

รายงานประจำปี 2556



Your Success is Our Success

*Advanced Information Technology Public Company Limited*

*Annual Report 2013*

## Significant Events in 2013

1. The Board of Directors Meeting of Advanced Information Technology Public Company Limited (the "Company") No. 2/2013 held on the 25<sup>th</sup> of March 2013 resolved to make an investment in Kirz Company Limited ("Kirz") for 51 percent of the total paid-up capital, for Thai Baht 51,000,000 (Fifty One Million), through the purchase of shares from existing Kirz shareholders. A press conference for this deal was held at the Queen Sirikit National Convention Center.



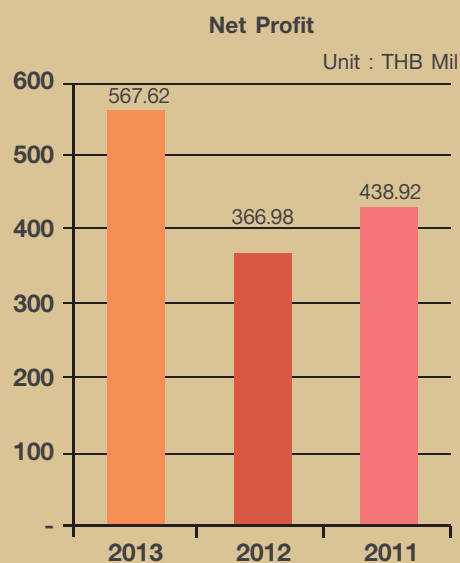
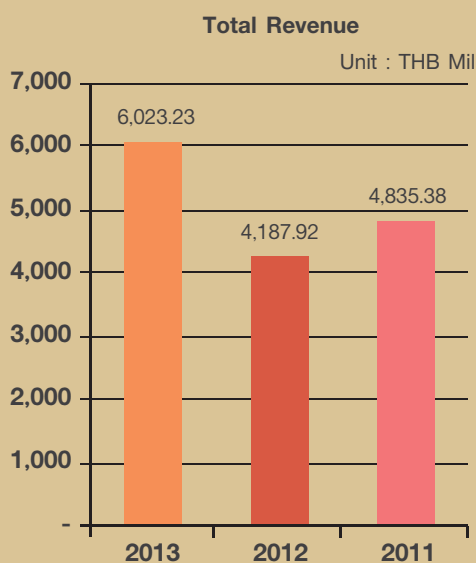
2. On 8<sup>th</sup> October, 2013, the Board of Directors resolved to propose a meeting of shareholders to consider and approve the increase of the Company's registered capital in the amount of Baht 687,736,360 (Six hundred eighty-seven million seven hundred thirty-six thousand three hundred sixty Baht) from a registered capital of Baht 343,868,180 (Three hundred forty-three million eight hundred sixty-eight thousand one hundred eighty Baht) to Baht 1,031,604,540 (One billion thirty-one million six hundred four thousand five hundred forty Baht) with a par value of Baht 5 (Five Baht) per share to allot to existing shareholders of the Company, pro-rata to their shareholding (Rights Offering), at the ratio of 2 (two) newly issued ordinary shares for 1(one) existing ordinary share at an offered price of Baht 5 (Five Baht) per newly issued share.



3. Commencing construction in December 2013, our new Training Center (with the brand name TRAIN 4) is expected to be officially opened at the Queen Sirikit National Convention Center, within the first half of 2014. Before moving to the Queen Sirikit National Convention Center, the Training Center was located at the AIT Head Office. The reason for this move is that we are preparing our training venue for an increase in customers in the future.



## Financial Highlights



### Financial Results

Total Assets	4,630.66	3,686.34	2,735.52
Total Liabilities	2,194.50	2,227.31	1,345.88
Total Shareholder's Equity	2,436.16	1,459.03	1,389.64
Total Revenues	6,023.23	4,187.92	4,835.38
Total Expense	5,286.04	3,687.55	4,172.02
Net Profits	567.62	366.98	438.92
Basic Earning per Share (Baht)	7.74	5.40	6.57
Total Number of Employee (persons)	292	286	271
Total Number of Shares (shares) as of 31 <sup>st</sup> December	206,320,897	68,773,636	67,461,797

### Financial Ratios

Liquidity Ratio (Times)	2.04	1.60	1.97
Gross Profit Margin (%)	23.90	22.97	23.83
Net Profit Margin (%)	9.42%	8.76%	9.10
Debt to Equity Ratio (time)	0.90	1.53	0.97

### Consolidated financial statements

	2013	2012	2011
		(Restate)	
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## Activities in 2013



1. On February 4, 2013, Ms.Netapit Oontornpan, Senior Executive Vice President-Corporate Affairs, represented the Company to attend an evening Shield and Certificate Presentation Ceremony at the KING MONGKUT UNIVERSITY OF TECHNOLOGY in Thonburi.



2. Ms.Netapit Oontornpan, Senior Executive Vice President-Corporate Affairs, with Ms.Panawee Kaewmanee, Vice President-Corporate Affairs, together with AIT employees, donated solar cells, computers, clothes and food to less fortunate students at the Kongmongta school at Kanchanaburi Province.



3. On 21<sup>st</sup> December 2013, our executives and employees donated computer, printer and LCD TV equipment to the Thepsadejwithaya School located at Tambon Thepsadej Amphoe Doi Saket, Chiang Mai.



4. On October 4, 2013, the Company provided a training course on the prevention and fighting of fire in the workplace at our AIT Head Office. This is to ensure its employee's safety.



5. On December 19, 2013, our executives and employees provided food and cash offerings to Buddhist monks on the auspicious occasion of the New Year.



6. From May 17 - 19, 2013, our executives and employees joined together for the "Annual AIT Sports Day". We do this to strengthen relationships within our organization and to learn first-hand about the spirit of accepting success, failure, forgiveness and good sportsmanship. This was held at the Royal Plala Cliff Beach Resort in Rayong.



7. Organised in late 2013, the Company offered our car park area to be used as an election venue for the February 2, 2014 Elections..



## The Board of Directors

**Mr.Thana Chaiprasit**

Chairman of the Board



**Mr.Siripong Oontornpan**

President

Director



**Mr.Chokechai Tanpoonsinthana**

Independent Director

Chairman Of the Audit Committee



**Mr.Pongtep Polanun**

Vice Chairman of the Board

Independent Director

Member of the Audit Committee



**Mr.Sripop Sarasas**

Independent Director

Member of the Audit Committee



**Mr.Suraporn Raktaprachit**

Director



**Mr.Kijja Laoboonchai**

Director



**Mr.Thanarak Phongphatar**

Independent Director



**Mr.Kttisak Sopchokchai**

Director/ Member of the  
Nomination and Remuneration  
Committee



**Mr.Pisak Charudilaka**

Director



**Mr.Chodiwat Duntanasarn**

Director

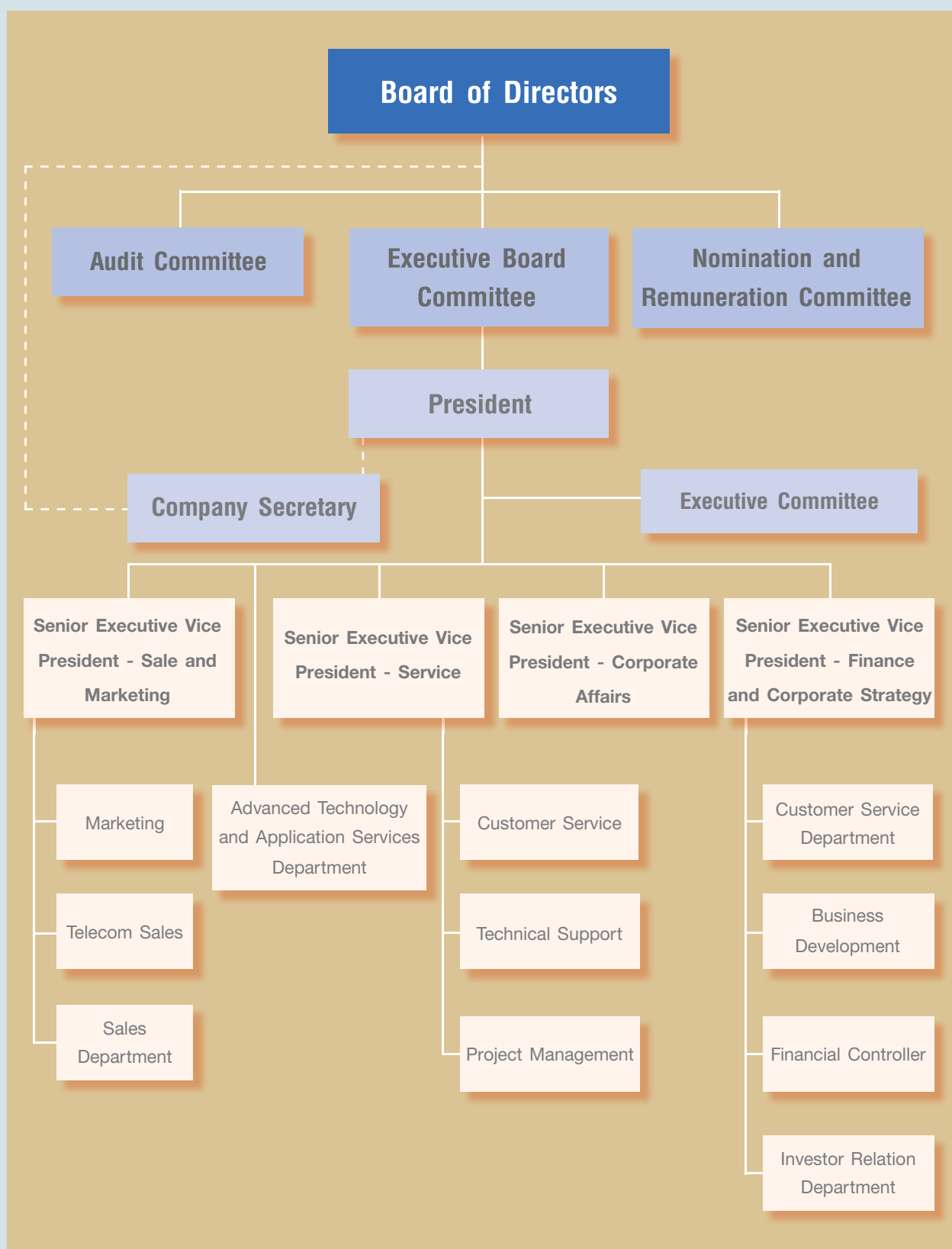


**Mr.Voravit Wattanakuljarus**

Company Secretary



## Organizational Chart





## Message from the Chairman of the Board of Directors and the President

### Dear Shareholders,

The year 2013 marked the second decade of Advanced Information Technology PCL being listed on the Stock Exchange of Thailand. From annual sales of less than one billion baht when we first listed, we have steadily grown to become a company with annual sales of several billion baht. There have been a few challenges in the recent past, such as those experienced as a result of the country's major flood crisis at the end of the year 2011. The year 2013 however, saw our revenues been brought back on track with us achieving the sales goals as forecast at the beginning of the year. This was brought about through the hard work, dedication and support of everyone within the business. The company will now step forward confidently and strongly into its second decade as a listed company on the Stock Exchange of Thailand.

The company's businesses have always been adaptable to meet the changing and challenging countrywide, regional and global situations as we grew; and we have maintained this adaptability so that the company will continue to grow with confidence and strength in the years ahead. This was the premise, and one of the most important reasons, behind the Company seeking a capital increase in December 2013. The company received an overwhelming and excellent response from its shareholders for the capital increase program; and this capital is now a significant tool in our preparation for the upcoming business operations being planned to meet the demands of our existing and new business opportunities - and as importantly, in our preparations for the incoming ASEAN Economic Community (AEC) in 2015.





From here on the company is seriously preparing itself to grow and develop new service business opportunities, both from the company's direct investment, and through investments in joint ventures, in order to increase our competitiveness and to generate recurring income. These will become the cornerstones on which we will continue to build sustainable growth for the company.

On behalf of the Board of Directors of Advanced Information Technology PCL., we would like to sincerely thank you each, and all of our trading partners, shareholders, business partners, customers, financial institutions, executives and employees - as well as all the people from our concerned parties who have supported the operations of our company from the beginning. The company remains solidly behind its ongoing adherence to good corporate governance and it remains committed to the continuous growth of the business - while striving always to bring ongoing benefits to both our stakeholders and to Thai society in general.

**Mr.Thana Chaiprasit**  
Chairman of the Board

**Mr.Siripong Oontornpan**  
Chairman of Executive Board  
Committee & President



## Report of the Audit Committee

### Dear Shareholders,

The Audit Committee performs its duties and responsibilities within the authority assigned by the Board of Directors. These include: to monitor the operation of the Company in order to ensure that the executives and Board Members perform their duties, as approved by the Shareholders of the Company, responsibly, with honesty and with integrity; also to manage the affairs of the Company, at all times, in accordance with its agreed and approved policies.

In 2013 the Audit Committee held a total of seven meetings. Of these, two meetings were held with the auditor - but without any Company representatives attending; while the other five meetings were held in conjunction with the Company executives, the auditor and the internal auditors, as appropriate, in order to monitor the progress of the operations - as discussed and suggested by both the internal and external auditors. The principle activities of the Audit Committee in 2013 were:

1. To review the quarterly and annual financial statements before presenting these to the Board of Directors. This was done in order to ensure that the financial statements were: prepared in accordance with all legal requirements and accounting standards, as per the generally accepted accounting principles; that the accounting and financial systems are accurate and reliable; that the disclosure of the financial statements is adequate and on time for the benefit of all investors or other users of the financial statements. Where necessary, the Audit Committee sought clarification and explanations from the management and auditors to ensure that: the accuracy and completeness of the financial statements; there was adequacy of disclosure; events after the balance sheet release date were checked; finally, it checked any accounting adjustments which could affect the financial statements.
2. To review and evaluate the Company's internal control system. The Audit Committee has reviewed and commented on the audit report of 2013 conducted by the internal auditors with regards to: the Reimbursement and Clear Petty Cash Control System; After Sales Expenses Control Systems; Related Party Transaction Procedures; After Sales Service Procedures of Maintenance Section, Operation Control of Project Manager Department, Budget Control Audit. The Audit Committee also considered and provided comments on a report of the results of the annual Internal Audit Control System. The Audit Committee has the opinion that the Company has adequate Internal Control Systems in place and appropriate to the accepted criteria.
3. At each meeting held, the Audit Committee has at all times considered comments in regards to their compliance with the law of the Securities and Exchange Commission, the regulations of the Stock Exchange of Thailand and any other laws relating to its business. The review of its operations in the year 2013 showed no past issues of substance regarding non-compliance with the Securities and

- Exchange Commission Law, nor Regulations of the Stock Exchange of Thailand, nor of any other law relating to its business.
4. The Audit Committee has determined, selected, nominated and recommended compensation for the 2014 annual audit to present to the Board of Directors for approval by the Annual General Shareholders Meeting in 2013. The Audit Committee has considered the performance, independence, and appropriate compensation and, thus, has nominated Mr. Khitsada Lerdwana, a certified auditor of License No. 4958, or Mr. Supachai Phanyawattano, a certified auditor of License No. 3930, or Mrs. Chonlaros Suntiasvaraporn, a certified auditor of License No. 4523, each being of the office of Ernst & Young as auditors for the company for 2014, for the following reasons:
- Their standard of good work, their expertise in conducting an audit, and their consistently good performance;
  - Their precise and good advice and consulting on the new standards in the accounting system;
  - The Audit Fee for year 2014, which is slightly increased from 2013, is considered reasonable when compared to the constant rates used since the Year 2010;
  - Neither the offices of the auditors, nor any of the auditors as proposed above, have any relationship or interest with the Company's executives, major shareholders or anyone related to such persons; therefore, the Audit Committee finds that there shall be independence in auditing and the review of the financial statements of the Company.
5. The Audit Committee has performed within the full scope of the authority, as set forth in the Charter of the Audit Committee, and in compliance with the Securities and Exchange Commission Law and the regulations of The Stock Exchange of Thailand.

The Audit Committee is of the opinion that the Company operations, within the accounting period from January 1, 2013 to December 31, 2013 has been performed with both proper internal control and appropriate internal audit. The financial reports are accurate, complete and reliable, and in compliance with the laws, rules and regulations related to the Company's business, including the correct disclosure to regulations that are consistent with good corporate governance, transparency and reliability.



**Mr. Chokechai Tanpoonsinthana**  
Chairman of the Audit Committee



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## Details of the Company's Board of Directors and Managements



**Mr. Thana Chaiprasit**

Chairman of the Board

Age 59

### Educational Background

- Ph.D. Doctor of Philosophy (Honorary), Ramkhamhaeng University
- MINI MBA, Thammasart University
- Honorary Doctorate Degree in Business Administration (General Studies), Chandrakasem Rajabhat University
- The National Defense College (the combination of military officers and civilians) NDC 388

**% Shareholding (as of 23 December 2013)** 1.09% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal Record in the Past** - None -

### Work Experience over the Past 5 Years (Listed Company)

2003 - Present Chairman of the Board, Advanced Information Technology Pcl.

