

CSS



Annual Report|2016
Communication & System Solution PLC.

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Annual Report 2016 Communication & System Solution PLC.

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Chairman Message

Throughout year 2016, company achieved many aspects of management by applying good governance policy mainly focusing on transparency and accountability to accomplish business sustainability.

In previous year, board of directors has operated many issues under good corporate governance framework by emphasizing on preventing conflict of interest, thus, in order for transparency and accountability, management level need to reveal information including annual report on the interest of boards, executive and related person every year. Besides, board of directors agreed to set period as being a president for other company so that president can concentrate on its duties.

Moreover, measurement and evaluation process is applied to achieve substantial efficiency because company do believe that result shown will prove stakeholder's confidence, also applied to corporate overview, board of directors , committee, executive and operation level.

Board of directors has reviewed and assessed company's risk management system to meet universal standard in order to minimize unexpected risk which may affect company performance. This policy will be regulated on subsidiaries as well for consistent and smooth business execution.

On behalf of chairman of boards would like to express gratitude for your generous support to shareholders, institution investor, business alliances, valued customers and related parties, company pledge to strictly comply under good corporate governance policy taking into account of all parties involved.



Pol.Maj.Gen. Supisarn Bhakdinarinath (Ph.D.)

Chairman of the Board

CEO Message

Recently, Thailand's economic outlook still decelerates and must deliberately watch unexpected changes which may affect socio-economic circumstances, resulting in many companies to alter strategies and operate business concurrently in order to better compete in the market.

However, 2016 subsidiary and company's revenue is total 4,713 million baht increasing 141 million baht or 3.08% compared with last year, while net profit margin is equal to 173 million baht or 0.15 baht per share. The most significant factor that profit soars is due to complying good governance regulation.

In 2016, company reflected on its commitment to good modeling by raising good corporate governance and management quality with increased scores every year based on the survey of institutions. Also, company has reviewed risk management process to mitigate potential risk and impact to business.

In addition, we continue to strive for and improve efficiency of quality management extended from ISO 9001: 2008 certification through vehicle maintenance such as Inspection of pre-shipment vehicles, regularly check the condition of the car to ensure on-time delivering and quality, also company has prepared for ISO 9001:2015 in this year.

On behalf of Chief Executive Officer, Communication & System Solution PCL would like express gratitude to all executives, employee that devote your contribution to achieve successfully satisfaction, and appreciate any shareholders and business partners for support and confidence as always.



A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

Mr.Sompong Kangsawiwat
Chief Executive Officer

Vision / Mission / Core Value and Business objectives

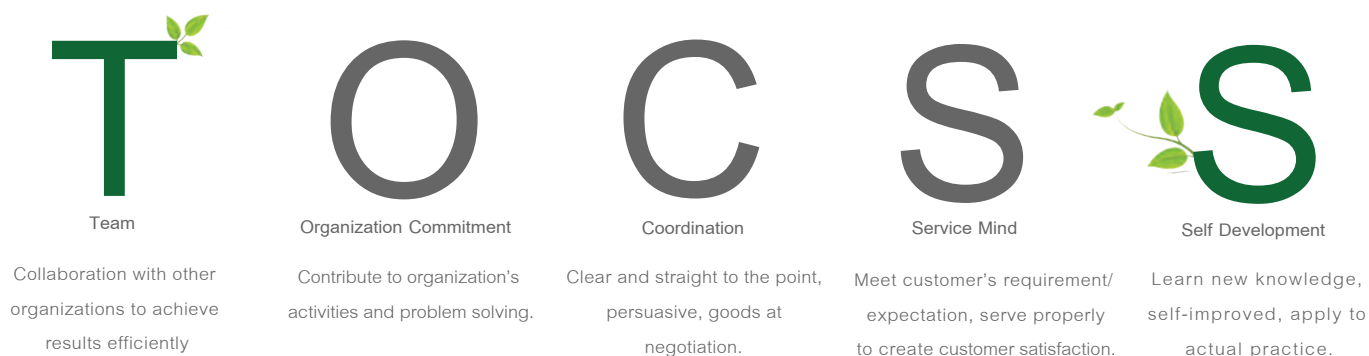
Vision

" A leading company in the business of engineering communications. Business information technology and renewable energy products and systems engineering with quality management. "

Mission

- Distributing and delivering engineering products at a reasonable price and with excellent service.
- Installing telecommunication systems with innovation to meet the needs of customers regarding international standards.
- Auction operation tasks for installation communication technology systems and information technology until successful with advanced technology solutions.
- Business operations of Renewable Energy and energy management policy for the Government to provide new alternative energy sources of Thailand.

CSS'S Core Value



Business objectives

The Company aims to maintain its position as the market leader in the distribution of electric cable and equipment that is of high quality and standards and to provide a one-stop service, which means offering a wide range of electrical wires and equipment of all types that makes it convenient and easy for customers to order and receive their goods. The aim is to meet customers' requirements quickly and efficiently so that they receive the highest satisfaction.

The Company aims to maintain its status as the country's leading provider of services in the design and installation of passive fire protection and telecommunication systems, focusing on improving operational efficiency and quality services to ensure customer confidence that work will be completed to the quality and schedule they require. By focusing on these areas, the Company has experienced business success

In addition, the company is certified to ISO 9001:2008 accreditation for the management of telecommunications systems installations from United Registrar of Systems (Thailand) Co. Ltd. (URS). However, the company remains committed to development of operational efficiency in order to meet the needs of our customers to the maximum.

The Company aims to expand business to cover the installation of other communication systems. As well as expanding the business into a growing industry and a government policy such as installation communication technology systems and business of Energy to provide new alternative energy sources of Thailand.

Board of Directors



Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D)

Chairman of the Board of Director, Independent Director

Age 62 years old / Thai nationality

The date of appointment : 12 Sep 2014

Percent of Company's shares at 31 Dec 2016 = None

Education

- Ph.D. in Management of North Bangkok University
- Master of Arts (Applied Sociology), Kasetsart University
- Bachelor of Public Administration, Royal Police Cadet Academy

Training

Thai Institute of Directors

- Certificate of Corporate Governance for Executives (CGE) Class 2/2014
 - Certificate of Role of the Chairman Program (RCP) Class 35/2014
 - Certificate of Financial Statement for Director (FSD) Class 27/2015
 - Certificate of Anti-Corruption : The Practical Guide (ACPG) Class 19/2015
 - Certificate of Director Certification Program (DCP) Class 209/2015
 - Certificate of Board Matters & Trends (BMT) Class 1/2016
 - Certificate of Boards that Make a Difference (BMD) Class 3/2016
 - Training in Economic and Business Outlook in 2016 : Hot-bottom Issues for Directors
 - Training in Tone at the Top Series 1/2016 Clean Business Engagement with Public Sector
 - Training in Chairman Forum Corporate Governance VS Corporate Performance: Duty or Choice
 - Training in AGM & Dinner Talk "Sustaining Business Performance through Ethical Leadership
 - Training in Managing Conflicts in the Boardroom
 - Training in IOD Director Briefing 4/2016 Managing Technology & Disruption
- #### Other Training
- Training in CG Forum 2/2016 at SET
 - Certificate in CSR for Corporate Sustainability Class 6 Services at SET
 - Certificate of Capital Market Academy Leader Program (CMA) Class. 21
 - Training in Thailand's 7th National Conference on Collective Action against Corruption "Ethical Leadership: Combating Corruption Together" CAC

Experience in last 5 years

Listed Company

2014 – Now Chairman of the Board of Director, Independent Director Communication & System Solution PLC.

Other Company (Not listed company)

2015-Now	Chairman of the Board of Director	Pattama Group
2016-Now	Consultant of Directors	Magic Enterprise Co.,Ltd
2003-2014	Royal Court Security Police	Royal Thai Police
2010-2014	Commander, Crime Suppression Department	Royal Thai Police
2015-Oct 2016	Consultant of Law	Tulip Group Co.,Ltd.
2016-Dec 2016	Chairman of the Board of Appeal	Football Association of Thailand under Patronage of His Majesty the King



มุ่ง... การเป็นองค์กรที่ใส่ใจ ไม่พร้อมกับการทำกิจกรรมที่

Assoc.Prof.Pitipat Chataccaraphat

Independent Director, Chairman of Audit Committee, Chairman of Nomination Remuneration and Corporate Governance Committee, Age 55 years old / Thai nationality
The date of appointment : 8 Aug 2005 Percent of Company's shares at 31 Dec 2016 = None

Education

- PhD in Accounting of The Manchester Metropolitan University, UK

Training

Thai Institute of Directors

- Certificate of Director Certification Program Class 60/2005

Experience in last 5 years

Listed Company

2005 – Now	Independent Director
2012 – Now	Chairman of Audit Committee
2012 – Now	Chairman of Nomination, Remuneration and Corporate Governance Committee

Other Company (Not listed company)

2006 – 2015	Associate Professor
2015 – Now	Pensioner

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Communication & System Solution PLC.
Communication & System Solution PLC.

Department of Accounting,
Kasetsart University



Mr.Chattaphum Khantiviriya

Independent Director, Member of Audit Committee, Member of Nomination Remuneration and Corporate Governance Committee, Member of Risk Management Committee / Age 55 years old / Thai nationality
The date of appointment : 12 Sep 2014
Percent of Company's shares at 31 Dec 2016 = None

Education

- MBA of Kasetsart University

Training

Thai Institute of Directors

- Certificate of Audit Committee Program Class 8/2005
- Certificate of Director Certification Program Class 100/2008
- Role of the Compensation Committee Class 6/2008

Experience in last 5 years

Listed Company

2014 - Now	Independent Director	Communication & System Solution PLC.
2014 - Now	Member of Audit Committee	Communication & System Solution PLC.
2014 - Now	Member of Nomination, Remuneration and Corporate Governance Committee	Communication & System Solution PLC.
2014 - Now	Member of Risk Management Committee	Communication & System Solution PLC.
2012 - Now	Director	DNA 2002 PCL.
2015 - Now	Chairman of the Board of Director and Presiden	Ubiz Asia PCL.

Other Company (Not listed company)

2013 - Now	Director	Bun Co.,Ltd
2015 - Now	Chairman of the Board of Director	Ubiz Primatech Co.,Ltd
2015 - Now	Director	Primetime Solution Co.,Ltd



Assoc.Prof.Prapart Praisuwanna

Independent Director, Member of Audit Committee, / Age 60 years old / Thai nationality
The date of appointment : 1 Jan 2015 Percent of Company's shares at 31 Dec 2016 = None

Education

- Master of Engineering (Electrical Engineering) of King Mongkut's Institute of Technology Ladkrabang

Training

Thai Institute of Directors

- Certificate of Director Certification Program Class 119/2009
- Certificate of Financial Statements for Director 2013

Other Training

- Leadership Development Program, Grid Business Solutions Ltd. Year 1997

Experience in last 5 years

Listed Company

2015 - Now	Independent Director	Communication & System Solution PLC.
2015 - Now	Member of Audit Committee	Communication & System Solution PLC.
2013 - Now	Director	CPT Dry and Power PCL.
2014 - Now	Chairman of Audit Committee	Bangkok Sheet Metal PCL.
2011 - 2014	Vice President	CAT Telecom PCL.

Other Company (Not listed company)

2013 - Now	Director	PEA. MCOM International Co.,Ltd.
1981 - Now	Associate Professor, Faculty of Engineering	King Mongkut's Institute of Technology Ladkrabang.
2009 - 2014	Director	Provincial Electricity Authority.





Mr.Sompong Kansawiwat

Director, Chief Executive Officer, Chairman of Risk Management Committee

Age 51 years old / Thai nationality

The date of appointment : 8 Aug 2005

Percent of Company's shares at 31 Dec 2016 = 17.66% of paid up Capital

Education

- MBA in Marketing of NIDA

Training

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Certification Program Class 154/2011
- Certificate of Role of the Chairman Program (RCP) Class 27/2012
- Certificate of Financial Statements for Directors (FSD) Class 15/2012

Other Training

- Certificate of Capital Market Academy Leader Program (CMA) Class. 20

Experience in last 5 years

Listed Company

2005 – Now	Director	Communication & System Solution PLC.
2011 – Now	Chief Executive Officer	Communication & System Solution PLC.
2012 – Now	Chairman of Risk Management Committee	Communication & System Solution PLC.

Other Company (Not listed company)

1997 – Now	Director	C.S.S.Energy Co.,Ltd.
2015 – Now	Director	Neonworx Communications (Thailand) Co.,Ltd.

Mr.Opas Tiyawattanaroj

Director, Executive Director, Member of Risk Management Committee,

Managing Director Telecommunication Group / Age 51 years old / Thai nationality

The date of appointment : 8 Aug 2005

Percent of Company's shares at 31 Dec 2016 = 4.96% of paid up Capital

Education

- MBA in Marketing of Bangkok University

Training

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Accreditation Program Class 92/2011

Experience in last 5 years

Listed Company

2005 – Now	Director	Communication & System Solution PLC.
2011 – Now	Executive Director	Communication & System Solution PLC.
2012 – Now	Member of Risk Management Committee	Communication & System Solution PLC.
2013 – Now	Managing Director Telecommunication Group	Communication & System Solution PLC.

Other Company (Not listed company)

2015 – Now	Director	Neonworx Communications (Thailand) Co.,Ltd.
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Mr.Kittirat Mekmanee

Director, Executive Director, Member of Risk Management Committee,

Managing Director Business Group / Age 50 years old / Thai nationality

The date of appointment : 8 Aug 2005

Percent of Company's shares at 31 Dec 2016 = 3.75% of paid up Capital

Education

- MBA of UTCC

Training

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 50/2006
- Certificate of Director Accreditation Program Class 92/2011
- Certificate of Role of the Chairman Program (RCP) Class 27/2012

Experience in last 5 years

Listed Company

2005 – Now	Director	Communication & System Solution PLC.
2011 – Now	Executive Director	Communication & System Solution PLC.
2012 – Now	Member of Risk Management Committee	Communication & System Solution PLC.
2013 – Now	Managing Director Business Group	Communication & System Solution PLC.

Other Company (Not listed company)

1997 – Now	Director	C.S.S. Energy Co.,Ltd.
2016 – Now	Director	My Beach Co.,Ltd

Ms.Panida Sawatwannarat

Director, Executive Director, Member of Nomination Remuneration and Corporate Governance Committee, Member of Risk Management Committee, Managing Director Finance & Control Group / Age 53 years old / Thai nationality
The date of appointment : 8 Aug 2005
Percent of Company's shares at 31 Dec 2016 = 0.28% of paid up Capital

Education

- MBA of Kasetsart University

Training

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 37/2005
- Certificate of Director Certification Program Class 60/2005

Other Training

- Certificate in Public Economics for the Executives Class 12 of King Prajadipok's Institute (KPI)

Experience in last 5 years

Listed Company

2005 – Now	Director
2011 - Now	Executive Director
2012 - Now	Member of Nomination, Remuneration and Corporate Governance Committee
2012 - Now	Member of Risk Management Committee
2013- Now	Managing Director Finance & Control Group

Other Company (Not listed company)

1997 – Now	Director	C.S.S.Energy Co.,Ltd.
2015 - Now	Director	Neonworx Communications (Thailand) Co.,Ltd.

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Communication & System Solution PLC.
Communication & System Solution PLC.



Ms.Nongnuch Temeesrisuk

Director, Executive Director, Managing Director Management & Corporate Governance Group / Age 53 years old / Thai nationality
The date of appointment : 8 Aug 2005
Percent of Company's shares at 31 Dec 2016 = 0.13% of paid up Capital

Education

- Bachelor of Accounting of Ramkhamhaeng University

Training

Thai Institute of Directors

- Certificate of Director Accreditation Program Class 37/2005
- Certificate of Director Certification Program Class 60/2005
- Certificate of Company Secretary Program Class 27/2008

Other Training

- Certificate in Basic & Regulation of the Listed Company Class 6/2011 of TLCA.

Experience in last 5 years

Listed Company

2005-Now	Director	Communication & System Solution PLC.
2011-Now	Executive Director	Communication & System Solution PLC.
2013-Now	Managing Director Finance & Control Group.	Communication & System Solution PLC.
2013-Now	Corporate Secretary	Communication & System Solution PLC.
2015-Now	Chairman Of the Board of Directors& Chairman of Audit Committee	Thai Coconut PLC.

Other Company (Not listed company)

1997-Now	Director	C.S.S.Energy Co.,Ltd.
2015-Now	Director	Neonworx Communications (Thailand) Co.,Ltd.



Financial Highlight

Financial Highlights

Items	2014	2015	2016
Operating Results (Thousand THB)			
Sales and Services Revenues	3,984	4,515	4,694
Total Revenues	4,008	4,572	4,713
Total Costs and Expenses	3,703	4,270	4,492
Gross Profit (Loss)	305	302	221
Net Profit (Loss)	235	227	173
Financial Position (Thousand THB)			
Total Assets	2,612	3,465	3,843
Total Liabilities	1,411	1,775	2,114
Shareholders' Equity	1,202	1,689	1,729
Inventories	334	500	649
Per Share (Baht)			
Net Profit per share (Loss)	0.27	0.21	0.15
Dividend per share	0.1112	0.20	0.16
Book Value per share	1.72	1.50	1.41
Financial Ratio (%)			
Gross Profit Margin	15%	15%	14%
Net Profit Margin	6%	5%	4%
Return on Equity (%)	21%	16%	10%
Current Ratio (times)	1.58	1.60	1.51
Debt to Equity Ratio (times)	1.17	1.05	1.22

General and other important information

General information

Name of Company	: Communication & System Solution Public Limited Company
Stock Symbol	: CSS
Nature of business	: Distribution of electric cables and other electric devices, provision of telecommunication systems, passive fire protection products etc.
Head office	: 329 Moo.3, Banmai Sub-district, Parkred District, Nonthaburi
Ramkamhaeng branch office:	: 142 Soi Ramkaemhaeng 40, Huamark sub-district, Bang Kapi district, Bangkok
Chonburi branch office:	: 59 Moo 7, Bang Phra sub-district, Sriracha district, Chonburi
Company Registration No	: 0107548000561
Tel.	: 02-018-1111
Fax	: 02-018-1142
Website	: www.cssthailand.com
Company Secretary	: Ms. Nongnuch Temeesrisuk Tel. : 02-018-1111 E-mail : secretary@cssthailand.com
Registered Capital	: THB 588,036,884.50, divided into 1,176,073,769 shares at the par value of THB 0.50 per share
Paid-up capital	: THB 587,869,544.50, divided into 1,175,739,089 shares at the par value of THB 0.50 per share

General information of the subsidiary

Name of subsidiary (1)	: C.S.S. Energy Co., Ltd.
Nature of business	: Engage in the business relevant to the government authorities and energy business
Head office	: No.329 Moo.3, Banmai Sub-district, Parkred District, Nonthaburi
Chonburi branch office:	: 59 Moo. 7, Bang Phra sub-district, Sriracha district, Chonburi
Company Registration No	: 0125540007891
Tel.	: 02-018-1111 Fax: 02-018-1142

Registered Capital	: THB 150 million, divided into 1,500,000 shares, at the par value of THB 100 per share
Paid-up capital	: THB 150 million, divided into 1,500,000 shares, at the par value of THB 100 per share
Portion of shares hold	: 99.99% of the registered and paid-up capital

Name of subsidiary (2)	: Neonworx Communications (Thailand) Co., Ltd.
Nature of business	: Provision of telecommunication systems and turnkey maintainance
Head office	: 10 soi Naknivas 47, Naknivas Road, Ladprao Sub-district, Ladprao District, Bangkok.
Company Registration No	: 0105549083701
Tel.	: 02-539-6693 Fax: 02-539-6795
Registered Capital	: THB 10 million, divided into 100,000 shares, at the par value of 100 per share
Paid-up capital	: THB 10 million, divided into 100,000 shares, at the par value of 100 per share
Portion of shares hold	: 70% of the registered and paid-up capital

Reference

Securities registrar	:	Thailand Securities Depository Co., Ltd The Stock Exchange of Thailand Building, 93, Rachadapisek Road, Din Daeng sub-district, Din Daeng district, Bangkok 10400 Tel.: 02-009-9386 Fax: 02-009-9476
Auditors	:	Ms.Krongkaew Limkittikul and/or Mr.Supachai Phanyawattano and/or Miss Waraporn Prapasirikul EY Office Limited. 33 rd Floor, Lake Rajada Office Complex, 193/136-137, New Rajadapisek Road, Klongtoey, Bangkok 10110 Tel.: 02-264-0777 Fax : 02-264-0789-90

Internal Audit : Dharmniti Internal Auditing Co., Ltd.
178 Dharmniti Building floor.5 Soi Permsub (Prachachuen20) , Bangsue,
Bangkok, 10800 Thailand.
Tel.: 02-587- 8080 Fax. 0-2587 2018

Other information

-None-

Policy and overall business

The Company was founded on 25 January 1994, with the initial objective of distributing and installing passive fire protection materials and equipment for highrise buildings and factories. The Company has since expanded the business to become the distributor for electrical wires of various types and other electrical systems equipment from leading international manufacturers such as general cables for use in buildings and factories, internal and external lighting, transformers, conduits, and materials and equipment related to passive fire protection. Customers include government agencies and private companies. In addition, the Company provides installation and maintenance services for communications systems, including the construction and installation of mobile telephone systems, basic telephone systems. In 2015, the company has expanded to provide Information Technology (IT) and the business of renewable energy.

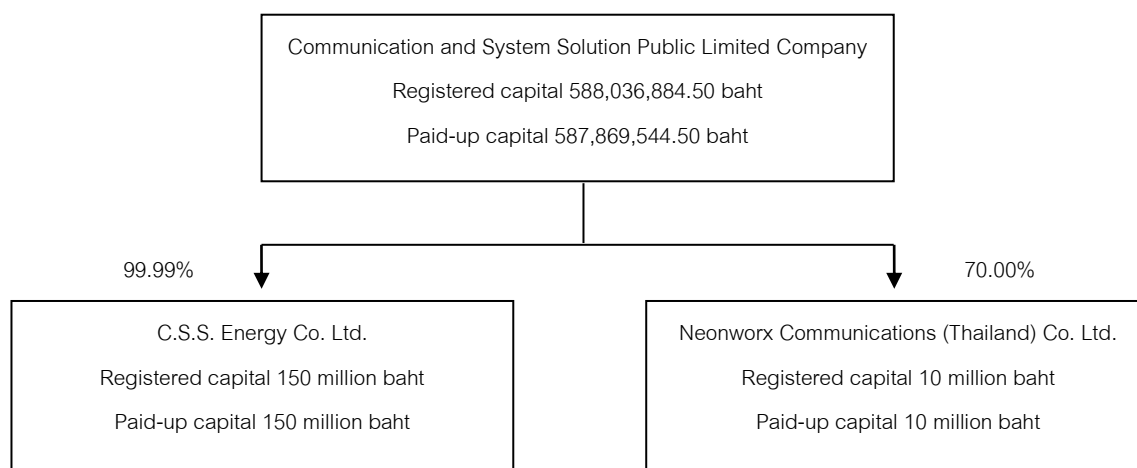
Strategy

- Planning to expand the customer base by greater coverage of sales area and industrial groups, as well as expanding the customer base among state agencies
- Increasing the range of products and services to enable expansion of the customer base and to better support the needs of existing customers.
- Focusing on growth of installation services, particularly telecommunications systems which is an expanding domestic industry, and being able to quickly adapt to changes in technology. Moreover, the Company aims to expand operations in the telecommunications field and the distribution business to support business growth in neighbouring countries where there is high growth potential such as Myanmar.
- Building and maintaining good customer relations by focusing on pre- and post-sales services and maintaining the quality and standards of services offered to customers in order to create satisfaction and confidence in choosing to continue using the Company's services.
- The development of Company personnel at all levels in order to move ahead with changing technology and reduce reliance on key personnel, with staff training budget provided every year.
- Expand business to make revenue and long-term returns, such as business investment in information technology and the Government's renewable energy policy.
- Expand business and invests in neighboring countries, such as Myanmar and AEC Group to reduce on the effects of competition and the domestic market.

Overall business of the Company and subsidiaries

The Company has 2 subsidiaries as follows;

1. C.S.S. Energy Co. Ltd. which the Company holds a 99% share of paid-up capital.
2. Neonworx Communications (Thailand) Co.,Ltd. The Company holds a 70% share of paid-up capital.



1) C.S.S. Energy Co.,Ltd.

C.S.S. Energy Co. Ltd. originally named C.S.S. Cable and Accessories Co. Ltd., was established on 6 November 1997, with the original purpose of operating as a distributor of electrical wires and other electrical system equipment from leading international manufacturers. In 2011 C.S.S. Cable transferred these operations under the Company. In 2012, Company policy was for C.S.S. Cable to conduct business with government agencies and to act as representative for various products. These operations would mainly be conducted using Company personnel.

C.S.S. Cable and Accessories Co. Ltd. registered a change of name to C.S.S. Energy Co. Ltd. at the Ministry of Commerce on 24 October 2014, with its head office located at 329 Moo.3, Banmai, Pakkred, Nonthaburi, the same address as that of the Company. In addition, C.S.S. Energy Co. Ltd. also has a branch located at 59 Moo.7, Bang Phra, Sri Racha, Chonburi.

2) Neonworx Communications (Thailand) Co. Ltd.

Neonworx Communications (Thailand) Co. Ltd. (NWC) was established on 13 July 2006 with purpose of operating as an agent installation and maintenance the telecommunication system by turnkey. Customers of the Company are AIS, True, Dtac and TOT etc. The head office located at 10 Soi Naknivas 47, Naknivas Road, Ladprao, Bangkok.

Significant developments

Historical, the Changes and Development of the Company and its subsidiaries.

Histories of the Company and its subsidiaries.

The Company was founded in 1994, with the initial objective of distributing and installing passive fire protection materials and equipment for highrise buildings and factories. The Company has since expanded the business to become the distributor for electrical wires of various types and other electrical systems equipment from leading international manufacturers such as general cables for use in buildings and factories, internal and external lighting, transformers, conduits, and materials and equipment related to passive fire protection. Customers include government agencies and private companies. In addition, the Company provides installation and maintenance services for communications systems, including the construction and installation of mobile telephone systems, basic telephone systems. In 2015, the company has expanded to provide Information Technology (IT) and the business of renewable energy and energy management according to government policy. The Company's head office is at 455,477 Moo.9, Bondstreet Road, Bangpood, Pakkred, Nonthaburi. In August 2015, Head Office and warehouses of the company moved to 329 Moo.3, Banmai, Pakkred, Nonthaburi.

The Company also has 2 branch offices

1. Ram40 branch at 142 Soi Ramkhamhang 40, Ramkhamhang Road, Huamak, Bangkok.
2. East branch at 59 Moo.7, Bang Phra, Sri Racha, Chonburi.

The company increased the capital from 1 million to baht 120 million baht during the year 1995 - 2005. The Company registered an increase in paid-up capital to 250 million baht from the rights offering to existing shareholders and was listed on the Stock Exchange of Thailand on 3 September 2013 with paid-up capital increased to 350 million Baht. Now, the company has registered capital to 588,036,884.50 Baht by paid – up capital to 587,869,544.50 Baht into 1,175,739,089 ordinary shares at the par value of Baht 0.50 per share.

Significant developments in last 3 years

2014	May	The Company was part of the declaration of intent by the Private Sector Collective Action Coalition Against Corruption with the committee members.
	September	At the Extraordinary Meeting of Shareholders No.1/2014, approval was given to issue warrants giving the right to buy the Company's ordinary stock ("CSS-W1") and for an increase in registered capital from THB 350 million baht to 490 million baht through the issue of 280 million new ordinary shares at 0.50 THB in order to support the purchase of

		Company shares in accordance with “CSS-W1”, to be issued to existing shareholders in proportion to their shareholding in the ratio of 2.5 existing shares to 1 warrant unit.
	October	The subsidiary’s name was changed from “C.S.S. Cable and Accessories Co. Ltd.” to “C.S.S. Energy Co. Ltd.”
	December	The Company established a joint venture called Prime Renewable Energy Co. Ltd., taking a 50% share, to support the commercial generation of solar energy.
2015	April	Resolutions of the Annual General Meeting 2015 was resolved as follows; <ol style="list-style-type: none"> 1. Decreased the share capital from 490 million baht THB 489,995,978.50 by canceling the shares are resold number of 8,043 shares with par value of Baht 0.50 per share as offered in all respects. 2. Increased of the registered capital from 489,995,978.50 Baht to 587,995,174.50 Baht to support the payment of stock dividends and adjustment of CSS-W1.
	May	The Company entered into the acquisition of 63,000 shares in Neonworx Communications (Thailand) Co.,Ltd. (“NWC”), or 70% of total registered capital of NWC with par value of Baht 100 per share. NWC do a business about telecommunications as an agent installation and maintenance the telecommunication system by turnkey. The Board of Directors Meeting No. 3/2015 resolved to ratify the cancellation of a joint venture in Prime Renewable Energy Co.,Ltd.
	August	Resolutions of the Extraordinary Meeting of Shareholders No.1/2015 was resolved the amendment to the Company's objectives by increasing the purpose from (51) to (53) to support the business of energy. The Company moved the head office from 475,477 Moo.9 Bondstreet Rd. bangpood, Pakkred, Nonthaburi to 329 Moo.3 Banmai, Pakkred, Nonthaburi where it nowadays.

Award of the year 2015

- Awarded by the Ministry of Labour That is the establishment of a dedicated project security establishment of honor HRH Princess Maha Chakri Sirindhorn's.

2016

March

Resolutions of the Extraordinary Meeting of Shareholders No.1/2016 were as follows;

1. Decreased capital from 587,995,174.50 baht to 587,987,137 by decrease 16,075 dividend shares, which are not allocated with par value of Baht 0.50 per share and registered the amendment of the memorandum of association at Ministry of Commerce since 15 March 2016
2. Increased of the registered capital from 587,987,137 Baht to 588,036,884.50 Baht to support the adjustment CSS-W1 by issuing the new 99,495 ordinary shares at the par value of 0.50 Baht. And registered the amendment of the memorandum of association at Ministry of Commerce since 16 March 2016
3. Increased the amendment to the objectives of the company from 53 to 55 to comply with the business expansion and registered the amendment of the memorandum of association at Ministry of Commerce since 16 March 2016.

April

The Company has increased of the paid-up capital from 544,701,641.50 baht to 587,869,544.50 Baht into 1,175,739,089 shares from the lasted of the CSS-W1 and registered the amendment of the memorandum of association at Ministry of Commerce since 7 April 2016

Award of the year 2016

- Awarded of "CEO AEC Awards 2016"

Connection with the businesses of major shareholders

-None-

Business Characteristics

Revenue Structure

Types of Products	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical Wire	2,235.70	55.78	2,186.94	47.83	2,639.88	56.01
Lamp and lighting Equipment	440.60	10.99	499.85	10.93	441.60	9.37
Electrical conduits and fittings	101.08	2.52	168.09	3.68	132.70	2.82
Electrical system control equipment	140.86	3.51	221.87	4.85	270.86	5.75
Passive fire protection materials and equipment	37.31	0.93	36.82	0.81	40.98	0.87
Electrical Transformers	13.96	0.35	23.48	0.51	25.76	0.55
Others	7.98	0.20	37.25	0.81	16.74	0.36
Total Sale Revenues	2,977.49	74.29	3,174.30	69.42	3,568.52	75.72
Telecommunication system installation revenue	827.36	20.64	1,278.49	27.96	1,050.18	22.28
Passive Fire protection system installation revenue	27.57	0.69	35.89	0.79	43.62	0.93
Electrical equipment installation revenue	144.55	3.61	15.86	0.35	-	-
Other services revenue	7.38	0.18	10.71	0.23	31.60	0.67
Total installation service revenues	1,006.86	25.12	1,340.95	29.33	1,125.40	23.88
Brokerage income	-	-	34.70	0.76	-	-
Other income	23.75	0.59	22.55	0.49	19.14	0.41
Total Revenues	4,008.10	100.00	4,572.50	100.00	4,713.06	100.00

Characteristics of products and services

The Company and the subsidiary (referred to jointly as “the Company”) are involved in 2 types of business: the distribution of electrical wires and other electrical equipment, and the design of telecommunication and passive fire protection systems, as well as the maintenance of telecommunication systems and other forms of coordination. The Company’s products and services can be detailed as follows:

1. Distribution business

The Company operates as a distributor of electrical wires and other types of electrical systems equipment, as well as passive fire protection materials and equipment from leading international manufacturers such as Phelps Dodge, Philips and 3M. The Company orders products from both Thai and foreign manufacturers based in Thailand

as well as importing special products from foreign manufacturers, mainly to sell to customers in the private sector such as general contractors and project developers, and through wholesale and retail outlets throughout the country. The Company has a sales team to contact and coordinate sales through various channels and 3 warehouse facilities which enable the rapid delivery of products to meet customer needs. In the last year, the Company was aware of the importance of safety issues and therefore took out product transportation insurance in order to deliver products quickly, safely and with maximum efficiency. In 2015 and 2016, revenues from the distribution operations made up 69% and 76% of total revenue respectively. Products which the Company distributes can be divided into 6 main types: electrical wires, lamps and lighting equipment, conduits and installation equipment, electrical systems control equipment, passive fire protection materials and equipment and electrical transformers, with details as follows:

1.1 Electrical wire



At present, the Company is a distributor for various types of electrical wires, most of which are sold under the Phelps Dodge brand, one of the biggest manufacturers in Thailand. Electrical wires made up approximately 48% and 56% of total revenues in 2015 and 2016 respectively, with the 3 primary types by use being general cable for use in buildings and factories, special cable for use in factories, and cable for telecommunications engineering systems.

1.2 Lamps and lighting equipment



Lamps and lighting equipment are quality products which the Company distributes on behalf of several companies, making up about 11% and 9% of total revenues in 2015 and 2016 respectively. The lamp and lighting have 3 types such as lamp and lightings, Electrical Equipment hazardous areas and Emergency lighting systems.

1.3 Conduits and installation equipment



In setting up electrical wiring systems, conduits help to prevent damage to wiring and allow it to be properly routed. At present, the Company distributes electrical coated steel and iron conduits and fittings from the Arrowpipe brand and white UPVC pipes and fittings from the CLIPSAL brand which have been certified according to ISO 9001, UL, BS, IEC, TIS 770-2553 and TIS 2133-2545 standards. The Company also distributes polyethylene pipes for the TGG and TAP brands, which are used for their insulation properties and resistance to environmental conditions when buried. In addition, the Company distributes

other fittings such as joints, white pvc pipes and steel channels from the CCG, ARR, TST and CS Wire way brands. Electrical conduits and fittings accounted for approximately 4% and 3% of revenues in 2015 and 2016.

1.4 Electrical system control equipment



The Company is the distributor of products under the Bticino brand which include switches, electrical plugs or sockets, television and telephone sockets, breakers and safety equipment. Bticino products are designed with a stylish modern look and safety in mind. They are quality products that meet customers' needs and comply with IEC and NEMA international quality standards, as well as TIS standards and UNI EN 29000-ISO 9000. Sales of electrical system control products made up approximately 5% and 6% of revenue in 2015 and 2016.

1.5 Passive fire protection materials and equipment



The Company was appointed by 3M Thailand Co. Ltd. (3M) as their distributor for passive fire protection materials and equipment which are used to fill spaces in pipes and walls and which, if a fire breaks out, will expand to fill the spaces to prevent the spread of flames and toxic smoke from one area to another. The passive fire protection materials and equipment sold by the Company takes several forms, with the choice of materials depending on customers' specific requirements in terms of appearance and durability. The preventative properties of the materials range from approximately 30 minutes to 4 hours and comply with Under Laboratories (UL) standards. In addition, the Company also distributes other 3M electrical products such as connectors, terminal kits, cable insulation, non-contact infrared thermometers, sprays for electrical work and more than 30 types of electrical tape including tape used for insulation, moisture sealant, heat resistance and corrosion prevention. Passive fire protection materials and equipment and other electrical products accounted for approximately 1% and 1% of revenues respectively in 2015 and 2016.

1.6 Electrical transformers



These transformers provide the transformation from the high voltage lines to the distribution system of the Metropolitan Electricity Authority and Provincial Electricity Authority at the level required by end users such as factories, households and high rise buildings. Transformers accounted for approximately 1% of revenues in 2015 and 2016.

2. Design and installation business

In 2015 and 2016, installation services made up approximately 29.31% and 23.88% of the Company's total revenue respectively. The Company's installation services can be separated into 2 areas: (1) communication system design and installation (2) Fire protection systems and maintenance services. Details are as follows;

2.1 Communication System design and installation

Over the course of several years, the telecommunications industry has seen continuous growth, together with changes in technology and consumer behavior, and the Company first recognizing the opportunities for the installation of telecommunications towers in 1999. Currently, the Company provides design, purchasing and installation services for telecommunication systems, both mobile telephone signal systems and complete basic telephone systems, by a professional team of engineers with over 15 years' experience. When taking on an installation project, the Company will study and design a steel-framed tower, using one of several designs through a computer program that allows changes to be made to the proportions, form, height and weight of the mast, in order meet the customer's requirements and for the efficient transmission of mobile signals, and also produces a design ready for the communication equipment such as the signal transmission systems of different mobile phone operators, power systems and electric wiring systems. Next, the Company will hire a contractor to prepare the construction area, lay the foundations, construct the steel frame and install the communication equipment, with the Company's engineers overseeing construction, connecting the signal and testing that the quality of the work meets the customer's specifications and is handed over as scheduled. In addition, the Company provides after-sales services with a 1-year warranty period to ensure customer satisfaction and confidence in the quality of the work. The Company's main customers are mobile network operators from the private sector and contractors who have been hired directly by mobile network operators. (See additional details in the telecommunication installation business). In 2015 and 2016, design, purchasing and installation services for telecommunication systems accounted for 28% and 22% of the Company's total revenue respectively.

