



# Annual Report

2017



*Geared towards...*

*the Company to grow*

*with good Corporate Governance.*



# Content of Annual Report 2017

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## "Reflecting the results of step forward to quality organizations"

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## Chairman Message



Throughout year 2017, company achieved many aspects of management by applying good governance policy mainly focusing on transparency and accountability to accomplish business sustainability.

During the passing year, the board of director has determined to operate the firm under rules of the good corporate governance by disclosure of important information and necessity for investor. Moreover, the effective evaluation and inspection are very importance in order to indicate the corporate value that can effectively build trust to the investor to receive accurate information. There was measurement and evaluation corporate overview which include the board of directors, subcommittees, executives and staff members.

**"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."**

A handwritten signature in blue ink, appearing to be 'Pol. Ma . en. Supisarn hakdinarinath Ph. .', written in a stylized cursive script.

Pol. Ma . en. Supisarn hakdinarinath Ph. .  
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, in 2017 subsidiary and company's revenue is total 4,462 million baht. Net profit is equal to 204 million baht, an increasing 34 million baht or 20% compared with last year. Net profit about 0.17 baht per share. The most significant factor that profit soars is due to complying good governance regulation.

The company has determined to become a role model by promoting good corporate governance and effective administration. According to the survey which showed the increasing score in every year from various institutions, in 2017, the firm is able to raise quality criteria on exploration and supervision of listed companies in Thailand from Thai Institute of Directors. The result showed at 4 stars rank which is in very good group and received Top Quartile award in group of companies with value of 3,000-9,999 million baht. The score was at 87% which is considered to be the highest mark among 4 stars rank.

Moreover, the firm has still extremely improved its performance in order to provide excellent products and services. Not only products and services that have certification standard but also the firm improve its quality system to be up-to-date by expanding the scope of risk management which can affect the firm quality management. In addition, issuing newly strategic guild lines and controlling uncertainties, which can affect to the whole supply chain, for long term sustainable growth. In 2017, The company is certified to ISO 9001:2015 from United Registrar of Systems (Thailand) Co. Ltd. (URS).

**"On behalf of Chief Executive Officer, Communication & System Solution PLC. 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."**



**Mr. Sompong Kangsawiwat**  
Chief Executive Officer

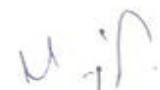
## Report of the Audit Committee

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.

1. Has reviewed the quarterly and annual financial statement and consolidated financial statement and its subsidiaries for 2017 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 2017, 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 Ms.Samacharee Kaewkhomadee is responsible for the major in the internal audit of the company. However, The Company has set the internal auditing sector of the company. The Committee assigned Miss Panida Sawatwannarat representing to the internal auditor by liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the Audit Committee Directly to improve upon the recommendation of the independent evaluation of the internal control system.
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. 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.
5. 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 2,725,000 THB which appropriated.
6. In the year 2017, the Audit Committee held 4 meetings, by Reported to the Board of Directors, acknowledge and consider every quarter.
7. The Board of Directors Meeting No.2/2017 held on 12 May 2017 has approved Mr.Vuthichai Duangratana (Ph.D.) to be an Audit Committee. All members are Independent Director, including
 

1. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of Audit Committee	(Attended 4/4 times)
2. Mr.Chattaphum Khantiviriya	Member of Audit Committee	(Attended 4/4 times)
3. Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee	(Attended 4/4 times)
4. Mr.Vuthichai Duangratana (Ph.D.)	Member of Audit Committee	(Attended 2/2 times)

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

## Report of the Nomination and Remuneration and Corporate Governance Committee

Nomination and Remuneration and Corporate Governance Committee have been assigned to discharge the duties and responsibilities regarding to the charter regulated by Board of Directors. The important duties and responsibilities include rules and policies regulation; committee recruitment; selecting personnel conformed to legal qualification, principle, regulation and related practice in order to present to committee for appointing members of board; regulating rule and policies in compensation to present in the meeting of Board of Directors; consider, review, present and follow up in the purpose of producing all kinds of work system to be consistent with ethics and good regulation related to policies and guidelines that have been determined; reporting the achievement of nomination committee in present in the meeting of Board of Directors; represent to shareholder in annual report and annual data entry form. In 2017, Nomination and Remuneration and Corporate Governance Committee consist of 3 committee members.

- |   |  |
|---|--|
| 1. Assoc.Prof.Pitipat Chataccaraphat (Ph.D) | Chairman of NRCC. and Independent Director |
| 2. Mr.Chattaphum Khantiviriya               | Member of NRCC.                            |
| 3. Ms.Panida Sawatwannarat                  | Member of NRCC.                            |

In 2017, there is a meeting of nomination and compensation committee and corporate governance which was attended by all of the three committee members. The considering issues could be summarized according to the following content:

### 1. Committee Nominating

Nomination committee has considered and selected the personnel from several occupations who have appropriate qualification regarding to associated law and regulation, such as committee qualification law, public company law and the rules of securities and exchange commission, also including company regulations and good corporate governance principles of the firm. Furthermore, the lists and attributes of the proper person who will occupy committee position were considered to be consistent with the strategies of business administration and committee structure which have several aspects of knowledge: skill, profession, specialization, gender, etc. and also should be also able to effectively dedicate time to the company. In addition, the board also provide opportunity for minor shareholder to nominate a person in the selection to be board of directors. The nominating was conducted on October 2017 – January 2018. Nomination committee has proceeded regarding to following steps:

- 1) Selecting committee to replace the terminated committee. The board has implemented according to nominating process and presented the opinion toward the committee to promote the appropriate person before representing at the annual general meeting of shareholders in order to become the company's director.
- 2) Selecting committee to replace vacant committee due to other reasons except for termination. The board has recruited the proper person regarding to nominating process and present to the committee for promoting to be the director of the firm.

### 2. The consideration of the compensation for the committee

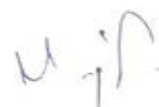
Nomination committee has cogitated to provide the compensation by applying the regulation of compensation considering, scrutinizing the propriety of the recompense conforming to the duties, assigned responsibilities, compared to the similar type and size of business, also consider to turnover, performance, business environment and overall economic condition.

### 3. The consideration of performance measurement criteria of the committee

Nomination committee has regulated to arrange performance evaluation system for the Board of Directors both subcommittee and individual once a year in order for the board to review performance, issues and various obstacles on implementing the duties during the passing year; in the purpose of solving problem together, bring about to improve, develop and increase the effectiveness of business administration by conducting the principles and topics of evaluation that consistent with stock exchange's which have been adapted to be appropriate with the company.

### 4. Monitoring and supervising to occur ethical compliance and business ethics

Nomination committee has monitored and look after employees, managers and committee to follow the ethics guide and business ethics in order to develop organizational culture. The staffs, managers and committee were communicated to acknowledge by the orientation of the new employees and also pass on to website of the company.



(Assoc.Prof.Pitiphat Chataccarapat)

Chairman of the NRCC

## Report of the Risk Management Committee

The risk management committee has extremely concerned about preparation to cope with the ambivalent circumstances which can affect firm performance. Fortunately, the risk management committee has effective means to manage and mitigate uncertainty. Moreover, there is strictly internal control on behalf of the risk management committee in order to certify stakeholders that the company and subsidiaries have appropriate effective means in order to achieve the firm's purpose.

The risk management committee includes with 1 independent director and 4 executive directors. According to the passing year (2017), there was an annual conference held by The risk management committee for the purpose of considering essential aspects as follows.

1. Considering comprehensive risks and strategic plans that align with the corporate's goal. The company operation included with operation risk, financial risk, anti-corruption risk and etc.
2. Expanding risk management scope to subsidiaries, in the purpose of inspiring investors and stakeholders about operating business under global risk management approaches, can minimize uncertainty.
3. Rechecking and inspection of risk management plan whether the firm can operate consistency with its risk management strategic roadmap in order to effective minimize risk management standard. Therefore, the internal auditor will be responsible to inspect and ensure compliance with established internal control procedures of the company and subsidiaries.
4. Preparing an annual evaluation of the risk management committee, in order to recheck the firm performance and discourage during the passing year, was the procedure for solving problem, minimizing risk and improving the company's performance that will lead the firm to reach its achievement simply.

The risk management committee strongly believe that our company and subsidiaries have effective internal control which can help the firm to mitigate risk management in order to be an excellent corporate governance.



Mr.Sompong Kangsawiwat

Chief Executive Officer

## Vision / Mission / CSS's Core Values 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 Values



### Business objective

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. In 2017, The company has undertaken to improve the quality system, by expanding the scope to identify the risks and opportunities that affect the quality management system of the organization including the planning and control of changes that may affect the production and delivery of products or services. With a commitment to quality and continuous development The company can raise towards ISO certification 9001:2015 from United Registrar of Systems (Thailand) Co. Ltd. (URS) is completed.

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





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

Chairman of the Board of Director, Independent Director

**Age** 63 years old / Thai nationality

**Date of appointed** 12 September 2014 (3 Years)

**Percent of Company's shares** = None

**Education**

- Ph.D. in Management of North Bangkok University

**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

Other Training

- Economic and Business Outlook in 2016 : Hot-bottom Issues for Directors
- Tone at the Top Series 1/2016 Clean Business Engagement with Public Sector
- Chairman Forum Corporate Governance VS Corporate Performance: Duty or Choice
- CG Forum 2/2016 at SET
- Training in Managing Conflicts in the Boardroom
- IOD Director Briefing 4/2016 Managing Technology & Disruption
- Legal Update : Criminal Liabilities of Directors 2017
- Chairman forum 2017: The Role of Chairman in Leading Strategic Risk Oversight
- Board of Directors and their role in driving Thailand forward 2017
- Certificate in CSR for Corporate Sustainability Class 6 Services at SET
- Certificate of Capital Market Academy Leader Program (CMA) Class. 21
- Development Administration in Digital Era Class.1/2017
- Academic Seminar "Criminal Justice Performance Measures Conference" 2017

**Experience**Listed Company

2014 – Now	Chairman of the Board of Director, Independent Director	Communication & System Solution PCL.
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Other Company (Not listed company)

2016 - Now	Consultant of Directors	Magic Enterprise Co.,Ltd
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## 02. Assoc.Prof.Pitipat Chataccaraphat

Independent Director, Chairman of Audit Committee,  
Chairman of Nomination Remuneration and Corporate  
Governance Committee,

**Age** 56 years old / Thai nationality

**Date of Appointed** 8 August 2005 (12 Years)

**Percent of Company's shares** = None

### Education

- Ph.D. 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	Communication & System Solution PCL.
2012 - Now	Chairman of Audit Committee	Communication & System Solution PCL.
2012 - Now	Chairman of Nomination, Remuneration and Corporate Governance Committee	Communication & System Solution PCL.

#### Other Company (Not listed company)

-None-

## 03. Mr.Chattaphum Khantiviriya

Independent Director, Member of Audit Committee,  
Member of Nomination Remuneration and Corporate  
Governance Committee, Member of Risk Management  
Committee

**Age** 56 years old / Thai nationality

**Date of Appointed** 12 September 2014 (3 Years)

**Percent of Company's shares** = 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

#### Listed Company 3 Companies

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

#### Other Company (Not listed company) 2 Companies

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

**04. Assoc.Prof.Prapart Praisuwanna**

Independent Director, Member of Audit Committee,

**Age** 61 years old / Thai nationality**Date of Appointed** 1 January 2015 (2 Years)**Percent of Company's shares** = 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, 1997
- Public Directors Institute (PDI) Class 6/2011

**Experience**Listed Company 3 Companies

2015 - Now	Independent Director / Member of Audit Committee	Communication & System Solution PCL.
2013 - Now	Director	CPT Dry and Power PCL.
2014 - Now	Chairman of Audit Committee	Bangkok Sheet Metal PCL.

Other Company (Not listed company) 3 Companies

1981 - Now	Associate Professor, Faculty of Engineering	King Mongkut's Institute of Technology Ladkrabang.
2013 - Now	Director	PEA. MCOM International Co.,Ltd.
2016 - Now	Chairman	Saving Cooperative King Mongkut's Institute of Technology

**05. Mr.Vuthichai Duangratana (Ph.D.)**

Independent Director / Member of Audit Committee

**Age** 61 years old / Thai nationality**Date of Appointed** 23 February 2017 (10 Months)**Percent of Company's shares** At 31 Dec 2017 = 50,000 Shares (0.004% of paid up capital and total voting rights)**Education**

Ph.D.of Economy, Universite de Paris, France

**Training**Thai Institute of Directors

- Director Certification Program Class 198/2014
- Advanced Audit Committee Program (AACP) Class. 23/2016

Other Training

- Executive Management Program Class 52/2007
- Defense of the state, private and political Class 6/2013
- Financial & Fiscal Management Program for Senior Executive Class 1/2014
- Executive Course Capital Market Academy Class 20
- Global Business Leadership Program Class 2/2017
- Course of Tourism Management Executive Class 1/2017

**Experience**Listed Company 2 Companies

2017 - Now	Independent Director / Member of Audit Committee	Communication & System Solution PCL.
2015-Now	Chairman of NRC and Director	PTG Energy PCL

Other Company (Not listed company) 3 Companies

2017-Now	Honorable Committee of University Council for Academic Affair,	Bangkok University
2017-Now	Honorable Committee of University Council for Academic Affair,	Raffles International Collage
2017-Now	Honorable Committee of University Council for Academic Affair,	Dhurakit Pundit University

**06. Mr.Sompong Kansawiwat**

Director, Chief Executive Officer, Chairman of Risk Management Committee

**Age** 52 years old / Thai nationality  
**Date of Appointed** 8 August 2005 (12 Years)  
**Percent of Company's shares** At 31 Dec 2017 = 208,148,836 Shares (17.66% of paid up capital and total voting rights)

**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**Listed Company 1 Company

1994 – Now	Director	Communication & System Solution PCL.
2011 - Now	Chief Executive Officer	Communication & System Solution PCL.
2012 - Now	Chairman of Risk Management Committee	Communication & System Solution PCL.

Other Company (Not listed company) 2 Companies

1997 – Now	Director	C.S.S.Energy Co.,Ltd.
2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.

**07. Mr.Opas Tiyawattanaroj**

Director, Executive Director, Member of Risk Management Committee, Managing Director Telecommunication Group

**Age** 52 years old / Thai nationality  
**Date of Appointed** 8 August 2005 (12 Years)  
**Percent of Company's shares** At 31 Dec 2017 = 58,339,711 Shares (4.96% of paid up capital and total voting rights)

**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**Listed Company 1 Company

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

Other Company (Not listed company) 1 Company

2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.
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**08. Mr.Kittirat Mekmanee**

Director, Executive Director, Member of Risk Management Committee, Managing Director Business Group

**Age** 51 years old / Thai nationality

**Date of Appointed** 8 August 2005 (12 Years)

**Percent of Company's shares** At 31 Dec 2017 = 44,058,756 Shares (3.75% of paid up capital and total voting rights)

**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

**Experience**Listed Company 1 Company

1995 – Now	Director	Communication & System Solution PCL.
2011 - Now	Executive Director	Communication & System Solution PCL.
2012 - Now	Member of Risk Management Committee	Communication & System Solution PCL.
2013- Now	Managing Director Business Group	Communication & System Solution PCL.

Other Company (Not listed company)

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

**09. 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** 54 years old / Thai nationality

**Date of Appointed** 8 August 2005 (12 Years)

**Percent of Company's shares** At 31 Dec 2017 = 3,341,688 Shares (0.28% of paid up capital and total voting rights)

**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 Prajadhipok's Institute (KPI)
- Technical for preparation and submission of B1 as the announcement of the NACC 2013 from FAP
- High-level finance and public finance management Class 3/2016
- Strategic CFO in Capital Markets 2017

**Experience**Listed Company 1 Company

1995 – Now	Director	Communication & System Solution PCL.
2011 - Now	Executive Director	Communication & System Solution PCL.
2012 - Now	Member of Risk Management Committee	Communication & System Solution PCL.
2013- Now	Managing Director Finance & Control Group	Communication & System Solution PCL.

Other Company (Not listed company)

1997 – Now	Director	C.S.S.Energy Co.,Ltd.
2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.

## 10. Ms.Nongnuch Temeesrisuk

Director, Executive Director, Managing Director

Management & Corporate Governance Group

/ Corporate Secretary

**Age** 54 years old / Thai nationality

**Date of Appointed** 8 August 2005 (12 Years)

**Percent of Company's shares At 31 Dec 2017 = 1,502,928 Shares**

(0.13% of paid up capital and total voting rights)

### 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

#### Other Training

- Certificate in Basic & Regulation of the Listed Company Class 6/2011 of TLCA.
- Certificate of Company Secretary Program Class 27/2008

### Experience

#### Listed Company 1 Company

2005 – Now	Director	Communication & System Solution PCL.
2011 - Now	Executive Director	Communication & System Solution PCL.
2013- Now	Managing Director Management & Corporate Governance Group	Communication & System Solution PCL.
2013- Now	Corporate Secretary	Communication & System Solution PCL.
2015- Now	Chairman Of the Board of Directors & Chairman of Audit Committee	Thai Coconut PCL.

#### Other Company (Not listed company) 2 Companies

1997 – Now	Director	C.S.S.Energy Co.,Ltd.
2015 - Now	Director	Neon Worx Communication (Thailand) Co.,Ltd.