### Work Experience over the Past 5 Years (Non Listed Company)

- 1981 - Present Chairman of the Board, Siam Glass Industry Co., Ltd.
- 1990 - Present Chairman of the Board, Thanarom Co., Ltd.
- 1984 - Present Deputy Chairman of the Board, Osotspa Co., Ltd.
- 1997 - Present Managing Director Osotspa Insurance Co., Ltd.
- 2010 - Present Member, National Economic and Social Advisory Council



**Mr. Siripong Oontornpan**

Director/ President/  
Chairman of the Executive  
Board Committee/ Member  
of the Nomination &  
Remuneration

Age 61

### Educational Background

- Master of Science (Computer Science), Western Michigan University, USA
- Bachelor of Electrical Engineering, Western Michigan University, USA

### Training Record

- DCP 36/2003
- National Defense College 2004
- Capital Market Academy #12
- Advanced Security Management Program (ASMP3)
- Pillars for The Kingdom Program The Royal Initiative for Advanced Leadership (RIAL 1)

**% Shareholding (as of 23 December 2013)** 9.11% of paid up capital

**Personal Relationship with the Management** Spouse of Mrs. Netnapit Oontornpan

**Illegal Record in the Past** - None -

### Work Experience over the Past 5 Years (Listed Company)

1993 - Present Director/ Member of the Nomination & Remuneration Committee/  
Chairman of the Executive Board Committee/ President,  
Advanced Information Technology Pcl.

### Work Experience over the Past 5 Years (Non Listed Company)

2009 - August 2013 President, Thai Senior Professional Golfers Association



**Mr.Chokechai  
Tanpoonsinthana**

Independent Director/  
Chairman  
Of the Audit Committee

Age 66

#### **Educational Background**

- MBA (Quantitative Analysis & Finance), University of Wisconsin, USA
- Master of Science (Civil Engineering), University of Wisconsin, USA
- Bachelor of Engineering, Chulalongkorn University

#### **Training Record**

- Thai Institute of Directors
- Director Certificate Program 3/2000
- Audit Committee Program 8/2009
- Monitoring the Internal Audit Function 6/2009
- Monitoring the System of Internal Control and Risk Management 7/2009
- Monitoring Fraud Risk Management 1 /2009
- Monitoring the Quality of Financial Reporting 12/2010
- Advanced Audit Committee Program 4/2010

**% Shareholding (as of 23 December 2013)** - None -

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

#### **Work Experience over the Past 5 Years (Listed Company)**

- 2000 - Present Independent Director/ Member of Audit Committee, Thai Stanley Electric Plc.
- 2003 - Present Independent Director and Chairman of Audit Committee, Advanced Information Technology Pcl.
- 2004 - 2011 Independent Director/ Member of Audit Committee United Securities Plc.
- 2007 - 2011 Independent Director/ Member of Audit Committee Member of Nomination & Remunerations Committee Thai Agro Energy Plc.
- 2008 - 2011 Independent Director/ Chairman of Audit Committee

#### **Work Experience over the Past 5 Years (Non Listed Company)**

- 2011 - Present Member of the Appeal Committee Thailand Futures Exchange Plc.
- 2011 - Present Member of the Appeal Committee The Stock Exchange of Thailand
- 2013 - Present Independent Director/ Member of Audit Committee Witcorp Products Ltd.



**Mr.Pongtep Polanun**

Vice Chairman of the Board/  
Chairman of Nomination and  
Remuneration Committee  
Independent Director Member  
of the Audit Committee

Age 58

#### **Educational Background**

- MBA (Finance), National Institute of Development Administration
- MBA (Management), Sasin Graduate Institute of Business Administration
- Bachelor of Economics, Thammasat University Training Record

#### **Training Record**

- Thai Institute of Directors
- Accreditation Program Director 36/2005

**% Shareholding (as of 23 December 2013)** 0.004% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

#### **Work Experience over the Past 5 Years (Listed Company)**

- 2003 - Present Vice Chairman of the Board/ Chairman of Nomination and Remuneration Committee/ Independent Director/ Member of the Audit Committee, Advanced Information Technology Pcl.
- April 2012 - Present Independent Director of Kiatnakin Bank Plc.
- 2011 - 2012 Director, Audit Committee of Phatra Capital Plc.
- 2010 - 2012 Advisor to Managing Director, Muang Thai Insurance Plc.
- 2010 - 2011 Executive Director, Krung Thai Bank Plc.
- 2009 - 2010 Director, Phatra Leasing Plc.
- 2003 - 2012 Director, Audit Committee of Phatra Securities Plc.
- 2000 - 2012 Advisor to Director, Royal Ceramic Industry Plc.

#### **Work Experience over the Past 5 Years (Non Listed Company)**

- 2010 - 2012 Chairman of the Board, Krung Thai IBS Leasing Co., Ltd





**Mr.Sripop Sarasas**

Independent Director/  
Member of the Audit  
Committee/ Member of the  
Nomination and  
Remuneration Committee

Age 56

**Educational Background**

- MBA, University of Southern California, USA
- Bachelor of Medical Technology, Chulalongkorn University

**Training Record**

- Thai Institute of Directors
- Director Certificate Program 22/2002
- Audit Committee Program 1/2004

**% Shareholding (as of 23 December 2013)** - None -

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- |      |   |         |  |
|------|---|---------|--|
| 2003 | - | Present | Independent Director/ Member of the Nomination and Remuneration Committee/ Member of the Audit Committee, Advanced Information Technology Pcl. |
| 2003 | - | Present | Director/ Member of the Audit Committee, The Royal Ceramic Industry Plc.   |
| 2008 | - | Present | Director/ Member of the Nomination and Remuneration Committee/ Member of the Audit Committee, Bangkok General Hospital Plc.                    |
| 2008 | - | Present | Director/ Member of the Audit Committee, Kietthana Logistics Plc.  |
| 2008 | - | 2012    | Director/ Member of the Audit Committee, Livingland Capitol Pic.   |

**Work Experience over the Past 5 Years (Non Listed Company)**

- |      |   |         |  |
|------|---|---------|--|
| 2011 | - | Present | The Chairman of the Audit Committee/ Director, Golden Lime Co., Ltd. |
| 2011 | - | Present | Director/ Chairman of Audit Committee Bangkok Airways Plc.           |
| 2008 | - | Present | Director Khan Co., Ltd.  |
| 2007 | - | Present | Director Parute (2008) Co., Ltd.                                     |



**Mr.Suraporn Raktaprachit**

Authorized Director/  
Executive Board Committee/  
Member of Nomination and  
Remuneration Committee/  
Senior Executive Vice  
President - Service

Age 58

**Educational Background**

- Master Degree in Economics, Syracuse University - New York, USA
- Bachelor of Economics, The American University - Washington D.C., USA

**Training Record**

- Thai Institute of Directors
- Director Certificate Program 35/2003

**% Shareholding (as of 23 December 2013)** 2.64% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- |      |   |         |  |
|------|---|---------|--|
| 2003 | - | Present | Authorized Director/ Executive Board Committee/<br>Member of Nomination and Remuneration Committee/<br>Senior Executive Vice President - Service<br>Advanced Information Technology Pcl. |
|------|---|---------|--|



**Mr.Kijja Laoboonchai**

Authorized Director/  
Executive Board Committee/  
Senior Executive Vice  
President - Sales and  
Marketing

Age 54

**Educational Background**

- Master Degree in Industrial & System, Engineering Ohio University, USA
- Bachelor of Engineering, Chulalongkorn University

**Training Record**

- Thai Institute of Directors
- Director Certificate Program 36/2003
- Management and Psychology Institute (MPI), Finance for Non - Finance Executives Program 2012

**% Shareholding (as of 23 December 2013)** 0.10% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 1994 - Present Authorized Director/ Executive Board Committee/  
Senior Executive Vice President - Sales and Marketing,  
Advanced Information Technology Pcl.



**Mr.Thanarak Phongphatar**

Independent Director

Age 58

**Educational Background**

- Master of Science in Information and Computer and Information Sciences, The Georgia Institute of Technology, Atlanta, USA
- Bachelor Degree of Engineering Chulalongkorn University

**Training Record**

- The Programmer for Senior Executive on Justice Administration Batch 10, Court of justice
- National Defense College 2004

**% Shareholding (as of 23 December 2013)** 0.02% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal Record in the Past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2012 - Present Director, Advanced Information Technology Plc

**Work Experience over the Past 5 Years (Non Listed Company)**

- 1987 - Present Managing Director, Southern Palm (1978) Co., Ltd.
- 1993 - Present Vice President, Southern Palm Oil Industry (1993) Co., Ltd.
- 2012 - Present Deputy Secretary General of the Federation of Thai Industries
- 2012 - Present Chairman of IMT-GT Joint Business Council of Thailand



**Mr. Kittisak Sopchokchai**

Director/ Member of the  
Nomination and  
Remuneration Committee

Age 59

**Educational Background**

- Bachelor of Economics, Thammasat University

**Training Record**

- Thai Institute of Directors
- Director Accreditation Program 54/2006

**% Shareholding (as of 23 December 2013)** 2.94% of paid up capital  
(held by Mrs. Kingporn Sopchokchai, Mr. Kittisak's spouse)

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2003 - Present Director/ Member of the Nomination and Remuneration Committee, Advanced Information Technology Pcl.

**Work Experience over the Past 5 Years (Non Listed Company)**

- 2010 - Present President, To-a Electronics (Thailand) Co., Ltd.
- 2007 - Present Director, KSP Square Co., Ltd.
- 2006 - Present Managing Director, Sureetriboon Holding Co., Ltd.
- 2005 - Present Director, Oaktree Co., Ltd.
- 1985 - Present President, Audio Engineering Service Co., Ltd.
- 1986 - Present President, Digital Control Co., Ltd.
- 1983 - Present Managing Director, Vichai Trading (1983) Co., Ltd.



**Mr. Pisak Charudilaka**

Director

Age 60

**Educational Background**

- Master Degree in Political Science, Ramkhamhaeng University
- Bachelor of Laws, Ramkhamhaeng University

**Training Record**

- Thai Institute of Directors
- Director Accreditation Program 67/2007
- Economics and Finance Academy Ministry of Finance : Professional Financier (#1)

**% Shareholding (as of 23 December 2013)** 1.26% of paid up capital  
(held by Mrs. Soison Charudilaka, Mr. Pisak's spouse)

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2007 - Present Director, Advanced Information Technology Pcl.

**Work Experience over the Past 5 Years (Non Listed Company)**

- 2005 - 2013 Head of customhouse  
The Customs Department





**Mr. Chodiwat Duntanasarn**

Director/  
Senior Vice President -  
Sales Department

Age 50

**Educational Background**

- Master Degree in Marketing, Wagner College, USA
- Bachelor of Business Administration, Assumption University

**Training Record**

- Thai Institute of Directors
- Director Certificate Program 72/2006

**% Shareholding (as of 23 December 2013)** 4.59% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2002 - Present Director, Advanced Information Technology Pcl.
- 1995 - Present Senior Vice President-Sales Department,  
Advanced Information Technology Pcl.



**Mr. Asawin Kangvolkij**

Senior Executive Vice  
President - Finance and  
Corporate Strategy

Age 51

**Educational Background**

- Master Degree in Economics, Western Michigan University, USA

**% Shareholding (as of 23 December 2013)** 0% - of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2009 - Present Senior Executive Vice President - Finance and Corporate Strategy,  
Advanced Information Technology Pcl.
- 2007 - 2009 Senior Executive Vice President - Corporate Strategy,  
Advanced Information Technology Pcl.



**Mrs. Netnapit Oontornpan**

Senior Executive  
Vice President -  
Corporate Affairs

Age 58

**Educational Background**

- Master Degree in Inter - Communication, Western Michigan University, USA

**% Shareholding (as of 23 December 2013)** 0.62% of paid up capital

**Personal Relationship with the Management** Spouse of Mr. Siripong Oontornpan

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2003 - Present Senior Executive Vice President - Corporate Affairs,  
Advanced Information Technology Pcl.



**Ms. Sureerat  
Prachayanukul**

Senior Vice President  
Financial Controller

Age 41

**Educational Background**

- Master Degree in Accountancy, Thammasat University

**% Shareholding (as of 23 December 2013)** 0.09% of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Work Experience over the Past 5 Years (Listed Company)**

- 2003 - Present Senior Vice President Financial Controller,  
Advanced Information Technology Pcl.



**Mr. Voravit Wattanakuljarus**

Company Secretary

Age 55

**Educational Background**

- Master Degree in Economics, University of North Texas, USA.

**% Shareholding (as of 23 December 2013)** 0% - of paid up capital

**Personal Relationship with the Management** - None -

**Illegal record in the past** - None -

**Training Record**

- Thai Institute of Directors
- Company Secretary Program 9/2009

**Work Experience over the Past 5 Years (Listed Company)**

- 2009 - Present Senior Vice President - Company Secretary  
Advanced Information Technology Pcl.

## Directors' Shareholding Report of Year 2013

Name - Last Name	Position		Common Stock (as of 24 Dec 2013)			
	AIT	Kirz	AIT <sup>(1)</sup>		Kirz <sup>(2)</sup>	
			2013	2012	2013	2013
1. Mr.Thana Chaiprasit	Chairman of the Board		1.09	1.09	-	-
2. Mr.Siripong Oontornpan	President, Recruitment and Remuneration Committee, Chairman of Executive Committee and President		9.11	8.94	-	-
3. Mr.Chokechai Tanpoonsinthana	Chairman of the Audit Committee, Independent Director		-	-	-	-
4. Mr.Pongtep Polanun	Vice Chairman of the Board, Independent Director, Chairman of the Nomination and Remuneration Committee, Audit Committee		0.004	0.14	-	-
5. Mr.Sripop Sarasas	Independent Director, Nomination and Remuneration Committee		-	-	-	-
6. Mr.Suraporn Raktaprachit	Authorized Director, Management Committee, Remuneration Committee, Executive Senior Vice President - Service	Director	2.64	2.59	-	-
7. Mr.Kijja Laoboonthai	Authorized Director/ Management Committee/ Executive Senior Vice President - Sales and Marketing		0.10	0.53	-	-
8. Mr.Thanarak Pongpatar	Independent Director		0.02	0.02	-	-
9. Mr.Kittisak Sopchokchai	Director, Nomination and Remuneration Committee		-	-	-	-
10. Mr.Pisak Charudilaka	Director		-	-	-	-
11. Mr.Chodiwat Duntanasarn	Senior Vice President - Sales Department, Director		4.59	4.50	-	-
12. Mr.Asawin Kangvolkij	Executive Senior Vice President - Corporate Finance and Strategy	Director	-	0.05	-	-
13. Mrs.Netnapit Oontornpan	Executive Senior Vice President - Corporate Affairs		0.62	0.61	-	-
14. Ms.Sureerat Prachayanukul	Senior Vice President - Financial Controller	Director	0.09	0.12	-	-

<sup>(1)</sup> AIT: Advance Information Technology Plc. Unit: % number of total shares

<sup>(2)</sup> Kirz: Kirz Co., Ltd. Unit: % number of total shares

<sup>(3)</sup> TowerXasia: Tower X Asia Co., Ltd. Unit: % number of total shares

# General Information about the Company

## Details about Company's Securities

<b>Issuer</b>	: Advanced Information Technology Public Company Limited
<b>Ticker</b>	: AIT
<b>First Listing Date</b>	: 30 July 2003
<b>Market Capitalization</b>	: 5,209,602,649.25 million Baht (as of 27 December 2013)
<b>Registered Capital</b>	: 1,031,604,540 Baht
<b>Paid-up Capital</b>	: 1,031,604,485 Baht
<b>Number of Shareholders</b>	: 4,225 (as of 23 December 2013)
<b>% Free Float</b>	: 65.16%
<b>Type of Business</b>	: Relating to information and communications technology, including the maintenance and development of IT systems
<b>Head Office</b>	: 37/2 Sutthisarn Road, Samsennok, HuayKwang, Bangkok 10320
<b>Company's Registration</b>	: 0107546000067
<b>Tel</b>	: 0-2275-9400
<b>Fax</b>	: 0-2275-9100 and 0-2275-9200
<b>Website</b>	: <a href="http://www.ait.co.th">http://www.ait.co.th</a>

### Auditors

1. Mr.Khitsada Lerdwana, CPA License Number 4958 and/or
2. Mr.Supphachai Phanyawatthano, CPA License Number 3930 and/or
3. Mrs.Cholaros Suntiasvaraporn CPA License Number 4523

### Ernst and Young Office Limited

33<sup>rd</sup> Floor, Lake Ratchada Office Building,  
193/136-137, New Ratchadaphisek Road, Klongtoey, Bangkok 10501  
Tel: (66) 2264 0777 Fax: (66) 2264 0789-90

### Securities Registrar

#### Thailand Securities Depository Company Limited

4<sup>th</sup> and 6<sup>th</sup>-7<sup>th</sup> Floor, The Stock Exchange of Thailand Building,  
Ratchadaphisek Road, Klongtoey, Bangkok 10110.  
Tel: (66) 2359 1200 Fax: (66) 2359 1259

### The Stock Exchange of Thailand, Capital Market Academy Building

2/7 Moo 4 (Northpark Project), Vibhavadi-Rangsit Road,  
Thung Song Hong, Laksi, Bangkok 10210  
Tel: (66) 2596 9000 Fax: (66) 2832 4994-6

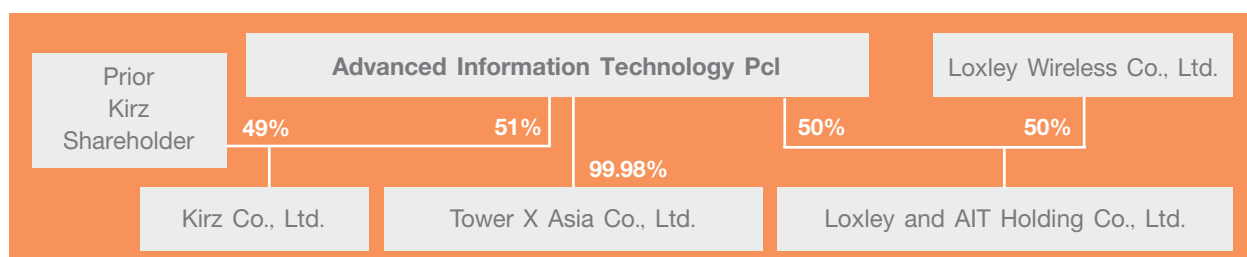
## General Information on the Company and its Subsidiaries

Company	Type of Business	Registered Capital (Baht)	Par Value per Share (Baht)	Paid-up Capital (Baht)	% Shareholding
<b>Advanced Information Technology Public Company Limited</b> 37/2 Sutthisarnvinichai Road, Samsen Nok, Huay Kwang, Bangkok 10320	Relating to information and communications technology, including the maintenance and development of IT systems	1,031,604,540	5	1,031,604,485	-
<b>Subsidiaries</b>					
<b>TowerXasia Co., Ltd.</b> 124 Laodproad 64 Wangthonglang, Wangthonglang District, Bangkok 10320	Consulting and Selling equipment related to telecommunication	1,000,000	100	1,000,000	99.98%
<b>Kirz Co., Ltd.</b> 192 Soi Ladprao 107, Ladprao Road, Klongchan, Bangkok, Bangkok 10240	Internet and telecommunication services provider throughout the country, including data center for both public and private clients	65,000,000	100	65,000,000	51%
<b>Joint venture</b>					
<b>Loxley &amp; AIT Holding Co., Ltd.</b> 2 Soi Phahonyothin 19, Phahonyothin Road, Jatujak, Bangkok	Provide services to information technology, communication, networking, and telecommunication.	200,000,000	100	100,000,000	50%

## Dividend Policy

The Company's dividend payout ratio is not less than 40% of net profit in case there is no other necessary obligation for this amount of money and the dividend payout must not materially affect the normal business operations of the Company.