Characteristics of the telecommunications towers installed are as follows:

1. Self-Supporting Tower
2. Guyed Mast Tower
3. Stub Tower
4. Pole

Major Works

The Company's installation of telecommunication towers has had a good reputation in terms of the quality of the materials and products meeting the specifications and work being completed on schedule. Since 2008, important installations of telecommunication towers have included both new sites and upgrades.

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
Thailand BKFT 3G HSPA (East) ph.5	Asia Wireless Communication Co.,Ltd ("AWC")	Company	New Site	346.25	Mar 2012 – Mar 2015
Thailand BKFT 3G HSPA (East) ph.5	Asia Wireless Communication Co.,Ltd ("AWC")	Company	New Site	534.35	Mar 2012 – Mar 2015
Thailand BFKT 3G HSPA (Bangkok Region) Phase 5	Asia Wireless Communication Co.,Ltd ("AWC")	Company	New Site	66.00	Mar 2012 – Mar 2015
Thailand BFKT 3G HSPA (Bangkok Region) Upgrade Site	BFKT Thailand Co.,Ltd	Company	New Site	14.10	Oct 2012 – Nov 2015
2.1GHz UMTS_LTE Phase 0 Project	Huawei Technologies (Thailand) Co.,Ltd ("Huawei")	Company	New Site	67.76	Feb 2013 – Apr 2016
2.1GHz UMTS_LTE Phase 1 Project (Bangkok Region)	Huawei Technologies (Thailand)Co.,Ltd ("Huawei")	Company	New Site	74.59	Jun 2013 – Jun 2016
2.1GHz UMTS_LTE Phase 1 Project (East Region)	Huawei Technologies (Thailand) Co.,Ltd ("Huawei")	Company	New Site	54.58	Jul 2013 – Dec 2015
2.1GHz UMTS_LTE Phase 1 Project (South Region)	Ericsson (Thailand) Co.,Ltd	Company	New Site	73.10	Aug 2013 – Dec 2015
2.1GHz UMTS_LTE Phase 1 Project (South Region) (TE Installation)	Ericsson (Thailand) Co.,Ltd	Company	New Site	24.60	Sep 2013 – Jun 2016
Real Future 2.1GHz New Site & Existing_LTE Ph.1 (East/Bangkok/South)	True Corporations PCL.	Company	New Site	81.36	Jan 2014 - Dec 2016
True_Infrastructure Fund Project (Site Acquisition Work)	True Corporations PCL.	Company	New Site	3.44	Jan 2014 - Dec 2015
True_Infrastructure Fund Project "East"	True Corporations PCL.	Company	New Site	599.43	Jan 2014 – Apr 2016
True_Infrastructure Fund Project "Bangkok"	True Corporations PCL.	Company	New Site	393.50	Jan 2014 – Apr 2016
True_Infrastructure Fund Project "South"	True Corporations PCL.	Company	New Site	380.43	Jan 2014 – Apr 2016
Real Future 2.1GHz UMTS_LTE Ph.2.2 (South)	Ericsson (Thailand) Co.,Ltd	Company	New Site	2.60	Nov 2014 - Dec 2016

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
Real Future 2.1GHz UMTS_LTE Ph.3 (South)	Ericsson (Thailand) Co.,Ltd	Company	New Site	40.56	Dec 2014 - Dec 2016
Real Future 2.1GHz UMTS_LTE Ph.3 (East)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	48.63	Dec 2014 - Dec 2016
DTAC Cell site year 2014 (BMA 430)	Dtac	Company	New Site	5.40	Dec 2014– Jun 2016
2.1GHz UMTS_LTE (The Best in PHUKET)Project (South Region)	Ericsson (Thailand) Co.,Ltd	Company	New Site	4.26	Jan 2015 – Apr 2016
True Move H2.1GHz UMTS_LTE Phase 3.2 Project (Bangkok Region)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	17.19	Apr 2015 – Dec 2016
DTAC New Cell site Year 2015 (South&West)	Dtac	Company	New Site	189.50	Jul 2015 – Jun 2017
True Move H2.1GHz UMTS_LTE Phase 4.3 Project (Bangkok Region)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	17.33	Aug 2015 – Dec 2016
DTAC co-Locate True GIF site Project	Dtac	Company	New Site	80.10	Oct 2015 – Dec 2016
True Move Year 2016_900 MHz&1800 MHz(South)	Ericsson (Thailand) Co.,Ltd	Company	New Site	29.70	Jan 2016 – Dec 2016
True Move TE Installation Year 2016_900 MHz&1800 MHz	Ericsson (Thailand) Co.,Ltd	Company	New Site	11.90	Jan 2016 – Dec 2016
True Move Year2016_900 MHz&1800MHz (Bangkok)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	11.80	Feb 2016 – Dec 2017
True Move Year 2016_900 MHz&1800 MHz (East)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	8.10	Feb 2016 – Dec 2017
True Move Phase 4.6 & 11 for 900 MHz (BKN&East)	True Corporations PCL.	Company	New Site	10.60	Feb 2016 – Dec 2017
True Move 900 MHz for Village Site (East Region)	True Corporations PCL.	Company	New Site	85.35	Feb 2016 – Dec 2017

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
True Move 900 MHz for Village Site (South Region)	True Corporations PCL.	Company	New Site	32.00	Feb 2016 – Dec 2017
DTN Year 2016 Project	DTAC	Company	New Site	132.20	Jul 2016 – Dec 2017
LTE 2100 Phase 5 Densification	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	8.60	Jul 2016 – Dec 2017
DTAC 2016 Expansion (TE Installation)	Ericsson (Thailand) Co.,Ltd	Company	New Site	2.20	Jul 2016 – Dec 2017
True Move LTE2100 Phase 5 Densification (New Site)	True Corporations PCL.	Company	New Site	4.00	Aug 2016 – Dec 2017
True Move Pracharath School Project (East&South)	True Corporations PCL.	Company	New Site	6.30	Sep 2016 – Dec 2017

2.2 Fire Protection System design, purchasing and installation

The Company offers design, purchasing and installation services for fire stops to customers who purchase 3M products supplied by the Company. Installation services can cover open spaces following electrical conduits and water or air conditioning systems that pass through walls or floors in offices and homes, using passive fire protection materials and equipment which provide protection from the effects of heat, flames and smoke for at least 3 hours and have a 1-year warranty period to ensure customer satisfaction and confidence in the quality of the work. The Company has a professional team of engineers with almost 20 years' experience who have been trained by the manufacturer to offer advice on the design of fire and smoke protection systems that comply with safety standards and consult on quality testing standards.

In addition, the Company is able to provide consultancy, design, purchasing and product development services or other services related to engineering projects as required by customers (special projects), such as the purchase and installation of silencers for the underground rail project of the Mass Rapid Transit Authority of Thailand (MRTA) in 2000 and the installation and maintenance of energy-saving lamps and lighting in 2010 - 2012 ("Smart Way" project) for the Energy Engineering Institute, Kasetsart University and the Provincial Electricity Authority. In 2015 and 2016, fire protection system design, purchasing and installation and other services accounted for approximately 1.36% and 1.60% of the Company's total revenue.

Marketing and Competition

Company operations have successfully built up customer confidence and satisfaction in terms of product quality and the provision of services that are fast and according to schedule. These are delivered with honesty and fairness and the Company has therefore always enjoyed the trust of its customers. The Company has set the following competitive strategies:-

Marketing strategies

1. Products & Services

With the aim of responding to the variety of consumer needs, the Company is focusing on the distribution of electrical products through a one-stop service and quality that meets international standards through top level international brands. The Company also adheres to a policy of creating the greatest customer satisfaction by providing fast services. The Company has 3 warehouses in Bangkok, Bangkok, Sri Racha, Chonburi and Pakkred, Nonthaburi, which is the Head office and the big warehouse. This allows the Company to store a wide range of products in appropriate quantities at locations that are close to customers and convenient for transportation. The Company is therefore able to make fast deliveries to customers in all areas. The Company has also identified safety as an important area and taken out product transportation insurance to build customer confidence in the Company's products and best respond to customers' needs.

For the installation business, the Company has a team of engineers with over 15 years' expertise and experience in the design and installation of telecommunication systems, as new site construction or equipment upgrades, and almost 20 years' experience in the design and installation of passive fire protection systems. These teams carry out on-site surveys to prepare a work plan and timetable before work begins and organize a regular progress and quality inspection system that ensures the Company is able to meet the deadline and the customers' specifications.

The Company has received ISO 9001: 2008 certification for the management of telecommunication system installations from United Registrar of Systems (Thailand) Co. Ltd. since 2010

In 2014 was awarded ISO 9001: 2008 certification in a further 2 branches are Ramkamhaeng branch and Eastern Branch.

In 2016 was awarded ISO 9001: 2008 certification in cargo maintenance; inspection before transport and also check the cars available regularly to make customers trust in our services.

2. Price

For pricing in the distribution business, the Company takes several factors into consideration. Apart from the cost of the goods and the Company's desired profit margin, pricing also follows market supply and demand, the quantities ordered by customers and competitiveness against other suppliers in the same industry, with pricing strategies also revised in accordance with prevailing industry conditions.

For pricing in the installation business, the Company carries out a study to assess the initial cost of the project and offers a quotation. The assessment is based on the characteristics of the area of installation, the type of tower, the number of piles and the value of materials and equipment to be used in the project, the number of personnel supervising the project and other related costs, the time frame and other risks that may occur while carrying out the project, as well as the Company's profit margin, which will be set appropriately according to the extent of the work to be carried out.

3. Place

The Company sells its products on both a cash and trade credit basis almost entirely within the country through a network which includes large and small wholesale outlets and retail stores located throughout the country, with a sales team going out to meet the target group of customers including general contractors, project developers and customers from state agencies and enterprises. The Company's marketing policy considers good long-term customer relations to be of importance in order to retain the existing customer base and to attract new customers and gain a bigger market share. The Company has an experienced sales team that make contact and coordinate sales through various distribution channels that allow deliveries to be made quickly and efficiently, and also present accurate product information. The Company also employs a strategy of paying commissions for introducing new customers to the Company as an additional opportunity and method of finding new business. The Company has set clear rules and methods regarding the payment of such commissions, specifying that persons receiving the commission must be persons from outside the Company who introduce new customers and must not be directors, management, staff, major shareholders of customers or the Company and must not be related to any of these persons. A ceiling is applied to the commission referencing a percentage of the total sale and the minimum margin of return after sales costs and the commission are accounted for. Sales staff must request and receive Company approval before proceeding, with the commission paid by crossed cheque only after payment has been received from the customer. Records of commission payments must be presented quarterly to the audit committee and board of directors. If the audit committee finds that any payments were inappropriate, the Company will carry out a review and present its findings to the board of directors for further action.

For the telecommunication system installation business, the Company has 2 main channels for contacting potential customers to present its services: (1) the Company contacts the operators of mobile telephone networks directly and (2) contacts the main contractors who are hired by the mobile network operators. The Company has the advantage in the telecommunication system business of being an independent company that is not part of a group belonging to any one network operator, meaning that the Company is able to provide services to every mobile network operator. Once the Company has been contacted by a customer regarding a project, a team from the telecommunications business will be assigned to directly coordinate the organization of the relevant documents, such as construction drawings and specifications, in order to provide a construction estimate and timetable, before presenting this to the customer. The Company mainly goes through the distribution channels for

the passive fire protection system business to locate customers interested in purchasing related 3M products to offer a complete.

4. Promotion

It is Company policy to support sales to both wholesale and retail customers by considering discounts for major customers who place high volume orders or customers with a good financial status and payment record, organizing online promotions through the Company website (www.cssthai.com), E-news letters and Facebook, as well as setting up booths at shows, organizing customer relations activities, meeting target customers directly and producing product catalogues.

For the installation business, the Company places importance on good customer relations. The Company's telecommunications team stay in close contact with customers in order to understand their needs and to quickly be aware of their problems and limitations, and to assist in solving problems, thereby creating maximum customer satisfaction.

Company strengths

- The Company is one of the leading distributors of electrical wires in Thailand and sells electrical system products through a one-stop service that carries a wide range of all types of electrical wires and equipment and makes it convenient and easy for customers to make and receive their orders, with quality standards guaranteed by products from the world's leading brands.
- The Company is the main distributor of quality product from well-known international brands and is able to increase products from various brands each year. This has created confidence in the Company and means it has constantly been entrusted with the distribution of manufacturers' products.
- Deliveries of the Company's products are served by warehouses in Bangkok, and Pakkred, Nonthaburi and Sri Racha, Chonburi, and the Company has expanded storage facilities with 1 additional warehouse in Pakkred, Nonthaburi, which is currently under construction and expected to be completed in 2015. These locations are convenient for transportation and close to customers, allowing the Company to store a wide range of products and make deliveries to customers in all areas and as required. This has built
- The Company has distribution channels covering the whole country through stores and the Company's sales staff reaching private sector customers who are general contractors and project developers.
- The Company's engineering team has almost 20 years' expertise and experience in the design and installation of fire protection systems and over 10 years' experience in the design and installation of telecommunication systems, ensuring that the Company is able to meet deadlines and customers' specifications. In addition, the Company has received ISO 9001: 2008 certification for the management of

telecommunication system installations from United Registrar of Systems (Thailand) Co. Ltd. (URS) and in 2014 was awarded ISO 9001: 2008 certification in a further 3 branches.

- The Company is an independent operator in the telecommunication system installation business, providing services to every mobile network operator, since the Company is not part of a group belonging to any one network operator.
- The Company has received strong financial support through loans from financial institutions, as well as public share offerings and being registered with the Stock Exchange. This gives the Company an advantage over its competitors in terms of capital and sources of investment for business operations since at present no competitors with similar operations have been able to attract investment through the capital markets and be listed on the Stock Exchange.

Characteristics of target customers

1) Customers in the distribution business

The Company distributes various products with almost all revenue coming from sales within the country.

The Company's customers can be categorized into the following main groups:

1.1 Private sector customers

Private sector customers include general contractors, with sales made both directly and through sales representatives who coordinate with contractors and project developers including owners of commercial buildings, offices, shopping malls, hotels, real estate developers and factories, to use the Company's products in their projects. Private sector sales in 2015 and 2016 accounted for approximately 84% and 88% of sales revenue respectively.

1.2 Stores

Stores purchase products from the Company to sell to their own customers. This includes stores supplying general construction materials, retailers and wholesalers who provide a channel that enables the Company's products to be distributed throughout the country. Sales to stores in 2015 and 2016 accounted for approximately 15% and 11% of sales revenue respectively.

1.3 State agencies

State agencies/ state enterprises are customers who require the Company's electrical equipment including the Provincial Electricity Authority, the Metropolitan Electricity Authority, the Mass Rapid Transit Authority of Thailand, Airports of Thailand and CAT Telecom. Sales to state agencies go through 2 channels, auctions or regular orders. The Company's current policy is for the subsidiary to deal with these transactions in future. In 2015 and 2016, these customers accounted for approximately 1% of sales revenue.

The Company has policies on extending credit that cover the amount, payment period and trading conditions with consideration given to the trade relationship, the history of contact with the Company and financial status.

2) Customers in the design, purchasing and system installation business

Customers in the design, purchasing and telecommunication system installation business consist of mobile telephone network operators and primary contractors that are hired by the mobile network operators directly. For the fire protection system installation business, customers are from state agencies, private sector commercial businesses, industry, construction and property development etc.

Industry conditions and competition

Industry perspective

Since the Company's business is the distribution of electrical system products, especially electric wiring and providing purchasing and installation services for telecommunication towers, various market factors occur in related industries, namely the construction and real estate industry and telecommunications industry, that have a direct impact on the Company's business operations. For this reason, analysis of the impact that the overall state of the industry has on the Company's business largely depends on conditions in the related industries which can be outlined as follows:

Conditions in the construction and real estate industry

Construction projects such as a residence construction by the private sector and other fundamental constructions by the government sector including the Mass Rapid Transit system, electrical distribution system, or property development project; all require the equipment and system installations with the use of electrical wire which somehow is considered as a part of the constructions.

Looking at the government's fundamental construction projects as a whole during the first half of 2016 clearly showed that the government had tried to stimulate investments in several Mega Projects. The term 'Mega Project' in this context means a massive investment by the government sector in particular which requires an initial capital of 5,000 million baht or more. An expansion of investments in these mega projects would help generate a number of advantages to directly-related business entities including construction business and construction materials companies. Likewise, indirectly-related business entities such as land and property business would also benefit from these mega projects. Kasikorn Research Center believed that in 2016 the government's investments in mega projects would grow by 52.6 – 78% which equals to approximately 76,150 – 88,800 million baht. Of these amount, a majority of investments were placed in existing projects rather than new ones since there seemed to be only a few number of new construction projects during the first half of the year. Some projects would begin their construction process in the second half of the year while the government tended to spend more budgets on other existing and continuous massive projects including the constructions of 4 new BTS lines which are light green line between Bearing-Samut Prakan; dark green line between Mo Chit-Saphan Mai-Khu Khot; blue line between Hua Lamphong-Bang Khae and Bang Sue-Tha Phra; and red line between Bang Sue-Rangsit.

Regarding mega projects that the government planned to construct in 2016, most of them were pushed forward through the Action Plan B.E.2559 where constructions would take place both in Bangkok and surrounding areas as well as in other regions. These projects include, for example, BTS pink line extension between Kae Rai-Min Buri; yellow line between Lad Phrao-Sumrong; SRT's Northeastern double-track railroad construction linking Chachoengsao-Kholng Sip Kao-Kaeng Khoi; and double-track railroad construction linking Jira-Khon kaen. As a consequence, land and property business group particularly the residential ones also planned to expand their

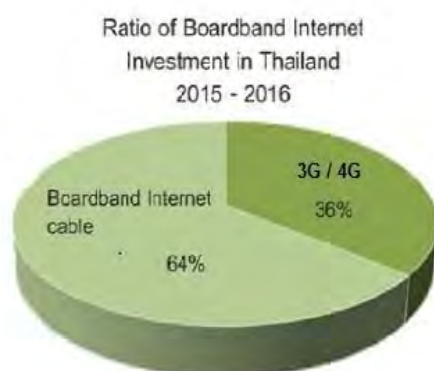
investments along the railway routes where fundamental transportation infrastructures had already been developed.

In 2017, the government plans to have the Metropolitan Electricity Authority (MEA) provided an execution plan in converting the electric distribution system, from overhead to underground, within Bangkok area. This would help create better scenery of the city as a whole and also help elevate the power quality and consistently improve the electric distribution system which in turn allows the system to fully support the increasing needs of electricity; where MEA has allocated over ten billion baht for such project. Recently, MEA has successfully replaced overhead power lines with underground cables on Silom Road. Government units in other rural areas such as Hat Yai city municipality in Song Khla provide together with the Provincial Electricity Authority (PEA) have also installed underground cables in the area of Hat Yai municipality during the first phase and are currently in process of phase two. Additionally, as PEA plans to move through these underground cable projects in several more provinces, it seems to help create business opportunities for the company to boost up sales of various types of electrical wires in the near future.

Conditions in the Telecommunication

Currently, mainly 3G network service are AIS, DTAC and TRUE MOVE (include True Move H) they have accelerated the improvement of cellular signaling system such as adding new site of telecommunication and add more tuners to accommodate the quantity of mobile phone users increased. At the present provider serve through 2.1 GHZ frequency with only 15 MHZ frequency per license resulted in insufficiently wireless communication growth. As a result, the license auction on the 1800 MHZ and 900 MHZ frequency had initiated in extension to utilize of wireless broadband in terms of frequency and enhance efficiency of 4G network. Kasikorn Research forecasted that 2016 outlook will increasingly access to mobile broadband internet via both 3G and 4G network expansion expected to access up from 38.4 -39.7 million people or 11.0 -14.7 percent compared to previous year, representing a rate of 60.4 - 62.6 percent of the total population.

Kasikorn Research has foreseen that serving 4G network in 900 MHZ and 1800 MHZ frequency affect positively to various business especially mobile network operator, smart phones' manufacturer and distributor. Moreover, it also creates an indirect benefit too many businesses such as ecommerce software manufacture, online education services and entertainment.



It can be seen that investment plans by mobile telephone service providers will have a positive impact on the Company as installations of telecommunications towers will be requires supporting the aforementioned services.

Ref. Kasikorn Bank Research

Competition

The distribution of products related to fire protection systems has a high market value and a wide range of products and services. The Company is currently the distributor of products for several companies, with various types of electrical wires as the core product. Domestic electrical wires production can be considered as a replacement for imported production since in the past all electrical wires used in the country was imported. Imports began to fall when the first factory manufacturing electrical wires was opened in 1962. The first factories were small and the industry subsequently experienced growth that led to further expansion and factories producing high-voltage cable and cable of all types and sizes, as well as telephone cables in joint ventures with foreign companies from Japan, Taiwan and the USA, for example. At present, there are 5 major manufacturers of electrical wires in the country:

- Phelps Dodge International (Thailand) Co., Ltd.
- Bangkok Cable Co., Ltd.
- Thai Yazaki Electric Wire Co., Ltd
- Charoong Thai Wire & Cable Public Company Limited
- MCI-Draka Cable Co., Ltd.

The electrical wires manufacturers in the country are able to produce and distribute products that are of a similar quality, with the result that the state of the industry and market for these products is a perfectly competitive market.

Competition in the installation of telecommunication towers depends primarily on the policies of the mobile telephone service providers towards investment and signal network development, which is in turn influenced by government policy. However, even though mobile service providers may assign companies from their own group to carry out installation and renovation of towers, the increasing volume of work and the need for speed and completion of the work on schedule means that mobile service providers have to subcontract outside companies to carry out this work. Opportunities of receiving work from the operators for design, purchasing or installation of telecommunication systems depends on the relationship with the owner of the network, experience and past results, the ability to provide a quality service and meet deadlines, and a strong financial status. In addition, since the Company is an independent operator, it is able to accept installation projects from every mobile service provider. It is normal practice for the employer to set a price for the work, leaving the contractor's profit up to their bargaining power when trying to purchase materials and telecommunications equipment at a favorable price and conditions. Therefore, taking into consideration the factors of experience, results, financial status and relatively weak bargaining position with the employer, it is unlikely that new operators will come into the business. Also at present, there are a large number of state and private sector telecommunications projects that require completion in a short period. Overall, therefore, there is relatively little competition in the business.

Moreover, because less supplier of fire protection system and equipment that make the services of fire protection must use products from major manufacturers of domestic distribution. So the competition in this business is not very serious.

Purchasing products and services

1. Distribution business

The Company's operating policy recognizes the importance of product quality and meeting deadlines. Therefore, quality of products and reliability of suppliers is an important factor in the Company's purchasing decisions. The Company is the chosen distributor of electrical wires and other electrical system products from leading international manufacturers. The Company distributes and orders products from both Thai and foreign manufacturers based in Thailand, as well as importing special products from foreign manufacturers. Details on the sources of the Company's products are as follows:-

Table showing sources of products sold through the Company's distribution business.

(Unit: %)

volume of finished goods	2016	2015	2014	2013
● Domestic	97.51	99.42	99.25	97.46
● Oversea	2.49	0.58	0.75	2.54
Total purchase volume of finished goods	100.00	100.00	100.00	100.00

At present, the Company is the appointed distributor of electrical wires and other electrical system products, as well as passive fire protection materials and equipment from leading manufacturers, with the details summarized as follows:

Brand	Product type	Partner company	Length of agreement	Important conditions
phelps dodge*	Cable	Phelps Dodge International (Thailand) Co., Ltd.	Not specified	- None
Philips**	Lamps and lighting equipment	Philips Electronics (Thailand) Co., Ltd. ("Philips")	1 year, expired 31 December 2016	- The Company is restricted to distribution in areas specified by Philip, specifically the outer Bangkok area. The Company's distribution area was expanded to include 8 provinces in the upper central region from 1 July 2013. - The Company is not permitted to distribute products in competition with Philips.

Brand	Product type	Partner company	Length of agreement	Important conditions
3M***	Passive fire protection materials and equipment	3M Thailand Co., Ltd.	1 year, expired 31 December 2017	- None
Bticino	Electrical system control equipment	Bticino (Thailand) Co., Ltd.	1 year expired on 31 December 2017, able to automatically extend for 1 year period continuously unless 3 months' notice is given.	- The Company is only permitted to distribute products in Thailand. - The Company is not permitted to distribute products in competition with Bticino
Ttm	Transformers	Thai Trafo Manufacturing Co., Ltd.	3 years, expiring 31 December 2018, with an option for 3 years extension	- None
TGG	Polyethylene pipes	Thai Gow Gai Group Co., Ltd.	Not specified	- None
Arrow	Steel conduits and fittings	J. S. V. Hardware Co., Ltd. (present: Arrow Syndicate Pcl.)	and may be extended according to later agreement	- None
UPVC	White pvc pipes and fittings	U-Production Co., Ltd.	1 year, expired 31 December 2017	- None
KILLARK	Electrical products for hazardous locations	Killark Electric Manufacturing Company	No date of expiration unless 1month's notice given	- The Company is only permitted to distribute products in Thailand.
Chalmit	Electrical products for hazardous locations	Hubbell Ltd.	No expiry date unless advance notice is given.	- The Company is only permitted to distribute products in Thailand.

Remark: Summary of the manufacturers of core products

* Phelps dodge is manufactured and sold by Phelps Dodge International (Thailand) Co., Ltd., Phelps Dodge International Corporation primarily manufactures electric wire and cable that is widely used in the electricity business, telecommunications, industry and mining, with plants and offices in Thailand

** Philips is one of the biggest electronics companies in the world, with factories and offices in over 60 countries worldwide and its head office in the Netherlands. At present, Philip Electronics (Thailand) Co., Ltd. manufactures its main product groups to meet demand from domestic consumers in the areas of healthcare, lighting and consumer lifestyle. The Company is one of the lamps and lighting equipment of Philips brand.

*** 3M is an American company that has offices and factories in over 65 countries worldwide and manufactures and sells more than 55,000 products. 3M Thailand Co., Ltd. has more than 5,000 products including materials and equipment for passive fire protection systems and other 3M electrical products

At present, the Company sells electrical materials and equipment without being officially appointed as the distributor by partners in addition to those detailed above, since it is the nature of the business that distributors do not usually require binding contracts unless partners require special conditions such as specifying the commercial area or not permitting the distribution of competitors' products. The Company operates in accordance with the trading conditions agreed with each partner, with the result that the Company is trusted and has continually extended its distribution contracts.

2. Installation business

Since the design and installation of passive fire protection and communication systems is a business that relies on engineering knowledge and specific expertise, the Company has recruited engineering teams with over 10 years' expertise and experience in the design and installation of telecommunication systems, and almost 20 years' experience in the design and installation of passive fire protection systems. The installation process is as follows:

- **Installation of telecommunication towers**

The process of installing a telecommunication tower begins when the Company is hired by a mobile service operator or a contractor commissioned by the network owner. The characteristics and specifications of the telecommunications towers of each operator will be different. The Company's engineering team will study the needs of the customer and carry out an on-site survey and network feasibility study. The Company will then design the system and offer advice on the process, as well as purchase materials and equipment that is suitable for the project including foundation piles, concrete, steel frames and communication equipment that will enable efficient connection with the mobile network. Following this, the Company will hire a contractor to prepare the construction area, lay the foundations, construct the steel frame and install the communication equipment, with the Company's engineering team overseeing construction, connecting the signal and conducting tests to ensure that the quality of the work meets the customer's specifications and is handed over as scheduled, with an average time for project construction of approximately 45 - 60 days. The Company also provides an after-sales service with a 1-year warranty period to ensure customer satisfaction and confidence in the quality of the work and over time the Company has built up confidence with customers who repeatedly use the Company's services. Since telecommunication technology is constantly changing and the deterioration of steel frames due to length of use, the Company has business opportunities from an increase in the installation of telecommunication towers and/or the replacement of existing towers with larger installations.

It is not Company policy to purchase steel frames and equipment in advance since each project has will have characteristics and specifications and/or product properties that are different. The Company will order products once the project is underway, referencing the prices agreed with trading partners before entering the auction on each occasion.

- **Installation of passive fire protection systems**

For the installation of passive fire protection systems, the Company will inspect the site where the customer wishes to install the system and assess the types of materials and equipment needed to present for the customer's approval. Once approval is given, the Company hires a contractor to carry out the installation, under the supervision of the Company's engineering team to ensure the quality of the work and that the work is completed as scheduled. The design and installation will include safety and aesthetic considerations in order to ensure the highest level of customer satisfaction. The time taken for the installation of passive fire protection system depends on the area where the system is to be installed and the time period of the building's construction.

3. Raw materials and inventory policy

Company policy is to store inventory for 30-45 days, which makes allowances for fluctuations in price, especially the price of electrical wires which is susceptible to fluctuations in copper prices, storage costs, inventory becoming obsolete, changes in technology, the quantity and frequency of delivery to vendors, the time taken to make deliveries to customers, as well as increased and reduced demand in line with the country's economic conditions. The Company has warehouse facilities at 4 locations, the first and second of which are located in Pakkred, Nonthaburi, the third is in Bangkapi, Bangkok and the fourth is at Sri Racha, Chonburi. Being able to hold goods at the Company's own warehouses allows the Company to deliver products immediately and provide ongoing services to customers. It is not Company policy to purchase steel frames and equipment in advance since each project has will have characteristics and specifications that are different. The Company will order products once the project is underway.

Projects have not yet delivered.

- None -

Environmental impacts

The Company's distribution operations have no environmental impact, while installation operations are always carried out in strict accordance with agreements relating to the environment. The Company has never received a warning or been fined over environmental issues.

Risk Factors

The Company realizes the importance of risk management as a systematic and effective risk control.

The risk is classified into 3 parts as follows:

1. Risk from Business Operation
2. Financial Risks
3. Other Risks

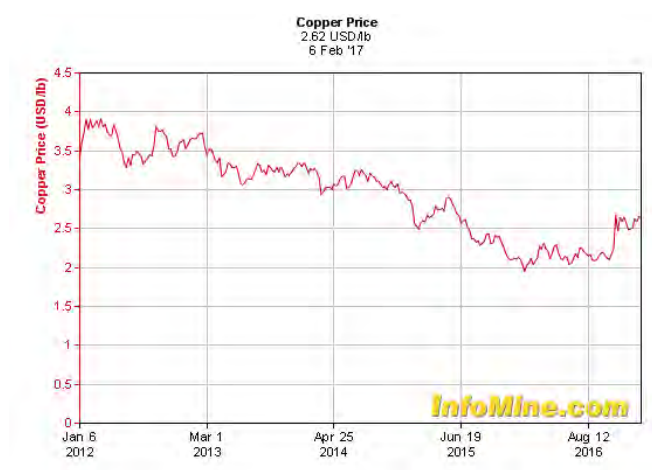
1. Risk Factors from Business Operation

The Company leading business activity is divided into 2 categories which are: trading business or sale agent and provision of service and design and installation of infrastructure passive fire protection systems etc. Therefore, the risk analysis concerning the 2 aforesaid disciplines as follows:

1.1 Trading business

1.1.1 Risks from fluctuation of the copper price

The revenue derived from sale of electrical wires accounted at 56%, 46% and 56% of total revenue in year 2014 - 2016 respectively. Since main cost of electrical wire is a copper, the fluctuation its price directly affects the purchasing and selling price of electrical wires. Failure to adjust the selling price to be in accordance with increasing cost, or without proper management of the inventory, can subsequently affect the operation and financial status of the Company. Copper is categorized as a commodity product where the price is varied by global demand and supply. The price of copper in the global market since January 2012 onward is as shown in the chart below:-



ที่มา : Website www.infomine.com

According to the chart, the copper price in early of 2012 increased price to 3,900 USD/pound. Later, the price started sliding down with slightly fluctuation in 2013-2015. Copper price constantly dropped and fell to lowest point in the third quarter of 2016 is about 2,600 USD/pound., predicted that the copper price is likely to increase continuously. The Company realizes that it is crucial to adjust selling price to be in accordance with the price of copper. Based on good management, the risk from such fluctuation will cause little impact to the business operation and financial status of the Company.

However, the Company recognizes the importance in the management of such risks. The Company monitors copper prices on a regular basis to follow proper inventory management of electrical wires, and to be consistent in line with changes. Normally, the fluctuation of copper prices takes 6-7 months (lapse time) to have effect on the selling price and cost of electrical wires. In order to mitigate such risk, the Company has always followed up the changes in rates of copper in order to predict the price trend for managing the inventory of electrical cable at the appropriate level (such as closely review on quantity of inventory), decrease on delivery time, and matching orders. In addition, for trading, the selling price is determined by cost plus and thus, which means that upon fluctuation of prices, the Company would be able to adjust the additional profit in the selling price at the appropriate level while maintaining to generate profit. Even though the price of copper is uncontrollable, policy on managing inventory and strategy of setting up the selling price would be the key factors to mitigate effect from fluctuation on the price of copper at some level. The sale period is averaged between 30-45 days which is consistent to the Company's policy what states that the products should be stored for not more than 30-45 days

1.1.2 Risks from Dependency on Major Suppliers

In 2014-2016, the electrical wires representing around 55%, 58% and 50% of total purchase of finished goods were purchased from Phelps Dodge International (Thailand) Company Limited ("Phelps Dodge"), an affiliate of General Cable Corporation and a subsidiary of Phelps Dodge International Corporation. The head office is located in USA, with more than 25 sales offices worldwide. Phelps Dodge International (Thailand) Company Limited is one of world's biggest manufacturers of electrical wires and cables. As Phelps Dodge has no policy to make the long term contract with any sales agents, the Company is exposed for risk from dependency on such supplier. In the event that Phelps Dodge decides to sell its product directly to the customers and/or terminate the sale made with the Company; and/or fail to deliver the products as ordered by the Company; and/or increases the price of product without advance notice; and the Company cannot procure products from any alternative source in order to meet customer's time frame, the event could adversely affect sales volume as well as reliability, business operations and following financial status of the Company.

However, it is predicted that such factor will not cause significant impact to the Company as the said supplier has no policy to engage in direct distribution of their products. In addition, the Company has maintained good relationship between the supplier through constant order of electrical wires since 1999 as well as good purchase and payment history. In domestic market, the Company is the biggest distributor of Phelps Dodge products. Another supporting factor is that there are a number of domestic manufacturers of electrical wires and

importers of overseas products which can be counted as alternative source. Those domestic suppliers also agree to have the Company as their distributors. All in all, the Company believes that the impact from dependency on major manufacturers will not be significant.

1.1.3 Risks from competition and new players

As the trading business does not require specialized techniques or complex skills, new entrepreneurs can manage to enter easily into this business. For this reason, it is estimated that in the future, the Company might experience the risks from numerous of new competitors. Such risk may affect the operation and financial status of the Company.

However, to run business smoothly, there are also crucial factors required such as a good relationship with suppliers; variety of product ranges and large stock enabling flexibility and ability to support customers' requirements in a timely manner; punctual delivery; marketing strategy to extend the customer base; and working capital allowing reserving large quantities of products. Taking into account the importance of management strategies implemented, the Company has diversified categories of products covering whole segment of electrical systems, including certain installation. The Company's sales scope covers all products related to electrical systems, which enables convenience to customers in purchasing and collecting products. Goods are stored in large 4 warehouses with location convenient for customers' and transportation. This allows the Company to have sufficient storage and distribution within scheduled time frame. Comparing entrepreneurs in the same business field, the Company has advantages over them in term of funds and quantity of products, which build reliability on quality of service to customers.

1.2 Service of design, procurement and installation of communication systems

1.2.1 Risks from inconsistent revenue derived from Projects

The Company's services of designing and installing of communication systems is to render activity in the form of short term projects, without covenanted of long term contract. Therefore, the income derived from such projects is inconsistent and considered as unstable income toward the future.

Nonetheless, the Company is independent from the owners of telecommunication or mobile networks operators but has good relationship and working experience with the mobile phone services operators and their major contractors. Being accounted as trustworthy and reliable firm from all mobile phone networks operators, the Company has orders from them regularly and consistently. Furthermore, with aim to generate additional income and to lower the risk of inconsistent revenue derived from design, procurement and installation of communication system, the Company plans to extend scope of products by allowing electrical materials and equipment such as electrical wires, lightings, materials and fire protection equipment, etc.

1.2.2 Risks from delay in project completion

The design, procurement and installation of fire protection systems and telecommunication systems is rendered under projects with duration between 3 months to one year. In some projects, the delay in project completion is subjected to indemnification. Late project completion may cause higher cost of production to the Company as well as exposure to the risk of being charged for such delays.