## 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 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

## Financial Highlights

current Ratio (times)	2015	2016	2017
<b>Operating Results (Thousand THB)</b>			
Sales and Services Revenues	4,515	4,694	4,439
Total Revenues	4,572	4,713	4,462
Total Costs and Expenses	4,270	4,492	4,201
Gross Profit (Loss)	302	221	261
Net Profit (Loss) (Shareholder's Equity)	219	170	204
<b>Financial Position (Thousand THB)</b>			
Total Assets	3,465	3,843	3,606
Total Liabilities	1,775	2,114	1,889
Shareholders' Equity	1,689	1,729	1,717
Inventories	500	649	662
<b>Per Share (Baht)</b>			
Net Profit per share (Loss) (Shareholder's Equity)	0.21	0.15	0.17
Dividend per share	0.20	0.16	0.18
Book Value per share	1.50	1.47	1.46
<b>Financial Ratio (%)</b>			
Gross Profit Margin	15%	14%	15%
Net Profit Margin (Shareholder's Equity)	5%	4%	5%
Return on Equity (%)	16%	10%	12%
Current Ratio (times)	1.60	1.51	1.56
Debt to Equity Ratio (times)	1.11	1.22	1.10

## 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	: <a href="http://www.cssthailand.com">www.cssthailand.com</a>
Company Secretary	: Ms. Nongnuch Temeesrisuk Tel. : 02-018-1111 / E-mail : <a href="mailto:secretary@cssthailand.com">secretary@cssthailand.com</a>
Investor Relations	: Mrs. Prapussorn Lakwuthiwong Tel. : 02-018-1111 ext.5501 / E-mail : <a href="mailto:prapussorn@cssthailand.com">prapussorn@cssthailand.com</a>
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:	: No.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 held	: 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

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## 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 <sup>rd</sup> 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.5th Soi Permsub (Prachachuen20) , Bangsue,  Bangkok, 10800 Thailand.  Tel.: 02-596- 0500

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## Other information

-None-



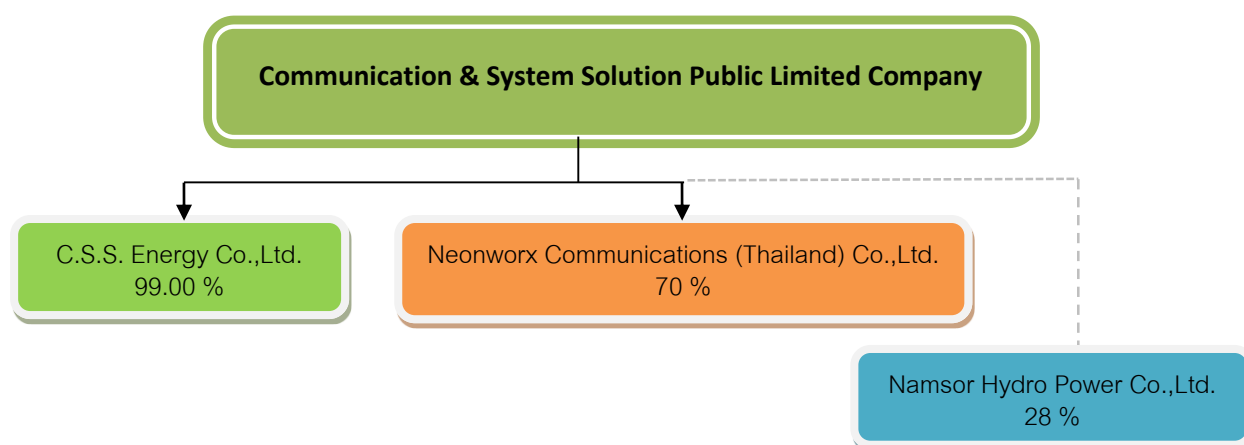
## Policy and overall business

Communication & System Solution Public Limited Company “CSS” 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 with the governance policy. The company is focused on the continued growth and sustainability. By expanding into new business areas to continue business operations at all times. Which is considered the heart of the policies and operations of the Company.

### 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 neighboring 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 maintain 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

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 by having a registered capital and paid-up capital amount of 150 million baht. In addition, C.S.S. Energy Co. Ltd. also has a branch located at 59 Moo.7, Bang Phra, Sri Racha, Chonburi.

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. by having a registered capital and paid-up capital amount of 10 million baht. The head office located at 10 Soi Naknivas 47, Naknivas Road, Ladprao, Bangkok.

Namsor Hydro Power Co.,Ltd.

Namsor Hydro Power Co.,Ltd is a company incorporated and registered under the laws of the Lao People's Democratic Republic was established on 25 August 2014, with the original purpose of operating for conducting hydropower business. The head office located at Ban Nam Ngom, Meuang Vien, Bolikhamsai, Laos.

## Significant developments in last 3 years

- 2015 April Resolutions of the Annual General Meeting 2015 was resolved as follows;
  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.
- 2015 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.
- 2015 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.

- 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”
- 2017 March The company is certified to ISO 9001: 2015 accreditation for the management of telecommunications systems installations from United Registrar of Systems (Thailand) Co. Ltd. (URS).
- 2017 October Resolutions of the Board of Directors Meeting No.4/2017 approved the Company to invested in Namsor Hydro Power Company Limited to acquired the capital increase 67,200 shares at the value of 100,000 Lao Kip per share Representing 28% of total share which is located in Laos which operating for conducting hydropower business.

## Connection with the businesses of major shareholders

-None-

## Business Characteristics

### Revenue Structure

Types of Products	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical Wire	2,186.94	47.83	2,639.88	56.01	2,288.04	51.27
Lamp and lighting Equipment	499.85	10.93	441.60	9.37	431.56	9.67
Electrical conduits and fittings	168.09	3.68	132.70	2.82	114.63	2.57
Electrical system control equipment	221.87	4.85	270.86	5.75	373.49	8.37
Passive fire protection materials and equipment	36.82	0.81	40.98	0.87	40.62	0.91
Electrical Transformers	23.48	0.51	25.76	0.55	13.90	0.31
Others	37.25	0.81	16.74	0.36	8.27	0.19
<b>Total Sale Revenues</b>	<b>3,174.30</b>	<b>69.42</b>	<b>3,568.52</b>	<b>75.72</b>	<b>3,270.51</b>	<b>73.29</b>
Telecommunication system installation revenue	1,278.49	27.96	1,050.18	22.28	1,114.71	24.98
Passive Fire protection system installation revenue	35.89	0.79	43.62	0.93	35.31	0.79
Electrical equipment installation revenue	15.86	0.35	-	-	-	-
Other services revenue	10.71	0.23	31.60	0.67	18.45	0.41
<b>Total installation service revenues</b>	<b>1,340.95</b>	<b>29.33</b>	<b>1,125.40</b>	<b>23.88</b>	<b>1,168.47</b>	<b>26.18</b>
Brokerage income	34.70	0.76	-	-	-	-
Other income	22.55	0.49	19.14	0.41	23.51	0.53
<b>Total Revenues</b>	<b>4,572.50</b>	<b>100.00</b>	<b>4,713.06</b>	<b>100.00</b>	<b>4,462.49</b>	<b>100.00</b>

### 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

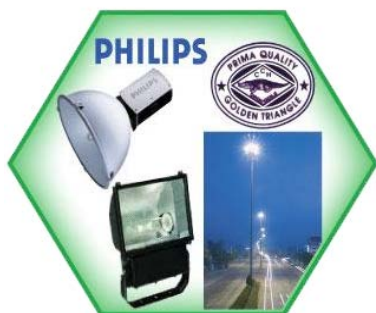
products quickly, safely and with maximum efficiency. In 2016 and 2017, revenues from the distribution operations made up 76% and 73% of total revenue respectively. Products which the Company distributes can be divided into 6 main types: electrical wires, lamps and lighting equipment, conduits and installation 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 56% and 51% of total revenues in 2016 and 2017 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 9% and 10% of total revenues in 2016 and 2017 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 3% of revenues in 2016 and 2017.



#### 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 6% and 8% of revenue in 2016 and 2017.

#### 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% of revenues in 2016 and 2017.

#### 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 0.6% and 0.3% of revenues respectively in 2016 and 2017.

## **2. Design and installation business**

In 2016 and 2017, installation services made up approximately 24% and 26% 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 18 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 2016 and 2017, design, purchasing and installation services for telecommunication systems accounted for 22% and 25% 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. In the last 3 years, 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 2015
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	122.70	Oct 2015 – Jun 2018
True Move Year 2016_900 MHz&1800 MHz(South)	Ericsson (Thailand) Co.,Ltd	Company	New Site	35.35	Jan 2016 – Dec 2017
True Move TE Installation Year 2016_900 MHz&1800 MHz	Ericsson (Thailand) Co.,Ltd	Company	New Site	30.45	Jan 2016 – Dec 2017
True Move Year2016_900 MHz&1800MHz (Bangkok)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	30.82	Feb 2016 – Dec 2017
True Move Year 2016_900 MHz&1800 MHz (East)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	19.50	Feb 2016 – Dec 2017
True Move Phase 4.6 & 11 for 900 MHz (BKN&East)	True Corporations PCL.	Company	New Site	16.22	Feb 2016 – Dec 2017
True Move 900 MHz for Village Site (East Region)	True Corporations PCL.	Company	New Site	106.99	Feb 2016 – Dec 2017
True Move 900 MHz for Village Site (South Region)	True Corporations PCL.	Company	New Site	34.70	Feb 2016 – Dec 2017
DTN Year 2016 Project	DTAC	Company	New Site	290.56	Jul 2016 – Jun 2018

Project	Employer	Process by	Characteristics of Services	Value of Project (Million Baht)	Process Time
LTE 2100 Phase 5 Densification	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	13.45	Jul 2016 – Jun 2018
DTAC 2016 Expansion (TE Installation)	Ericsson (Thailand) Co.,Ltd	Company	New Site	3.48	Jul 2016 – Dec 2017
True Move LTE2100 Phase 5 Densification (New Site)	True Corporations PCL.	Company	New Site	31.88	Aug 2016 – Dec 2018
True Move Pracharath School Project (East&South)	True Corporations PCL.	Company	New Site	10.40	Sep 2016 – Jun 2018
True Move Special Project	True Corporations PCL.	Company	New Site	116.01	Jan 2016 – Dec 2018
DTAC 2017 Network Evolution New Build Project	DTAC	Company	New Site	564.55	Mar 2017 – Jun 2018
True Move 4G Enhancement Project (Upgrade) (South)	Ericsson (Thailand) Co.,Ltd	Company	New Site	13.19	Jan 2017 – Jun 2018
New Site True Move 4G Enhancement Project	True Corporations PCL.	Company	New Site	73.27	Mar 2017 – Dec 2018
True Move 4G Enhancement Project (Upgrade) (East)	Huawei Technologies (Thailand) Co.,Ltd	Company	New Site	5.04	Jun 2017 – Jun 2018
Turnkey Project of rollout for DTAC cell Site year 2018 - 2020	DTAC	Company	New Site	114.40	Jan 2018 – Dec 2018

## 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 2016 and 2017, fire protection system design, purchasing and installation and other services accounted for approximately 2% and 1% 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, 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.

In 2017 The company is committed to quality and continuous development by expanding the scope to identify risks and opportunities that impact an organization's quality management system as well as planning and control changes that affect the production and delivery of products or services that make the company to raise the standards. The Company has received ISO 9001: 2015 certification from United Registrar of Systems (Thailand) Co. Ltd. (URS).

#### 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](http://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, 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 15 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 2 branches. In 2017, The company has undertaken to improve the quality system, by expanding the scope to identify the risks and opportunities that affect the quality management system of the organization including the planning and control of changes that may affect the production and delivery of products or services. With a commitment to quality and continuous development The company can raise towards ISO certification 9001:2015



- 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 of Thailand.

## 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 2016 and 2017 accounted for approximately 88% and 99% 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 2016 and 2017 accounted for approximately 11% and 0.20% of sales revenue.

#### 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 2016 and 2017, these customers accounted for approximately 1% and 0.80% 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.

From the Krungsri research Center, overall about construction business during the period from 2017 to 2019. The company is likely to benefit from the massive investment in state-owned infrastructure with more than 50 projects within the year 2024 which is the important driving factors causing the expansion of the construction business. While the private sector project is expected to gradually recover from years 2018. In the first half of the year 2017 there are large projects of Government opened bidding more than the several past years. That make an investment in Mega Project of the government is continuous and The new project into the construction stage simultaneous. In the second half year, there are major projects, for example; double-track railroad construction linking Lopburi – Pak Nam Po and double-track railroad construction linking Map Ka Bao – Jira road. Motorway projects with Bang Pa In – Nakhon Ratchasima line and BangYai – Kanchanaburi line. Moreover, the government also plans to invest in infrastructure under the Annual Budget 2017.

For public construction trends during the years 2018-2019 will be expanded according to the progress of the mega project. The expected value of the construction sector will grow by 13-16% per year. The value of total construction in two years about 1.9 trillion Baht. The government also has the policy to 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 3 networks 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.

For an overview of communications business in the year 2017 is a "continuous growth" by NSTDA. The communications market is expected to have a value of 632,120 million baht. 9.5% increase from last year at 7.7% growth, based on the growth of the market and the market of communication devices. There are important factors that support comes from the change because of consumers switching to smartphone to accommodate the demand, access to information and the Internet anywhere at any time. Including receiving impulses from business development on

various platforms in the online world, and the use of digital media content for advertising and PR is expanding continuously such as financial transactions (E-Payment), E-Commerce and the use of data communication services (Cloud Service). Also the license auction holding frequency 900, 1800 and 2100 MHz in the past. The Government's projects to expand Internet advocates for every village. Cause contribute to The telecom service provider's investment in equipment the main network to cater to the use and expand the customer base. However, the major operators Slow down investment in network development principle but increase efficiency by expanding the network Capacity can offer more in the area as the original.

For Telecommunication business in the years 2018 is still continuous growth in the market. There are also plans to invest in a high speed internet connection. To provide a comprehensive service area. This is an opportunity in providing design and installation of telecommunication business.

(Reference : GSB 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	2014	2015	2016	2017
● Domestic	99.25	99.42	97.51	97.31
● Oversea	0.75	0.58	2.49	2.69
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 2018	- 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.
3M***	Electrical supplies and accessories  Passive fire protection materials and equipment	3M Thailand Co., Ltd.  3M Thailand Co., Ltd.	2 years, expired 31 December 2019  1 year, expired 31 December 2018	- None  - None
Bticino	Electrical system control equipment	Bticino (Thailand) Co., Ltd.	1 year expired on 31 December 2018, 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

Brand	Product type	Partner company	Length of agreement	Important conditions
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 Bangkok, 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 48%, 56% and 51% of total revenue in year 2015 - 2017 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.

However, the Company recognizes the importance in the management of such risks. The Company's strategy in managing the sales prices of its goods, in line with the cost varies depending on the price of copper. If there is good management. Such volatility will not affect the results of operations and financial position of the company. The company has set guidelines to prevent and reduce the risk of fluctuations in copper prices in the future as follows.

1. 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

2. the Company has always review and followed up the changes in the inventory to planning, Control inventory management. before having effect on the cost increase or decrease of goods.
3. Increasing efficiency in shipping by focusing on reducing the time of delivery.
4. The policy to deliver goods directly to the customer for the products is used in the project (Matching Order).
5. The Price Management effectively by The characteristics of the company's products are buy to sell. The pricing method plus the added (Cost Plus) if the price cost of goods has a change up or down. The company can adjust the gains that added in the price to be appropriate. To continue to make the company can sell or release products inventory according to the situation at the moment.

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 2015 - 2017, the electrical wires representing around 58%, 50% and 52% 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 oversea 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 12 years, in design and installation of telecommunication systems. During the past 12 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 2015 - 2017, the Company had trade and other receivables of 1,325 million baht, 1,869 million baht, and 1,838 million baht, respectively, representing approximately 39%, 49% and 51% of total assets. The account receivables before deduction of allowance of doubtful accounts totaled of 1,029, 1,335 and 1,280 million baht in year 2015-2017 respectively, while other receivables totaled of 362, 598 and 620 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 30-120 days for payment; therefore, the debt collecting period is 101, 102 and 120 days between years 2015-2017 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 67, 65 and 61 million baht at year end of 2015-2017. Therefore, the net account receivables stood at 963 million THB, 1,271 million THB and 1,220 million THB in the same period of years. The amount of account receivables at 1,220 million baht at year end of 2017 to 31 January 2018 has significantly decreased to 845million baht.

Other account receivables after deduction on allowance of doubtful accounts in installation of fire prevention system accounted at 362 million THB, 598 million THB and 618 million THB at year end of 2015-2017 respectively. Other receivables from completed projects but the invoices have not been cleared yet are mostly from installation of telecommunication projects accounted at 300 million THB, 522 million THB and 587 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 2017 with value of approximately 522 million Baht the new site projects represented 71%. As of 31 January 2017, the total value of completed projects where payment haven't been collected yet, accounted at 628 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 3,000 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 61 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 2016 and 31 December 2017, most of the interest bearing debt of the Company consisted of overdraft loan and loan from the financial institutions in the total amount of 150 million baht and 345 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 1.51 and 1.56 in 2016 and 2017 respectively. The quick ratio was approximately 1.18 respectively in the same period.

## 3. Other Risks

-None-

## Business Assets

### Property, plant and equipment

As of 31 December 2016 and 2017, 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 2016	31 Dec 2017		
1. Land consists of <ul style="list-style-type: none"> <li>- Land title no. 93838, area 12-0-49 rai, location: Sriracha district, Chonburi</li> <li>- Land title no. 14343, area 25 square wah, location: Pakkred district, Nonthaburi</li> <li>- Land title no. 14481, area 25 square wah, location: Pakkred district, Nonthaburi</li> <li>- Land title no. 2404, area 13-2-74 rai, location: Pakkred district (Talad Kwhuan), Nonthaburi (acquired on 4 February 2013)</li> <li>- Land title no. 16288, area 104 square wah, location: Ladprao district, Bangkok</li> <li>- Land title no. 16289, area 104 square wah, location: Ladprao district, Bangkok</li> <li>- Land title no. 16290, area 60 square wah, location: Ladprao district, Bangkok</li> </ul>	171.72	171.72       Sold	Under ownership of the Company	mortgaged
2. Building consists of <ul style="list-style-type: none"> <li>- Two-storey office building and one storey warehouse, total areas approximately 4,500 sq.m.</li> <li>- Three-storey townhouses, 1 units, No.53/343 located at Pakkred district, Nonthaburi</li> <li>- Three-storey townhouses, 1 units, No.53/430 located at Pakkred district, Nonthaburi</li> <li>- The New Office Building No.329 Moo.3, Banmai, Pakkred, Nonthaburi</li> </ul>	192.36	182.83       Sold	Under ownership of the Company and its subsidiaries	mortgaged
3. Office decorating items	7.19	5.68	Under ownership of the Company and its subsidiaries	None
4. Tools and equipment	6.47	4.07	Under ownership of the Company and its subsidiaries	None

Items	Net book value (THB Million)		Type of ownership	Obligation
	31 Dec 2016	31 Dec 2017		
5. Office equipment	16.69	11.38	Under ownership of the Company and its subsidiaries	None
6. Vehicles	25.95	20.13	Under ownership of the Company/purchaser/ financial lessee	Under hire-purchase contract and financial lease
7. Equipment installed as per contract	17.47	14.14	Under ownership of the Company	None
8. Asset under transfer	1.98	-	Under ownership of the Company	mortgaged
<b>Total</b>	<b>439.83</b>	<b>409.35</b>		

- Remarks : 1. In 2016 and 2017, the Company mortgaged land and buildings under ownership of the Company, at value approximately THB 198 million respectively to the financial institutions.
2. As of 31 December 2016 and 2017, 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 24 and 49 million THB 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 2016 and 31 December 2017 accounted approximately THB 26 million and THB 22 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 2016 and 31 December 2017, 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 2016	31 Dec 2017		
1. Land title no. 63680, area 100.1 square wah, location: Nongchok district, Bangkok	-		Under ownership of the subsidiary	-
2. Land title no. 16288-90, area 104 square wah and 60 square wah location: Ladprao district, Bangkok	2.68	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 9 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 Dechkhamhaeng (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.