## Shareholding Structure of the Company





## Major Shareholders

Top 10 major shareholders as of the latest book closing date as of 23<sup>rd</sup> December 2013:

Shareholder	No. of Shares	%
1. The Oontornpan Group*	30,372,648	14.72%
2. Thai NVDR Company Limited	14,981,748	7.26%
3. The Duntanasarn Group*	9,782,764	4.74%
4. The Sopchokechai Group*	6,871,258	3.33%
5. Citibank Nominees Singapore PTE Ltd. - UBS AG London Branch-NRBS IPB Client SEG	6,655,500	3.23%
6. The Raktaprachit Group*	5,738,053	2.78%
7. The Charudilaka Group*	3,859,797	1.87%
8. Ms.Parntip Lekmanee	3,192,600	1.55%
9. Thai Balance Fund	2,598,000	1.26%
10. K Dividend Stock Fund	2,303,400	1.12%
<b>Other Shareholders</b>	<b>119,965,129</b>	<b>58.14%</b>
<b>1. The Oontornpan Group comprises of:</b>		
1. Mr.Siripong Oontornpan	18,803,225	9.11%
2. Ms.Sasinet Oontornpan	6,837,345	3.31%
3. Mr.Sina Oontornpan	1,834,290	0.89%
4. Mrs.Netnapit Oontornpan	1,278,647	0.62%
5. Ms.Saowaluck Oontornpan	1,147,804	0.56%
6. Mr.Surathep Oontornpan	377,199	0.18%
7. Ms.Sinanang Oontornpan	94,138	0.05%
<b>Total</b>	<b>30,372,648</b>	<b>14.72%</b>
<b>2. The Duntanasarn Group comprises of:</b>		
1. Mr.Chodiwat Duntanasarn	9,466,967	4.59%
2. Mr.Anupong Duntanasarn	315,797	0.15%
<b>Total</b>	<b>9,782,764</b>	<b>4.74%</b>
<b>3. The Sopchokechai Group comprises of:</b>		
1. Mrs.Kingporn Sopchokechai	6,057,459	2.94%
2. Mr.Titikorn Sopchokechai	369,908	0.18%
3. Ms.Pimpaka Sopchokechai	443,891	0.22%
<b>Total</b>	<b>6,871,258</b>	<b>3.33%</b>
<b>4. The Raktaprachit Group comprises of:</b>		
1. Mr.Suraporn Raktaprachit	5,455,885	2.64%
2. Ms.Thipayachai Raktaprachit	282,168	0.14%
<b>Total</b>	<b>5,738,053</b>	<b>2.78%</b>
<b>5. The Charudilaka Group comprises of:</b>		
1. Mrs.Soyson Charudilaka	2,606,378	1.26%
2. Ms.Apiporn Charudilaka	641,994	0.31%
3. Mr.Apimuk Charudilaka	611,425	0.30%
<b>Total</b>	<b>3,859,797</b>	<b>1.87%</b>

## Our Business

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### Get to know the Business of Advanced Information Technology Public Company Limited

Headquartered in Bangkok, Thailand, Advanced Information Technology Public Company Limited, or AIT, is a leading Thai System Integrator and ICT solutions provider. We provide complete ICT solutions from: product supply and applications; through to complete turnkey projects; service contracts; and outsourcing schemes; and support both the private and the public sectors. The term ICT describes the integration of traditional Information Technology (IT), which generally means the use of computers, storage and network technology to process information or data; together with modern unified communication technologies - such as mobile networks, telephone lines, voice, video and any other type of new media.

Our mission statement at AIT is 'Your Success is Our Success' and it's a statement that we live by every day. Our goal is to be the complete strategic partner for our customers. We have the knowledge and experience to help our clients to achieve their desired business outcomes and to improve their business performance through the implementation of our clever and effective ICT solutions.

#### Solutions

The services provided by AIT range in scope from strategic advice and IT master planning; through purchasing support and product supply; implementation and commissioning; and all the way to include the complete maintenance, support, training and managed services required.

AIT defines core ICT as the most basic infrastructure components, and which includes such requirements as the computers and servers, wired and wireless networks, data centers, complemented by first-in-class business solutions. As an experienced ICT solution provider and system integrator, AIT has established core ICT capabilities in all verticals. The following is just a brief overview of the components which we supply, implement and support through maintenance and training:

#### Core Networking

Core Networking is often also referred to as routing and switching, and which is at the very foundation of all computer networking. Routing and switching refers to forward data and voice or video packages within one network (switching) or over various individual networks (routing).

AIT has build many core networks including nationwide networks for service providers such as TOT and CAT, metropolitan networks, networks for major university campus' and large enterprises, as well as all type of wireless networks.

Most of the IT infrastructure of government and enterprise is growing across all levels and increasingly is becoming more complex. Large enterprises are increasingly setting up centralized data centers which are being supported by global network topologies and distributed storage management strategies. Supplying and managing these fast evolving set-ups demands evolutionary process frameworks, cross-technology expertise and experience, and above all, focus.

Worldwide, the demand for network availability and bandwidth is rapidly growing. What was text yesterday will be video tomorrow. We are in the middle of this transition and our current broadband is just the beginning. AIT is well prepared to help its customers through this transition and into the future.

#### Unified Communication

Unified communications (UC) describes the broad wealth of integrated services available such as instant messaging, (ip) telephony, video conferencing, telepresence, interactive whiteboards, integrated voicemail, e-mail, SMS and facsimile. The integration of all these individual services onto one common platform and delivering a consistent unified user interface and user experience across multiple devices, is a key business enabler.

## **IT Security Solutions**

The security of our customer's IT systems has always been vitally important. Yet, the ongoing transition to networked economies and new paradigms such as cloud technologies makes securing our customer's systems and data even that more important. Businesses are increasingly dependent on IT to facilitate their activities and thus protection against threats from hackers, viruses and even their own staff are now a key focus area of the IT operation.

## **Wireless Solutions**

With the advent of notebooks, smart phones and more recently tablet technologies, the requirements for wireless access have also increased. This extra mobility is not only a question of convenience, but also adds to the efficiency of the services offered by many of our customers. We have on hand a vast depth of experience in designing and implementing wireless networks throughout any enterprise. AIT provides enterprise-class wireless solutions that provide both flexibility and mobility.

## **Data Centers / Cloud Technologies**

The IT infrastructure of most enterprises is growing at all levels and increasingly is becoming more and more complex. Large enterprises are setting up centralized data centers which are being supported by global network topologies and distributed storage management strategies. To supply and manage such rapidly developing infrastructures demands focus, expertise and experience in cross-technologies.

Currently many enterprises are well on their way into a so-called 'Journey to the Cloud'. This describes their adoption of modern cloud technologies, which will empower them in advance of virtualization technologies and provide an easier means of service provisioning and optimized usage of hardware resources - such as the with network, storage and compute resources. AIT has designed, installed and commissioned a number of data centers and is currently advising its clients on strategies to meet the emerging cloud paradigm.

## **Network Optimization**

Non-performing networks are typically one of the largest contributors to the daily 'CIO (Chief Information Officer) challenge'. A network that is not performing in line with the business requirement is not only frustrating users, but often contributes to a slowdown in the overall effectiveness of the company.

AIT offers network health-checks and actively engages its customers to discuss options for performance improvements to really leverage a client's IT investment

## **Video Solutions**

Networks are an essential part of business, education, government, and consumer communications. Many residential, business, and mobile IP networking trends are being driven largely by a combination of video, social networking and advanced collaboration applications, termed "visual networking".

Video is 'THE' killer application on today's internet and is consuming much of its available bandwidth.

AIT has a complete set of video solutions for enterprise and service providers, ranging from digital cable TV through Video Conferencing and everything else, including IP based CCTV.

## **Business Applications**

At the end of the day, business applications are what matters most when it comes to enterprise information technology. For without the applications and data, most IT infrastructure in the enterprise world would be unnecessary.

Over the past twenty years AIT has selected and developed a complete range of business applications to suit the needs of our customers including:

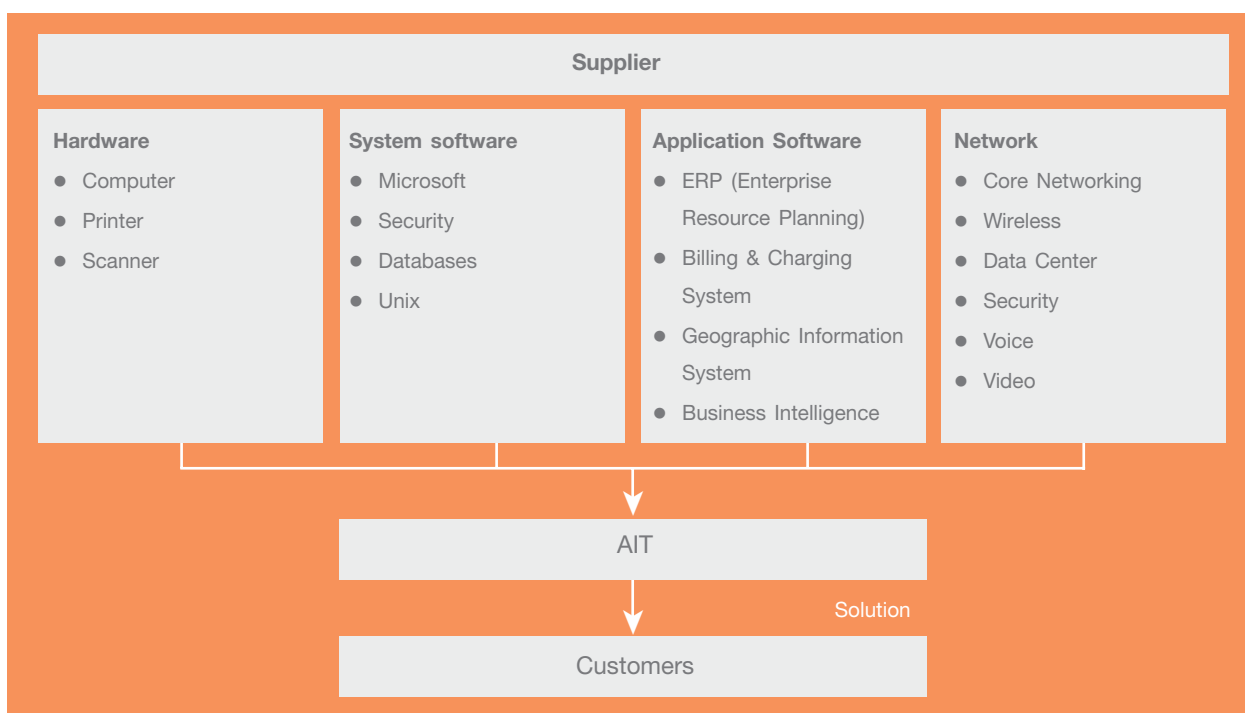
- Management Information Systems (MIS, BIS, etc.)
- Transportation Systems (Ticketing, Resource Planning, etc.)
- Geographic Information Systems (Gis)
- Operational Support Systems (OSS)
- Billing and Charging Systems
- Enterprise Resource Planning (ERP)
- Customer Relationship Management (CRM)
- Enterprise Application Integration (EAI)
- Educational Systems
- E-Government Support Systems, and
- Military Applications

AIT has a wealth of experience and expertise in helping its customers with:

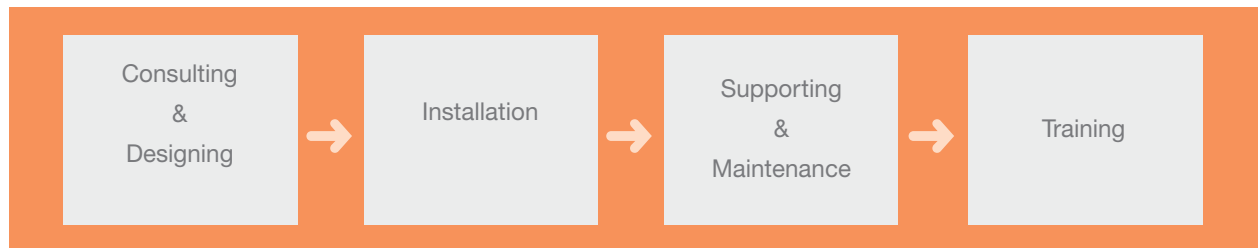
- Identifying and documenting their business requirements
- Planning delivery of the solution and business benefits
- Planning for integration of existing systems
- Assigning appropriate skills and resources, both at AIT and their clients company
- Applying proven project management methods, and
- Continuously ensuring delivery of business benefits within time and within budget

## Overall Business Operations

We are called “System Integrator” who is a person or company that specializes in bringing components and subsystems together into a whole and ensuring that those subsystems function together and apply to each organization requirement in order to make its customers business more efficient and productive. Such bringing components and subsystems together are called solutions.



As a system integrator and ICT solution provider, we provide total solutions starting from consulting, designing, installation and implementation, Supporting & Maintenance and Training. The mentioned process is as follows:



AIT has successfully built and maintained some of the most challenging information systems in Thailand for major industries; and it has gained considerable domain knowledge in the areas of Government and telecommunications. We are able to operate as anyone of prime contractor, consortium member, subcontractor or a discrete project manager - according to the needs of the project.

**AIT offers:**

- multi-vendor skilled people with a well balanced mix of core competencies
- a broad portfolio of internationally and regionally recognized brand products
- key strategic partnerships and alliances
- strong financial capabilities
- broad experience in managing anything from very small to very large projects, and
- a proven ability to minimize technical, operational and financial risks in complex projects

AIT partners with carefully selected strategic technology partners to provide first-in-class solutions; including Cisco Systems, Oracle/ SUN, IBM, HP, Dell, Acer, Alcatel-Lucent, Autodesk, Convergys, SAP, Microsoft, Novell, Synnex and Symantec to name just a few of our strategic partnerships.

Besides our headquarters in Bangkok, we have a further seven (7) services centers strategically located in across Thailand in Chonburi, Khonkaen, Chiang Mai, Suratthani, Phitsanulok, Songkhla and Nakhon Ratchasima. This ensures that we provide proper project support throughout the country.

## Kirz

### Overview

KIRZ Co., Ltd. (or KIRZ) was founded in 1995 as a small business dealing primarily with backup power systems for the computer industry in Thailand. Their main focus was initially to supply leading-edge competitive IT products, while expanding their systems infrastructure and developing new resources.

In the ten years since their founding, KIRZ has acquired the licensing to become an internet service provider and telecommunications operator. They have developed several dynamic solutions such as Wireless Broadband Access, and developed multiple-region Internet networking.

In 2010, KIRZ opened one of the largest neutral network Data Centers in Thailand at the Queen Sirikit National Convention Center. The facility is state-of-the-art, and comprises industry leading technology and equipment. The KIRZ Data Center offers a range of excellent services including: Dedicated Server Hosting/ Leased Line Internet/ VPS and more - and housed in a secure, fully 24 hrs supported, and air cooled environment.



KIRZ is a forward thinking company which is consistently researching & developing new products and services for a rapidly expanding market. One such new product is a HD IPTV fully-interactive system for large occupancy hotels which is scalable to effectively and optimally service a 1000 room hotel.

Fiber-to-Home innovation brings a range of modern telecom & multimedia services directly to the home or home office sector. High speed internet/IP Phone/Cable TV/IPTV are all in-demand services that can now be easily supplied and supported by KIRZ.

Service Live Broadcasting gives an unrivaled service to the entertainment and education industries, making it possible for viewers/audience around the world to receive feed broadcasts in HD quality - from a pop concert to a revolutionary surgical procedure.

## **Services**

With our 15 years in the industry KIRZ has built up an excellent relationship across their customer base. Providing multiple services including:

### **Internet Access**

KIRZ provides several Internet services depending on the clients' individual needs. Our data communication services provide an essential link between the local and global networks. KIRZ specializes in leased line fiber optic services including VPN connections. These services provide ultimate privacy, security & speed for business users.

### **Data Center**

KIRZ data center connects the local network with the international gateways around the world for our optic services. Co-location, dedicated server hosting & VPN services are also available in our world class data center.

### **Digital Media**

Digital media services from KIRZ can be linked via IP protocol to supply audio/visual distribution services optimally and effectively. Bespoke systems can be designed for individual client needs. KIRZ can provide: Digital Media IPTV Live Broadcast, Web Streaming, VDO on Demand, and Digital Signage.

