

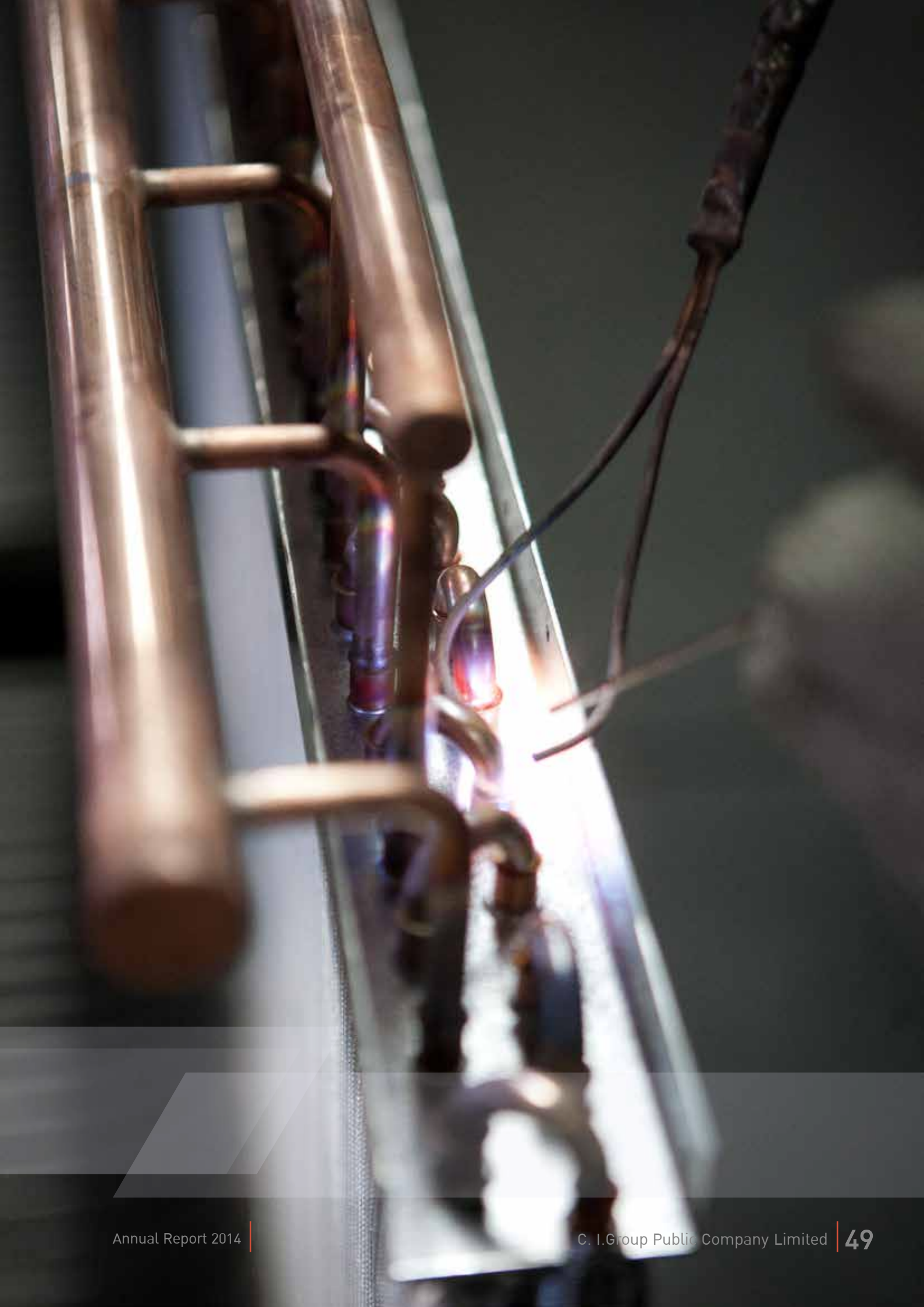
Organization Chart  
C.I.Group Public Company Limited

ORGANIZATION CHART



Approved by   
Chairman of Executive Committee

Date of Issue : 29/10/2012  
REV.41



# BOARD OF DIRECTORS AND EXECUTIVES

## BOARD OF DIRECTORS



**Pol. Gen. Prung Boonpadung**

*Age 66 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 Police
- 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

**Other current positions :**

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

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

- Director Accreditation Program (DAP) Class 90/2011
- Role of the Chairman Program (RCP) Class 27/2012



**Mr. Aree Poomsanoh**

*Age 60 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 and Managing Director
- 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 : C.I.Group Public Company Limited Chairman of the Executive Committee and Managing Director
- 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



**Mr. Taweesak Wangkorkiat**

*Age 63 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 58 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 49 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



**Mr. Songphol Annanon**

*Age 44 years old*

Independent Director And Audit 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 45 years old*

Independent Director and Audit Committee

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

**Highest Education :** MBA, Thammasat University

**Working Experience :**

- Country Finance Manager : Avande (Thailand) co.,Ltd
- Internal Audit Manager & Financial Controller : Millennium Auto Group
- Finance Director : SME Trade Promotion Company Limited
- Business Manager : Metro Infinitum (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. Chalermchon Malisuwan**

- **Position :** Division of Production Manager
- **Highest Education :** B.Eng. (Industrial), Kasetsart University



**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.

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 2014, the AGM fell on May 12 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 2014 AGM, the Board of Director's meeting No.1/2014 on Thursday 27th February, 2014 decided to call a shareholders' meeting on Monday 28th April, 2014, 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.

There were only 162 shareholders and proxy which hold in total of 197,955,621 shares or 32.88% of paid up shares that was not meet constituted quorum, joined the meeting, so the meeting needed to be postponed referred to Section 103 of the Securities and Exchanges Act, B.E. 2535, the AGM shall have not less than 25 shareholders and proxies with total shares not less than one third of the company's paid up capital.

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 2014 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 2014 AGM began at 13.30hrs, with registration beginning at 12.00hrs. At the meeting's opening, the shareholders and proxy holders in total of 88 shareholders which holding 190,772,903 shares or 31.69% of the total shares sold, which exceeded one-third of all the sold shares of 601,949,816 shares.

#### DISCLOSURE OF SHAREHOLDERS' MEETING OUTCOMES

For the year 2014 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 (May 12, 2014). 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 year 2014 AGM, the company posted such criteria on its website and posted an announcement on the website of SET from 12 September to 30 December 2013, 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 2014 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 2014 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 they 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 subordinates 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 2014, 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 2014 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. 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:

Self-Assessment of the Individual Directors consisted of 6 categories: 1) Construction and Qualification of Director 2) Role, Duties and Responsibilities of the Director 3) Directors' Meeting 4) Accountability and Actions of the Director 5) Relationship with Management 6) Self-Assessment of the Director and Development of the Management.

Overall results were good for most directors, with an average score at 76.55%.

## 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.1/2014 on 27 February, 2014, 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. 1/2015 dated 28 February, 2015, passed a resolution to approve the assessment of the Audit Committee's performance 2014 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 2014's Annual General Meeting of the shareholders on 12 May, 2014 had resolution to approve Director and Audit Committee's remuneration for the year 2014 not exceeded THB 8,000,000 per year. For the year 2013, there were details of compensation as follows:

POSITION	DIRECTOR'S COMPENSATION	MEETING ALLOWANCE THB5,000 /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 2014, 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.

Recently, the company has directors who are in the Director's Pool 3 persons and control to ensure that executives or outsiders who are currently our directors not be assigned to manage the company's subsidiaries more than 5 companies to decrease risk of conflict of interest and 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.

## RELATED-TRANSACTIONS

### DETAILED RELATED-TRANSACTIONS

As during 2012 - 2014, 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
			2012	2013	2014	
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	81.35	79.40	179.62	For using as working capital
		Interest receivable	1.98	1.98	1.98	

### 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 2014.

Pol.Gen.



(Prung Boonpadung)  
Chairman of the Board



(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 2014

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

For the year 2014, Thai economy was growth not much due to the world economic. That's also effect to overall electricity industrial demand was decelerated in almost every section especially domestic demand and recovering of export section was lower than expected. The electricity and electronics industrial are a group that has an important role on making revenue into the country. For the next one to two years, the electricity and electronics industrial is expected to bring automation system to use in production lines more and more to decrease reliable on human resources. While the Small and Medium Enterprise (SME) need to improve together with human development which will need higher skill to work with new technology. Lately, Thailand is facing a lot of risk factors such as lack of human resources, high wages, and limited on investment.

From both domestic and export was not perform well enough, that made the company could not reach its target at all. However, the company's overall operation performance was a bit better than the year before. The company and its affiliate got MB93.73 net profit in the year 2014 and loss MB5.64 in the year 2013. In the year 2014, sales revenue was MB970.76. When compare with the year 2013, gross profit margin was increased 0.98% and costs of goods sold was decreased from 89.51% to 88.62%.

Overall cost was decreased from effectiveness of improving production processes and production amount were increased, so the company could manage with its fix costs well. Also, many expenses were decreased such as interest due to paying back principle to financial institution in order to decrease short term loan amount of the company.

##### (2) Financial Performance for Each Business

###### 1. Income

The Company's total income was MB1,154.84 which was increased 8.39% or MB89.38 when compared with the year 2013 that had total income MB1,065.46 by which could be classified by business as follows.

Unit : Million Baht

	2014	2013	Change
Production Business	981.70	1,027.49	(4.45%)
Hotel Business	173.14	25.67	574.48%
Trading	-	12.30	(100.00%)

As above, income from hotel businesses increased from profit of debt restructuring in total of MB147.16 and from services due to expanding Asian market channel. In the year 2014, the overall business performance was better when compare with the last year performance.

However, the company does not stop improvement but yet adjust strategies to continue decreasing costs, invent new products and increase market channel.

## Revenue From Sales and Services

Million Baht

	2014	2013	CHANGE	
			Amount	Percentage
Revenue from Sales and Services	970.76	1,015.75	(44.99)	(4.43)
• Revenue from Domestic Sales	538.76	634.85	(96.09)	(15.14)
• Revenue from Export Sales	386.85	308.15	78.70	25.54
• Revenue from services	45.15	72.75	(27.60)	(37.94)
<u>Less</u> Costs of Sales and Administration	860.26	909.14	(48.88)	(5.38)
<b>Gross Profit Margin</b>	<b>110.51</b>	<b>106.61</b>	<b>3.90</b>	<b>3.65</b>

### 2. Cost of Sales and Gross Profit Margin

In 2014, the Company's total costs of sales was MB860.26 which was decreased 5.38% or MB48.88 compared with that of the year 2013 which was MB909.14 due to renovation of the factory and some machines that increased effectiveness of production process. That's also made gross profit margin of the year 2014 was increased 0.89% from the year 2013.

### 3. Sales and Administration expenses

In 2014, the Company's selling and administrative expense was MB143.36 which was increased MB 24.18 or 20.29% from that of the year 2013, MB119.18. That was resulted from increasing of export which makes expense of export much more. Moreover, there was expense in investment in human resources and information system increasing from the last year in order to be prepared to support expansion of business.

### 4. Interest Expense

In 2014, the Company's interest expense was MB40.91 which was decreased MB5.49 or 11.83% from that of the year 2013, MB46.40. That was resulted from repayment of short-term loans and default payment of debt to financial institutions.

## PROFITABILITY RATIOS

DETAIL	YEAR				
	2010	2011	2012	2013	2014
<b>Profitability Ratios</b>					
Gross Profit Margin (%)	9.28	4.64	4.96	10.49	11.38
Operating Profit Margin (%)	(10.90)	(13.18)	(10.60)	(1.24)	(3.38)
Net Profit (%)	(8.75)	(11.75)	(8.21)	(0.53)	8.12
Return on Equity (%)	(16.42)	(24.51)	(15.02)	(1.28)	15.18
Return on Asset (%)	(6.58)	(8.59)	(5.94)	(0.44)	7.22

Return on Asset (ROA) was increased from (0.44)% in the year 2013 to 7.22% in the year 2014 and Return on Equity (ROE) was increased from (1.28)% to 15.18% in the year 2014 due to operation performance was improved. Net Loss was MB5.64 in the year 2013 to net profit MB93.73 in the year 2014. The reasons beyond better operation performance of the company were:

## FACTORS OF CHANGE TO PROFITABILITY OF THE COMPANY IN 2014

### 1. Fluctuation of raw material prices per world market

The main raw materials prices in average were down from the year 2013 which made the company to decrease product price but as per basic of the industrial the company needs to keep raw material in hand not less than 2 month used amount. By that, it made the material in-hand costs higher than recently prices. Thus, the company enhance effectiveness in managing raw material stock continuously, so could balance the defer better and the main raw material prices were declined, so the company could make higher gross profit margin than the past year. Therefore, the company frequently adjusts pricing policy, purchasing raw material and inventory control continuously.

### 2. Costs of goods sold

Costs of goods sold were decreased from abilities of the company to increase productivity which occurred from upgrade production machines and tools, thus, the company's profit was also increased.

### 3. Exchange Rate

Since the main raw materials has got import tax abatement, the company decided to change the purchasing policy by importing especially from China more which made the prices of materials fluctuated along with the world market prices and also the exchange rate. On the same hand, in term of export, the company would get profit high or low depend upon exchange rate also. Therefore, if export sales and purchasing raw material amount are balanced, the company would be able to balance change from exchange rate.

#### 4. Debt Restructuring of Affiliate

In 2014, the company had done with its affiliate's debt restructuring makes the company's financial ratios better and effect to decreasing of interest expense. By that, the company financial costs was decreased also.

### FACTORS EFFECT TO FUTURE OPERATION PERFORMANCE

#### 1. Wages

As the Thai Government has set a policy on minimum wage which is THB 300 equally throughout the country in the year 2013, that's push the company to face lack of labor problem as normally most of the company's labors are from other provinces which no need to work in Bangkok or nearby provinces anymore to get higher wages. Furthermore, that's reason of higher production costs of the company. Therefore, the company is considering decreasing using human labor by turning to machinery besides.

#### 2. Exchange Rate

If the US Dollar fluctuates, it will effect to the company's Sales Revenue and purchasing raw material costs since Copper and Aluminum costs, main raw materials of the company, are having big effect to the company's costs. Since, the exchange rate is one of a major cause related to profit/loss of the company, considering using financial tools systematically is one of our strategy to decrease risk of fluctuation of exchange rate. Tools that the company has been using are making Forward deal with the financial institutes; balancing purchasing raw material from abroad and export amount to compensate fluctuation of exchange rate, etc.

### AUDIT FEE

Audit Fee for 2012 - 2014

	2012	2013	2014
Audit Fee	990,000	990,000	1,100,000
Non-Audit Fee	198,400	118,800	80,000

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

# INDEPENDENT AUDITOR'S REPORT

To The Shareholders and Board of Directors of The C.I. Group Public Company Limited

- (1) I have audited the accompanying consolidated financial statements of C.I. Group Public Company Limited and its subsidiary, which comprise the consolidated statement of financial position as of December 31, 2014, the related consolidated statements of changes in shareholders' equity, consolidated statement of income, consolidated statement of comprehensive income and consolidated cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. I have also audited the separate financial statements for the same period of C.I. Group Public Company Limited.

**(2) *Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with 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.

**(3) *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 Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

**(4) *Basis of Qualified Conclusion***

As mentioned in note 10 to the financial statements that as of September 30, 2014 the Company has loan to other person amounting to Baht 92.03 million (included 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 operate a hotel business in Phuket province as additional collateral. Due to the borrower default payment, the Company filed lawsuits against the borrower in Civil and Criminal courts. The Civil 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 filed to execute the enforcement of the assets confiscation.