At the present, 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.

At present, the Company has invested in 1 associated company.

The Company has invested in Namsor Hydro Power Company Limited in proportion 28% of total share which is located in Laos with the original purpose of operating for conducting hydropower business.

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 2017, 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 2017.

## Dividend Policy

The Company's dividend policy is to pay dividends at a rate of no less than 40% 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 2015-2017, the dividend payment of the Company is performed as following:

Year	Separate Financial Statements		
	2015	2016	2017
Earnings before per share (THB)	0.21	0.17	0.22
Dividend per share (THB)	0.20	0.16	0.18
Dividend payment rate per net profit (%)	101%	96%	83%

Remark; In 2017, the Company pay the interim dividend of performance in the first 6 months of the year 2017 of Baht 0.08 per share in cash and the Board of Directors Meeting No.1/2018 Approving to propose the Shareholder's Meeting 2018 to approve the dividend payment for last 6 months the year 2017 of Baht 0.10 per share. Total dividend payment of the year 2017 amount Baht 0.18 per share. However, the dividend payment has to approve by the AGM Meeting 2018 on 26 April 2018.

## Information of securities and shareholders

### Company registered capital and Paid-up capital

At 31 December 2017, 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 12 March 2018 is as follows:

No	Name - Surname			Shares	%
1. <u>Kangsawiwat Family</u>					
1.1	Mr.	Sompong	Kangsawiwat	208,148,836	17.70%
1.2	Mrs.	Sunanta	Kangsawiwat	1,794,300	0.15%
1.3	Mrs.	Wandee	Kangsawiwat	2,644,578	0.22%
1.4	Mr.	Sukij	Kangsawiwat	98	0.00%
1.5	Mr.	Montri	Kangsawiwat	22,521,101	1.92%
Total of Kangsawiwat				235,108,913	20.00%
2. <u>Mekmanee Family</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		57,186,839	4.86%
5. <u>Sawatwannarat Family</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	22,562,240	1.92%
7	Mr.	Sakol	Sanhachavee	21,947,728	1.87%
8	Mrs.	Pacharapan	Arunyingmongkol	20,076,880	1.71%
9	UBS AG LONDON BRANCH			15,370,665	1.31%
10	Mr.	Santhat	Jindasa-nguan	14,640,331	1.25%
Total of top 10				534,983,247	45.50%
Other shareholders				640,755,842	54.50%
Grand Total				1,175,739,089	100.00%

### Restrictions of foreign Shareholders.

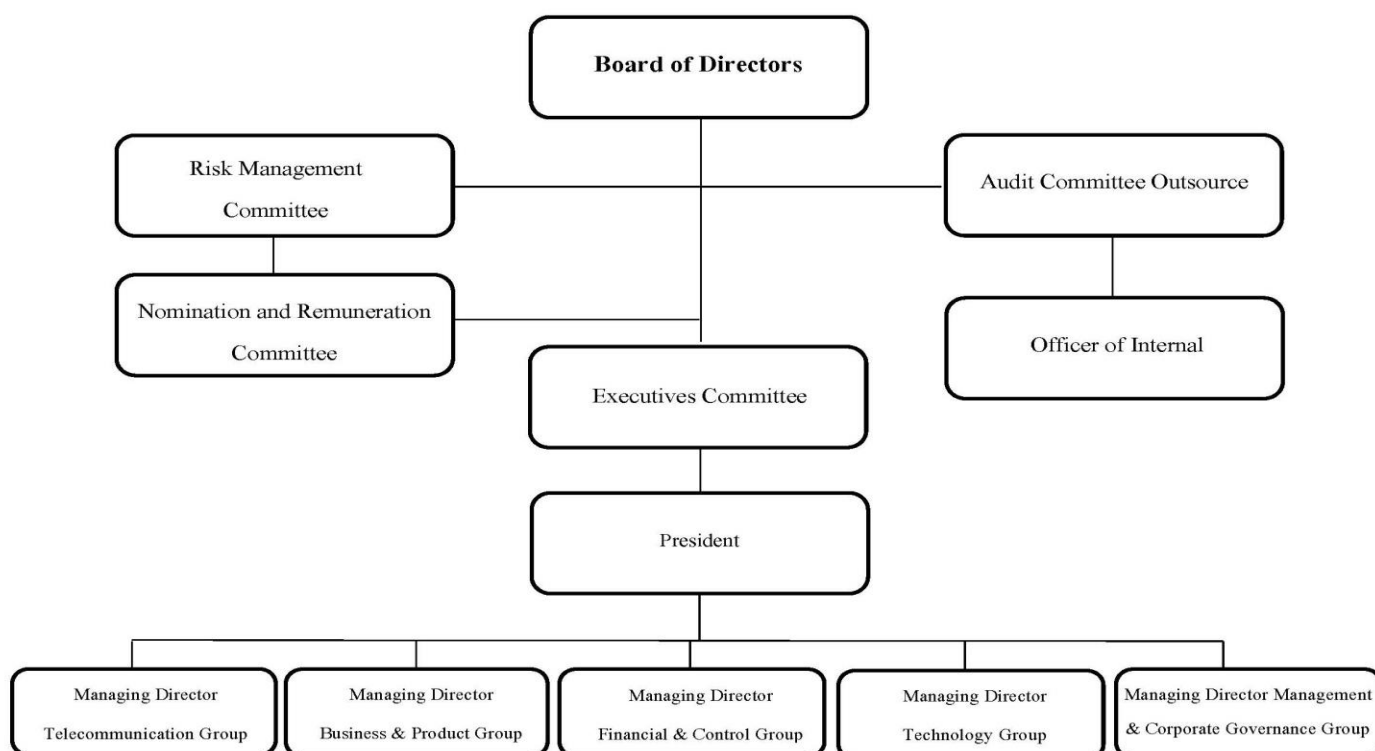
The foreigners can share ownership of the company not more than 49 % of the total issued and paid-up shares, as of 12 March 2018, has foreign holding of 1.47 % of the total shares.

### Issuance of others assets

-None-

## Management Structure

Company's Structure at 31 December 2017



**Remark:** The internal Audit Unit works directly to the Audit Committee. The Committee assigned Miss Panida Sawatwannarat representing to the internal auditor by liaise with the firm performing which the Company hires to perform on internal Audit Unit reports its auditing work and give advice to the Audit Committee Directly to improve upon the recommendation of the independent evaluation of the internal control system.

As of 31 December 2017, 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. Half 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 10 directors consisting of 5 executives' directors and 5 non-executives' directors (Five 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
5. Mr.Vuthichai Duangratana (Ph.D.)

#### **Independent Directors**

The present Board of Directors consists of 5 Independent Directors, which is a half 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 shareholder.
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 2017 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.Vuthichai	Duangratana (Ph.D)	Independent Director
6	Mr.Sompong	Kangsawiwat**	President
7	Mr.Opas	Tiyawattanaroj	Director
8	Mr.Kittirat	Mekmanee**	Director
9	Ms.Panida	Sawatwannarat	Director
10	Ms.Nongnuch	Temeesrisuk**	Director



**Remarks:**

- \* Assoc.Prof.Prapart Praisuwanna is a non-executive Director who has work experience related to the business of the company. The Corporate Secretary is Ms.Nongnuch Temeesrisuk.
- \*\* Mr.Sompong Kangsawaiwat, Mr.Kittirat Mekmanee and Ms.Nongnuch Temeesrisuk's term of office will expire in year 2018. However, the appointment for replacement will be considered in the Annual General Meeting of Shareholders of year 2018.

**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 Kangsawaiwat, 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 months, 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 have 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. In the year 2017, there are schedules of Directors' Meeting for the year 2018 in advance. (Meeting schedule is subject to change), excluding the special meeting agenda. As the follow;

No.	Board of Directors Meeting	Audit Committee Meeting	Nomination, Remuneration and Corporate Governance Committee Meeting	Risk Management Committee Meeting	Strategic Committee Meeting
1	23 Feb 2018	23 Feb 2018	23 Feb 2018	11 May 2018	9 Jan 2018
2	11 May 2018	11 May 2018			3 Apr 2018
3	9 Aug 2018	9 Aug 2018			5 Jun 2018
4	8 Nov 2018	8 Nov 2018			3 Jul 2018
5					4 Sep 2018
6					2 Oct 2018
7					4 Dec 2018

In each meeting, The Company Secretary shall submit 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.

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 2/3 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 2017, a total of five times meeting, attendance should not be less than four times)

In 2017, the Board of Director held 5 meetings or 100% of the Meeting, classified into 4 regular term meeting to review business operations and 1 special meeting.

Details of Directors' attendance are as follows:

	Name		Position	Attendance (Times)				Remark
				Normal Term	Extra Term	Total	Meeting of Shareholders	
1	Pol.Maj.Gen.Supisarn	Bhakdinarinath (Ph.D)	Chairman and Independent Director	4/4	1/1	5/5	1/1	
2	Assoc.Prof.Pitipat	Chataccaraphat (Ph.D)	Independent Director	4/4	1/1	5/5	1/1	
3	Mr.Chattaphum	Khantiviriya	Independent Director	4/4	1/1	5/5	1/1	
4	Assoc.Prof.Prapart	Praisuwanna	Independent Director	4/4	1/1	5/5	1/1	
5	Mr.Vuthichai	Duangratana (Ph.D)	Independent Director	3/3	1/1	4/4	1/1	Appointed 23/2/2017 Replaced Mr.Wungson Panudulkitti
6	Mr.Sompong	Kangsawiwat	President	4/4	1/1	5/5	1/1	
7	Mr.Opas	Tiyawattanoj	Director	4/4	1/1	5/5	1/1	
8	Mr.Kittirat	Mekmanee	Director	4/4	1/1	5/5	1/1	
9	Ms.Panida	Sawatwannarat	Director	4/4	1/1	5/5	1/1	
10	Ms.Nongnuch	Temeesrisuk	Director	4/4	1/1	5/5	1/1	

## The Audit Committee

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

In the year 2017, Audit Committee held 4 meeting. At 31 December 2017, The names of the Audit Committee are:

Name	Position	The Meeting of the Committee	Remark
Assoc.Prof.Pitipat Chataccaraphat (Ph.D)	Chairman of Audit Committee	4/4	
Mr.Chattaphum Khantiviriya	Member of Audit Committee	4/4	
Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee	4/4	
Mr.Vuthichai Duangratana (Ph.D)	Member of Audit Committee	2/4	Appointed on 12 May 2017

*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.
- Conflicts of interest.
  - Dishonesty, irregularities or flaws in the internal control system.
  - 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, Remuneration and Corporate Governance 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.

In the year 2017, the Nomination, Remuneration and Corporate Governance Committee held 1 meeting. At 31 December 2017, The names are:

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

*Mrs.Prapussorn Lakwuthiwong is a secretary of the Nomination, Remuneration and Corporate Governance Committee*

### Scope of Authority and Responsibilities of the Nomination, Remuneration Committee

- 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).
- 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.
- 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.
- To advise the Board of Directors and oversee matters regarding the Company's vision and human resources strategy, including an executive development plan.
- 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. Assessing the performance of the Board of Directors, the individuals and sub-committee including in the assessment to present to the Board of Directors for consideration.
5. 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.

### 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

In the year 2017, The Risk Management Committee held 1 meeting. At 31 December 2017, The names of The Risk Management Committee are as follows:

Name	Position	Risk Management Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Risk Management Committee	1/1	
2. Mr.Opas Tiyawattanaoj	Member of Risk Management Committee	1/1	
3. Mr.Kittirat Mekmanee	Member of Risk Management Committee	1/1	
4. Ms.Panida Sawatwannarat	Member of Risk Management Committee	1/1	
5. Mr.Chattaphum Khantiviriya	Member of Risk Management Committee and Independent Director	1/1	

### 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. The Executives Committee hold every month. In the year 2017, The Executive Committee held 12 meetings. The name are as follows:

Name	Position	Executives Committee Meeting	Remark
1. Mr.Sompong Kangsawiwat	Chairman of Executives Committee	12/12	
2. Mr.Opas Tiyawattanaroj	Member of Executives Committee	12/12	
3. Mr.Kittirat Mekmanee	Member of Executives Committee	12/12	
4. Ms.Panida Sawatwannarat	Member of Executives Committee	12/12	
5. Ms.Nongnuch Temeesrisuk	Member of Executives Committee	12/12	

### 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 2017, 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 Chatratitiphan	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.

## 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 54 years old
- Educations / Training
  - Bachelor of Accounting of Ramkhamhaeng University
  - Certificated of Institute of Directors
    - Director Accreditation Program Class 37/2005, IOD
    - Director Certification Program Class 60/2005, IOD
    - Company Secretary Program Class 27/2008
  - Certificated of "basic and rules related to listed companies" class 6/2011 of Thai Listed Companies Association
- Experiences
 

Communication & System Solution PLC.

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

Other

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

## 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 2017 are as follows;

### Ordinary Share

No.	Name	Position	Number of Shares at 31 December 2016	Number of Shares at 31 December 2017	In 2017 Increase (Decrease)	Ratio of the Company's shares (%)
<b>The Board of Directors</b>						
1	Pol.Maj.Gen.Supisarn Bhakdinarninath (Ph.D.)	Chairman of the Board of Directors / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
2	Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	Chairman of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
3	Mr.Chattaphum Khantiviriya	Member of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
4	Assoc.Prof.Prapart Praisuwanna	Member of the Audit Committee / Independent Director	-	-	-	-
	Director's spouse or minor		-	-	-	-
5	Mr.Vuthichai Duangratana (Ph.D.)	Member of the Audit Committee / Independent Director	-	50,000	50,000	0.004
	Director's spouse or minor		-	-	-	-
6	Mr.Sompong Kangsawiwat	Chairman of Executives Committee	208,148,836	208,148,836	0	17.70
	Director's spouse or minor		3,304,400	3,030,700	(273,700)	0.26
7	Mr.Opas Tiawatthanaroj	Director	58,319,711	58,339,711	20,000	4.96
	Director's spouse or minor		-	-	-	-
8	Mr.Kittirat Mekmanee	Director	44,058,756	44,058,756	0	3.75
	Director's spouse or minor		-	-	-	-
9	Ms.Panida Sawatwannarat	Director	3,341,688	3,341,688	0	0.28
	Director's spouse or minor		-	-	-	-
10	Ms.Nongnuch Temeesrisuk	Director	1,502,928	1,502,928	0	0.13
	Director's spouse or minor		-	-	-	-

No.	Name	Position	Number of Shares at 31 December 2016	Number of Shares at 31 December 2017	In 2017 Increase (Decrease)	Ratio of the Company's shares (%)
<b><u>Executives</u></b>						
1	Mr.Sompong Kangsawiwat	The President	208,148,836	208,148,836	0	17.70
	Director's spouse or minor		3,304,400	3,030,700	(273,700)	0.26
2	Mr.Opas Tiyawattanaroj	Managing Director Telecommunication Group	58,319,711	58,339,711	20,000	4.96
	Director's spouse or minor		-	-	-	-
3	Mr.Kittirat Mekmanee	Managing Director Business Group	44,058,756	44,058,756	0	3.75
	Director's spouse or minor		-	-	-	-
4	Ms.Panida Sawatwannarat	Managing Director Finance & Control Group	3,341,688	3,341,688	0	0.28
	Director's spouse or minor		-	-	-	-
5	Ms.Nongnuch Temeesrisuk	Managing Director Management & Corporate Governance Group	1,502,928	1,502,928	0	0.13
	Director's spouse or minor		-	-	-	-
6	Mr.Narachet Chatratitiphan	Managing Director Technology Group	-	-	-	-
	Director's spouse or minor		-	-	-	-

## Remuneration of the directors

The Annual General Meeting of Shareholders 2017, held on 20 April 2017 passed its resolution to determine remuneration of the directors of year 2017. The directors consist of the Board of Directors, Audit Committee, Risk Management Committee, Nomination, Remuneration and Corporate Governance 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

Meeting allowance

- The Board of Director 30,000 Baht per Meeting

### 2. Audit Committee

Monthly remuneration

- Chairman of Audit Committee 50,000 Baht per Month

- Member of Audit Committee 20,000 Baht per Month

Meeting allowance

- Audit Committee 10,000 Baht per Meeting

### 3. Risk Management Committee

Meeting allowance

- Risk Management Committee 10,000 Baht per Meeting

### 4. Nomination and Remuneration Committee

Meeting allowance

- Nomination and Remuneration Committee 10,000 Baht per Meeting

\*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 2017, the individual remuneration of Directors was as follows:

Name of Director	Board Of Director		Audit Committee		Attendance Fee			Total
	Attendance Fee (Baht)	Monthly Remuneration	Attendance Fee (Baht)	Monthly Remuneration	NRC Committee	Risk Manament Committee	Strategic's Meeting	
1. Pol.Maj.Gen.Supisarn Bhakdinarnath (Ph.D.)	150,000.00	1,200,000.00					20,000.00	1,370,000.00
2. Assoc.Prof.Pitipat Chataccaraphat (Ph.D.)	150,000.00		40,000.00	600,000.00	10,000.00		20,000.00	820,000.00
3. Mr.Chattaphum Khantiviriya	150,000.00		40,000.00	240,000.00	10,000.00	10,000.00	20,000.00	470,000.00
4. Assoc.Prof.Prapart Praisuwan	150,000.00		40,000.00	240,000.00			20,000.00	450,000.00
5. Mr.Vuthichai Duangratana (Ph.D.)	120,000.00		20,000.00	152,258.06			20,000.00	312,258.06
6. Mr.Sompong Kangsawiat	150,000.00						20,000.00	170,000.00
7. Mr.Opas Tiyawattana	150,000.00						20,000.00	170,000.00
8. Mr.Kittirat Mekmanee	150,000.00						20,000.00	170,000.00
9. Ms.Panida Sawatwannarat	150,000.00						20,000.00	170,000.00
10. Ms.Nongnuch Temeesrisuk	150,000.00						20,000.00	170,000.00
								4,272,258.06