### **Cloud Applications**

To help reduce the cost of hardware KIRZ can provide businesses with a range of cost effective cloud computing resources & services to suit every business requirement. These services include: Cloud Servers, Cloud Storage, Content Delivery Network (CDN), Virtual Wifi Hotspot Controlling and Mail service. Our clients find these systems very easy to manage and we can scale the services we are supplying, up or down, depending on client needs.

### **Voice and Conferencing**

KIRZ can supply a full management system to strengthen your business opportunity through voice and conference solutions. 'Kloud Call' is a VOIP (voice over internet protocol) hosted PBX service, specifically designed to integrate perfectly with existing telephony systems. It's fully scalable from an individual user thru to large call center applications - saving huge costs, while providing crystal clear communication. Besides this, KIRZ provides its 'Kloundsimservice' that make your roaming with local presence SIM. Kloud meeting services makes the world your meeting place.

At KIRZ we believe in extending genuine customer care, service & support to all of our clients. We have professional teams of dedicated support teams that work closely with globally recognized industry specialists. Our Cisco (network industry leaders) certified engineers are fully training to deal with the toughest network solutions. KIRZ aims to provide the very best levels of support for the service we are providing. Our friendly and knowledgeable sales teams are always on hand to help with every individual business IT requirement - making sure your business gets the right service and the right application. Helping your business grow to its full potential is the ultimate goal of KIRZ.

## Revenue Structure

	2011		2012		2013	
	Million Baht	%	Million Baht	%	Million Baht	%
1. Sales and services revenues	4,735.41	98	4,063.84	97	5,888.42	98
2. Rental and service from equipment for lease	65.67	1	75.27	2	76.49	1
3. Others	34.30	1	48.81	1	58.32	1
<b>Total</b>	<b>4,835.38</b>		<b>4,187.92</b>		<b>6,023.23</b>	

## Business Objectives / Mission / Vision

### Business Objectives in 2013

The Company's business objectives for the year 2013 were determined to be as follows:

- Continuously maintain and sustain AIT's customer base, such as TOT, CAT, government agencies and stateowned enterprises and private enterprise
- Enlarge the customer base, while ensuring that each customer is highly satisfied with AIT's products and services
- Startup AIT Training Unit as part of the strategic plan
- Further build and use the internal Key Performance Indicator (KPI) system
- Increase business partners to enhance business stability
- Enhance operating efficiency to accommodate an expansion of services
- Improve human resource efficiency, and
- Increase corporate social responsibilities (CSR)

### Vision

AIT is committed to be the premier ICT solution provider across our target markets. The Company is consistently achieving excellent financial and operating results. Our key differentiator is in our key asset - our people! We have established a team of highly motivated professionals who are, dedicated to the success of our customers and their businesses. Operational excellence governs each of the administrative units of AIT as we strive to be the best at what we do, both internally and externally. Our Mission Statement: Your Success is our Success.

## **Mission**

To select products and services with the best quality and price based on our customer knowledge. Additionally, these products and services are to comply with good corporate governance management and practices.

## **Key Corporate Objectives (KCO)**

To ensure compliance with the policies and practices of business, the Company has set the following KCO goals for the organization:

1. To always satisfy your customers and to strive for the highest success;
2. To maximize revenue and net profit; and,
3. To enhance the competitiveness of the Company and to always manage the Company in accordance with good corporate governance principles.

## **AIT DNA**

In early 2012, AIT initiated a series of programs which would specifically focus on identifying and enhancing the core competencies of the Company. We consider this to be an important initiative, especially as we move closer to AEC, the ASEAN Economic Community, in 2015.

### **AIT DNA has two primary goals within the program.**

Firstly we focus on four key values that want to continuously develop within our people. We call this KON-D and it focuses on the core competencies of:

- building knowledge and experience;
- working within our team of professionals;
- being nice to work with; and finally,
- on working with integrity and discipline.

Our second focus, which we know as PTC3, looks closely on those processes which will see the organization build and expand its capacity and competitive advantage. Additionally, this focus monitors how the Company works and is perceived - both internally and externally. There are five key core competencies which we focus on here:

- our professionalism;
- our teamwork and cooperation;
- our customer focus;
- our creative thinking; and,
- the credibility of our company.

The Company has developed the AIT DNA programs for us to work at all times professionally, competently, and in accordance with good corporate governance principles, in order for us to meet our corporate goals for now and into the future.

## Nature of Business Operations

AIT is a leading Thai System Integrator and ICT Solution provider and as such the Company operates its business according to well structured and proven methodologies in:

### Product Sales and Services

Product Sales and Services traditionally is the core business of AIT. We resell solutions from our strategic partners, and add value to these products and solutions through our Services Unit.

Project work is a large part of our business and can be categorized in two main focuses: projects with a bidding process or direct sales. In both scenarios, AIT continuously strives to maintain awareness of its customers' needs and requirements and to clearly advise on technological advances and new 'best practices'; and in this way, AIT's customers can clearly understand and utilize the very latest in ICT technologies. Understanding the customer's business and the project requirements in great detail is the key to our success in project delivery and customer satisfaction. We operate highly skilled teams of sales and pre-sales people to ensure that the project requirements are clearly understood and that the customer also understands precisely what solution AIT is proposing to deliver.

Once the project is awarded to AIT, our project management office takes responsibility for proper and complete project delivery and implementation. The project managers have full access to our vast team of skilled and certified engineers; and they follow well defined project management methods and best practices to ensure precise execution of the project plan. This is another key foundation to AIT's project successes.

Our projects range from in value from just a few hundred thousand Baht to many hundreds of million Baht; which is directly proportional to the size of our customers, who range from small enterprises through to Fortune 500 global accounts and large government agencies. After the project delivery, implementation and commissioning, AIT will commence its after-sales support services.

### Support and Maintenance Services

The AIT Care4 is a flexible, multi-faceted support and maintenance program which will be designed to exactly meet the ongoing support services required by our customers. Working with AIT means working with the best in the industry. With almost 20 years of experience in designing, implementing, optimizing and maintaining networks, servers and software solutions, AIT is the service partner our customer's need.

The AIT Care4 program provides:

- Protection from unwanted downtime
- Always-available support services
- Direct access to engineers who know your system and install base
- Transparent incident handling
- Nationwide coverage and support centers, and
- Predictable costs.

Our Care4 program consists of ITIL aligned business processes to ensure consistency in our service delivery:

- Call Center
- Incident Management
- Change Management

- Install Base Management
- Spare Part Logistics
- Resource Allocation
- Remote and Online Monitoring
- Assessments and 'Health Checks', and
- License Management

### **Managed Services**

Under the AIT Managed Services option our customers will transfer their day-to-day management responsibilities to us as their strategic partner. This ensures improved, effective and efficient operations including production support, build and lifecycle maintenance activities. AIT Managed Services can be offered for certain defined parts or the whole infrastructure, such as:

- Managed IT Infrastructure
- Managed Network Infrastructure
- Managed Security, and
- Managed Communications (VoIP)

Over the years there has been a clear shift in the needs of our customers when it comes to Managed Services. Years ago, network maintenance for example, was often seen as something that was mandatory to buy, yet typically the service provider was not delivering any value. We do things differently and help our customers to understand that having a properly running and performing network is vital to the effectiveness of their business, and that unplanned downtime also means that their business cannot continue properly - and that this will directly impact their bottom line results.

Maintaining the IT infrastructure has become a very complex undertaking and the requirements placed on employees has increased considerably. Managing multiple vendors and integration partners is time consuming and often troublesome. A modern Managed Service company like AIT takes away the burden of undertaking this complex activity from our customer's valuable IT resources and ensures that they have a properly performing infrastructure at all times.

### **TRAIN 4 Training Services**

Now, more than ever, technology is changing the way we do business and day-to-day work. Technology is overcoming what used to end at the nations boundaries; and companies need talented people with the skills and know-how to further drive their business forward into these newly globalized networked economies.

Take a look around, technology is everywhere, from government agencies, to education Institutions, and from factories to hospitals. Basically all businesses now are harvesting the power of networks. Well trained people resources are needed, not only to deliver the solutions, but also to maintain the underlying infrastructure once it is in place.

Whether our customers are designing and implementing Cisco-based network solutions, or if they are running a large corporate network, the AIT 'Train 4' Certified Training Center located at the Queen Sirikit National Convention Center is there to train their teams to be ready for our client's future servicing demands in Cisco and Comp TIA authorized training courses (and other technical courses in the near future including specialized Project Management and AEC Business English).



## Industry and Competition

Social Networking has been an ever evolving trend over the past few years and has brought us popular sites such as Facebook, LINE, Instagram and YouTube, to name just a few. Thailand, with a total population of over 67 million people, reportedly has some 18.5 million Facebook members; another 18 million Thai's enjoy using the relative newcomer LINE - and which makes Thailand's LINE users 2<sup>nd</sup> in population only to those of Japan. The growth of Social Networking is just one of the reasons for the now large amount of daily data traffic generated through the use of smart devices - however Social Networking with all its video, pictures and text, has become such a daily habit for so many people now, that it's no longer unusual, but simply part of many people's daily life. Service providers work constantly to extend their network infrastructure across the region in order to provide high speed internet services, both wired and wireless, and subsequently to get the maximum optimized efficiency possible to meet their consumers' demands - most especially for this evolving digital lifestyle trend.

However, simply being a service provider and responding to customer demand is not enough anymore. Service providers need to find and generate new business opportunities as well - as today's consumers are fickle and constantly on the lookout for something new. A Big Data analyzing tool can help service providers to manage the needs of consumers - with the goal being to develop the best products and services available to their consumers. Big Data analysis will not only help them to overcome and best their competition, it will also help their organization to be ready to create and generate even higher returns from their investments - both from the creation of new business and to supporting their decision to extend their network infrastructure and therefore expand their business. AIT has been instrumental in working with service providers to develop and utilize Big Data analysis solution tools to help analyze and manage the wealth of Big Data being generated on a daily basis.

The sale of smart devices in 2013 throughout Thailand has brought their total number to now around 80 million units. This growth came about mainly due to the advent of the long awaited 3G networks Thailand. Consumers finally had access to better and more engaging technology powered by the much faster 3G networks. As a result, demand for access to the 3G network has also grown rapidly. People online in Thailand suddenly seem to be everywhere - in concerts and exhibitions, at student graduations and even at play and in sports fields - and all wanting to access a 3G network. As a consequence of the increased bandwidth demand we have also seen a subsequent degradation in the speed of online traffic at times. This as a consequence has created a business opportunity whereby the service provider network infrastructure needed to be adapted to use solutions such as the '3G Offload' network coupled with 'broadband WiFi'. Now consumers could use a broadband network (WiFi) in cooperation with their 3G network provider - and with these two technologies working together seamlessly. AIT is available to provide consultation and business analysis to service providers in the field of broadband network (WiFi) and gateways to control access to the internet.

2014 is forecast to really begin a new era on TV, through digital TV across Thailand - where viewers can receive signals both from satellite and from IP networks. The change in Thailand from analogue to digital TV was brought about rapidly, when the Government decided to issue subsidized coupons so as to permit faster consumer procurement. IP TV is becoming more readily available - and with more content choice, and the 3G network, consumers can more readily use smart devices to watch video anywhere, and at any time. This allows service providers to add new services and features to their consumers such as on-demand TV and/or pay-per-view services. These new technologies also open the door for the advertising industry to exploit consumers by using more content marketing to create new brand royalty - quickly and more efficiently.

The increasing demand of IP TV however does create bandwidth challenges, and it is necessary to maximize the available network infrastructure - with over 100 Gbps being required for a large city and only a little less for a smaller city. In order to handle this increased transmission traffic rapidly, as well as to prepare

for the entry of Thailand into the ASEAN Economic Community (AEC) in early 2015, there will need to be additional infrastructure investment by the larger telecommunications providers for the Thai domestic network. AIT is well positioned to support these operations in solutions such as network improvement operations, thru to the installation of equipment in telecom towers across the country. Investment by the private sector in remote areas however may not be able to react quickly enough in the initial stages - as the use of 3G networks in rural area is considered prohibitively expensive. AIT however is able to help here through the ability to assist state enterprise operations by linking fibre to every village for broadcasting through WiFi - such that people, even in the more remote areas of the country, can have access to, and enjoy high speed internet connections from 2Mbps to 10Mbps.

## Competitive Analysis

The competitive landscape in Thailand's ICT sector remains pretty much the same as in 2011, and AIT's competitors can be classified into 4 major industry groups as follows:

### Computer Systems Group

- MFEC Plc.
- PCC Co., Ltd.
- SVOA Plc.
- CDG Group
- Yip In Tsoi & Co., Ltd.
- Siemens (Thailand) Co., Ltd.
- Forth Corporation Plc., and
- Loxley Plc.

### Network Systems Group

- Datacraft Co., Ltd. (now Dimension Data)
- IBM Co., Ltd.
- Net ONE Network Solution Co., Ltd.
- MFEC Plc.
- The Communication Solution Co., Ltd.
- IBM (Thailand) Co., Ltd.
- NCR Thailand Co., Ltd.
- Forth Corporation Plc.
- Siemens (Thailand) Co., Ltd.
- Loxbit Plc., and
- Datapro Computer Systems Co., Ltd.

### Communication Systems Group

- United Communication Industry Plc.
- Jasmine International Plc., and
- Samart Corporation Plc.

### Software Systems Group

- MFEC Plc., and
- International Research Corporation Plc.

AIT competes in all of the above industry segments and we believe that our high level of certification with our strategic partner, Cisco Systems, gives AIT a competitive edge over the other competitors, especially those in the network systems group segment. AIT today is the highest certified local partner of Cisco Systems in Thailand.

The following strategy has been derived to gain competitive advantage over the above mentioned competitive companies:

### **Competitive Strategy**

AIT will continue to actively participate in bidding for projects in both the government sector and the private sector. The main criteria to win bids are generally:

- The level of understanding of the project and its requirements
- The technical quality of the proposed solution
- Available human resources within the company and project references, and
- The project cost and financial status of the company

The company has set its competitive strategy to:

- Maintain only the highest quality of products and services
- Early engagement of the customer and offer advice on system design and planning
- Clearly understand the project's requirements and seek best fitting, innovative technologies and products to satisfy the customer's requirements
- Provide first-class after sales services with nationwide coverage through our readily established 7 service centers
- Maintain great relationships with our customers and foster the "AIT Service Mind"
- Continuously develop our human resources
- Increase flexibility and speed in solving problems, and
- Maintain great and honest relationships with our partners.

## **Risk Analysis**

Due to the instability of business conditions in these current times, risk management continues to be an inevitable tool for any company - especially in order to continue running its business when an unexpected event occurs. Thus, it is necessary for AIT to have a tool to manage its business in current conditions as well as prepare itself to be ready for future competition. The Company has realized the impact of risk factors and therefore, has set measures to mitigate and maintain such risks to be within acceptable levels. The Company also regularly reviews and evaluates risk factors and new threats that could affect the Company and its stakeholders.

However, The Audit Committee confirms that the Company in 2003, established a Risk Sub-Committee, which reports to the Executive Board Committee, in order to manage and mitigate all project risks before implementing any projects. Project risk management is considered most crucial to ensuring the Company's financial performance

The main objective of managing risks is to ensure that the Company is able to achieve its goals and strategies, while continuing to create and maintain confidence with the Company's shareholders and stakeholders.

### **Risk Relating to Change of Technology**

Due to the rapid change in the information and communication technology sector, the Company must always be on top of technological advances and trends to avoid any potential opportunity loss, or loss of its competitiveness.

The Company encourages its engineers and sales and marketing peoples, to regularly monitor technological developments and attend seminars to stay on top of their game. Apart from publicly available information, AIT works closely with its partners to clearly understand all aspects of developments in the target markets and key technology areas.

### **Risk Relating to Dependency on Major Customers**

The Company predominantly earns revenues from sales and provided services of network system installation to TOT Corporation Plc. (TOT) and CAT Telecom Plc. (CAT), which accounts for approximately 50% of the Company's total revenue.

The proportion of sales coming from just these two key customers is considered quite high and is often seen as being a risk factor. However, the company believes it is important to mention that this situation is common in countries similar to Thailand.

The national infrastructure in Thailand is not yet fully developed; and in countries like Thailand it is often the Government's responsibility to invest into, and develop, that infrastructure. Therefore this investment cannot easily be matched by the private segment.

These two organizations, TOT and CAT are categorized as the telecommunication customer group in AIT and for the foreseeable future, the government will continue to substantially invest into building the national infrastructure.

infrastructure in Thailand to support other topics on the national IT agenda, such as e-education, broadband internet, and many other projects - all of which depend heavily on continuous development of the ICT Our customer can be classified as follows:

Customer Type	Customer	Revenue/ Total revenue
Telecom I : Mobile & Wireless Group	CAT Public Limited Company	51%
Telecom II : Fixed line and Network Group	TOT Public Limited Company	9%
Enterprise : Fixed line and Network Group	State Enterprise, Private Company, Educational Institution	41%

Core Networking is one of the key and core competencies of AIT and the Company's level of expertise is likewise difficult to match in Thailand. It is therefore only natural that AIT proudly plays a role in that development both now and into the future.

The Company plans to continue to drive long term service contracts with the existing key accounts to further balance the project revenues.

Clearly, the Company has been striving to minimize the risk relating to the dependency on a few major customers and is constantly seeking opportunities to diversify its customer base.

It is likely that going forward revenues from an expanded customer base will be comparable to those from major customers. While of course the Company will continue to maintain its existing customer base to be as strong, or stronger, than it has always been.

### **Risk Relating to Dependency on Key Employees**

The information and communication technology business highly depends on qualified human resources in terms of marketing, engineering and operation. These valuable human resources utilize their expertise in advising, designing and implementing the products and services that AIT provides.