To prevent the risk of delay in project completion, the Company has imposed advanced plan by coordinating with related parties such as suppliers, sub-contractors, engineers from the customers; closely follow-up and monitor the product delivery and installation tasks, allocate proper labor force to handle quantity of work. Constant following up work procedures allows the Company to address the problems and execute quick solutions, deliver project and/or products within specified time frame. So far, the Company has no records of delays in project delivery or being subject to claims for damages of such delays.

1.2.3 Risks from dependency on engineers

To undertake, proceed and complete the project within scheduled time frame, the Company requires personnel with experience and competent skills, especially an engineer's whose duties covers design, work control and management until the completion. Engineer duties and work performance have direct impact to the cost of production, duration and customers' requirement. Therefore, losing the team of these engineers may affect the availability to undertake work as well as capability of managing projects.

The Company is aware of the importance of personnel, which is a key factor in business. The company has a policy on risk prevention as follows:

1. Setting proper salary rates and compensation rate.
2. Provision of welfare and incentive to maintain employees' dedication to the organization in a long term.
3. Provides training courses and seminars to its employees on regular basis and develop technical knowledge and skills to be professional.
4. Decentralize the management authority to reduce dependency on individual personnel.

That's why the Company has major engineers with competent expertise and experience who have been working with the Company for more than 11 years, in design and installation of telecommunication systems. During the past 11 years, there is only one engineer resigned from the Company, from total of 36 engineers on board.

2. Financial Risks

2.1 Risks from debt collection

As of 31 December 2014-2016, the Company had trade and other receivables of 1,321 million baht, 1,325 million baht, and 1,869 million baht, respectively, representing approximately 51%, 39% and 49% of total assets. The account receivables before deduction of allowance of doubtful accounts totaled of 961, 1,029 and 1,335 million baht in year 2014-2016 respectively, while other receivables totaled of 423, 362 and 598 million baht respectively. Most of the account receivables are customers from trading business. Normally, customers from trading business are granted credit when purchasing, which means that the growth of sales volume or revenue derived is followed by growth of debt value from account receivables. Furthermore, majority of our customers are from private sectors which presently reached 3,200 nationwide. The Company is exposed to the risk of delays in payment and incompliance with credit terms or even the possibility to get doubtful accounts. Such risks might affect the liquidity, operations and financial status of the Company.

Taking into consideration the quality of account receivables, payment follow-up and debt recovery are crucial factors in business operation. To lower the risk, the Company has formulated policies concerning debts by consider the grant of credit to each customer based on credit rating from history of financial statements, financial analysis, stability and their business growth, as well as regular review on credit loan. Normally, the Company allows 30-90 days for payment; therefore, the debt collecting period is 101, 116 and 117 days between years 2014-2016 respectively. The meeting of the board of directors is held on regular basis to monitor and follow the procedure and result of debt collection. The Company sets allowance for doubtful accounts at 50% and 100% for the payment delay longer than 6 and 12 months respectively. Allowance of doubtful account is reserved at total amount of 64, 67 and 65 million baht at year end of 2014-2016. Therefore, the net account receivables stood at 897, 963 and 1,271 million baht in the same period of years. The amount of account receivables at 1,271 million baht at year end of 2016 to 31 January 2016 has significantly decreased to 344 million baht.

Other account receivables after deduction on allowance of doubtful accounts in installation of fire prevention system accounted at 424, 362 and 598 million baht at year end of 2014-2016 respectively. Other receivables from completed projects (but the invoices has not been cleared yet) are mostly from installation of telecommunication projects accounted at 278, 300 and 522 million baht during the same period in each year respectively. The account receivables from installation of telecommunication projects are main contractors of the mobile phone network operators, which has reputation and stable financial status, good payment records and in some cases, the service charge were paid in advance. Therefore, the Company is able to collect the debt smoothly without reserving allowance for doubtful accounts and/or bad debt incurred. The executives have estimated that there is minimal chance that the Company will not be able to collect debt from such project. The total value of completed projects, but the invoices have not been cleared as of 31 December 2016 with value of approximately 522 million Baht the new site projects represented 65%. As of 31 January 2016, the total value of completed projects where payment haven't been collected yet, accounted at THB 483 million baht.

Moreover, the Company has the measures to protect a risk by purchasing the insurance policy to cover defaults on payment of account receivables at maximum amount of 3,500 million. In case of default on payment of the receivables, the insurance company is liable to indemnify to the Company at actual amount in total not exceeding 200 million baht. Such amount is sufficient to reduce the risk. Comparing to previous records where the bad debt and/or debt which need to reserve allowance of doubtful account were low, total amount accounted approximately 13 million baht, 15.11 million baht. The Company reviewed that the insurance will benefit and reduce risk from unviability to collect debts from customers, and will consider to buy such insurance in the future.

2.2 Risks from changes of interest rate

As of 31 December 2015 and 31 December 2016, most of the interest bearing debt of the Company consisted of overdraft loan and loan from the financial institutions in the total amount of 101 million baht and 150 million baht, respectively. The above interest bearing debt had been referred to the floating interest rate - THB FIX. Therefore, such interest rate tends to increase; the Company would have more interest expense according to the higher interest rate.

The Company managed such risk by maintaining proportion of the floating interest bearing debt at the level consistent with nature of operating business. As the Company received several loan facilities from several financial institutions, the Company could choose to use the loan facilities with the term of payment suitable to the situation at particular time. Moreover, after listing the security of the Company in the Stock Exchange of Thailand, the Company has set its objective to use some funding from IPO as working capital, which would mitigate burden from interest expense of the Company in the future at some level.

2.3 Risks from working capital

In the normal business operation regarding distribution of electrical wires and equipment and services of installation of telecommunication system, the Company requires working capital for purchasing products and maintaining inventory for sales. This should represent variety and adequate quantity to meet the customers' demand. In regard to service of installation of telecommunication systems, the Company also requires working capital for purchasing, hiring and preparing tasks prior to receiving the payment from the customers according to the agreement. To manage cash flow, the Company utilized the short term loan from the financial institutions which are bank overdraft, promissory note, and factoring service as a working capital. The liquidity ratio was approximately 1.60 and 1.51 in 2015 and 2016 respectively. The quick ratio was approximately 1.28 and 1.18 respectively in the same period.

3. Other Risks

-None-

Business Assets

Property, plant and equipment

As of 31 December 2015 and 2016, the Company and its subsidiaries had properties, plants and equipment listed as follows:

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2015	31 Dec 2016		
1. Land consists of <ul style="list-style-type: none"> - Land title no. 93838, area 12-0-49 rai, location: Sriracha district, Chonburi - Land title no. 14343, area 25 square wah, location: Pakkred district, Nonthaburi - Land title no. 14481, area 25 square wah, location: Pakkred district, Nonthaburi - Land title no. 2404, area 13-2-74 rai, location: Pakkred district (Talad Kwhuan), Nonthaburi (acquired on 4 February 2013) - Land title no. 16288, area 104 square wah, location: Ladprao district, Bangkok - Land title no. 16289, area 104 square wah, location: Ladprao district, Bangkok - Land title no. 16290, area 60 square wah, location: Ladprao district, Bangkok 	171.72	171.72	Under ownership of the Company	mortgaged
2. Building consists of <ul style="list-style-type: none"> - Two-storey office building and one storey warehouse, total areas approximately 4,500 sq.m. - Three-storey townhouses, 2 units, located at Pakkred district, Nonthaburi - The New Office Building No.329 Moo.3, Banmai, Pakkred, Nonthaburi 	203.36	192.36	Under ownership of the Company and its subsidiaries	mortgaged

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2015	31 Dec 2016		
3. Office decorating items	8.92	7.19	Under ownership of the Company and its subsidiaries	None
4. Tools and equipment	6.12	6.47	Under ownership of the Company and its subsidiaries	None
5. Office equipment	24.11	16.69	Under ownership of the Company and its subsidiaries	None
6. Vehicles	38.78	25.95	Under ownership of the Company/purchaser/ financial lessee	Under hire-purchase contract and financial lease
7. Equipment installed as per contract	20.81	17.47	Under ownership of the Company	None
8. Asset under installation process	-	-	-	None
9. Asset under transfer	-	1.98	Under ownership of the Company	mortgaged
Total	473.82	439.83		

- Remarks : 1. In 2015 and 2016, the Company mortgaged land and buildings under ownership of the Company, at value approximately THB 198 and 198 million respectively to the financial institutions.
2. As of 31 December 2015 and 2016, the Company and its subsidiaries have a certain amount of property, plant and equipment which has been deducted the depreciation cost, but remained in used. The book value before deduction of accumulated depreciation of such assets accounted at THB 16 and 24 million respectively.
3. Some assets are under the financial lease contract and hire purchase contract where the Company acts as a lessor and purchaser. The net book value as of 31 December 2015 and 31 December 2016 accounted approximately THB 36 million and THB 26 million respectively.
4. The equipment installed as per contract are lights and energy-saving bulbs under Smart Way Project launched by the Energy Engineering Institute, Kasetsart University and the Electricity Development Division, Provincial Electricity Authority. The two institutes jointly determined the policy on saving public energy. The Company was assigned to invest in installation of energy-saving lights and 10 year maintenance. The yield upon investment is equal to value of the energy saved during such period.

Real estate for investment

As of 31 December 2015 and 31 December 2016, the Company and its subsidiaries have real estate for investment which can be shown as follows:

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2015	31 Dec 2016		
1. Land title no. 63680, area 100.1 square wah, location: Nongchok district, Bangkok	2.90	-	Under ownership of the subsidiary	None
2. Land title no. 16288-90, area 104 square wah and 60 square wah location: Ladprao district, Bangkok	2.98	2.68	Under ownership of the subsidiary	

Material part of the contract

1) Lease contract of warehouse

a) Lease contract of warehouse in Ramkhamhaeng

Parties	: Sri Kiri Enterprise Co., Ltd. (as a "Lessor") a person not related to the Company
	: Communication & System Solution Public Company Limited (as a "Lessee")
Date of contract	: 2 July 2015
Asset of lease	: 1) 2-storey building, no. 142 Soi Ramkaemhaeng 40, Huamark sub-district, Bang Kapi district, Bangkok and the warehouse/storage and employees' accomodation, the area is approximately 742 sq.wah.
	: 2) 2 containers, 1 telephone booth, and equipment used within the building
Rental rate	: The rent is divided into:
	: 1) 2-storey building and the warehouse/storage and employees' accomodation: THB 130,000 monthly
	: 2) Containers, telephone, equipment used within the building: 10,000 monthly
Term of contract	: 3 years start from 1 January 2016 to 31 December 2018
Conditions of contract	: The Lessee agrees to make advance payment as a security deposit against damages of the leased asset at the amount equivalent to THB 420,000 to the Lessor. The security deposit shall be returned to the Lessee upon termination of this contract.
	The Lessee agrees to have insurance against fire, flood, storm and natural disasters, including asset within the leased building at the amount no less than THB 11,000,000 million. The Lessor is an beneficiary.

Before due term of this contract, if the Lessee wish to continue the lease, the Lessee shall give advance notice to the Lessor not less than 60 days prior to due date of the contract. The Lessor may adjust the price to be consistent with market condition.

b) Lease contract of warehouse in Pakkred district, Nonthaburi

Parties	: Mrs. Pornpimol Dechkhamaeng (as a "Lessor") a person not related to the Company
	: Communication & System Solution Public Company Limited (as a "Lessee")
Date of contract	: 1 January 2016
Asset of lease	: Land, land title no. 22687, 22695, 22696, located on Tiwanont Road, Ban Mai Sub-district, Pakkred District, Nonthaburi, the area approximately 600 sq. wah. The purpose is to use the land for storage.
Rental rate	: 35,000 THB /month.
Term of contract	: 3 years start from 1 January 2016 to 31 December 2018
Conditions of contract	: The Lessor agrees to renew the contract for another period of 3 years from the date of expiration under the same conditions.

Investment policy in Subsidiaries.

The Company has invested in 2 subsidiaries

1) C.S.S. Energy Co., Ltd. ("Subsidiary") by holding 99% of registered capital and paid-up capital. The firm engages in a business mainly related to government authorities; act as an agent in purchase-sale of products.

2) Neonworx Communications (Thailand) Co.,Ltd. (NWC) by holding 70% of paid-up capital. NWC is doing business about telecommunications as an agent installation, antenna and maintenance by Turnkey.

The future investment in subsidiaries, joint ventures and related companies will be concentrated on business that support and benefit the Company. The Company will consider factors related to yield and investment return that will support and promote business of the company group, proper investment proportion and yield upon investment, and benefit of the shareholders. Company will dispatch the directors and/or designated person to act as the Company's representative in accordance with proportion of shares, to participate in business management, including voting in the board of directors' meeting and shareholders' meeting for the highest benefit of the Company.

Legal conflicts

As of 31 December 2016, the Company and its subsidiaries has no legal conflict that may cause negative impact to the assets of the Company which value higher than 5% of the shareholders as of 31 December 2016.

Information of securities and shareholders

Company registered capital and Paid-up capital

At 31 December 2016, the Company has registered capital of THB 588,036,884.50, divided into 1,176,073,769 ordinary shares, at the par value of THB 0.50 per share. Paid-up capital value of THB 587,869,544.50, divided into 1,175,739,089 ordinary shares, at the par value of THB 0.50 per share.

The major shareholders

The list of major shareholders as of 10 March 2017 is as follows:

Name of Shareholders				Number of Shares	%
1. <u>Kangsawiwat</u>					
1.1	Mr.	Sompong	Kangsawiwat	208,148,836	17.70
1.2	Mr.	Montri	Kangsawiwat	22,321,101	1.90
1.3	Mrs.	Sunanta	Kangsawiwat	3,304,400	0.28
1.4	Mrs.	Wandee	Kangsawiwat	3,154,578	0.27
1.5	Mr.	Sukij	Kangsawiwat	98	0.00
Total of Kangsawiwat				236,929,013	20.15
2. <u>Mekmanee</u>					
2.1	Mr.	Kittirat	Mekmanee	44,058,756	3.75
2.2	Mrs.	Oranee	Mekmanee	10,000,000	0.85
2.3	Mr.	Nattapat	Mekmanee	10,000,000	0.85
Total of Mekmanee				64,058,756	5.45
3	Mr.	Opas	Tiyawattanaroj	58,339,711	4.96
4		Thai NVDR		50,232,168	4.27
5. <u>Sawatwannarat</u>					
5.1	Mrs.	Kesorn	Sawatwannarat	22,349,496	1.90
5.2	Ms.	Panida	Sawatwannarat	3,341,688	0.28
Total of Sawatwannarat				25,691,184	2.19
6	Mr.	Preecha	Arunyingmongkol	24,477,940	2.08
7	Mr.	Sakol	Sunhachawee	23,904,028	2.03
8	Mrs.	Pacharapun	Arunyingmongkol	20,076,880	1.71
9	Mr.	Vichian	Ittisaeng	17,869,055	1.52
10	CITIBANK NOMINEES SINGAPORE PTE LTD-				
	UBS AG LDN BRANCH A/C CLIENT NRBS			15,370,665	1.31
Total of Top 10				536,949,400	45.67
Other Shareholders				638,789,689	54.33
Total				1,175,739,089	100.00

Restrictions of foreign Shareholders.

The foreigners can share ownership of the company not more than 49 percent of the total issued and paid-up shares, as of 10 March 2017, has foreign holding of 1.34 % of the total shares.

Issuance of others assets

-None-

Dividend Policy

The Company's dividend policy is to pay dividends at a rate of no less than 40 percent of its net profit, after deduction of corporate income tax in consolidated financial statement and all reserves as required by law, and retained funds as required by the Company. However, the dividend payment shall confirm the Company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by the Board of Directors and/or shareholders.

The dividend policy of C.S.S. Energy Co., Ltd. is to pay dividends at a rate of no less than 40 percent of its net profit, after deduction of corporate income tax in consolidated financial statement of the subsidiary and all reserves as required by law, and retained funds as required by the subsidiary. However, the dividend payment shall confirm the Company's financial status, business operation, investment plans, including necessities and other future considerations as deemed appropriate by the Board of Directors and/or shareholders of the subsidiary.

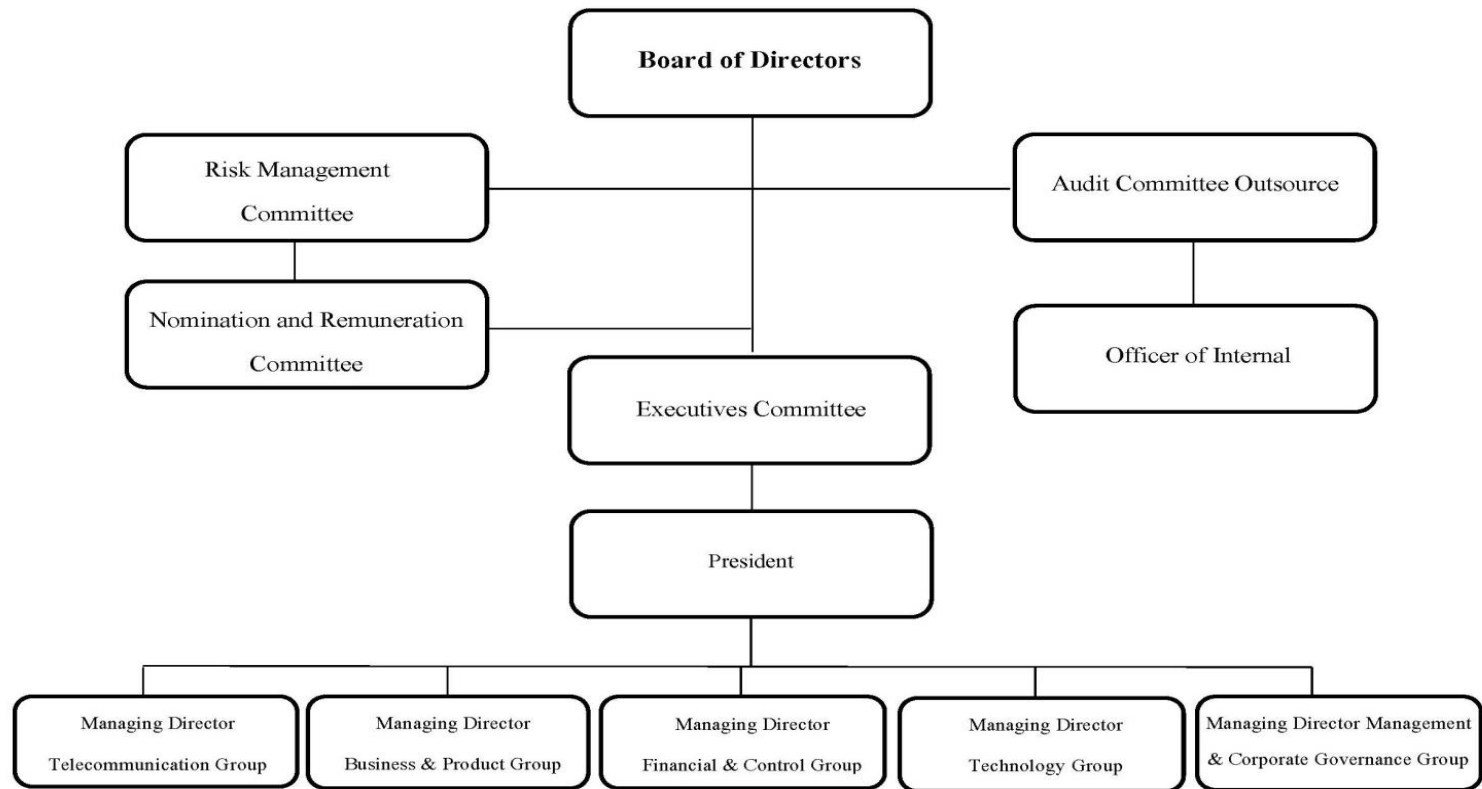
However, during year 2014-2016, the dividend payment of the Company is performed as following:

Year	Consolidated financial statements		
	2016	2014	2015
Earnings before pershare (THB)	0.17	0.21	0.25
Dividend per share (THB)	0.16	0.20	0.1712
Dividend payment rate per net profit (%)	96%	101%	65%

Remark; In 2016, the Company pay the interim dividend of performance in the first 6 months of the year 2016 of Baht 0.06 per share in cash and the Board of Directors Meeting No.1/2017 Approving to propose the Shareholder's Meeting 2017 to approve the dividend payment for last 6 months the year 2016 of Baht 0.10 per share. However, the dividend payment has to approve by the AGM Meeting 2017 on 20 April 2017.

Management Structure

Company's Structure at 31 December 2016



Remark : * The internal Audit Unit works directly to the Audit Committee, liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the President Directly.

As of 31 December 2016, the management structure of the Company consists of the Board of Directors and the Executives. The Board of Directors consists of Independent Directors, executive and non-executive Directors. 1/3 of the members are Independent Directors.

The Board of Directors determine to have 3 sets of committee with the Audit Committee, Nomination, Remuneration and Corporate Governance Committee and Risk Management Committee. And determine that the Chairman of the Board of Directors, Audit Committee and Nomination, Remuneration and Corporate Governance Committee are Independent Committee.

Structure of Directors and composition of the Board of Director

The Board of Directors provides the appropriate size businesses. The current Board has 9 directors consisting of 5 executives' directors and 4 non-executives directors (Four are Independent Directors). The Independent Directors are as follows;

1. Pol.Maj.Gen. Supisal Bhakdinarinath (Ph.D)
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D)
3. Mr. Chattaphum Khantiviriya
4. Assoc.Prof.Prapart Praisuwanna

Independent Directors

The present Board of Directors consists of 4 Independent Directors, which is more than one third of all Directors. The Company realizes the importance of good corporate governance which defined the Chairman of the Board must not be the same person as the President in view of clear-cut responsibilities and duties. The Board of Directors gives consent of the definition and qualifications of Independent Directors, the regulations of which are more stringent than those of the Securities and Exchange Commission (SEC) and Stock Exchange of Thailand (SET), as follows:

1. Hold no more than 1% of the overall shares in the Company, subsidiaries, associated companies, or person(s) with potential conflicting interests.
2. Take no part in the Director administration, including not being an employee, personnel, permanent advisor, professional advisor to the Company such as an auditor, lawyer or authorized person of the Company or subsidiaries, or Associated companies, or person(s) with potential conflicting interests and with no invested interest for no less than two years and can attend the Directors' meetings with independent opinions.
3. Have no business connection, no vested interest, whether directly or indirectly, financially or administratively, including not being a client, partner, supplier, trade or creditor/debtor of the Company, subsidiaries, associated companies, or person(s) with potential conflicts of interest and thus lacking independence.

4. Have no or never had business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant in respect of holding the power which may cause the obstacle of the independent decision, including not being or never been the significant shareholder, or controlling parties of any person having business relationship with the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to SEC.

The business relationship mentioned under the first paragraph shall include business transaction in ordinary business manner of rent, or lease the immovable property, transaction related to assets or services, or the financial support regardless of being lent or borrowed, guaranteed, secured, by assets, debt, and any otherwise similar performance which causes liability or obligation to the applicant or counter party, have provided that such liability is equal to or exceed 3% of the net tangible assets of the applicant or equal or above 20 million baht, whichever is lower. In this regard, the calculation of such liability shall be in accordance with the calculation method of the value of connected transaction under the Notification of Capital Market Supervisory Board governing the conditions of connected transaction *mutatis mutandis*. The liabilities incurred during a period of 1 year prior to the date of having business relationship with the above party shall be included on calculation of such liabilities.

5. Is not or has never been the auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of applicant, and is not the significant shareholder, controlling parties, or partner of the auditing firm which employs such auditor of the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties of the applicant unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
6. Is not or has never been the professional service provider, including but not limited to legal service or financial advisor with received service fee more than 2 million baht per year from the applicant, its parent company, subsidiaries, associates, major shareholders, or controlling parties, and is not the significant shareholder, controlling parties, or partner of the above mentioned service firms unless the foregoing status ended at least 2 years prior to the date of submitting the application to the SEC.
7. Is not the director who is nominated to be the representative of directors of the applicant, major shareholders, or any other shareholder related to the major shareholders.
8. Do not operate the same and competitive business with the business of the applicant, or its subsidiaries, or is not a significant partner of the partnership, or is not an executive director, employee, staff, advisor who receives salary, nor holds shares for more than 1% of the total shares with voting right of any other company which operates same and competitive business with the business of the applicant, or its subsidiaries.
9. Is not any otherwise which is unable to have the independent opinion regarding the business operation of the applicant.

Board of Directors

According to the Company's regulations, the Board of Directors consists of at least five and at least half of the directors must reside in the Kingdom without sex discrimination. The Directors must carry out their duties under the laws, objectives and regulations of the Company, as well as the resolutions of shareholders' meetings, safeguarding the Company's benefit and assign Company Executives to work on their behalf. The Board of Directors on 31 December 2016 is as follows;

The Board of Directors consists of :

	Name		Position
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Chairman and Independent Director
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director
3	Mr.Chattaphum	Khantiviriya	Independent Director
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director
5	Mr.Sompong	Kangsawiwat	President
6	Mr.Opas	Tiyawattanaroj	Director
7	Mr.Kittirat	Mekmanee	Director
8	Ms.Panida	Sawatwannarat	Director
9	Ms.Nongnuch	Temeesrisuk	Director

Remarks: Pol.Maj.Gen. Supisal Bhakdinarinath (Ph.D), Mr. Chattaphum Khantiviriya, Assoc.Prof.Prapart Praisuwanna' term of office were expired in year 2017. However, the appointment for replacement will be considered in the Annual General Meeting of Shareholders of year 2017.

Authorized Directors to sign behalf and bind the Company as stated in the Company's certificate

The directors authorized to sign their names binding the Company are Mr. Sompong Kangsawiwat, Mr. Opas Tiyawattanaroj, Mr. Kittirat Mekmanee, Miss Panida Sawatwannarat and Miss Nongnuch Temeesrisuk, two out of five directors jointly sign their named affixed with the Company's seal.

Scope of duties and responsibilities of the Board of Directors

1. To hold annual general meeting of shareholders within 4 months from the end of fiscal year.
2. To hold the Board of Directors' meeting at least every 3 month, with attendance of all directors. Extra meeting may be held in case of necessity.
3. To provide annual report, to be responsible for execution and disclosure of financial statement audited by the auditors in order to reveal the financial status and operation result of the previous year, as well as to propose to the shareholders' meeting for consideration and approval.
4. To authorize and be responsible for compliance with laws, objectives and the Company's regulations, including resolution of the shareholders' meeting with honesty, while maintaining the benefit of the Company and the shareholders on regular basis.

5. To determine target, approach, policy, operation and budget plan of the Company, to efficiently and effectively control and manage the operation of the Executive Committee to be in compliance with the assigned policy in order to add maximum economic value to the Company as well as highest benefit to the shareholders.
6. To have a power of appointment or supervise the committee or operative group to consider or execute in a particular matter as considered appropriated by the Board of Directors.
7. To have the power to audit and approve on policy, approach and operation plan for large investment project as proposed by the Committee and/or the management
8. To control and oversee the compliance to securities and stock exchange law, including regulations of the Stock Exchange such as execution of connected transaction and acquisition or disposal of significant assets under criteria of the Securities and Stock Exchange Commission or the Stock Exchange of Thailand or applicable laws related to the business of the Company.
9. To be responsible for shareholders and to operate business based on the highest benefit of the shareholders, including disclosure information to the investors with accuracy, adequacy, standards and transparency.
10. To consider the management structure, pursue work procedures to be consistent with operation and budget plan on regular basis, monitor business operation and work performance of the committee and/or the management on regular basis to ensure the effective business operation of the Company.
11. Must not operate any business or become a partner in ordinary partnerships or become a partner with unlimited liability in limited partnerships or become a director of other private company which have the same nature as and are in competition with the business of the Company regardless of for their own benefit or the others' unless the notification is made to shareholders meeting prior to the resolution for such appointment.
12. A director shall notify the Company without delay of direct or indirect interest in a contract entered into with the Company or holds shares or debentures in an increased or decreased amount of the Company or an affiliate company.
13. Responsible for shareholders and to operate business with focus on the highest benefit of the shareholders, including disclosing the information to the investors with accuracy, adequacy, standards and transparency.
14. To supervise and set up an internal audit system to enable effective internal control system, reliable risk management and reliable financial report. The Internal Audit Unit is assigned to monitor and jointly work and liaise with the Audit Committee as well as external auditor in reviewing the internal control system.
15. To have power to consider and approve any matters necessary and related to the Company or considered as appropriate and beneficial to the Company.

16. The following matters can be executed by the Board of Directors only upon approval from the shareholders' meeting:

- a) Any matters as stipulated by law that requires resolutions from the shareholders' meeting and
- b) Any matters where the directors' interest involved and under the law or notifications from the Securities and Stock Exchange Commission and the Stock Exchange of Thailand which stipulated to require approval from the shareholders' meeting.

17. The decision of the Board of Directors must receive approval from the shareholders' meeting with the votes of not less than three-fourths (3/4) of the shareholders attending the meeting and having the right to vote.

- a) Disposal or transfer as a whole or important part to other person
- b) Acquisition or receive business of other companies under ownership of the Company
- c) Conveyance, amendment or termination of agreements concerning all leasing business of the Company, as a whole or important parts, delegation other person to operate the Company's business, or merging with other juristic person with intention to share the profit margin
- d) Amend the memorandum of association or articles of association of the Company
- e) Increase, reduction or issuance of debenture stock of the Company
- f) Amalgamation or dissolution
- g) Any other matters set forth under the securities and stock exchange law and/or notification from the Stock Exchange of Thailand that requires approval from the Board of Directors' meeting and the shareholders' meeting with the vote aforesaid.

18. Report on one's own portfolio of securities, as well as those of their spouses and children not yet of legal age in the Company and subsidiaries to the monthly Board of Directors meeting and must report to the Company without delay

19. Each Director cannot hold a Director position in a listed company in SET and subsidiary company more than five companies.

However, any matters where the directors and/or related person have interest or conflict of interest with the Company and/or its subsidiaries (if any), the said directors has not right to vote on such matter.

The appointment and retirement of the Board of Directors

1. At each annual general meeting of shareholders, 1/3 of the directors, or if the number is not a multiple of 3, then the number nearest to 1/3, must retire from office. The directors who have been the longest in office shall retire first. The retiring directors may be re-elected.
2. Prior to annual general meeting of shareholder, the company will give an opportunity to any stakeholders to submit candidates, then the Nomination and Remuneration Committee will select and

nominate qualified persons to be directors to the Board of Directors before seeking approval from the shareholders' meeting.

3. The shareholders' meeting shall appoint the Directors upon the rules and procedures below
 - 3.1 Each shareholder shall have one vote per share.
 - 3.2 Each shareholder may cast all his/her vote(s) according to electing one or several candidates as directors, and can allot the votes to any person at any number.
 - 3.3 The candidates receiving the highest number of votes in the respective order of the votes shall be elected as directors at such time. In the event that a number of candidates receiving an equal number of votes for the last directorship exceed the number of directors required, Chairman of the meeting shall have a casting vote.
4. Apart from retirement by rotation, the Directors shall vacate the office upon:
 - Death;
 - Resignation;
 - Lack of qualification or possession of prohibited characteristics as written in section 68 Public Limited Companies Act B.E. 2535;
 - Removal by resolutions of the Shareholders' meeting as written in section 76 Public Limited Companies Act B.E. 2535;
 - Dismissal by a court order.
5. In the case of any vacancy on the Board of Directors not by purpose of retirement by rotation, the Nomination and Remuneration Committee shall elect a person who is qualified and does not possess any prohibited characterize as provided by the Public Limited Companies Act and the Securities and Exchange Act, to become member of the subsequent Board of Directors' meeting. Unless the remaining term of the directorship is less than 2 months, the replacement shall retain his/her office as same as the period for which the former director was entitled to retain. The resolution of the Board of Directors in respect of the first paragraph shall consist of not less than three-fourth votes of the remaining directors.

The Term of Office of Directors

Since year 2013, the Board of Directors has stipulated that members should not have a term of office exceed 3 consecutive terms. Unless any director who is qualified to hold the position longer, the Board shall consider the independence and efficiency of the duties of the Director and report a reason to shareholders.

Position in other companies

The Board of Directors has determined the policy to each Director to be appointed as a Director, not exceeding than 5 listed Companies.

Scope of duties and responsibilities of the Chairman of the Board of Directors

1. To be responsible as the leader of the Board of Directors to oversee the operations of the Company to achieve the objectives pursuant to the specified plan;
2. To act as the Chairman of the Board of Directors Meeting and the Shareholders' Meeting and ensure that the said meetings run in good order in accordance with the Public Limited Company Act and the Securities and Exchange Act;
3. To have a casting vote in case the Board of Directors Meeting and Shareholders' Meeting has a tie vote.

Board of Directors' Meeting

The Board of Directors announced the Board Meeting's schedule in advance for 1 entire year to the directors and the relevant parties requiring that arranged every quarter, with a special session meeting involved with company's benefit allowed to be convened as deemed necessary. The Company Secretary shall submits an invitation letter complete with the meeting agenda and accompanied by related documents to all board members at least 7 days ahead of the meeting date to allow the board members sufficient time to consider the issues whereas all board members are entitled to propose agenda items independently through the company secretary or shareholders.

In each meeting, the Chairman of the Board of Directors will be person who stipulate and consider agenda topic that allows each director to express his/her opinions freely and efficiently. In case of a Director having a stake in a matter being considered, the Director shall inform the meeting of such stake and shall not participate in discussing the matter and not exercise the voting right on the matter. In the event that the votes are equal, Chairman of the meeting shall have an additional casting vote for.

In addition, the minute report will be written completely after the meeting, information approved and stored so that it could be examined by authorized person. At least 3/4 of the total number of directors shall be presented to form a quorum at the same time of the Board passing a resolution. The Board of Directors should attend the board meeting consistently, with an average participation of at least 75% of total number of board meetings held in each year. (In 2016, a total of four times meeting, attendance should not be less than three times)

In 2016, the Board of Director held 4 meetings or 100% of the Meeting, classified into 4 regular term meeting to review business operations. There is no special meeting.

Details of Directors' attendance are as follows:

	Name		Position	Attendance				Remark
				Normal Term	Extra Term	Total	Meeting of Shareholders	
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Chairman and Independent Director	4/4	-	4/4	1/1	
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director	4/4	-	4/4	1/1	
3	Mr.Chattaphum	Khantiviriya	Independent Director	4/4	-	4/4	1/1	
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director	4/4	-	4/4	1/1	
5	Mr.Sompong	Kangsawiwat	President	4/4	-	4/4	1/1	
6	Mr.Opas	Tiyawattanoj	Director	4/4	-	4/4	1/1	
7	Mr.Kittirat	Mekmanee	Director	4/4	-	4/4	1/1	
8	Ms.Panida	Sawatwannarat	Director	4/4	-	4/4	1/1	
9	Ms.Nongnuch	Temeesrisuk	Director	4/4	-	4/4	1/1	
10	Mr.Wungson	Panudulkitti	Director	1/4	-	1/4	1/1	Resigned 29 Apr 2016

The Audit Committee

The present Audit Committee consists of three Directors and they are specialist in accounting and finance or audit. Their meetings are to be convened at least once per quarter. The names of the Audit Committee are:

	Name		Position
1	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Chairman of Audit Committee and Independent Director
2	Mr.Chattaphum	Khantiviriya	Member of Audit Committee and Independent Director
3	Assoc.Prof.Prapart	Praisuwanna	Member of Audit Committee and Independent Director

Miss Panida Sawatwannarat is a secretary of the Audit Committee

Scope of Authority and Responsibilities of the Audit Committee

1. To verify the accuracy and adequacy of the Company's financial statement.
2. To verify the Company's Internal Control and Internal Audit systems are appropriate and effective, evaluate the independence of the Company's Internal Audit Unit, and approve the appointment, transfer and dismissal of the head of the Internal Audit Unit or any other unit that has responsibilities related to the internal audit.
3. To verify that the Company acts in compliance with the Securities and Exchange Act, regulations of the Stock Exchange and laws related to the Company's business.

4. To consider, select and propose the appointment of independent persons to act as auditors of the Company and their appropriate remuneration. They must also attend meetings with the auditors, without anyone from the management present, not less than 1 time per year.
5. To consider matters that is connected or may involve conflicts of interest, to ensure compliance with the law and regulations of the Stock Exchange and to have confidence that those matters are handled discreetly and in the best interests of the Company.
6. To produce the Audit Committee report for publication in the Company's annual report, to be signed by the Chairman of the Audit Committee and containing at least the following information:
 - a. Comments on the accuracy, completeness and reliability of the Company's financial report.
 - b. Comments on the adequacy of the Company's internal control system
 - c. Comments regarding the legality of practices in regard to the Securities and Exchange Act, regulations of the Stock Exchange or other laws relating to the Company's business.
 - d. Comments regarding the suitability of the internal auditor.
 - e. Comments matters where there is a possible conflict of interest.
 - f. The number of Audit Committee meetings and attendance of each committee member.
 - g. Comments or overall observations that the Audit Committee have received while carrying out duties in accordance with their charter
 - h. Other matters that should be reported to the shareholders or investors, within the scope of the duties and accountability received from the Board of Directors.
7. Other responsibilities assigned by the Board of Directors and accepted by the Audit Committee.
8. If, during the course of the aforementioned duties, the audit committee find or suspect any of the following matters or actions, which may have significant effects on the Company's financial stability or business operations, they should report to the Board of Directors so that the matter may be rectified within a time period that the audit committee sees fit.
 - a. Conflicts of interest.
 - b. Dishonesty, irregularities or flaws in the internal control system.
 - c. Violations of the Securities and Exchange Act, the regulations of the Stock Exchange or other laws relating to the Company's business. Should the Board of Directors or Company executives not rectify problems within the specified time period, one of the Audit Committee may report the matter to the Office of the Securities and Exchange Commission or the Stock Exchange.