**Remark:** Director in the no.5, has been appointed as a director to replace Mr.Wungson Panudulkitti from the Board of Directors Meeting No.1/2017 held on 23 February 2017 and has been appointed as a member of Audit Committee from the Board of Directors Meeting No.2/2017 held on 12 May 2017



## Other Remuneration

- None -

## Remuneration of Executives

The Nomination, Remuneration and Corporate Governance Committee of 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. The president uses characteristics of KPI overview of the Company to determine the individual's remuneration by using various indicators. Such as Business performance of the company, Evaluation individually and also compare the remuneration in the same position and industry groups Etc. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

For the President, the Nomination, Remuneration and Corporate Governance Committee considers the remuneration of the President and present to the Boards of Directors for approval of appropriate compensation by using characteristics of KPI overview of the Company. It also adheres to global management approach with a qualitative measurement (Balanced Scorecard) with four main aspects, including the financial performance of the Company's business, customer, internal processes and learning and development. It also was applied the concept to include sustainable use quick view of financial base. Lead the management methods to spend wisely cause worth promoting, learning to achieve better internal process and as the result to creating a comprehensive satisfaction of all stakeholders. The short term of benefit is salary adjustment and Bonus payment and other welfare. The long term of benefit is the Provident Fund.

the remuneration for executives and the President for the year 2016 and 2017 is as follow;

Remuneration	2016		2017	
	Persons	Baht	Persons	Baht
Executives	6	30,662,062.00	6	32,579,325

## 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 2016 and 2017 provident fund are as follows;

provident fund	2016		2017	
	Persons	Baht	Persons	Baht
Executives	6	1,027,764.00	6	1,060,200.00

## Personnel

Total employees of the Company (exclude the executives) as of 31 December 2017 were 389 people. Details of employees in each business line are as followings:

No	Group	Employees
1	Sale and Telecommunication	74
2	Sale and Marketing	213
3	Business Information and Technology	10
4	General Management	92
	Total	389

### Remuneration of the employees (exclude executives)

In year 2016 and 2017, 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	2016	2017
	Amount (Baht)	Amount (Baht)
Employees	172,709,476.00	179,220,713.00

### Other remuneration of the employees (exclude executives)

The Company has established a provident fund to the employees. In 2016 and 2017 provident fund are as follows;

provident fund	2016	2017
	Amount (Baht)	Amount (Baht)
Employees	4,218,879.00	4,293,563.00

### Personnel of Subsidiaries

Subsidiaries	Employees
C.S.S.Energy Co.,Ltd.	-
Neonworx Communications Co.,Ltd.	81

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 2017, 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	-
Neonworx Communications (Thailand) Co.,Ltd.	29,183,530.00
<b>Total</b>	<b>29,183,530.00</b>

### The audit fee

The Company's financial auditor is Ms. Krongkaew Limkittikul, certified public accountant registration no. 5874 of EY Office Limited was approved from the AGM 2017. Who is independent and have no relationship or any other types of stake or interest with the Company, its executives, major shareholders or persons related to those mentioned. Total of The Audit Fees in the year 2017 is 2,725,000 baht. Details are as follows;

	CSS	NWC	Energy
Yearly Audit Fee	1,320,000	440,000	185,000
Quarterly Reviewed	450,000	240,000	90,000
Financial Statement (3 quarters)			
<b>Total (Baht)</b>	<b>1,770,000</b>	<b>680,000</b>	<b>275,000</b>

In 2017, There is no other service audit fee Apart from the above list.

## 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.

## 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 which is consistent with the company's operating results 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 considered of salary adjustment and bonus payment once a year which is consistent with the company's operating results. It is based on the ability to make a profit each year by Key Performance Indicators (KPI) of the Company to be used for consideration and 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.

## 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:

- 94.14% of employees' performances have been improved after the training program
- 82.53% of employees are satisfied with the training
- 10.61% 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 2017, the company had arranged altogether 60 training program, or an average of 17.13 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 The production of electricity from municipal solid waste, CSR & SD training, Strategic CFO in Capital Markets, Thailand 4.0's Marketing, Mind Set & Skill Set for Manager People and others courses 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 48 external training programs in 2017.

3) Safety & Quality Management (SQM): consist of 2 mainly tasks; employee's safety and ISO 9001: 2015 in order to create accountability and global acceptance. In 2017, 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. Such as the training tower crane, high car, Boat Crane, course of work near high voltage, Safety course to work on electricity. From training courses above, in the year 2017 the company has no accidents from work through stop working or death in any way.

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 2017 (CSR Report 2017).

## Significant labor dispute in the past 3 years

-None-

## 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 2017

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 2017. The company has set up time frame for any shareholder to submit agenda and candidate during 6<sup>th</sup> October 2016 till 15<sup>th</sup> January 2017 via Stock Exchange of Thailand news announcement together with a guideline and procedure at website, [www.cssthai.com](http://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.
- The Company provides for the registration system using barcode that shows the register number of individual shareholders that makes use of a barcode system to speed up the registration process.
- 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 grant shareholders the right to vote on each agenda fully. By means of a transparent vote count quickly and efficiently. The Scores can be displayed to the meeting immediately.
- The shareholders attending after commencement of the meeting were allowed to vote for agenda items that are still under consideration and do not reach the resolution and count as a quorum since the agenda of that meeting and vote onwards.
- The shareholders shall be offered an opportunity to thoroughly express their opinions and raise their queries prior to voting and deciding resolution. All directors and executives in charge of core business shall attend the meeting so that the shareholders can raise any relevant questions to them.
- The company did not add or change any important information regarding the Annual General Meeting of Shareholders for 2017 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.
- After the Meeting, the company conducted extensive minutes of shareholders possesses indicating votes agree, disagree, abstained and Invalid Ballots on the occasion to have a vote. Such minutes shall be submitted to the Stock Exchange of Thailand ("SET") and the Securities and Exchange Commission ("SEC") within 14 days after the meeting date as well as allowed the shareholders to view it thoroughly via [www.cssthai.com](http://www.cssthai.com) > Investor Relations > Shareholders Info.

#### Operation plan year 2018

- 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 2017

- 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 corresponded 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 by disclosed the conflict of interest of the directors and executives and review every year.
- The Company has sent the Questions Form about the AGM Agendas in the invitation letter of the AGM to facilitate Shareholders who couldn't come by themselves can send questions in advance to the company. The Secretary will collect it to the Board of Directors to consider in the day of Meeting.
- The Company has recorded the AGM's meeting in video format and posted on the company website for shareholders who did not attend the meeting can see the meeting moments and listen to the questions and answers or the information presented at the meeting by themselves.

#### Operation plan year 2018

- 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

**(i) Do not breaches of intellectual property rights.**

the Company has policy to employees shall protect and keep the Company's copyright, and intellectual properties in order to avoid any infringement by other individuals. And the employees shall respect and shall not breaches intellectual property rights of others.

**(j) Respect of Human Rights**

The company focuses on respect for human rights. By conducting business under the labor law and human rights very seriously. To respect for the rights, freedoms and non-discrimination of labor rights, women's rights, children's right, and human dignity.

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

**Business Operation Year 2017**

- The company has defined the framework of ethics and code of conduct in business on the company website and communicate to the employees and the executives to keep right to all stakeholders Whether internal stakeholders such as employees, executives and directors or external stakeholders such as shareholders, customers, partners, competitors, creditors, community & society, environment and also not breaches of intellectual property rights and Respect of Human Rights etc.
- 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.
- The Board of Directors provides contact channels for any complaints and whistle blowing to all stakeholders to complaints problems or corruptions directly to The Audit Committee.
- Company has realized of quality and standard of its products and services, resulting in its responsibility to the customers with honesty and fairness. Company conducts a customer satisfaction survey on a yearly basis in order to maintain a good relationship with customers. In 2017, company has summarized customer satisfaction with the average score of 4.38 (5 points)

#### Operation plan year 2018

- 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.cssthailand.com](http://www.cssthailand.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 2017

- 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 has prepared a report on responsibilities of Board on Financial Report as disclosed in Form 56-1 and Annual Report together with report from auditors.
- Disclosure of shareholding of the Board of Directors and Management clearly. The Board of Directors requires directors and executives to report the following:
  - Reporting on the purchase or sale of the Company's shares. Must be reported according to the regulations of the SET and the SEC.
  - Reporting the equity and related transactions. The Board of Directors assigned to the Directors must report to the stakeholders and reviewed annually.
- In the part of Investor Relations, The Company assigned Mrs.Prapussorn Lakwuthiwong, manager of Corporate Secretary & Shareholders Department is responsible for communicating and providing information to investors, Shareholders and general public. Contact number is 02-018-1111 #5501  
Email : [prapussorn@cssthailand.com](mailto:prapussorn@cssthailand.com)

Activity in 2017	Times / Year
Opportunity Day	1
Phone in	2

Operation plan year 2018

- 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 2017, the Board has 10 directors consisting of 5 executive directors and 5 non-executive directors who are qualified to be independent directors and provide balance when votes are taken. The Audit Committee consists of 4 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). For unprocessed parts, company will use as guideline in the appropriate deployment as follows.

Unprocessed	The Reason
1. Board should appoint an independent director to hold the position for not more than 9 years from the date of appointment as the first independent director.	Due to company believes that the directors are knowledgeable and experienced. Long experience of directors will help directors to better understand business operation of company.
2. Non-executive directors have held their own meetings without the management meeting attendance.	Previous year, meeting of non-executive directors had not been set up. Thus, Board of Directors's opinion was meeting should be held in 2018 to open the opportunity for non-executive directors to discuss the issues.
3. Anti-corruption actions	It is in process of preparing information because it contains important information that is consistent with the auditor's audit plan, internal control system of year 2017 as well as the review of the self-assessment data to prepare for applying for a CAC certificate in 2018.

## 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 Com payoff 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 2017

- 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 the executive committee by define reporting on the progress of the operation and performance every time in the Board of Directors Meeting
- to ensure that the risk management process is effective at all stages in accordance with principles of good corporate governance. Board of Directors has resolved to extend scope of risk management to affiliated companies in order to build confidence among investors and all stakeholders on business operations under the risk control system compliance with corresponding international principles. It also reduces risk that may occur in the future as well.

#### Operation plan year 2018

In 2018, 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 2017

- A meeting agenda had been distributed to participants prior to the last 5 Board of Directors' meetings. (Average 10.4 days)
- According to the Board of Directors' and committees' meeting agenda 2017, 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.
- In 2017, company plans to expand its business scope in the future. Therefore, Board of Directors resolved to hold monthly strategic meetings as a tool to monitor company's investment.

#### 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.

##### 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.

##### Policy on Executives and the President Remuneration

The Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and Executives by using Corporate KPI measurement and evaluation system. Each executive has annual KPI to measure the performance of each Division corresponding to the KPI of the company by President shall consider and approve the appropriate remuneration on an individual basis by using indicators such as indicator. The results include the company's business. Evaluation work individually. It also compares the compensation and position in the same industry. Classify into short term criteria such as Salary, annual Bonus, other welfare and long term benefits such as Provident Fund.

For the President, the Nomination, Compensation, and Corporate Governance Committee will consider and approve the remuneration of the President and submit to the Board of Directors to consider appropriateness of remuneration using Corporate KPI measurement and evaluation system of the President that adheres to international management principles scoring by Balanced Scorecard including 4 aspects; Financial performance including business performance, Customers, Internal process and Learning and development regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice to consider remuneration and incentives. It also applies concept of sustainability through use of financial perspectives to lead how to manage cash flow economically, to provide good value for good internal management to satisfy all stakeholders by classify into short term criteria such as Salary, annual Bonus, other welfare and long term benefits such as Provident Fund.

#### 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.

#### 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 management under good corporate governance. There are the directors who has been trained in IOD courses are as follows;

Name	Position	Corporate Governance for Executives	Role of the Chairman Program (RCP)	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Advanced Audit Committee Program	Board Matters & Trends (BMT)	Board that Make a Difference (BMD)
1. Pol.Maj.Gen.Supisarn Bhakdinarinath	Chairman / 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 Praisuwan	Independent Director				2009			
5. Mr.Vuthichai Duangratana	Independent Director				2013	2016		
6. Mr.Sompong Kangsawiwat	President		2012	2006	2011			
7. Mr.Opas Tiawattananaraj	Director			2006				
8. Mr.Kittirat Mekmanee	Director			2011				
9. Ms.Panida Sawatwannarat	Director			2005	2005			
10. Ms.Nongnuch Temeesrisuk	Director			2005	2005			

Training of the Board of Directors for the year 2017 are as follows;

No.	Name	Position	Training Courses
1	Pol.Maj.Gen.Supisarn Bhakdinarnath(Ph.D)	Chairman of the Board of Directors / Independent Director	<ul style="list-style-type: none"> <li>- Development Administrator in Digital Era Class.1</li> <li>- The seminar academic "conference to develop the operating performance indicators the criminal justice process."</li> <li>- Lecture "Legal Update : Criminal Liabilities of Directors"</li> <li>- Lecture "Chairman Forum 2017 The Role of Chairman in Leading Strategic Risk Oversight"</li> <li>- Lecture "Board of directors and their roles in driving Thailand forward"</li> <li>- Lecture "National Directors Conference 2017 Subject "Steering Governance in A Changing World"</li> <li>- Lecture "Story Telling: Leadership story"</li> <li>- Lecture "Thailand Competitiveness Conference 2017"</li> <li>- Lecture "4th International Conference on CSR,Sustainability, Ethics &amp; Governance"</li> <li>- Lecture "Cybersecurities : Risks, Liabilities,and Best Practices"</li> <li>- Lecture "Bright Spots : Linghting the Way to a Corruption Free Society"</li> </ul>
2	Assoc.Prof.Pitipat Chataccaraphat (Ph.D)	Chairman of Audit Committee / Independent Director / Chairman of NRC.	- Academic Seminar on "Accounting standards for inspection.
3	Mr.Chattaphum Khantiviriya	Member of Audit Committee / Independent Director / Member of NRC.	- Academic Seminar on "Accounting standards for inspection.
4	Assoc.Prof.Prapart Praisuwanna	Member of Audit Committee / Independent Director	- None -
5	Mr.Vuthichai Duangratana (Ph.D)	Member of Audit Committee / Independent Director	<ul style="list-style-type: none"> <li>- Global Business Leadership Program (GBL)Class. 2/2017</li> <li>- Course of Tourism Management Executives (TME) Class. 1</li> </ul>
6	Mr.Sompong Kangsawiat	Chairman of Executives / President / Chairman of Risk Management Committee	- None -
7	Mr.Opas Tiwattananroj	Director / Member of Risk Management Committee / Managing Director Of Telecommunication Group	- None -
8	Mr.Kittirat Mekmanee	Director / Member of Risk Management Committee / Managing Director Of Business Group	- None -
9	Ms.Panida Sawatwannarat	Director / Member of Risk Management Committee / Managing Director Of Financial & Control Group	- Course of Strategic CFO in Capital Markets
10	Ms.Nongnuch Temeesrisuk	Director / Corporate Secretary / Managing Director Of Management & Corporate Governance Group	- None -

## 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 by principle and the topic in the evaluation in accordance with the stock exchange of Thailand as follows.

1. Composition and Qualifications of the Board of Directors
2. Board Meetings
3. Roles and Responsibilities of the Board of Directors
4. Duties and Independence of the Board of Directors
5. Relationship with the Board of Directors Management
6. Board Development which appraise are different sub-headings based on roles and responsibilities.

For self-assessment process of Board, Nomination, Compensation, and Corporate Governance Committee will consider performance of the Board of Directors and the committees prior to propose to the Board of Directors for consideration. Secretary will submit the evaluation form to the Board of Directors to appraise annual performance. After evaluation process has been done, will be submitted back to secretary to collect scores of each individual. The results of the performance appraisal of the Board of Directors were analyzed and reported to the Board of Directors for acknowledgment and to seek direction in supporting the performance of the Board which evaluation comprises of self-assessment form of the Board, subcommittees and individual committee.

More than 85 %	=	Excellent
More than 75 %	=	Very Good
More than 65 %	=	Good
More than 50 %	=	Acceptable
Less than 50 %	=	To be improved

In 2017, the self-assessment of the Board of Directors, individual and sub-committees can be summarized as follows.

- a) Board of Directors average score of 99.11% as excellent, highest score is structure and qualifications of Board, this result in importance of recruiting directors for their positions. It must be a knowledgeable person with many different types of professional skills in order for Board to advise company beneficially for the future business.
- b) Board of individual average score of 99.46% as excellent, highest score is structure and qualifications of Board, because of wide range of expertise. They can provide useful advice on the company's business.
- c) Audit Committee average score of 100% as excellent, because Audit Committee can perform its duties according to independence from the management to provide useful advice on business.
- d) Nomination, Compensation and Corporate Governance Committee average score of 100% as excellent, due to they can adhere to duties in recruiting Boards and calculate remuneration including compliance with requirements of Good Corporate Governance.
- e) Risk Management Committee average score of 98.63% as excellent, highest scores is duties and responsibility of committee, due to reviewing risk management process effectively in accordance with principles of good corporate governance, also expanded its risk management to subsidiaries.

### Performance Assessment of President and Executives

Company has guidelines for evaluating performance of President and all executive levels by using corporate measurement and evaluation systems by dividing the assessment categories in 2 part are as follows:

- First part is using universal practice of Balanced Scorecard, which comprises of 4 factors such as financial, customer, internal and learning and development factors by the opportunity of Human Resource Department.
- Second part is regarding to leader performance based on the guidelines of the Stock Exchange of Thailand and apply to corporate practice under the responsibility of Secretary and Shareholders Department.