At present, the Company has 286 employees which are divided into the following segments:

- Marketing & Sales
- Customer Service (Engineering)
- Software
- Project Management, and
- Finance & Administration

Most of our employees are engineers, each with approximately 4-6 years of work experience; and in the previous year, our employee's turnover rate was only an approximate 2-3%, - which is considered very low.

In order to retain its employees, the Company provides attractive compensation packages and provides a good working environment. The Company has also put in place an internal control system to prevent the risk of losing any single employee which may affect its business operations.

AIT has developed a multilevel organizational structure with minimized single points of impact, which even allows the Company to replace key employees in any situation or case in which they should become unavailable.

There are weekly internal meetings among the senior executives to acknowledge and discuss any potential problems and to determine immediate actions to mitigate any problem that might occur.

### **Risk Relating to Dependency on a Single Supplier**

Normally, the Company purchases its products directly from the manufacturers or indirectly via the manufacturers distributors with representative offices in Thailand. Notably the Company is the key distributor and strategic partner of Cisco Systems, the world's leading manufacturer of information and communication technology in the IP (internet Protocol) segment.

In 2012, the Company's purchase of network equipments from Cisco Systems accounted for approximately 40% of the total cost of sales (cos) purchases.

The reason behind such high purchase amounts, each year, from Cisco Systems is based on the fact that Cisco's products have wide acceptance with customers in both local and international markets.

AIT has invested considerably in training its engineers and sales people to become Cisco certified. AIT has for many years now been a Cisco Gold Partner, which is the highest level of strategic partnership that a business may hold with Cisco Systems

The long term Gold Partnership means that the Company receives better support and discount structure from Cisco Systems, which is far better than other lower ranked business partners have available.

Nonetheless, in order to mitigate the risk of being overly dependent on any single supplier, the Company also partners with other well-known manufacturers, which are as reputable as Cisco Systems, just that these other manufacturers are the leading suppliers in their own fields of business.



### **Risk Relating to Project Delivery**

ICT projects normally last between 6-12 months - but this is dependent upon the particular project size.

If the Company fails to deliver the project on time as stated in the contract, the Company may incur a financial penalty. To its credit, in the last 5 years, such occurrences have been minimal and the Company has been penalized less than 1% of the project sales revenue, which by comparison with other project suppliers is considered extremely low.

The main reasons for the delay in project delivery are due mostly to delays which have been outside our control, such as time delays in the delivery of the equipment from the manufacturer and due to changes of installed equipment types.

In order to protect the Company from incurring any financial penalty, a well defined project management method is in use. This method closely monitors all stages of a project and seamlessly coordinates with AIT's resources, the customers and the manufacturers. Potential problems can therefore be identified early and their effect minimized or negated well in advance.

When the Company is selected for a project, it will constantly monitor and investigate the timing of product delivery. However, in some cases where our customers urgently need to use their ordered system, the Company will be able to install a standby system for their temporary use.

### **Foreign Exchange Rate Risk**

Generally, at a point approximately 1-2 months prior to the start of a project, the Company must estimate the project cost to use in the bidding or proposal process. If imported equipment is needed, this means that the project cost may be affected by fluctuations in foreign exchange rates.

As of 31 December 2013, the Company had a USD 7.6 million foreign currency trade account payable in foreign currencies and USD 14.7 million balance of FX forward contracts at the agreed rate of Baht 30.17-32.29 per USD 1 for the purchase of equipment.

Given that foreign exchange rates are nowadays often a potential risk, the Company has applied the following strategies for mitigation of any adverse effects:

1. Determine the value of foreign exchange rate risk in the calculation of the total project cost, and
2. Enter into a FX forward contract to cover the whole amount

In 2012, the Company prepared to utilize various financial tools to enhance efficiency in managing risks and keep these at a minimum and therefore to maximize benefits to the Company.

### **Risk Relating to Change in Government Policy**

The ICT industry is considered to be the highest growth industry in Thailand - especially as the government has been fully promoting the industry by continuously investing in ICT systems and infrastructure. Major projects and policy are: a National Broadband Policy; an auction for 3G license operators; and high speed internet via a fiber optic network. The implementation of these projects is expected to bring more business opportunities to all players. However, any change in the government policy might also impact on the Company's business opportunities; therefore, the Company monitors such policies closely and shall inform investors as soon as a considerable policy change occurs.

## Management Structure

As of December 31<sup>st</sup>, 2012, the Company has four Committees: 1) The Board of Directors, 2) The Audit Committee, 3) The Nomination and Remuneration Committee, and 4) The Executive Board Committee.

The Board of Directors consists of:

Full Name			Position
1.	Mr.Thana	Chaiprasit	Chairman of the Board
2.	Mr.Pongtep	Polanun	Vice Chairman and Independent Director
3.	Mr.Siripong	Oontornpan	Director and President
4.	Mr.Chokechai	Tanpoonsinthana	Independent Director
5.	Mr.Sripop	Sarasas	Independent Director
6.	Mr.Thanarak	Phongphatar	Independent Director
7.	Mr.Kittisak	Sopchokchai	Director
8.	Mr.Pisak	Charudilaka	Director
9.	Mr.Suraporn	Raktaprachit	Director
10.	Mr.Kijja	Laoboonthai	Director
11.	Mr.Chodiwat	Duntanasarn	Director

Company Secretary: Mr.Voravit Wattanakuljarus

The Company's authorized signatories consist of Mr.Siripong Oontornpan jointly signing with Mr.Suraporn Raktaprachit or Mr.Kijja Laoboonthai and with the Company's Seal affixed.

### Definition of an Independent Director

Independent Directors are defined as Directors who do not hold any management position and are not employees of the Company or Subsidiary. They must additionally be independent of any major shareholders, management, and of any other related persons - and they must have the responsibility to determine if there is anything that may affect the equitable treatment of Shareholders. The qualifications to be an Independent Director are as follows:

1. Holds no more than 1% of the total voting stock of AIT, its parent company, its subsidiaries, its associated companies, major shareholders or a controlling person - including stocks held by connected persons of the Independent Director;
2. Is not, or has not ever been, an executive director, employee, staff member, or advisor who received a salary or a controlling person of AIT as follows; its parent company, its subsidiaries, its associated companies, its same-level subsidiaries, major shareholders or controlling persons of AIT unless the foregoing status has been ended for at least 2 years. This shall not include the Independent Director who was a government official or advisor of a government agency which was a major shareholder or acted as controlling persons of AIT;
3. Is not a person related by blood or legal registration, such as father, mother, spouse, sibling or child, including a spouse of the children, management, major shareholders, controlling persons, or persons to be nominated as management or a controlling person of AIT or its subsidiaries;
4. Has not, or has not had, a business relationship with AIT, its parent company, its subsidiaries, its associated companies or a controlling person, in the manner that may interfere with their independent judgment, or is not, or has not ever been, a major shareholder, management or controlling persons of any person having a business relationship with AIT, its parent company, its subsidiaries, its associated companies or controlling person unless the foregoing relationship has been ended for more than 2 years;

5. Is not, or has not ever been, an auditor of AIT, its parent company, its subsidiaries, its associated companies or a controlling person and is not a major shareholder, non-independent director, management, controlling persons or partner of an audit firm which employs auditors of AIT, its parent company, its subsidiaries, its associated companies or a juristic person who may have a conflict of interest unless the foregoing relationship has been ended for at least 2 years;
6. Is not, or has not ever been, any professional advisor including legal or financial advisor who received an annual service fee exceeding 2 million Baht from AIT, its parent company, its subsidiaries, its associated companies or a controlling person, and is not a major shareholder, non-independent director, management, controlling persons or partner of the professional advisor unless the foregoing relationship has been ended for at least 2 years;
7. Does not represent an AIT Board Member or its major shareholder or a shareholder who is related to an major AIT shareholder;
8. Does not run any business similar to, or materially competing with AIT or its subsidiaries or not being a material partner in any partnership, executive director, employee, staff, advisor who receives salary or holds more than 1% of total voting stock of the company which runs similar to, or materially competing business with AIT or its subsidiaries;
9. Have no characteristics which make him incapable of expressing independent opinions with regard to the AIT business.

Note: A holding of no more than 1% of total voting stock of AIT is in compliance with the minimum rules of stock holding as an Independent Director by the Securities and Exchange Commission and Stock Exchange of Thailand.

## Authority, Duties and Responsibilities of the Board of Directors

### 1. Authority of the Board of Directors

- 1) Performs its duties with honesty, integrity and prudence, in accordance with the law, the Company's objectives and Articles of Association, and all resolutions of the Annual General Shareholders Meeting in order to carefully protect the Company's interests.
- 2) Determines the Company's policies, objectives, direction, business plans, and budgets including the supervision and management of the Company executives in accordance with the agreed business policies. The exception to this is those matters which legally require prior approval at the Annual General Shareholders Meeting before they may be implemented, such as for example: an increase/decrease in share capital; the issuance of debentures; the sale or transfer of the whole or part of the Company's business to others; the purchase/transfer of another business or other company to become an asset of the Company; or an amendment of the Memorandum of Association or Articles of Association.
- 3) The Board of Directors may appoint certain directors to form a part of a sub-committee as deemed appropriate, such as to the Executive Board Committee, the Audit Committee, or the Nomination and Remuneration Committee in order to perform their duties as given by the Board of Directors. The Board of Directors shall appoint the Chairman of each respective Committee and shall report such appointments to the Annual General Shareholders Meeting.
- 4) The Board of Directors may appoint any person to perform specific tasks under the supervision of the Board of Directors or render the authority to such a person as deemed appropriate within an appropriate time period. The Board of Directors may cancel, revoke, change or amend any authority given.

- 5) The Board of Directors shall select a director to be the Chairman of the Board and shall select one or more directors to be Vice Chairman of the Board and to select a director to be the President of the Company. The Board of Directors shall report such appointments to the Annual General Shareholders Meeting.
- 6) Appoint a director to be designated as one of the Company's authorized signatories and the Board of Directors has the authority to determine or revise/change the list of authorized signatories in which the Board of Directors shall report such appointments to the Annual General Shareholders Meeting.
- 7) Appoint and consider the compensation package and the terms & conditions of the employment of the President.
- 8) Appoint and consider the compensation of directors appointed to a Committee as well as other persons selected by the Board of Directors to perform the duties under the supervision of the Board of Directors. The Board of Directors shall report on these matters to the Annual General Shareholders Meeting.
- 9) Approve quarterly and annual financial statements in order to present to the shareholders at the Annual General Shareholders Meeting.
- 10) Arrange for the Annual General Shareholders Meeting as well as any Extraordinary General Meetings as required under the regulations as stated in the company's Articles of Association.
- 11) The Board of Directors shall convene for meeting at least once every quarter or as per the regulations as stated in the Company's Articles of Association.

## 2. Duties and Responsibilities of the Board of Directors

- 1) Determine the Company's direction and strategic plan, and control and regulate the plan to be implemented efficiently and effectively.
- 2) Set out the Company's policies and procedures in all aspects to ensure the Company's operation is in full compliance with the law, regulations and resolutions of the Annual General Shareholders Meeting; and as importantly the Company Code of Ethics.
- 3) Create the Company's control systems in order to maintain creditability and confidence; and ensure that the Company operationally complies with the law, shareholders' expectations, and stakeholders' concerns.
- 4) Control, regulate, and evaluate the management team's performances as well as the Company's performance.
- 5) Ensure that management has in place risk management policies, processes and controls, as well as an appropriate internal control system.

**The Audit Committee** consists of:

Full Name			Position
1.	Mr.Chokechai	Tanpoonsinthana	Chairman of the Audit Committee
2.	Mr.Pongtep	Polanun	Director
3.	Mr.Sripop	Sarasas	Director

Corporate Secretary: Mr.Voravit Wattanakuljarus

## Authority, Duties and Responsibilities of the Audit Committee

### 1. Authority of the Audit Committee

The Audit Committee has the authority to perform any act as determined by the Board of Directors as shown in Duties and Responsibilities of the Audit Committee:

- 1) Under its scope of authority, the Audit Committee is authorized to call for or order the management, heads of offices, or any employees to present opinions, attend meetings or submit any required or necessary documents.
- 2) Consider, select and nominate the Company's auditor as well as the auditor's remuneration to the Board of Directors, and propose this at the Annual General Shareholders Meeting for the Company's shareholders approval. Assess the auditor's performance and other tasks related to the audit.
- 3) Make the final decision in a case where the management team disagrees with the auditor on financial reports.
- 4) Consider the disclosure of Company information in any case where there is a connected transaction or transaction that may lead to a conflict of interest, so as to ensure accurateness, completeness, and at all times compliance with the laws and regulations.
- 5) Review the auditor's report of investigation and discuss with the management team the assessment policy and risk management.
- 6) Hire external advisors or specialists to make comments or give advice as necessary.
- 7) Set up a meeting with the auditor without the management team or company representatives.

### 2. Duties and Responsibilities of the Audit Committee

- 1) Review the accuracy of the Company's quarterly and annual financial reports in accordance with generally accepted accounting principles and ensure there is adequate disclosure.
- 2) Review the Company's internal control system and internal audit system to ensure that they are suitable and efficient and ensure the independence of the internal audit department. In addition, the Audit Committee may appoint, change or remove the head of the internal audit department or any other department responsible for internal audit tasks.
- 3) Review the Company's compliance with the laws on securities and exchange; the regulations of the Stock Exchange of Thailand (the 'SET'); and the laws relating to the Company's business.
- 4) Consider, select and nominate an independent person to be the Company's auditor, propose the auditor's remuneration, and attend a non-management meeting with the auditor at least once a year.
- 5) Review all connected transactions or transactions that may lead to conflicts of interest and so ensure that they are in compliance with the related laws and the regulations of the SET and that they are reasonable and bring the highest possible benefits to the Company.
- 6) Prepare reports to be signed by the Chairman of the Audit Committee and disclosed in the Company's Annual Report. These reports must contain the following information:
  1. An opinion on the accuracy, completeness and reliability of the Company's financial report
  2. An opinion on the adequacy of the Company's internal control system
  3. An opinion on the compliance with the laws on securities and exchange, the regulations of the SET and the laws relating to the Company's business
  4. An opinion on the suitability of the external auditor
  5. An opinion on transactions that may lead to conflicts of interest
  6. The number of Committee meetings held and the members' attendance record

7. Any comments or opinions received by the Committee regarding its performance in accordance with its Charter
8. Any other transaction which, according to the Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities as assigned by the Board of Directors
- 7) Perform other tasks as requested by the Board of Directors and other tasks which the Audit Committee agrees to perform.

**The Nomination and Remuneration Committee** consists of:

Full Name			Position
1.	Mr.Pongtep	Polanun	Chairman of the Nomination and Remuneration Committee
2.	Mr.Siripong	Oontornpan	Director
3.	Mr.Sripop	Sarasas	Director
4.	Mr.Kittisak	Sopchokchai	Director
5.	Mr.Suraporn	Raktaprachit	Director

Secretary: Ms.Pannawee Kaewmanee

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

### 1. Authority of the Nomination and Remuneration Committee

- 1) Consider and approve the selection and evaluation processes, as well as the compensation for the President.
- 2) Consider and approve proposals for the names of qualified candidates to the Board of Directors for their consideration and approval in the case of a vacancy in a director's position.
- 3) Consider and approve proposals for the name of a qualified candidate for the position of President to the Board of Directors for their consideration and approval.
- 4) Consider and approve proposals for the names of other candidates to the Board of Directors for their consideration and approval in positions whose functions, responsibilities and authorities are directly given by the Board of Directors.

### 2. Duties and Responsibilities of the Nomination and Remuneration Committee

- 1) Develop the criteria, selection and evaluation processes, as well as the compensation for the President.
- 2) Propose persons for approval of the Board of Directors in the case of a vacancy in a director's position resulting from any reason, other than the end of a term retirement from that position or to increase the numbers of directors. Once approved by the Board of Directors the resolution is put forward for the approval of the shareholders.
- 3) Propose to the Board of Directors the name of a person to receive approval from the Shareholder's Meeting in the case that there is a vacancy of a director position due to term retirement.
- 4) Propose to the Board of Directors for the approval of the President to retire from being an employee in the Company according to the current operating regulations.
- 5) Propose any person that the Board of Directors will then delegate its authority to perform a specific task for the Company.



- 6) Recommend the appropriate remunerations for each of the Company's Board of Directors and Committees and then propose to the Board of Directors for the approval of these remunerations at the Annual General Meeting.
- 7) Recommend appropriate bonus and salary increases for the management and employees to the Board of Directors for their approval.

**The Executive Board Committee** consists of:

Full Name			Position
1.	Mr.Siripong	Oontornpan	Chairman of Executive Board Committee
2.	Mr.Suraporn	Raktaprachit	Director
3.	Mr.Kijja	Laoboonchai	Director

Secretary: Ms.Sarin Chandranipapongse

## Authority, Duties and Responsibilities of the Executive Board Committee

### 1. Authority of the Executive Board Committee

- 1) Approve the appointment, change or removal of any management position, with the exception of the President.
- 2) Approve the Company's compensation structure and benefits of management and employees; and propose to the Nomination and Remuneration Committee before proposing to the Board of Directors.
- 3) Approve any change in the Company management structure, code of conduct or business processes of any division.
- 4) Approve the borrowing and lending of money or applying for credit approval from a financial institution; including a guarantee or payment of ordinary business transactions with a specific credit limit of each transaction that has already been agreed and assigned. The amount incurred in these transactions must be under a limit in accordance with the Company guidelines and authority limits which have already been reviewed by the Board of Directors. However, the aforementioned credit limit may be changed if appropriate according to the judgment of the Board of Directors.
- 5) Consider to enter into a commercial contract with a credit limit as determined by the Board of Directors.