Nomination, Remuneration and Corporate Governance Committee

The Board of Directors appoints the Nomination and Remuneration Committee to nominate and define criteria for transparent and fair remuneration to Directors and the senior executives in compliance. The Nomination, Remuneration and Corporate Governance Committee hold at least one meeting a year. The names are:

	Name		Position
1	Assoc.Prof.Pitipat Chataccaraphat (Ph.D)		Chairman of Nomination, Remuneration and Corporate Governance Committee and Independent Director
2	Mr.Chattaphum Khantiviriya		Member of Nomination, Remuneration and Corporate Governance Committee and Independent Director
3	Ms.Panida Sawatwannarat		Member of Nomination, Remuneration and Corporate Governance Committee and Director

Scope of Authority and Responsibilities of the Nomination, Remuneration Committee

1. Nominate appropriately qualified persons to serve on the Company's Board of Directors and committees (if any), including the achievements, qualifications of outgoing directors and their suitability for re-election, for the consideration of the Board of Directors and the AGM for approval of the appointment as a Director and/or committee member (if necessary).
2. To advise the Board of Directors on approving the structure of compensation for the Board and committees (if any), including monthly remuneration, incentives, bonuses, welfare, meeting allowances and other benefits, financial and otherwise, for approval of the Directors annual compensation by the AGM.
3. To consider, search for and specify appropriate qualifications and also set the compensation structure and terms of the employment agreement for the Company's Chief Executive Officer.
4. To advise the Board of Directors and oversee matters regarding the Company's vision and human resources strategy, including an executive development plan.
5. To undertake other duties related to the nomination and remuneration of directors, committee members (if any) and the Chief Executive Officer as assigned by the Board of Directors.

Scope of Authority and Responsibilities of the Corporate Governance Committee

1. To consider, review, and present the following policies for the Board of Directors' approval. Such policies are Corporate Governance Policy, Code of Conduct, Corporate Social and Environmental Responsibility Policy, Sustainable Development Policy, and any practice for supporting the Company' operation in compliance with corporate governance, transparency, fairness, and sustainable growth.
2. To monitor, review and ensure that systems in the organization comply with code of conduct and best practices as defined.
3. To oversee and operate with the good corporate governance of law and regulations of the Securities and Stock Exchange Commission and the Stock Exchange of Thailand.
4. To monitor and report the organization's performance as said in Corporate Governance Policy and relevant policies to the Board of Directors and external organizations as appropriate.

Policy on Director Nomination

In its nomination of directors, the Company considered the lists of qualified persons to be appointed as Director of the Company and its subsidiaries. In this regard, the structure of the Board of Directors must have diversity of skills, professions, specialize, gender etc. They must be able to devote adequate time to their duties to benefit the Company's business. The Company provided the opportunity for shareholders to propose meeting agenda items and appointment of new director according to the good corporate governance criteria through the Company's website (www.cssthai.com) from October 2016 to January 2017. The Nomination, Remuneration and Corporate Governance Committee will propose to Board of Directors Meeting before propose to the Annual General Meeting to shareholders onward.

Policy on Director Remuneration

To provide remuneration for Directors, the Company will take into consideration the appropriateness of duties and responsibilities as assigned and compared with listed companies on SET with a similar industry. The Nomination, Remuneration and Corporate Governance Committee will propose to the Board of directors Meeting to approve the Directors' Remuneration.

Risk Management Committee

The Risk Management Committee is responsible for the appropriate management of the Company as assigned by the Board of Directors in written form. The Committee has 5 members, at least one of whom must be an independent director as follows:

Name			Position
1	Mr. Sompong	Kangsawiwat	Chairman of Risk Management Committee
2	Mr. Opas	Tiyawattanaroj	Member of Risk Management Committee
3	Mr. Kittirat	Mekmanee	Member of Risk Management Committee
4	Miss Panida	Sawatwannarat	Member of Risk Management Committee
5	Mr. Chattaphum	Khantivriya	Member of Risk Management Committee and Independent Director

Scope of Authority and Responsibilities of the Risk Management Committee

1. To set and present risk management policies for approval by the Board of Directors in areas such as liquidity risk, operational risk, marketing risk and other areas of significance for the Company.
2. To set strategies, plans and framework for risk management consistent with the policies, and analyzing, evaluating, testing and effective oversight of risk management procedures.
3. To study and revise the Company's working procedures in areas related to risk management to ensure that organizational risk management is adequate and appropriate.

4. To appoint persons and/or units and/or working groups and that are involve with risk management as appropriate and specifying their duties in accordance with the objectives.
5. To oversee, monitor and evaluate the work to ensure the appropriate use of risk management strategies in practice and for the revision and development of an efficient risk management system consistent with the Company's business operations, including assessment of potential risks that will affect operations from both external and internal factors.
6. To undertake any other duties related to risk management as assigned by the Board of Directors.

Executives Committee

The Executive Committee of the Company consisted of 5 persons as follows:

Name			Position
1	Mr. Sompong	Kangsawiwat	Chief Executives Officer
2	Mr. Opas	Tiyawattanaroj	Executives Committee
3	Mr. Kittirat	Mekmanee	Executives Committee
4	Miss Panida	Sawatwannarat	Executives Committee
5	Miss Nongnuch	Temeesrisuk	Executives Committee

Authorities and Duties of Chief Executives Officer

1. Govern and monitor the performance of Executive Committee
2. Advise the management on business procedure
3. Govern and monitor Management to perform according to the resolution of the Board of Directors
4. Perform other duties as assigned by the Board of Directors

Scope of Authority and Responsibilities of the Executive Committee

1. The Executive Committee has authority over management and corporate operations as specified by the Board of Directors or by approval of the Board in particular instances.
2. The Executive Committee has authority over the administration of the Company in accordance with the policies and plans that have been set.
3. The Executive Committee has authority as granted by the Board of Directors.
4. The following business must first be submitted for approval by the Executive Committee:
 - 4.1 matters related to Company policy;
 - 4.2 matters that if implemented would cause significant changes to the Company's activities;
 - 4.3 matters that by law have to be performed by the Board of Directors;
 - 4.4 matters that have to be performed according to Company rules;

- 4.5 matters that the Executive Committee sees fit to submit for approval on a case-by-case basis or following the principles set out by the Board of Directors.
5. The Executive Committee has the authority and duty to carry out specified activities for the administration of the Company's success and to meet Company targets, which include:
- 5.1 To produce and verify strategic objectives, financial plans and important Company policy, and presentation for Board of Director's approval.
 - 5.2 Scrutiny of the annual business plan, the investment budget, targets and new initiatives that important for target achievement, and presentation for Board of Director's approval.
 - 5.3 Scrutiny of projects that require capital expenditure beyond the amount allocated by the Board of Directors, and presentation for Board of Director's approval.
 - 5.4 Consideration and approval of various matters within their designated authority or as granted by the Board of Directors.
 - 5.5 Review of the authority to act in matters as specified in the table of authority, and presentation for Board of Director's approval;
 - 5.6 Management and balancing of short-term and long-term objectives;
 - 5.7 Development and oversight of human resources in line with human resources strategy approved by the Nomination and Remuneration Committee;
 - 5.8 Following up and reporting to the Board of Directors on Company operations and progress on meeting the Company's objectives;
6. Consideration of annual budget allocation for presentation to the Board of Directors for consideration and approval, approving changes and additions to the annual budget without a Board of Directors meeting in urgent circumstances, and presenting these actions at the next Board meeting;
7. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 300 million baht per purchase
8. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 100 million baht per purchase;
9. Authorization of important investment expenditure that was included in the annual budget for which authority was delegated by the Board of Directors or that has already been approved in principle by the Board;
10. Allocation of incentives and rewards that have already been authorized by the Board of Directors for staff and employees of the Company or other individuals who have done work for the Company;
11. Appointing or assigning a particular individual or group to act in a particular instance in place of the Executive Committee as is seen fit and the Executive Committee may cancel, withdraw, change or revise this authority.

Authorization by the Executive Committee will not include approval of any matter in which the committee or any individual has a conflict of interest of any form with the Company or a subsidiary (if any), including reports that require approval from the shareholders and the acquisition or sale of any significant property belonging to the Company and/or a subsidiary, in accordance with the regulations of the Office of the Securities and Exchange Commission or the Stock Exchange, or other laws relating to the Company's business.

Executives

As of 31 December 2016, The Company has 6 Executives, namely are as follows;

	Name	Position
1	Mr.Sompong Kangsawiwat	President
2	Mr.Opas Tiyawattanaroj	Managing Director Telecommunication Group
3	Mr.Kittirat Mekmanee	Managing Director Business & Product Group
4	Ms.Panida Sawatwannarat	Managing Director Financial & Control Group
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group
6	Mr.Narachet Chattratitiphan	Managing Director Technology Group

Scope of Authority and Responsibilities of President

1. Designated as authorized person in administering the Company's business to be in line with the objectives, articles of association, policies, rules, regulations, instructions and resolutions of the Board of Directors Meeting and/or resolutions of the Shareholders Meeting.
2. Authority to command, plan, control and supervise the company's operations in compliance with the policy, strategic plan and estimated budget as specified by the Board of Directors and/or the Executives Committee.
3. Arrange annual strategic plan and estimated budget for each division in order to attain approval from the Board of Directors; and also control and monitor on each unit's expenses as authorized by the Board of Directors.
4. Authority to give approval on any juristic act involving the company's general transactions; such as sales and purchase, procurement and supply, expense for general transactions, investments, acquisition or disposal of equipment, properties and service; for the benefits of the company within the allocated budget.
5. Authorizing the purchase of raw materials, goods or services for the purpose of making sales or providing services to customers at an amount of no more than 200 million baht per purchase
6. Authorization of investment in fixed assets such as land, buildings or structures at an amount of no more than 20 million baht per purchase;

7. Be authorized to order and determine internal regulations, rules, notices and records in relation to business operation of the Company to be in accordance with policies of the Company and for the Company's interest, including maintaining good order within the organization
8. Authority to employ, appoint, assign, dismiss, discharge, terminate, specify the wage/monthly salary/bonus and other welfares, as well as increase the salary for employees whose positions are lower than the Chief Executive Officer.
9. Authority to act and appear to outsiders on behalf of the company in any necessary matter concerning the company's general transactions and benefits.
10. Consider and execute on the submission of any company-related issue to the Board of Directors. Such matters must have an approval from the Board of Director, and should be informed to other relevant organizations including the Securities and Exchange Commission, the Stock Exchange of Thailand, and the Ministry of Commerce.
11. Execute on any tasks assigned by the Board of Directors and/or the Executives Committee; and also appoint a substitute to do any or all of the aforementioned acts and subject matters in order to help facilitate the company's operation as a whole

However, CEO delegates other persons to perform specific duties on his behalf. Such sub-authorization and/or delegation shall be within the scope of authorization or delegation in accordance with the power of attorney granted and/or shall be in accordance with the internal regulations, rules or instructions given by the Board of Directors and/or the Company. The authorization of duties and responsibilities of the CEO shall not constitute an authorization or sub-authorization which may cause the CEO or his authorized person(s) to be able to approve any transaction in which they, or any person who may have a conflict of interest (as defined in the notification of the Securities and Exchange Commission or the notification of the Capital Markets Supervisory Board), may have an interest or may gain benefit in any manner, or in which they may have any other conflict of interest with the Company or its subsidiaries, unless the approvals of such transactions are consistent with the policies and criteria approved by the Board of Directors Meeting.

The succession plan for the President

Company has procedures for recruiting senior executives and President in an appropriate and transparent method to ensure that the company has a professional executive recruiting system by concerning on work experiences, qualification also with clear vision and contribution to benefit business practice. The recruitment process is considered both inside and outside organization by assigning the Nominating Committee to consider remuneration and corporate governance to recruit qualified candidates. Through criteria and recruitment method, including an executive development plan along with a succession plan, to ensure that the company has recruited experienced executives in order to successfully inherit important positions in the future.

Holding the position of President in another company

The Board takes into account importance on the performance of duties as President to ensure the sufficient time to perform his duties. The Board of Directors has determined the policy for the Managing Director shall not be appointed as a Director in more than 2 other listed companies and must be agreed by the Board of Directors.

In addition, the Managing Director/Chief Executive Officer shall not hold Director Position in other company which has the same nature as and is in competition with the business of the Company unless the Board of Director has agreed. The above regulations are except being Director in subsidiary company.

Attendance of Directors at Committees Meeting

	Name		Position	Attendance			
				Audit Committee	Nomination, Remuneration and Corporate Governance Committee	Risk Management Committee	Executives Committee
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Independent Director/Chairman of Board of Director	-	-	-	-
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director/Chairman of Audit Committee/Chairman of Nomination, Remuneration and Corporate Governance Committee	4/4	1/1		-
3	Mr.Chattaphum	Khantiviriya	Independent Director / Member of Audit Committee / Member of Nomination, Remuneration and Corporate Governance Committee / Member of Risk Management Committee	4/4	1/1	1/1	-
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director / Member of Audit Committee	4/4	-		-
5	Mr.Sompong	Kangsawiwat	Director / Chief Executive Officer / Chairman of Risk Management Committee	-	-	1/1	12/12
6	Mr.Opas	Tiyawattanaroj	Director / Member of Risk Management Committee / Managing Director Telecommunication Group	-	-	1/1	12/12
7	Mr.Kittirat	Mekmanee	Director / Member of Risk Management Committee / Managing Director Business & Product Group	-	-	1/1	12/12
8	Ms.Panida	Sawatwannarat	Director / Member of Nomination, Remuneration and Corporate Governance Committee / Member of Risk Management Committee / Managing Director Financial & Control Group	-	1/1	1/1	12/12
9	Ms.Nongnuch	Temeesrisuk	Director / Managing Director Management & Corporate Governance Group	-	-		12/12

Evaluation of the Board of Directors

The Company has a policy to ask its Board of Directors to the principles of good corporate governance for listed companies to evaluate its performances at least once a year with principles and threads in the assessment with the Stock Exchange of Thailand to consider and review their performances and issues and obstacles over the year and to increase the effectiveness of the Board of Directors. The Company secretary gives the Board of Directors evaluation forms to all members so they can evaluate the performances during the year both collectively and individually after day complete the forms they send them to the company secretary who collects the results of each member summarizes and analyzes the performances of the Board of Directors during the year. The company secretary later submits the results to the Board of Directors for consideration in line with the aforementioned objectives. (You can see the results of the entire Board will address the topic of corporate governance Section 5 of the Board of Directors).

According to the Board of Directors Meeting No.1/2017 held on 23 February 2017 approved the Performance evaluation system of committees and individual director evaluations once a year by principle and the topic in the evaluation in accordance with the stock exchange of Thailand.

Performance Assessment of President and Executives

Company has guidelines for evaluating performance of President and executives by using corporate measurement and evaluation systems according to universal practice, Balanced Scorecard, which comprises of 4 factors such as financial, customer, internal and learning and development factors in order to consider remuneration and appropriate incentives. Besides, company has also applied its objectives, concept of sustainability, using of a fundamental financial perspective which leads to a cost-effective way and encourage learning process in order to achieve good internal processes to maximize all stakeholders' satisfaction. Human Resources department will submit a performance appraisal form to all segments and send President and all executives an annual performance evaluation, and then form will be resent back to department to summarize the report.

New Director Orientation

The Company encourages the directors to attend the training program to increase their understanding on the roles and responsibilities under the good corporate governance campaign by internal training Program and other institute

Internal training The importance of new director orientation by assigning all incoming directors to attend and Executive team will provide themselves with information relevant to the directors' duties

External training Company provides education training for new directors in various courses related to the roles and responsibilities of the directors under the good corporate governance framework such as roles and duties of directors in accordance with the rules and regulations of the directors, the Securities and Exchange Commission (SEC), Stock Exchange of Thailand (SET), Public Company Limited Act and Thai Institute of Directors (IOD) etc. also encourage specialized knowledge for directors to promote effective performance such as financial reporting knowledge.

Training of The Board of directors

The Company encourages training and knowledge sharing for directors, to promote continuous performance improvement. In 2016 there is director's training as follow;

Thailand Institute of Directors

- Board Matters & Trends (BMT 1/2016) is Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D)
- Boards that Make a difference (BMD) Class.3/2016 is Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D)

The Board of Directors who has been trained various courses such as Corporate Governance for Executives, Role of the Chairman Program (RCP), Director Accreditation Program (DAP), Director Certification Program (DCP), Board Matters & Trends (BMT) and Board that Make a Difference (BMD). Details are as follows;

Name	Position	Corporate Governance for Executives	Role of the Chairman Program (RCP)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Board Matters & Trends (BMT)	Board that Make a Difference (BMD)
1. Pol.Maj.Gen.Supisarn Bhakdinarinath	Chairman of Boards / Independent Director	2014	2014	2015		2016	2016
2. Assoc.Prof.Pitipat Chataccaraphat	Independent Director				2005		
3. Mr.Chattaphum Khantiviriya	Independent Director				2008		
4. Assoc.Prof.Prapart Praisuwanna	Independent Director				2009		
5. Mr.Sompong Kangsawiwat	President		2012	2006	2011		
6. Mr.Opas Tiawattananaraj	Director			2006			
7. Mr.Kittirat Mekmanee	Director			2011			
8. Ms.Panida Sawatwannarat	Director			2005	2005		
9. Ms.Nongnuch Temeesrisuk	Director			2005	2005		

Corporate Secretary

The Board of Directors approved Ms.Nongnuch Temeesrisuk as a Corporate Secretary since 15 February 2013. The Profile is as follow;

Miss Nongnuch Temeesrisuk

- Director, Managing Director Management & Corporate Governance Group and Corporate Secretary
- Age 53 years old
- Educations / Training
 - Bachelor of Accounting of Ramkhamhaeng University
 - Director Accreditation Program Class 37/2005, IOD
 - Director Certification Program Class 60/2005, IOD
 - Company Secretary Program Class 27/2008
- Experiences

Communication & System Solution PLC.

 - 2013 - Now : Managing Director Management & Corporate Governance Group, Corporate Secretary
 - 2011 - Now : Executive Director
 - 2005 - Now : Director

Other

- 2015 – Now : Director, Neonworx Communications (Thailand) Co.,Ltd
- 1997 – Now : Director, C.S.S. Energy Co.,Ltd
- 2015 – Now : Chairman of Board of Directors and Chairman of Audit Committee, Thai coconut Public Company Limited

Scope of Authority and Responsibilities of the Corporate Secretary

1. Preparing and storing important documents
 - a) The registration of the Company's directors
 - b) The invitation letter and minutes of the Board of Directors Meeting
 - c) The invitation letter and minutes of the Shareholders Meeting
2. Reports of conflicts of interest filed by directors and executives.
3. Executing additional duties about governance as assigned by the Board of Directors.

Rules on Consideration of Remuneration for employees of the Company

The Company has considered establishing format and rule for payment of remuneration and welfare for employees of the Company in both short term and long term as follows.

Consideration of Short Term Remuneration:

- The Company has established the Salary structure and considered from education, knowledge and experience by comparing with other companies in the same industrial sector
- The Company has established the Key Performance Indicators (KPI) for the Company to be used for consideration of salary adjustment and bonus payment for the employees of the Company by comparing with other companies in the same industrial sector
- The company providing welfare services to the employees; Accident Insurance, Health Insurance and arrange annual health check once a year for employee healthy. Others welfare are Allowance for cremation and employee's seminar etc.

Consideration of Long Term Remuneration:

- The company is adjustment level of employees regularly once a year by using the measurement results in the form KPI to determine the performance and capabilities of employees.
- The Company has established the Provident Fund for employees to encourage money saving by the employees. The fund saving proportion was increased so that the employee may choose the rate of 3%-15% with Company's contribution at the rate not exceeding 5% of base salary, employment period and willingness of the employee, which shall be paid back to the employee upon retirement or job quitting.

Report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives

The Board of Directors has determined that directors and executives have a duty to report holdings of its own securities and related since the election as the directors and executives of the company. Each time there is a change in the holding of such securities. Must Reports to the company and the Securities and Exchange Commission of Thailand (SEC) Within 3 business days for report. In the Board of Directors Meeting No.1/2017 has approved the Company's Secretary to make report on Securities Holding of Directors, Executives, Director's spouse or minor child of directors and Executives to acknowledge before the Board of Directors Meeting on a quarterly basis as at 31 December 2016 are as follows;.

Ordinary Share

Name	Number of Shares			Shares of Director's spouse or minor child at 31 Dec 2016
	31 Dec. 2016	31 Dec. 2015	Increase (Decrease)	
The Board of Directors				
1. Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D)	-	-	-	
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D)	-	-	-	
3. Mr.Chattaphum Khantiviriya	-	-	-	
4. Assoc.Prof.Prapart Praisuwanna	-	-	-	
5. Mr.Sompong Kangsawiwat	207,668,836	205,985,025	1,683,811	3,304,400
6. Mr.Opas Tiyawattanaroj	58,319,711	60,319,711	(2,000,000)	
7. Mr.Kittirat Mekmanee	44,058,756	39,663,865	4,394,891	
8. Ms.Panida Sawatwannarat	3,341,688	3,341,688	-	
9. Ms.Nongnuch Temeesrisuk	1,502,928	1,502,928	-	

Name	Number of Shares			Shares of Director's spouse or minor child at 31 Dec 2016
			Increase	
	31 Dec. 2016	31 Dec. 2015	(Decrease)	
<u>Executives Directors</u>				
1. Mr.Sompong Kangsawiwat	207,668,836	205,985,025	1,683,811	3,304,400
2. Mr.Opas Tiyawattanaroj	58,319,711	60,319,711	(2,000,000)	
3. Mr.Kittirat Mekmanee	44,058,756	39,663,865	4,394,891	
4. Ms.Panida Sawatwannarat	3,341,688	3,341,688	-	
5. Ms.Nongnuch Temeesrisuk	1,502,928	1,502,928	-	
6. Mr.Narachet Chattratitiphan	-	-	-	

Remuneration of the directors

The Annual General Meeting of Shareholders 2016, held on 8 April 2016 passed its resolution to determine remuneration of the directors of year 2016. The directors consist of the Board of Directors, Audit Committee, Risk Management Committee, Nomination and Remuneration Committee which included but not limited to salary, bonus, attendance fee, extra compensation, and other compensation not exceeding value of 4.5 million baht. Details are as follows:

1. The Board of Directors

Monthly remuneration

- Chairman of the Boards	100,000 Baht per Month
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Meeting allowance

- The Board of Director	30,000 Baht per Meeting
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2. Audit Committee

Monthly remuneration

- Chairman of Audit Committee	50,000 Baht per Month
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- Member of Audit Committee	20,000 Baht per Month
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Meeting allowance

- Audit Committee	10,000 Baht per Meeting
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3. Risk Management Committee

Meeting allowance

- Risk Management Committee	10,000 Baht per Meeting
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4. Nomination and Remuneration Committee

Meeting allowance

- Nomination and Remuneration Committee	10,000 Baht per Meeting
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*Item 3 – 4 The Executives Directors are exempted from receiving attendance fee.

5. The remaining is reserved for bonus, extra compensation and other compensation to the Board of Directors. The Board of Directors will then allocate the remaining amount.

In 2016, the individual remuneration of Directors was as follows:

Name - Surname	Attendance Fee (Baht)				Monthly Remuneration of Directors	Total	Remark
	The Board of Director	The Audit Committee	The Risk Management Committee	The Nomination, Remuneration and Corporate Governance			
1. Pol.Maj.Gen.Supisarn Bhakdinaninath(Ph.D)	120,000				1,200,000	1,320,000	
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D)	120,000	40,000		10,000	600,000	770,000	
3. Mr.Chattaphum Khantiviriya	120,000	40,000	10,000	10,000	240,000	420,000	
4. Assoc.Prof.Prapart Praisuwanna	120,000	40,000			240,000	400,000	
5. Mr.Sompong Kangsawiwat	120,000					120,000	
6. Mr.Opas Tiyawattanaoj	120,000					120,000	
7. Mr.Kittirat Mekmanee	120,000					120,000	
8. Ms.Panida Sawatwannarat	120,000					120,000	
9. Ms.Nongnuch Temeesrisuk	120,000					120,000	
10.Mr.Wungson Panudulkitti	30,000					30,000	Resigned on 29 April 2016
Total	1,110,000	120,000	10,000	20,000	2,280,000	3,540,000	

Other Remuneration

- None -

Remuneration of Executives

The Company uses measuring performance of the executive in the form of performance indicators. (Key Performance Indicators: KPI). This is the way to measure the performance of each department. However, the president uses characteristics of KPI overview of the Company to determine the remuneration.

In year 2015 and 2016, the remuneration in cash has been paid to 6 executives in form of salary, bonus and other welfares as follows;

Remuneration	2015		2016	
	Persons	Baht	Persons	Baht
Executives	6	28,794,425.00	6	30,662,062.00

Other Remuneration

Provident Fund

The Company has established a provident fund to the 6 executives. The Company contributed to the fund monthly at the rate of 5 percent of basic salary. In 2015 and 2016 provident fund are as follows;

provident fund	2015		2016	
	Persons	Baht	Persons	Baht
Executives	6	997,400.00	6	1,027,764.00

Personnel

Total employees of the Company (exclude the executives) as of 31 December 2016 were 397 people.

Details of employees in each business line are as followings:

No	Group	Employees
1	Sale and Telecommunication	61
2	Sale and Marketing	235
3	Business Information and Technology	14
4	General Management	86
	Total	397

Remuneration of the employees (exclude executives)

In year 2015 and 2016, the remuneration in cash has been paid to employees in form of salary, wage, over time, bonus, living expense, and other welfares. Details are as follows;

Remuneration	2015	2016
	Amount (Baht)	Amount (Baht)
Employees	177,538,812.78	172,709,476.29

Other remuneration of the employees (exclude executives)

The Company has established a provident fund to the employees. In 2015 and 2016 provident fund are as follows;

provident fund	2015	2016
	Amount (Baht)	Amount (Baht)
Employees	3,931,921.00	4,218,879.00

Welfare

For improving the quality of working life, company not only provides benefits as required by law, also offers various welfare benefits such as ward, group insurance, annual health check, welfare grants the employee's death and the deaths of his parents in order to build morale and strengthen confidence in working with the company and highest benefit to employee.

Human Resource Development

The company has classified management into categories on this below;

1. Profit Center: defines as sales and business related sector which known as key sector
2. Cost Center: defines as general administrative comprises of finance and account, various administrative

For this reason, the company has developed Human Resource policy to suit more consistent with HR policy of CSS divided into 3 main areas on this below;

1) HRM: Human Resource Management: manage HR assignment to make better quality of employee's life as a Second home, including being a good advisor to all employees and create employee satisfaction inform of HR Clinic

2) HRD: Human Resource Development is a practice which helps enhance employees' efficiency through various ways of learning along with an emphasis on applying the acquired knowledge in a real-life working situation. This practice plays an important role in the future development of each employee. The HR department has conducted a research on employees' needs concerning the seminar and training provided by the company. A questionnaire would be distributed to each department at every year end where the department head should complete and return the form to the HR department who would afterwards gather, examine, and arrange a programme, an annual training plan as well as a budget for yearly training programmes in order to obtain an approval from the Board of Directors' meeting. Following each training programme, the HR department would ask employees to complete the satisfactory evaluation form and also keeps monitoring on the outcomes after the training.

Indicators of successful key developments for this year have shown that:

- 95% of employees' performances have been improved after the training program
- 85% of employees are satisfied with the training
- 6.67% has been decreased of Budget management for training programs

Furthermore during the training program, the company also aims to provide a program content which helps support and increase work efficiency for the benefits of the organization as a whole. In 2016, the company

had arranged altogether 52 training program, or an average of 15.48 hours/person/year, for executives and employees both inside and outside the organization including

- Internal programme by inviting professional instructors or expertise to share their knowledge and experience to the employees. The company had arranged altogether 12 internal programs in 2016, all focusing on the issues of laws, regulations and international standards.
- External programme by sending out employees to attend training programs arranged by other institutions which provide particular operational contents for each specific division such as Strategic Account Management Program, OSH&E Committee Program, Electrical Engineering Program, and other programs related to the principles of Good Corporate Governance as regulated by the Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand (SET). The company had arranged altogether 40 external training programs in 2016.

3) Safety & Quality Management (SQM): consist of 2 mainly tasks; employee's safety and ISO 9001: 2008 in order to create accountability and global acceptance. In 2016, the Company has been communicating to educate employees about how safe operating regulations in various works as well as provide training to educate security Occupational Health and Working Environment, caring for the environment and managed system for employees to secure and property as well as good hygiene. Also analyses the risks, including the risk control measures that may occur for preparing to support ISO 9001:2015.

However, in addition to the training and education of safety and health for employees, the Company also recognizes the importance of the security that is one of the factors that are critical to conducting business to achieve the goal as the company put it. So it broadens the scope of safety and occupational health by training and educating contractors of the company. By disclosed in the Corporate Social Responsibility report 2016 (CSR Report 2016).

Significant labor dispute in the past 3 years

-None-

Personnel of Subsidiaries

Subsidiaries	Employees
C.S.S.Energy Co.,Ltd.	-
Neonworx Communications Co.,Ltd.	78

Remark: C.S.S.Energy Co.,Ltd. has no employee, because employees have been transferred to the company then all since April 2016. In addition, there is no labor dispute in the last 3 years of Subsidiaries

Remuneration of the employees from subsidiaries

In year 2016, the subsidiaries have been paid the remuneration in cash to employees in form of salary, wage, over time, bonus, living expense, and other welfares. Details are as follows;

Company	Baht
C.S.S. Energy Co.,Ltd	1,509,538.80
Neonworx Communications (Thailand) Co.,Ltd.	42,953,773.36
Total	44,463,312.16

The audit fee

The Company's financial auditor is Ms. Krongkaew Limkittikul, certified public accountant registration no. 5874 of EY Office Limited. Total of The Audit Fees in the year 2016 is 2,325,000 baht. Details are as follows;

	Communication & System Solution PCL	C.S.S. Energy Co.,Ltd	Neonworx Communications	Amout (Baht)
Yearly Audit Fee	1,020,000	135,000	390,000	1,545,000
Quarterly Reviewed Financial Statement (3 quarters)	450,000	90,000	240,000	780,000
Total (Baht)	1,470,000	225,000	630,000	2,325,000

Corporate Governance

Corporate Governance Policy

It is Company policy to follow the Code of Best Practice in order to ensure transparency and for the benefit of the company's business operations as it creates confidence in shareholders, investors and all related parties. The Board of Directors has therefore set out principles of corporate governance which follow the best practice specified by the Stock Exchange of Thailand. The Company's principles of corporate governance fall into 5 categories:-

Category 1 The Rights of Shareholders

The Company places importance on the basic rights of shareholders both as owners of the Company and as investors in stocks such as the right to trade or transfer stocks, the right to receive adequate information about the Company, the right to receive a share of the profits from the Company, rights in shareholder's meetings, the right to express an opinion, the right to take part in making decisions on important Company issues such as issuing dividends, appointing or removing directors, appointing auditors, and approving important business transactions that affect the running of the business.

Apart from the various basic rights mentioned above, the Company also acts for the convenience of shareholders exercising their rights in various matters as follows:

1. The Company organizes an Annual General Meeting within 4 months of the end of the fiscal year, sending out a notice of the meeting and relevant information to inform shareholders 7 days in advance, and placing notices in newspapers announcing the date for 3 consecutive days ahead of the meeting. With each meeting agenda, the views of the Board of Director are also included.
2. The Company puts information relevant to the agenda of shareholder's meetings on the Company website, and explains the rights of shareholders to participate and vote in the meeting.
3. If the shareholder is unable to attend the meeting in person, the Company allows them to authorize an independent director or another individual to act as a proxy by using one of the power of attorney forms sent out with the notice of the meeting.
4. The Company will provide an opportunity for shareholders to submit opinions, suggestions and questions to the email address of the secretary to the Board of Directors before the meeting takes place.
5. During the meeting, the Company will open opportunities for shareholders to ask questions, make suggestions or voice opinions freely and equally. Directors and executives will be present at the meeting to answer questions and provide information.

Business Operation Year 2016

The Board of Directors support shareholder meeting regarding on shareholder's rights and equitable treatment in compliance with law and corporate governance principles as follows:

- The company gives all shareholders an opportunity to submit an agenda and candidates for becoming a committee together with advance question prior to annual general meeting of shareholders for year 2016. The company has set up time frame for any shareholder to submit agenda and candidate during 15th October 2015 till 15th January 2016 via Stock Exchange of Thailand news announcement together with a guideline and procedure at website, www.cssthai.com in "investor relation" menu, then meeting of shareholder sub-menu. Nevertheless, none of shareholder submit an issue to company.
- Presentation and information delivery to shareholders, the Company has appointed Thailand Securities Depository Co., Ltd. (TSD) as its securities registrar to send the meeting invitation notice, documents and other information which is important and necessary for decision-making to shareholders (in English in case of foreign shareholders) in advance before the meeting date and in accordance with laws or/and regulatory concerned. Besides, company has put in place a communication and data distribution channel that is updated through the Company's website 30 days before meeting in order for shareholder to adequate consideration. In addition, company also published in a newspaper stating date, time, place and agenda of meeting consecutively three days before the meeting.
- The company has delivered proxy legally with instruction and stamp duty to facilitate proxies free of charge. Shareholder could send back an original proxy by post with essential document in advance, attention to Office of Corporate Secretary before the meeting.
- Notification upon voting procedures and vote counting prior to the shareholders' meeting was provided. A use of voting card was also applied in a meeting.
- The company did not add or change any important information regarding the Annual General Meeting of Shareholders for 2016 without prior notification to the shareholders. Shareholders were also encouraged to give out comments and questions; the details of which had been fully recorded in minutes of the shareholders' meeting.
- The company had ensured that every shareholder was encouraged and well facilitated to attend the meeting through arrangement of an easy-to-access meeting place. A free transportation to and from the venue, with pick-up and drop-off points as specified clearly in the invitation letter, was also provided for every shareholder.
- Along with the letter of invitation, the company had attached a question form for any shareholder who would not be able to attend the meeting to complete and return the form to the company prior to the shareholders' meeting. This had allowed such shareholders to be able to participate through the help of a secretary who would gather all questions and ask the board of directors in a meeting.

Operation plan year 2017

- The company would still emphasize on the importance of the shareholders' basic rights, both as a company owner and an investor. These include, for instance, rights to obtain adequate information from the company; rights to receive a share of profit from the company; rights as a member of the shareholders' meeting; rights in giving out comments and suggestions; as well as rights to participate in any important decision concerning the well-being of the company.
- In addition to the above basic rights, the company also focuses on facilitating shareholders in executing their rights through its concern about the right and equality of the shareholders in a meeting as designated by laws and the Principles of Good Corporate Governance. This includes, for instance, facilitating and encouraging every shareholder to attend the meeting by providing a free transportation to and from the meeting venue, with pick-up and drop-off points as specified clearly in the invitation letter; or arranging the meeting at an easy-to-access place.

Category 2 The Equitable Treatment of Shareholders

The Company will give equal opportunity to every shareholder and allocate voting rights at the meeting according to the number of shares held, one share equivalent to one vote, and will do nothing that restricts, violates or dispossess shareholders of their rights, whether major shareholders, minor shareholders, investors or foreign shareholders. The Company assigns an independent director to assist minor shareholders, allowing them to make proposals, express opinions or raise complaints with the independent director who will decide on the appropriate way to proceed in each case. For example, in the case of a complaint, the independent director will investigate the facts and find an appropriate solution. In the case of a proposal on an important issue that affects the stakeholders or the Company's business, the independent director will put the matter to a shareholder's meeting to consider putting it on the meeting agenda.

The meeting proceeds according to Company regulations, following the meeting agenda. Detailed information is presented for each item and relevant information is clearly presented for consideration. Additional items will not be added to the agenda without notifying shareholders in advance, unless there is good reason. If the shareholder is unable to attend the meeting in person, the shareholder may authorize the independent director or another individual to attend as a proxy, by using the power of attorney form sent out with the notice of the meeting. Voting is transparent and follows the meeting agenda. The election of directors gives shareholders the opportunity to exercise their right to appoint directors, with votes being cast for individuals.

The Company has also taken measures to prevent insider trading by related persons, which means directors, executives or any staff that work in units dealing with internal information (including spouses and children of minor age). Related persons are not permitted to trade in Company stock for a period of at least 1 month before the quarterly and annual financial statements are released and should wait for at least 24 hours after this information is made public. It is also forbidden to pass that information on to other individuals.

The Company informs directors and executives of their duty to report their stock holding in the Company and the penalties specified in the Securities and Exchange Act 1992 and the regulations of the Stock Exchange of Thailand. In instances where directors or executives trade Company stock, they must report the stock held by themselves, spouse and children who are still minors in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days to the Office of the Securities and Exchange Commission for the information to be put into the public domain.