In civil case, the Legal Execution Department has executed to confiscate the mortgaged land on May 18, 2010, and has appraised the land which worth approximately Baht 19.44 million. Later on the Execution Department officer has announced date for auction of the land that first auction on December 2, 2010, second auction on December 9, 2010, third auction on December 16, 2010 and forth auction on December 23, 2010. On December 2, 2010 there is a limited company (registered on December 1, 2010 with Baht 1 million register capital) offered the highest price at Baht 43.20 million. The Company disputed the offering price, then the officer ordered to postpone the auction to December 9, 2010 and ordered the offering company to commit the highest offering price. On December 9, 2010 no one offer higher price than Baht 43.20 million. The Execution Officer ordered to sell the land at Baht 43.20 million and ordered the buyer to pay the balance of Baht 43.15 million (the Baht 43.20 million auction price less Baht 50 thousand deposit) within 15 days. Later on the buyer has requested to extend the balance payment another 90 days. The Execution Officer has approved the extension period to March 24, 2011. Later on March 24, 2011, the buyer did not pay the remaining amount. The Execution Officer ordered the forfeit of the deposit. The schedule for an announcement of the next auction was in June 2011. However, in June 2011, the auction to sell the land has not been announced. Later on August 4, 2011 the Company has submitted additional request to confiscate the construction on the land. The Execution Officer had reported matter of fact to the court for the court's further instructions. The court has ordered to release liabilities of the Execution Officer which has the responsibility as Code of Civil Procedure. However, the Company is cooperating with the execution officer to confiscate the construction for further auction. On June 28, 2012, the company submitted a request to the civil court to confiscate the construction newly added on the land. The court accepted the request. On September 13, 2012, the court ordered the execution officer to confiscate the construction and the land. The Company coordinated with the execution officer to confiscate the land and construction for auction.

Later On September 26, 2013, the execution officer announced the auction date of the land and construction, 1<sup>st</sup> auction on November 14, 2013, 2<sup>nd</sup> auction on December 4, 2013, 3<sup>rd</sup> auction on December 26, 2013, 4<sup>th</sup> auction on January 15, 2014, 5<sup>th</sup> auction on February 6, 2014, and 6<sup>th</sup> auction on February 27, 2014. The assessment price by the execution officer is approximately Baht 54.30 million. On November 14, 2013 the Company entered into the bid of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60 million.

Later on February 7, 2014 the debtor disputed the bid to the South Bangkok Civil Court. The Court appointed the hearing on February 10, 2014 which was extended to March 31, 2014 and the Court ruled that the debtor's dispute request to the bid is revoked due to the fact that the debtor failed to put a deposit within the date set by the Court. Later in August 2014 the Company had hand over the land and construction and booked as "Investment Property" account. For the balance of the loan amounting to Baht 38.91 million, the Company has been following up the

confiscate 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.

For the criminal case, on April 27, 2010, the Criminal court has postponed cross-questioning the witness of the plaintiff and questioning of the witness of the defendant to August 2, 2010. The court has made another postpone of the questioning of the witness of the defendant to October 19 and 20, 2010. Later, the lawyer of the defendant withdrew from his duty as the lawyer of the defendant. On October 19, 2010, the defendant requested the postponement of the questioning of the witness of the defendant to February 28, 2011. On February 28, 2011 the lawyer of the defendant asked the court another postponement, the court approved to questioning of the witness of the defendant to May 9, 2011 which the defendant request a postponement of the questioning of the witness of the defendant. The court orders the postponement of the questioning of the witness of the defendant to August 1, 2011 and August 11, 2011 and August 25, 2011 and September 5, 2011.

However, on August 1, 2011, the lawyer of the defendant requested for the postponement of the questioning of the witness of the defendant. The court allowed but all witnesses of the defendant have to appear at the court for questioning on the remaining appointments with the court.

On August 11, 2011, the lawyer of the defendant questioned witnesses of the defendant. The court appointed the next meetings for questioning on August 25, 2011 and September 5, 2011.

On September 12, 2011 the lawyer of the defendant requested to consider the case behind the defendant and postponement the case. The court not allowanced and issued warrant of arrest. The court has rearranged the date of questioning of the witness of the defendant on November 18, 2011. Due to the floods situation in Bangkok and vicinity, the chairman of the Supreme Court has ordered the flooded court to pause the operation. Therefore, the questioning of the witness of the defendant on November 18, 2011 has been paused and the court has rearranged the date on January 24, 2012. On January 24, 2012 the lawyer of the defendant requested the court to question of 2 more of witnesses of the defendant. The court allowed and set date of questioning additional witness on May 25, 2012 and June 12, 2012.

On May 25, 2012, the lawyer of the defendant had his assistant submitted a request for the postponement of the case. The lawyer of the plaintiff opposed the postponement. The court asked the defendant and stated that the defendant want to negotiate the debt reduction with the plaintiff. Thus the court postponed the investigation of the witnesses to July 27, 2012 and cancelled the investigation of the witnesses on June 12, 2012.

On July 27, 2012, the lawyer of the defendant declared no additional interrogation the witnesses. The defendant request the postponement of the hearing of the court verdict for 4 months so as to negotiation with the plaintiff. The court appointed the hearing of the verdict on December 17, 2012. On the appointment date, the defendant requested for a negotiation of the debt payment. The court, on the principle that the case is compromise-able and is mutually beneficial if both parties can agree. The court postponed the hearing of the verdict to April 29, 2013. And, on April 29, 2013, the case is acquitted by the court. Later on May 28, 2013, the Company has appealed the First Instant Criminal Court verdict to the Appeal Court. The appeal has been accepted by the Appeal Court and scheduled the hearing of the verdict on December 9, 2013. The Appeal Court judge upholds the First Instant Criminal Court. Presently, the Company is petition filing to Supreme Court. Later on February 5, 2015. Report from the lawyer said the Supreme Court has its verdict that the appeal was about facts of the case which the Appeal Court has considered and considered the case (Criminal case) final.

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, and unable to perform other procedures to enable me to satisfy the value of “Default payment of loan to other” account, which represents a limitation of scope imposed by circumstances.

**(5) *Qualified Opinions***

Except for the effects from net realizable value of the loan that may occur as described in the “(4) Basis of Qualified Conclusion” In my opinion, the financial statements present fairly, in all material respects, the financial position of C.I. Group Public Company Limited and its subsidiaries and of C.I. Group Public Company Limited as of December 31, 2014, and the result of their operation and cash flows for the year then ended in accordance with financial reporting standards.

**(6) *Emphasis of Matter***

Without qualifying my opinion, I drew attention to the following matters described in the notes to financial statement as the following;

- 6.1 Notes 12.1.1 and 14 to the financial statements that the Company invested in ordinary shares of De Lamai Co., Ltd. which operates in hotel business located on Samui island, Suratthani province in July 2008. The Company recorded the investment in the subsidiary by cost method at approximately Baht 146.55 million. Since the commence of the operation, the result of operations of the subsidiary has been in continuous loss. As at December 31, 2013 and 2012, the subsidiary has deficits of Baht 82.46 million and Baht 64.46 million respectively (Accumulated loss of Baht 182.46 million and Baht 164.46 million respectively). The Company

has re-evaluated the value of the investment in the subsidiary and value in use of cash-generating assets of the subsidiary using Discounted Cash-flow method based on the business plans of the subsidiary and recorded the impairment of the investment in separate financial statement and impairment of the subsidiary's cash-generating assets in consolidated financial statement for the periods as follows:

	ALLOWANCE FOR IMPAIRMENT (B A H T)			
	INVESTMENT		ASSETS OF THE SUBSIDIARY	
	AMOUNT	ACCUMULATIVE	AMOUNT	ACCUMULATIVE
Quarter 4 of 2008	-	-	28,569,229.7	28,569,229.96
Quarter 2 of 2010	15,000,000	15,000,000	20,500,000.7	49,069,229.96
Quarter 4 of 2010	7,000,000	22,000,000	22,000,000.7	71,069,229.96
Quarter 3 of 2011	20,000,000	42,000,000	26,000,000.7	97,069,229.96
Quarter 2 of 2013	40,000,000	82,000,000	-	97,069,229.96
Quarter 2 of 2014	64,547,800	146,547,800	-	97,069,229.96

Thus as of December 31, 2014 and December 31, 2013, the allowance for impairment of investment in subsidiary in separate financial statement is Baht 146.5 and Baht 82 million, and the allowance for impairment of the subsidiary's cash-generating assets in consolidated financial statement is equally Baht 97.07 million.

- 6.2 Note 5.2 to the financial statements that as of December 31, 2014 and December 31, 2013 the Company has lent to the subsidiary Baht 77.55 million and Baht 79.40 million respectively which on June 18, 2010 the Company's executive board of directors had approved the subsidiary's debt restructuring plan, with monthly installment repayment in amount of Baht 0.15 million to Baht 2.20 million from the operating cash flow within 11 years. The first installment of Baht 0.15 million is due in January 2012, and waived the interest charged of the total loan for 5 years period with the effective date from April 1, 2010.

On December 29, 2014, the Company has lent additional Baht 102 million to the subsidiary (The Lamai Co., Ltd.) as requested by the subsidiary to repay the loan with an assets management company. 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.

- 6.3 Note 17 to the financial statements that on July 23, 2012, the subsidiary (De Lamai Co., Ltd.) was informed by the financial institution that it has transferred all the outstanding loans amounting approximately Baht 164.55 million and collaterals to an asset management company. The Company reclassified the loan to “Default payment liabilities” in consolidated financial statement. On August 15, 2014 the asset management company approved the subsidiary to settle the total outstanding loan and accrued interest by payments of Baht 110 million. On October 14, 2014, the subsidiary sent a letter to the asset management company negotiating total debt settlement at 102 million Baht by the end of 2014. On November 19, 2014, the assets management company advised the result of the loan restructuring to the Company which the subsidiary pay up the loan for Baht 102 million. The first payment of Baht 10 million to be made by December 2, 2014 while the remaining amount of baht 92 million to be paid by December 30, 2014 which considered to be the fully settlement of the loan. On December 29, 2014, the subsidiary has repaid Baht 102 million to the assets management company which considered to be a full settlement of the loan and recorded gain on loan restructuring amounting Baht 147,163,458.50 in the statements of income.
- 6.4 Note 10 to the financial statements that on November 16, 2014 the Company received court summon which the accused file a lawsuit against the plaintiff 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. The court postpone the settlement of issues in court and to set the guideline to proceed case or to prosecution witness on March 10, 2015.



(CHAIYUTH ANGSUWITHAYA)

Certified Public Accountant

Registration No. 3885

A.M.T & ASSOCIATES  
Bangkok, Thailand  
February 28, 2015

# STATEMENTS OF FINANCIAL POSITION

C.I.Group Public Company Limited and Its Subsidiaries

As at December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
	NOTE	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash and cash equivalents	6	149,187,008.23	13,777,031.90	144,658,659.91	9,395,137.71
Short - term investments	7	1,500,000.00	900,000.00	1,500,000.00	900,000.00
Trade receivables and other receivables - net					
Trade receivables - net	8.1	224,279,014.08	313,932,072.65	222,857,057.33	309,887,038.82
Other receivable - others	8.2	19,230,320.04	5,977,919.05	18,678,374.16	5,860,831.81
- related companies	5.1	-	-	1,976,317.20	1,976,317.20
Inventories - net	9	142,857,478.02	188,102,124.24	142,612,506.00	187,900,434.08
Default payment of loan to other	10	38,910,289.26	92,027,397.26	38,910,289.26	92,027,397.26
Short - term loan to related company	5.2.1			10,000,000.00	
Other current assets	11	41,400,075.28	18,930,670.16	31,517,362.93	9,019,110.02
<b>TOTAL CURRENT ASSETS</b>		<b>617,364,184.91</b>	<b>633,647,215.26</b>	<b>612,710,566.79</b>	<b>616,966,266.90</b>
<b>NON-CURRENT ASSETS</b>					
Long - term loans to related company	5.2.2	-	-	179,600,000.00	79,400,000.00
Investments in subsidiaries - net	12.1	-	-	24,988,000.00	89,535,841.00
Investments in associate of a subsidiary	12.2	9,000,000.00	-	-	-
Receivable on purchase of shares of					
associate company of the subsidiary	12.3	2,374,570.96	16,706,200.00	-	-
Investment Property	13	60,000,370.00		60,000,370.00	
Property, plant and equipment - net	14	528,944,290.63	568,493,672.80	365,869,184.64	388,546,458.42
Deferred leasehold land - net	15	22,030,684.15	23,223,622.09	-	-
Intangible asset - net	16	7,663,796.93	10,529,093.73	7,494,263.61	10,286,440.36
Deferred income tax assets	27	15,279,073.70	32,286,941.50	44,305,945.51	48,406,264.46
Other non-current assets					
Bank deposit with restriction		38,000,000.00	-	38,000,000.00	-
Others		3,217,276.68	5,938,204.80	2,326,414.18	5,048,722.30
<b>TOTAL NON-CURRENT ASSETS</b>		<b>686,510,063.05</b>	<b>657,177,734.92</b>	<b>722,584,177.94</b>	<b>621,223,726.54</b>
<b>TOTAL ASSETS</b>		<b>1,303,874,247.96</b>	<b>1,290,824,950.18</b>	<b>1,335,294,744.73</b>	<b>1,238,189,993.44</b>

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

C.I.Group Public Company Limited and Its Subsidiaries

As at December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
	<i>NOTE</i>	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>					
<b>CURRENT LIABILITIES</b>					
Bank overdrafts and short-term loans					
from financial institutions	17	154,199,634.20	271,139,277.59	154,199,634.20	271,139,277.59
Trade and other payables					
Trade payables - others		127,790,509.15	185,336,502.92	126,476,598.04	176,472,956.03
- related company	5.3	-	-	416,765.00	2,765,131.45
Other payables - others	18	18,055,980.68	9,056,179.52	15,394,198.47	7,779,593.97
Default payment liabilities	17	-	230,346,908.69	-	-
Current portion of long-term loans	17	40,000,000.00	70,820,506.00	40,000,000.00	70,820,506.00
Current portion of liabilities under					
financial lease	17, 19	5,787,202.80	127,642.79	5,787,202.80	-
Current portion of land lease	33.3	2,000,000.00	-	-	-
Short-term loans	17	120,169,985.45	14,589,101.46	120,169,985.45	14,589,101.46
Other current liabilities	20	1,926,256.93	498,743.68	559,371.00	496,887.79
<b>TOTAL CURRENT LIABILITIES</b>		<b>469,929,569.21</b>	<b>781,914,862.65</b>	<b>463,003,754.96</b>	<b>544,063,454.29</b>
<b>NON-CURRENT LIABILITIES</b>					
Long-term loans from financial institutes - net	17	-	40,000,000.00	-	40,000,000.00
Liabilities under financial lease - net	17, 19	6,965,832.55	9,110.45	6,965,832.55	-
Liabilities under lease of land - net	33.3	8,000,000.00	10,000,000.00	-	-
Employee benefit obligation	21	22,260,193.75	20,448,564.00	22,228,630.00	20,425,199.00
Other non-current liabilities		50,000.00	50,000.00	-	-
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>37,276,026.30</b>	<b>70,507,674.45</b>	<b>29,194,462.55</b>	<b>60,425,199.00</b>
<b>TOTAL LIABILITIES</b>		<b>507,205,595.51</b>	<b>852,422,537.10</b>	<b>492,198,217.51</b>	<b>604,488,653.29</b>