Besides evaluation guidelines, company also consider compensation for fairness and effectiveness based on information from the business results and comparison among the same industry which classify into short term ie. Salary criteria, annual Bonus, other welfare and long term benefits ie. Provident Fund etc.,

The Results of President's assessment leads to process of consideration by the Nomination, Compensation, and Corporate Governance Committee and will consider submit to the Board of Directors to consider onwards.

The Results of President's assessment in 2017 were higher, with 86% in 2016 and 89% in 2017 as Good.

## The succession plan

Company recognizes importance of succession planning for top executives and the President to ensure sustainable management. Nomination and Remuneration Committee Corporate Governance determines qualifications of the successor to all aspects of management including knowledge management skills and experiences to ensure that the successor has knowledge sufficient ability to officiate. It also sets the potential for good leadership that information is based on assessment of the Stock Exchange of Thailand and applied to the context of company and assigned Human Resources Management to be responsible for project. Starting from the process of selection of external quality institutes and developed a program of qualified executive development that meets the criteria and guidelines which includes the testing and selection process on summary and report format. This will be used to provide information to the Nomination, Remuneration, and Corporate Governance Committee.

## Holding the position of the 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.

## 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](http://www.cssthai.com)) from October 2017 to January 2018. The Nomination, Remuneration and Corporate Governance Committee will propose to Board of Directors Meeting before propose to the Annual General Meeting to shareholders onward.

## 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 provided 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.

### Environmental Protection and Efficient use of resources

The Company has concerned and promoted employees to save and use resources efficiently for the maximum benefit. The environmental impact is major to consider. So the Company sets policy for employees as follows;

- The company set requiring to care the environment and use resources efficiently is part of the company's operations and consistent with the law and other regulations.
- The Company consider that take care of environment and use resources efficiently is the responsibility of all employees.
- The Company supports knowledge for the employees in the way of caring the environment and use resources efficiently to raise awareness to employees all levels, realize and keep importance in Environmental Protection and Efficient use of resources. The new employee has to be training about the environment protection and efficient use of resources.

### Knowledge and training in the environment

In addition, training and educating new employees of caring the environment and use resources efficiently. In 2017, the Company has course for training employees about transportation management and developed its transportation system seriously, focusing on changing work processes to reduce environmental pollution

## Internal Control and Risk Management

### Board of Director Opinion about Internal Control

Company has concerned about internal control by assigning Audit Committee to monitor and evaluate regularly. Company has concentrated to adequate and appropriate of internal control system for operational efficiency consists of resource usage, property maintenance and deter instance of errors or fraud. Board of Directors Meeting No. 1/2018, 23<sup>rd</sup> February 2018, by 3 member of Audit Committee to attend the meeting, they express opinions about adequate and appropriate of internal control system refer to “evaluation of adequacy of internal control systems” of Security and Exchange Commission, Audit Committee report on internal control and make recommendation focusing on operational investigation regularly improve in efficiency and effectiveness, monitoring and reporting audit report to Board of Director regularly.

Audit Committee Meeting 4 times in 2018, Auditors and Internal Audit Office, Audit Committee has performed their duties with regard to law and scope of work assigned by Board of Director in accordance with Audit Committee Charter, e.g. Financial Report Review, Governance and Risk Management, appointment of an Auditor, supervisory Internal Auditing compiles with laws and regulations related to business operation.

Board of Director has opinions in internal control system as same as Audit Committee and be summarized as follows;

#### 1. Organization and Environment

Company promotes and supports in corporate environment of internal control adequately, Board of Director in Corporate Governance consist of all company management set goals and clearly annual plan, measurable, business process plan development and strategic planning process ready to respond situation and business fast change in according to organization structure, there have chain of command, approval authority and clear functional group to build business operation flow indicating measurement to perform and follow up outcome comparing with goals. Company is focusing on recruiting process and standard in human resource management to suit for corporate culture and provides reasonable employee compensation. Company raises Code of Conduct and expects all employee to conduct themselves in honesty, ethical manner and responsibility to stakeholders. In Anti-Corruption, it is under information preparation process due to containing important information be consistent with internal control auditor’s audit plan of 2017, as well as a review of the self-assessment data preparing for CAC certification application in 2018.

#### 2. Risk Management

Company has concerned about its operating policy and risk management procedure by all management level and functional area to monitor in risk assessment, impact of risk, likelihood of occurrence and risk management planning with Risk Management Committee review throughout organization conform to both internal and external risks. Company has clearly defined its scope of risk lead to business operation integrate with risk management system and strategic management process in the organization.

### 3. Control Activity

Board of Director has appointed subcommittee into 4 groups; Audit Committee, Nomination, Remuneration and Corporate Governance Committee, Risk Management Committee and Management Committee, all of them work under scope of duties and responsibilities properly and identify protective measure to avoid conflict of interest (company vs private interest), require monitoring compliance with applicable laws and regulations as promoting management under proper and appropriate internal control system.

### 4. Information and Communication Technology

Company has concerned about both inside and outside Information and Communication Technology that assume as an important tool for business operation serve as performance indicator and financial report using for management decision making base on sufficient information, accurate, trustworthy and enhance in competitiveness. Company has provided communication to staff in relevant ICT laws and regulations concerning in each responsibility and accessible data clearly. Company has concerned about importance of information and communication technology improvement aiming to contribute to business activities and management efficiency.

### 5. Tracking System

Company has risk tracking system at management and operational level by Board of Director and Management use for evaluating the performance compare with target and provides clear direction and guidance. When found in unexpected, two subcommittees have monitored and reported to Board of Director as indicator system toward exceeding preset timely management actions to mitigate when problems be taken and find solution with relevant team monthly. In part of internal audit, they define plan focusing on balancing and transparency throughout management and operational process, evaluate an adequate and comply with internal control system establishing by management to achieve its effectiveness and efficiency, then report result to Board of Director, Audit Committee, and all management level regularly.



## Related Party Transaction

In 2017, 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.-17	31-Dec.-16	
CSS Energy Co.,Ltd subsidiary	Buy-Sell electric wire	1,774	786	Based on general trade and support the company's operations to maximize benefit.

The Audit Committee Meeting No. 1/2018 held on February 23, 2018 has considered and opined that the above transactions are reasonable. The price and terms are in line with normal business practices. (Fair and arms' length)

## Financial Status and Results of Operation

### Audit Report

2015	Audited by Mr. Supachai Phanyawattano	A Certified Public Accountant - registration no. 3930 EY Office Limited
2016-2017	Audited by Ms. Krongkaew Limkittikul	A Certified Public Accountant - registration no. 5874 EY Office Limited

### 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.

### For financial statement of year end 2017 as of 31 December 2017

According to the auditor's report for consolidated financial statement of the Company and subsidiaries of year 2017, 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 2018.

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

## 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.

At 4 October 2017, The Company has invested in Nam Sor Hydro Power Co.,Ltd. which is located in Laos for conducting hydropower business about 27.7 million Baht or 28% of registered capital. This is a joint venture of the Company.

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, Investment in Nam Sor Hydro Power Co.,Ltd shows the investment under the equity method, and realized gain/loss from investment in associates. The analysis of financial status and operation result during 2015-2017 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	2015		2016		2017	
	Million Baht	%	Million Baht	%	Million Baht	%
Electrical wire	2,186.94	47.83	2,639.88	56.01	2,288.04	51.27
Lamps and lighting equipment	499.85	10.93	441.60	9.37	431.56	9.67
Electrical conduits and fittings	168.09	3.68	132.70	2.82	114.63	2.57
Electrical system control equipment	221.87	4.85	270.86	5.75	373.49	8.37
Passive fire protection materials and equipment	36.82	0.81	40.98	0.87	40.62	0.91
Electrical transformers	23.48	0.51	25.76	0.55	13.90	0.31
Other	37.25	0.81	16.74	0.36	8.27	0.19
<b>Total sales revenues</b>	<b>3,174.30</b>	<b>69.42</b>	<b>3,568.52</b>	<b>75.72</b>	<b>3,270.51</b>	<b>73.29</b>
Telecommunication system installation revenue	1,278.49	27.96	1,050.18	22.28	1,114.71	24.98
Passive fire protection system installation revenue	35.89	0.79	43.62	0.93	35.31	0.79
Electrical equipment installation revenue	15.86	0.35	-	-	-	-
Other service revenue	10.71	0.23	31.60	0.67	18.45	0.41
<b>Total installation service revenues</b>	<b>1,340.95</b>	<b>29.33</b>	<b>1,125.40</b>	<b>23.88</b>	<b>1,168.47</b>	<b>26.18</b>
Liaise income	34.70	0.76	-	-	-	-
Other income	22.55	0.49	19.14	0.41	23.51	0.53
<b>Total revenues</b>	<b>4,572.50</b>	<b>100.00</b>	<b>4,713.06</b>	<b>100.00</b>	<b>4,462.49</b>	<b>100.00</b>

During 2015-2017, the Company's total incomes were 4,573 Million Baht, 4,713 Million Baht and 4,462 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% - 29% of total incomes respectively.

In 2017, total income of the Company was 4,462 Million Baht, decreased by 5% comparing to 2016. The income comprised of sales from electrical wires and equipment decreased 8% and installation service increased 3% which represented 73% and 29% 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 2015-2017, sale incomes of the Company reached 3,174 Million Baht 3,569 Million Baht and 3,271 Million Baht respectively or 69%, 76% and 73% of total incomes respectively.

Sale income during year 2015-2017 is classified by products types as follows:

Sales Revenue	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
Electrical wire	2,186.94	68.90	2,639.88	73.98	2,288.04	69.96
Lamps and lighting equipment	499.85	15.75	441.60	12.37	431.56	13.20
Electrical conduits and fittings	168.09	5.30	132.70	3.72	114.63	3.50
Electrical system control equipment	221.87	6.67	270.86	7.59	373.49	11.42
Passive fire protection materials and equipment	36.82	1.16	40.98	1.15	40.62	1.24
Electrical transformers	23.48	0.74	25.76	0.72	13.90	0.43
Other	37.25	1.17	16.74	0.47	8.27	0.25
<b>Total Sales Revenues</b>	<b>3,174.30</b>	<b>100.00</b>	<b>3,568.52</b>	<b>100.00</b>	<b>3,270.51</b>	<b>100.00</b>

Sale incomes 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 Lamps and lighting equipment, Electrical conduits and fittings, Electrical system control equipment from the Mega projects in the year 2016.

In year 2017 compared with year 2016, It was a result of decrease 298 million Baht in sale volume. The product has also been dropping were Electrical wire and Lamps and lighting equipment about 362 million Baht from Mega Project. But Electrical system control was growing 103 million Baht from the Housing and Condominium's Projects.

Main product of the company is electrical wire which was 2,640 million THB in 2016, increased by 21% comparing to the previous year because the sales of special electrical wires. In 2017 the Company's sale income was 2,288 million THB, decreased by 13% comparing to the year 2016. The main reason was because no sales of special electrical wires.

Income from sale of bulbs, lights, electric conduit and installation equipment, power control devices, materials and equipment related to fire protection, transformers etc. amounted at, 987 million THB, 929 million THB and 982 million THB during year 2015-2017 respectively, representing 26-31% of sale income. Income from lighting and lamp equipment control were growing up in 2015, but in 2016-2017 it decreased because changing of lighting technology. In 2016, equipment control continues increased 22% comparing in 2015 and in 2017 was increase from 2016 about 38% from the Housing and Condominium's Projects.

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 1,341 million THB, 1,125 million THB and 1,168 million THB in 2015-2017 or 29%, 24% and 26% respectively, such growth is mainly a result of increase of installation of communication system which accounted 93-95% 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. In 2017 income from installation increased 43 million THB from installation service was grow up.

Incomes received from installation service during year 2015-2017 are as follows:

installation service Revenues	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
Telecommunication system installation revenue	1,278.49	95.34	1,050.18	93.32	1,108.89	95.40
Passive fire protection system installation revenue	35.89	2.68	43.62	3.88	35.31	3.02
Electrical equipment installation revenue	15.86	1.18	-	-	-	-
Other service revenue	10.71	0.80	31.60	2.81	24.27	1.58
<b>Total installation service revenues</b>	<b>1,340.95</b>	<b>100.00</b>	<b>1,125.40</b>	<b>100.00</b>	<b>1,168.47</b>	<b>100.00</b>

During 2015-2016 the Company's income from installation of communication system amounted of 1,278 million THB and 1,050 million THB respectively, a decrease by 18%. As for 2017 the income from installation of communication system amounted of 1,109 million THB, an increase by 6% 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 7,073 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 1,109 million THB. Types of services of installation are construction of new site, upgrade of supporting devices. As of 31 December 2015 to 31 December 2017, new site project value were at 3,345 million THB and 4,038 million THB and 4,910 million THB respectively, representing 75%, 74% and 75% of total project values, respectively. The details of Installation Services income are summarized as follows:

(Unit : Million THB)

	2016				2017			
	Project Values	Income Accumulated ( $\geq 95\%$ )			Project Values	Income Accumulated ( $\geq 95\%$ )		
		Income Accumulated To 1 Jan 2016	Income recognized in 2016	Total Income Accumulated 31 Dec 2016		Income Accumulated To 1 Jan 2017	Income recognized in 2017	Total Income Accumulated 31 Dec 2017
New Site	4,384.67	3,345.79	691.88	4,037.67	5,238.57	4,037.67	871.98	4,909.65
Upgrade	1,086.30	752.86	275.40	1,028.26	1,215.40	1,028.26	143.19	1,171.45
IBC	296.91	187.88	40.17	228.05	296.09	228.04	24.39	252.43
Other *	226.46	180.53	42.73	223.26	322.32	223.26	69.33	292.59
Total	5,994.34	4,467.06	1,050.18	5,517.24	7,072.38	5,517.23	1,108.89	6,626.12

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 36 million THB, 44 million THB and 35 million THB between years 2015-2017 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 2015-2017 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. An increasing each year come from others installation. In 2016, income from information systems network security amount 17 million THB. And in 2017, The Company and its subsidiaries recognized income from Telecommunication Infrastructure Project to drive the economy of the country. (24,700 Internet housing Projects)

- **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 2015-2017 other income of the Company amounted at approximately 23 million THB, 19 million THB and 24 million THB consecutively, representing 1% of total income.

Details of other incomes of the Company during year 2015-2017 are as follows:

Other incomes	2015		2016		2017	
	Million THB	%	Million THB	%	Million THB	%
income from marketing promotion of manufacturers	0.65	2.88	3.48	18.21	8.22	34.96
interest received	9.86	43.73	7.87	41.14	6.72	28.57
profit from assets disposal and profit from exchange rate	1.95	8.65	-	-	3.51	14.92
transportation fees	3.07	13.61	2.29	11.95	2.63	11.21
Other*	7.02	31.13	5.49	28.71	2.43	10.34
<b>Other income</b>	<b>22.55</b>	<b>100.00</b>	<b>19.14</b>	<b>100.00</b>	<b>23.51</b>	<b>100.00</b>

Remarks:\* Other includes income from rent, profit/loss from exchange rate.

## 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 2015-2017 cost of sales of the Company were 2,880 million THB, 3,231 million THB and 2,901 million THB respectively which represented 89-91% comparing to sale income respectively.

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 between the year about 3 million THB. It made the reserves for adjustment of cost of inventory to be net price at 29 million THB in the end of 2015.

In 2016 cost of sale of the Company was 3,231 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 91%, The Company has not set reserves for adjustment of cost of inventory to be net price at 29 million THB in 2016.

In 2017 cost of sale of the Company was 2,901 million THB, decreased by 10.21% comparing to the previous year as a result of lower amount of sale income. The ratio of sale cost per sale income stood at 89%, The Company has set reserves for adjustment of cost of inventory at the end of year 2017 about 31 million THB.

### ● Cost of installation

Cost of installation is derived from service provision on installation of communication system, fire protection system etc. During year 2015-2017 cost of installation were approximately 943 million THB, 798 million THB and 853 million THB respectively, representing 70%, 71% and 73% 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 2015 - 2017 approximately 87%, 71% and 90% 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 2,514 million THB, 3,231 million THB and 4,036 million THB respectively. Details are as follows:

(Unit : Million THB)

Cost of Installation Communication System	31 Dec 2015	31 Dec 2016	31 Dec 2017
Costs of Installation Recognized	2,721	4,785	5,468
Costs of Installation Recognized at beginning period	1,652.82	2,514.40	3,230.62
Costs of Installation Recognized during period	861.58	716.22	805.14
Costs of Installation Recognized at ending period	2,514.40	3,230.62	4,035.76

As of 31 December 2015 - 2017, the Company estimated cost of installation for total communication projects at and 2,721 million THB and 4,785 million THB and 5,468 million THB. Cost of installation recognized at its 95% completion were 2,515 million THB, 3,231 million THB and 4,036 million THB which divided into cost of telecommunication at 1,653 million THB, 2,515 million THB and 3,230 million THB. Costs of installation of communication recognized between 2015 - 2017 were 862 million THB, 716 million THB and 805 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 2015-2017, sale expenses amounted of approximately 101 million THB, 109 million THB and 104 million THB respectively or 2% of total income. The increases of sale expense are a result of increase sale volume.

- **Administrative expenses**

Administrative expenses during year 2015-2017 were 347 million THB and 355 million THB and 344 million THB respectively, representing 8% of total incomes. Administrative expenses mainly consist of expenses related to employees which accounted 63% 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 and Utility Bills.

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 others expenses 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.

Administrative expenses during year 2017 were 344 million THB, decreased by 11 million THB or 3% comparing to year 2016 as a result were depreciation cost of office equipment, computer, vehicles and consultant.

- **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 11 million THB, 11 million THB and 10 million THB respectively. Average interest rate was between 10-11% per annum.

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.

In 2017 the Company and subsidiaries has short-term loan 7.2 million THB include the interest incurred from long-term loan applied from the New Office building and New Warehouse 2.8 million THB.

## Profits

During 2015-2017 the Company's gross profit from sale of electrical wire and equipment and installation service were 693 million THB and 665 million THB and 685 million THB respectively, presenting 15%, 14% and 15% 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 295 million THB, 337 million THB and 370 million THB in year 2015-2017 respectively. Gross profit margin was 9% in 2015-2016 and 11% in 2017 of sale income because of price of the copper was increased but The Company's inventories at a low cost. That made the profit increased 2%.