Business Operation Year 2016

- Additional rules and regulations concerning the shareholders' meeting have been included in the invitation to the Annual General Meeting of Shareholders in order for the shareholders, whose presence at the meeting is made either by oneself or an authorized person, to be able to prepare an appropriate and relevant document/evidence which in turn helps preventing possible problems or conflicts of interests in a meeting.
- The Board of Directors conduct meeting followed by those listed in the notice of meeting without additional agenda. In order for fairness of shareholder who is absent.
- During the shareholder meeting, the company provides ballot in a presence of voting in order for adherence to integrity and transparency, together with counting and disclosing result of voting and recording explicitly into report
- The number of votes a shareholder has corresponds to the number of shares he owns.
- Along with the invitation letter, an Authorization Form B which allows shareholders to determine on the voting direction for each agenda has also been attached in order for shareholders who could not attend the meeting to be able to provide their authorizations to an independent board member or any individual to participate and vote in a meeting. Alternatively, shareholders can also download the form from the company's website.
- The company refuses to provide any financial assistance to an entity which is not its subsidiary.
- The Board of Directors has stipulated that the directors, management and their related persons (as defined by SEC and SET) must prepare and submit a report on interests annually.

Operation plan year 2017

- The company would still emphasize on the importance of fairness and equality for every shareholder. The number of votes a shareholder has will be corresponded to the number of share he owns; hence one share means one vote. In addition, the company shall avoid any action which intends to limit or infringe the rights of its shareholders including both major and minor shareholders, institutional investors, as well as foreign shareholders.
- The company would also address on the importance of conducting the meeting in accordance to the meeting agenda and the company's rules and regulations. Details of each agenda along with relevant

documents / evidence must be thoroughly presented for further consideration. If not necessary, no additional agenda, particularly those which are crucial and therefore require some time to study and review before making decision, shall be included without prior notice to the shareholders.

Category 3 The Role of Stakeholders

The Company places importance in all groups of stakeholders, whether they are internal stakeholders, i.e. the Company staff and management, or external stakeholders such as competitors, partners and customers. The Company is aware that support and input from all groups of stakeholders is valuable to the Company's business and development. Accordingly, the Company acts in compliance with the relevant laws and regulations to ensure that the rights of the stakeholders are properly respected. To create a stable business environment, the Company works together with each group of stakeholders in the following ways:

(a) Shareholders

The Company is focused on development and continuous growth which will lead to an increase in Company earnings and profits. This will increase the value of the Company and mean that shareholders will receive the best returns.

(b) Customers

The Company considers the quality and standards of its products, while customer care and other responsibilities are carried out with honesty and fairness. Also maintain customers' relationship as well as sustainable improvement of customers' relationship and accept customers' suggestions and complains to improve customers' satisfaction.

(c) Partners

Company policy is to deal fairly with trading partners according to the trading terms and/or contractual agreements in order to establish good business relationships that benefit all parties.

(d) Competitors

The Company supports free and fair competition and conducts its business according to the regulatory framework on proper competition.

(e) Creditors

Company Policy is conduct in compliance with contract and conditions both in terms of repayment of loan, interest to maintain and other conditions. Also reports financial status to the creditors of requirements in the loan contract properly. The company will report its creditors in advance if cannot fulfill the obligations in the agreement and jointly find solutions to fix problems.

(f) Employees

Company policy is to treat employees equitably and fairly, providing appropriate remuneration and welfare as well as supporting development of their knowledge and ability.

(g) Community and society

The Company recognizes its responsibilities towards the community and society, conducting an ethical business and supporting creative social projects as appropriate.

(h) The Environment

The Company strictly follows laws and regulations relating to the environment and constantly sets measures to control environmental impact. Also support employees to participate in the training related to environment and keep materials and equipment up to standards level to reduce the use of natural resources

The Company operates in compliance with the relevant laws and regulations to ensure that the rights of stakeholders are well protected.

Business Operation Year 2016

- The company, with its main purpose to respond to the needs of all stakeholders, has disclosed information concerning the well-being of stakeholders, areas of expansion, development, and the implementation procedure in the company's CSR Report 2016.

Operation plan year 2017

- The company plans to elevate its Anti-Corruption policy in order to obtain a certified approval as a member of the Private Sector Collective Action Coalition Against Corruption (CAC).

Category 4 Disclosure and Transparency

The Company is aware of the importance of the complete and accurate disclosure and transparency of financial and general information in accordance with the regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as other important information affecting the Company's stock price, as this influences decision making by investors and stakeholders. The Company makes information available to shareholders, investors and the general public through the channels provided by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand, as well as on the Company website: www.cssthai.com

To manage investor relations, the company secretary has been assigned the duty of communicating with investors, shareholders, analysts and relevant state agencies. The Board of Directors is responsible for the financial statement and information that appears in the annual report. The financial statement is compiled in accordance with Thai accounting standards, with a selected accounting policy that has been consistently followed and presents adequate financial information. The Audit Committee reviews the quality of the financial report and the internal audit process, as well as the adequate nature of information in the financial statement's remarks.

Business Operation Year 2016

- Company's financial reports have been delivered to the Securities and Exchange Commission and The Stock Exchange of Thailand within a specified period. And none of the auditors commented on issue.
- The company has not been recorded to amend its financial statements to the Stock Exchange of Thailand and the Securities and Exchange Commission.
- The company has made available communication and data distribution channel so that shareholders, investors and other stakeholders can access information thoroughly and equitably through various channels on a regular basis
- Clear disclosure of information concerning shareholdings of the Board of Directors and other executives in the annual report.
- The company's secretary is responsible for providing a shareholding report of the participants including Board of Directors, executives, as well as their spouses and dependent children in order to acknowledge the meeting party prior to each quarterly Board of Directors' meeting.
- Provide a seminar to help instruct the Board of Directors and other executives upon disclosure and external use of information as regulated by the new Securities and Exchange Act (SEC).

Operation plan year 2017

- The company would still emphasize on the importance of information disclosure in an appropriate, accurate and transparent way concerning not only financial and general matters in compliance with standard practices of the Securities and Exchange Commission and the Stock Exchange of Thailand; but also other important matters which might affect the company's stock value, and thereafter the decision making process of investors and stakeholders, as regulated by the Securities and Exchange Act (No.5) B.E.2559.

Category 5 Responsibilities of the Board of Directors

1. Structure of the Board of Directors

The Company's Board of Directors consists of individuals who must have skills, professions, specialize, gender etc., The Board of Directors will be act an important role in setting policies and the overall direction of the Company. They are also responsible for governance, checking and evaluating the performance of the Company against the plans that were set.

At 31 December 2016, the Board has 9 directors consisting of 5 executive director and 4 non-executive directors who are qualified to be independent directors and provide balance when votes are taken. The Audit Committee consists of 3 independent directors who represent the shareholders in overseeing transparency in the governance of Company operations.

The Board also appoints 4 committees: the Audit Committee, the Executive Committee, the Nomination, Remuneration and Corporate Governance Committee and the Risk Management Committee. Each committee has areas focus areas on which they make proposals for the consideration of or acknowledgement by the Board of Directors, with each committee also having its own specified rights and duties.

The Company has clearly separated the role and responsibilities of the Board of Directors and the Company's executives. The Board is responsible for setting policies and oversight of the executives at the policy level. The executives are responsible for the management of the Company's operations in line with the policies that have been set.

It is the duty of the Company Secretary to give advice to the Board of Directors regarding regulatory requirements to coordinate implementation of the Board's decisions.

2. Role, Duties and Responsibilities of the Directors

The Board of Directors is composed of individuals with a great depth of knowledge, skills and expertise, which are recognized for their leadership. The board of directors has an integral role in setting the vision, mission, strategy, policy, business approach and compliance with the law, objectives, regulations and the resolutions of shareholders meetings in order for the benefit and oversight of the Company's operations. The Board of Directors has therefore set up various committees to oversee the operations of the Company.

2.1 Corporate Governance Policy

The Company has a written corporate governance policy that was accepted by the Board of Directors meeting in order that they might review this policy and act accordingly. Moreover, after the Company's ordinary shares are registered on the Stock Exchange of Thailand, the Company will act in accordance with the law and regulations of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The corporate governance report will be released in the annual report and the information disclosure form (Form 56-1).

2.2 Code of Conduct

The Company has set out a code of conduct that the Board of Directors, management and staff are expected to adhere to at all times as they carry out their duties according to the Company's mission, displaying honesty and impartiality towards the Company, the stakeholders, the public and society. The Company has therefore announced and informed all employees to act in strict accordance with this approach and disclosed in Company's website.

2.3 Conflicts of Interest

The Company's policy regarding conflict of interest is set on the principle that any decision affecting business operations should only be made in the interests of the Company and any action that creates a conflict of interest should be avoided. Persons with an interest in a matter under consideration must inform the Company of their relationship or connection in that matter, must not take part in the decision and have no authority to approve that business.

The Audit Committee will advise the Board of Directors on matters that are connected and matters where there is conflict of interest, giving full consideration of the appropriateness in accordance with the guidelines of the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand. The information will be included in the annual report and the information disclosure form (Form 56-1).

2.4 Internal Control

The Company places importance on the internal control system at both the management and operational levels. To ensure operational efficiency, the Company has clearly defined in writing the duties and authority of those performing tasks and the executive. There is oversight of the beneficial use of Company property and the separation of duties between those performing tasks and those supervising and evaluating. The Company appoints the Audit Committee to test the internal control system and carry out an appropriate and effective internal audit, as well as to hire outside experts to inspect the internal control system and report the results to the Audit Committee to ensure that the Company's main operations follow the specified approach and are effective.

2.5 Risk Management

The Company made an evaluation of the adequacy of the existing internal control system in order to consider methods of revising operations to further improve efficiency.

2.6 Board of Directors Report

The Audit Committee is responsible for verifying the financial statement, with the accounts division and auditor presenting their financial report quarterly at the Board of Directors' meeting. The Board of Directors are responsible for the Company's budget and the financial information that appears on the annual report (Board of Directors responsibility to the financial report). The financial statement is produced to accredited accounting standards and checked/verified by the Company's auditor and the important information disclosed, both financial and non-financial, is done so on the basis of truth and consistency.

Business Operation Year 2016

- The Company communicates the business ethics policy and code of conduct for the Directors executives and employees upon the business ethics and code of conducts in order for them to use as a guideline in work as designated by the company's obligations provided on Company's website and intranet.
- The Board of Directors had outsourced an expert to help auditing and evaluating the company's internal control system, as well as monitoring on the significant matter in correlation with the business operation. The evaluation outcome showed that the company has a sufficient internal control to the extent that could provide assurance upon achievement of the established operation's objectives.
- The Board of Directors has reconsidered on the Company's vision, mission and strategies so that the executives and employees have the same objectives.
- The Board of Directors has monitored the management of executives committee by define reporting on the progress of the operation and performance every time in the Board of Directors Meeting

- The Board takes into account importance on the performance of duties as President to ensure the sufficient time to perform his duties. The Board of Directors has determined the policy for the Managing Director shall not be appointed as a Director in more than 2 other listed companies and must be agreed by the Board of Directors. In addition, the Managing Director/Chief Executive Officer shall not hold Director Position in other company which has the same nature as and is in competition with the business of the Company unless the Board of Director has agreed. The above regulations are except being Director in subsidiary company.
- The company's risk register has been reassessed by the risk management committee in order to provide a more extensive coverage of every aspect of risk which might further occur, which in turn help assist in risk management and provide best possible benefits during the operations.
- For every procedure in the risk management to become highly effective as complied with the principles of Good Corporate Governance, the risk management committee has established risk management teams whose accountabilities are categorized based on the corporate management sectors. This in turn allows the company to better control and monitor on possible risks which might occur during the operation.

Authority and Function of the risk management Committee

- Implement on the policy assigned by the risk management committee.
- An authority to manage, control and monitor every aspect of risk which might occur during the operation; as well as to help support and provide a successful risk management in every activity.
- Communicate with employees to ensure they are well aware of any possible risk which might affect the organization while also managing risks for the best possible benefits during the operations.

Operation plan year 2017

In 2017, the company still focuses on the importance of roles and responsibilities of the Board of Directors according to the principles of Good Corporate. This includes, for instance, a report on the stake holdings of the Board of Directors and other executives in each quarterly Board of Directors' meeting; paying attention to the auditing and monitoring of an internal control system mainly to ensure that the company's core operation has been effectively implemented under the indicated directions.

3. Meetings of the Board of Directors

In accordance with Company regulations, a meeting of the Board of Directors is held at least once every 3 months, with special meeting called when necessary. Invitations are sent out 7 days in advance, unless the situation requires an emergency meeting to protect the Company's interests. Each meeting has a clearly organized agenda. Documents with full details are prepared and sent to the directors in advance so that they have sufficient time to study the information before the meeting. The Chairman and Company directors jointly set the agenda and decide the subjects to be discussed at the meeting, with every director having the chance to propose topics for inclusion. Directors may discuss and give their opinions openly and the Chairman summarizes and concludes the views expressed. Votes are passed by a majority with each director having one vote. Directors with an interest will

not attend the meeting and/or vote on that matter. If votes are equal, the Chairman will have a deciding vote. The minutes of the meeting will be written after the meeting has finished and the approved minutes will be kept for inspection by the directors and others.

Business Operation Year 2016

- A meeting agenda had been distributed to participants prior to the last 4 Board of Directors' meetings. (Average 9.75 days)
- According to the Board of Directors' and committees' meeting agenda 2016, all participants or 100% of the party had attended all meetings.
- A secretary to the Board of Directors is responsible for taking minutes of meeting along with other comments and suggestions during the discussion, the details of which should be submitted to the company's president for his/her authorization; and thereafter to the meeting party as the first agenda upon the next meeting. Additionally, a secretary is also responsible for collecting data or documents as considered relevant to the meeting in favour of a better convenience when conducting future searches and references.

Operation plan year 2017

- Arrange the Nomination, Compensation and Corporate Governance Committee's meetings for at least 2 times a year.
- Arrange at least 1 meeting a year between non-executive board members, where management crews are not allowed to participate.

4. Remuneration of Directors and Executives

The Company appointed the Nomination and Remuneration Committee to suggest appropriate remuneration for the various committees to the Board of Directors so that policy on remuneration of Company directors is clear and transparent and is at a level that is appropriate for the duties and responsibilities of each director, sufficient to retain directors with knowledge and ability. The Company will present suggested remuneration for these directors for approval at the Annual General Meeting: AGM.

The Company discloses the remuneration paid to Directors and Executives in the format specified by the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand.

5. Development of Directors and Executives

The Board of Directors has a policy to provide training for the relevant Directors in the corporate governance system of the Company, which includes Directors, the Audit Committee, the Executive Committee, the Risk Management Committee, the Nomination and Remuneration Committee and Company executives, so that there is continuous development. If there are changes in the Board of Directors will provide advice to new Directors on the Company's business approach and useful information on carrying out their duties in order to support continued efficiency under the corporate governance framework.

Business Operation Year 2016

- The Board of Directors who has been trained various courses is Pol.Maj.Gen.Supisarn Bhakdinarinath (Ph.D) as follows;
 - Board Matters & Trends (BMT) class. 1/2016
 - Boards that Make a Difference (BMD) class. 3/2016
- The Board of Directors has set up a self-evaluation process for the entire board members to help consider own performances and assist in any possible correction which would in turn lead to a better improvement and development of the entity as a whole.

(1) Board of Directors' self-evaluation result for the year 2016

Average points 97.64% (Very Good)

Evaluation topics

- Structure and Qualifications	average points 96.91
- Board Meetings	average points 98.61
- Roles and Responsibilities	average points 95.96
- Others	average points 99.07

Additional suggestions/recommendations show that relationship between management and self-development is highly rated because the board is focused on not interfering with the management's duties, but provide advice for working transparently and verifiably under the good corporate governance framework, also focus on developing themselves consistently.

Operation plan year 2017

- Set up a self-evaluation for every group of committees.
- Set up a self-evaluation for each member as an individual.

Governance of Operations of Subsidiaries and Associate Companies

The Company has the following policies on the governance of subsidiaries and associate companies:

- To send directors and/or persons assigned by the Company to be its representative according to the proportion of shares held in order to participate in the management of that business, including the right to vote in Board of Directors meetings and shareholders meeting, for the greatest benefit to the Company;
- To set the scope of authority and responsibilities of the directors and executives representing the Company in that business in overseeing or taking part in setting important policies for business operations;

- To ensure complete and accurate disclosure of the financial status and operating results, transactions made between the subsidiary and a connected person, the acquisition or disposal of assets, or other important transactions of the subsidiary, and to apply the rules concerning disclosure and transactions of a nature similar to the rules of the Company;
- To ensure that there is an internal control system that is suitable, efficient and adequate for the main business of the subsidiary, and also other mechanisms in the governance of the subsidiary such as approving a capital increase or decrease, winding up the subsidiary etc.

Oversight of the use of inside information

The Company has the following policies and methods for the oversight of the directors and executives using inside information that has not yet been publically disclosed for their own benefit, including the trading of assets:-

- To inform directors and executives of various divisions regarding their duty to disclose assets held by themselves their spouse and children still of minor age to the Office of the Securities and Exchange Commission and the Stock Exchange of Thailand in compliance with Section 59 and subject to the penalties prescribed by Sections 59 and 275 of the Securities and Exchange Act B.E. 2535.
- To require directors and executives to report changes in their assets to the Office of the Securities and Exchange Commission in compliance with Section 59 of the Securities and Exchange Act B.E. 2535 within 3 working days from the date of the changes, and to send a copy of this report to the Company on the same day.
- The Company requires directors, executives and others carrying out related duties who receive important inside information that could influence the price of stock must refrain from trading in Company stock for a period of at least 1 month before the financial or inside information is disclosed publicly, and at least 24 hours afterwards, and also must not disclose that important information to others.

The Company will take disciplinary action against those violating rules against the use of inside information for their own benefit, including written warnings, pay cuts, suspension without pay or dismissal. Penalties will be determined by the intention of the act and the seriousness of the violation.

Whistle blowing or Complaints

The Company has provides channels for all stakeholders to report or complain about unlawful activities or those in violation of the law, rules, regulations, or corporate governance principles including incorrect financial reports or defective internal control systems of the Company to the Independent Director and Audit Committee.

Channels to report or complain

E-mail : Audit_Com@cssthailand.com

Mail : The Audit Committee
 Communication & System Solution PLC.
 329 Moo.3 Banmai, Pakkred, Nonthaburi, 11120

Action after Receive the Complaint

Once we received the complaint, the Audit Committee will consider the complaint and inform the relevant parties to investigate facts about the complaint and resolve the complaint appropriately. The Audit Committee will periodically monitor the progress of complaint. The relevant parties will notify the result to the complainant within a reasonable period. The Audit Committee shall report to the Board of Directors.

Protection and Confidentiality of the Complainant

To protect the rights of complainant and relevant informants who acts in good faith, the Company shall keep all information of complainants and informants in confidentiality. Only the persons who are responsible in conducting inspection about the complaints can have access to such information. The assigned persons to handling the complaint are responsible for keeping all information regarding the complaint, relevant documents as confidential and shall not disclose such information to other persons unless the disclosure is required by laws.

Corporate Social Responsibility

The company has prepared a Corporate Social Responsibility report (CSR) for the year 2016, separate copies from annual report in order to disclosure policy and social responsibility implementation together with sustainable development in conjunction with its participation in the development of economy, society and environment.

The company's CSR report 2016 has been distributed together with annual report for shareholders and disclosed via the www.cssthai.com.

Internal Control and Risk Management

Board of Director's opinion on the Company's internal control system

The Company places importance on internal control and the Board of Directors has assigned the Audit Committee to review and assess the internal control process on a constant basis in order to have a system that is sufficient and appropriate for the risks and ensure efficient operations, including the use of resources, the maintenance of assets, the prevention or reduction of errors and damage to the Company. In the Board of Directors Meeting No.1/2017 held on 23 February 2017 with 3 members of the audit committee present every occasion. The Audit Committee reported to the Board of Directors on the completeness and appropriateness of the Company's internal control process.

In 2016 the Audit Committee held 4 times. The accountants, the internal audit office and the Audit Committee have carried out their duties in accordance with the law and as assigned by the Board of Directors in the articles of the Audit Committee charter, specifically reviewing financial statements, overseeing risk management, nominating auditors, overseeing the internal audit and duties required by law and regulations relating to the Company's operations.

The Board of Directors agrees with the view of the Audit Committee regarding the Company's internal control system. The main points can be summarized as follows:

1. Organization and Environment

The Company promotes and supports an appropriate internal control environment. The Board of Directors oversees the business, with the management of each unit being assigned clear business targets and an annual plan that is clear and can be evaluated. There is development of the target-setting process and strategy plan with strategies that respond to conditions and quickly adapt to business conditions. The structure of the Company has a command chain that clearly specifies authority and duties at each level, allowing operations to proceed smoothly with key performance indicators that provide guidelines for working and monitoring progress towards the targets. The Company has a systematic approach to recruitment and human resources development that is consistent with the organizational culture, and takes a considered approach to staff compensation. The Company's code of conduct is communicated to all employees for practical application, with importance given to honesty, ethical behaviour and responsibility towards the stakeholders. The Company participated in the declaration of intent against corruption and is in the process of producing a self-evaluation form related to measures against corruption.

2. Risk Management

The Company places importance on operating according to the risk management policy and process. The management and all units assess the threats, impacts and opportunities, and risk management plan consistent with changing threats both internal and external. The Company's acceptable level of risk is clearly defined to provide

guidelines for the management of the business. The risk management system is integrated with the organization's strategic planning process.

3. Control Activities

The Board of Directors appointed 2 committees, the Audit Committee and the nomination and remuneration committee. Both committees work to the boundaries, duties and responsibilities assigned. There are measures to prevent any opportunities or interests belonging to the Company being used for personal interest. There is also monitoring to ensure compliance with all relevant laws and announcements and management of the organization under the internal control system that is adequate and appropriate.

4. Information and Communication

The Company places importance on the information and communication system, both internal and external, which is an important tool for the Company's business, to present operating results and financial reporting in order to assist in decision-making by the Board of Directors and Company management that is founded on complete, accurate and credible data and increases competitive potential, communicating with staff regarding operating within the law regarding information. Duties and responsibilities are designated and rights regarding data in the various systems are clearly defined. The Company is aware of the importance of developing information technology systems to support business activities and the communication of important business information to promote efficient management.

5. Monitoring Activities

The Company has systems in place to monitor operations at management and operational levels. The Board of Directors and management compare operating results with targets and set clearly defined approaches. In cases where targets are not met, both committees monitor and report to the Board of Directors. Should there be major issues that will affect the organization, the president and management shall review operational results and corrective approaches from the unit each month. The internal auditor specifies an audit plan to create balance and transparency covering the management process and important operations and also has the duty of evaluating the completeness and compliance with the internal control system determined by the management effectively and efficiently, as well as regularly reporting the results of the audit and monitoring to the Audit Committee, the president and the management.

Related Party Transaction

In 2016, the company has transaction with subsidiaries; this transaction is normal business operations. For procedure for the approval of the transaction, the company has conducted business according to general trade agreement, market price and conditions. In case of unusual trade nor in accordance with market terms and conditions must be submitted to the Board of Directors to approve all the transaction.

However, consideration of all the transaction shall be in attendance to Audit Committee's review to examine the appropriateness of the price rates of return. Except in case of normal transaction or usual business according to market terms and conditions, Executive Committee or Chief Executive Officer or senior management has entitled to approve the scope of the authorization given. Yet, in event that the committee does not have the expertise to consider the transaction, the company shall provide expert such as auditors or independent experts to comment on the transaction said. The Board of Directors or a person with special expertise will be applied to the decision of the Board of Directors or shareholders, as the case.

Moreover, company will reveal such transactions in the financial statements 'notes audited by the auditors. The transaction shall be done in accordance with the law, notifications, or regulations of the Securities and Exchange Commission and / or Stock Exchange of Thailand including compliance with the disclosure of transactions and the acquisition or disposal of major company's assets.

For future transaction, company has procedure for approving transaction. Company has stipulated policy to proceed according to general trade, market terms and conditions to maximize company's benefit.

The Audit Committee will give opinions on the appropriateness of the transaction and the price with fair price for the best benefit of the Company.

Details of the transaction

(unit: Thousand Baht)

Individual / related parties	Detail	Transaction value		Remark
		31-Dec.-16	31-Dec.-15	
CSS Energy Co.,Ltd subsidiary	Buy-Sell electric wire	786	1,267	Based on general trade and support the company's operations to maximize benefit.
CSS Energy Co.,Ltd subsidiary	Buy-Sell property	-	1,215	Based on general trade, this transaction concern on market conditions.

The Board of Directors Meeting No. 1/2017 held on February 23, 2017 has considered and opined that: The above transactions are reasonable. The price and terms are in line with normal business practices.

Analysis and explanation of the Management

Financial Status and Results of Operation

Audit Report

2014-2015	Audited by Mr. Supachai Phanyawattano	A Certified Public Accountant - registration no. 3930 EY Office Limited
2016	Audited by Ms. Krongkaew Limkittikul	A Certified Public Accountant - registration no. 5874 EY Office Limited

For financial statement of year end 2014 as of 31 December 2014

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2014, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 23 February 2015.

For financial statement of year end 2015 as of 31 December 2015

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2015, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 25 February 2016.

And has comments to note 9 to the financial statements that the process of assessing the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary has not yet completed.

For financial statement of year end 2016 as of 31 December 2016

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2016, the auditor expressed his unqualified opinion that the financial statement presented operation result and cash flow for the same year end of the Company and subsidiaries and jointly-controlled entities and entities under sole control of the Company accurately, in all material respect in accordance with financial report standard according to report dated 23 February 2017.

And has address key audit matters about Business Combination, Goodwill, Allowance for doubtful accounts, net realizable value of inventories, The revenue recognition and others matters.

Analysis and explanation of the Management

Business Overview

Communication & System Solution Public Limited Company (“the Company”) presently, the main income of the Company is obtained from sales of electrical wires and related equipment. As, trading business does not require high cost of investment in fixed assets as in production and distribution, but it does require high cost of working capital for purchasing and storing products for sale which need to be diversified to meet customers’ requirements. The factors of success in trading business depending on marketing strategy, inventory management and effective payment collection. The Company distributes products of international standard manufacturers such as Phelps Dodge, 3M and Phillips. Similar to distribution of other product types, gross profit from distribution of electrical wires and equipment is set in medium range rate, therefore, to increase the net profit, the Company concentrated on sales volume. In addition, the growth of such business distribution of electrical wires and equipment depending on economic growth of construction and real estate businesses mainly.

Another income of the Company is derived from provision of installation service which consists of communication network, fire protection equipment etc. As for business of installation of communication network, the scope of work includes design, procure and contract installation of communication network which the types, patterns, height and weight of the pole including communication equipment can be adjusted to meet customers’ requirements. Types of services includes new site installation to support network expansion, installation of additional devices to upgrade properties and performance of existing poles for customers who are network owners or mobile phone service providers such as True move, AIS and DTAC or act undertake job as a subcontractor for network owner such as Huawei, AWC and ZTE. Each project contains several sites for installations, where normally the installation takes 45-60 days per one site. In case where the project is passed to sub-contractors, the engineering team will be assigned to control such project. The service charge is fixed upon complexity of work which consisted of important factors which are: landscape of the area (on the building or on the ground level), distance of the site, types and patterns of the poles and duration of operation. However, the installation of communication network expanded consistently with investment of the mobile phone service providers who will make decision mainly based on economic situation, changes of technologies and consumer behaviors.

In 2010-2013, the Company was hired to install and maintain light and energy-saving bulbs under the project “Smart Way” (“contract installation”) launched by the Institute of Energy Engineering, Kasetsart University and Electricity Development Division, Provincial Electricity Authority with aim to implement policy on saving public energy. The Company’s role was to invest in installation of energy-saving lights as well as maintain for a period of 10 years in Ratchaburi and Mueang Pattaya. The agreed income to be based on the energy savings during the project duration. However, presently, the Company has no policy to invest in such project toward the future.

And on 8 May 2015, The Company invested in the ordinary shares in Neonworx Communications Co.,Ltd. ("NWC") about 344 Million Baht. NWC do a business about telecommunications. The main customers are AIS and True. These make the telecommunication business of the company cover all networks.

The Company's consolidated financial statement comprises of consolidated financial statement of the Company and subsidiaries as per proportion of controlling-stake. The Company has controlling proportion of 99% in C.S.S.Energy Co.,Ltd, and 70% in Neonworx Communications (Thailand) Co.,Ltd, the analysis of financial status and operation result during 2014-2016 will be based on consolidated financial statement where the material parts are operation result of the Company and subsidiaries.

Operating Results

Total incomes

Main incomes of the Company are from sales of electrical systems such as electrical wires and equipment, installation services which consist of communication system and fire protection equipment etc. Other sources of incomes are such as revenue received from service of electrical equipment installation, marketing promotion of distributor, interest received, rent, profit from asset disposal, and profit from exchange rate. Structure of total incomes of the Company Group is summarized as follows:

Types of Products	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,235.70	55.78	2,186.94	47.83	2,639.88	56.01
Lamps and lighting equipment	440.60	10.99	499.85	10.93	441.60	9.37
Electrical conduits and fittings	101.08	2.52	168.09	3.68	132.70	2.82
Electrical system control equipment	140.86	3.52	221.87	4.85	270.86	5.75
Passive fire protection materials and equipment	37.31	0.93	36.82	0.81	40.98	0.87
Electrical transformers	13.96	0.35	23.48	0.51	25.76	0.55
Other	7.98	0.20	37.25	0.81	16.74	0.36
Total sales revenues	2,977.49	74.29	3,174.30	69.42	3,568.52	75.72
Telecommunication system installation revenue	827.36	20.64	1,278.49	27.96	1,050.18	22.28
Passive fire protection system installation revenue	27.57	0.69	35.89	0.79	43.62	0.93
Electrical equipment installation revenue	144.55	3.61	15.86	0.35	-	-
Other service revenue	7.38	0.18	10.71	0.23	31.60	0.67
Total installation service revenues	1,006.86	25.12	1,340.95	29.33	1,125.40	23.88

Types of Products	2014		2015		2016	
	Million Baht	%	Million Baht	%	Million Baht	%
Liaise income	-	-	34.70	0.76	-	-
Other income	23.75	0.59	22.55	0.49	19.14	0.41
Total revenues	4,008.10	100.00	4,572.50	100.00	4,713.06	100.00

During 2014-2016, the Company's total incomes were 4,008 Million Baht, 4,573 Million Baht and 4,713 Million Baht respectively. Main income was from sales of electrical wires and equipment which accounted 69 -76% of total incomes. Other sources of incomes were from installation service which accounted 24-30% of total incomes.

In 2016, total income of the Company was 4,713 Million Baht, increased by 3% comparing to 2015. The income comprised of sales from electrical wires and equipment and installation service which represented 76% and 24% of total incomes respectively.

Incomes from sales and services

- **Total sales income**

Main incomes of the Company were from sales of electrical wires and equipment. During year 2014-2016, sale incomes of the Company reached 2,978 Million Baht and 3,174 Million Baht and 3,569 Million Baht respectively or 74%, 69% and 76% of total incomes respectively.

Sale income during year 2014-2016 is classified by products types as follows:

Sales Revenue	2014		2015		2016	
	Million THB	%	Million THB	%	Million THB	%
Electrical wire	2,235.70	75.09	2,186.94	68.90	2,639.88	73.98
Lamps and lighting equipment	440.60	14.80	499.85	15.75	441.60	12.37
Electrical conduits and fittings	101.08	3.39	168.09	5.30	132.70	3.72
Electrical system control equipment	140.86	4.73	221.87	6.67	270.86	7.59
Passive fire protection materials and equipment	37.31	1.25	36.82	1.16	40.98	1.15
Electrical transformers	13.96	0.47	23.48	0.74	25.76	0.72
Other	7.98	0.27	37.25	1.17	16.74	0.47
Total Sales Revenues	2,977.49	100.00	3,174.30	100.00	3,568.52	100.00

Sale incomes derived in 2014-2016 grew every year. In year 2015 compared with year 2014, It was a result of increase 197 million baht or 7% in sale volume. The product has also been growing are Lamps and lighting equipment, Electrical conduits and fittings, Electrical system control equipment. But income of Electrical wire it main product decreased because of copper prices.

In year 2016 compared with year 2015, It was a result of increase 394 million baht or 12% in sale volume. The product has also been growing are Electrical wire and Electrical system control equipment

Sale quantity and volume of the electrical wires during 2014-2016 is summarized as follows:

Product	2014		2015		2016	
	Million THB	Million Meter	Million THB	Million Meter	Million THB	Million Meter
Electrical wire	2,235.70	85.00	2,186.94	92.00	2,639.88	107.00

In 2015 the Company's sale income of the electrical wire was 2,187 million THB, decreased by 2% comparing to the previous year. The main reason was because of the reduction in selling price of electrical wires as a result of reduction of copper price, which is the important cost of electrical wire. The price of electrical wire dropped to 32 THB per meter in 2015, previously 33 THB per meter in 2014 in average, representing 3% reduction of the price per unit.

In 2016 the Company's sale income of the electrical wire was 2,640 million THB, 1ncreased by 21% comparing to the previous year. The main reason was because of increasing of copper price. The Company has added more products. Revenue increased from special electric wire.

Income from sale of other electrical equipment which are bulbs, lights, electric conduit and installation equipment, power control devices, materials and equipment related to fire protection, transformers etc. amounted at, 742 million THB, 987 million THB and 929 million THB during year 2014-2016 respectively, representing 24-30% of sale income. Income from lighting and lamp equipment control were growing up in 2014-2015, but in 2016 it decreased because changing of lighting technology. In 2015, equipment control continues increased 58% comparing in 2014 and in 2016 was increase from 2015 about 23%.

In addition, the Company's income from sale of electrical wire and equipment are from domestic customers nationwide which mostly are from private sectors totaling of approximately 3,200 customers. The Company has policy to expand customer base to over sea, targeting ASEAN region in correspond to ASEAN Economics Community: AEC. Furthermore, the Company plans to focus more on government departments by assigning its subsidiaries to cope with operations involving thereof. With such proactive marketing, the Company assures that it will support growth of sale income continuously.

The Company has policy to seek for customers by direct contact the target groups by meeting and/or connecting through media such as telephone, fax and Internet etc. or through introduction of business allies such as the Board of Directors, executives, customers and suppliers. The Company has determined policy on analysis of

financial status and payment record of customers on regular basis in order to specify and improve policy on credit loan approval as well as credit duration for each customer to ensure that the Company will be able to control sale volume to each customer efficiently.

- **Income from installation service**

Installation services of the Company are classified into 3 main types: (1) Service of Design, procure and contractor for installation of communication system including maintenance service thereof (2) Service of design, procurement and installation of Fire Protection System (3) Service of installation of electrical equipment (subsidiary). The Company's income derived from installation service were 1,007 million THB, 1,341 million THB and 1,125 million THB in 2014-2016 or 25%, 29% and 24% respectively, Such growth is mainly a result of increase of installation of communication system which accounted 82-95% of total income from installations. Since the communication industry has been growing and developing constantly, especially, expansion on telecommunication towers and installation of support devices to enable compatibility with 4G networks of mobile phone providers. In 2016, the Company's income from installation accounted 1,125 million THB, a decrease by 16% comparing to previous year due to decrease in installation of communication system by 216 million THB.

Incomes received from installation service during year 2014-2016 are as follows:

installation service Revenues	2014		2015		2016	
	Million THB	%	Million THB	%	Million THB	%
Telecommunication system installation revenue	827.36	82.17	1,278.49	95.34	1,050.18	93.32
Passive fire protection system installation revenue	27.57	2.74	35.89	2.68	43.62	3.88
Electrical equipment installation revenue	144.55	14.36	15.86	1.18	-	-
Other service revenue	7.38	0.73	10.71	0.80	31.60	2.81
Total installation service revenues	1,006.86	100.00	1,340.95	100.00	1,125.40	100.00

During 2014-2016 the Company's income from installation of communication system amounted of 827 million THB and 1,278 million THB respectively, an increase by 55%. As for 2016 the income from installation of communication system amounted of 1,050 million THB, a decrease by 17.84% comparing to the previous year.

Incomes from installation of communication system are from domestic customers which are owners of communication network, big contractors that undertake work directly from owners of communication systems. As of year-end 2016, the Company's contract of installation of communication system valued at approximately 5,595 million THB, income from service recognized as of the closing date up to 95% amounted of 5,517 million THB, recognized as an income during year 2016 at 1,050 million THB. Types of services of installation are construction of

new site, upgrade of supporting devices. As of 31 December 2014 to 31 December 2016, new site project value were at 2,297 million THB and 3,345 million THB and 4,038 million THB respectively, representing 80%, 75% and 73% of total project values, respectively.