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF FINANCIAL POSITION

C.I.Group Public Company Limited and Its Subsidiaries

As at December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
	<i>NOTE</i>	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
SHAREHOLDERS' EQUITY					
Share capital - Baht 0.50 each					
Registered	23				
- Ordinary share 885,198,209 shares		442,599,104.50	442,599,104.50	442,599,104.50	442,599,104.50
Issued and paid up					
- Ordinary share 864,768,632 shares for 2014					
- Ordinary share 601,949,816 shares for 2013		432,384,316.00	300,974,908.00	432,384,316.00	300,974,908.00
Premium on capital share		565,015,213.69	433,605,805.69	565,015,213.69	433,605,805.69
Premium on sale of treasury stock		15,534,581.23	15,534,581.23	15,534,581.23	15,534,581.23
Retained earnings					
Appropriated - Legal reserve	24	12,707,000.00	12,707,000.00	12,707,000.00	12,707,000.00
Unappropriated		(229,003,379.58)	(324,425,424.26)	(182,544,583.70)	(129,120,954.77)
Other components of equity		-	-	-	-
Total Equity of the parent		796,637,731.34	438,396,870.66	843,096,527.22	633,701,340.15
Non - controlling interests		30,921.11	5,542.42	-	-
TOTAL SHAREHOLDERS' EQUITY		796,668,652.45	438,402,413.08	843,096,527.22	633,701,340.15
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		1,303,874,247.96	1,290,824,950.18	1,335,294,744.73	1,238,189,993.44

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C.I.Group Public Company Limited and Its Subsidiaries

For the Year Ended December 31, 2014

BAHT

## CONSOLIDATED FINANCIAL STATEMENT

	Notes	Issued and paid - up share capital	Premium on		Retained earnings (Deficit)		Other components of equity	Non	Total
			capital share	sale of treasury stock	Appropriated - Legal reserve	Unappropriated	Other comprehensive income (loss)	Controlling Interest	
Balance as of January 1, 2013		300,074,119.50	433,593,305.19	15,534,581.23	12,707,000.00	(347,235,476.66)	-	18,484.87	414,692,014.13
Effect on changes in accounting policy									
- Income tax		-	-	-	-	28,434,183.62	-	-	28,434,183.62
Balance of January 1, 2013, adjusted		300,074,119.50	433,593,305.19	15,534,581.23	12,707,000.00	(318,801,293.04)	-	18,484.87	443,126,197.75
Changes in equity for the year									
Share increase	23	900,788.50	12,500.50	-	-	-	-	-	913,289.00
Comprehensive income (loss) for the year		-	-	-	-	(5,624,131.22)	-	(12,942.45)	(5,637,073.67)
Balance as of December 31, 2013		300,974,908.00	433,605,805.69	15,534,581.23	12,707,000.00	(324,425,424.26)	-	5,542.42	438,402,413.08
Balance as of January 1, 2014		300,974,908.00	433,605,805.69	15,534,581.23	12,707,000.00	(324,425,424.26)	-	5,542.42	438,402,413.08
Changes in equity for the year									
Share increase		131,409,408.00	131,409,408.00	-	-	-	-	-	262,818,816.00
Comprehensive income (loss) for the year		-	-	-	-	93,703,912.68	1,718,132.00	25,378.69	95,447,423.37
Transfer to retained earnings		-	-	-	-	1,718,132.00	(1,718,132.00)	-	-
Balance as of December 31, 2014		432,384,316.00	565,015,213.69	15,534,581.23	12,707,000.00	(229,003,379.58)	-	30,921.11	796,668,652.45

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

C.I.Group Public Company Limited and Its Subsidiaries

For the Year Ended December 31, 2014

		BAHT						
		SEPARATE FINANCIAL STATEMENT						
	Notes	Issued and	Premium on		Retained earning (Deficit)		Other components of equity	Total
		paid - up share capital	capital share	sale of treasury stock	Appropriated - Legal reserve	Unappropriated	Other comprehensive income (loss)	
Balance as of January 1, 2013		300,074,119.50	433,593,305.19	15,534,581.23	12,707,000.00	(170,865,488.48)	-	591,043,517.44
Effect on changes in accounting policy								
- Income tax		-	-	-	-	36,834,183.62	-	36,834,183.62
Balance of January 1, 2013, adjusted		300,074,119.50	433,593,305.19	15,534,581.23	12,707,000.00	(134,031,304.86)	-	627,877,701.06
Changes in equity for the period								
Share increase	23	900,788.50	12,500.50	-	-	-	-	913,289.00
Comprehensive income (loss) for the year		-	-	-	-	4,910,350.09	-	4,910,350.09
Balance as of December 31, 2013		300,974,908.00	433,605,805.69	15,534,581.23	12,707,000.00	(129,120,954.77)	-	633,701,340.15
Balance as of January 1, 2014		300,974,908.00	433,605,805.69	15,534,581.23	12,707,000.00	(129,120,954.77)	-	633,701,340.15
Changes in equity for the year								
Share increase		131,409,408.00	131,409,408.00	-	-	-	-	262,818,816.00
Comprehensive income (loss) for the year		-	-	-	-	(55,138,412.13)	1,714,783.20	(53,423,628.93)
Transfer to retained earnings		-	-	-	-	1,714,783.20	(1,714,783.20)	-
Balance as of December 31, 2013		432,384,316.00	565,015,213.69	15,534,581.23	12,707,000.00	(182,544,583.70)	-	843,096,527.22

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF INCOME

C.I.Group Public Company Limited and Its Subsidiaries  
For the Year Ended December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
		For the year ended		For the year ended	
<i>NOTE</i>		December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>REVENUE</b>					
	Revenue from sales and services	970,763,175.14	1,015,745,014.89	945,102,737.04	980,908,006.11
	Gain on fixed assets disposal	1,479,126.23	177,153.33	1,479,126.23	177,153.33
	Gain on disposal of investment of subsidiary	-	2,411,562.37	-	-
	Gain on debt restructure	147,163,458.50	-	-	-
	Other income	35,430,202.94	47,126,942.80	35,118,943.36	46,407,155.05
	<b>Total revenues</b>	<b>1,154,835,962.81</b>	<b>1,065,460,673.39</b>	<b>981,700,806.63</b>	<b>1,027,492,314.49</b>
<b>EXPENSES</b>					
	Cost of sales and services	860,257,780.17	909,142,709.88	836,989,149.91	872,499,855.89
	Selling expenses	35,067,177.63	27,244,002.62	34,957,381.92	26,526,043.22
	Administrative expenses	108,289,903.83	91,933,603.42	78,322,131.96	73,194,126.34
	Loss from impairment of investment in subsidiary	12.1.1 -	-	64,547,841.00	40,000,000.00
	Financial costs	26 40,913,475.01	46,401,638.36	18,351,090.82	21,934,019.79
	<b>Total expenses</b>	<b>1,044,528,336.64</b>	<b>1,074,721,954.28</b>	<b>1,033,167,595.61</b>	<b>1,034,154,045.24</b>
	Share of loss on investment in associate of a subsidiary	12.2 -	228,550.66	-	-
	Profit (loss) before income tax	110,307,626.17	(9,489,831.55)	(51,466,788.98)	(6,661,730.75)
	Income tax	27 (16,578,334.80)	3,852,757.88	(3,671,623.15)	11,572,080.84
	<b>NET PROFIT (LOSS) FOR THE YEAR</b>	<b>93,729,291.37</b>	<b>(5,637,073.67)</b>	<b>(55,138,412.13)</b>	<b>4,910,350.09</b>
<b>Total income (loss) attributable to</b>					
	Owners of the parent	93,703,912.68	(5,624,131.22)	(55,138,412.13)	4,910,350.09
	Noncontrolling interest	25,378.69	(12,942.45)	-	-
<b>BASIC EARNING (LOSS) PER SHARE</b>					
	Earnings (loss) per share of the Equity holders of the parent	31 0.15	(0.01)	(0.09)	0.01
	Number of weighted average ordinary shares (share)	643,088,453	601,610,997	643,088,453	601,610,997
<b>DILUTED EARNINGS (LOSS) PER SHARE</b>					
	Earnings (loss) per share of the Equity holders of the parent	31 0.15	(0.01)	(0.09)	0.01
	Number of weighted average ordinary shares (share)	643,088,453	603,823,919	643,088,453	603,823,919

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF COMPREHENSIVE INCOME

C.I.Group Public Company Limited and Its Subsidiaries

For the Year Ended December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
		For the year ended		For the year ended	
	<i>NOTE</i>	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
NET PROFIT (LOSS) FOR THE YEAR		93,729,291.37	(5,637,073.67)	(55,138,412.13)	4,910,350.09
Other comprehensive income (loss)					
Gain (loss) on actuarial assumptions	27.3	2,147,665.00	-	2,143,479.00	-
Income tax related to other components of equity					
- on actuarial estimates.		(429,533.00)	-	(428,695.80)	-
Other comprehensive income for the year - net tax		1,718,132.00	-	1,714,783.20	-
Total comprehensive income for the year		95,447,423.37	(5,637,073.67)	(53,423,628.93)	4,910,350.09
Total comprehensive income attributable to :					
Equity holders of the parent		95,422,044.68	(5,624,131.22)	-	-
Non - controlling interests		25,378.69	(12,942.45)	-	-
		95,447,423.37	(5,637,073.67)	-	-

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

C.I.Group Public Company Limited and Its Subsidiaries  
For the Year Ended December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
		For the year ended December 31		For the year ended December 31	
	<i>NOTE</i>	2014	2013	2014	2013
<b>CASH FLOWS FROM OPERATING ACTIVITIES :</b>					
Total income (loss) for the year		93,729,291.37	(5,637,073.67)	(55,138,412.13)	4,910,350.09
Adjustments to reconcile comprehensive net profit (loss) to - net cash provided by (used in) operating activities					
Depreciation and amortization	14, 15, 16	85,341,599.93	89,514,059.31	67,191,983.55	68,669,168.50
Provision for doubtful accounts	8.1	1,103,555.73	1,839,428.45	1,103,555.73	1,745,428.45
Allowance for doubtful account - Receivable from share purchase		14,331,629.04			
Employee benefits	21	3,959,294.75	3,620,322.00	3,946,910.00	3,612,730.00
Loss from impairment of investment in subsidiary	12.1.1		-	64,547,841.00	40,000,000.00
Unrealized loss (gain) on exchange rate		1,589,009.35	1,485,426.42	1,589,009.35	1,485,426.42
Unrealized loss (gain) on investment		(600,000.00)		(600,000.00)	
Loss (gain) on investment in the associate company of the subsidiary		-	(2,411,562.37)	-	-
Loss (gain) on fixed assets disposal		(1,479,126.23)	(177,153.33)	(1,479,126.23)	(177,153.33)
Share of loss on investment in associate of a subsidiary	12.2	-	228,550.66	-	-
Interest expense	26	(189,433,433.68)	62,487,389.45	18,351,090.82	21,934,019.79
Income tax expense of current year	27	-	-	-	-
Deferred income tax expenses (income)		16,578,334.80	(3,852,757.88)	3,671,623.15	(11,572,080.84)
Net income from operations before changes of - operating assets and liabilities		25,120,155.06	147,096,629.04	103,184,475.24	130,607,889.08
Changes in operating assets and liabilities					
Operating assets (increase) decrease					
Accounts receivable trade		89,246,819.23	(93,538,300.95)	86,623,742.15	(91,361,182.30)
Other receivable - others		(13,252,400.99)	296,731.34	(12,817,542.35)	17,463.22
Other receivable - related companies		-	-	-	5,000.00
Inventories		45,244,646.22	20,898,889.07	45,287,928.08	20,769,112.99
Other current assets		(19,748,477.00)	(3,973,129.35)	(19,775,944.79)	(5,305,949.47)
Bank deposit with restriction		(38,000,000.00)		(38,000,000.00)	
Increase (decrease) in operating liabilities;					
Accounts payable trade		(59,799,796.41)	41,889,243.01	(52,250,160.63)	39,069,463.34
Accounts payable trade - related company		-	-	(2,348,366.45)	-
Other payable		8,999,801.16	7,515,303.19	7,614,604.50	6,552,216.36
Other current liabilities		(20,652,365.13)	(27,212,403.88)	544,989.02	(9,626,005.65)
Other non-current liabilities		-	(2,500.00)	-	-
Cash receipt (payment) in operating activities before Income taxes		17,158,382.14	92,970,461.47	118,063,724.77	90,728,007.57
Income tax paid		-	-	-	-
Net cash provided by (used in) operating activities		17,158,382.14	92,970,461.47	118,063,724.77	90,728,007.57

The accompanying notes to financial statements are an integral part of these financial statements.

# STATEMENTS OF CASH FLOWS

C.I.Group Public Company Limited and Its Subsidiaries  
For the Year Ended December 31, 2014

		BAHT			
		Consolidated Financial Statement		Separate Financial Statement	
		For the year ended December 31		For the year ended December 31	
NOTE		2014	2013	2014	2013
<b>CASH FLOWS FROM INVESTING ACTIVITIES :</b>					
	Receive of short-term loan repayment from subsidiary	5.2	-	(100,200,000.00)	1,950,000.00
	Short-term loan to subsidiary		-	(10,000,000.00)	-
	Payment of investment in subsidiary	12.1	-	-	(2,000,000.00)
	Investment in associated company of subsidiary	12.2	(9,000,000.00)	-	-
	Investment Property	13	(6,883,262.00)	(6,883,262.00)	
	Acquisition of property, plant and equipment	14	(29,364,704.46)	(23,584,457.27)	(23,497,719.69)
	Precess from sale of equipment		1,902,957.71	1,902,957.71	190,000.00
	Acquisition of computer software	16	-	(1,423,074.31)	(1,423,074.31)
	Net cash provided by (used in) investing activities		(43,345,008.75)	(143,078,628.58)	(24,780,794.00)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
	Interest paid		(18,833,596.63)	(18,833,596.63)	(21,956,879.29)
	Increase in bank overdrafts and short-term loans - from financial institutions		(116,939,643.39)	(116,939,643.39)	51,401,028.89
	Cash received from short-term loan		105,580,883.99	105,580,883.99	(2,646,461.69)
	Repayment of long-term loans		(70,820,506.00)	(70,820,506.00)	(90,834,668.00)
	Payments of hire-purchase liability	19	(176,827.93)	(1,495,004.86)	-
	Cash from share capital increase	23	262,818,816.00	262,818,816.00	913,289.00
	Net cash provided by (used in) financing activities		161,629,126.04	160,310,949.11	(63,123,691.09)
	Effects of exchange rates in cash and cash equivalents		(32,523.10)	(32,523.10)	19,266.90
	Increase (decrease) in cash and cash equivalents, net		135,409,976.33	135,263,522.20	2,842,789.38
	Cash and cash equivalents, at beginning of year	6	13,777,031.90	9,395,137.71	6,552,348.33
	Cash and cash equivalents, at ending of year	6	149,187,008.23	144,658,659.91	9,395,137.71
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION:</b>					
	Operating and investment activities not affecting cash				
	Increase in property and equipment from lease contract		13,819,176.88	13,819,176.88	-
	Decrease Investment in associated company of subsidiary		-	-	15,363,188.29
	Increase in other receivable - Purchase of investment		-	-	15,363,188.29
	Increase in investment property and decrease in default payment of loan to other		53,117,108.00	53,117,108.00	

The accompanying notes to financial statements are an integral part of these financial statements.

# NOTES TO FINANCIAL STATEMENTS

C.I. Group Public Company Limited and Its Subsidiaries

For the Year Ended December 31, 2014

## 1. GENERAL INFORMATION

The Company was incorporated as a limited company under the Civil and Commercial Code on April 10, 2003, and changed its status to a Public Company Limited under the Public Company Limited Act on March 1, 2004. The address of the head office is 1/1 Moo 7 Bangkoowad Road, Amphor Muang, Pathumthani Province. The Company operates in Thailand and the main business is manufacture and sale of air conditioning products and parts.