### 2. Duties and Responsibilities of the Executive Board Committee

- 1) Formulate the Company's business plan, annual budget, and investment plan for the Board of Directors' approval.
- 2) Manage the Company's business operations in order to achieve the planned objectives and targets, and also comply with laws, the Company's regulations, and Stock Exchange of Thailand's rules and regulations.
- 3) Direct, control, and monitor the day-to-day operations as set out in the Company's internal control system as well as the Audit Committee's comments and recommendations.
- 4) Act in other roles and on duties and within authorities as determined and delegated by the Board of Directors.

- 5) Prepare the report on Company's financial and operating performance and report this performance to the Board of Directors each quarter.

The above-mentioned authority excludes the interrelated transactions, acquisition or liquidation of the listed Company's important assets according to the regulations of the Stock Exchange of Thailand (SET) and the Securities and Exchange Commission (SEC). The Company shall abide by the SET regulations and requirements on any issue. In addition, the above-mentioned authority excludes other issues for which the Company's regulations require the prior request and approval at the Annual General Shareholders Meeting.

## Authority, Duties and Responsibilities of the President

1. Perform the duties as assigned by the Board of Directors or the Executive Board Committee under the Company's objectives, regulations and Articles of Association. In dealing with transactions, the Board of Directors has clearly approved maximum limit of each transaction. This limit should not exceed the limit approved by the Board of Directors. The maximum limit of each transaction however, may be appropriately revised upon the consideration and judgment of the Board of Directors. The delegation of authority to the President should not include any transaction in which the President or any other person involved may then have a conflict of interest (as determined through notification by the Securities and Exchange Commission) with the Company or its subsidiaries. Any duties performed should conform to the Notification by the Stock Exchange of Thailand in its article "Rules, procedures, and disclosures of any related party transactions of the listed company". An exemption to this is for any transaction which is a normal business transaction at market price and under the rules and regulations as specified by the Company.
2. Prepare the Company's business plan, business strategy, and yearly budget to be proposed to the Executive Board Committee.
3. Follow the business plan, business strategy, and yearly budget which have been approved by the Executive Board Committee.
4. Determine the organizational structure and scope of management to include every detail of selection, training, hiring, and employment termination.
5. Authorized to appoint or discharge an employee whose position is lower than that of the President.
6. Perform the Presidents duties at all times with honesty and prudence for the protection and benefit of the Company.

**The Company's Management** Team consists of:

Full Name		Position
1.	Mr.Siripong Oontornpan	President
2.	Mr.Kijja Laoboonchai	Senior Executive Vice President - Sales and Marketing
3.	Mr.Suraporn Raktaprachit	Senior Executive Vice President - Service
4.	Mr.Asawin Kangvolkij	Senior Executive Vice President - Corporate Finance and Strategy
5.	Mrs.Netnapit Oontornpan	Senior Executive Vice President - Corporate Affairs
6.	Mr.Somchai Vipupinyo	Senior Vice President - AT & AS
7.	Mr.Chumkiat Laoseriwatanakul	Senior Vice President - Marketing
8.	Mr.Chodiwat Duntanasarn	Senior Vice President - Sales Department
9.	Mr.Ong-ard Harntaweessompone	Senior Vice President - Telecom Sales

Full Name			Position
10.	Mr.Supat	Dulyakupt	Senior Vice President - Technical Support
11.	Mr.Putti	Dhamrongsirivadh	Senior Vice President - Customer Service
12.	Ms.Sureerat	Prachayanukul	Senior Vice President - Financial Controller
13.	Mr.Krit	Khongchuanark	Senior Vice President - Project Management
14.	Mr.Kriengkrai	Nissyan	Senior Vice President - Business Development
15.	Mr.Ralf	Hundertmark	Senior Vice President - Business Development
16.	Mr.Voravit	Wattanakuljarus	Senior Vice President - Corporate Secretary

### The Directors' Remunerations in 2013:

Unit: Million's of Baht

Full Name			Position	Remuneration Fee Total	Monthly Salary Total	Annual Gratuity	Annual Total
1.	Mr.Thana	Chaiprasit	Chairman of the Board	100,000.00	180,000.00	1,369,565.20	1,649,565.20
2.	Mr.Pongtep	Polanun	Vice Chairman and Independent Director	96,000.00	96,000.00	913,043.48	1,105,043.48
3.	Mr.Siripong	Oontornpan	Director	96,000.00	96,000.00	913,043.48	1,105,043.48
4.	Mr.Kittisak	Sopchokchai	Director	96,000.00	96,000.00	913,043.48	1,105,043.48
5.	Mr.Suraporn	Raktaprachit	Director	96,000.00	96,000.00	913,043.48	1,105,043.48
6.	Mr.Thanarak	Pongphatar	Independent Director	84,000.00	96,000.00	913,043.48	1,093,043.48
7.	Mr.Kijja	Laoboonchai	Director	84,000.00	96,000.00	913,043.48	1,093,043.48
8.	Mr.Chokechai	Tanpoonsinthana	Independent Director	96,000.00	96,000.00	913,043.48	1,105,043.48
9.	Mr.Sripop	Sarasas	Independent Director	84,000.00	96,000.00	913,043.48	1,093,043.48
10.	Mr.Pisak	Charudilaka	Director	96,000.00	96,000.00	913,043.48	1,105,043.48
11.	Mr.Chodiwat	Duntanasarn	Director	96,000.00	96,000.00	913,043.48	1,105,043.48
			<b>Total</b>	<b>1,024,000.00</b>	<b>1,140,000.00</b>	<b>10,500,000.00</b>	<b>12,664,000.00</b>

**Remarks:** The Directors' compensation is according to the resolution of the Annual General Shareholders Meeting No.1/2009 on April 24<sup>th</sup>, 2009:

1. The Chairman of the Board of Directors received a remuneration fee of 20,000 Baht per meeting and received a monthly salary of 15,000 Baht;
2. A Director received a monthly remuneration fee at 12,000 Baht and received monthly salary at 8,000 Baht; According to AGM No. 1/2013 on 5<sup>th</sup> April 2013, the resolution was to pay a total annual gratuity to The Board of Directors 10.5 million Baht.

### The Audit Committee's Remuneration:

Unit: Million's of Baht

Full Name	Position	Remuneration Fee Total	Monthly Salary Total	Annual Gratuity	Annual Total
1. Mr.Chokechai Tanpoonsinthana	Chairman	100,000	180,000	-	280,000
2. Mr.Pongtep Polanun	Director	75,000	120,000	-	195,000
3. Mr.Sripop Sarasas	Director	60,000	120,000	-	180,000
	<b>Total</b>	235,000	420,000	-	655,000

**Remarks:** The Directors' compensation is according to the resolution of the Annual General Shareholders Meeting No.1/2009 on April 24<sup>th</sup>, 2009

1. The Chairman received a remuneration fee of 20,000 Baht per meeting and received monthly salary at 15,000 baht.
2. A Director received a monthly remuneration fee of 15,000 Baht and received a monthly salary of 10,000 Baht.

### The Nomination and Remuneration Committee's Remuneration:

Unit: Million's of Baht

Full Name	Position	Remuneration Fee Total	Monthly Salary Total	Annual Gratuity	Annual Total
1. Mr.Pongtep Polanun	Chairman	80,000	-	-	80,000
2. Mr.Siripong Oontornpan	Director	60,000	-	-	60,000
3. Mr.Sripop Sarasas	Director	45,000	-	-	45,000
4. Mr.Kittisak Sopchokchai	Director	60,000	-	-	60,000
5. Mr.Suraporn Raktaprachit	Director	60,000	-	-	60,000
	<b>Total</b>	305,000	-	-	305,000

**Remarks:** The Directors' compensation is according to the resolution of the Annual General Shareholders Meeting No.1/2009 on April 24<sup>th</sup>, 2009

1. The Chairman received a remuneration fee of 20,000 Baht per meeting and received monthly salary at 15,000 baht.
2. A Director received a monthly remuneration fee of 15,000 Baht and received a monthly salary of 10,000 Baht.

### Directors Remuneration:

Unit: Million's of Baht

Committee	Transaction	2013	2012 (Restated)	2011
1. Audit Committee	Short-term employee benefits	4	5	4
2. Directors who are a member of the Executive Board Committee and Management	Short-term employee benefits and Post-employment benefits	118	128	133
3. Directors who are not a member of the Audit Committee and the Executive Board Committee	Short-term employee benefits	5	6	5

# Internal Control

## Risk Management

Since the Company revenues are mostly based on projects awarded from bidding, the Company has realized that the risk of not winning the projects may harm the Company's financial status. Therefore, the Company decided to incorporate a risk management policy as a major part of business management. The Company also set up a risk committee to be in charge of executing the Company's risk management policy. The main responsibilities of the risk committee are as follows:

- Identifying the key risks to the Company from various perspectives ranging from financial status through to project management, technology issues, and the external and internal business environment.
- Providing guidelines and managing and controlling the Company risk such that the risks are within an approval level and thus delivering both a project completion and financial return to the Company.

## Internal control

The Company has a policy to have and maintain an efficient and effective internal control system. The Board of Directors and the management team are responsible for maintaining the internal control system and reviewing its efficiency on a regular basis in order to safeguard the shareholders' investments and the Company's assets. The internal control system covers the areas of finance, operations, compliance and risk management, and provides a reasonable assurance that the following objectives and goals will be achieved:

- Reliability and integrity of information and financial reports
- Compliance with regulations, policies, procedures and related laws
- Safeguarding of the Company's assets
- Efficiency, effectiveness and operational economy for employment of resources
- Effective achievement of the Company's objectives and strategies

The following points summarize the key control systems implemented by the Company:

### 1. Organization & Control Environment

The Company has formulated business plans complete with objectives, strategies, long-term vision and budgets, and has determined evaluation criteria. It has restructured the organization to align it with these business plans. The Company has implemented a good corporate governance system, hires qualified personnel and continuously develops its human resources. It has established key policies and procedures to be used as guidelines in order to control financial transactions, purchasing activities and risk management. Codes of conduct have also been developed as guidelines for directors, management and employees.

### 2. Risk Assessment

The Company has had a formalized, enterprise-wide risk-management system in place since 2002. The Risk Management Committee and the Audit Committee play major roles in overseeing the implementation of the Company's risk management system. Risk is an integral part of business activities therefore every member of each business unit has the task of performing risk assessments when executing business transactions.

### 3. Management Control

The Company has established controls over the various management duties and their segregation in order to ensure there is a system of checks and balances through the use of proper written authority and approval levels and limits. Guidelines for connected and related transactions have also been developed to ensure compliance with all relevant laws.

#### 4. Information and Communication

The Company has implemented a management information system to assist in decision making. Critical information and data is collected, analyzed and stored in the Company's database. Two-way communications are both effective and efficient within the Company. At the Board of Directors level, information and supporting documentation are provided to all members in order to make more informed decision making possible.

#### 5. Monitoring

The monitoring system is handled by the management team and the Board of Directors to assess adherence to established plans. The internal audit department is responsible for monitoring the internal controls independently, and giving an assessment and recommendations to the management team.

The Board of Directors assessed the following five areas of the Company's internal control system: organization and control environment; risk management; management control; information and communication; and monitoring. The Board of Directors found that the internal control system was operating effectively.

Ernst and Young Office Limited, the Company's external auditors, who conducted the audit of the 2012 financial statements, concluded that there was no material deficiency in the Company's accounting and financial control system.

### Internal Audit

The company has hired DIA and Associates Co., Ltd., who provides internal audit services, to perform the internal audit. The internal audit department reports directly to the Audit Committee, Managing Director and the President. Its duties and responsibilities include monitoring and assessing the effectiveness of the Company's, and its subsidiaries', internal control systems, risk management systems and corporate governance to ensure that these are adequate and effective.

The internal audit department has adopted a risk-based approach in formulating the annual audit plan which focuses on key business risks that might have an impact on business goals and the accuracy of financial reports. This plan is reviewed and approved by the Audit Committee on an annual basis. The Audit Committee also reviews the audit results and progress reports on a quarterly basis.

The internal audit department conducts its activities by referring to the publication International Standards for the Professional Practice of Internal Auditing as its framework. All the internal audit staff members are provided with the correct training and the necessary methodology to carry out the operational, compliance, financial and information technology audits effectively. Commencing in 2010, the company has followed the process according to its 'Audit Committee Charter' in order to maintain an effective internal control function into the future. The 'Audit Committee Charter' was approved by the Board of Directors resolution No. 4/2010.

Moreover, the Company employs its internal control according to the international standards of the Committee of Sponsoring Organization of the Treadway Commission (COSO)



# Financial Report

## Related Transactions

The company has issued guidelines regarding the related transaction in compliance with the requirements of the SEC's notification and the Stock Exchange of Thailand as well as related laws. That follows,

### 1. Measures of procedures for approval of related transactions

Typically, the related transactions of the company is the cash advance to directors or employees to develop and/or operate the project, which are controlled by the budget cost of each project. The company has clearly defined a set of steps in the approval and the authorized person to approve.

For the approval process of related transaction in the future, the company announced the guideline of having transactions with major shareholders, directors and executives associated persons for all employees to be informed and complied with.

### 2. Policy or tendency of the future related transactions

Trend of future related transactions include (1) cash advance paid to directors and employees are items that occur regularly since the operations of the company need to send staff to make delivery, install equipment or travel to examine the work acceptance process of customers. Therefore, the company has set a budget to control the cash advance (2) cash on hand for daily operation reserved to pay about baht 290,000 by the deputy senior finance director who will manage and determine the appropriate disbursement of each transaction. Moreover, the Company has set a written the cash reserves policy to pay day and (3) the Company has no policy to use the directors' property to guarantee payment.

Fore related transactions in the future, the Company has assigned the Audit Committee and / or directors of the Company to verify the reasonableness of transaction in compliance with law and notification of the Securities and Exchange Commission prior to making the transaction.

According to the audited financial statement ended December 31, 2013 by the auditor, the list of related transaction is the following.

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: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
<b><u>Transactions with subsidiary companies</u></b>					
(eliminated from the consolidated financial statements)					
Purchases of goods and service	-	-	-	3	Competitive agreed-upon price
<b><u>Transactions with related companies</u></b>					
Sales and service income	1	6	1	1	Competitive agreed-upon price
Purchases of goods and service	8	13	8	13	Competitive agreed-upon price

As at 31 December 2013 and 2012 the balances of the accounts between the Company and those related parties are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b><u>Trade and other payables - related party (Note 18)</u></b>				
Vichai Trading (1983) Co., Ltd.	-	2	-	2
<b>Total trade and other payables - related party</b>	-	2	-	2

## Board of Directors' Responsibility for Financial Reporting

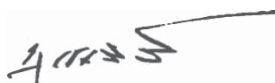
The Board of Directors are responsible for the Advanced Information Technology Public Company Limited's financial statements and to the Advanced Information Technology Public Company Limited and its Subsidiaries' consolidated financial statements, which includes the financial information presented in this Annual Report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles using careful judgment and the best estimation important information is adequately and transparently disclosed in the notes to the financial statements for the Company shareholders and investors.

The Board of Directors has provided and maintained a risk management system, together with appropriate and efficient internal controls, so as to ensure that the accounting records are accurate, reliable and adequate in order to protect its assets and to uncover any weakness that may be present so as to prevent fraud or any other materially irregular operations.

In this regard, the Board of Directors has an appointed Audit Committee to be responsible for reviewing the accounting policy financial reports, to review internal controls and to review the internal audit and risk management systems. The Audit Committee has also conducted a review of a disclosure of related party transactions. All their comments on these issues are included in the Audit Committee Report which is presented in this Annual Report.

The financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries have been examined by an external auditor of Ernst and Young Office Limited. The external auditor conducted the audits and expressed an opinion in accordance with generally accepted auditing standards. The external auditor was provided with all of the Company's records and related data as they requested. The auditor's opinion is presented in the Auditor's Report as part of this Annual Report.

The Board of Directors considers the Company's overall internal control system to be satisfactory and that it provides credibility and reliability to the Advanced Information Technology Public Company Limited's financial statements and to the Advanced Information Technology Public Company Limited and its Subsidiaries' consolidated financial statements for the year ended 31 December 2013. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and any related regulations.



Mr. Thana Chaiprasit  
Chairman of the Board



Mr. Siripong Oontornpan  
Chairman of Executive Board  
Committee and President

## Report of Independent Auditor

### To the Shareholders of Advanced Information Technology Public Company Limited

I have audited the accompanying consolidated financial statements of Advanced Information Technology Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2013, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Advanced Information Technology Public Company Limited for the same period.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

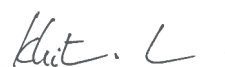
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Advanced Information Technology Public Company Limited and its subsidiaries and of Advanced Information Technology Public Company Limited as at 31 December 2013, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

### Emphasis of matter

I draw attention to Note 4 to the financial statements regarding the change in accounting policy made due to the adoption of Thai Accounting Standard 12 Income Taxes. The Company has restated the consolidated and separate financial statements for the year ended 31 December 2012, presented herein as comparative information, to reflect the adjustment resulting from such change in accounting policy. The Company has also presented consolidated and separate statements of financial position as at 1 January 2012 as comparative information, using the newly adopted accounting policy for income taxes. My opinion is not qualified in respect of this matter.