The details of Installation Services during 2015-2016 are summarized as follows:

(Unit : Million THB)

	2015				2016			
	Project Values	Income Accumulated ($\geq 95\%$)			Project Values	Income Accumulated ($\geq 95\%$)		
		Income Accumulated To January 2015	Income recognized in 2015	Total Income Accumulated		Income Accumulated To January 2016	Income recognized in 2016	Total Income Accumulated
New Site	3,530.27	2,330.81	1,014.98	3,345.79	4,384.67	3,345.79	691.88	4,037.67
Upgrade	791.71	553.98	198.88	752.86	1,086.30	752.86	275.40	1,028.26
IBC	236.49	151.22	36.66	187.88	296.91	187.88	40.17	228.05
Other *	189.19	152.57	27.96	180.53	226.46	180.53	42.73	223.26
Total	4,747.66	3,188.58	1,278.48	4,467.06	5,994.34	4,467.06	1,050.18	5,517.24

Remark: * Other works are installation on new site as well as upgrading of devices and specific installation

Income from installation of Fire Protection System totaled of 28 million THB, 36 million THB and 44 million THB between years 2014-2016 consecutively. The service scope of design, procurement and installation of fire protection system consists of installation materials and equipment to protect fire spread on opened lid of electrical conduit, power system, water system, and air-conditioning system. The system is capable to protect heat, flame and smoke for at least 3 hours. At present, most entrepreneurs are interested and realize the importance of installation of fire protection system more since the system slow down the flame and smoke in case of fire.

Incomes from other services in 2014-2016 were mainly from Smart Way project about 7 million THB launched by the Energy Engineering Institute, Kasetsart University and Electricity Development Division, the Provincial Electricity Authority. In 2016, The Company recognized income up to 22 million from installation IT equipment and electrical equipment.

Commission income

Commission income is from the subsidiaries having taken an action on communications amounted 35 million THB, representing 1% of total income.

Other incomes

Other incomes of the Company are administrative income, commission, transportation fees, income from marketing promotion of manufacturers, interest received, rent, profit from assets disposal and profit from exchange rate etc. In 2014-2016 other income of the Company amounted at approximately 24 million THB, 23 million THB and 19 million THB consecutively, representing 1% of total income.

Details of other incomes of the Company during year 2014-2016 are as follows:

Other incomes	2014		2015		2016	
	Million THB	%	Million THB	%	Million THB	%
income from marketing promotion of manufacturers	4.12	17.35	0.65	2.88	3.48	18.21
interest received	8.62	36.29	9.86	43.73	7.87	41.14
profit from assets disposal and profit from exchange rate	0.53	2.23	1.95	8.65	-	-
transportation fees	3.08	12.97	3.07	13.61	2.29	11.95
Other*	7.40	31.15	7.02	31.13	5.49	28.71
Other income	23.75	100.00	22.55	100.00	19.14	100.00

Remarks:* Other includes income from rent, profit/loss from exchange rate, reimbursement for insurance claim, tax returns and adjustments etc.

Cost of sales and service and coordination

- Cost of sales

Costs of sales of the Company were mainly from cost of purchasing products for re-selling. Normally, the Company has policy to determine selling price by adding profit margin prior to selling to customers. In 2014-2016 cost of sales of the Company were 2,700 million THB, 2,880 million THB and 3,231 million THB respectively. The amounts increased constantly due to increase of sale income which represented 91% comparing to sale income respectively.

In 2014 cost of sale of the Company was 2,700 million THB, rose by 12% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 90%, decreased from 91%. The Company has set reserves for adjustment of cost of inventory to be net price at 26 million THB in 2014.

In 2015 cost of sale of the Company was 2,880 million THB, rose by 7% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 90%, decreased from 91%. The Company has set reserves for adjustment of cost of inventory to be net price at 29 million THB in 2014.

In 2016 cost of sale of the Company was 3,231 million THB, rose by 12.19% comparing to the previous year as a result of higher amount of sale income. The ratio of sale cost per sale income stood at 91%, The Company has set reserves for adjustment of cost of inventory to be net price at 29 million THB in 2016.

- Cost of installation

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2014-2016 cost of installation were approximately 695 million THB, 943 million THB and 798 million THB respectively, representing 69%, 70% and 71% of installation incomes respectively. Cost of installation consists of main expenses such as labor cost, products used in installation such as telecommunication towers, equipment related to communication systems, equipment related to fire protection system, equipment related to electrical system etc. All these totaled in average in 2014 - 2016 approximately 80%, 87% and 71% of the cost of installation consecutively. Costs of installation are mainly derived from installation of communication system. As of 31 December 2014 - 2016 cost of installation which recognized as at the closing date were 1,653 million THB and 2,514 million THB and 3,231 million THB respectively. Details are as follows:

Cost of Installation Communication System	31 Dec 2014	31 Dec 2015	31 Dec 2016
Costs of Installation Recognized			
Costs of Installation Recognized at beginning period	1099.28	1,652.82	2,514.40
Costs of Installation Recognized during period	553.54	861.58	716.22
Costs of Installation Recognized at ending period	1,652.82	2,514.40	3,230.62

As of 31 December 2014 - 2016, the Company estimated cost of installation for total communication projects at 1,970 million THB and 2,721 million THB and 3,573 million THB. Cost of installation recognized at its 95% completion were 1,653 million THB, 2,515 million THB and 3,231 million THB which divided into cost of telecommunication at 1,099 million THB and 1.653 million THB and 2,515 million THB. Costs of installation of communication recognized between 2014 - 2016 were 554 million THB and 862 million THB and 716 million THB. Cost of installation of communication system was mainly from new site construction which accounted 68% of total cost of communication project estimated.

Expenses

Major expenses of the Company were sales expense, administrative expense, and financial expenses. In the recent year, sale expenses and administrative expenses decreased in comparison to total income, total of the expenses represented 10% of total income. Summary and analysis of expense in each category is shown as following.

- Sale expense

Sale expenses include expenses related to sales persons, commission, transportation fee, sales promoting expenses mainly. In 2014-2016, sale expenses amounted of approximately 86 million THB, 101 million THB and 109 million THB respectively or 2-2.3 % of total income. The increases of sale expense are a result of increase sale volume.

- Administrative expenses

Administrative expenses during year 2014-2016 were 223 million THB and 347 million THB and 355 million THB respectively, representing 7.5-8% of total incomes. Administrative expenses mainly consist of expenses related to employees which accounted 49% of administrative expenses. Other administrative expenses were depreciation cost of vehicles and office equipment, rent paid in accordance with work contract, office and warehouse rent.

Administrative expenses during year 2014 were 223 million THB, increased by 37 million THB or 20% comparing to year 2013 as a result of increasing expenses related to employees. The Company hired more employees as well as raise the compensation for employees in accordance with increasing profit.

Administrative expenses during year 2015 were 347 million THB, increased by 122 million THB or 56% comparing to year 2014 as a result of increasing expenses related to The Company has added 2 businesses about Information Technology and Energy include the subsidiaries, so it made more expenses amount 58 million THB. In the beginning of the year 2015, the Company had invested in Energy business, but there was some problem to cancel of investment that made causing a loss of 2.4 million THB. In the middle of the year 2015, the Company moved the office and warehouse to the new place; it increased of transportation and service's 3 million THB including buying all new appliances office that made depreciation added to the Office building decor and office supplies amount 8 million THB. And other expense were increased from the subsidiaries 18 million THB these made Administrative expenses higher than previous year.

Administrative expenses during year 2016 were 355 million THB, increased by 8 million THB or 2% comparing to year 2015 as a result of increasing expenses related to employees. The Company hired more employees as well as raise the compensation for employees in accordance with increasing profit.

- Financial expenses

Financial expenses of the Company were from interest incurred from loan from financial institutions. During year 2014- 2016 the financial expenses of the Company were 6 million THB, 11 million THB and 11 million THB respectively. Average interest rate was between 5-8% per annum.

In 2014 the Company did not have short-term loan, interest about 6 million THB incurred from long-term loan applied for purchased land and construction of the New Office and warehouse.

In 2015 the Company and subsidiaries has short-term loan 7.1 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 4.2 million THB.

In 2016 the Company and subsidiaries has short-term loan 7.6 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 3.6 million THB.

Profits

During 2014-2016 the Company's gross profit from sale of electrical wire and equipment and installation service were 590 million THB and 693 million THB and 665 million THB respectively, presenting 15%, 15% and 14% of total gross profit. Details are summarized as follow:

- Gross profit-sale of electrical wire and equipment

The Company's gross profits from sale of electrical equipment were approximately 277 million THB, 295 million THB and 337 million THB in year 2014-2016 respectively. Gross profit margin was 9% of sale income.

- Gross Profit - Installation Service

The Company's gross profit from installation service were approximately 312 million THB and 398 million THB in year 2014-2015 Gross profit margin were 31% and 30% of sale income from installation service respectively. The increase in gross profit is because most of the work was new site construction.

In 2016, the Company's total gross profit from installation service stood at 328 million Baht, representing gross profit margin at 29% of total income from installation service. Because of the New site stations.

- Net profit

Net profits of the Company in year 2014-2016 were 235 million THB, 227 million THB and 173 million THB, representing net profit margin of 6%, 5% and 4% respectively.

In 2014 profit before tax of the Company was 299 million THB, and corporate income tax expense was approximately 64 million THB, divided into interim corporate income tax approximately 64 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 9 million THB, tax expenses paid accounted 21% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2015 profit before tax of the Company was 291 million THB, and corporate income tax expense was approximately 64 million THB, divided into interim corporate income tax approximately 69 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 5 million THB, tax expenses paid accounted 22% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

In 2016 profit before tax of the Company was 210 million THB, and corporate income tax expense was approximately 37 million THB, divided into interim corporate income tax approximately 50 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 13 million THB, tax expenses paid accounted 18% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

Return on equity

During year 2014-2016, the Company's returns on equity were 21%, 16% and 12% respectively. Such decrease is in consistent of net profit in each year. The Company's dividend payment policy is to pay dividends at a rate of approximately 40% of its consolidated net income, after deduction of all reserves as required by law and the Company (see more details in Clause 2, Article 8.3 Dividend Payment Policy). During year 2014-2016 the Company's consolidated net income accounted 214 million THB, 222 million THB and 196 million THB respectively. Dividend from such profit was paid to shareholders at the amount of 123 million THB, 223 million THB, and 70 million THB respectively, which represented 71%, 101% and 36% of consolidated net income respectively. Details are summarized as follows:

Dividend	Dividend per share (THB)	Total dividend paid (Million THB)
Dividend of year 2014 comprises:-		
Interim dividend paid in cash to shareholders totaling 700 million shares.	0.06	42
-Dividend for operation result during year 2014 - net after deduction of 1st interim dividend, paid in stock dividend (at the rate 5 existing shares to 1 stock dividend)	0.10	87
-Cash dividend	0.0112	10
Total	0.1112	97
Total dividend during year 2014	0.1712	139
Dividend of year 2015 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,050 million shares.	0.10	105
Dividend for operation result during year 2015 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
Totals dividend of the year 2015	0.20	223
Dividend of year 2016 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.06	70
Dividend for operation result during year 2016 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
Totals dividend of the year 2016	0.16	188

Remark: The payment of dividend for last 6 months of the year 2016, it must be approved by the Annual General Meeting of the Shareholders for the year 2017

Toward the future, the Company continues to strictly comply with Dividend Payment Policy as specified in Clause 2, Article 8: Fund Structure, Article 8.3 Dividend Payment Policy

Financial Analysis

Total Assets

Total assets of the Company as of 31 December 2014-2016 amounted of 2,612 million THB and 3,464 million THB and approximately 3,844 million THB, respectively. Most of the assets are trade receivables and other receivables which portioned 39-50% of total assets. Other assets are inventory which portioned 13-17% and property, building and equipment about 11-14% of total assets.

Total assets as of ending year 2015 increased to approximately 852 million THB or 32% comparing to year 2014. Because of the Company has more investment in subsidiary Neonworx Communications (Thailand) Co.,Ltd. and the new office building is done.

Total assets as of ending year 2016 increased 380 million THB or 11% comparing to year 2015. Assets which increased were trade receivables and other receivables 544 million THB or 41% and inventory which increased 149 million THB or 30%

Details of main assets of the Company are summarized as follows:-

●Trade receivables and other receivables

As of 31 December 2014-2016 the Company's trade receivables and other receivables were approximately at 1,321 million THB and 1,325 million THB and 1,869 million THB respectively, which represented 51%, 39% and 49% of total assets. Details of the Company's assets are as follows:

- Trade receivables

As of 31 December 2014-2016, the Company's trade receivables-net were approximately at 897 million THB, 963 million THB and 1,271 million THB respectively, represented 34%, 28% and 33% of total assets. The increase in trade receivables is due to increase in sale volume of the Company. In addition, the Company has set clear policy on sale of products and approval of credit for customers based on credit rating, analysis on previous financial statements, financial status and business operation. The financial amount of credit approved is reviewed on regular basis. Averagely, the Company allows payment duration around 30-90 days. Details of trade receivables of the Company as of 31 December 2014-2016 are summarized as follows:-

Table showing age of trade receivables

(Unit: Million THB)

Items	2014		2015		2016	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	519.48	54.04%	548.00	53.26%	714.00	53.48%
Trade Receivables past due						
Up to 3 Months	322.80	33.60%	359.00	34.89%	520.00	38.95%
3 - 6 Months	27.17	2.82%	32.00	3.11%	19.00	1.42%
6 - 12 Months	26.82	2.79%	7.00	0.68%	14.00	1.05%
Over 12 Months	64.87	6.75%	83.00	8.06%	68.00	5.10%
Total Trade Receivables	961.14	100.00%	1,029.00	100.00%	1,335.00	100.00%
Less: Allowance for doubtful debts	(64.47)	(6.70)%	(67.00)	(6.52)%	(64.00)	(4.79)%
Total Trade Receivables Net	896.67	93.30	962.00	93.49	1,271.00	95.21%

The Company has set policy on forecasting of allowance for receivables doubtful accounts based on record of payment collection, analysis of aging of outstanding payment. The Company sets its allowance for doubtful accounts at 50% of receivable value for 6-12 month outstanding payment, 100% for outstanding payment up to 12 months.

As of 31 December 2014, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 90 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 3% and 7% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 65 million THB or 7% of total trade receivables. As a result the Company's net-trade receivables stood at approximately 897 million THB.

As of 31 December 2015, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months increased to 91% of total trade receivables while the ratio between outstanding payment between 6-12 months accounted 1% and up to 12 months accounted 8% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 67 million THB or 7% of total trade receivables. As a result the Company's net-trade receivables stood at approximately 963 million THB.

As of 31 December 2016, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months increased to 94% of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 1% and 5% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 64 million THB or 4.79% of total trade receivables. As a result the Company's net-trade receivables stood at approximately 1,271 million THB.

The executives are of the opinion that the Company's policy on allowance for doubtful accounts and control and monitor Debt Payment System are appropriate and sufficient for the business operation. However, the Company may consider improvement on receivable policy to be appropriate and consistent to the current situation based on risks and benefit of the Company.

During year 2014-2016 the Company's financial ration on collection period were approximately 101 days, 111 days and 126 days respectively. Such duration was similar to credit loan policy for trade receivables of the Company.

- Other receivables

Other receivables consists of accrued income from installation of fire protection system and others, unbilled completed works, other receivables, other accrued income, advance expenses and advance costs which totaled of approximately 424 million THB and 362 million THB and 598 million THB, as of 31 December 2014-2016 respectively. Other receivables mainly consists of unbilled completed work which represented approximately 87% of total other receivables.

Value of unbilled completed work is an income from installation of communication systems which is recognized as income based on percentage of completion but the payment is not due yet. Such income comprises of cost of materials, labor, contractors, service and other expenses totaling 278 million THB and 300 million THB and 522 million THB, as of 31 December 2014-2016 respectively.

In 2014 the Company's work value of communication installation contract totaled of 2,860 million THB, the work progress until closing date totaled of 2,405 million THB. Recognized income accumulated to 1 January 2014 amounted of 1,577 million THB. Income recognized in 2014 amounted of 827 million THB respectively. The payment collected from customers was 2,131 million THB, while the unbilled completed work was 278 million THB. Types of services are classified as follows:

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2014	Income recognized in 2014	Payment collected from customers	Unbilled completed work
New Site	2,296.95	1,897.98	1,214.53	683.45	1,687.08	211.04
Upgrade	409.92	368.54	233.11	135.43	302.26	66.32
Other	152.86	138.00	129.51	8.49	141.67	0.41
Total	2,859.73	2,404.52	1,577.15	827.37	2,131.01	277.77

In 2015 the Company's work value of communication installation contracts totaled of 4,747.66 million THB, the work progress until closing date totaled of 4,467.06 million THB. Recognized income accumulated to 1 January 2015 amounted of 3,189 million THB, income recognized in 2015 amounted of 1,279 million THB respectively. The payment collected from customers was 4,173 million THB while the unbilled completed work was 300 million THB. Types of services of installation are classified as follows:

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2015	Income recognized in 2015	Payment collected from customers	Unbilled completed work
New Site	3,530.27	3,345.79	2,330.81	1,014.98	3,167.77	180.24
Upgrade	791.71	752.86	553.98	198.88	671.50	83.97
IBC	236.49	187.88	151.22	36.66	169.89	18.87
Other	189.19	180.53	152.57	27.96	163.41	17.12
Total	4,747.66	4,467.06	3,188.58	1,278.48	4,172.57	300.20

In 2016 the Company's work value of communication installation contracts totaled of 5,994 million THB, the work progress until closing date totaled of 5,517 million THB. Recognized income accumulated to 1 January 2016 amounted of 4,467 million THB. Income recognized in 2016 amounted of 1,050 million THB respectively. The payment collected from customers was 5,013 million THB while the unbilled completed work was 521 million THB. In 2016, the Company has added the IBC project. Types of services of installation are classified as follows:

(Unit : Million THB)

Installation of Communication System	Total Project Value	Income recognized based on % of work completion in each area ($\geq 95\%$)	Income accumulated to 1 Jan 2016	Income recognized in 2016	Payment collected from customers	Unbilled completed work
New Site	4,384.67	4,037.67	3,345.79	691.88	3,670.63	370.14
Upgrade	1,086.30	1,028.26	752.86	275.40	936.10	105.89
IBC	296.91	228.04	187.88	40.17	197.75	31.25
Other	226.46	223.26	180.53	42.73	208.76	14.56
Total	5,994.34	5,517.23	4,467.06	1,050.18	5,013.24	521.84

- Inventories

The Company has set policy on recording value of finished goods and on-going project based on cost (First in-First out) or the net value expected to receive depended on the lower value. Finished product (cables) recorded value as cost (specific) or the net value expected to receive depended on the lower value.

However, the Company records loss incurred from reduction of product value in income statement in case where the cost of inventory in any accounting period is higher than net profit expected to receive. Upon the circumstance that it is not necessary or less necessary to reduce of product value to be lower than product cost, the Company will reverse the loss recognized in the previous accounting period in income statement of the particular accounting period.

As of 31 December 2014-2016 the Company's inventory valued of approximately 334 million THB, 500 million THB, and 649 million THB respectively, which represented 13%, 14% and 17% of total assets respectively. Details of inventory of the Company as of 31 December 2014-2016 are concluded as follows:

Table showing details of inventory

(Unit : Million THB)

Items	2014		2015		2016	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	337.00	100.90%	407.00	81.40%	480.00	73.96%
<u>Less: Reduce cost to net realizable value</u>	<u>(26.00)</u>	<u>(7.78)%</u>	<u>(29.00)</u>	<u>(5.80)%</u>	<u>(29.00)</u>	<u>(4.47)%</u>
Finished goods - Net	311.00	93.00%	378.00	75.60%	451.00	69.50%
Installation in Progress - Telecommunication Project	19.00	5.70%	108.00	21.60%	131.00	20.18%
Installation in Progress - passive fire protection equipment and other	4.00	1.20%	14.00	2.80%	67.00	10.32%
Inventories - Net	334.00	100.00%	500.00	100%	649.00	100.00%

Inventory of the Company is mainly in form of finished goods-net value portioned 69.5% of total inventory while the rest are on-going project-communication work and installation in progress- fire protection system and other installations. The Company started having on-going project-communication projects since 2012 as the Company recognized income derived from installation of communication systems during the first phase at 95% of project value upon completion of work. Therefore, the on-going project is recorded as 'on-going project' in the inventory which amounted of 19 million THB and 108 million THB and 131 million THB in 2014-2016 respectively, or represented 6% and 22% and 20% of net- inventory value during the same period respectively.

During year 2014 - 2016 the sale duration in average were 41 days, 46 days and 44 days consecutively. Presently, the Company has set its policy on storage of finished goods at around 30-45 days of sale volume forecast in order to be sufficient for customers' requirement which is consistent to the current sale duration of the Company.

The Company has set policy on reserves for allowance of price reduction of finished goods at 25% of electrical wire stored longer than 2 years and 25-100% allowance in accordance with period of storage of other products which is longer than 1 year. Since most of the finished goods are electrical wires, the Company experienced no obsolete and depreciation. In 2014, the Company has set its allowance for price reduction of finished goods at approximately 26 million THB. As for year 2015 the Company increased by 3 million THB. The allowance for value reduction remained in amount at 29 million THB. The year 2016, the allowance for value reduction remained in amount at 29 million THB.

- Property, plant and equipment

As of 31 December 2014-2016 the Company's property, building and equipment valued of approximately 348 million THB, 474 million THB and 440 million THB respectively, mainly are building and vehicles which represented 56%, 79% and 83% of property, building and equipment consecutively. Other assets are vehicles, supporting devices for work contract represented 16%, 8% and 6% of property, building and equipment and net equipment respectively.

As of 2014 the Company's property, building and equipment increased to 348 million THB or by 72 million THB or 26% comparing to year 2013. In 2014 the Company deducted depreciation cost of the assets based on duration of useful life at amount of 19 million THB.

As of 2015 the Company's property, building and equipment increased to 474 million THB or by 126 million THB or 36% comparing to year 2014. During the year the Company has investments in subsidiaries and combined assets of subsidiary company in the consolidated financial statements. And The Company's new office building and warehouse is already completed. The property is decorated in parts of the building office equipment and office equipment increased than the previous year. 2014 the Company deducted depreciation cost of the assets based on duration of useful life at amount of 34 million THB.

As of 2016 the Company's property, building and equipment decreased to 440 million THB or by 34 million THB.

- Asset of deferred income tax

In 2013 the Company has implemented Accounting Standard Edition 12 subject: Income Tax to the regulation which determine that the Company shall specify temporary differences incurred out of differences of asset value and liability between accounting and taxation in order to recognize impact of tax as asset or liability of deferred income tax as stipulated in accounting standard. After implementation of such accounting standard, the Company's asset of deferred income tax as of 31 December 2014, 2015 and 2016 were 20 million THB, 18 million THB and 22 million THB respectively.

	2014	2015	2016
Return On Fixed Assets (%)*	82%	71%	55%
Return On Assets (%)	10%	9%	6%
Total assets turnover (times)	1.72	1.51	1.46

Remarks: * Based on net-property, building and equipment ** Calculation by annualization adjustment

During year 2014-2016 the Company was managed to operate business and generated income from asset constantly. Trend of utilization of the asset to business operation is likely to be better. Rate of return from fixed asset was approximately 82%, 71% and 55% respectively. Rate of return from asset were 10%, 9% and 6% respectively while the asset turnover were 1.72 times, 1.51 times and 1.46 times respectively.

Liquidity

(Unit: MillionTHB)

	2014	2015	2016
Net cash from operating activities	334.70	442.07	(80.94)
Net cash in investing activities	(51.57)	(405.80)	(12.85)
Net cash in financing activities	(101.30)	278.04	(160.14)
Net increase (decrease) in cash	181.83	314.31	(253.94)

As a result of business policy which aims to increase income from sales of product and service, most of the cash flow was spent as working capital in form of inventory and trade receivables. Therefore, in each year, the Company mainly spent cash flow in operating activities and investing activities.

In 2014 the Company received 335 million THB of cash flow from operating activities, which mainly were from a decrease of trade and other receivables at 268 million THB, profit before tax was 299 million THB while account and other payables increased to 370 million THB, inventory decreased to 21 million THB. Cash flow spent in investing activities at 52 million THB which divided in construction of new office building and purchase of other assets totaling 72 million THB. Cash flow received from asset disposal and deposit in bank pledges as collateral decreased to 20 million THB. The Company spent on funding activities at 101 million THB which derived from repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 42 million THB. Cash received from warrant exercise at the amount of 39 million THB. Nonetheless in 2014 the Company paid dividend in cash to shareholders at the amount of 98 million THB. Therefore, the net cash flow in 2014 increased to 182 million THB while cash and cash equivalent as of year-end 2014 was at 398 million THB.

In 2015 the Company received 442 million THB of cash flow from operating activities, which mainly were from a decrease of trade and other receivables at 122 million THB, profit before tax was 291 million THB while account and other payables decreased to 11 million THB, inventory decreased to 13 million THB. Cash flow spent in investing activities at 406 million THB which divided in construction of new office building and purchase of other assets totaling 98 million THB. The Company invested in subsidiaries about 316 million THB. The Company spent

on funding activities at 278 million THB which derived from short-term loan about 70 million THB, long-term loan about 37 million THB. The Company also repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 13 million THB. Cash received from warrant exercise at the amount of 298 million THB. Nonetheless in 2015 the Company paid dividend in cash to shareholders at the amount of 115 million THB. Therefore, the net cash flow in 2015 increased to 314 million THB while cash and cash equivalent as of year-end 2015 was at 712 million THB.

In 2016 the Company used 81 million THB of cash flow to operating activities which mainly were from increase of trade and other receivables at 542 million THB, profit before tax was 210 million THB while account and other payables increased to 397 million THB, inventory increased to 148 million THB. Cash flow spent in investing activities at 13 million THB which divided in purchase of land, land reclaiming and purchase of other assets totaling 7 million THB. Pay for the shares payable totaling 16.8 million THB. The Company spent on funding activities at 160 million THB, loan of short-term 3 million THB, long-term repayment amount of approximately 28 million THB. And repayment of long-term loan and liabilities under the financial leasing contract at the amount of approximately 9 million THB. Cash received from warrant exercise at the amount of 83 million THB. Nonetheless in 2016 the Company paid dividend in cash to shareholders at the amount of 188 million THB and dividend payment to non-control stakeholder 21.6 million THB. Therefore, the net cash flow in 2016 decreased to 254 million THB while cash and cash equivalent as of year-end 2016 was at 458 million THB.

The Company's liquidity ratio during year 2014-2016 were at 1.58 times, 1.60 times and 1.51 times consecutively while the quick liquidity ratio accounted at 1.31 times, 1.28 times and 1.18 times consecutively. Such ratio were ranked in average level due to the business operation requires working capital. In the past years, the Company applied for short-term loan as a source of fund to purchase or reserve the products, expenditure on installation of communication system, fire protection system etc. including investing in partial fixed assets such as vehicles and every-saving equipment.

Source of fund

- Structure of fund

The ratio of debt per shareholders' equity (D/E) as of 31 December 2014-2016 was at 1.17 times, 1.07 time and 1.22 times, respectively.

Liabilities

Total liabilities of the Company as of 31 December 2014-2016 were 1,411 million THB, 1,775 million THB and 2,114 million THB respectively. Main liabilities were trade and other payables, short-term loans which represented 83.50% of total liabilities.

Total liabilities of the Company as of 31 December 2014 were 1,411 million THB, which consist of current liabilities at the amount of 1,308 million THB, representing 93% of total liabilities. Main current liabilities is trade and other payables at approximately 1,139 million THB, unbilled cost accounted at 109 million and long-term loan

which repayment due within 1 year at the amount of 18 million THB. The Company's non-current assets was 103 million THB, representing 7% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 74 million THB, liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 million THB. Reserve for Long-term employees benefits approximately 16 million THB.

Total liabilities of the Company as of 31 December 2015 were 1,775 million THB, which consist of current liabilities at the amount of 1,591 million THB, representing 90% of total liabilities. Main current liabilities is trade and other payables at approximately 1,218 million THB, unbilled cost accounted at 167 million and long-term loan which repayment due within 1 year at the amount of 28 million THB. The Company's non-current assets was 185 million THB, representing 10% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 101 million THB, reserves for employees' benefit at 22 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 19 million THB. And Payable Stock amount 17 million THB.

Total liabilities of the Company as of 31 December 2016 were 2,114 million THB, which consist of current liabilities at the amount of 1,978 million THB, representing 94% of total liabilities. Main current liabilities are trade and other payables at approximately 1,615 million THB, unbilled cost accounted at 152 million THB and long-term loan which repayment due within 1 year at the amount of 28 million THB. The Company's non-current assets was 136 million THB, representing 6% of total liabilities. Main non-current liabilities consists of long-term loan from financial institutions-net from payment due within 1 year at amount of 73 million THB, reserves for employees' benefit at 35 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 12 million THB.

● Loans from financial institutions

The Company's source of fund was mainly from short-term loans which the Company is exposing to the risk of financial liquidity. However, main financial credit the Company was granted were bank overdraft, short-term loan in form of promissory note, factoring service. The financial institutions grant the loan to enable the Company use as working capital in business operation to ensure that the Company will be able to repay the loan within the due course.

Liabilities incurred out of loan from financial institution as of 31 December 2016 are as follow:-

- **Short-term loan: total of 2,302 million THB divided into**
 - Bank overdraft at financial amount of 106 million THB.
 - Short-term promissory notes, trade on demand which is similar to promissory note but with option to withdraw cash from financial institution as of balance of receivables and/or payables of reference, financial credit total of 2,196 million THB (total project finance amounted of 275 million THB).

As 31 December 2016, the subsidiaries have short-term from financial institution amount 150.45 million THB.

- **Long-term loan: total of 198.10 million THB divided into**

- Long-term loan for purchase of land and building where the warehouse of Bangphra district, Chonburi province located. The total financial credit was 18.10 million THB. An amount of 16.21 million THB has been used, remaining amount was at 1.9 million THB. The payment is on monthly basis, at the amount of 0.68 million THB monthly. The loan was completely paid in October 2014.

- Long-term loan for purchase of land and construction of office building and new warehouse at Pakkred district, Nonthaburi province. Total of finance amount 180 million THB, which divided into purchase of land amount 120 million THB. And amount for construction of new office building and warehouse at 60 million THB. The Company has withdrawn 118.40 million from the long-term loan to purchase the land. The repayment of loan is determined on monthly basis, total 78 payments, each payment is at 0.83 million THB. The first payment was in July 2015. As 31 December 2016 the outstanding balance approximately 101 million THB.

- **Liabilities under the financial lease**

The Company has entered into financial lease and hire-purchase contract with leasing company in order to lease and hire-purchase vehicles for use in business operation of the Company. The duration of contract is averagely between 2-5 years. The repayment is set on monthly basis, average interest rate at 2.35-10.64% per year during 2014-2016.

As of 31 December 2014-2016 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 22 million THB, 31 million THB and 24 million THB consecutively. The details of payment are as follows:

(Unit: Million THB)

	31 December 2014			31 December 2015			31 December 2016		
	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total	Less than a year	1 - 5 years	Total
Future minimum lease payments	8.49	13.89	22.38	9.25	21.73	30.98	9.95	13.72	23.67
Deferred interest expenses	(0.89)	(1.39)	(2.28)	(1.34)	(2.34)	(3.68)	(1.09)	(1.37)	(2.47)
Present value of future minimum lease payments	7.60	12.50	20.10	7.91	19.39	27.30	8.86	12.34	21.20

- **Unbilled costs**

In 2014, the Company's cost of service for communication recognized at the amount of 695 million THB. It was installation of telecommunication about 553 million THB and other installation 142 million THB. In 2015, the Company's cost of service for communication recognized at the amount of 943 million THB. It was installation of telecommunication about 861 million THB and other installation 82 million THB and in 2016, the Company's cost of

service for communication recognized at the amount of 798 million THB. It was installation of telecommunication about 727 million THB and other installation 71 million respectively. During year 2014-2016 the Company received invoices for cost of service at the amount of 574 million THB, 803 million THB and 726 million THB respectively. Ongoing project totaled of 19 million THB, 107 million THB and 131 million THB in 2014 - 2016 respectively. The Company recognized income from installation of communication system during the first phase at completion percentage of 95% of project value upon work completion. Therefore, the ongoing communication projects are recorded as “ongoing project” in the inventory. As a result, the unbilled cost were 109 million THB, in 2015 about 167 million which consists of the cost of the telecommunications job paid 164 million baht and Switcher Circuits for 3 million baht. THB and 152 million THB in 2016. Details of telecommunication as the end of year 2014-2016 are summarized as follows:-

Unit : Million THB	31 Dec 2014	31 Dec 2015	31 Dec 2016
Costs of installation recognized as at the beginning period	694.50	942.98	797.58
The actual costs of installation	(604.36)	(883.71)	(776.65)
Add Work in process	19.14	107.61	130.99
Unbilled costs	109.28	166.88	151.92

● Shareholders' equity

Shareholder's equity as of 31 December 2014-2016 were 1,202 million THB, 1,689 million THB and 1,729 million THB, respectively. The increase was in consistent with the net profit at 235 million THB, 227 million THB and 173 million THB respectively.

As of 31 December 2014 the Company's shareholder's equity was 1,202 million THB, an increase of 174 million THB from the previous year as a result of advanced payment from warrant exercise for ordinary shares at the amount of 39 million THB, net profit of 235 million THB. During the year the Company paid dividend at the amount of 98 million THB. Deduct loss estimates the mathematical principles of insurance 2 million.

As of 31 December 2015 the Company's shareholder's equity was 1,689 million THB, an increase of 487 million THB from the previous year as a result of CSS-W1's exercised. It increased the capital more 183 million THB, 187 million THB of premium on share from share disposal in the stock exchange. As a result of advanced payment from warrant exercise for ordinary shares at the amount of 15 million THB, net profit of 227 million THB. During the year the Company paid dividend at the amount of 115 million THB and included Non-controlling subsidiaries interests amount 85 million THB.

As of 31 December 2016 the Company's shareholder's equity was 1,729 million THB, an increase of 40 million THB from the previous year as a result of CSS-W1's exercised. It increased the capital more 55 million THB. As a result of advanced payment from warrant exercise for ordinary shares at the amount of 54 million THB, Share premium increase of 82 million THB net profit of 173 million THB. During the year the Company paid dividend at the amount of 188 million THB and included Non-controlling subsidiaries interests amount 68 million THB.

Auditors' remuneration

Details of audit fee are summarized as follows:-

- In 2015 the Company paid audit fee to the Company's auditor at the amount of 1.47 million THB, including the audit fee for its subsidiaries at 0.78 million THB. The Company invested in new subsidiary. The Company and its subsidiaries did not use other additional service from auditors.
- In 2016, the Company paid audit fee to the Company's auditor at the amount of 1.47 million THB, including the audit fee for its subsidiaries at 0.86 million THB. The Company and its subsidiaries did not use other additional service from auditors.

Main factors and influences that may have impact to the financial status and operation result in the future.

Main factors and influences that may have impact to the financial status and operation result in the future are:-

- **Risk from fluctuation in copper price which impact the income and cost of the product (electrical wire)**

Main cost of electrical wire is copper which its price is changes upon global demand and supply. Changes in copper price directly affect the buying price or cost of electrical wire including selling price, income and gross profit of the Company. Significantly when the price of copper will decline if the Company will not be able to adjust the product price to be consistent to the changes of product cost, it may adversely affect the sale cost and value if inventory of the Company. For this reason, the Company has put its emphasis on risk management on such matter by regularly monitor the price of copper in order to forecast direction and trend of copper price to apply appropriate inventory management. Normally, upon fluctuation of copper price, it takes around 6-7 months (Lapse Time) to actually affect the selling price and cost of electrical wires. For such method, the Company will be able to ease the impact from copper price fluctuation at a certain level.

- **Risks from inconsistent revenue derived from Projects**

Service design and installation of communication of the Company is conducted under project scope with schedule of completion, not long-term contract. Therefore, the consistency of income is depended on opportunity to undertake each project. However, the Company has good working background, deliver project within specified time frame. In addition, the communication industry is likely to grow steadily upon auction of license on mobile phone 4G network as well as demand to improve mobile phone signal regularly, the executives believes that the Company will not be affected from such risk much.

- Risks from working capital

In the normal business operation regarding distribution of electrical wires and equipment and services of installation of communication system, the Company requires working capital for purchasing products and maintaining inventory for sales. This should represent variety and adequate quantity to meet the customers' demand. In regard to service of installation of communication systems, the Company also requires working capital for purchasing, hiring and preparing tasks prior to receiving the payment from the customers according to the agreement. To manage cash flow, the Company utilized the short-term loan from the financial institutions as a working capital to operate such business. Therefore, the liquidity ratio and quick liquidity ratio in 2014 were 1.58 times and 1.31 times respectively while liquidity ratio and quick liquidity ratio in year 2015 were 1.57 times and 1.28 times respectively. In 2016 were 1.51 times and 1.18 times respectively.

Declaration of the Directors'

Responsibility for the Financial Statements

The Board of Directors is particularly the responsibility for financial statements of Communication & System Solution Public Company Limited and its subsidiaries. Under the Public Company Limited Act of 1992, the Accounting Act of 2000, the Securities and Exchange Act of 1992, such statements have been prepared under generally accepted accounting standards, which regularly complies with a suitable accounting policies and due and reasonable discretion exercised in the preparation of financial statements.