## 2. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

The financial statements of the company have been prepared in accordance with financial reporting standards including guidance promulgated by the Federation of Accounting Professional.

The financial statements have been prepared on a historical cost basis except where otherwise disclosed in the accounting policies.

The consolidated financial statements are consolidated the accounts of C.I. Group Public Company Limited, De Lamai Co., Ltd. and C.I.G. (Thailand) Co., Ltd. Significant inter-company transactions are eliminated.

And, as mentioned in note to the interim financial statement, item 12.3, in quarter 2 of 2013, the subsidiary has sold the investment in Chen Zhou XIAI Heating & Refrigeration Equipment Manufacture Co., Ltd., the associated company of the subsidiary to a non-related company in Thailand. The Company, thus, did not recognize the profit (loss) in the consolidated financial statement of quarter 2 of 2013.

An English language version of the financial statements has been prepared from the statutory financial statements that were issued in Thai language. In case of conflict or difference in understanding, the financial statements in Thai language shall prevail.

Enterprises that directly, or indirectly control by the Company, or are under common shareholders / director controls are as follows:

Company	Type of business	Relationship	Shareholding (%)	
			As of Dec-31, 2014	As of Dec-31, 2013
<b><u>Subsidiaries</u></b>				
De Lamai Co., Ltd.	Hotel operations	Shareholding and joint directors	99.97	99.97
C.I.G. (Thailand) Co., Ltd.	Manufacture and sale of air-con products	Shareholding and joint directors	99.94	99.94
<b><u>Associate of a subsidiary *</u></b>				
Chen Zhou XIAI Heating & Refrigeration Equipment Manufacture Co., Ltd.	Manufacture and sale of air conditioning products, parts and coil	Indirect shareholding and joint directors	-	-

\* As from quarter 2 of 2013, the subsidiary has sold the investment to a non-related company. The Companies have not been related since.

### 3. **ADOPTION OF NEW FINANCIAL REPORTING STANDARDS**

#### 3.1 Financial reporting standards which are effective for the current year

During the year, the Company and its subsidiaries adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, which are effective for financial statement year beginning on or after January 1, 2014 and relevant to the Group business as follows :

##### **Accounting Standard**

TAS	1	Presentation of Financial Statements (revised 2012)
TAS	7	Statement of Cash Flows (revised 2012)
TAS	12	Income Taxes (revised 2012)
TAS	17	Leases (revised 2012)
TAS	18	Revenue (revised 2012)
TAS	19	Employee Benefits (revised 2012)
TAS	21	The Effects of Changes in Foreign Exchange Rate (revised 2012)
TAS	24	Related Party Disclosures (revised 2012)
TAS	28	Investments in Associates (revised 2012)
TAS	31	Interests in Joint Venture (revised 2012)
TAS	34	Interim Financial Reporting (revised 2012)
TAS	36	Impairment of Assets (revised 2012)
TAS	38	Intangible Assets (revised 2012)

##### **Financial Reporting Standard**

TFRS	2	Share - Based Payments (revised 2012)
TFRS	3	Business Combinations (revised 2012)
TFRS	5	Non - current Assets Held for Sale and Discontinued Operations (revised 2012)

TFRS 8 Operating Segments (revised 2012)

#### **Accounting Standard Interpretations**

- TSIC 15 Operating Leases – Incentives
- TSIC 27 Evaluating the Substance of Transactions Involving  
the Legal Form of a Lease
- TSIC 29 Service Concession Arrangements: Disclosures
- TSIC 32 Intangible Assets - Web Site Costs

#### **Financial Reporting Standard Interpretations**

- TFRIC 1 Changes in Existing Decommissioning, Restoration  
and Similar Liabilities
- TFRIC 4 Determining whether an Arrangements contains a Lease
- TFRIC 5 Rights to Interests arising from Decommissioning,  
Restoration and Environmental Rehabilitation Funds
- TFRIC 7 Applying the Restatement Approach under TAS 29  
Financial Reporting in Hyperinflationary Economies
- TFRIC 10 Interim Financial Reporting and Impairment
- TFRIC 12 Service Concession Arrangements
- TFRIC 13 Customer Loyalty Programmers
- TFRIC 17 Distributions of Non - cash Assets to Owners
- TFRIC 18 Transfers of Assets from Customers

Adoption of the above financial reporting standards in the current year does not have material effect on the financial statements.

### **3.2 Financial reporting standards which are not effective for the current year**

	<u>Year effective</u>
<b>Accounting Standard</b>	
TAS 1 Presentation of Financial Statements (revised 2014)	2015
TAS 2 Inventories (revised 2014)	2015
TAS 7 Statement of Cash Flows (revised 2014)	2015
TAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (revised 2014)	2015
TAS 10 Events After the Reporting Period (revised 2014)	2015
TAS 11 Construction Contracts (revised 2014)	2015
TAS 12 Income Taxes (revised 2014)	2015
TAS 16 Property, Plant and Equipment (revised 2014)	2015
TAS 17 Leases (revised 2014)	2015
TAS 18 Revenue (revised 2014)	2015
TAS 19 Employee Benefits (revised 2014)	2015
TAS 20 Accounting for Government Grants and Disclosure of Government Assistance (revised 2014)	2015
TAS 21 The Effects of Changes in Foreign Exchange Rates	2015

	<u>Year effective</u>
TAS 23 Borrowing Costs (revised 2014)	2015
TAS 24 Related Party Disclosures (revised 2014)	2015
TAS 26 Accounting and Reporting by Retirement Benefit Plans (revised 2014)	2015
TAS 27 Separate Financial Statements (revised 2014)	2015
TAS 28 Investments in Associates and Joint Ventures (revised 2014)	2015
TAS 29 Financial Reporting in Hyperinflationary Economics (revised 2014)	2015
TAS 33 Earnings per Share (revised 2014)	2015
TAS 34 Interim Financial Reporting (revised 2014)	2015
TAS 36 Impairment of Assets (revised 2014)	2015
TAS 37 Provisions, Contingent Liabilities and Contingent Assets (revised 2014)	2015
TAS 38 Intangible assets (revised 2014)	2015
<b>Accounting Standard</b>	
TAS 40 Investment Property (revised 2014)	2015
<b>Financial Reporting Standard</b>	
TFRS 2 Share - Based Payment (revised 2014)	2015
TFRS 3 Business Combinations (revised 2014)	2015
TFRS 4 Insurance Contracts (revised 2014)	2016
TFRS 5 Non-current Assets Held for Sale and Discontinued Operations (revised 2014)	2015
TFRS 6 Exploration for and Evaluation of Mineral Resources (revised 2014)	2015
TFRS 8 Operating Segments (revised 2014)	2015
TFRS 10 Consolidated Financial Statements	2015
TFRS 11 Joint Arrangements	2015
TFRS 12 Disclosure of Interests in Other Entities	2015
TFRS 13 Fair Value Measurement	2015
<b>Accounting Standard Interpretations</b>	
TSIC 10 Government Assistance – No Specific Relation to Operating Activities (revised 2014)	2015
TSIC 15 Operating Leases - Incentives (revised 2014)	2015
TSIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders (revised 2014)	2015
TSIC 27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease (revised 2014)	2015
TSIC 29 Service Concession Arrangements (revised 2014)	2015
TSIC 31 Revenue - Barter Transactions Involving Advertising Services (revised	2015

	<u>Year effective</u>
TSIC 32 Intangible Assets - Web Site Costs (revised 2014)	2015
<b>Financial Reporting Standard Interpretations</b>	
TFRIC 1 Changes in Existing Decommissioning, Restoration and Similar Liabilities (revised 2014)	2015
TFRIC 4 Determining whether an Arrangement contains a Lease (revised 2014)	2015
TFRIC 5 Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds (revised 2014)	2015
TFRIC 7 Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies (revised 2014)	2015
<b>Financial Reporting Standard Interpretations</b>	
TFRIC 10 Interim Financial Reporting and Impairment (revised 2014)	2015
TFRIC 12 Service Concession Arrangements (revised 2014)	2015
TFRIC 13 Customer Loyalty Programmes (revised 2014)	2015
TFRIC 14 TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	2015
TFRIC 15 Agreements for the Construction of Real Estate (revised 2014)	2015
TFRIC 17 Distributions of Non-cash Assets to Owners (revised 2014)	2015
TFRIC 18 Transfers of Assets from Customers (revised 2014)	2015
TFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	2015

The management of the Company has assessed that TAS 1, TAS 7, TAS 8, TAS 10, TAS 12, TAS 16, TAS 17, TAS 18, TAS 19, TAS 21, TAS 24, TAS 33, TAS 34, TAS 36, TAS 37 and TFRS 8 will not have material impact on the financial statements when it is applied. For the other TAS, TFRS, TSIC and TFRIC are not relevant to the Company's business, therefore they do not have impact on the financial statement when they are applied.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### 4.1 Recognition of revenues and expenses

The Company recognizes revenues and expenses on an accrual basis.

- Sales of goods are recognized when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts.
- Service income is recognized after service has been rendered.
- Interest income is recognized on accrual basis in the statements of income.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, call deposits and highly liquid short-term investments due within three-months period as from the receive date and without restriction on withdrawal.

##### 4.3 Short-term investment

Investment in promissory note from financial company is stated at cost.

Investments in securities held for at fair value. Gain or losses arising from changes in the value of securities shall be included in determining income.

Fair value of marketable securities are calculated from latest bidding price on last working day of the year of the Stock Exchange of Thailand.

##### 4.4 Trade accounts receivable and notes receivable

Trade accounts and notes receivable are shown net of the allowance for doubtful accounts. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is based on historical collection experience and a review of the current status of debt.

##### 4.5 Inventories

Inventories are stated at the lower of cost (FIFO) or net realizable value.

##### 4.6 Property, plant and equipment

- Land is stated at cost.
- Building, machinery and equipment are stated at cost net of accumulated depreciation and impairment loss (if any).
- Depreciation recording as expense is computed by the straight-line method on the basis of estimated useful life of particular asset. Estimated useful life of assets are as follows;

	No of Years
Building structures	20
Building and improvement	10
Machinery and equipment	5-10
Furniture, fixtures and office equipment	3, 5, 10
Vehicle	5

#### **4.7 Land not used in operation**

Land not used in operation is stated at the lower of cost or net realizable value.

#### **4.8 Intangible assets**

Intangible assets is stated at cost net of accumulated amortization and impairment loss.

Amortization is charged to the statement of income on a straight-line basis from the date that intangible assets are available for use over the estimated useful lives of the assets for five (5) years.

#### **4.9 Goodwill**

Negative goodwill represents the excess, at the date of acquisition, in the fair value of the net assets of the subsidiary acquired over the cost of the acquisition. Negative goodwill is recognized as income in the income statement immediately.

#### **4.10 Impairment**

The carrying amounts of the Company's assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated.

An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognized in the statement of income.

##### Calculation of recoverable amount

The recoverable amount of assets is the greater of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflow and is largely independent of those other assets, the recoverable amount is determined for the cash-generation unit to which the asset belongs.

##### Reversals of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **4.11 Trade and other accounts payable**

Trade and other accounts payable are stated at cost.

#### **4.12 Using of accounting estimation**

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent assets and liabilities. Actual results may differ from those estimates.

#### **4.13 Provision for liabilities**

A provision is recognized in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

#### **4.14 Treasury stock**

Treasury stock is presented by deducting from total shareholders equities in the statement of financial position at cost. If the selling price of the treasury stock is higher than the acquiring cost, the Company will recognize the difference in the premium on share capital. If the selling price is lower than the acquiring cost, the Company will recognize the difference by deducting the difference from the premium on share capital until the premium on share capital account is empty then the balance will be deducted from retained earnings account.

#### **4.15 Expenses**

##### Operating leases

Payments made under operating leases are recognized in the statement of income on a straight-line basis over the term of the lease. Lease incentives received are recognized in the statement of income as an integral part of the total lease payments made. Contingent rentals are charged to the statement of income in the accounting period in which they are incurred.

##### Finance costs

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

##### Other expenses

Other expenses are charged to the statement of income in the period in which they are incurred.

#### **4.16 Foreign currency transactions**

Transactions in foreign currencies are translated to Thai Baht at the exchange rates ruling on the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated to Thai Baht at the commercial bank's buying or selling rates respectively ruling on the statement of financial position date. Foreign exchange differences arising on translation are recognized in the statement of income.

#### **4.17 Income tax**

Income tax expense for the year comprises current tax and deferred tax.

##### Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

##### Deferred income tax

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and jointly-controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realized.

#### **4.18 Related party transactions**

Enterprises and individuals that directly, or indirectly through one or more intermediaries, control, or are controlled by, or are under common control with, the company, including holding companies, subsidiaries and fellow subsidiaries are related parties of the company. Associates and individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the enterprise, key management personnel, including directors and officers of the company and close members of the family of these individuals and companies associated with these individuals also constitute related parties.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

#### **4.19 Employee benefits**

Salaries, wages, bonuses, contributions to the social security fund, provident fund and other benefits are recognized as expenses when incurred.

Severance Payment as specified in Thai Law is recognized as expenses in the income statement along the service period of employees. The Company's post - employment benefit obligations are estimated by a qualified actuary under the actuarial assumption using the Projected Unit Credit Method. However, the actual benefit obligation may be different from the estimate.

The Company recognized the actuarial gains or losses arising from defined benefit plan in the period incurred in the statement of comprehensive income.

#### 4.20 Cost of borrowing

Interest expense that arises from the borrowing for the machinery installation project has been included into the cost price of machinery installation project in progress until the machines are in a ready to use state. For the borrowing made for this specific purpose and interest, the Company has a policy to capitalize the cost of borrowing into the cost price of assets for every machinery installation project; however, it will capture the cost of borrowing as the period's expense for other type of asset acquisition.

#### 4.21 Basic earnings (loss) per share

Basic earnings (loss) per share is determined by dividing the net profit (loss) by the weighted average number of issued and paid-up of common shares at the end of accounting period.

### 5. RELATED PARTY TRANSACTIONS

The Company had certain accounting transactions with its subsidiaries. The financial statements have included the results of such transactions based on the agreements between the Company and the subsidiaries. These companies are related by shareholding by the Company and having joint management. The Company has pricing policy for the transactions based on general market prices or fair value for the price.

Balance of assets, liabilities, accounting and trading transactions with subsidiaries as of December 31, 2014 and 2013, are as follows:

#### ASSETS

		BAHT	
		Consolidated financial statements	Separate financial statements
		As at	As at
		Dec-31, 2014	Dec-31, 2013
		Dec-31, 2014	Dec-31, 2013
<b>5.1 Other Receivable</b>			
<b>Interest receivable</b>			
De Lamai Co., Ltd.	-	-	1,976,317.20
<b>Advance payment</b>			
CIG (Thailand) Co., Ltd.	-	-	-
Total	-	-	1,976,317.20

## 5.2 Loans

### 5.2.1 Short term loans

CIG (Thailand) Co., Ltd.	-	-	10,000,000.00	-
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### 5.2.2 Long Term Loans

De Lamai Co., Ltd.	-	-	179,600,000.00	79,400,000.00
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Transactions of long-term loan to related party for the year ended December 31, 2014, are as follows;

BAHT				
	Separate financial statements			Inter-companies
	Balance Dec-31, 2013	Increase	Decrease	Balance Dec-31, 2014
De Lamai Co., Ltd.	79,400,000.00	-	(1,800,000.00)	77,600,000.00
“ “ “	-	102,000,000.00	-	102,000,000.00
	79,400,000.00	102,000,000.00	(1,800,000.00)	179,600,000.00

- On June 18, 2010, the Company 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 effected on April 1, 2010 and the interest rates as from the 6<sup>th</sup> year to the 11<sup>th</sup> year are 2.88% and 4.75%.
- On December 29, 2014, the Company has lent additional Baht 102 million to the subsidiary (The Lamai Co., Ltd.) as requested by the subsidiary to repay the loan with an assets management company. 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.