- **Gross Profit - Installation Service**

The Company's gross profit from installation service were approximately 398 million THB and 328 million THB in year 2015-2016 Gross profit margin were 30% and 29% of sale income from installation service respectively. The increase in gross profit is because most of the work was new site construction.

In 2017, the Company's total gross profit from installation service stood at 316 million Baht, representing gross profit margin at 27% of total income from installation service. Decreased from last year 2% from increasing of cost.

- **Net profit**

Net profits of the Company in year 2015-2017 were 227 million THB, 173 million THB and 200 million THB, representing net profit margin of 5%, 4% and 4% respectively.

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. Which the company has got tax benefits.

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 lower than the rate stipulated due to adjustment on tax items.

In 2017 profit before tax of the Company was 250 million THB, and corporate income tax expense was approximately 50 million THB, divided into interim corporate income tax approximately 59 million THB; deferred income tax incurred from temporary differences and reverse of temporary differences was approximately 9 million THB, tax expenses paid accounted 20% of profit before tax which such rate is higher than the rate stipulated due to adjustment on tax items.

### Return on equity

During year 2015-2017, the Company's returns on equity were 16%, 10% and 12% respectively. 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 2015-2017 the Company's consolidated net income accounted 222 million THB, 196 million THB and 256 million THB respectively. Dividend from such profit was paid to shareholders at the amount of 223 million THB, 118 million THB, and 212 million THB respectively, which represented 101%, 96% and 83% of consolidated net income respectively. Details are summarized as follows:

Dividend	Dividend per share (THB)	Total dividend paid (Million THB)
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
<b>Totals dividend of the year 2015</b>	<b>0.20</b>	<b>223</b>
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
<b>Totals dividend of the year 2016</b>	<b>0.16</b>	<b>188</b>
Dividend of year 2017 comprises:-		
Interim dividend paid in cash to shareholders totaling 1,175 million shares.	0.08	94
Dividend for operation result during year 2017 - net after deduction of 1st interim dividend, paid in cash to shareholders*	0.10	118
<b>Totals dividend of the year 2017</b>	<b>0.18</b>	<b>212</b>

Remark: The payment of dividend for the year 2017, it must be approved by the Annual General Meeting of the Shareholders for the year 2018

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 2015-2017 amounted of and 3,464 million THB and approximately 3,843 million THB and 3,606 million THB respectively. Most of the assets are trade receivables and other receivables which portioned 38-51% of total assets. Other assets are inventory which portioned 48-51% and property, building and equipment about 28-30% 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%

Total assets as of ending year 2017 decreased 237 million THB or 6% comparing to year 2016. Assets which decreased were cash and Cash equivalents were decreased 195 million THB. trade receivables and other receivables decreased 31 million THB, inventory which increased 13 million THB and property, building and equipment decreased about 30 million THB. Intangible assets decreased 24 million THB and investment in joint venture increased 25.8 million THB

- **Trade receivables and other receivables**

As of 31 December 2015-2017 the Company's trade receivables and other receivables were approximately at 1,325 million THB and 1,869 million THB and 1,838 million THB respectively, which represented 39%, 49% and 51% of total assets. Details of the Company's assets are as follows:

- **Trade receivables**

As of 31 December 2015-2017, the Company's trade receivables-net were approximately at 962 million THB, 1,271 million THB and 1,220 million THB respectively, represented 28%, 33% and 34% 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 30-120 days. Details of trade receivables of the Company as of 31 December 2015-2017 are summarized as follows:-

Table showing age of trade receivables

(Unit: Million THB)

Items	2015		2016		2017	
	Value	Proportions	Value	Proportions	Value	Proportions
Not yet Due	548.00	53.26%	714.00	53.48%	622.00	48.56%
Trade Receivables past due						
Up to 3 Months	359.00	34.89%	520.00	38.95%	530.00	41.37%
3 - 6 Months	32.00	3.11%	19.00	1.42%	30.00	2.34%
6 - 12 Months	7.00	0.68%	14.00	1.05%	26.00	2.03%
Over 12 Months	83.00	8.06%	68.00	5.10%	73.00	5.70%
Total Trade Receivables	1,029.00	100.00%	1,335.00	100.00%	1,281.00	100.00%
Less: Allowance for doubtful debts	(67.00)	(6.52)%	(64.00)	(4.79)%	(61.00)	(4.76)%
Total Trade Receivables Net	962.00	93.49	1,271.00	95.21%	1,220.00	95.24%

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 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 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,271 million THB.

As of 31 December 2017, the ratio of receivables which are not yet due and receivables which have outstanding payment less than 6 months amounted of 92 % of total trade receivables while the ratio between outstanding payment between 6-12 months and up to 12 months accounted 2% and 6% of total trade receivables respectively. In addition, the Company has set allowance for doubtful account at the amount of 61 million THB or 5% of total trade receivables. As a result, the Company's net-trade receivables stood at approximately 1,220 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 2015-2017 the Company's financial ration on collection period of sales were approximately 101 days, 102 days and 120 days respectively. Such duration was similar to credit loan policy for trade receivables of the Company.

- **Other receivables**

Others 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 362 million THB and 598 million THB and 618 million THB, as of 31 December 2015-2017 respectively. Others receivables mainly consists of unbilled completed work which represented approximately 83%, 88% and 95% 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 300 million THB and 522 million THB and 587 million THB, as of 31 December 2015-2017 respectively.

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

In 2017, the Company's work value of communication installation contracts totaled of 7,072 million THB, the work progress until closing date totaled of 6,626 million THB. Recognized income accumulated to 1 January 2017 amounted of 5,517 million THB. Income recognized in 2017 amounted of 1,109 million THB respectively. The payment collected from customers was 6,066 million THB while the unbilled completed work was 586 million THB.

(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 2017	Income recognized in 2017	Payment collected from customers	Unbilled completed work
New Site	5,238.57	4,909.65	4,037.67	871.98	4,413.07	504.45
Upgrade	1,215.40	1,171.45	1,028.26	143.19	1,150.99	36.36
IBC	296.09	252.43	228.04	24.39	233.37	21.29
Other	322.32	292.59	223.26	69.33	268.66	24.30
Total	7,072.38	6,626.12	5,517.23	1,108.89	6,066.09	586.40

- 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 2015-2017 the Company's inventory valued of approximately 500 million THB, 649 million THB, and 662 million THB respectively, which represented 14%, 17% and 18% of total assets respectively. Details of inventory of the Company as of 31 December 2015-2017 are concluded as follows:

Table showing details of inventory

(Unit : Million THB)

Items	2015		2016		2017	
	Value	Proportions	Value	Proportions	Value	Proportions
Finished Goods	407.00	81.40%	480.00	73.96%	461.00	69.64%
<u>Less: Reduce cost to net realizable value</u>	<u>(29.00)</u>	<u>(5.80)%</u>	<u>(29.00)</u>	<u>(4.47%)</u>	<u>(31.00)</u>	<u>(4.68%)</u>
Finished goods - Net	378.00	75.60%	451.00	69.50%	430.00	64.96%
Installation in Progress - Telecommunication Project	108.00	21.60%	131.00	20.18%	92.00	13.90%
Installation in Progress - passive fire protection equipment and other	14.00	2.80%	67.00	10.32%	140.00	21.14%
Inventories - Net	500.00	100.00%	649.00	100.00%	662.00	100.00%

Inventory of the Company is mainly in form of finished goods-net value portioned 81%, 74% and 71% of total inventory in 2015-2017. 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 108 million THB, 131 million THB and 92 million THB in 2015-2017 respectively, or represented 22% and 20% and 14% of net-inventory value during the same period respectively.

During year 2015 - 2017 the sale duration in average were 47 days, 49 days and 58 days consecutively. Presently, the Company has set its policy on storage of finished goods at around 30-60 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. At the end of year 2015-2016, the allowance for value reduction remained in amount at 29 million THB each year. Between the year 2017, the Company set allowance for price reduction of finished goods increase 3 million THB. At the end of year 2017, the allowance for value reduction remained in amount at 31 million THB.

- **Property, plant and equipment**

As of 31 December 2014-2016 the Company's property, building and equipment valued of approximately 474 million THB, 440 million THB and 410 million THB respectively, mainly are building and vehicles which represented 79%, 83% and 86% of property, building and equipment consecutively. Other assets are vehicles, supporting devices for work contract represented 8%, 6% and 5% of property, building and equipment and net equipment respectively.

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 from the annual depreciation.

As of 2017 the Company's property, building and equipment decreased to 410 million THB or by 30 million THB from the annual depreciation. And sold 3 storey townhouse with the land.

- **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 2015 - 2017 were 18 million THB, 22 million THB and 21 million THB respectively.

	2015	2016	2017
Return On Fixed Assets (%)*	63%	47%	56%
Return On Assets (%)	7%	5%	5%
Total assets turnover (times)	1.50	1.29	1.20

Remarks: \* Based on net-property, building and equipment

During year 2015-2017 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 63%, 47% and 56% respectively. Rate of return from asset were 7%, 5% and 5% respectively while the asset turnover were 1.5 times, 1.29 times and 1.20 times respectively.

## Liquidity

(Unit: MillionTHB)

	2015	2016	2017
Net cash from operating activities	442.07	(80.94)	(111.39)
Net cash in investing activities	(405.80)	(12.85)	(27.60)
Net cash in financing activities	278.04	(160.14)	(56.40)
<b>Net increase (decrease) in cash</b>	<b>314.31</b>	<b>(253.94)</b>	<b>(195.39)</b>

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 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 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 none-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.

In 2017, the Company used 111 million THB of cash flow from operating activities, profit before tax was 250 million THB while account and other payables decreased to 440 million THB, inventory increased to 13 million THB. Cash flow spent in investing activities at 28 million which divided in purchase of other assets totaling 11 million THB. Pay for investment in Nam Sor Hydro Power Co.,Ltd totaling 28 million THB. The Company spent on funding activities at 56 million THB, loan of short-term 194 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 11 million THB. Nonetheless in 2017 the Company paid dividend in cash to shareholders at the amount of 212 million THB. Therefore, the net cash flow in 2017 decreased to 195 million THB while cash and cash equivalent as of year-end 2017 was at 263 million THB.

The Company's liquidity ratio during year 2015-2017 were at 1.60 times, 1.51 times and 1.56 times consecutively while the quick liquidity ratio accounted at 1.28 times, 1.18 times and 1.18 times consecutively. Such ratios 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.

### Source of fund

- **Structure of fund**

The ratio of debt per shareholders' equity (D/E) as of 31 December 2015-2017 was at 1.07 times, 1.22 time and 1.10 times, respectively.

## Liabilities

Total liabilities of the Company as of 31 December 2015-2017 were 1,775 million THB, 2,114 million THB and 1,890 million THB, respectively. Main liabilities were trade and other payables, short-term loans which represented 80% of total liabilities.

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.

Total liabilities of the Company as of 31 December 2017 were 1,890 million THB, which consist of current liabilities at the amount of 1,786 million THB, representing 94% of total liabilities. Main current liabilities are trade and other payables at approximately 1,175 million THB, unbilled cost accounted at 197 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 105 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 45 million THB, reserves for employees' benefit at 40 million THB and liabilities under hire-purchase contract-net from payment due within 1 year at the amount of 13 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 2017 are as follow:-

- Short-term loan: total of 1,413 million THB divided into
  - Bank overdraft at financial amount of 78 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 1,335 million THB.

As 31 December 2017, the subsidiaries have short-term from financial institution amount 29 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. 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 2017 the outstanding balance approximately 73 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 2015-2017.

As of 31 December 2015-2017 the Company had obligation to pay the minimum rent as per financial lease contract and hire-purchase contract at the amount of 31 million THB, 24 million THB and 22 million THB consecutively. The details of payment are as follows:

(Unit: Million THB)

	31 December 2015			31 December 2016			31 December 2017		
	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	9.25	21.73	30.98	9.95	13.72	23.67	7.47	14.06	21.53
Deferred interest expenses	(1.34)	(2.34)	(3.68)	(1.09)	(1.37)	(2.47)	(1.01)	(1.25)	(2.26)
Present value of future minimum lease payments	7.91	19.39	27.30	8.86	12.34	21.20	6.46	12.81	19.27

- **Unbilled costs**

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. 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 THB and in 2017, the Company's cost of service for communication recognized at the amount of 853 million THB. It was installation of telecommunication about 805 million THB and other installation 48 million and the Company received invoices for actual service costs in 2015 about 897 million THB consists of installation of telecommunication about 803 million THB and others installation 94 million THB. In 2016, received invoices for cost of service at the amount of 843 million THB, it was installation of telecommunication about 726 million THB and others installation 117 million THB. In 2017, received invoices for cost of service at the amount of 887 million THB, it was installation of telecommunication about 720 million THB and others installation 167 million THB. In 2015, Ongoing project totaled of 121 million THB with telecommunication service about 107 million THB and others installation 14 million THB. In 2016, Ongoing project totaled of 197 million THB with telecommunication service about 131 million THB and others installation 66 million THB. In 2017, Ongoing project totaled of 232 million THB with telecommunication service about 92 million THB and others installation 140 million THB. 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 167 million THB in which consists of the cost of the

telecommunications job paid 164 million baht and Switcher Circuits for 3 million THB and 152 million THB in 2016 and 197 million THB on 2017.

Details of telecommunication as the end of year 2015-2017 are summarized as follows:-

Unit : Million THB	31 Dec 2015	31 Dec 2016	31 Dec 2017
Costs of installation recognized as at the beginning period	942.98	797.58	852.66
The actual costs of installation	(883.71)	(776.65)	(747.17)
Add Work in process	107.61	130.99	92.00
Unbilled costs	166.88	151.92	197.49

### Shareholders' equity

Shareholder's equity as of 31 December 2015-2017 were 1,689 million THB, 1,729 million THB and 1,717 million THB, respectively. The increase was in consistent with the net profit at 227 million THB, 173 million THB and 200 million THB respectively.

As of 31 December 2015 the Company's shareholder's equity was 1,689 million THB consist of Shareholders' Equity 1,653 million THB and Non-controlling subsidiaries interests amount 85 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.

As of 31 December 2016 the Company's shareholder's equity was 1,729 million THB consist of shareholder's equity 1,662 million THB and Non-controlling subsidiaries interests amount 67 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.

As of 31 December 2017 the Company's shareholder's equity was 1,717 million THB, consist of shareholder's equity 1,654 million THB and Non-controlling subsidiaries interests amount 63 million THB decrease of 12 million THB. Net profit of 200 million THB. During the year the Company paid dividend at the amount of 212 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.
- In 2017, the Company paid audit fee to the Company's auditor at the amount of 1.77 million THB, including the audit fee for its subsidiaries at 0.96 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 believe 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 2015 were 1.60 times and 1.28 times respectively while liquidity ratio and quick liquidity ratio in year 2016 were 1.51 times and 1.18 times respectively. In 2017 were 1.56 times and 1.18 times respectively.



# Communication & System Solution PLC.



## Report of the Independent Certified Public Accountants **Financial Statements**

ended on 31 December 2017

Notes to consolidated financial statements

## 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 2017, 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 2017, 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 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 judgement, 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.

### Goodwill

The Company recorded goodwill of Baht 156 million as a result of the acquisition of shares in subsidiary. 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 12 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 moving 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 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.

I am responsible for the audit resulting in this independent auditor's report.



Krongkaew Limkittikul

Certified Public Accountant (Thailand) No. 5874

EY Office Limited

Bangkok: 23 February 2018

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of financial position

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents		262,972,857	458,371,436	91,089,708	262,751,708
Trade and other receivables	7	1,837,649,654	1,868,927,838	1,547,631,854	1,462,671,971
Inventories	8	661,918,903	648,842,966	559,804,960	509,072,618
Other current assets		15,795,687	12,147,426	7,592,185	5,939,747
<b>Total current assets</b>		<b>2,778,337,101</b>	<b>2,988,289,666</b>	<b>2,206,118,707</b>	<b>2,240,436,044</b>
<b>Non-current assets</b>					
Restricted bank deposits		183,368,633	180,758,633	176,048,633	176,798,633
Investments in subsidiaries	9	-	-	494,858,940	494,858,940
Investment in associated company	10	25,815,829	-	27,711,600	-
Property, plant and equipment	11	409,354,503	439,836,111	372,095,447	403,353,807
Goodwill	12	156,497,121	156,497,121	-	-
Other intangible assets	13	24,741,439	48,756,397	588,573	877,011
Deferred tax assets	24	20,993,619	22,469,866	14,908,876	13,375,703
Other non-current assets		7,298,496	6,770,858	2,422,797	3,610,954
<b>Total non-current assets</b>		<b>828,069,640</b>	<b>855,088,986</b>	<b>1,088,634,866</b>	<b>1,092,875,048</b>
<b>Total assets</b>		<b>3,606,406,741</b>	<b>3,843,378,652</b>	<b>3,294,753,573</b>	<b>3,333,311,092</b>

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of changes in shareholders' equity

For the year ended 31 December 2017

(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		Other components of shareholders' equity		Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity		
								Share of other comprehensive income from investment in associated company	Total other components of shareholders' equity					
													Other comprehensive income	
						Appropriated	Unappropriated							
Balance as at 1 January 2016		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	20	54,618,426	81,819,073	(136,437,499)	-	-	-	-	-	-	-	-		
Exercised warrants	21	-	-	82,854,091	-	-	-	-	-	82,854,091	-	82,854,091		
Dividend paid	28	-	-	-	-	-	(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	22	-	-	-	-	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		
Balance as at 1 January 2017		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		
Profit for the year		-	-	-	-	-	203,904,670	-	-	203,904,670	(4,233,728)	199,670,942		
Other comprehensive income for the year		-	-	-	-	-	-	(609,886)	(609,886)	(609,886)	-	(609,886)		
Total comprehensive income for the year		-	-	-	-	-	203,904,670	(609,886)	(609,886)	203,294,784	(4,233,728)	199,061,056		
Dividend paid	28	-	-	-	-	-	(211,633,000)	-	-	(211,633,000)	-	(211,633,000)		
Dividend paid to non-controlling interests of subsidiary		-	-	-	-	-	-	-	-	-	(198)	(198)		
Unappropriated retained earnings transferred to statutory reserve	22	-	-	-	-	2,700,000	(2,700,000)	-	-	-	-	-		
Balance as at 31 December 2017		587,869,545	753,575,398	-	6,827,505	59,000,000	246,747,506	(609,886)	(609,886)	1,653,410,068	63,309,075	1,716,719,143		