The Board has instituted and maintained effective risk management and internal control systems to become reasonably confident of accurate, complete, and adequate accounting information to retain Company assets and prevent frauds or significant anomalies in operation. The Audit Committee, acting on behalf of the Board, has been assigned responsibility for the quality of financial reports and internal control system, and its opinions duly appear in its own report found in this publication.

It is our view that the Company's internal control system is, on the whole, satisfactory and can reasonably assure us that the financial statements of Communication & System Solution Public Company Limited and its subsidiaries are reliable under generally accepted accounting standards, legally sound, and acceptable to relevant regulations.



(Pol.Maj.Gen.Supisarn Bhakdinarinath) Ph.D.

Chairman



(Mr.Sompong Kangsawiwat)

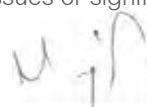
Chief Executive Officer

Report of the Audit Committee

The Audit Committee has performed duties and responsibilities pursuant to the Audit Committee Charter as well as the regulations such as Review the quarterly and annual financial statements, Review the internal control system and the internal control operations and Consider on selection and proposal for appointment of the Company's auditor. In 2016, the committee deliberated various matters, summarized below:

1. Has reviewed the quarterly and annual financial statement and consolidated financial statement and its subsidiaries for 2016 which was of opinion that the Company correctly and adequately prepared and disclosed the essence information in the financial statement pursuant to the general accepted accounting standards.
2. Has defined the scope of the audit to cover the major risks and the adequacy of the internal control of the Company and its subsidiaries. However, it is advisable to Executives to fix bugs and improve the management system and provide more appropriate. In the year 2016, appointed of the Dharmniti Auditing Co.,Ltd (the internal Audit) which is an independent company from the outside Responsible for checking and monitoring the internal control of the company. The Dharmniti Auditing Co.,Ltd appointed Mr.Saksri Ampawan is responsible for the major in the internal audit of the company.
3. The Audit Committee performed activities according to its Charter without any limitation. The Audit Committee has full and free access to any information. The Audit Committee conducted the performance self-assessment with a good result and can also approve an appointment, transferring and evaluating the performance of Director of Internal Audit.
4. Has considered nominated the auditors and Remuneration of auditors fee for the year 2017 by the auditor selected features and performance remained good throughout. The Audit Committee preferred to the Board of Directors to propose to the Shareholders' Meeting for consideration and approval to appoint Ms. Krongkaew Limpkittikul, certified public accountant registration no. 5874; or Ms. Waraporn Prapasirikul, certified public accountant registration no. 4579 or Mr. Supachai Panyawattano, certified public accountant registration no. 3930 of E.Y. Office Limited, to be the Company's financial auditor for year 2017, having the yearly audit fee of 2,350,000 THB which appropriated.
5. In the year 2016, the Audit Committee held 4 meetings, all members committee attended every time by Reported to the Board of Directors, acknowledge and consider every quarter.

The Audit Committee is independent in practice according to the assigned mission by meeting with the executives who were involved and discuss with the external auditor on a quarterly basis for information on financial statements and internal controls of accounting without experiencing issues or significant malfunction whatsoever.



(Assoc.Prof.Pitiphat Chataccarapat)

Chairman of the Audit Committee

Independent Auditor's Report

To the Shareholders of Communication & System Solution Public Company Limited

Opinion

I have audited the accompanying consolidated financial statements of Communication & System Solution Public Company Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2016, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies, and have also audited the separate financial statements of Communication & System Solution Public Company Limited for the same period.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Communication & System Solution Public Company Limited and its subsidiaries and of Communication & System Solution Public Company Limited as at 31 December 2016, their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Group in accordance with the Code of Ethics for Professional Accountants as issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King as relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the financial statements of the current period. These matters were addressed in the context of my audit of the financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

I have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report, including in relation to these matters. Accordingly, my audit included the performance of procedures designed to respond to my assessment of the risks of material misstatement of the financial statements. The results of my audit procedures, including the procedures performed to address the matters below, provide the basis for my audit opinion on the accompanying financial statements as a whole.

Key audit matters and how audit procedures respond for each matter are described below.

Business combination

As discussed in Note 9 to the financial statements, in May 2015, the Company acquired Neonworx Communication (Thailand) Limited. In the current year, the Company completed the assessments of the fair values of identifiable assets and liabilities and recognised goodwill from the business combination by applying the acquisition method. I have focused on this business acquisition since it is material to the financial statements as a whole, and management was required to exercise substantial judgment when appraising the fair values of the assets acquired and liabilities assumed, including recognised goodwill.

I reviewed the terms and conditions of the agreement and inquired of management as to the nature and objectives of the acquisition in order to evaluate whether the acquisition meets the definition of a business combination under Thai Financial Reporting Standard 3 (Revised: 2015) Business combinations. In addition, I checked the value of the acquisition to supporting documents and related payments to assess whether it reflected the fair value of the consideration transferred and did not include acquisition-related costs. I also assessed the calculation of the fair value of assets acquired and liabilities assumed specified in the documentation of measurement under the acquisition method as prepared by an independent valuation specialist, by considering the methods and significant assumptions used by the independent valuation specialist in calculating the fair value of assets and liabilities and evaluating the expertise, ability and integrity of the independent valuation specialist. I also assessed the rationale of goodwill recognised from the business combination and reviewed the disclosures related to the business combination in the notes to financial statements.

Goodwill

The Company recorded goodwill of Baht 156 million as a result of the acquisition of shares in subsidiary as disclosed in Note 9 to the financial statements. I have focused my audit on the balance of goodwill due to the goodwill amount is highly significant to the financial statements and the assessment of impairment of goodwill as disclosed in Note 11 to the financial statements is a significant accounting estimate requiring management to exercise a high degree of judgement in estimating the cash inflows generated from a subsidiary in the future, and setting an appropriate discount rate and long-term growth rate. The assessment of the impairment thus directly affects the balance of goodwill presented at period-end.

I gained understanding and assessed management's decision-making process whether the decisions made were consistent with how assets are utilised. In addition, I tested the significant assumptions applied by management in preparing estimates of the cash flows expected to be realised from a subsidiary, by comparing those assumptions with information from both internal and external sources and comparing past cash flow projections to actual operating results in order to evaluate the exercise of management judgement in estimating the cash flow projections. I also evaluated the discount rate applied by management through analysis of the average costs of capital and others information with other comparable companies, tested the calculation of the recoverable amount of the assets using the selected financial model and considered the impact of changes in key assumptions on

those recoverable amount. Moreover, I reviewed the disclosures made with respect to the impairment assessment for goodwill as well as sensitivity of the impact of changes in key assumption to the cash flow projections.

Allowance for doubtful debt

In presenting the value of accounts receivable at period-end, which is significant to the financial statements, the Group has to estimate the amount of allowance for doubtful debts required for receivables that are not expected to be collectible, which is presented as a deduction from accounts receivable, as described in Note 7 to the financial statements. Estimating the allowance for doubtful accounts requires management to exercise judgement, taking into consideration collection history, the results of aging analysis and analysis of debtors' ability to make payment. The estimation of allowance for doubtful debts thus directly affects both the doubtful debt expense recorded in profit and loss and the balance of accounts receivable presented at period-end.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for doubtful debts by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining of the policies on determining allowance for doubtful debts on a basis of aging. I reviewed the preparation of the accounts receivable aging report and tested the calculation of allowance for doubtful debt in accordance with these policies. In addition, I reviewed the meeting minutes with respect to the debtor monitoring to consider an indicator and reviewed the provisions set aside for specific trade receivables.

Net realisable value of inventory

Estimating the net realisable value of inventory, as disclosed in Note 8 to the financial statements, requires management to exercise judgement for policies on allowance for diminution in value of slow-moving and obsolete inventory. This requires detailed analysis of the product life cycle. The estimation of net realisable value of inventory thus affects both the allowance of inventories expense recorded in profit and loss and the balance of inventories presented at period-end.

I assessed and tested the internal controls of the Group relevant to the determination of allowance for diminution in the value of inventory by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls. In addition, I assessed the method and the assumptions applied by management in determining of the policies on determining allowance for diminution in value of inventories on a basis of aging. I reviewed the preparation of the inventories aging report and tested the calculation of allowance for diminution in value of inventories in accordance with these policies. In addition, I analysed the inventory holding periods and inventory movement to identify product lines with indicators of lower than normal inventory turnover. Moreover, I reviewed the preparation of the comparison report between net

realisable value of inventory and the cost of inventory for each product line and examined supporting documents on a sampling basis for actual sales transactions occurring after the period-end.

Revenue recognition

Sales and service revenues are highly significant to the financial statements and a key indicator of business performance in which management and financial statements' users are interested. Because the increases or decreases in revenue directly affect the Group's performance, I draw a special consideration regarding the revenue recognition of the Group.

I have examined the revenue recognition of the Group by

- Assessed and tested the Group's internal controls with respect to the revenue cycle by making enquiry of responsible executives, gaining an understanding of the controls and selecting representative samples to test the operation of the designed controls.
- Examined, on a sampling basis, supporting documents for actual sales transactions occurring during the year and near the end of the accounting period.
- Applied a sampling method to select sales and service agreements whether the recognition was consistent with the conditions of the relevant agreement, and whether it was in compliance with the Group's policy.
- Reviewed credit notes that the Group issued after the period-end.
- Performed analytical procedures on disaggregated data to detect possible irregularities in sales transactions throughout the period, particularly for accounting entries made through journal vouchers.

Other matter

The consolidated financial statements of Communication & System Solution Public Company Limited and its subsidiaries, and the separate financial statements of Communication & System Solution Public Company Limited for the year ended 31 December 2015 were audited by another auditor of our firm who, under his report dated 25 February 2016, expressed an unqualified opinion on those financial statements, but drew attention to the process of assessing the fair value of identifiable assets, liabilities and contingent liabilities of a subsidiary had not yet completed.

Other information

Management is responsible for the other information. The other information comprise the information included in annual report of the Group, but does not include the financial statements and my auditor's report thereon.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information; I am required to report that fact. I have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Thai Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Thai Standards on Auditing, I exercise professional judgement and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Miss Krongkaew Limkittikul



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 23 February 2017

Communication & System Solution Public Company Limited and its subsidiaries

Statement of financial position

As at 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Restated)		
Assets					
Current assets					
Cash and cash equivalents		458,371,436	712,312,496	262,751,708	525,143,001
Trade and other receivables	7	1,868,927,838	1,324,824,213	1,462,671,971	1,197,054,087
Inventories	8	648,842,966	500,257,753	509,072,618	334,578,963
Other current assets		12,147,426	8,433,190	5,939,747	2,731,695
Total current assets		<u>2,988,289,666</u>	<u>2,545,827,652</u>	<u>2,240,436,044</u>	<u>2,059,507,746</u>
Non-current assets					
Restricted bank deposits		180,758,633	187,948,633	176,798,633	176,048,633
Investments in subsidiaries	9	-	-	494,858,940	494,158,940
Property, plant and equipment	10	439,836,111	473,823,120	403,353,807	433,587,895
Goodwill	9, 11	156,497,121	156,497,121	-	-
Other intangible assets	12	48,756,397	72,830,074	877,011	1,165,449
Deferred tax assets	22	22,469,866	17,810,257	13,375,703	10,463,168
Other non-current assets		6,770,858	9,886,931	3,610,954	3,582,219
Total non-current assets		<u>855,088,986</u>	<u>918,796,136</u>	<u>1,092,875,048</u>	<u>1,119,006,304</u>
Total assets		<u>3,843,378,652</u>	<u>3,464,623,788</u>	<u>3,333,311,092</u>	<u>3,178,514,050</u>

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

	<u>Note</u>	<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
		<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Restated)		
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions		150,455,223	146,974,494	-	100,000,000
Trade and other payables	13	1,614,857,866	1,217,839,722	1,400,314,220	1,177,665,475
Accrued costs		151,919,593	166,878,921	134,069,900	149,269,510
Current portion of long-term loans	15	28,200,000	28,200,000	28,200,000	28,200,000
Current portion of liabilities under finance lease agreements	16	8,859,435	7,907,533	7,823,612	6,378,350
Income tax payable		12,108,844	6,685,113	8,042,060	6,685,113
Other current liabilities		<u>12,108,090</u>	<u>16,187,796</u>	<u>9,367,559</u>	<u>10,551,655</u>
Total current liabilities		<u>1,978,509,051</u>	<u>1,590,673,579</u>	<u>1,587,817,351</u>	<u>1,478,750,103</u>
Non-current liabilities					
Long-term loans, net of current portion	15	72,940,000	101,140,000	72,940,000	101,140,000
Liabilities under finance lease agreements, net of current portion	16	12,341,206	19,390,434	11,479,818	17,226,982
Deferred tax liabilities	22	15,557,927	25,651,779	-	-
Share subscriptions payable	9	-	16,800,000	-	16,800,000
Provision for long-term employee benefits	17	<u>34,739,183</u>	<u>21,789,985</u>	<u>30,936,198</u>	<u>18,564,533</u>
Total non-current liabilities		<u>135,578,316</u>	<u>184,772,198</u>	<u>115,356,016</u>	<u>153,731,515</u>
Total liabilities		<u>2,114,087,367</u>	<u>1,775,445,777</u>	<u>1,703,173,367</u>	<u>1,632,481,618</u>

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of financial position (continued)

As at 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)			
Shareholders' equity					
Share capital	18				
Registered					
1,176,073,769 ordinary shares (2015: 1,175,990,349 ordinary shares) of Baht 0.5 each		<u>588,036,885</u>	<u>587,995,175</u>	<u>588,036,885</u>	<u>587,995,175</u>
Issued and fully paid-up					
1,175,739,089 ordinary shares (2015: 1,066,502,238 ordinary shares) of Baht 0.5 each		587,869,545	533,251,119	587,869,545	533,251,119
Share premium		753,575,398	671,756,325	753,575,398	671,756,325
Share subscriptions received in advance	19	-	53,583,408	-	53,583,408
Difference resulting from business combination					
under common control		6,827,505	6,827,505	-	-
Retained earnings					
Appropriated - statutory reserve	20	56,300,000	46,300,000	56,300,000	46,300,000
Unappropriated		<u>257,175,836</u>	<u>292,035,151</u>	<u>232,392,782</u>	<u>241,141,580</u>
Equity attributable to owners of the Company		1,661,748,284	1,603,753,508	1,630,137,725	1,546,032,432
Non-controlling interests of the subsidiary		<u>67,543,001</u>	<u>85,424,503</u>	-	-
Total shareholders' equity		<u>1,729,291,285</u>	<u>1,689,178,011</u>	<u>1,630,137,725</u>	<u>1,546,032,432</u>
Total liabilities and shareholders' equity		<u>3,843,378,652</u>	<u>3,464,623,788</u>	<u>3,333,311,092</u>	<u>3,178,514,050</u>
		-	-	-	-

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

Directors

Communication & System Solution Public Company Limited and its subsidiaries

Statement of comprehensive income

For the year ended 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Restated)		
Profit or loss:					
Revenues					
Sales		3,568,518,199	3,174,301,295	3,345,982,617	3,174,291,895
Installation service revenue		1,125,396,003	1,340,979,958	687,038,224	1,081,753,121
Commission revenue		-	34,701,548	-	-
Dividend income		-	-	50,400,000	-
Other income		19,138,365	22,555,855	15,801,051	14,986,669
Total revenues		<u>4,713,052,567</u>	<u>4,572,538,656</u>	<u>4,099,221,892</u>	<u>4,271,031,685</u>
Expenses					
Cost of sales		3,231,236,233	2,879,038,533	3,032,425,580	2,880,018,063
Installation service costs		797,577,950	942,978,208	452,517,867	728,627,311
Selling expenses		108,613,762	101,202,978	99,251,990	99,909,166
Administrative expenses		354,546,341	346,976,504	275,053,202	274,390,317
Total expenses		<u>4,491,974,286</u>	<u>4,270,196,223</u>	<u>3,859,248,639</u>	<u>3,982,944,857</u>
Profit before finance cost and income tax expenses		221,078,281	302,342,433	239,973,253	288,086,828
Finance cost		(11,174,458)	(11,455,089)	(8,553,717)	(9,529,371)
Profit before income tax expenses		209,903,823	290,887,344	231,419,536	278,557,457
Income tax expenses	22	(36,907,128)	(64,115,471)	(35,730,822)	(56,279,985)
Profit for the year		<u>172,996,695</u>	<u>226,771,873</u>	<u>195,688,714</u>	<u>222,277,472</u>
Other comprehensive income:					
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods</i>					
Actuarial losses, net of income tax		(6,319,300)	-	(6,319,300)	-
<i>Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net of income tax</i>					
		(6,319,300)	-	(6,319,300)	-
Other comprehensive income for the year		<u>(6,319,300)</u>	<u>-</u>	<u>(6,319,300)</u>	<u>-</u>
Total comprehensive income for the year		<u>166,677,395</u>	<u>226,771,873</u>	<u>189,369,414</u>	<u>222,277,472</u>

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of comprehensive income (continued)

For the year ended 31 December 2016

(Unit: Baht)

		<u>Consolidated financial statements</u>		<u>Separate financial statements</u>	
	<u>Note</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Restated)		
Profit attributable to:					
Equity holders of the Company		169,578,197	219,357,174	195,688,714	222,277,472
Non-controlling interests of the subsidiary		<u>3,418,498</u>	<u>7,414,699</u>	<u>-</u>	<u>-</u>
		<u>172,996,695</u>	<u>226,771,873</u>	<u>195,688,714</u>	<u>222,277,472</u>
Total comprehensive income attributable to:					
Equity holders of the Company		163,258,897	219,357,174	189,369,414	222,277,472
Non-controlling interests of the subsidiary		<u>3,418,498</u>	<u>7,414,699</u>	<u>-</u>	<u>-</u>
		<u>166,677,395</u>	<u>226,771,873</u>	<u>189,369,414</u>	<u>222,277,472</u>
Earnings per share	23				
Basic earnings per share					
Profit attributable to equity holders of the Company		<u>0.15</u>	<u>0.21</u>	<u>0.17</u>	<u>0.21</u>
Diluted earnings per share					
Profit attributable to equity holders of the Company			<u>0.19</u>		<u>0.19</u>

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity

For the year ended 31 December 2016

(Unit: Baht)

Consolidated financial statements									
Equity attributable to owners of the Company									
Note	Issued and paid-up share capital	Share premium	Share subscriptions received in advance	Difference resulting from business combination under common control	Retained earnings		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiary	Total shareholders' equity
					Appropriated	Unappropriated			
Balance as at 31 December 2014	350,000,000	485,036,000	38,603,265	6,827,505	35,100,000	286,086,689	1,201,653,459	-	1,201,653,459
Profit for the year (restated)	-	-	-	-	-	219,357,174	219,357,174	7,414,699	226,771,873
Other comprehensive income for the year	-	-	-	-	-	-	-	-	-
Total comprehensive income for the year (restated)	-	-	-	-	-	219,357,174	219,357,174	7,414,699	226,771,873
Acquisition of investment in subsidiary (restated)	9	-	-	-	-	-	-	76,929,804	76,929,804
Receipt of investment from non-controlling interests of subsidiary	-	-	-	-	-	-	-	1,080,000	1,080,000
Increase in share capital	18	96,417,643	186,720,325	(283,137,968)	-	-	-	-	-
Exercised warrants	19	-	-	298,118,111	-	-	298,118,111	-	298,118,111
Dividend paid	26	86,833,476	-	-	-	(202,208,712)	(115,375,236)	-	(115,375,236)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	11,200,000	(11,200,000)	-	-	-
Balance as at 31 December 2015 - as restated	533,251,119	671,756,325	53,583,408	6,827,505	46,300,000	292,035,151	1,603,753,508	85,424,503	1,689,178,011
Balance as at 31 December 2015 - as previously reported	533,251,119	671,756,325	53,583,408	6,827,505	46,300,000	321,059,310	1,632,777,667	54,462,057	1,687,239,724
Cumulative effect of changes in fair values of the acquiree's identifiable assets and liabilities	9	-	-	-	-	(29,024,159)	(29,024,159)	30,962,446	1,938,287
Balance as at 31 December 2015 - as restated	533,251,119	671,756,325	53,583,408	6,827,505	46,300,000	292,035,151	1,603,753,508	85,424,503	1,689,178,011
Profit for the year	-	-	-	-	-	169,578,197	169,578,197	3,418,498	172,996,695
Other comprehensive income for the year	-	-	-	-	-	(6,319,300)	(6,319,300)	-	(6,319,300)
Total comprehensive income for the year	-	-	-	-	-	163,258,897	163,258,897	3,418,498	166,677,395
Receipt of investment from non-controlling interests of subsidiary	-	-	-	-	-	-	-	300,000	300,000
Increase in share capital	18	54,618,426	81,819,073	(136,437,499)	-	-	-	-	-
Exercised warrants	19	-	-	82,854,091	-	-	82,854,091	-	82,854,091
Dividend paid	26	-	-	-	-	(188,118,212)	(188,118,212)	-	(188,118,212)
Dividend paid to non-controlling interests of subsidiary	-	-	-	-	-	-	-	(21,600,000)	(21,600,000)
Unappropriated retained earnings transferred to statutory reserve	20	-	-	-	10,000,000	(10,000,000)	-	-	-
Balance as at 31 December 2016	587,869,545	753,575,398	-	6,827,505	56,300,000	257,175,836	1,661,748,284	67,543,001	1,729,291,285
	-	-	-	-	-	-	-	-	-

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

Communication & System Solution Public Company Limited and its subsidiaries

Statement of changes in shareholders' equity (continued)

For the year ended 31 December 2016

(Unit: Baht)

Separate financial statements						
Note	Issued and paid-up	Share premium	Share subscriptions received in advance	Retained earnings		Total
	share capital			Appropriated	Unappropriated	
Balance as at 1 January 2015	350,000,000	485,036,000	38,603,265	35,100,000	232,272,821	1,141,012,086
Profit for the year	-	-	-	-	222,277,472	222,277,472
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	222,277,472	222,277,472
Increase in share capital	18 96,417,643	186,720,325	(283,137,968)	-	-	-
Exercised warrants	19 -	-	298,118,111	-	-	298,118,111
Dividend paid	26 86,833,476	-	-	-	(202,208,713)	(115,375,237)
Unappropriated retained earnings transferred to statutory reserve	20 -	-	-	11,200,000	(11,200,000)	-
Balance as at 31 December 2015	<u>533,251,119</u>	<u>671,756,325</u>	<u>53,583,408</u>	<u>46,300,000</u>	<u>241,141,580</u>	<u>1,546,032,432</u>
Balance as at 1 January 2016	533,251,119	671,756,325	53,583,408	46,300,000	241,141,580	1,546,032,432
Profit for the year	-	-	-	-	195,688,714	195,688,714
Other comprehensive income for the year	-	-	-	-	(6,319,300)	(6,319,300)
Total comprehensive income for the year	-	-	-	-	189,369,414	189,369,414
Increase in share capital	18 54,618,426	81,819,073	(136,437,499)	-	-	-
Exercised warrants	19 -	-	82,854,091	-	-	82,854,091
Dividend paid	26 -	-	-	-	(188,118,212)	(188,118,212)
Unappropriated retained earnings transferred to statutory reserve	20 -	-	-	10,000,000	(10,000,000)	-
Balance as at 31 December 2016	<u>587,869,545</u>	<u>753,575,398</u>	<u>-</u>	<u>56,300,000</u>	<u>232,392,782</u>	<u>1,630,137,725</u>
	-	-	-	-	-	-

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

Communication & System Solution Public Company Limited and its subsidiaries

Cash flow statement

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)		
Cash flows from operating activities:				
Profit before tax	209,903,823	290,887,344	231,419,536	278,557,457
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities:				
Depreciation and amortisation	66,726,859	50,632,674	36,386,875	29,573,096
Written off withholding tax	357,715	-	-	-
Allowance for doubtful accounts (reversal)	(2,213,334)	2,338,377	(1,867,184)	2,969,547
Reduction of cost of inventory to net realisable value (reversal)	(122,266)	3,283,024	72,736	4,373,651
Dividend received from subsidiary	-	-	(50,400,000)	-
Provision for long-term employee benefits	5,078,573	2,399,345	4,501,040	2,399,345
Gain on disposal of investment property	(254,821)	(1,429,518)	-	-
Gain on disposal of property, plant and equipment	(493,022)	(104,253)	(492,825)	(185,680)
Interest income	(7,873,169)	(9,860,632)	(5,656,357)	(7,543,800)
Interest expenses	<u>11,174,458</u>	<u>11,455,088</u>	<u>8,553,718</u>	<u>9,529,371</u>
Profit from operating activities before changes in operating assets and liabilities	282,284,816	349,601,449	222,517,539	319,672,987
Operating assets (increase) decrease				
Trade and other receivables	(541,983,570)	121,716,133	(263,841,427)	16,211,073
Inventories	(148,462,947)	13,170,424	(174,566,391)	(20,747,516)
Other current assets	(3,714,236)	5,671,061	(3,208,052)	2,638,257
Other non-current assets	(452,158)	108,957	(28,735)	123,701
Operating liabilities increase (decrease)				
Trade and other payables	397,018,144	(10,578,363)	222,648,745	39,329,113
Accrued costs	(14,959,328)	50,347,759	(15,199,610)	39,992,697
Other current liabilities	<u>(4,049,620)</u>	<u>573,494</u>	<u>(1,154,010)</u>	<u>(1,741,853)</u>
Cash flow from (used in) operating activities	(34,318,899)	530,610,914	(12,831,941)	395,478,459
Cash received from interest income	7,966,447	10,358,127	5,747,084	7,720,216
Cash paid for long-term employee benefits	(28,500)	-	(28,500)	-
Cash paid for interest expenses	(9,906,150)	(10,520,142)	(7,339,613)	(8,594,425)
Cash paid for income tax	<u>(44,657,032)</u>	<u>(88,381,694)</u>	<u>(35,706,585)</u>	<u>(72,854,509)</u>
Net cash flows from (used in) operating activities	<u>(80,944,134)</u>	<u>442,067,205</u>	<u>(50,159,555)</u>	<u>321,749,741</u>

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

Communication & System Solution Public Company Limited and its subsidiaries

Cash flow statement (continued)

For the year ended 31 December 2016

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
		(Restated)		
Cash flows from investing activities:				
Decrease (increase) in restricted bank deposits	7,190,000	-	(750,000)	-
Cash paid for investment in subsidiary	-	(315,548,455)	-	(327,358,940)
Dividend received from subsidiary	-	-	50,400,000	-
Increase in investment in subsidiary	-	-	(700,000)	-
Proceeds from sales of investment property	2,800,000	4,900,000	-	-
Proceeds from sales of property, plant and equipment	1,249,107	2,558,356	1,246,321	3,340,747
Acquisition of property, plant and equipment	(7,295,239)	(97,710,730)	(5,156,163)	(97,374,982)
Cash paid for share subscriptions payable	<u>(16,800,000)</u>	<u>-</u>	<u>(16,800,000)</u>	<u>-</u>
Net cash flows from (used in) investing activities	<u>(12,856,132)</u>	<u>(405,800,829)</u>	<u>28,240,158</u>	<u>(421,393,175)</u>
Cash flows from financing activities:				
Increase (decrease) in short-term loans from financial institu	3,480,729	70,067,533	(100,000,000)	100,000,000
Cash receipt from long-term loans	-	60,000,000	-	60,000,000
Repayment of long-term loans	(28,200,000)	(23,220,000)	(28,200,000)	(23,220,000)
Repayment of liabilities under finance lease agreements	(8,857,402)	(12,626,346)	(7,007,775)	(11,511,822)
Proceed from exercise of warrants	82,854,091	298,118,111	82,854,091	298,118,111
Cash received from investment of non-controlling interests	300,000	1,080,000	-	-
Dividend paid to shareholders	(188,118,212)	(115,375,236)	(188,118,212)	(115,375,236)
Dividend paid to non-controlling interests	<u>(21,600,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net cash flows from (used in) financing activities	<u>(160,140,794)</u>	<u>278,044,062</u>	<u>(240,471,896)</u>	<u>308,011,053</u>
Net increase (decreased) in cash and cash equivalents	<u>(253,941,060)</u>	<u>314,310,438</u>	<u>(262,391,293)</u>	<u>208,367,619</u>
Cash and cash equivalents at beginning of year	<u>712,312,496</u>	<u>398,002,058</u>	<u>525,143,001</u>	<u>316,775,382</u>
Cash and cash equivalents at end of year	<u>458,371,436</u>	<u>712,312,496</u>	<u>262,751,708</u>	<u>525,143,001</u>
	-	-	-	-
Supplemental cash flow information:				
Non-cash item				
Increase in equipment through financial leases	1,461,682	15,648,000	1,461,682	15,648,000

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

Notes to consolidated financial statements

For the year ended 31 December 2016

Communication & System Solution Public Company Limited and its subsidiaries

1. General information

Communication & System Solution Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the distribution and installation of equipment production for electricity, water, air conditioning and telecommunication systems. The registered office of the Company is at 329 Moo 3 Banmai, Pakkred, Nonthaburi.

The Company has branches as follows:

1. Ramkhamhaeng Branch: 142 Soi Ramkhamhaeng 40, Hua Mark, Bangkok.
2. Chonburi Branch: 59 Moo 7, Bang Pra, Sriracha, Chonburi.

2. Basis of preparation

- 2.1 The financial statements have been prepared in accordance with Thai Financial Reporting Standards enunciated under the Accounting Professions Act B.E. 2547 and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements in Thai language are the official statutory financial statements of the Company. The financial statements in English language have been translated from the Thai language financial statements.

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

2.2 Basis of consolidation

- a) The consolidated financial statements include the financial statements of Communication & System Solution Public Company Limited (“the Company”) and its subsidiaries (“the subsidiaries”) as follows:

Name of entity	Nature of business	Country of incorporation	Percentage of shareholding	
			2016 Percent	2015 Percent
C.S.S. Energy Company Limited	Distribution and installation of electric cables, tube and electrical products	Thailand	100	100
Neonworx Communications (Thailand) Limited	Distribution and installation of equipment product for telecommunication systems	Thailand	70	70

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, as from the date on which the Company obtains control, and continues to be consolidated until the date when such control ceases.
- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiaries have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiary that is not held by the Company and is presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.

2.3 The separate financial statements present investments in subsidiaries under the cost method.

3. New financial reporting standards

(a) Financial reporting standards that became effective in the current accounting year

During the year, the Company and its subsidiaries have adopted the revised (revised 2015) and new financial reporting standards and accounting treatment guidance issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

(b) Financial reporting standard that will become effective in the future

During the current year, the Federation of Accounting Professions issued a number of the revised financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2017. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards.

The management of the Company and its subsidiaries believe that the revised financial reporting standards and interpretations and new accounting treatment guidance will not have any significant impact on the financial statements when they are initially applied. However, one standard involves changes to key principles, which are summarised below.

TAS 27 (revised 2016) Separate Financial Statements

This revised standard stipulates an additional option to account for investments in subsidiaries, joint ventures and associates in separate financial statements under the equity method, as described in TAS 28 (revised 2016) Investments in Associates and Joint Ventures. However, the entity is to apply the same accounting treatment for each category of investment. If an entity elects to account for such investments using the equity method in the separate financial statements, it has to adjust the transaction retrospectively.

This standard will not have any significant impact on the Company and its subsidiaries' financial statements because the management has decided to continue accounting for such investments under the cost method in the separate financial statements.

4. Significant accounting policies

4.1 Revenues and expenses recognition

Sales of goods

Sales of goods are recognised 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 and allowances.

Revenues from installation services

The Company and its subsidiaries recognise revenues from installation services on a percentage of completion basis, according to the amount of work completed per the service contract that has passed inspection. Recognised revenue that is not yet due per the contracts has been presented as "Unbilled receivables" under the caption of "Trade and other receivables" in the statement of financial position.

Installation service costs

Installation service costs are recognised in accordance with the percentage of work completed based on total estimated costs. Provision for anticipated losses on projects is made in the accounts in full when the possibility of loss is ascertained. Differences between the estimated costs and the actual costs are recognised as inventories or accrued costs in the statement of financial position.

Interest income

Interest income is recognised on an accrual basis based on the effective interest rate.

4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand and at banks, and all highly liquid investments with an original maturity of three months or less and not subject to withdrawal restrictions.

4.3 Trade and other receivables

Trade and other receivables are stated at the net realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in collection of receivables. The allowance is generally based on collection experience and analysis of debt aging.

4.4 Inventories

Finished goods are valued at the lower of cost (under the first-in first-out method), except large size cables (under the specific identification method), and net realisable value.

4.5 Investments

Investments in subsidiaries are accounted for in the separate financial statements under the cost method less allowance for loss on impairment (if any).

4.6 Property, plant and equipment/Depreciation

Land is stated at cost. Buildings and equipment are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

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

Buildings	-	20 years
Furniture and fixtures	-	5 years
Toolings and equipment	-	5 years
Office equipment	-	3, 5 years
Motor vehicles	-	5 years
Installed equipment under contract	-	10, 20 years

Depreciation is included in determining income.

No depreciation is provided on land and assets under installation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from disposal of an asset is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets acquired through business combination are initially recognised at their fair value on the date of business acquisition while intangible assets acquired in other cases are recognised at cost. Following the initial recognition, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

Intangible assets with finite lives are amortised on a systematic basis over the economic useful life and tested for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method of such intangible assets are reviewed at least at each financial year end. The amortisation expense is charged to profit or loss.

A summary of the intangible assets with finite useful lives is as follows:

Computer software	-	3, 10 years
Customer relationships	-	3 years and 8 months

4.8 Goodwill

Goodwill is initially recorded at cost, which equals to the excess of cost of business combination over the fair value of the net assets acquired. If the fair value of the net assets acquired exceeds the cost of business combination, the excess is immediately recognised as gain in profit or loss.

Goodwill is carried at cost less any accumulated impairment losses. Goodwill is tested for impairment annually and when circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Company's cash generating units that are expected to benefit from the synergies of the combination. The Company estimates the recoverable amount of each cash-generating unit to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in profit or loss. Impairment losses relating to goodwill cannot be reversed in future periods.

4.9 Related party transactions

Related parties comprise individuals or enterprises that control, or are controlled by, the Company and its subsidiaries, whether directly or indirectly, or which are under common control with the Company and its subsidiaries.

They also include associated companies and individuals or enterprises which directly or indirectly own a voting interest in the Company and its subsidiaries that gives them significant influence over the Company and its subsidiaries, key management personnel, directors and officers with authority in the planning and direction of the Company and its subsidiaries' operations.

4.10 Long-term leases

Leases of property, plant and equipment which transfer substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The outstanding rental obligations, net of finance charges, are included in other long-term payables, while the interest element is charged to profit or loss over the lease period. The asset acquired under finance leases is depreciated over the useful life of the asset.

Leases of property, plant or equipment which do not transfer substantially all the risks and rewards of ownership are classified as operating leases. Operating lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.

4.11 Foreign currencies

The consolidated and separate financial statements are presented in Baht, which is also the Company's functional currency. Items included in the consolidated financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are translated into Baht at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into Baht at the exchange rate ruling at the end of reporting period.

Gains and losses on exchange are included in determining profit or loss.

4.12 Impairment of assets

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant and equipment and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. An impairment loss is recognised when the recoverable amount of an asset, which is the higher of the asset's fair value less costs to sell and its value in use, is less than the carrying amount.

An impairment loss is recognised in profit or loss.

4.13 Employee benefits

Short-term employee benefits

Salaries, wages, bonuses and contributions to the social security fund are recognised as expenses when incurred.

Post-employment benefits

Defined contribution plans

The Company, subsidiaries, and employees have jointly established provident funds. The funds are monthly contributed by employees and by the Company and its subsidiaries. The fund's assets are held in separate trust funds and the Company and its subsidiaries' contributions are recognised as expenses when incurred.

Defined benefit plans

The Company and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary based on actuarial techniques, using the projected unit credit method.

Actuarial gains and losses arising from post-employment benefits are recognised immediately in other comprehensive income.

4.14 Provisions

Provisions are recognised when the Company and its subsidiaries have a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.15 Income tax

Income tax expense represents the sum of corporate income tax currently payable and deferred tax.

Current tax

Current income tax is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation.

Deferred tax

Deferred income tax is provided on temporary differences between the tax bases of assets and liabilities and their carrying amounts at the end of each reporting period, using the tax rates enacted at the end of the reporting period.

The Company and its subsidiaries recognise deferred tax liabilities for all taxable temporary differences while they recognise deferred tax assets for all deductible temporary differences and tax losses carried forward to the extent that it is probable that future taxable profit will be available against which such deductible temporary differences and tax losses carried forward can be utilised.

At each reporting date, the Company and its subsidiaries review and reduce the carrying amount of deferred tax assets to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

The Company and its subsidiaries record deferred tax directly to shareholders' equity if the tax relates to items that are recorded directly to shareholders' equity.