## 5.3 Account Payables

CIG (Thailand) Co., Ltd.	-	-	416,765.00	2,765,131.45
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#### 5.4 Significant related party transactions

The Company and its subsidiaries have material trading transactions for the year ended December 31, 2014 and 2013, with their related parties as follow;

	BAHT		
	For the years		Inter-companies
	ended December 31,		Interest cost policy
	2014	2013	
Interest receive			
De Lamai Co., Ltd.	-	-	See item 5.2.2 (1) and (2)
Goods purchase			
CIG(Thailand) Co., Ltd.	9,076,140.93	9,045,441.00	Market price

Management remunerations for years ended December 31, 2014 and 2013. The Company and its subsidiaries recorded remunerations for directors and the management as follow:

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Benefits – Short-term	1,420,000.00	6,822,908.00	1,420,000.00	3,140,000.00
Benefits – After retirement	2,840,400.00	1,689,681.50	2,840,400.00	1,479,147.00
Benefits – Long-term	-	-	-	-
Total	4,260,400.00	8,512,589.50	4,260,400.00	4,619,147.00

#### 6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents of the Company as of December 31, 2014 and 2013, consisted of;

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cash on hand	337,787.97	354,228.70	211,065.20	203,412.20
Cash at banks - savings accounts	145,291,027.42	11,088,891.48	140,940,401.87	6,908,813.79
Cash at banks - current accounts	3,558,192.84	2,333,911.72	3,507,192.84	2,282,911.72
Total	149,187,008.23	13,777,031.90	144,658,659.91	9,395,137.71

Saving accounts carried interest at the floating rates set by the banks.

## 7. SHORT-TERM INVESTMENTS

Short-term investments consisted of investment in trading securities, as of December 31, 2014 and 2013, consisted of;

BAHT

	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b><u>Trading securities - Ordinary share</u></b>				
Beginning balance, net book value	900,000.00	900,000.00	900,000.00	900,000.00
Purchase during the year	-	-	-	-
Sale during the year	-	-	-	-
Unrealized gain (loss) from valuation of -				
Investments	600,000.00	-	600,000.00	-
Ending balance, net book value	1,500,000.00	900,000.00	1,500,000.00	900,000.00
<b>Total short-term investments</b>	<b>1,500,000.00</b>	<b>900,000.00</b>	<b>1,500,000.00</b>	<b>900,000.00</b>

## 8. TRADE AND OTHER RECEIVABLES

### 8.1 TRADE RECEIVABLES - NET

Trade receivables – net, of the Company as of December 31, 2014 and 2013, consisted of;

BAHT

	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Trade receivable – others	266,094,170.75	354,643,673.59	263,290,295.80	349,216,721.56
<u>Less</u> : Allowance for doubtful				
accounts	(41,815,156.67)	(40,711,600.94)	(40,433,238.47)	(39,329,682.74)
Trade receivable – net	224,279,014.08	313,932,072.65	222,857,057.33	309,887,038.82

As at December 31, 2014 and 2013 the Company and its subsidiary have overdue accounts receivable which aging is as follows;

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Within credit terms	139,915,874.56	212,742,168.23	139,159,286.78	209,665,127.61
Overdue				
Less than 3 months	56,452,709.81	79,976,708.91	56,099,970.39	79,776,929.82
3 to 6 months	416,652.50	3,257,395.22	404,752.50	3,184,432.48
6 to 12 months	10,397,796.22	511,005.26	10,397,796.22	420,165.26
Over 12 months	58,911,137.66	58,156,395.97	57,228,489.91	56,170,066.39
Total	266,094,170.75	354,643,673.59	263,290,295.80	349,216,721.56
<u>Less</u> : Allowance for -				
doubtful accounts	(41,815,156.67)	(40,711,600.94)	(40,433,238.47)	(39,329,682.74)
Net	224,279,014.08	313,932,072.65	222,857,057.33	309,887,038.82

Transactions of allowance for doubtful accounts during the year ended December 31, 2014 , are as follow:

BAHT		
	Consolidated financial statements	Separate financial statements
Beginning balance	40,711,600.94	39,329,682.74
Increase during the year	1,103,555.73	1,103,555.73
Ending balance	41,815,156.67	40,433,238.47

## 8.2 OTHER RECEIVABLES - OTHER

Other receivables as of December 31, 2014 and 2013, consisted of;

BAHT				
	Consolidated financial statements		Separate financial statements	
	As at		As at	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
<b>Other companies</b>				
Prepaid expenses	1,553,020.29	1,537,816.24	1,501,074.41	1,420,729.00
Advance on purchase and	17,677,299.75	4,440,102.81	17,177,299.75	4,440,102.81
Total	19,230,320.04	5,977,919.05	18,678,374.16	5,860,831.81

## 9. **INVENTORIES - NET**

Inventories as of December 31, 2014 and 2013, consisted of;

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Raw materials	111,433,175.83	127,594,636.98	111,433,175.83	127,594,636.98
Work in process	11,348,563.43	12,521,191.31	11,348,563.43	12,521,191.31
Finished goods	26,130,043.35	33,514,730.89	25,885,071.33	33,313,040.73
Goods in transit	5,805,713.51	26,331,583.16	5,805,713.51	26,331,583.16
Total	154,717,496.12	199,962,142.34	154,472,524.10	199,760,452.18
<u>Less</u> Allowance for - diminution in inventory	(11,860,018.10)	(11,860,018.10)	(11,860,018.10)	(11,860,018.10)
Inventories – net	142,857,478.02	188,102,124.24	142,612,506.00	187,900,434.08

Transactions of allowance for diminution of the inventory value during the year ended December 31, 2014, are as follow:

BAHT		
	Consolidated financial statements	Separate financial statements
Beginning balance	11,860,018.10	11,860,018.10
Addition (deduction) during the year	-	-
Ending balance	11,860,018.10	11,860,018.10

## 10. **DEFAULT-PAYMENT LOAN TO OTHER**

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Loan	26,882,892.00	80,000,000.00	26,882,892.00	80,000,000.00
Accrued interest received	12,027,397.26	12,027,397.26	12,027,397.26	12,027,397.26
Total	38,910,289.26	92,027,397.26	38,910,289.26	92,027,397.26

On February 27, 2008, a short-term loan of Baht 80 million was granted to a third party to facilitate the co-investment in the future according to the resolution of the Board of Executive Directors' Meeting No.5/2008 on February 26, 2008.

The loan agreement carries interest at the rate of 7.5% per annum. The loan was due on September 30, 2008 and was guaranteed by the mortgage of land in Phuket at the appraised value as at the survey date by TAP Valuation Co., Ltd. (April 30, 2008) of Baht 18,750 per square-wah, together with construction thereon at the amount of Baht 91,051,600, making the total appraised value of land and construction amounting Baht 136,610,350 for the guarantee asset (The appraised value of the assets by the same independent appraiser on March 25, 2010 is approximately Baht 110 million). In addition, the borrower has placed 450,000 ordinary stocks of a company that operates a hotel business in Phuket as additional collateral.

The borrower failed to make a repayment of loan when due on September 30, 2008. In December 2008 the Company filed lawsuits against the borrower in Civil and Criminal courts to request the repayment of the loan and related interest. On October 29, 2009 the Civil court has the verdict that order the borrower to repay the principal of the loan plus interest at the rate of 10% p.a. as from June 28, 2008 within 30 days. In case of fail, the collateral land and constructions are confiscated and to be sold by auction which cash from the sale to be paid to the Company. If cash from the sale is less than the amount due, other assets are to be confiscated and sold for cash until the amount due is fully paid. In March 2010, the Company filed the court order with the Legal Execution Department to execute the enforcement the assets confiscation.

**In civil case**, on May 18, 2010, the Legal Execution Department has executed to confiscate the mortgaged land, and has appraised the value of the land at approximately Baht 19.44 million. Later on the Execution Department officer has announced date for auction of the land that first auction on December 2, 2010, second auction on December 9, 2010, third auction on December 16, 2010 and forth auction on December 23, 2010. On December 2, 2010 there is a limited company (registered on December 1, 2010 with Baht 1 million register capital) offered the highest price at Baht 43.20 million. The Company disputed the offering price, then the officer order to postpone the auction to December 9, 2010 and order the offering company to commit the highest offering price. On December 9, 2010 no one offer higher price than Baht 43.20 million, the Execution Officer ordered to sell the land at Baht 43.20 million and order the buyer to pay the balance of Baht 43.15 million (the Baht 43.20 million auction price less Baht 50,000 deposit) within 15 days. Later on the buyer has requested to extent the payment of the balance amount for another 90 days. The Execution Officer has approved the extension period to March 24, 2011. Later on March 24, 2011, the buyer did not pay the remaining amount, the Execution Officer ordered the forfeit of the deposit. The schedule for an announcement of the next auction was in June 2011. However, in June 2011, the auction to sell the land has not been announced. Later on August 4, 2011 the Company has submitted additional request to confiscate the construction on the land. The Execution Officer had reported matter of fact to the court for the court's further instructions. The court has ordered to release liabilities of the execution officer which has to responsible as Code of Civil Procedure. However, the Company is cooperating with the execution officer to confiscate the construction for further auction. On June 28, 2012, the company submitted a request to the civil court to confiscate the construction newly added on the land. The court accepted the request. On September 13, 2012, the court ordered the execution officer to confiscate the construction and the land. The Company coordinated with the execution officer to confiscate the land and construction for auction.

On September 26, 2013, the execution officer announced the auction date of the land and construction, 1<sup>st</sup> auction on November 14, 2013, 2<sup>nd</sup> auction on December 4, 2013 3<sup>rd</sup> auction on December 26, 2013, 4<sup>th</sup> auction on January 16, 2014, 5<sup>th</sup> auction on February 6, 2014, and 6<sup>th</sup> auction on February 27, 2014. The assessment price by the execution officer is approximately Baht 54.30 million.

On November 14, 2013 the Company entered into the bid of land and construction, and the officer had approved the Company to be bidder at the price of Baht 60 million.

Later on February 7, 2014, the debtor disputed the bid to the South Bangkok Civil Court. The Court appointed to hearing on February 10, 2014 which was extended to March 31, 2014. The judge ordered not to proceed with an appeal to waive the confiscation according to the case as the debtor did not place a guarantee cash within the time limit ordered by the judge. In August 2014, the Company registered the receipt of the land and building and recorded in the “Investment Property” account. For the balance of the loan amounting to Baht 38.91 million, the Company has been following up the confiscate 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.

**For the criminal case**, on April 27, 2010, the Criminal court has postponed cross-questioning the witness of the plaintiff and questioning of the witness of the defendant to August 2, 2010. The court has made another postpone of the questioning of the witness of the defendant to October 19 and 20, 2010. Later, the lawyer of the defendant withdrew from his duty as the lawyer of the defendant. On October 19, 2010, the defendant requested the postponement of the questioning of the witness of the defendant to February 28, 2011. On February 28, 2011 the lawyer of the defendant asked the court another postponement, the court approved to questioning of the witness of the defendant to May 9, 2011 which the defendant request a postponement of the questioning of the witness of the defendant. The court orders the postponement of the questioning of the witness of the defendant to August 1, 2011 and August 11, 2011 and August 25, 2011 and September 5, 2011.

However, on August 1, 2011, the lawyer of the defendant requested for the postponement of the questioning of the witness of the defendant. The court allowed but all witnesses of the defendant have to appear at the court for questioning on the remaining appointments with the court.

On August 11, 2011, the lawyer of the defendant questioned witnesses of the defendant. The court appointed the next meetings for questioning on August 25, 2011 and September 5, 2011.

On September 12, 2011 the lawyer of the defendant requested to consider the case behind the defendant and postponement the case. The court not allowanced and issued warrant of arrest. The court has rearranged the date of questioning of the witness of the defendant on November 18, 2011. Due to the floods situation in Bangkok and vicinity, the chairman of the Supreme Court has ordered the flooded court to pause the operation. Therefore, the questioning of

the witness of the defendant on November 18, 2011 has been paused and the court has rearranged the date on January 24, 2012. On January 24, 2012 the lawyer of the defendant requested the court to question of 2 more of witnesses of the defendant. The court allowed and set date of questioning additional witness on May 25, 2012 and June 12, 2012.

On May 25, 2012, the lawyer of the defendant had his assistant submitted a request for the postponement of the case. The lawyer of the plaintiff opposed the postponement. The court asked the defendant and stated that the defendant want to negotiate the debt reduction with the plaintiff. Thus the court postponed the investigation of the witnesses to July 27, 2012 and cancelled the investigation of the witnesses on June 12, 2012.

On July 27, 2012, the lawyer of the defendant declared no additional interrogation the witnesses. The defendant request the postponement of the hearing of the court verdict for 4 months so as to negotiation with the plaintiff. The court appointed the hearing of the verdict on December 17, 2012. On the appointment date, the defendant requested for a negotiation of the debt payment. The court, on the principle that the case is compromise-able and is mutually beneficial if both parties can agree. The court postponed the hearing of the verdict to April 29, 2013. And, on April 29, 2013, the case is acquitted by the court. Later on May 28, 2013, the Company has appealed the First Instant Criminal Court verdict to the Appeal Court. The appeal has been accepted by the Appeal Court and scheduled the hearing of the verdict on December 9, 2013. The Appeal Court judge upholds the First Instant Criminal Court. The Company appealed the verdict of the Appeal Court to the Supreme Court. Later on February 5, 2015. Report from the lawyer said the Supreme Court has its verdict that the appeal was about facts of the case which the Appeal Court has considered and considered the case (Criminal case) final.

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 receive the payment.

On October 22, 2014, the accused file a lawsuit against the plaintiff in the civil court 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. The court postpone the settlement of issues in court and to set the guideline to proceed case or to prosecution witness on March 10, 2015.

## 11. OTHER CURRENT ASSETS

Other current assets as of December 31, 2014 and 2013, consisted of;

	BAHT			
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Value added tax	2,204,703.11	7,713,281.08	2,204,703.11	2,509,409.81
Withholding tax withheld	375,639.88	1,121,826.60	375,435.36	1,692,865.43
Others	38,819,732.29	10,095,562.48	28,937,224.46	4,816,834.78
Total	41,400,075.28	18,930,670.16	31,517,362.93	9,019,110.02

## 12. INVESTMENT IN RELATED COMPANIES

### 12.1 INVESTMENT IN SUBSIDIARIES

As of December 31, 2014 and 2013, the Company has invested in the subsidiary company as follows;

Company Name	Type of business	Million Baht							
		Paid-up capital (Million Baht)		Proportion of shareholding (%)		Investment in subsidiary company			
		Dec 31-14	Dec 31-13	Dec 31-14	Dec 31-13	Cost		Net Book Value	
De Lamai Co., Ltd.	Hotel	100	100	99.97	99.97	146.55	146.55	12.91	(82.46)
C.I.G. (Thailand) Co., Ltd.	Manufacture and sell air-con products	25	25	99.94	99.94	24.99	24.99	4.72	18.16
<u>Less</u> : Allowance for impairment of investments						(146.55)	(82.00)		
Investment in subsidiaries - net						24.99	89.54		

12.1.1 The Company invested in ordinary shares of De Lamai Co., Ltd. which operates in hotel business located on Samui island, Suratthani province in July 2008. The Company recorded the investment in the subsidiary by cost method at approximately Baht 146.55 million. Since the commence of the operation, the result of operations of the subsidiary has been in continuous loss. As at December 31, 2013, the subsidiary has deficits of Baht 101.97 million (Accumulated loss of Baht 201.97 million). For 2014, the subsidiary recorded profit of Baht 114.88 million which derived from restructuring of debts with an assets management company (As of December 31, 2014, the accumulated loss was Baht 87.09 million). The Company has re-evaluated the value of the investment in the subsidiary and value in use of cash-generating assets of the subsidiary using Discounted Cash-flow method based on the business plans of the subsidiary and recorded the impairment of the investment in separate financial statement and impairment of the subsidiary's cash-generating assets in consolidated financial statement for the periods as follows:

ALLOWANCE FOR IMPAIRMENT (BAHT)				
	INVESTMENT		ASSETS OF THE SUBSIDIARY	
	AMOUNT	ACCUMULATIVE	AMOUNT	ACCUMULATIVE
Quarter 4 of 2008	-	-	28,569,229.96	28,569,229.96
Quarter 2 of 2010	15,000,000	15,000,000	20,500,000.00	49,069,229.96
Quarter 4 of 2010	7,000,000	22,000,000	22,000,000.00	71,069,229.96
Quarter 3 of 2011	20,000,000	42,000,000	26,000,000.00	97,069,229.96
Quarter 2 of 2013	40,000,000	82,000,000	-	97,069,229.96
Quarter 2 of 2014	64,547,841	146,547,841	-	97,069,229.96

Thus as at December 31, 2014 and 2013, the allowance for impairment of investment in the separate financial statement of the subsidiary is amounting to Baht 146.55 million and Baht 82 million respectively.