**Khitsada Lerdwana**

Certified Public Accountant (Thailand) No. 4958

Ernst & Young Office Limited  
Bangkok: 20 February 2014

# Financial Statements

## Statement of financial position

### Advanced Information Technology Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		As at	As at	As at	As at	As at	As at
		31 December	31 December	1 December	31 December	31 December	1 December
		Note	2013	2012	2012	2013	2012
				(Restated)		(Restated)	
Assets							
Current assets							
Cash and cash equivalents	8	180,060,517	245,379,616	217,149,463	177,429,229	244,379,616	215,461,148
Trade and other receivables	9	2,020,243,529	1,877,928,699	1,017,921,782	2,011,925,746	1,877,928,699	1,017,921,782
Unbilled receivables		740,236,368	823,205,393	615,237,152	739,275,428	823,205,393	603,692,009
Inventories	10	1,215,763,650	461,583,317	570,995,209	1,214,215,849	461,583,317	569,549,065
Other current assets		51,995,061	21,095,478	55,138,853	41,720,503	21,092,708	55,105,099
Total current assets		4,208,299,125	3,429,192,503	2,476,442,459	4,184,566,755	3,428,189,733	2,461,729,103
Non-current assets							
Restricted bank deposits	11	14,919,101	7,836,967	8,690,922	5,484,745	7,836,967	8,690,922
Investments in subsidiaries	12	-	-	-	59,649,800	999,800	10,999,400
Investments in associates	13	50,118,723	24,999,950	-	49,999,900	24,999,950	-
Building improvement and equipment	14	104,323,144	47,508,064	46,959,709	62,873,070	47,508,064	46,864,025
Equipment for lease and services	15	174,756,427	144,826,363	185,420,234	112,369,484	144,826,363	185,420,234
Goodwill	12	4,391,837	-	-	-	-	-
Intangible assets	16	47,955,491	10,590,754	8,741,109	11,356,845	10,590,754	8,711,715
Deferred tax assets	4, 26	15,978,642	12,517,849	13,222,161	19,424,363	12,517,849	13,029,292
Other non-current assets		9,917,043	8,870,542	9,263,179	9,158,960	8,870,542	9,117,780
Total non-current assets		422,360,408	257,150,489	272,297,314	330,317,167	258,150,289	282,833,368
Total assets		4,630,659,533	3,686,342,992	2,748,739,773	4,514,883,922	3,686,340,022	2,744,562,471

The accompanying notes are an integral part of the financial statements

ANNUAL REPORT 2013

## Statement of financial position (Continued)

### Advanced Information Technology Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

		Consolidated financial statements			Separate financial statements		
		As at 31 December 2013	As at 31 December 2012	As at 1 December 2012	As at 31 December 2013	As at 31 December 2012	As at 1 December 2012
Note				(Restated)		(Restated)	
Liabilities and shareholders' equity							
Current liabilities							
Bank overdrafts and short-term loans							
from financial institutions	17	16,206,594	360,000,000	-	-	360,000,000	-
Trust receipts		451,995,298	-	-	451,995,298	-	-
Trade and other payables	18	896,869,993	1,074,432,624	668,167,104	874,066,286	1,074,386,127	667,807,352
Unbilled payables		338,038,195	332,812,593	257,785,185	338,038,195	332,812,593	257,619,463
Current portion of long-term loans	19	45,491,727	33,235,036	24,801,252	38,042,727	33,235,036	24,801,252
Current portion of liabilities under finance lease agreements	20	17,344,848	-	-	13,358,339	-	-
Income tax payable		40,154,685	42,007,121	102,770,016	40,154,685	42,007,121	102,758,710
Advanced receipts from customers		152,437,523	181,486,995	116,967,594	149,040,087	181,486,995	116,245,719
Other current liabilities	21	99,829,920	114,435,144	86,722,001	99,488,838	114,435,144	86,655,431
Total current liabilities		2,058,368,783	2,138,409,513	1,257,213,152	2,004,184,455	2,138,363,016	1,255,887,927
Non-current liabilities							
Long-term loans, net of current portion	19	39,861,583	42,981,015	50,198,748	7,743,149	42,981,015	50,198,748
Liabilities under finance lease agreements, net of current portion	20	28,622,810	-	-	26,910,367	-	-
Provision for long-term employee benefits	22	50,642,976	45,922,930	38,465,520	48,272,935	45,922,930	37,501,170
Provision for contingent liability from legal case	31.4	17,000,000	-	-	-	-	-
Total non-current liabilities		136,127,369	88,903,945	88,664,268	82,926,451	88,903,945	87,699,918
Total liabilities		2,194,496,152	2,227,313,458	1,345,877,420	2,087,110,906	2,227,266,961	1,343,587,845

The accompanying notes are an integral part of the financial statements



## Statement of financial position (Continued)

### Advanced Information Technology Public Company Limited and its subsidiaries

As at 31 December 2013

(Unit: Baht)

	Note	Consolidated financial statements			Separate financial statements		
		As at 31 December 2013	As at 31 December 2012	As at 1 December 2012 (Restated)	As at 31 December 2013	As at 31 December 2012 (Restated)	As at 1 December 2012
<b>Shareholders' equity</b>							
Share capital <sup>23</sup>							
Registered							
206,320,908 ordinary shares of Baht 5 each (1 January 2012 and 31 December 2012: 69,000,000 ordinary shares of Baht 5 each)"		1,031,604,540	345,000,000	345,000,000	1,031,604,540	345,000,000	345,000,000
Issued and fully paid-up							
206,320,897 ordinary shares of Baht 5 each" (1 January 2012: 67,492,472" ordinary shares of Baht 5 each 31 December 2012: 68,773,636" ordinary shares of Baht 5 each)		1,031,604,485	343,868,180	337,462,360	1,031,604,485	343,868,180	337,462,360
Share premium		303,437,091	303,437,091	293,131,830	303,437,091	303,437,091	293,131,830
Retained earnings							
Appropriated-statutory reserve	24	64,081,001	34,500,000	34,500,000	64,081,001	34,500,000	34,500,000
Unappropriated		1,004,603,900	777,224,072	731,968,569	1,028,650,439	777,267,790	735,880,436
Equity attributable to owners of the Company		2,403,726,477	1,459,029,343	1,397,062,759	2,427,773,016	1,459,073,061	1,400,974,626
Non-controlling interests of the subsidiaries		32,436,904	191	5,799,594	-	-	-
<b>Total shareholders' equity</b>		<b>2,436,163,381</b>	<b>1,459,029,534</b>	<b>1,402,862,353</b>	<b>2,427,773,016</b>	<b>1,459,073,061</b>	<b>1,400,974,626</b>
<b>Total liabilities and shareholders' equity</b>		<b>4,630,659,533</b>	<b>3,686,342,992</b>	<b>2,748,739,773</b>	<b>4,514,883,922</b>	<b>3,686,340,022</b>	<b>2,744,562,471</b>

The accompanying notes are an integral part of the financial statements

## Statement of comprehensive income

### Advanced Information Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

		Consolidated financial statements		Separate financial statements	
	Note	2013	2012	2013	2012
			(Restated)		(Restated)
Profit or loss:					
Revenues					
Sales and service income		5,888,419,338	4,063,835,420	5,770,244,547	4,055,677,135
Rental and service income from equipment for lease		76,493,546	75,271,766	76,493,546	75,271,766
Other income		58,319,492	48,813,299	58,213,565	48,202,297
Total revenues		6,023,232,376	4,187,920,485	5,904,951,658	4,179,151,198
Expenses					
Cost of sales and service		4,495,606,036	3,142,768,321	4,395,354,293	3,138,825,228
Cost of equipment for lease		43,086,831	43,067,671	43,086,831	43,067,671
Selling expenses		314,711,682	219,791,024	304,266,347	217,124,347
Administrative expenses		432,635,193	281,923,402	378,920,040	283,322,388
Total expenses		5,286,039,742	3,687,550,418	5,121,627,511	3,682,339,634
Profit before share of loss from investments in associates, finance cost and income tax expenses					
		737,192,634	500,370,067	783,324,147	496,811,564
Share of loss from investments in associates		(281,177)	-	-	-
Profit before finance cost and income tax expenses					
		736,911,457	500,370,067	783,324,147	496,811,564
Finance cost		(35,154,251)	(17,040,245)	(32,604,716)	(17,040,245)
Profit before income tax expenses		701,757,206	483,329,822	750,719,431	479,771,319
Income tax expenses	26	(153,933,691)	(116,599,962)	(159,099,416)	(116,663,656)
Profit for the year		547,823,515	366,729,860	591,620,015	363,107,663
Other comprehensive income:					
Actuarial loss	22	(1,477,723)	-	(1,477,723)	-
Income tax effect	26	295,545	-	295,545	-
Other comprehensive income for the year		(1,182,178)	-	(1,182,178)	-
Total comprehensive income for the year					
		546,641,337	366,729,860	590,437,837	363,107,663
Profit (loss) attributable to:					
Equity holders of the Company		567,617,194	366,975,812	591,620,015	363,107,663
Non-controlling interests of the subsidiaries		(19,793,679)	(245,952)	547,823,515	366,729,860
Total comprehensive income attributable to:					
Equity holders of the Company		566,435,016	366,975,812	590,437,837	363,107,663
Non-controlling interests of the subsidiaries		(19,793,679)	(245,952)		
		546,641,337	366,729,860		
Basic earnings per share					
Profit attributable to equity holders of the Company	27	7.74	5.40	8.07	5.34

The accompanying notes are an integral part of the financial statements

## Statements of changes in shareholders' equity

### Advanced Information Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2013

Consolidated financial statements								(Unit: Baht)
	Equity attributable to owners of the Company				Total equity attributable to owners of the Company	Equity attributable to non-controlling interests of the subsidiaries	Total shareholders' equity	
	Issued and paid-up share capital	Share premium	Retained earnings					
			Appropriated	Unappropriated				
Balance as at 1 January 2012 - as previously reported	337,462,360	293,131,830	34,500,000	718,833,205	1,383,927,395	5,712,797	1,389,640,192	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	13,135,364	13,135,364	86,797	13,222,161	
Balance as at 1 January 2012 - as restated	337,462,360	293,131,830	34,500,000	731,968,569	1,397,062,759	5,799,594	1,402,862,353	
Additional ordinary shares issued for warrant exercise	6,405,820	10,305,261	-	-	16,711,081	-	16,711,081	
Dividend paid (Note 30)	-	-	-	(321,720,309)	(321,720,309)	-	(321,720,309)	
Total comprehensive income for the year (restated)	-	-	-	366,975,812	366,975,812	(245,952)	366,729,860	
Increase in equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	200	200	
Sales of investment in subsidiary (restated) (Note 12)	-	-	-	-	-	(5,553,651)	(5,553,651)	
Balance as at 31 December 2012 - as restated	343,868,180	303,437,091	34,500,000	777,224,072	1,459,029,343	191	1,459,029,534	
Balance as at 1 January 2013 - as previously reported	343,868,180	303,437,091	34,500,000	764,706,223	1,446,511,494	191	1,446,511,685	
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	12,517,849	12,517,849	-	12,517,849	
Balance as at 1 January 2013 - as restated	343,868,180	303,437,091	34,500,000	777,224,072	1,459,029,343	191	1,459,029,534	
Increase share capital (Note 23)	687,736,305	-	-	-	687,736,305	-	687,736,305	
Dividend paid (Note 30)	-	-	-	(309,474,187)	(309,474,187)	-	(309,474,187)	
Transferred to statutory reserve	-	-	29,581,001	(29,581,001)	-	-	-	
Total comprehensive income for the year	-	-	-	566,435,016	566,435,016	(19,793,679)	546,641,337	
Increase in equity attributable to non-controlling interests of the subsidiaries	-	-	-	-	-	52,230,392	52,230,392	
Balance as at 31 December 2013	1,031,604,485	303,437,091	64,081,001	1,004,603,900	2,403,726,477	32,436,904	2,436,163,381	

The accompanying notes are an integral part of the financial statements

**Statements of changes in shareholders' equity (continued)**  
**Advanced Information Technology Public Company Limited and its subsidiaries**

For the year ended 31 December 2013

(Unit: Baht)

	Separate financial statements				
	Issued and paid-up share capital	Share premium	Retained earnings		Total shareholders' equity
			Appropriated	Unappropriated	
<b>Balance as at 1 January 2012 - as previously reported</b>	<b>337,462,360</b>	<b>293,131,830</b>	<b>34,500,000</b>	<b>722,851,144</b>	<b>1,387,945,334</b>
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	13,029,292	13,029,292
<b>Balance as at 1 January 2012 - as restated</b>	<b>337,462,360</b>	<b>293,131,830</b>	<b>34,500,000</b>	<b>735,880,436</b>	<b>1,400,974,626</b>
Additional ordinary shares issued for warrant exercise	6,405,820	10,305,261	-	-	16,711,081
Dividend Paid (Note 30)	-	-	-	(321,720,309)	(321,720,309)
Total comprehensive income for the year (restated)	-	-	-	363,107,663	363,107,663
<b>Balance as at 31 December 2012 - as restated</b>	<b>343,868,180</b>	<b>303,437,091</b>	<b>34,500,000</b>	<b>777,267,790</b>	<b>1,459,073,061</b>
<b>Balance as at 1 January 2013 - as previously reported</b>	<b>343,868,180</b>	<b>303,437,091</b>	<b>34,500,000</b>	<b>764,749,941</b>	<b>1,446,555,212</b>
Cumulative effect of change in accounting policy for deferred tax (Note 4)	-	-	-	12,517,849	12,517,849
Balance as at 1 January 2013 - as restated	343,868,180	303,437,091	34,500,000	777,267,790	1,459,073,061
Increase share capital (Note 23)	687,736,305	-	-	-	687,736,305
Dividend paid (Note 30)	-	-	-	(309,474,187)	(309,474,187)
Transferred to statutory reserve	-	-	29,581,001	(29,581,001)	-
Total comprehensive income for the year	-	-	-	590,437,837	590,437,837
<b>Balance as at 31 December 2013</b>	<b>1,031,604,485</b>	<b>303,437,091</b>	<b>64,081,001</b>	<b>1,028,650,439</b>	<b>2,427,773,016</b>

The accompanying notes are an integral part of the financial statements

## Cash flow statement

### Advanced Information Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012 (Restated)	2013	2012 (Restated)
<b>Cash flows from operating activities</b>				
Profit before tax	701,757,206	483,329,822	750,719,431	479,771,319
Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities				
Depreciation and amortisation	94,077,716	64,671,345	72,005,007	64,573,388
Doubtful accounts (reversal of allowance for doubtful accounts)	44,232,019	(14,985,718)	44,232,019	(14,985,718)
Provision for penalty on project delay	9,500,000	-	9,500,000	-
Provision for contingent liability from legal case	17,000,000	-	-	-
Loss (gain) from sales of investments in subsidiary	-	(713,028)	-	3,499,400
Loss on sales of equipment	-	560,113	-	560,113
Loss on sales of equipment for lease	-	713,220	-	713,220
Share of loss from investments in associates	281,177	-	-	-
Provision for long-term employee benefits	10,120,769	8,740,232	7,750,728	8,421,760
Unrealised (gain) loss on exchange	(9,624,029)	1,367,828	(9,624,029)	1,367,828
Interest expenses	42,204,775	21,860,119	38,861,263	21,860,119
Profit from operating activities before changes in operating assets and liabilities	909,549,633	565,543,933	913,444,419	565,781,429
Operating assets (increase) decrease				
Trade and other receivables	(165,007,979)	(841,299,827)	(172,650,575)	(837,521,199)
Unbilled receivables	77,390,534	(219,368,241)	78,351,474	(219,513,384)
Inventories	(752,990,425)	109,411,892	(752,632,532)	107,965,748
Other current assets	10,851,529	33,857,900	(2,475,940)	34,012,391
Other non-current assets	(184,533)	248,237	(288,418)	247,238
Operating liabilities increase (decrease)	59,734			
Trade and other payables	(238,637,094)	407,545,320	(218,347,667)	407,793,562
Unbilled payables	5,225,602	75,619,137	5,225,602	75,193,130
Other current liabilities	(45,387,240)	91,403,195	(47,367,632)	90,066,555
Provision for long-term employee benefits	(6,878,446)	-	(6,878,446)	-
Cash flows from (used in) operating activities	(206,068,419)	222,961,546	(203,619,715)	224,025,470
Interest paid	(42,217,441)	(21,522,434)	(38,998,745)	(21,522,434)
Income tax paid	(179,972,544)	(176,915,108)	(167,562,821)	(176,903,802)
<b>Net cash from (used in) operating activities</b>	<b>(428,258,404)</b>	<b>24,524,004</b>	<b>(410,181,281)</b>	<b>25,599,234</b>

The accompanying notes are an integral part of the financial statements

## Cash flow statement (Continued)

### Advanced Information Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2013

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Cash flows from investing activities</b>				
(Increase) decrease in restricted bank deposits	(7,082,134)	853,955	2,352,222	853,955
Cash received from non-controlling interests of subsidiary from its share increment	7,350,000	-	-	-
Net cash received (payment) from investment in subsidiaries	(42,644,874)	200	(58,650,000)	(999,800)
Net cash paid from sale of investment in subsidiary	-	(595,624)	-	-
Cash payment for investment in associate	(25,399,950)	(24,999,950)	(24,999,950)	(24,999,950)
Cash payment for purchase of building improvement and equipment	(56,840,137)	(24,743,062)	(44,554,712)	(24,725,601)
Cash payment for purchase of equipment for lease and services	(14,373,673)	-	(8,923,608)	-
Cash payment for purchase computer software	(2,200,905)	(3,050,327)	(2,200,905)	(3,050,327)
<b>Net cash used in investing activities</b>	<b>(141,191,673)</b>	<b>(52,534,808)</b>	<b>(136,976,953)</b>	<b>(52,921,723)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	(365,714,026)	360,000,000	(360,000,000)	360,000,000
Increase in trust receipts	451,995,298	-	451,995,298	-
Cash receipt from long-term loans	35,084,307	25,000,000	-	25,000,000
Repayment of long-term loans	(32,161,157)	(23,783,949)	(30,430,175)	(23,783,949)
Increase in liabilities under finance lease agreements	36,552,538	-	40,268,706	-
Proceeds from increase in share capital	687,736,305	16,711,081	687,736,305	16,711,081
Dividend paid	(309,362,287)	(321,686,175)	(309,362,287)	(321,686,175)
<b>Net cash from financing activities</b>	<b>504,130,978</b>	<b>56,240,957</b>	<b>480,207,847</b>	<b>56,240,957</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(65,319,099)</b>	<b>28,230,153</b>	<b>(66,950,387)</b>	<b>28,918,468</b>
Cash and cash equivalents at beginning of year	245,379,616	217,149,463	244,379,616	215,461,148
<b>Cash and cash equivalents at end of year</b>	<b>180,060,517</b>	<b>245,379,616</b>	<b>177,429,229</b>	<b>244,379,616</b>

The accompanying notes are an integral part of the financial statements



## Notes to consolidated financial statements

### 1. Corporate information

Advanced Information Technology Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the sale, design, installation, service, ongoing maintenance, training and lumpsum turnkey for information and communication technology network systems and the renting of computers and electronic equipment. The registered office of the Company is at 37/2 Suthisarnvinijchai Road, Samsaennok, Huaykwang, Bangkok.