4.16 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between buyer and seller (market participants) at the measurement date. The Company and its subsidiaries apply a quoted market price in an active market to measure their assets and liabilities that are required to be measured at fair value by relevant financial reporting standards. Except in case of no active market of an identical asset or liability or when a quoted market price is not available, the Company and its subsidiaries measure fair value using valuation technique that are appropriate in the circumstances and maximises the use of relevant observable inputs related to assets and liabilities that are required to be measured at fair value.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy into three levels based on categorise of input to be used in fair value measurement as follows:

Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities

Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly

Level 3 - Use of unobservable inputs such as estimates of future cash flows

At the end of each reporting period, the Company and its subsidiaries determine whether transfers have occurred between levels within the fair value hierarchy for assets and liabilities held at the end of the reporting period that are measured at fair value on a recurring basis.

5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective judgements and estimates regarding matters that are inherently uncertain. These judgements and estimates affect reported amounts and disclosures; and actual results could differ from these estimates. Significant judgements and estimates are as follows:

Leases

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgement regarding whether significant risk and rewards of ownership of the leased asset has been transferred, taking into consideration terms and conditions of the arrangement.

Allowance for doubtful accounts

In determining an allowance for doubtful accounts, the management needs to make judgement and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

Reduction of inventory cost to net realisable value

In determining a reduction of inventory cost to net realisable value, the management makes judgement and estimates net realisable value of inventory based on the amount of the inventories are expected to realise. These estimates take into consideration fluctuations of selling price or cost directly relating to events occurring after the end of the reporting period. Also, the management makes judgement and estimates the expected loss from stock obsolescence based upon aging profile of inventories and the prevailing economic condition.

Property, plant and equipment/Depreciation

In determining depreciation of plant and equipment, the management is required to make estimates of the useful lives and residual values of the Company and its subsidiaries' plant and equipment and to review estimate useful lives and residual values when there are any changes.

Goodwill and intangible assets

The initial recognition and measurement of goodwill and intangible assets, and subsequent impairment testing, require management to make estimates of cash flows to be generated by the asset or the cash generating units and to choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the temporary differences and losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of estimate future taxable profits.

Estimation of installation service costs - telecommunication project

In recognising revenue from installation service - telecommunication project, the Company and its subsidiary need to estimate all project installation service costs, including design costs and construction costs. The management estimates these costs based on their business experience and revisit the estimation on a periodical basis or when the actual costs incurred significantly vary from the estimation.

Post-employment benefits under defined benefit plans

The obligation under the defined benefit plan is determined based on actuarial techniques. Such determination is made based on various assumptions, including discount rate, future salary increase rate, mortality rate and staff turnover rate.

6. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related parties. Such transactions, which are summarised below, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties.

(Unit: Thousand Baht)

	Consolidated		Separate		Transfer pricing policy
	financial statements		financial statements		
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	
<u>Transactions with subsidiaries</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	8	-	Cost plus margin more than 2%
Purchases of goods	-	-	778	1,267	Cost plus margin more than 2%
Sales of assets	-	-	-	915	Based on agreed basis
Purchases of assets	-	-	-	300	Based on agreed basis

As at 31 December 2016 and 2015, the balances of the accounts between the Company and its related parties were as follows:

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade receivables - subsidiary (Note 7)	-	-	1,234	1,226
Share subscriptions payable - directors (Note 9)	-	14,437	-	14,437
Trade payables - subsidiary (Note 13)	-	-	17,074	16,445

Directors and management's benefits

During the years ended 31 December 2016 and 2015, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Short-term employee benefits	44,341	37,483	34,510	32,412
Post-employment benefits	<u>1,284</u>	<u>762</u>	<u>1,040</u>	<u>530</u>
Total	<u><u>45,625</u></u>	<u><u>38,245</u></u>	<u><u>35,550</u></u>	<u><u>32,942</u></u>

7. Trade and other receivables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	714,521	547,817	637,992	509,015
Past due up to 3 months	519,558	358,832	412,472	346,318
3 - 6 months	19,417	32,349	18,858	31,892
6 - 12 months	14,073	7,225	14,091	7,117
Over 12 months	<u>67,799</u>	<u>83,177</u>	<u>25,415</u>	<u>41,230</u>
Total	1,335,368	1,029,400	1,108,828	935,572
Less: Allowance for doubtful debts	<u>(64,597)</u>	<u>(66,810)</u>	<u>(22,949)</u>	<u>(24,816)</u>
Total trade receivables - unrelated parties, net	<u><u>1,270,771</u></u>	<u><u>962,590</u></u>	<u><u>1,085,879</u></u>	<u><u>910,756</u></u>

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
<u>Trade receivables - related party (Note 6)</u>				
Aged on the basis of due dates				
Past due up to 3 months	-	-	9	-
6 - 12 months	-	-	-	1
Over 12 months	-	-	1,225	1,225
Total trade receivables - related party	-	-	1,234	1,226
Total trade receivables, net	<u>1,270,771</u>	<u>962,590</u>	<u>1,087,113</u>	<u>911,982</u>
<u>Other receivables</u>				
Accrued income for installation services	9,154	30,639	9,154	30,639
Less: Allowance for doubtful debts	<u>(684)</u>	<u>(684)</u>	<u>(684)</u>	<u>(684)</u>
Accrued income for installation services, net	8,470	29,955	8,470	29,955
Unbilled receivables	521,845	300,201	306,453	230,437
Other receivables	15,898	8,445	12,283	5,347
Advance payments	43,898	9,187	40,641	8,244
Other accrued income	4,121	7,639	4,116	7,631
Prepaid expenses	<u>3,925</u>	<u>6,807</u>	<u>3,596</u>	<u>3,458</u>
Total other receivables, net	<u>598,157</u>	<u>362,234</u>	<u>375,559</u>	<u>285,072</u>
Total trade and other receivables, net	<u>1,868,928</u>	<u>1,324,824</u>	<u>1,462,672</u>	<u>1,197,054</u>

8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
	(Restated)		(Restated)		(Restated)	
Finished goods	480,344	407,979	(28,976)	(29,099)	451,368	378,880
Installation in progress - telecommunication projects	130,986	107,610	-	-	130,986	107,610
Other installation in progress	66,489	13,768	-	-	66,489	13,768
Total	<u>677,819</u>	<u>529,357</u>	<u>(28,976)</u>	<u>(29,099)</u>	<u>648,843</u>	<u>500,258</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2016	2015	2016	2015	2016	2015
Finished goods	455,993	333,634	(17,998)	(17,925)	437,995	315,709
Installation in progress - telecommunication projects	4,589	5,102	-	-	4,589	5,102
Other installation in progress	66,489	13,768	-	-	66,489	13,768
Total	<u>527,071</u>	<u>352,504</u>	<u>(17,998)</u>	<u>(17,925)</u>	<u>509,073</u>	<u>334,579</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 7 million (2015: Baht 7 million) (The Company only: Baht 7 million and 2015: Baht 7 million), to reflect net realisable value. This was included in cost of sales. In addition, the Company and its subsidiaries reversed the write-down of cost of inventories by Baht 7 million (2015: Baht 4 million) (The Company only: Baht 6 million and 2015: Baht 3 million), and reduced the amount of inventories recognised as expenses during the year.

9. Investments in subsidiaries

Details of investments in subsidiaries as presented in separate financial statements are as follows:

(Unit: Thousand Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
			(Percent)	(Percent)		
C.S.S. Energy Company Limited	150,000	150,000	100	100	150,000	150,000
Neonworx Communications						
(Thailand) Limited	10,000	9,000	70	70	344,859	344,159
Total					<u>494,859</u>	<u>494,159</u>

Neonworx Communication (Thailand) Limited ("Neonworx")

On 8 May 2015, The Company made the payment for the share by Baht 319 million and had the unpaid balances to the shareholders who are directors by Baht 14.4 million (Note 6) and to other shareholders by Baht 2.4 million. The Company therefore presented the amount under the caption of "Share subscriptions payable". The unpaid balances will be paid within 5 years as specified in the agreement. However, on 19 September 2016, the Company paid full amount of share subscriptions payable to the shareholders who are directors and other shareholders.

On 17 March 2016, the director's meeting of the Neonworx resolved to increase its capital amounting to Baht 1 million. The Company paid its portion of the shares, amounting to Baht 0.7 million, on 25 January 2016. The increase such investment does not affect the structure of the group.

In the current year, the Company completed the assessments of the fair values of Neonworx's identifiable assets and liabilities. The carrying amounts and fair values of assets and liabilities incurred from the acquisition of Neonworx as at 8 May 2015 (the acquisition date) are as follows:

		(Unit: Thousand Baht)	
		As at 8 May 2015	
		Fair values	Carry values
Cash and cash equivalents		3,652	3,652
Trade and other receivables		128,776	128,776
Inventories		183,237	99,844
Restricted bank deposits		10,000	10,000
Investment properties		7,400	2,493
Property, plant and equipment		51,063	45,132
Intangible assets - customer relationships		86,314	-
Bank overdrafts and short-term loans			
from financial institutions		(48,010)	(48,010)
Trade and other payables		(89,787)	(89,787)
Accrued costs		(7,254)	(7,254)
Short-term loans		(28,897)	(28,897)
Deferred tax liabilities		(36,168)	-
Others		(3,893)	(4,187)
Net assets		256,433	111,762
Net assets from acquisition (70% of net assets value)		179,503	
Goodwill		156,497	
Acquisition cost		336,000	

The Company restated the 2015 consolidated financial statements to reflect the fair values of the acquiree's identifiable assets and liabilities.

The amounts of adjustments affecting the consolidated financial statements as at 31 December 2015 and for the year ended 31 December 2015 were summarised below.

(Unit: Thousand Baht)

31 December 2015

Statements of financial position

Increase in inventories	49,335
Increase in investment properties	2,864
Increase in property, plant and equipment	5,757
Increase in goodwill	156,497
Increase in intangible assets	70,903
Decrease in estimated amount of interest in the net assets value of subsidiary that under purchase cost	(257,767)
Increase in deferred tax liabilities	(25,652)
Decrease in retained earnings - unappropriated	29,024
Increase in non-controlling interests of the subsidiary	(30,962)

For the year ended

31 December 2015

Statements of comprehensive income

Profit or loss:

Decrease in gain on disposal of investment properties	1,896
Increase in installation service costs	34,848
Increase in depreciation and amortisation	15,235
Decrease in income tax	(10,516)
Decrease in profit attributable to equity holders of the Company	(29,024)
Decrease in basic earnings per share (Baht/share)	0.03
Decrease in diluted earnings per share (Baht/share)	0.02

10. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements								
	Land	Building	Furniture and fixtures	Toolings and equipment	Office equipment	Motor vehicles	Installed equipment under contract	Assets under installation	Total
Cost:									
1 January 2015	161,323	47,841	12,632	6,148	25,959	63,711	34,107	85,662	437,383
Additions	-	1,705	2,777	332	18,178	18,634	-	71,733	113,359
Acquisition of subsidiary (restated)	10,400	25,917	4,191	1,880	2,538	3,818	-	-	48,744
Disposal and written off	-	-	(2,881)	(34)	(2,443)	(6,271)	-	(13)	(11,642)
Transfer in (transfer out)	-	148,200	137	4,737	4,308	-	-	(157,382)	-
Capitalised interest	-	388	-	-	-	-	-	-	388
31 December 2015 - as restated	171,723	224,051	16,856	13,063	48,540	79,892	34,107	-	588,232
Additions	-	-	481	3,171	1,647	1,481	-	1,977	8,757
Disposal and written off	-	-	(876)	(154)	(809)	(3,244)	-	-	(5,083)
Transfer in (transfer out)	-	-	-	(13)	13	-	-	-	-
31 December 2016	171,723	224,051	16,461	16,067	49,391	78,129	34,107	1,977	591,906
Accumulated depreciation:									
1 January 2015	-	14,667	8,669	5,131	18,538	33,017	9,797	-	89,819
Depreciation for the year (restated)	-	6,028	1,687	2,183	7,539	12,840	3,501	-	33,778
Depreciation on disposals and written off	-	-	(2,424)	(374)	(1,648)	(4,742)	-	-	(9,188)
31 December 2015 - as restated	-	20,695	7,932	6,940	24,429	41,115	13,298	-	114,409
Depreciation for the year	-	10,993	2,186	2,788	8,977	13,708	3,336	-	41,988
Depreciation on disposals and written off	-	-	(849)	(122)	(712)	(2,644)	-	-	(4,327)
Depreciation for transferred assets	-	-	-	(5)	5	-	-	-	-
31 December 2016	-	31,688	9,269	9,601	32,699	52,179	16,634	-	152,070
Net book value:									
As at 31 December 2015 - as restated	171,723	203,356	8,924	6,123	24,111	38,777	20,809	-	473,823
As at 31 December 2016	171,723	192,363	7,192	6,466	16,692	25,950	17,473	1,977	439,836
Depreciation for the year									
2015 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									33,778
2016 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									41,988

10. Property, plant and equipment (continued)

(Unit: Thousand Baht)

	Separate financial statements								
	Land	Building	Furniture and fixtures	Toolings and equipment	Office equipment	Motor vehicles	Installed equipment under contract	Assets under installation	Total
Cost									
1 January 2015	162,200	39,100	5,116	5,410	19,809	52,354	34,107	85,662	403,758
Additions	-	1,642	2,752	65	17,984	18,847	-	71,733	113,023
Disposal and written off	-	-	(1,259)	(34)	(1,936)	(6,901)	-	(13)	(10,143)
Transfer in (transfer out)	-	148,200	137	4,737	4,308	-	-	(157,382)	-
Capitalised interest	-	388	-	-	-	-	-	-	388
31 December 2015	162,200	189,330	6,746	10,178	40,165	64,300	34,107	-	507,026
Additions	-	-	234	3,001	1,002	1,481	-	900	6,618
Disposal and written off	-	-	(876)	(154)	(806)	(3,244)	-	-	(5,080)
Transfer in (transfer out)	-	-	-	(13)	13	-	-	-	-
31 December 2016	162,200	189,330	6,104	13,012	40,374	62,537	34,107	900	508,564
Accumulated depreciation:									
1 January 2015	-	5,454	2,808	2,611	10,839	19,572	9,797	-	51,081
Depreciation for the year	-	5,043	984	1,678	6,873	11,266	3,501	-	29,345
Depreciation on disposals and written off	-	-	(802)	(374)	(1,140)	(4,672)	-	-	(6,988)
31 December 2015	-	10,497	2,990	3,915	16,572	26,166	13,298	-	73,438
Depreciation for the year	-	9,558	1,146	2,090	8,084	11,884	3,336	-	36,098
Depreciation on disposals and written off	-	-	(849)	(122)	(711)	(2,644)	-	-	(4,326)
Depreciation for transferred assets	-	-	-	(5)	5	-	-	-	-
31 December 2016	-	20,055	3,287	5,878	23,950	35,406	16,634	-	105,210
Net book value:									
As at 31 December 2015	162,200	178,833	3,756	6,263	23,593	38,134	20,809	-	433,588
As at 31 December 2016	162,200	169,275	2,817	7,134	16,424	27,131	17,473	900	403,354
Depreciation for the year									
2015 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									29,345
2016 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									36,098

As at 31 December 2016, the Company and its subsidiaries have vehicles under finance lease agreements with net book values amounting to Baht 26 million (2015: Baht 36 million) (Separate financial statements: Baht 22 million, 2015: Baht 31 million).

As at 31 December 2016, certain items of plant and equipment were fully depreciated but were still in use. The gross carrying amount before deducting accumulated depreciation of those assets amounted to approximately Baht 24 million (2015: Baht 16 million) (Separate financial statements: Baht 13 million, 2015: Baht 7 million).

The Company and its subsidiaries have pledged its property, plant and equipment as collateral against credit facilities received from financial institutions amounting to approximately Baht 351 million (2015: Baht 340 million) (Separate financial statements: Baht 331 million, 2015: Baht 340 million).

11. Goodwill

The Company included goodwill acquired through business combination (Note 9) to the cash generating units ("CGUs") (Neonworx Communications (Thailand) Limited) for annual impairment testing. The recoverable amount of the CGU have been determined based on value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period.

Key assumptions used in value in use calculation are summarised below:

Average revenue growth rate	-	9.7% per annum
Pre-tax discount rate	-	11.4% per annum

The management determined the revenue growth based on past performance and its expectations of market growth. The discount rate used is pre-tax and reflect specific risks relating to the assets.

The growth rate used to extrapolate cash flow projections beyond the period covered by the most recent forecasts does not exceed the long-term average growth rate for the industry in which the CGU operates.

Increase in the discount rate of 1.2% per annum would result in recoverable amounts that are equal to the carrying amounts.

The management believes that there is no impairment loss for goodwill.

12. Other intangible assets

The net book value of intangible assets as at 31 December 2016 and 2015 is presented below.

				(Unit: Thousand Baht)	
	Consolidated financial statements			Separate financial statements	
	Customer relationships	Computer software	Total	Computer	software
Cost as at 31 December 2016	86,314	3,018	89,332	2,096	
<u>Less</u> Accumulated amortisation	(39,110)	(1,466)	(40,576)	(1,219)	
Net book value as at 31 December 2016	47,204	1,552	48,756	877	
Cost as at 31 December 2015 (restated)	86,314	3,013	89,327	2,096	
<u>Less</u> Accumulated amortisation (restated)	(15,411)	(1,086)	(16,497)	(931)	
Net book value as at 31 December 2015 - as restated	70,903	1,927	72,830	1,165	

A reconciliation of the net book value of intangible assets for the years 2016 and 2015 is presented below.

			(Unit: Thousand Baht)	
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Net book value at beginning of year	72,830	3,013	1,165	703
Customer relationships acquired through business combination	-	86,314	-	-
Acquisition of computer software	5	-	-	690
Amortisation	(24,079)	(16,497)	(288)	(228)
Net book value at end of year	48,756	72,830	877	1,165

13. Trade and other payables

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Trade payables - unrelated parties	1,449,612	1,053,833	1,263,675	1,032,771
Trade payables - subsidiary (Note 6)	-	-	17,074	16,445
Accrued expenses	72,491	77,789	57,441	72,112
Revenue received in advance	78,748	64,044	48,935	35,160
Other payables	14,007	22,174	13,189	21,177
Total trade and other payables	<u>1,614,858</u>	<u>1,217,840</u>	<u>1,400,314</u>	<u>1,177,665</u>

14. Installation service contract - telecommunication project

As at 31 December 2016, the aggregate amount of installation costs incurred and recognised profits or losses to date for contracts in progress of the Company and subsidiary were approximately Baht 2,135 million (2015: Baht 3,049 million) (Separate financial statements: Baht 996 million (2015: Baht 2,004 million)), and gross amounts due from customers for contracts in progress totaled approximately Baht 653 million (2015: Baht 408 million) (Separate financial statements: Baht 311 million (2015: Baht 236 million)).

15. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated financial statements	
Loan	Interest rate	Repayment schedule	Separate financial statements	
			2016	2015
1	Fixed rate for the first year and referenced to THBFIX since second year	Monthly installments of Baht 1.5 millior each, commencing August 2013	56,080	74,320
2	Fixed rate for the first year and referenced to THBFIX since second year	Monthly installments of Baht 0.8 millior each, commencing July 2016	45,060	55,020
Total			101,140	129,340
Less: Current portion			(28,200)	(28,200)
Long-term loans, net of current portion			72,940	101,140

The loans are secured by mortgage of the Company's land and structures thereon.

The loan agreements contain several covenants which, among other things, require the Company to maintain debt-to-equity ratio and debt service coverage ratio at the rate prescribed in the agreements.

16. Liabilities under finance lease agreements

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Liabilities under finance lease agreements	23,669	30,986	21,655	27,066
Less: Deferred interest expenses	(2,469)	(3,688)	(2,351)	(3,461)
Total	21,200	27,298	19,304	23,605
Less: Portion due within one year	(8,859)	(7,908)	(7,824)	(6,378)
Liabilities under finance lease agreements - net of current portion	12,341	19,390	11,480	17,227

The Company and its subsidiaries have entered into the finance lease agreements with leasing companies for rental of motor vehicles for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 2 and 5 years.

Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	As at 31 December 2016					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	9,954	13,715	23,669	8,864	12,791	21,655
Deferred interest expenses	(1,095)	(1,374)	(2,469)	(1,040)	(1,311)	(2,351)
Present value of future minimum lease payments	8,859	12,341	21,200	7,824	11,480	19,304

(Unit: Thousand Baht)

	As at 31 December 2015					
	Consolidated financial statements			Separate financial statements		
	Less than 1 year	1 - 5 years	Total	Less than 1 year	1 - 5 years	Total
Future minimum lease payments	9,252	21,734	30,986	7,618	19,448	27,066
Deferred interest expenses	(1,344)	(2,344)	(3,688)	(1,240)	(2,221)	(3,461)
Present value of future minimum lease payments	<u>7,908</u>	<u>19,390</u>	<u>27,298</u>	<u>6,378</u>	<u>17,227</u>	<u>23,605</u>

17. Provision for long-term employee benefits

Provision for long-term employee benefits, which represents compensation payable to employees after they retire from the company, was as follows:

	(Unit: Thousand Baht)			
	Consolidated financial statements		Separate financial statements	
	2016	2015	2016	2015
Provision for long-term employee benefits at beginning of year	21,790	16,165	18,565	16,165
Included in profit or loss:				
Current service cost	4,155	2,104	3,681	1,688
Interest cost	924	791	820	712
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	4,470	-	4,470	-
Experience adjustments	3,429	-	3,429	-
Increase from acquisition of subsidiary (Note 9)	-	2,730	-	-
Benefits paid during the year	<u>(29)</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Provision for long-term employee benefits at end of year	<u>34,739</u>	<u>21,790</u>	<u>30,936</u>	<u>18,565</u>

Long-term employee benefit expenses included in the profit or loss are as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Current service cost	4,155	2,104	3,681	1,688
Interest cost	<u>924</u>	<u>791</u>	<u>820</u>	<u>712</u>
Total expense recognised as selling and administrative expenses in profit or loss	<u>5,079</u>	<u>2,895</u>	<u>4,501</u>	<u>2,400</u>

As at 31 December 2016, the weighted average durations of the liabilities for long-term employee benefit are 18 years (Separate financial statements: 18 years) (2015: 20 years, separate financial statements: 20 years).

Significant actuarial assumptions are summarised below:

(Unit: percent per annum)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Discount rate	3.1, 3.2	3.2, 4.4	3.1	4.4
Future salary increase rates	4.0 - 11.0	4.0 - 11.0	4.0 - 11.0	4.0 - 11.0
Staff turnover rates (depending on age)	0.0 - 20.0	0.0 - 20.0	0.0 - 16.0	0.0 - 16.0

The result of sensitivity analysis for significant assumptions that affect the present value of the long-term employee benefit obligation as at 31 December 2016 and 2015 are summarised below:

(Unit: Thousand Baht)

	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(3,877)	4,573	(3,436)	4,504
Salary increase rate	4,847	(4,170)	4,297	(3,695)

(Unit: Thousand Baht)

	As at 31 December 2015			
	Consolidated		Separate	
	financial statements		financial statements	
	Increase 1%	Decrease 1%	Increase 1%	Decrease 1%
Discount rate	(2,539)	2,993	(2,142)	2,523
Salary increase rate	3,364	(2,873)	2,903	(2,475)

18. Share capital

Between December 2014 and September 2015, the warrant holders exercised their rights to acquire totally 192,835,286 ordinary shares at the par value of Baht 0.50 each. The Company registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce during 2015.

In December 2015 and March 2016, the warrant holders exercised their rights to acquire totally 109,236,851 ordinary shares with an exercise price of Baht 1.249 per share. As a result, the Company had increase its issued and paid-up share capital from Baht 533,251,119 (1,066,502,238 ordinary shares with a par value of Baht 0.5 each) to Baht 587,869,544.50 (1,175,739,089 ordinary shares with a par value of Baht 0.5 each) and registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce on 6 January 2016 and 7 April 2016.

On 11 March 2016, the Extraordinary General Meeting of the Company's shareholders passed the following significant resolutions:

- a) Approved the decrease in the registered share capital of Baht 587,995,174.50 to Baht 587,987,137 by terminating the unallocated 16,075 ordinary shares at the par value of Baht 0.50 per share.

The Company registered the corresponding decrease in its registered share capital with the Ministry of Commerce on 15 March 2016.

- b) Approved the increase in the registered share capital from Baht 587,987,137 to Baht 588,036,884.50 by issuing the new 99,495 ordinary shares at the par value of Baht 0.50 each in order to support the adjustment of the exercise right of the warrants (CSS-W1).

The Company registered the corresponding increase in its registered share capital with the Ministry of Commerce on 16 March 2016.

19. Warrants

Between December 2014 and September 2015, the warrant holders exercised their rights to acquire totally 192,835,286 ordinary shares, or total Baht 283,137,968. The Company registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce during 2015.

In December 2015, the warrant holders exercised their rights to acquire 42,901,045 ordinary shares, or total Baht 53,583,408. The Company registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce on 6 January 2016. The Company therefore presented the amount under the caption of "Share subscription received in advance".

In March 2016, the warrant holders exercised their rights to acquire 66,335,806 ordinary shares, at an exercise price of Baht 1.249 per share, or total Baht 82,854,091. The Company registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce on 7 April 2016.

On 31 March 2016, the final exercise date, 0.3 million warrants expired because they had not been exercised.

The movements of warrants are detailed as follows:

	<u>2016</u>	<u>2015</u>
	(Unit)	(Unit)
Balance as at begin of year	55,512,475	254,256,447
Exercise during the year	(55,233,882)	(198,743,972)
Expired warrants	(278,593)	-
Balance as at end of year	<u>-</u>	<u>55,512,475</u>

20. Statutory reserve

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

21. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Restated)			
Salaries and wages and other employee benefits	270,711	249,307	223,441	215,560
Depreciation and amortisation expenses	66,727	50,633	36,387	29,573
Transportation expenses	16,544	19,716	16,138	19,429
Installation service expenses	421,158	469,865	259,112	396,516
Office service expenses	6,030	6,911	5,366	6,607
Commission expenses	33,392	26,523	24,073	25,462
Rental expenses from operating lease agreements	9,683	8,331	6,273	6,785
Reduction of cost of inventory to net realisable value	82	3,283	277	4,374
Changes in finished goods and assets under installation	(148,462)	13,170	(174,567)	(20,749)
Purchase of finished goods	3,698,010	3,285,283	3,378,877	3,201,393

22. Income tax

Income tax expenses for the years ended 31 December 2016 and 2015 are made up as follows:

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Restated)			
Current income tax:				
Current income tax charge	50,081	68,919	37,064	57,824
Deferred tax:				
Relating to origination and reversal of temporary differences	(13,174)	(4,804)	(1,333)	(1,544)
Income tax expenses reported in the statement of comprehensive income	<u>36,907</u>	<u>64,115</u>	<u>35,731</u>	<u>56,280</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2016 and 2015 were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	<u>2016</u>	<u>2015</u>
Deferred tax relating to actuarial losses	<u>1,580</u>	<u>-</u>

The reconciliation between accounting profit and income tax expense is shown below.

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2016	2015	2016	2015
	(Restated)			
Accounting profit before tax	209,904	290,887	231,420	278,557
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	41,981	58,177	46,284	55,711
Utilisation of previously unrecognised tax losses	(2,934)	-	-	-
Adjustment in respect of income tax of previous year	-	409	-	-
Reversal of deferred tax asset realised in previous year	-	3,795	-	-
Effects of:				
Non-deductible expenses	263	1,861	51	1,326
Additional expense deductions allowed	(610)	(562)	(524)	(468)
Income exempt	-	(199)	(10,080)	(199)
Unused tax loss	(1,701)	2,048	-	-
Others	(92)	(1,414)	-	(90)
Total	(2,140)	1,734	(10,553)	569
Income tax expenses reported in the statement of comprehensive income	36,907	64,115	35,731	56,280

As at 31 December 2016 and 2015, the components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Statements of financial position			
	Consolidated financial		Separate financial statements	
	statements			
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	(Restated)			
Deferred tax assets				
Allowance for doubtful accounts	9,261	9,704	4,727	5,100
Allowance for diminution in value of inventories	5,795	5,820	3,600	3,585
Provision for long-term employee benefits	6,948	4,358	6,187	3,713
Liabilities under finance lease agreement	(1,235)	(2,072)	(1,138)	(1,935)
Unused tax loss	1,701	-	-	-
Total	22,470	17,810	13,376	10,463
Deferred tax liabilities				
Revalue assets from acquisition of subsidiary	15,558	25,652	-	-
Total	15,558	25,652	-	-

As at 31 December 2015, the subsidiary has deductible temporary differences and unused tax losses totaling Baht 42 million, on which deferred tax assets have not been recognised as the subsidiary company believes future taxable profits may not be sufficient to allow utilisation of the temporary differences and unused tax losses.

23. Earnings per share

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year. There were warrant holders exercised their right as described in Note 19 and there was stock dividend as described in Note 26. The Company therefore recalculated basic earnings per share of prior year by adjusted number of share to reflect such events.

Diluted earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year plus the weighted average number of ordinary shares which would need to be issued to convert all dilutive potential ordinary shares into ordinary shares. The calculation assumes that the conversion took place either at the beginning of the year or on the date the potential ordinary shares were

issued. There was stock dividend as described in Note 26. The Company therefore recalculated diluted earnings per share of prior year by adjusted number of share to reflect such events.

The following table sets forth the computation of basic and diluted earnings per share:

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	Thousand Baht	Thousand Baht	Thousand shares	Thousand shares	Baht	Baht
		(Restated)				(Restated)
Basic earnings per share						
Profit attributable to equity holders of the Company	<u>169,578</u>	219,357	<u>1,159,246</u>	1,042,388	0.15	0.21
Effect of dilutive potential ordinary shares						
Warrants		<u>-</u>		<u>134,581</u>		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of dilutive potential ordinary shares		<u>219,357</u>		<u>1,176,969</u>		0.19

24. Segment information

Operating segment information is reported in a manner consistent with the internal reports that are regularly reviewed by the chief operating decision maker in order to make decisions about the allocation of resources to the segment and assess its performance. The chief operating decision maker has been identified as chief executive officer of the group.

For management purposes, the Company and its subsidiaries are organised into business units based on its products and services and have two reportable segments as follows:

- The distribution electrical equipment segment, which is a supplier of electronic cable and other equipment related to electrical system, and fire protection equipment.
- Installation service segment, which design and installation of telecommunications systems and fire protection systems.

The chief operating decision maker monitors the operating results of the business units separately for the purpose of making decisions about resource allocation and assessing performance. Segment performance is measured based on operating profit or loss on a basis consistent with that used to measure operating profit or loss in the financial statements.

The basis of accounting for any transactions between reportable segments is consistent with that for third party transactions.

The following tables present revenue and profit information regarding the Company and its subsidiaries' operating segments for the years ended 31 December 2016 and 2015, respectively.

	(Unit: Thousand Baht)		
	For the year ended 31 December 2016		
	Distribution of electrical equipment	Installation services	Consolidated financial statement
Revenue from external customers	3,568,518	1,125,396	4,693,914
Depreciation and amortisation	-	4,602	4,602
Reversal of reduction of inventory to net realisable value	(122)	-	(122)
Segment profit	337,282	327,818	665,100

(Unit: Thousand Baht)

	For the year ended 31 December 2015		
	Distribution of electrical equipment	Installation services	Consolidated financial statement
		(Restated)	(Restated)
Revenue from external customers	3,174,301	1,340,980	4,515,281
Depreciation and amortisation	-	3,991	3,991
Reduction of inventory to net realisable value	3,283	-	3,283
Segment profit	295,263	398,002	693,265

25. Provident fund

The Company, subsidiaries and employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company, subsidiaries and employees contribute to the fund monthly at the rates of 3 percent to 5 percent of basic salary (2015: At the rate of 3 percent to 5 percent). The fund, which is managed by UOB Asset Management (Thai) Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2016 and 2015 amounting to approximately Baht 6.6 million and Baht 5.7 million respectively (Separate financial statements: Baht 5.6 million and Baht 5.3 million, respectively) were recognised as expenses.

26. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends for 2014	Annual General Meeting of the shareholders on 28 April 2015		
Stock dividend		87	0.10
Cash dividend		10	0.01
Interim dividends for 2015	Board of Director's meeting on 7 August 2015	105	0.10
Total dividends for 2015		202	0.21
Final dividends for 2015	Annual General Meeting of the shareholders on 8 April 2016	118	0.10
Interim dividends for 2016	Board of Director's meeting on 11 August 2016	70	0.06
Total dividends for 2016		188	0.16

27. Commitments and contingent liabilities

27.1 Capital commitment

As at 31 December 2016, the Company had capital commitments of approximately Baht 0.1 million (2015: Baht 0.1 million), relating to the construction of office building and warehouse.

27.2 Operating lease commitments and services

The Company and its subsidiaries have entered into several operating lease agreements relating to leases of assets and service contracts with individuals and companies. The terms of the agreements are generally between 1 to 5 years.

Future minimum lease payments required under these non-cancellable operating leases contracts were as follows:

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Payable:				
In up to 1 year	7	6	7	6
In over 1 and up to 5 years	4	6	4	6

27.3 Guarantees

The Company and its subsidiaries have outstanding bank guarantees issued by banks on behalf of the Company and its subsidiaries in the normal course of business. Details are as follows:

	(Unit: Million Baht)			
	As at 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Guarantee payments due to creditors	215	215	215	215
Guarantee contractual performance	131	247	69	171
Guarantee of construction contracts, bidding and debt repayment	123	19	104	19
Guarantee for sales of goods	31	39	31	39

28. Financial instruments

28.1 Financial risk management

The financial instruments of the Company and its subsidiaries, as defined under Thai Accounting Standard No.107 “Financial Instruments: Disclosure and Presentations” are as follows:

Cash and cash equivalents, trade and other receivables, deposits at bank with restrictions, short-term loan, trade and other payables, liabilities under finance lease agreements and long-term loans.

The financial risks associated with these financial instruments and how they are managed is described below.

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade and other receivables. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentrations of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk relates primarily to their cash at banks, short-term loan, liabilities under finance lease agreements and long-term borrowings. Most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates which are close to the market rate. The interest rate risk is expected to be low.

As at 31 December 2016 and 2015, significant financial assets and liabilities classified by type of interest rate are summarised in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

(Unit: Thousand Baht)

As at 31 December 2016

Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	876	-	457,495	-	458,371	0.10 - 0.75
Trade and other receivables	-	-	-	1,868,928	1,868,928	-
Restricted bank deposits	180,759	-	-	-	180,759	0.55 - 1.40
Financial liabilities						
Short-term loan from financial institutions	150,455	-	-	-	150,455	2.35 - 3.40
Trade and other payables	-	-	-	1,614,858	1,614,858	-
Liabilities under finance lease agreements	8,859	12,341	-	-	21,200	2.36 - 10.64
Long-term loans	-	-	101,140	-	101,140	Rate reference to THBFIX

(Unit: Thousand Baht)

As at 31 December 2015

Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	10,799	-	701,513	-	712,312	0.10 - 1.00
Trade and other receivables	-	-	-	1,324,824	1,324,824	-
Restricted bank deposits	187,949	-	-	-	187,949	0.80 - 2.25
Financial liabilities						
Short-term loan from financial institutions	146,974	-	-	-	146,974	3.30 - 9.25
Trade and other payables	-	-	-	1,217,840	1,217,840	-
Liabilities under finance lease agreements	7,908	19,390	-	-	27,298	2.35 - 10.64
Long-term loans	-	-	129,340	-	129,340	Rate reference to THBFIX

(Unit: Thousand Baht)

As at 31 December 2016

Separate financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	130	-	262,622	-	262,752	0.10 - 0.75
Trade and other receivables	-	-	-	1,462,672	1,462,672	-
Restricted bank deposits	176,799	-	-	-	176,799	0.55 - 1.40
Financial liabilities						
Trade and other payables	-	-	-	1,400,314	1,400,314	-
Liabilities under finance lease agreements	7,824	11,480	-	-	19,304	2.36 - 10.64
Long-term loans	-	-	101,140	-	101,140	Rate reference to THBFIX

(Unit: Thousand Baht)

As at 31 December 2015

Separate financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
Financial assets						
Cash and cash equivalents	217	-	524,926	-	525,143	0.10 - 1.00
Trade and other receivables	-	-	-	1,197,054	1,197,054	-
Restricted bank deposits	176,049	-	-	-	176,049	0.80 - 2.25
Financial liabilities						
Short-term loan from financial institutions	100,000	-	-	-	100,000	3.35
Trade and other payables	-	-	-	1,177,665	1,177,665	-
Liabilities under finance lease agreements	6,378	17,227	-	-	23,605	2.35 - 10.64
Long-term loans	-	-	129,340	-	129,340	Rate reference to THBFIX

28.2 Fair values of financial instruments

Since the majority of the Company and its subsidiaries' financial instruments are short-term in nature or carrying interest at rates close to the market interest rates, their fair values are not expected to be materially different from the amounts presented in the statement of financial position.

29. Capital management

The primary objective of the Company and its subsidiaries' capital is to ensure that they have appropriate capital structure in order to support their business and maximise shareholder value. As at 31 December 2016, the Group's debt-to-equity ratio was 1.22:1 (2015: 1.05:1) and the Company's was 1.04:1 (2015: 1.06:1).

30. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2017.

CSS Group



Communication & System Solution PLC.
329 Moo. 3 Banmai, Pakkred, Nonthaburi 11120
Telephone. 02-018-1111 Fax. 02-018-1142
Website. www.cssthai.com