12.1.2 The Company has invested in a subsidiary, C.I.G. (Thailand) Co., Ltd., which manufacture and sell of air condition equipment and parts and cooling systems, repair, maintenance and inspection services. Registered in Thailand on February 11, 2011 with registered capital of Baht 50 million. As of December 31, 2011, the paid-up capital was Baht 20 million (40% of the registered capital). Later in January 2012, May 2012 and October 2012, there were calls of the capital payment of Baht 1 million each. The increase of share capital in 2012 was totaling Baht 3 million. Thus, as of December 31, 2012, the capital of the subsidiary was Baht 23 million (equivalent to 46% of the registered capital.) Later in March 2013, the company increases its share capital for Baht 2 million which the subsidiary has Baht 25 million in share capital (equivalent to 50% of the registered capital.) The Company holds 99.97% shares in the subsidiary. The investment in the subsidiary was approved by the Executive Board of Directors meeting on February 4, 2011.

## 12.2 INVESTMENT IN ASSOCIATE OF THE SUBSIDIARY

On April 2, 2014, Board of Directors Meeting of a subsidiary (CIG (Thailand) Co.,Ltd.) approved a resolution to approve the subsidiary company to invest in Fakwantip Co.,Ltd. with registered capital of 101.1 million Baht at 1 Baht per share which is in energy business. The subsidiary will invest 29.67% of registered capital or 30 million Baht.

As of December 31, 2014, the subsidiary made payment for shares in Fakwantip totaling Baht 9 million. The rest of the share payments will be called upon according to rehabilitation plan.

### **12.3 RECEIVABLE FOR SHARES IN ASSOCIATE OF THE SUBSIDIARY**

On May 5, 2011, 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.

The management has reviewed the plan of the purchase of the machinery from the buyer group and concluded that the purchase of the machinery could be a partial. Thus provision for impairment of the receivable on share purchase for baht 14.33 million in the statements of income.

### **13. INVESTMENT PROPERTIES**

As mentioned in Notes to financial statements 10, the company received title deed for land and building from enforcement auction of debtor's asset valued at 60,000,000 Baht with transfer expenses of Baht 4,829,315. The company recorded the transaction as properties for investment amounting Baht 60 million. As of present, the company is still in the process of preparing property for use, thus no depreciation will be calculated.

The transfer expenses of the land and building of Baht 4,829,315 is the responsible of the debtor, thus the Company reclassified it to "Default payment of loan to other" account.

**14. PROPERTY, PLANT AND EQUIPMENT - NET**

Land, properties, plant and equipment as of December 31, 2014 and 2013, consisted of;

	BAHT							
	Consolidated financial statements							
	Land	Building Structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Facilities	Vehicles	Machinery under installation	Total
<b><u>COST</u></b>								
Balance per book Dec-31, 2013	83,964,441.89	554,674,248.36	661,738,363.65	35,989,585.21	1,446,675.71	17,409,924.31	13,609,025.19	1,368,832,264.3
Increase	-	-	19,561,297.86	2,633,736.48	18,673.61	19,608,645.58	317,424.81	42,139,778.34
Transfer in	-	90,000.00	(4,139,687.27)	-	-	-	167,929.00	(3,881,758..27)
Transfer out/ Disposal	-	-	(249,657.00)	(165,979.66)	-	(3,655,116.82)	-	(4,070,753.48)
Balance per book Dec-31, 2014	83,964,441.89	554,764,248.36	676,910,317.24	38,457,342.03	1,465,349.32	33,363,453.07	14,094,379.00	1,403,019,900.9
<b><u>Less : ACCUMULATED DEPRECIATION</u></b>								
Balance per book Dec-31, 2013	-	(198,602,458.33)	(456,510,354.77)	(32,777,435.72)	(1,394,781.18	(13,984,331.52)	-	(703,269,361.52)
Increase	-	(21,260,027.72)	(51,068,840.77)	(1,937,211.26)	(27,319.25)	(3,256,471.10)	-	(81,380,132.07)
Transfer out/ Disposal	-	-	3,965,525.10	22,709.59	-	3,655,248.62	-	7,643,483.31
Balance per book Dec-31, 2014	-	(219,862,486.05)	(503,613,670.44)	(34,691,937.39)	(1,422,100.43	(13,585,554.00)	-	(777,006,010.28)
<b><u>Allowance for impairment</u></b>								
Balance per book Dec-31, 2013	-	(97,069,230.00)	-	-	-	-	-	(97,069,230.00)
Increase	-	-	-	-	-	-	-	-
Balance per book Dec-31, 2014	-	(97,069,230.00)	-	-	-	-	-	(97,069,230.00)
<b><u>Property, plant and equipment - net</u></b>								
Dec-31, 2013	83,964,441.89	259,002,560.03	205,228,008.88	3,212,149.49	51,894.53	3,425,592.79	13,609,025.19	568,493,672.80
Dec-31, 2014	83,964,441.89	237,832,532.31	173,296,646.80	3,765,404.64	43,248.89	19,777,899.07	14,094,379.00	528,944,290.63
<b><u>Depreciation</u></b>								
For the year ended Dec-31, 2013								85,124,439.21
Dec-31, 2014								76,359,901.16

	BAHT						
	Separate financial statements						
	Land	Building Structure and improvement	Machinery and equipment	Furniture fixtures and office equipment	Vehicles	Machinery Under Installation	Total
<b><u>COST</u></b>							
Balance per book Dec-31, 2013	83,515,957.92	163,995,286.07	655,354,820.43	27,725,984.77	15,324,148.59	13,609,025.19	959,525,222.97
Increase	-	-	17,621,997.80	2,549,778.38	19,608,644.86	317,424.81	40,097,845.85
Decrease	-	-	(4,138,674.43)	-	(3,655,116.82)	-	(7,793,791.25)
Transfer in	-	90,000.00	1,939,300.06	-	-	167,929 .00	2,197,229.06
Transfer out/ Disposal	-	-	(249,657.00)	(165,979.66)	-	-	(415,636.66)
Balance per book Dec-31, 2014	83,515,957.92	164,085,286.07	670,527,786.86	30,109,783.49	31,277,676.63	14,094,379.00	993,610,869.97
<b><u>Less : ACCUMULATED DEPRECIATION</u></b>							
Balance per book Dec-31, 2013	-	(83,737,124.97)	(450,365,764.64)	(24,947,761.52)	(11,928,113.42)	-	(570,978,764.55)
Increase	-	(8,783,489.31)	(51,068,840.80)	(1,327,157.92)	(3,226,916.38)	-	(64,406,404.41)
Decrease	-	-	3,717,332.64	6,028.99	3,655,248.62	-	7,378,610.25
Transfer out/ Disposal	-	-	248,192.78	16,680.60	-	-	264,873.38
Balance per book Dec-31, 2014	-	(92,520,614.28)	(497,469,080.02)	(26,252,209.85)	(11,499,781.18)	-	(627,741,685.33)
<b><u>Property, plant and equipment - net</u></b>							
Dec-31, 2013	83,515,957.92	80,258,161.10	204,989,055.79	2,778,223.25	3,396,035.17	13,609,025.19	388,546,458.42
Dec-31, 2014	83,515,957.92	71,564,671.79	173,058,706.84	3,857,573.64	19,777,895.45	14,094,379.00	365,869,184.64
<b><u>Depreciation</u></b>							
For the year ended Dec-31, 2013							65,355,610.78
Dec-31, 2014							64,399,806.80

Depreciation for the years ended December 31, 2014 and 2013, presented in cost of goods sold, selling and administrative expenses consisted of :

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Cost of sale	72,293,885.99	83,318,968.10	60,560,814.26	63,974,251.10
Selling and administrative	4,066,015.17	1,805,471.11	3,838,992.54	1,381,359.68
Total	76,359,901.16	85,124,439.21	64,399,806.80	65,355,610.78

There were no interest payments for the Company to capitalize as part of the machinery under installation for the years ended December 31, 2014 and 2013.

As of December 31, 2014 and 2013, there are fully depreciated assets that are still in use for operation amounting to Baht 226.02 million and Baht 166.77 million respectively.

As of December 31, 2014 and 2013, the Company mortgaged parts of the land, properties and improvement and machinery for an amount totally Baht 1,059.00 million for collateral of loans from various financial institutions as mentioned in note 17 to the financial statements.

The review of the value of investment in subsidiary company and value in use of cash-generating assets of the subsidiary, using Discounted Cash Flow method as mentioned in note 12.1.1 to the financial statement, the Company provided provision for impairment of assets of the subsidiary in the consolidated financial statement of different periods resulting in the amount of allowance for impairment of cash-generating assets of the subsidiary in the consolidated financial statement as of December 31, 2014 and 2013 amounting to Baht 97.07 million equally.

#### 15. DEFERRED LEASEHOLD LAND - NET

Deferred leasehold land of the Company as of December 31, 2014 and 2013, consisted of:

	BAHT	
	Consolidated financial statements	
	Dec-31, 2014	Dec-31, 2013
Leasehold land – cost	32,270,526.30	32,270,526.30
Less : Accumulated amortization	(10,239,842.15)	(9,046,904.21)
Leasehold land – net	22,030,684.15	23,223,622.09

Leasehold of land recorded in the subsidiary amounting Baht 22 million is amortized according to the duration of the leased contract for 26 years. Leasehold contract of Baht 10.27 million is amortized according the lease duration of the leased contract for 20 years. 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 institute has returned the original of the lease of land agreement dated June 16, 2005 to the Company on January 5, 2015.

## 16. INTANGIBLE ASSETS - NET

Intangible assets, computer software as of December 31, 2014 and 2013, consisted of:

BAHT				
Consolidated financial statements				
	Balance Dec-31, 2013	Increase	Decrease	Balance Dec-31, 2014
<b><u>At Cost</u></b>				
Computer software	27,808,032.00	-	-	27,808,032.00
Computer software under development	6,824,631.31	-	-	6,824,631.31
Total	34,632,663.31	-	-	34,632,663.31
<u>Less</u> : Accumulated amortization	(24,318,322.46)	(2,820,077.24)	-	(27,138,399.70)
Intangible assets – net	10,314,340.85	(2,820,077.24)	-	7,494,263.61
<b><u>At Cost</u></b>				
Others	451,000.00	-	-	451,000.00
<u>Less</u> : Accumulated amortization	(236,247.12)	(45,219.00)	-	(281,466.68)
Others – net	214,752.88	(45,219.00)	-	169,533.32
Total Intangible assets - net	10,529,093.73	(2,865,296.24)	-	7,663,796.93
BAHT				
Separate financial statements				
	Balance Dec-31, 2013	Increase	Decrease	Balance Dec-31, 2014
<b><u>At Cost</u></b>				
Computer software	26,914,167.40	-	-	26,914,167.40
Computer software under development	6,824,631.31	-	-	6,824,631.31
Total	33,738,798.71	-	-	33,738,798.71
<u>Less</u> : Accumulated amortization	(23,452,358.35)	(2,792,176.75)	-	(26,244,535.10)
Intangible assets – net	10,286,440.36	(2,792,176.75)	-	7,494,263.61

## 17. INTEREST-BEARING LIABILITIES

Interest-bearing liabilities as of December 31, 2014 and 2013, consisted of :-

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>CURRENT</b>				
<b>Bank overdrafts</b>				
- Secured	-	417,540.64	-	417,540.64
- Unsecured	-	-	-	-
Total	-	417,540.64	-	417,540.64
<b>Short-term loans from financial institutions</b>				
- Secured	51,000,000.00	158,000,000.00	51,000,000.00	158,000,000.00
- Unsecured	-	-	-	-
Total	51,000,000.00	158,000,000.00	51,000,000.00	158,000,000.00
<b>Liabilities under trust agreements</b>	103,199,634.20	112,721,736.95	103,199,634.20	112,721,736.95
<b>Total bank overdraft and short-term loan from financial institution</b>	154,199,634.20	271,139,277.59	154,199,634.20	271,139,277.59
<b>Short-term loans from other company</b>				
- Secured	-	14,589,101.46	-	14,589,101.46
- Unsecured	120,169,985.45	-	120,169,985.45	-
<b>Total Short-term loans from other company</b>	120,169,985.45	14,589,101.46	120,169,985.45	14,589,101.46
<b>Total bank overdraft and short-term loan from financial institution and other company</b>	274,369,619.65	285,728,379.05	274,369,619.65	285,728,379.05
<b>Current portion of long-term loan</b>				
- Secured	40,000,000.00	70,820,506.00	40,000,000.00	70,820,506.00
- Unsecured	-	-	-	-
	40,000,000.00	70,820,506.00	40,000,000.00	70,820,506.00
<b>Default payment liabilities</b>				
- Secured	-	230,346,908.69	-	-
- Unsecured	-	-	-	-
	-	230,346,908.69	-	-
<b>Current portion of hire-purchase liability</b>	5,787,202.80	127,642.79	5,787,202.80	-
<b>Total current</b>	320,156,822.45	587,023,436.53	320,156,822.45	356,548,885.05

BAHT				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
<b>NON-CURRENT</b>				
<b>Long-term loans from financial -institutions</b>				
- Secured	-	40,000,000.00	-	40,000,000.00
- Unsecured	-	-	-	-
	-	40,000,000.00	-	40,000,000.00
<b>Hire-purchase liability</b>	6,965,832.55	9,110.45	6,965,832.55	-
<b>Total non-current</b>	6,965,832.55	40,009,110.45	6,965,832.55	40,000,000.00
<b>Grand Total</b>	327,122,655.00	627,032,546.98	327,122,655.00	396,548,885.05

The durations to maturity of the interest-bearing liabilities are as follows:

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Due within one year	320,156,822.45	587,023,436.53	320,156,822.45	356,548,885.05
Due after one year but within five years	6,965,832.55	40,009,110.45	6,965,832.55	40,000,000.00
Due after five years	-	-	-	-
Total	327,122,655.00	627,032,546.98	327,122,655.00	396,548,885.05

Details of collateral assets for the secured interest-bearing liabilities are as follows :

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Land	36,505,969.50	36,505,969.50	36,505,969.50	36,505,969.50
Deferred leasehold land	22,030,684.15	23,223,622.09	-	-
Building and plant	237,437,758.32	240,847,275.28	57,531,393.75	61,702,148.63
Machinery	82,801,250.08	97,220,465.46	68,403,555.07	97,220,465.46
Total	378,775,662.05	397,797,332.33	162,440,918.32	195,428,583.59

### **The Company**

In May 2010, the Company has an agreement with a bank to change the certain conditions of the promissory loan facility of Baht 200 million. The Company issued a short-term promissory note for a Baht 192 million loan at the interest rate of MOR, of the bank, plus 1% per annum. The monthly repayment of at least Baht 4 million each for 48 months commencing May 2010 to April 2016. After the Company fully repay the loan under the loan agreement, the bank will transfer the loan facility that has been repaid by the Company to the loan facility of Baht 200 million which the Company can use as working capital with the same conditions.