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 2017

(Unit: Baht)

	Separate financial statements					
	Issued and paid-up		Share subscriptions	Retained earnings		
Note	share capital	Share premium	received in advance	Appropriated	Unappropriated	Total
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	20	54,618,426	81,819,073	(136,437,499)	-	-
Exercised warrants	21	-	-	82,854,091	-	82,854,091
Dividend paid	28	-	-	-	(188,118,212)	(188,118,212)
Unappropriated retained earnings						
transferred to statutory reserve	22	-	-	-	10,000,000	(10,000,000)
Balance as at 31 December 2016		587,869,545	753,575,398	-	56,300,000	232,392,782
						-
Balance as at 1 January 2017		587,869,545	753,575,398	-	56,300,000	232,392,782
Profit for the year		-	-	-	-	256,112,511
Other comprehensive income for the year		-	-	-	-	-
Total comprehensive income for the year		-	-	-	-	256,112,511
Dividend paid	28	-	-	-	-	(211,633,000)
Unappropriated retained earnings						
transferred to statutory reserve	22	-	-	-	2,700,000	(2,700,000)
Balance as at 31 December 2017		587,869,545	753,575,398	-	59,000,000	274,172,293
		-	-	-	-	-

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of financial position (continued)

As at 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Liabilities and shareholders' equity					
Current liabilities					
Short-term loans from financial institutions	14	344,826,191	150,455,223	311,000,000	-
Trade and other payables	15	1,175,267,980	1,614,857,866	1,007,439,492	1,400,314,220
Accrued costs		197,485,595	151,919,593	151,123,610	134,069,900
Current portion of long-term loans	17	28,200,000	28,200,000	28,200,000	28,200,000
Current portion of liabilities under					
finance lease agreements	18	6,458,702	8,859,435	4,927,124	7,823,612
Income tax payable		14,647,407	12,108,844	14,305,297	8,042,060
Other current liabilities		19,192,283	12,108,090	15,986,631	9,367,559
<b>Total current liabilities</b>		<b>1,786,078,158</b>	<b>1,978,509,051</b>	<b>1,532,982,154</b>	<b>1,587,817,351</b>
Non-current liabilities					
Long-term loans, net of current portion	17	44,740,000	72,940,000	44,740,000	72,940,000
Liabilities under finance lease agreements,					
net of current portion	18	12,808,854	12,341,206	6,584,842	11,479,818
Deferred tax liabilities	24	5,796,361	15,557,927	-	-
Provision for long-term employee benefits	19	40,264,225	34,739,183	35,829,341	30,936,198
<b>Total non-current liabilities</b>		<b>103,609,440</b>	<b>135,578,316</b>	<b>87,154,183</b>	<b>115,356,016</b>
<b>Total liabilities</b>		<b>1,889,687,598</b>	<b>2,114,087,367</b>	<b>1,620,136,337</b>	<b>1,703,173,367</b>

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 2017

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2017	2016	2017	2016
<b>Shareholders' equity</b>					
<b>Share capital</b>	20				
Registered					
1,176,073,769 ordinary shares of Baht 0.5 each		588,036,885	588,036,885	588,036,885	588,036,885
Issued and fully paid-up					
1,175,739,089 ordinary shares of Baht 0.5 each		587,869,545	587,869,545	587,869,545	587,869,545
Share premium		753,575,398	753,575,398	753,575,398	753,575,398
Difference resulting from business combination					
under common control		6,827,505	6,827,505	-	-
Retained earnings					
Appropriated - statutory reserve	22	59,000,000	56,300,000	59,000,000	56,300,000
Unappropriated		246,747,506	257,175,836	274,172,293	232,392,782
Other components of shareholders' equity		(609,886)	-	-	-
Equity attributable to owners of the Company		1,653,410,068	1,661,748,284	1,674,617,236	1,630,137,725
Non-controlling interests of the subsidiaries		63,309,075	67,543,001	-	-
<b>Total shareholders' equity</b>		<b>1,716,719,143</b>	<b>1,729,291,285</b>	<b>1,674,617,236</b>	<b>1,630,137,725</b>
<b>Total liabilities and shareholders' equity</b>		<b>3,606,406,741</b>	<b>3,843,378,652</b>	<b>3,294,753,573</b>	<b>3,333,311,092</b>
		-	-	-	-

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



## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Statement of comprehensive income

For the year ended 31 December 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2017	2016	2017	2016
Profit or loss:					
Revenues					
Sales		3,270,510,004	3,568,518,199	3,110,523,053	3,345,982,617
Installation service revenue		1,168,468,090	1,125,396,003	887,161,517	687,038,224
Dividend income	9	-	-	49,499,802	50,400,000
Other income		23,508,830	19,138,365	20,401,391	15,801,051
Total revenues		4,462,486,924	4,713,052,567	4,067,585,763	4,099,221,892
Expenses					
Cost of sales		2,900,957,975	3,231,236,233	2,754,096,015	3,032,425,580
Installation service costs		852,664,414	797,577,950	631,031,302	452,517,867
Selling expenses		103,923,106	108,613,762	101,431,528	99,251,990
Administrative expenses		343,699,346	354,546,341	267,089,388	275,053,202
Total expenses		4,201,244,841	4,491,974,286	3,753,648,233	3,859,248,639
Profit before share of loss from investment in associated company, finance cost and income tax expenses					
		261,242,083	221,078,281	313,937,530	239,973,253
Share of loss from investment in associated company	10	(1,285,885)	-	-	-
Profit before finance cost and income tax expenses		259,956,198	221,078,281	313,937,530	239,973,253
Finance cost		(9,796,498)	(11,174,458)	(6,397,048)	(8,553,717)
Profit before income tax expenses		250,159,700	209,903,823	307,540,482	231,419,536
Income tax expenses	24	(50,488,758)	(36,907,128)	(51,427,971)	(35,730,822)
Profit for the year		199,670,942	172,996,695	256,112,511	195,688,714
Other comprehensive income:					
Other comprehensive income to be reclassified to profit or loss in subsequent periods:					
Share of other comprehensive income from investment in associated company					
	10	(609,886)	-	-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods - net of income tax					
		(609,886)	-	-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods					
Actuarial losses, net of income tax		-	(6,319,300)	-	(6,319,300)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods - net of income tax					
		-	(6,319,300)	-	(6,319,300)
Other comprehensive income for the year		(609,886)	(6,319,300)	-	(6,319,300)
Total comprehensive income for the year		199,061,056	166,677,395	256,112,511	189,369,414

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 2017

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	<u>Note</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit attributable to:					
Equity holders of the Company		203,904,670	169,578,197	256,112,511	195,688,714
Non-controlling interests of the subsidiaries		(4,233,728)	3,418,498	-	-
		<u>199,670,942</u>	<u>172,996,695</u>	<u>256,112,511</u>	<u>195,688,714</u>
Total comprehensive income attributable to:					
Equity holders of the Company		203,294,784	163,258,897	256,112,511	189,369,414
Non-controlling interests of the subsidiaries		(4,233,728)	3,418,498	-	-
		<u>199,061,056</u>	<u>166,677,395</u>	<u>256,112,511</u>	<u>189,369,414</u>
Earnings per share	25				
Basic earnings per share					
Profit attributable to equity holders of the Company		0.17	0.15	0.22	0.17

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Cash flow statement

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Cash flows from operating activities:</b>				
Profit before tax	250,159,700	209,903,823	307,540,482	231,419,536
Adjustments to reconcile profit before tax to				
net cash provided by (paid from) operating activities:				
Depreciation and amortisation	62,963,187	66,726,859	33,324,902	36,386,875
Written off withholding tax	1,108,147	357,715	-	-
Allowance for doubtful accounts (reversal)	(4,077,775)	(2,213,334)	(1,282,221)	(1,867,184)
Reduction of cost of inventory to net realisable value (reversal)	2,108,401	(122,266)	2,241,491	72,736
Share of loss from investment in associated company	1,285,885	-	-	-
Dividend received from subsidiary	-	-	(49,499,802)	(50,400,000)
Provision for long-term employee benefits	5,525,042	5,078,573	4,893,143	4,501,040
Gain on disposal of investment property	-	(254,821)	-	-
Gain on disposal of property, plant and equipment	(3,507,785)	(493,022)	(2,531,105)	(492,825)
Interest income	(6,771,636)	(7,873,169)	(5,048,286)	(5,656,357)
Interest expenses	9,796,498	11,174,458	6,397,048	8,553,717
Profit from operating activities before changes in				
operating assets and liabilities	318,589,664	282,284,816	296,035,652	222,517,538
Operating assets (increase) decrease				
Trade and other receivables	35,352,145	(541,983,570)	(83,680,154)	(263,841,427)
Inventories	(15,184,338)	(148,462,947)	(52,973,833)	(174,566,391)
Other current assets	(1,006,349)	(3,714,236)	(1,652,438)	(3,208,052)
Other non-current assets	(527,637)	(452,158)	1,188,158	(28,735)
Operating liabilities increase (decrease)				
Trade and other payables	(439,821,176)	397,018,144	(393,075,474)	222,648,745
Accrued costs	45,566,002	(14,959,328)	17,053,710	(15,199,610)
Other current liabilities	7,084,193	(4,049,620)	6,619,072	(1,154,009)
Cash flow used in operating activities	(49,947,496)	(34,318,899)	(210,485,307)	(12,831,941)
Cash received from interest income	6,775,450	7,966,447	5,050,778	5,747,084
Cash paid for long-term employee benefits	-	(28,500)	-	(28,500)
Cash paid for interest expenses	(8,232,900)	(9,906,150)	(5,159,055)	(7,339,613)
Cash paid for income tax	(59,985,574)	(44,657,032)	(46,697,908)	(35,706,585)
<b>Net cash flows used in operating activities</b>	<b>(111,390,520)</b>	<b>(80,944,134)</b>	<b>(257,291,492)</b>	<b>(50,159,555)</b>

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

## Communication &amp; System Solution Public Company Limited and its subsidiaries

## Cash flow statement (continued)

For the year ended 31 December 2017

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
<b>Cash flows from investing activities:</b>				
Decrease (increase) in restricted bank deposits	(2,610,000)	7,190,000	750,000	(750,000)
Cash paid for investment in associated company	(27,711,600)	-	(27,711,600)	-
Dividend received from subsidiaries	-	-	49,499,802	50,400,000
Increase in investment in subsidiary	-	-	-	(700,000)
Proceeds from sales of investment property	-	2,800,000	-	-
Proceeds from sales of property, plant and equipment	6,914,339	1,249,107	3,766,676	1,246,321
Acquisition of property, plant and equipment	(4,195,175)	(7,295,239)	(3,013,675)	(5,156,163)
Cash paid for share subscriptions payable	-	(16,800,000)	-	(16,800,000)
<b>Net cash flows from (used in) investing activities</b>	<b>(27,602,436)</b>	<b>(12,856,132)</b>	<b>23,291,203</b>	<b>28,240,158</b>
<b>Cash flows from financing activities:</b>				
Increase (decrease) in short-term loans from financial institutions	194,370,968	3,480,729	311,000,000	(100,000,000)
Repayment of long-term loans	(28,200,000)	(28,200,000)	(28,200,000)	(28,200,000)
Repayment of liabilities under finance lease agreements	(10,943,393)	(8,857,402)	(8,828,711)	(7,007,775)
Proceed from exercise of warrants	-	82,854,091	-	82,854,091
Cash received from investment of non-controlling interests	-	300,000	-	-
Dividend paid to shareholders	(211,633,000)	(188,118,212)	(211,633,000)	(188,118,212)
Dividend paid to non-controlling interests of subsidiaries	(198)	(21,600,000)	-	-
<b>Net cash flows from (used in) financing activities</b>	<b>(56,405,623)</b>	<b>(160,140,794)</b>	<b>62,338,289</b>	<b>(240,471,896)</b>
<b>Net decreased in cash and cash equivalents</b>	<b>(195,398,579)</b>	<b>(253,941,060)</b>	<b>(171,662,000)</b>	<b>(262,391,293)</b>
Cash and cash equivalents at beginning of year	458,371,436	712,312,496	262,751,708	525,143,001
<b>Cash and cash equivalents at end of year</b>	<b>262,972,857</b>	<b>458,371,436</b>	<b>91,089,708</b>	<b>262,751,708</b>
	-		-	
<b>Supplemental cash flow information:</b>				
Non-cash item				
Increase in vehicle and equipment through financial leases	7,678,000	1,461,682	-	1,461,682

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

## Communication & System Solution Public Company Limited and its subsidiaries

### Notes to consolidated financial statements

For the year ended 31 December 2017

#### 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, Bangkapi, 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 11 October 2016, 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	
			<u>2017</u> Percent	<u>2016</u> 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 and associate 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 financial reporting standards and interpretations (revised 2016) and new accounting treatment guidance which are 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 adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries' financial statements.

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

During the current year, the Federation of Accounting Professions issued a number of revised financial reporting standards and interpretations (revised 2017) which are effective for fiscal years beginning on or after 1 January 2018. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards with most of the changes and clarifications directed towards disclosures in the notes to financial statements.

The management of the Company and its subsidiaries believe that the revised financial reporting standards will not have any significant impact on the financial statements when they are initially applied.

### 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**

- a) Investment in associate is accounted for in the consolidated financial statements using the equity method.
- b) Investments in subsidiaries and associate 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 financial statements		Separate financial statements		Transfer pricing policy
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	
<u>Transactions with subsidiary companies</u>					
(eliminated from the consolidated financial statements)					
Sales of goods	-	-	1,178	8	Cost plus margin more than 2%
Purchases of goods	-	-	596	778	Cost plus margin more than 2%
Dividend income	-	-	49,500	50,400	

As at 31 December 2017 and 2016, the balances of the accounts between the Company and its related parties were as follows:

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Trade receivables - subsidiary (Note 7)	-	-	1,409	1,234
Trade payables - subsidiary (Note 15)	-	-	254	17,074

### Directors and management's benefits

During the years ended 31 December 2017 and 2016, the Company and its subsidiaries had employee benefit expenses of their directors and management as below.

	Consolidated financial statements		Separate financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Short-term employee benefits	44,501	44,341	36,158	34,510
Post-employment benefits	1,356	1,284	1,096	1,040
Total	<u>45,857</u>	<u>45,625</u>	<u>37,254</u>	<u>35,550</u>

## 7. Trade and other receivables

	Consolidated		(Unit: Thousand Baht)	
	financial statements		Separate	
	2017	2016	2017	2016
<b><u>Trade receivables - unrelated parties</u></b>				
Aged on the basis of due dates				
Not yet due	622,343	714,521	508,301	637,992
Past due up to 3 months	529,589	519,558	488,642	412,472
3 - 6 months	29,606	19,417	29,228	18,858
6 - 12 months	26,044	14,073	25,985	14,091
Over 12 months	72,668	67,799	32,981	25,415
Total	1,280,250	1,335,368	1,085,137	1,108,828
Less: Allowance for doubtful debts	(60,519)	(64,597)	(21,667)	(22,949)
Total trade receivables - unrelated parties, net	1,219,731	1,270,771	1,063,470	1,085,879
<b><u>Trade receivables - related party (Note 6)</u></b>				
Aged on the basis of due dates				
Past due up to 3 months	-	-	22	9
6 - 12 months	-	-	153	-
Over 12 months	-	-	1,234	1,225
Total trade receivables - related party	-	-	1,409	1,234
Total trade receivables, net	1,219,731	1,270,771	1,064,879	1,087,113
<b><u>Other receivables</u></b>				
Accrued income for installation services	5,990	9,154	5,703	9,154
Less: Allowance for doubtful debts	(916)	(684)	(916)	(684)
Accrued income for installation services, net	5,074	8,470	4,787	8,470
Unbilled receivables	586,398	521,845	457,246	306,453
Other receivables	5,923	15,898	4,752	12,283
Advance payments	15,641	43,898	11,316	40,641
Other accrued income	2,589	4,121	2,586	4,116
Prepaid expenses	2,294	3,925	2,066	3,596
Total other receivables, net	617,919	598,157	482,753	375,559
Total trade and other receivables, net	1,837,650	1,868,928	1,547,632	1,462,672

## 8. Inventories

(Unit: Thousand Baht)

Consolidated financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	461,329	480,344	(31,085)	(28,976)	430,244	451,368
Installation in progress - telecommunication projects	91,941	130,986	-	-	91,941	130,986
Other installation in progress	139,734	66,489	-	-	139,734	66,489
Total	<u>693,004</u>	<u>677,819</u>	<u>(31,085)</u>	<u>(28,976)</u>	<u>661,919</u>	<u>648,843</u>

(Unit: Thousand Baht)

Separate financial statements						
	Cost		Reduce cost to net realisable value		Inventories - net	
	2017	2016	2017	2016	2017	2016
Finished goods	437,530	455,993	(20,240)	(17,998)	417,290	437,995
Installation in progress - telecommunication projects	30,719	4,589	-	-	30,719	4,589
Other installation in progress	111,796	66,489	-	-	111,796	66,489
Total	<u>580,045</u>	<u>527,071</u>	<u>(20,240)</u>	<u>(17,998)</u>	<u>559,805</u>	<u>509,073</u>

During the current year, the Company and its subsidiaries reduced cost of inventories by Baht 7 million (2016: Baht 7 million) (The Company only: Baht 7 million and 2016: 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 5 million (2016: Baht 7 million) (The Company only: Baht 4 million and 2016: Baht 6 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		Dividend received during the year	
	2017	2016	2017	2016	2017	2016	2017	2016
			(%)	(%)				
C.S.S. Energy Company Limited	150,000	150,000	100	100	<del>150,000</del>	<del>150,000</del>	<del>450</del>	
Neonworx Communications (Thailand) Limited	10,000	10,000	70	70	<del>34,859</del>	<del>34,859</del>		<del>540</del>
Total					<u><del>494,859</del></u>	<u><del>494,859</del></u>	<u><del>450</del></u>	<u><del>540</del></u>

Neonworx Communications (Thailand) Limited (“Neonworx”)

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.