As at December 31, 2014 and 2013, the Company has overdraft accounts and short-term loans from various local financial institutions, carrying interest at the rates ranging from 1.75% per annum to 6.375% per annum. Such loans, overdraft accounts and other credit lines are collateralized by the mortgage of a portion of land, and building with construction and machinery.

The loan agreement also prescribes certain financial terms and conditions relating to certain financial ratio, debts to equities ratio and ability to pay ratio that the Company has to maintain including the retaining of shareholding structure of the major shareholders.

As of December 31, 2014 and 2013, the Company has the undrawn credit facilities amounting to Baht 439.61 million and Baht 204.75 million respectively.

### **The Subsidiary**

The subsidiary has signed a loan agreement with a financial institution amounting to Baht 150 million with interest rate at MLR less 1.5% p.a. for the first year, at MLR less 1% p.a. for the second year, at MLR for the 3<sup>rd</sup> year onward. The loan is to be fully payback by the subsidiary in 10 years and 6 months. The first repayment is due in July 2010. The subsidiary has negotiated to revise the repayment schedule with the financial institution which it approved the extension of the repayment schedule. The first repayment is in January 2011. In January 2011, the subsidiary submits a rescheduled repayment plan of loans to the financial institution. On March 23, 2011, the subsidiary has signed a debt-restructure agreement with the financial institution amounting to Baht 162.15 million, detailed as follows:

1. Cancel the loan facilities and waive the compound interest charge on the bank overdraft facility.
2. Recalculate the interest at the rate MLR minus 1.00% p.a. of which the monthly recalculated interest amount is recorded as suspense interest receivable.
3. To repay a 12 monthly-installment starting in March 2011 onward
  - Bank Overdraft      a monthly installment of      Baht    57,700
  - Promissory Note      a monthly installment of      Baht    19,000
  - Long-term Loan      a monthly installment of      Baht    847,000

If the subsidiary fully comply with the conditions set by the financial institution and repay all the loan within one year, in February 2012, the financial institution agrees to waive 50% of the suspense interest receivable up to the full repayment date.

Due to unfavorable situation of tourism business in Thailand which caused un-confidence to foreign tourists during the past periods, on December 31, 2012, the subsidiary failed to repay loan installments of Baht 7.3 million to a bank which the management negotiated with the bank and expected response from the bank.

On July 23, 2012, the subsidiary was informed by the financial institution that it has transferred all the outstanding loans amounting approximately Baht 164.55 million and collaterals to an asset management company. The Company reclassified the loan to “Default payment liabilities” in consolidated financial statement. On August 15, 2014, the asset management company approved settlement amount of 110 million Baht.

On October 2014, the subsidiary re-negotiated the loan restructuring and the asset management company approved a restructuring amount of 102 million Baht to be paid by December 30, 2014.

On November 19, 2014, the assets management company advised the result of the loan restructuring to the Company which the subsidiary pay up the loan for Baht 102 million. The first payment of Baht 10 million to be made by December 2, 2014 while the remaining amount of baht 92 million to be paid by December 30, 2014 which considered to be the fully settlement of the loan. The redemption of the mortgaged of the building which the subsidiary is located and the release of the lease of land agreement dated June 16, 2005, will be made by the assets management company. The subsidiary will be responsible for the fees of the redemption of the mortgage of the assets. The original of the lease of land agreement dated June 16, 2005 has been received on January 5, 2015. The redemption of the mortgage of the building is being in the process.

On December 29, 2014, the subsidiary has repaid Baht 102 million to the assets management company which considered to be a full settlement of the loan and recorded gain on loan restructuring amounting Baht 147,163,458.50 in the statements of income.

## 18. OTHER PAYABLES

Other payables of the company as of December 31, 2014 and 2013, consisted of:

	BAHT			
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
<b><u>Other companies</u></b>				
Cash received in advance from sales	513,590.17	1,750,238.69	513,590.17	1,750,238.69
Accrued expenses	17,365,202.51	7,300,959.49	14,853,111.30	6,029,355.28
Other payables	177,188.00	4,981.34	27,497.00	-
Total	18,055,980.68	9,056,179.52	15,394,198.47	7,779,593.97

## 19. HIRE - PURCHASE LIABILITIES

Long-term hire purchase liabilities as of December 31, 2014 and 2013, consisted of:

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Principal of hire-purchase liabilities	15,794,479.35	3,417,744.00	15,794,479.35	-
<u>Less</u> : Deferred interest	-	-	-	-
Hire-purchase liability	15,794,479.35	3,417,744.00	15,794,479.35	-
<u>Less</u> : Principal paid	(3,041,444.00)	(3,280,990.76)	(3,041,444.00)	-
Balance	12,753,035.35	136,753.24	12,753,035.35	-
<u>Less</u> : Current portion of long-term hire-purchase liabilities	(5,787,202.80)	(127,642.79)	(5,787,202.80)	-
Total	6,965,832.55	9,110.45	6,965,832.55	-

As of December 31, 2014 and 2013, the repayment detail of hire-purchase liabilities of the Company and its subsidiary is as follow;

BAHT						
	Consolidated financial statements					
	December 31, 2014			December 31, 2013		
	Deferred			Deferred		
	Principal	interest	Total	Principal	interest	Total
Due for payment within one year	5,787,202.80	-	5,787,202.80	127,642.79	-	127,642.79
Due for payment over one year but within 5 year	6,965,832.55	-	6,965,832.55	9,110.45	-	9,110.45
Total	12,753,035.35	-	12,753,035.35	136,753.24	-	136,753.24

BAHT						
	Separate financial statements					
	December 31, 2014			December 31, 2013		
	Deferred			Deferred		
	Principal	interest	Total	Principal	interest	Total
Due for payment within one year	5,787,202.80	-	5,787,202.80	-	-	-
Due for payment over one year but within 5 year	6,965,832.55	-	6,965,832.55	-	-	-
Total	12,753,035.35	-	12,753,035.35	-	-	-

According to conditions in curtain agreements, the Company and the subsidiary entitled whether to buy the assets under the certain agreements at the final payment of the loans. The Company and the subsidiary have to abide by the conditions in the agreements.

## 20. OTHER CURRENT LIABILITIES

BAHT				
	Consolidated financial statements		Separate financial statements	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Value added tax – output tax	177,532.87	-	-	-
Withholding tax	1,748,724.06	498,743.68	559,371.00	496,887.79
Total	1,926,256.93	498,743.68	559,371.00	496,887.79

## 21. EMPLOYEE BENEFITS OBLIGATION

Movements in the present value of the provision under defined benefit obligation for the years ended December 31, 2014 and 2013 were as follows:

BAHT				
	Consolidated financial statements		Separate financial statements	
	For the years-ended		For the years-ended	
	Dec-31, 2014	Dec-31, 2013	Dec-31, 2014	Dec-31, 2013
Employee benefits obligation as of beginning of years	20,448,564.00	16,828,242.00	20,425,199.00	16,812,469.00
Benefits paid	3,959,294.75	3,620,322.00	3,946,910.00	3,612,730.00
Current service cost and interest cost				
Gain (loss) from actuarial assumptions	(2,147,665.00)	-	(2,143,479.00)	-
Employee benefits obligation as of ending of years	22,260,193.75	20,448,564.00	22,228,630.00	20,425,199.00

Expenses recognized in gain or loss for the years ended December 31, 2014 and 2013 are as follow;

BAHT				
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Current service cost	3,193,439.75	3,129,988.00	3,182,862.00	3,123,008.00
Interest cost	765,855.00	490,334.00	764,048.00	489,722.00
Total	3,959,294.75	3,620,322.00	3,946,910.00	3,612,730.00

The principle actuarial assumptions used to calculate the provision under the retirement benefit obligation for the years 2014 and 2013 are as follows:

	2014	2013
	Consolidated financial statements	Separate financial statements
Discount rate	4.72 & 4.78 %	3.40 %
Expected rate of salary increase	5.00 %	5.00 %
Voluntary resignation rate	0-47.26 %*	0-30.60 %*
Mortality rate	TMO 2008 **	TMO 1997 **

\* Based on weighted rate by age group of employees.

\*\* Referred to Thai Mortality Ordinary Tables of 2008 and 1997.

## 22. WARRANTS

The warrants issued and allotted by the Company which has been approved by shareholder meeting are as follow;

### 21.1 WARRANTS - ESOP-1

The Company issued warrants to purchase the Company's ordinary shares on June 17, 2010 for 25.10 million units to the directors and employees of the Company under the ESOP-1 plan for a period of 3 years as from June 17, 2010. The first exercise date is August 2, 2010 and the last business day of commercial banks of every month as from August 2, 2010 to June 14, 2013.

### 21.2 WARRANTS – CIG-W4

On April 24, 2013, the Annual General Meeting of the shareholders has a resolution 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.

In 2014, there were exercise for the ordinary shares. Thus, balance of warrants as of December 31, 2014 are as follow;

	Number of Units	
	CIG-W4	ESOP-1
Allotted warrants	601,836,915	25,100,000
<u>Less</u> : Exercised to convert to common share		
As of December 31, 2014	(525,687,655)	(23,859,486)
Balance of allotted warrants	76,149,260	1,240,514
Duration of the warrants (Year)	1 year and 6 months	1 Year
Exercise rate (unit : share)	2 : 1	01 : 01.1
Exercise price to buy 1 common share (Baht)	Baht 1	Baht 0.50
First exercise date	May 31, 2013	Aug 2, 2010
Last exercise date	October 29, 2014	June 14, 2013

## 23. SHARE CAPITAL

23.1 On November 5, 2014, the Company has registered the increase of the paid-up share capital amounting to Baht 130,785,658.00 (common share 261,571,316 shares at par value Baht 0.50 each) from the exercise of CIG-W4 warrant in 4<sup>th</sup> quarter of year 2014 at 523,142,655 units at par value Baht 0.50.

23.2 On October 8, 2014, the Company has registered the increase of the paid-up share capital amounting to Baht 623,200.50 (common share 1,247,500 shares at par value Baht 0.50 each) from the exercise of CIG-W4 warrant in 3<sup>rd</sup> quarter of year 2014 at 2,495,000 units at par value Baht 0.50.

23.3 On June 18, 2013, the Company has registered the increase of the paid-up share capital amounting to Baht 12,306 (common share 24,612 shares at par value Baht 0.50 each) from the exercise of ESOP-1 warrant in 2<sup>nd</sup> quarter of year 2013 at 21,000 units at par value Baht 0.50.

23.4 On June 5, 2013, the Company has registered the increase of the paid-up share capital amounting to Baht 44,144.50 (common share 88,289 shares at par value Baht 0.50 each) from the exercise of CIG-W4 warrant in 2<sup>nd</sup> quarter of year 2013 at 50,000 units at par value Baht 0.50 and the exercise of ESOP-1 warrant of 54,000 units at par value Baht 0.50.

23.5 On April 2, 2013, the Company has registered the increase of the paid-up share capital amounting to Baht 398,045 (common share 796,090 shares at par value Baht 0.50 each) from the exercise of ESOP-1 warrant of 739,000 units at par value Baht 0.50.

23.6 On March 5, 2013, the Company has registered the increase of the paid-up share capital amounting to Baht 44,706 (common share 89,412 shares at par value Baht 0.50 each) from the exercise of ESOP-1 warrant in 1<sup>st</sup> quarter of year 2013 at 83,000 units at par value Baht 0.50.

23.7 On February 5, 2013 the Company has registered the increase of the paid-up share capital amounting to Baht 401,587 (common share 803,174 shares at par value Baht 0.50 each) from the exercise of ESOP-1 warrant in 1<sup>st</sup> quarter of year 2013 at 745,579 units at par value Baht 0.50.

## **24. LEGAL RESERVE**

Section 116 of the Public Companies Act B.E.2535 requires that a company shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the authorized capital. The legal reserve is not available for dividend distribution.

## **25. FINANCIAL INFORMATION BY SEGMENT OF BUSINESS**

The Company presents its financial statements segmented by business segments and by geography as follow;

1. By business
  - 1.1 Manufacture of air conditioning products and parts
  - 1.2 Hotel services
  - 1.3 Trading
2. By Geography
  - 2.1 Domestic
  - 2.2 Foreign

Statements of income segmented in the consolidated financial statements by business for the years ended December 31, 2014 and 2013 are as follows:

BAHT								
Consolidated financial statements								
For the year ended December 31								
	Manufacture of air-conditioning products and parts				Hotel services		Consolidated Financial Statement	
	Revenue from sale		Revenue from service		Revenue from service		2014	2013
	2014	2013	2014	2013	2014	2013		
Domestic sales	538,760,998.69	634,850,001.14	-	47,789,686.0	25,660,438.10	24,950,767.78	564,421,436.88	707,590,454.92
Export sales	386,850,228.56	308,154,559.97	19,491,509.7	-	-	-	406,341,738.26	308,154,559.97
Total	925,611,227.25	943,004,561.11	19,491,509.7	47,789,686.0	25,660,438.10	24,950,767.78	970,763,175.14	1,015,745,014.89
Reversal for obsolete inventories							-	-
Gain from sales of assets							1,479,126.23	177,153.33
Gain on sale of investment in subsidiary							-	2,411,562.37
Gain from debt restructuring							147,163,458.50	-
Other income							35,430,202.94	47,126,942.80
Cost of sales and service							(860,257,780.17)	(909,142,709.88)
Selling expenses							(35,067,177.63)	(27,244,002.62)
Administrative expenses							(108,289,903.83)	(91,933,603.42)
Share of profit (loss) from investment in associate of subsidiary							-	(228,550.66)
Financial costs							(40,913,475.01)	(46,401,638.36)
Income tax income (expenses)							(16,578,334.80)	3,852,757.88
Net profit (loss)							93,729,291.37	(5,637,037.67)

Statements of income segmented in the separate financial statements by business for the for the years ended December 31, 2014 and 2013 are as follows:

BAHT								
Separate financial statements								
For the year ended December 31								
	Manufacture of air-conditioning products and parts				Hotel services		Separate financial statements	
	Revenue from sale		Revenue from services		Revenue from services		2014	2013
	2014	2013	2014	2013	2014	2013		
Domestic sales	538,760,998.7	624,963,760.14	-	47,789,686.0	-	-	538,760,998.78	672,753,446.14
Export sales	386,850,228.5	308,154,559.97	19,491,509.7	-	-	-	406,341,738.26	308,154,559.97
Total	925,611,227.3	933,118,320.11	19,491,509.7	47,789,686.0	-	-	945,102,737.04	980,908,006.11
Reversal for obsolete inventories							-	-
Gain from sales of asset							1,479,126.23	177,153.33
Loss from impairment of investment in subsidiary							(64,547,841.00)	(40,000,000.00)
Other income							35,118,943.36	46,407,155.05
Cost of sales and service							(836,989,149.91)	(872,499,855.89)
Selling expenses							(34,957,381.92)	(26,526,043.22)
Administrative expenses							(78,322,131.96)	(73,194,126.34)
Share of profit (loss) from investment in associate of subsidiary							-	-
Financial costs							(18,351,090.82)	(21,934,019.79)
Income tax income (expenses)							(3,671,623.15)	11,572,080.84
Net profit (loss)							(55,138,412.13)	4,910,350.09

### **Major customer information**

The Company has earned its revenue from “Manufacture of air-conditioning products and parts” segment for the year ended December 31, 2014 from 3 customers for approximately Baht 650.59 million of the total revenue of the Company.

## **26. FINANCIAL COST**

	BAHT			
	Consolidated financial statements		Separate financial statements	
	For the years ended December 31			
	2014	2013	2014	2013
Interest expense to financial institutions	40,913,475.01	46,401,638.36	18,351,090.82	21,934,019.79
Capitalized financial costs	-	-	-	-
Total	40,913,475.01	46,401,638.36	18,351,090.82	21,934,019.79

## **27. INCOME TAX EXPENSE**

In accordance with taxable conditions on Thailand’s revenue code, the Company and its subsidiaries have calculated its net taxable profit (loss) by taking both any forbidding expenditures and any reduced or exceptionable accounting transactions to adding - up or deducting from net profit (loss) under accounting base.

The Company has calculated income tax on its taxable profit for the year 2011 and 2012 at the rate 30% and 23% respectively and the rate 20% from 2013 onward.

The company has corporate income tax privilege for its investment in coil manufacturing project at its Chonburi factory at the rate 100% of normal rate for 7 years as from 2008.

27.1 Income tax expense for the years ended December 31, 2014 and 2013, consisted of;

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Income tax of current period	-	-	-	-
Deferred income tax Expense (Revenue)				
from temporary difference	16,578,334.80	(3,852,757.88)	3,671,623.15	(11,572,080.84)
Effects of deferred income tax from change of tax rates	-	-	-	-
Income tax expense presented in the - statement of income	16,578,334.80	(3,852,757.88)	3,671,623.15	(11,572,080.84)

27.2 The reconciliation of the income tax expense and the result of the multiplying of the accounting profit with tax rate for the years ended December 31, 2014 and 2013 is presented as the following:

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Accounting profit before corporate income tax	110,307,626.17	(17,491,999.80)	(51,466,788.98)	(26,565,276.73)
Corporate income tax rates	20%	20%	20%	20%
Accounting profit before corporate income tax Multiply by tax rates	22,061,525.23	-	-	-
Effects to deferred income tax				
From change of income tax rates	-	-	-	-
Income tax effects that is nondeductible in Calculation of profit:				
- Revenue exempted in tax calculation	-	-	-	-
-Non deductible expenses	1,331,477.88	-	620,119.25	-
Income tax expense presented in the Statement of Income	16,578,334.80	(3,852,757.88)	3,671,623.15	(11,572,080.84)

27.3 Deferred tax that involving Net Income for the nine month period ending September 2014 and 2013 comprises of;

	Baht	
	2014	
	Consolidated financial statements	Separate financial statements
Deferred tax involving -		
- Gain (loss) from actuarial assumptions	2,147,665.00	2,143,479.00
- Tax rate of 20%	429,533.00	428,695.80

Components of deferred tax assets and deferred tax liabilities comprised of the following items;

		BAHT	
		Consolidated financial statements	
		As at	As at
		December 31, 2014	December 31, 2013
Deferred income tax assets			
Unrealized gain (loss) on investment in trading securities		92,000.00	212,000.00
Allowance for doubtful accounts		8,363,031.33	7,909,608.44
Allowance for declining value of inventory		2,372,003.62	2,372,003.62
Employee benefit obligation		4,452,038.75	3,908,696.80
Benefits from accumulated tax loss		-	17,884,632.64
Total		15,279,073.70	32,286,941.50
Deferred income tax liabilities		-	-
Total		15,279,073.70	32,286,941.50

		BAHT	
		Separate financial statements	
		As at	As at
		December 31, 2014	December 31, 2013
Deferred income tax assets			
Unrealized gain (loss) on investment in trading securities		92,000.00	212,000.00
Allowance for doubtful accounts		8,086,647.69	7,633,224.80
Allowance for declining value of inventory		2,372,003.62	2,372,003.62
Allowance for impairment in investments		29,309,568.20	16,400,000.00
Employee benefit obligation		4,445,726.00	4,085,039.80
Benefits from accumulated tax loss		-	17,703,996.24
Total		44,305,945.51	48,406,264.46
<b>Deferred income tax liabilities</b>		-	-
Total		44,305,945.51	48,406,264.46

## 28. EXPENSES BY NATURE

The significant expenses classified by nature for the years ended December 31, 2014 and 2013 are as follows:

	BAHT			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Changes in finished goods and work in process	(8,744,703.16)	26,634,433.17	(8,600,597.28)	26,634,433.17
Consumption of raw materials and supplies	7,135,474.95	84,502,158.51	7,135,474.95	84,372,382.43
Personnel expenses (Excludes directors and management)	152,249,805.37	146,290,591.60	147,967,349.34	141,475,243.70
Management remunerations	21,971,077.00	26,460,379.00	21,971,077.00	23,036,352.00
Depreciation and amortization	77,615,244.67	83,596,553.21	64,399,806.80	68,669,168.50
Transportation expense	316,101.78	2,147,240.44	306,713.78	2,129,540.44
Advertising and promotion	1,867,154.17	81,020.00	1,867,154.17	10,400.00
Provision for doubtful accounts	12,980,392.78	581,869.70	1,103,555.73	581,869.70
Unrealized gain (loss) on investment in trading securities	(600,000.00)	-	(600,000.00)	-

## 29. REVENUE REPORTING OF THE PROMOTED INDUSTRY

Based on the Announcement of the Board of Investment No. Por. 14/1998 dated December 30, 1998 regarding revenue reporting of a promoted industry, the Company is required to report the revenue from sales and services separately between the promoted and non-promoted business. For the year ended December 31, 2014 the required information is as follows:

	BAHT		
	Separate financial statements		
	Promoted business Income tax exemption	Non-promoted business	Total
Revenues			
Revenue from sales and services	198,524,896.86	746,577,840.18	945,102,737.04
Other income	-	36,598,069.59	36,598,069.59
Total revenues	198,524,896.86	783,175,909.77	981,700,806.63

### 30. PROMOTIONAL PRIVILEGES

In August 2005, by virtue of the provisions of the Investment Promotion Act B.E. 2520, the Company has been granted privileges by the Board of Investment relating to manufacturing of coils as parts or assemblies used for electronic equipment at plant located in Chonburi province. The privileges granted include:

- Exemption from payment of import duty for machinery import as approved by Board of Investment.
- Exemption from payment of import duty for raw materials imported for re-exporting for a certain period as from the first import date.
- Exemption from payment of income tax from net income derived from the promoted operations for a period of seven years from the dates on which income is first derived from the operations.

As a promoted company, the Company must comply with certain conditions and restrictions provided in the promotional certificates.

### 31. EARNINGS (LOSS) PER SHARE

Basic earnings (loss) per share is calculated by dividing the net income (loss) for the year by the weighted average number of ordinary shares which are issued and paid-up as follows :

	For the years ended December 31			
	Consolidated financial statements		Separate financial statements	
	2014	2013	2014	2013
Net income (loss) (Baht)	93,729,291.37	(5,637,073.67)	(55,138,412.13)	4,910,350.09
Weighted average number of ordinary shares (Shares)	643,088,453	601,610,997	643,088,453	601,610,997
Basic earnings (loss) per share (Baht)	0.15	(0.01)	(0.09)	0.01

### DILUTED EARNINGS (LOSS) PER SHARE

	Consolidated financial statements					
	For the years ended December 31					
	Net earnings (loss)		Weighted average number of		Earnings (loss) per share	
	(Baht)		(Share)		(Baht)	
	2014	2013	2014	2013	2014	2013
<b>Basic earnings (loss) per share</b>						
Net earnings (loss)	93,729,291.37	(5,637,073.67)	643,088,453	601,610,997	0.15	(0.01)
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
2014 : -0- Units	-	-	-	-		
2013 : 2,054,514 Units	-	-	-	2,212,922		
<b>Diluted earnings (loss) per share</b>						
Net earnings (loss) of ordinary shareholders						
(assuming conversion of potential ordinary shares to ordinary shares)	93,729,291.37	(5,637,073.67)	643,088,453	603,823,919	0.15	(0.01)

Separate financial statements

For the years ended December 31

	Net earnings (loss)		Weighted average number of		Earnings (loss) per share	
	(Baht)		(Share)		(Baht)	
	2014	2013	2014	2013	2014	2013
<b>Basic earnings (loss) per share</b>						
Net earnings (loss)	(55,138,412.13)	4,910,350.09	643,088,453	601,610,997	(0.09)	0.01
<b>Effect of dilutive potential ordinary shares</b>						
Warrants						
2014 : -0- Units	-	-	-	-		
2013 : 2,054,514 Units	-	-	-	2,212,922		
<b>Diluted earnings (loss) per share</b>						
Net earnings (loss) of ordinary shareholders (assuming conversion of potential ordinary shares to ordinary shares)	(55,138,412.13)	4,910,350.09	643,088,453	603,823,919	(0.09)	0.01

## 32. FINANCIAL INSTRUMENTS

### Financial risk management policies

The Company is exposed to normal business risks from changes in market interest rates and currency exchange rates and from non-performance of contractual obligations by counterparties. The Company does not issue derivative financial instruments for speculative or trading purposes.

#### Interest rate risk

Interest rate risk is the risk that future movements in market interest rates will affect the results of the Company's operations and its cash flows. Management believes that the interest rate risk is minimal. Hence, the Company and its subsidiary have no hedging agreement to protect against such risk.

#### Foreign currency risk

The Company is exposed to foreign currency risk relating to purchases and sales which are denominated in foreign currencies. Management believes that the foreign currency risk is minimal. Hence, the Company and its subsidiary do not use derivative financial instruments to mitigate this risk.

### Credit risk

Credit risk is the potential financial loss resulting from the failure of a customer or a counter party to settle its financial and contractual obligations to the Company as and when they fall due. Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on customers. At the statement of financial position date there were no significant concentrations of credit risk. The credit risk is represented by the carrying amount of each financial asset in the statement of financial position. However, management does not anticipate material losses from its debt collection.

### Liquidity risk

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents deemed adequate by management to finance the Company's operations and to mitigate the effects of fluctuations in cash flows.

### Fair values

The fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. In determining the fair value of its financial assets and liabilities, the Company takes into account its current circumstances and the costs that would be incurred to exchange or settle the underlying financial instrument.

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

Cash and cash equivalents and receivables-the carrying values are approximate to their fair values due to the relatively short-term maturity of these financial instruments.

Bank overdrafts and short-term loans from financial institutions and payables-the carrying amounts of these financial liabilities are approximate to their fair values due to the relatively short-term maturity of these financial instruments.

For long-term loan that is using floating interest rate which is the market interest rate, the carrying amount of long-term loan is close to fair value. For long-term loan that is using fixed interest rate for the first and second year, the carrying amount of long-term loan is close to fair value.

### 33. COMMITMENTS

#### THE COMPANY

33.1 The Company has a land lease agreement for its warehouse. This agreement is for a period of twelve (12) years. The annual rental amounts to Baht 480,000.

As of December 31, 2014 and 2013, the minimum commitment for the long-term lease, which the Company should paid in the future are as follow :-

	AMOUNT (BAHT)	
	As at	
	December 31, 2014	December 31, 2013
Amount due within one year	480,000.00	480,000.00
Amount due after 1 year but within 5 years	1,920,000.00	1,920,000.00
Amount due after 5 years	280,000.00	760,000.00
Total	2,680,000.00	3,160,000.00

33.2 As at December 31, 2014 and 2013, the Company had commitment under the L/C agreement with several financial institutions in total amount of Baht 33.57 million and Baht 102.93 million respectively.

#### THE SUBSIDIARIES

33.3 A subsidiary company has signed a lease of land agreement for hotel services for 26 years starting from June 2005 to June 2031 for an amount of Baht 22 million. The subsidiary has paid Baht 12 million. The remaining of Baht 10 million will be paid by installments in June each year, according to the agreement, from 2015 to 2024.

As at December 31, 2014 and 2013 the minimum commitment for the long-term lease, which the company should paid in the future is as follow;

	AMOUNT (BAHT)	
	As at	
	Dec-31, 2014	Dec-31, 2013
Amount due within one year	2,000,000.00	2,000,000.00
Amount due after 1 year but within 5 years	3,556,000.00	3,556,000.00
Amount due after 5 years	4,444,000.00	4,444,000.00
Total	10,000,000.00	10,000,000.00

33.4 A subsidiary company signed an agreement to lease a piece of land with a 4-storey building to operate hotel business for 20 years covering the period from January 2010 to December 2029. The rental is Baht 200,000 per month (after withholding tax.) The rental is increased by 10% every each three years.

As of December 31, 2014 and 2013, the minimum commitment for the long-term lease, which the subsidiary should paid in the future is as follow;

	AMOUNT (BAHT)	
	As at	
	Dec-31, 2014	Dec-31, 2013
Amount due within one year	2,778,947.37	2,778,947.37
Amount due after 1 year but within 5 years	12,533,052.63	11,949,473.68
Amount due after 5 years	38,978,405.05	42,340,931.37
Total	54,290,405.05	57,069,352.42

### 34. CONTINGENT LIABILITIES

As at December 31, 2014 and 2013, the Company's contingent liabilities include electricity usage guarantee issued by a financial institution to a government agency amounting to Baht 1.62 million.

### 35. PROVIDENT FUND

During the year 2010, the Company and its employees agreed to establish employees' provident fund under authorization from Ministry of Finance as per provident fund legislation 1987. This provident fund is comprised of a portion of 3% from employee's salary and a portion that is contributed at the same amount from company. Employees entitle to receive money from the provident fund if he/she resign and comply with its regulation. The provident fund is managed by TISCO Asset Management Co., Ltd.

### 36. RECLASSIFICATION

The company has reclassified some of the items in the financial statements to match those of current year which has no effect to net profit or shareholder's equity as previously reported. Reclassification items are as follow;

Balance Sheet As of December 31, 2013	BAHT					
	Consolidated financial statements			Separate financial statements		
	Previously reported	Reclassified amount	After classification	Previously reported	Reclassified amount	After classification
Inventory	192,918,959.02	(4,816,834.78)	188,102,124.24	192,717,268.80	(4,816,834.78)	187,900,434.08
Other current assets	14,113,835.38	4,816,834.78	18,930,670.16	4,202,275.24	4,816,834.78	9,019,110.02
Account payables - Other	185,336,502.92	-	185,336,502.92	179,238,087.48	(2,765,131.45)	176,472,956.03
Account payables – related	-	-	-	-	2,765,131.45	2,765,131.45

### • APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by an authorized director of the Company on February 28, 2015.

## 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>	483,393,859.50 Bahts (As of December 31, 2014) 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>

### REFERRED PERSONS

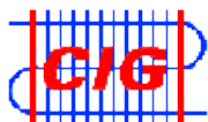
<b>Share Registrar</b>	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building, Rachadapisek Road, Klongtoey, Bangkok 10110 Tel : 0-2229-2800 Fax : 0-2359-1259
<b>Auditor</b>	Mr. Chaiyut Angsuwittaya or Mrs. Natsaluck Sarochanunjeen, license no. 3885 and 4563 respectively, or other CPAs, who is in list of Auditors approved by the office of SEC, of the A.M.T & Associates A.M.T & Associates 491/27 Silom Plaza, Silom Rd., Bangrak, Bangkok 10500 Tel : 0-2234-1676, 0-2234-1678 Fax : 0-2237-2133

## 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, 2014) 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>	25,000,000.00 Bahts (as of December 31, 2014) Paid up capital 25,000,000.00 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)

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

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