**10. Investment in associated company**

**10.1 Details of associated company:**

On 4 October 2017, the Board of Director's meeting of the Company resolved to purchase of 67,200 newly issued ordinary shares of Namsor Hydro Power Company Limited at the value of LAK 100,000 per share, or a total of LAK 6,720 million. The Company made a payment totaling Baht 27.7 million for the share subscriptions on 1 November 2017 and 28 November 2017.

Based on the analysis performed, the management believed that no material difference of fair value and carrying value of identifiable assets and liabilities of Namsor Hydro Power Company Limited as at the share subscription date. As such, the difference between cash paid for shares subscription and net assets value of Baht 2 million is classify as goodwill.

As at 31 December 2017, investment in such associated company are as follows:

(Unit: Thousand Baht)					
Company's name	Nature of business	Country of incorporation	Shareholdin g percentage 2017 (%)	Consolidated financial statements	Separate financial statements
				Carrying amounts based on equity method	Carrying amount based on cost method
				2017	2017
Namsor Hydro Power Company Limited	Generating and sale of electricity	The Lao People's Democratic Republic	28	25,816	27,712

**10.2 Share of comprehensive income**

The Company has recognised its share of loss from investment in associated company in the consolidated financial statements since the date of investment in associate as follows:

(Unit: Thousand Baht)		
Company's name	Consolidated financial statements	
	Share of loss from investment in associated company	Share of other comprehensive income from investment in associated company
	2017	2017
Namsor Hydro Power Company Limited	(1,286)	(610)

## 10.3 Summarised financial information of associated company

Financial information of Namsor Hydro Power Company Limited as at 31 December 2017 and for the year ended are summarised below.

(Unit: Million LAK)

	<u>2017</u>
Paid-up capital	24,000
Total assets	40,790
Total liabilities	19,008
Total revenues	4,639
Loss for the year	(1,626)

Summarised information about financial position of Namsor Hydro Power Company Limited as at 31 December 2017 are as follows:

(Unit: Million Baht)

	<u>2017</u>
Current assets	13.7
Non-current assets	145.4
Current liabilities	(74.1)
<b>Net assets</b>	<b>85.0</b>
<b>Net assets attributable to the Company's investment (28%)</b>	<b>23.8</b>
Goodwill	2.0
<b>Carrying amounts of the associate based on equity method</b>	<b>25.8</b>



11. Property, plant and equipment

(Unit: Thousand Baht)

## Consolidated financial statements

[illegible]

# 11. 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
<b>Cost</b>									
1 January 2016	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
Disposals 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
Additions	-	-	510	231	2,204	68	-	-	3,013
Disposals and written off	(600)	(900)	(13)	(7)	(1,799)	(4,612)	-	-	(7,931)
Transfer in (transfer out)	-	-	-	-	-	900	-	(900)	-
31 December 2017	161,600	188,430	6,601	13,236	40,779	58,893	34,107	-	503,646
<b>Accumulated depreciation:</b>									
1 January 2016	-	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
Depreciation for the year	-	9,545	1,015	2,173	6,980	9,989	3,334	-	33,036
Depreciation on disposals and written off	-	(572)	(12)	(7)	(1,783)	(4,321)	-	-	(6,695)
Depreciation for transferred assets	-	-	-	(15)	15	-	-	-	-
31 December 2017	-	29,028	4,290	8,029	29,162	41,074	19,968	-	131,551
<b>Net book value:</b>									
As at 31 December 2016	162,200	169,275	2,817	7,134	16,424	27,131	17,473	900	403,354
As at 31 December 2017	161,600	159,402	2,311	5,207	11,617	17,819	14,139	-	372,095
<b>Depreciation for the year</b>									
2016 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									36,098
2017 (Baht 4 million included in installation service costs, and the balance in selling and administrative expenses)									33,036

As at 31 December 2017, the Company and its subsidiaries have vehicles under finance lease agreements with net book values amounting to Baht 22 million (2016: Baht 26 million) (Separate financial statements: Baht 15 million, 2016: Baht 22 million).

As at 31 December 2017, 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 51 million (2016: Baht 24 million) (Separate financial statements: Baht 37 million (2016: Baht 13 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 350 million (2016: Baht 351 million) (Separate financial statements: Baht 321 million (2016: Baht 331 million)).

## 12. Goodwill

The Company included goodwill acquired through business combination 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	-	13.9% per annum
Pre-tax discount rate	-	10.1% 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 1.1% 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.

## 13. Other intangible assets

The net book value of intangible assets as at 31 December 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements
	Customer relationships	Computer software	Total	Computer software
Cost as at 31 December 2017	86,314	3,018	89,332	2,096
<u>Less</u> Accumulated amortisation	(62,744)	(1,847)	(64,591)	(1,507)
Net book value as at 31 December 2017	<u>23,570</u>	<u>1,171</u>	<u>24,741</u>	<u>589</u>
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	<u>47,204</u>	<u>1,552</u>	<u>48,756</u>	<u>877</u>

A reconciliation of the net book value of intangible assets for the years 2017 and 2016 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Net book value at beginning of year	48,756	72,830	877	1,165
Acquisition of computer software	-	5	-	-
Amortisation	(24,015)	(24,079)	(288)	(288)
Net book value at end of year	24,741	48,756	589	877

14. Short-term loans from financial institutions

(Unit: Thousand Baht)

		Consolidated financial statements		Separate financial statements	
	Interest rate (% p.a.)	2017	2016	2017	2016
Trust receipt	3.00	4,826	-	-	-
Promissory Note	1.85 - 2.35	340,000	150,455	311,000	-
Total		344,826	150,455	311,000	-

Short-term loans from a financial institutions are secured by the mortgage of the company and its subsidiaries land and structures thereon.

15. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2017	2016	2017	2016
Trade payables - unrelated parties	937,800	1,449,612	812,063	1,263,675
Trade payables - subsidiary (Note 6)	-	-	254	17,074
Accrued expenses	65,471	72,491	57,542	57,441
Revenue received in advance	156,800	78,748	122,743	48,935
Other payables	15,196	14,007	14,838	13,189
Total trade and other payables	1,175,267	1,614,858	1,007,440	1,400,314

16. Installation service contract - telecommunication project

As at 31 December 2017, 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 2,837 million (2016: Baht 2,135 million) (Separate financial statements: Baht 1,626 million (2016: Baht 996 million)), and gross amounts due from customers for contracts in progress totaled approximately Baht 678 million (2016: Baht 653 million) (Separate financial statements: Baht 488 million (2016: Baht 311 million)).

## 17. Long-term loans

			(Unit: Thousand Baht)	
			Consolidated financial statements,	
Loan	Interest rate	Repayment schedule	Separate financial statements	
			2017	2016
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	37,840	56,080
2	Fixed rate for the first year and referenced to THBFIX since second year	Monthly installments of Baht 0.8 millior each, commencing July 2015	35,100	45,060
Total			72,940	101,140
Less: Current portion			(28,200)	(28,200)
Long-term loans, net of current portion			44,740	72,940

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.

## 18. Liabilities under finance lease agreements

					(Unit: Thousand Baht)	
			Consolidated financial statements		Separate financial statements	
			2017	2016	2017	2016
Liabilities under finance lease agreements			21,526	23,669	12,826	21,655
Less: Deferred interest expenses			(2,259)	(2,469)	(1,314)	(2,351)
Total			19,267	21,200	11,512	19,304
Less: Portion due within one year			(6,459)	(8,859)	(4,927)	(7,824)
Liabilities under finance lease agreements - net of current portion			12,808	12,341	6,585	11,480

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 2017					
							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							7,467	14,059	21,526	5,608	7,218	12,826
Deferred interest expenses							(1,008)	(1,251)	(2,259)	(681)	(633)	(1,314)
Present value of future minimum lease payments							6,459	12,808	19,267	4,927	6,585	11,512

(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	<u>8,859</u>	<u>12,341</u>	<u>21,200</u>	<u>7,824</u>	<u>11,480</u>	<u>19,304</u>

#### 19. 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		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Provision for long-term employee benefits at beginning of year	34,739	21,790	30,936	18,565
Included in profit or loss:				
Current service cost	4,443	4,155	3,933	3,681
Interest cost	1,082	924	960	820
Included in other comprehensive income:				
Actuarial loss arising from				
Financial assumptions changes	-	4,470	-	4,470
Experience adjustments	-	3,429	-	3,429
Benefits paid during the year	-	(29)	-	(29)
Provision for long-term employee benefits at end of year	40,264	34,739	35,829	30,936

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Current service cost	4,443	4,155	3,933	3,681
Interest cost	<u>1,082</u>	<u>924</u>	<u>960</u>	<u>820</u>
Total expense recognised as selling and administrative expenses in profit or loss	5,525	5,079	4,893	4,501

As at 31 December 2017, the weighted average durations of the liabilities for long-term employee benefit are 17 years (Separate financial statements: 17 years) (2016: 18 years, separate financial statements: 18 years).

Significant actuarial assumptions are summarised below:

	(Unit: percent per annum)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Discount rate	3.1, 3.2	3.1, 3.2	3.1	3.1
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 2017 and 2016 are summarised below:

	(Unit: Thousand Baht)			
	As at 31 December 2017			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(4,202)	4,937	(3,719)	4,373
Salary increase rate	5,692	(4,884)	5,044	(4,325)

	(Unit: Thousand Baht)			
	As at 31 December 2016			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>Increase 1%</u>	<u>Decrease 1%</u>	<u>Increase 1%</u>	<u>Decrease 1%</u>
Discount rate	(3,877)	4,573	(3,436)	4,054
Salary increase rate	4,847	(4,170)	4,297	(3,695)

## 20. Share capital

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:

- 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.
- 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.

## 21. Warrants

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 82.9 million. The Company registered the corresponding increase in its issued and fully paid-up share capital with the Ministry of Commerce on 7 April 2016. The Company therefore presented the amount under the caption of "Share capital" as described in Note 20 to the financial statements.

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>
	(Unit)
Balance as at begin of year	55,512,475
Exercise during the year	(55,233,882)
Expired warrants	(278,593)
Balance as at end of year	<u>-</u>

## 22. 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. At present, the statutory reserve has fully been set aside.

## 23. Expenses by nature

Significant expenses classified by nature are as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Salaries and wages and other employee benefits	270,230	270,711	222,494	223,441
Depreciation and amortisation expenses	62,963	66,727	33,325	36,387
Transportation expenses	21,006	16,544	20,517	16,138
Installation service expenses	424,890	421,158	365,238	259,112
Office service expenses	6,609	6,030	5,940	5,366
Commission expenses	23,581	33,392	21,106	24,073
Rental expenses from operating lease agreements	9,235	9,683	6,277	6,273
Reduction of cost of inventory to net realisable value	2,108	82	2,241	277
Changes in finished goods and assets under installation	(15,184)	(148,462)	(52,974)	(174,567)
Purchase of finished goods	3,240,302	3,698,010	3,035,001	3,378,877



## 24. Income tax

Income tax expenses for the years ended 31 December 2017 and 2016 are made up as follows:

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Current income tax:</b>				
Current income tax charge	58,774	50,081	52,961	37,064
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(8,285)	(13,174)	(1,533)	(1,333)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>50,489</u>	<u>36,907</u>	<u>51,428</u>	<u>35,731</u>

The amounts of income tax relating to each component of other comprehensive income for the years ended 31 December 2017 and 2016 were as follows:

	(Unit: Thousand Baht)	
	Consolidated financial statements/ Separate financial statements	
	<u>2017</u>	<u>2016</u>
Deferred tax relating to actuarial losses	-	1,580

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

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Accounting profit before tax	250,160	209,904	307,540	231,420
Applicable tax rate	20%	20%	20%	20%
Accounting profit before tax multiplied by income tax rate	50,032	41,981	61,508	46,284
Utilisation of previously unrecognised tax losses	-	(2,934)	-	-
Effects of:				
Non-deductible expenses	820	263	376	51
Additional expense deductions allowed	(620)	(610)	(556)	(524)
Income exempt	-	-	(9,900)	(10,080)
Unused tax loss	-	(1,701)	-	-
Others	257	(92)	-	-
Total	478	(2,140)	(10,080)	(10,553)
<b>Income tax expenses reported in the statement of comprehensive income</b>	<u>50,489</u>	<u>36,907</u>	<u>51,428</u>	<u>35,731</u>

As at 31 December 2017 and 2016, the components of deferred tax assets and deferred tax liabilities are as follows:

	(Unit: Thousand Baht)			
	Statements of financial position			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
<b>Deferred tax assets (liabilities)</b>				
Allowance for doubtful accounts	8,492	9,261	4,516	4,727
Allowance for diminution in value of inventories	6,217	5,795	4,048	3,600
Provision for long-term employee benefits	8,053	6,948	7,166	6,187
Unused tax loss	-	1,701	-	-
Liabilities under finance lease agreement	(774)	(1,235)	(821)	(1,138)
Revalue assets from acquisition of subsidiary	(6,790)	(15,558)	-	-
Deferred tax assets, net	<u>15,198</u>	<u>6,912</u>	<u>14,909</u>	<u>13,376</u>
Presented as follows:				
Deferred tax assets	20,994	22,470	14,909	13,376
Deferred tax liabilities	<u>(5,796)</u>	<u>(15,558)</u>	<u>-</u>	<u>-</u>
Total	<u>15,198</u>	<u>6,912</u>	<u>14,909</u>	<u>13,376</u>

## 25. 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.

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

	For the year ended 31 December			
	Consolidated		Separate	
	financial statements		financial statements	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Profit for the year (Thousand Baht)	203,905	169,578	256,113	195,689
Weighted average number of ordinary shares				
(Thousand shares)	1,175,739	1,159,246	1,175,739	1,159,246
Earnings per share (Baht/share)	0.17	0.15	0.22	0.17

## 26. 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 2017 and 2016, respectively.

(Unit: Thousand Baht)

	For the year ended 31 December 2017		
	Distribution of electrical equipment	Installation services	Consolidated financial statement
Revenue from external customers	3,270,510	1,168,468	4,438,978
Depreciation and amortisation	-	4,722	4,722
Reduction of cost of inventory to net realisable value	2,108	-	2,108
Segment profit	369,552	315,804	685,356

(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 cost of inventory to net realisable value	(122)	-	(122)
Segment profit	337,282	327,818	665,100

**27. 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 (2016: 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 2017 and 2016 amounting to approximately Baht 6.8 million and Baht 6.6 million respectively (Separate financial statements: Baht 5.8 million and Baht 5.6 million, respectively) were recognised as expenses.

**28. Dividends**

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
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 for 2016		188	0.16
Final dividends for 2016	Annual General Meeting of the shareholders on 20 April 2017	118	0.10
Interim dividends for 2017	Board of Director's meeting on 9 August 2017	94	0.08
Total for 2017		212	0.18

**29. Commitments and contingent liabilities****29.1 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	financial statements	financial statements
	2017	2016	2017	2016
Payable:				
In up to 1 year	6	7	5	7
In over 1 and up to 5 years	1	4	1	4

## 29.2 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>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Guarantee payments due to creditors	215	215	215	215
Guarantee contractual performance	87	131	71	69
Guarantee of construction contracts, bidding and debt repayment	104	123	104	104
Guarantee for sales of goods	29	31	29	31

## 30. Financial instruments

### 30.1 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 2017 and 2016, 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 2017

Consolidated financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	900	-	262,073	-	262,973	0.10 - 0.75
Trade and other receivables	-	-	-	1,837,650	1,837,650	-
Restricted bank deposits	183,369	-	-	-	183,369	0.55 - 1.40
<b>Financial liabilities</b>						
Short-term loan from financial institutions	344,826	-	-	-	344,826	1.85 - 3.00
					1,175,268	
Trade and other payables	-	-	-	1,175,268	8	-
Liabilities under finance lease agreements	6,459	12,809	-	-	19,268	2.36 - 10.64
Long-term loans	-	-	72,940	-	72,940	Rate reference to THBFIX

(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.)
<b>Financial assets</b>						
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
<b>Financial liabilities</b>						
Short-term loan from financial institutions	150,455	-	-	-	150,455	2.35 - 3.40
					1,614,858	
Trade and other payables	-	-	-	1,614,858	8	-
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 2017						
Separate financial statements						
Fixed interest rates						
	Within 1 year	1 - 5 years	Floating interest rate	Non-interest bearing	Total	Effective interest rate (% p.a.)
<b>Financial assets</b>						
Cash and cash equivalents	106	-	90,984	-	91,090	0.10 - 0.75
Trade and other receivables	-	-	-	1,547,632	1,547,63 2	-
Restricted bank deposits	176,049	-	-	-	176,049	0.55 - 1.40
<b>Financial liabilities</b>						
Short-term loan from financial institutions	311,000	-	-	-	311,000 1,007,43	1.85 - 1.95
Trade and other payables	-	-	-	1,007,439	9	-
Liabilities under finance lease agreements	4,927	6,585	-	-	11,512	2.36 - 10.64
Long-term loans	-	-	72,940	-	72,940	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.)
<b>Financial assets</b>						
Cash and cash equivalents	130	-	262,622	-	262,752	0.10 - 0.75
Trade and other receivables	-	-	-	1,462,672	1,462,67 2	-
Restricted bank deposits	176,799	-	-	-	176,799	0.55 - 1.40
<b>Financial liabilities</b>						
Trade and other payables	-	-	-	1,400,314	1,400,31 4	-
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

## 30.2 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.

**31. 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 2017, the Group's debt-to-equity ratio was 1.10:1 (2016: 1.22:1) and the Company's was 0.97:1 (2016: 1.04:1).

**32. Event after the reporting period**

On 23 February 2018, the Company's Board of Directors' meeting passed the resolution to approve a dividend payment to the shareholders which is an addition of interim dividend payment of Baht 0.08 per share. The dividend is to be paid from the Company's operating results for the year 2017. However, this resolution will be further proposed for the shareholders' approval in the Annual General Meeting of the shareholders for the fiscal year 2018.

**33. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 23 February 2018.



# CSS Group



Communication & System Solution PLC.  
329 Moo 3 Banmai, Pakkred Nonthaburi 11120  
Tel. (+66) 02-018-1111 Fax. (+66) 02-018-1142  
[www.cssthai.com](http://www.cssthai.com)