### 2. Basis of preparation

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

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

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

#### 2.2 Basis of consolidation

a) The consolidated financial statements include the financial statements of Advanced Information Technology Public Company Limited (“the Company”) and the following subsidiary companies (“the subsidiaries”):

Company's name	Nature of business	Country of incorporation	Percentage of shareholding	
			2013	2012
			(percent)	(percent)
Kirz Co., Ltd.	Sale and services of software system and computer system	Thailand	51	-
Tower X Asia Co., Ltd.	Sale telecom equipment and provides consultation related to the telecom business	Thailand	100	100
BKK Broadband Co., Ltd. (60 percent owned by Kirz Co., Ltd.)	Provide high-speed internet	Thailand	60	-

During the year 2013, the Company purchased common shares of Kirz Co., Ltd. (as described in Note 12 to the financial statements).

- b) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and will continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.

- d) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
  - e) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit or loss and within equity in the consolidated statement of financial position.
- 2.3 The separate financial statements, which present investments in subsidiaries and associates under the cost method, have been prepared solely for the benefit of the public.

### 3. New accounting standards

Below is a summary of the accounting standards that became effective in the current accounting year and those that will become effective in the future.

#### (a) Accounting standards that became effective in the current accounting year

##### Accounting standards:

TAS 12	Income Taxes
TAS 20 (revised 2009)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates

##### Financial Reporting Standard:

TFRS 8	Operating Segments
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##### Accounting Standard Interpretations:

TSIC 10	Government Assistance - No Specific Relation to Operating Activities
TSIC 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets
TSIC 25	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

Accounting Treatment Guidance for Transfers of Financial Assets

These accounting standards, financial reporting standard, accounting standard interpretations and accounting treatment guidance do not have any significant impact on the financial statements, except for the following accounting standard.

#### TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences between the carrying amount of an asset or liability in the statement of financial position and its tax base and recognise the tax effects as deferred tax assets or liabilities subjecting to certain recognition criteria. The Company and its subsidiaries have changed this accounting policy in this current year and restated the prior year's financial statements, presented as comparative information, as though the Company and its subsidiaries had initially recognised the tax effects as deferred tax assets or liabilities. The cumulative effect of this change in accounting policy has been presented in Note 4 to the financial statements.

**(b) Accounting standards that will become effective in the future**Effective date**Accounting Standards:**

TAS 1 (revised 2012)	Presentation of Financial Statements	1 January 2014
TAS 7 (revised 2012)	Statement of Cash Flows	1 January 2014
TAS 12 (revised 2012)	Income Taxes	1 January 2014
TAS 17 (revised 2012)	Leases	1 January 2014
TAS 18 (revised 2012)	Revenue	1 January 2014
TAS 19 (revised 2012)	Employee Benefits	1 January 2014
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rates	1 January 2014
TAS 24 (revised 2012)	Related Party Disclosures	1 January 2014
TAS 28 (revised 2012)	Investments in Associates	1 January 2014
TAS 31 (revised 2012)	Interests in Joint Ventures	1 January 2014
TAS 34 (revised 2012)	Interim Financial Reporting	1 January 2014
TAS 36 (revised 2012)	Impairment of Assets	1 January 2014
TAS 38 (revised 2012)	Intangible Assets	1 January 2014

**Financial Reporting Standards:**

TFRS 2 (revised 2012)	Share-based Payment	1 January 2014
TFRS 3 (revised 2012)	Business Combinations	1 January 2014
TFRS 4	Insurance Contracts	1 January 2016
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations	1 January 2014
TFRS 8 (revised 2012)	Operating Segments	1 January 2014

**Accounting Standard Interpretations:**

TSIC 15	Operating Leases - Incentives	1 January 2014
TSIC 27	Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2014
TSIC 29	Service Concession Arrangements: Disclosures	1 January 2014
TSIC 32	Intangible Assets - Web Site Costs	1 January 2014

**Financial Reporting Standard Interpretations:**

TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2014
TFRIC 4	Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 5	Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2014
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economies	1 January 2014
TFRIC 10	Interim Financial Reporting and Impairment	1 January 2014
TFRIC 12	Service Concession Arrangements	1 January 2014
TFRIC 13	Customer Loyalty Programmes	1 January 2014
TFRIC 17	Distributions of Non-cash Assets to Owners	1 January 2014
TFRIC 18	Transfers of Assets from Customers	1 January 2014

The Company's management believes that these accounting standards, financial reporting standards, accounting standard interpretations and financial reporting standards interpretations will not have any significant impact on the financial statements for the year when they are initially applied.

## 4. Cumulative effect of changes in accounting policies due to the adoption of new accounting standards

During the current year, the Company and its subsidiaries made the changes described in Note 3 to the financial statements to its significant accounting policies, as a result of the adoption of Thai Accounting Standard 12 Income Taxes. The cumulative effect of the changes in the accounting policies has been separately presented in the statements of changes in shareholders' equity.

The amounts of adjustments affecting the statements of financial position and the statements of comprehensive income are summarised below.

(Unit: Thousand Baht)

	As at 31 December 2013		As at 31 December 2012		As at 1 January 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>Statements of financial position</b>						
Increase in deferred tax assets	15,979	19,424	12,518	12,518	13,222	13,029
Increase in non-controlling interests of the subsidiaries	1,898	-	-	-	87	-
Increase in unappropriated retained earnings	22,692	19,424	12,518	12,518	13,135	13,029

(Unit: Thousand Baht)

	For the year ended 31 December 2013		For the year ended 31 December 2012	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
<b>Statements of comprehensive income</b>				
<b>Profit or loss:</b>				
Increase (decrease) in income tax expenses	(12,072)	(6,907)	704	512
Increase in profit attributable to non-controlling interest of the subsidiaries	1,898	-	28	-
Increase (decrease) in profit attributable to equity holders of the Company	10,174	6,907	(617)	(512)
Increase (decrease) in basic earnings per share (Baht)	0.14	0.09	(0.01)	(0.01)
<b>Other comprehensive income:</b>				
Income tax effect from actuarial loss	296	296	-	-

## 5. Significant accounting policies

### 5.1 Revenues and expenses recognition

#### a) Revenues

##### *Sales and service income*

Revenues from the sale, design, installation, service, ongoing maintenance, training and lump sum turnkey for information and communication technology network systems are

recognised on the basis of percentage of completion, as assessed by the Company's engineers/the project managers. Recognised revenues, that are not yet due, per the contracts, are presented under the caption of "unbilled receivables" in the statement of financial position.

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.

Service revenues are recognised when the services have been rendered taking into account the stage of completion.

#### *Rental and service income*

Rental income and related service income are recognised over the period of rental and service.

#### *Interest income*

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

#### b) Expenses

Costs of sales, design, installation, service, ongoing maintenance, training and contract lump sum turnkey for information and communication technology network systems are recognised in accordance with the percentage of work completed for which revenue has already been recognised, 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 "work in progress" under inventories or "unbilled payables" under current liabilities.

Other expenses are recognised on an accrual basis.

### **5.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash in hand and cash at banks, and all highly liquid investments with an original maturity of 3 months, or less, and are not subject to withdrawal restrictions.

### **5.3 Trade accounts receivable**

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

### **5.4 Inventories**

Equipment, work in progress and goods in transit are valued at the lower of cost and net realisable value. Cost consists of the cost of materials, labour, subcontract works and other relevant expenses.

### **5.5 Investments**

Investments in subsidiaries and associates are accounted for in the separate financial statements using the cost method. Allowance for impairment loss will be made when the recoverable amounts are lower than the cost of investments.

### **5.6 Building improvement, equipment and equipment for lease and services and depreciation**

Building improvement, equipment and equipment for lease and services are stated at cost less accumulated depreciation and allowance for loss on impairment of assets (if any).

Depreciation of building improvement, equipment and equipment for lease and services is calculated by reference to their costs on the straight-line basis over the following estimated useful lives:

Building improvement	5	years
Furniture, fixtures and office equipment	5	years
Computers	3, 5	years
Equipment used in projects	3, 5	years
Vehicles	5	years
Equipment for lease	Lease period (3.5 - 5.5years)	
Equipment for services	5, 10	years

Depreciation is included in determining income.

No depreciation is provided for asset under installation.

An item of building improvement, equipment and equipment for lease and services is recognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset is included as profit or loss when the asset is recognised.

### 5.7 Intangible assets and amortisation

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:

	<u>Useful lives</u>
Customer relationship	5 years
Computer software	10 years

### 5.8 Goodwill

Goodwill is initially recorded at cost, equal to the excess of the 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 (or group of 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 (or group of cash-generating units) 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.

### 5.9 Related party transactions

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

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

#### **5.10 Long-term leases**

Leases of 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 equipment acquired under finance leases is depreciated over the useful life of the asset.

Leases of plant and 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.

#### **5.11 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 income.

#### **5.12 Impairment of assets**

At the end of each reporting period, the Company performs impairment reviews in respect of the building improvement, equipment, equipment for lease and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carries out annual impairment reviews in respect of goodwill. 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. In determining value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by a valuation model that, based on the information available, reflects the amount that the Company could obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the costs of disposal.

An impairment loss is recognised in profit or loss.

#### **5.13 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 and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Company. The fund's assets are held in a separate trust fund and the Company's contributions are recognised as expenses when incurred.



#### Defined benefit plans

The Company and its subsidiaries has obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Company and its subsidiaries 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.

The defined benefits liability comprises the present value of the defined benefit obligation less unrecognised past service cost and unrecognised actuarial gains or losses.

### **5.14 Provisions**

Provisions are recognised when the Company and its subsidiaries has 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.

### **5.15 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.

### **5.16 Derivatives**

#### **Forward exchange contracts**

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling at the end of reporting period. Unrealised gains and losses from the translation are included in determining income.

## 6. Significant accounting judgements and estimates

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

### **Estimation of revenues and costs of sales, design, installation, service, ongoing maintenance, training and lump sum turnkey for information and communication technology network systems**

In estimation of revenues and costs of sales, design, installation, service, ongoing maintenance, training and lump sum turnkey for information and communication technology network systems, management are required to make judgement based on their best knowledge of the current events and arrangements and their experience of the business in order to estimate the percentage of completion and total cost of each contracts, based on information from the engineers/project managers. These estimates are revisited on a periodical basis or when the actual costs incurred significantly vary from the estimation.

### **Leases**

In determining whether a lease is to be classified as an operating lease or finance lease, the management is required to use judgment in regards to whether significant risks 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 judgment and estimates based upon, among other things, past collection history, aging profile of outstanding debts and the prevailing economic condition.

### **Building improvement, equipment and equipment for lease and services and depreciation**

In determining depreciation of building improvement, equipment and equipment for lease and services, the management is required to make estimates of the useful lives and residual values of the Company's building improvement, equipment and equipment for lease and services and to review estimated useful lives and residual values when there are any changes.

In addition, the management is required to review building improvement, equipment and equipment for lease and services for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying amount. This requires judgment in regards to the forecast of future revenues and expenses relating to the assets, subject to the review.

### **Goodwill, intangible assets and amortisation**

The initial recognition and measurement of goodwill and intangible assets, and the 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 the level of estimate future taxable profits.

### 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.

### Litigation

The subsidiary has contingent liabilities as a result of litigation. The management has used judgement to assess of the results of the litigation and recorded provision for contingent liability as described in Note 31.4 to the financial statements.

## 7. 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: Million Baht)

	Consolidated financial statements		Separate financial statements		Transfer Pricing Policy
	2013	2012	2013	2012	
<b>Transactions with subsidiary companies</b> (eliminated from the consolidated financial statements)					
Purchases of goods and service	-	-	-	3	Competitive agreed-upon price
<b>Transactions with related companies</b>					
Sales and service income	1	6	1	1	Competitive agreed-upon price
Purchases of goods and service	8	13	8	13	Competitive agreed-upon price

As at 31 December 2013 and 2012 the balances of the accounts between the Company and those related parties are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Trade and other payables - related party (Note 18)</b>				
Vichai Trading (1983) Co., Ltd.	-	2	-	2
<b>Total trade and other payables - related party</b>	-	2	-	2

### Directors and management's benefits

During the year ended 31 December 2013 and 2012, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

Related parties	Related transactions	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Audit committee	Short-term employee benefits	4	5	4	5
Management and executive directors	Short-term employee benefits	115	123	106	120
	Post-employment benefits	3	5	3	4
Directors who are not members of the audit committee or management committee	Short-term employee benefits	5	6	5	6

## 8. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Cash	391	260	325	260
Bank deposits	179,670	245,120	177,104	244,120
Total	180,061	245,380	177,429	244,380

As at 31 December 2013, bank deposits in savings accounts and fixed deposits carried interests between 0.1 - 1.8 percent per annum (2012: 0.1 - 1.8 percent per annum).

## 9. Trade and other receivables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<u>Trade receivables - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	599,836	1,144,384	598,268	1,144,384
Past due				
Up to 3 months	897,742	247,469	891,452	247,469
3 - 6 months	128,602	135,944	128,543	135,944
Over 6 - 12 months	198,946	243,345	198,817	243,345
Over 12 months	222,959	110,382	222,455	110,382
Total	2,048,085	1,881,524	2,039,535	1,881,524
Less: Allowance for doubtful accounts	(46,981)	(11,095)	(46,749)	(11,095)
Total trade receivables - unrelated parties, net	2,001,104	1,870,429	1,992,786	1,870,429
<u>Other receivable</u>				
Receivable from sale of investment	7,500	7,500	7,500	7,500
Receivable under installment	14,640	-	14,640	-
Total	22,140	7,500	22,140	7,500
Less: Allowance for doubtful accounts	(3,000)	-	(3,000)	-
Total other receivable, net	19,140	7,500	19,140	7,500
Total trade and other receivables - net	2,020,244	1,877,929	2,011,926	1,877,929

Most of the overdue trade accounts receivables balances are those receivables from government agencies and companies of which the government is a major shareholder. The Company's management believes that payment of these balances will be received in full and that the above allowance for doubtful debts is adequate in the current circumstance.

Most of the overdue trade receivables balances are receivable from the management decision support system project of the Provincial Electricity Authority, where payment has not yet been received from the counterparties due to project delays. However, the Company is in the process of negotiating waivers of possible penalties since the Company believes that the delays were caused by the counterparties. However for conservative reasons, the Company has decided to record a provision for penalty on project delay amounting to Baht 9.5 million in the current year. The Company believes that any additional penalties will not differ materially from the recorded amounts.

## 10. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Equipment and work in progress	1,193,123	426,397	1,191,575	426,397
Goods in transit	43,472	56,017	43,472	56,017
Total	1,236,595	482,414	1,235,047	482,414
Less: Allowance for diminution in value of inventories	(20,831)	(20,831)	(20,831)	(20,831)
Inventories - net	1,215,764	461,583	1,214,216	461,583

## 11. Restricted bank deposits

These represent fixed deposits of the Company and its subsidiary pledged with the banks to secure credit facilities.

## 12. Investments in subsidiaries

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

(Unit: Million Baht)

Company's name	Paid-up capital		Shareholding percentage		Cost	
	2013	2012	2013	2012	2013	2012
			(percent)	(percent)		
Tower X Asia Co., Ltd.	1	1	100	100	1	1
Kirz Co., Ltd.	65	-	51	-	59	-
					60	1

During the year 2013 and 2012, the subsidiary companies did not pay a dividend.

### Investment in Tower X Asia Co., Ltd.

On 8 November 2012, the Board of Directors' Meeting of the Company No. 4/2555 passed a resolution that the Company invested in 9,998 ordinary shares of Tower X Asia Co., Ltd., representing 100 percent of the total shares of Tower X Asia Co., Ltd., at the price of Baht 1 million.

#### Investment in Kirz Co., Ltd.

On 25 March 2013, the Board of Directors' Meeting of the Company No. 2/2013 passed a resolution approving the purchase of shares in Kirz Co., Ltd.. Subsequently, on 4 April 2013 (the acquisition date), the Company entered into the Share Purchase Agreement to purchase 255,000 common shares of Kirz Co., Ltd. from former shareholders (equivalent to 51 percentage of the issued and paid-up shares of that company), amounting to a total of Baht 51 million. The value of assets acquired and liabilities assumed from Kirz Co., Ltd. as at the acquisition date are summarised below.

(Unit: Million Baht)

	Fair value at the acquisition date	Carrying values at the acquisition date
Cash and cash equivalents	8.2	8.2
Trade and other receivables	15.9	15.9
Inventories	1.2	1.2
Other current assets	11.2	11.2
Building improvement and equipment	35.5	35.5
Equipment for services	66.2	66.2
Intangible assets	43.1	-
Other non-current assets	0.8	0.8
Bank overdrafts	(21.9)	(21.9)
Trade and other payables	(30.2)	(30.2)
Other current liabilities	(1.6)	(1.6)
Loans from director	(12.8)	(12.8)
Long-term loans	(6.2)	(6.2)
Liabilities under finance lease agreements	(9.4)	(9.4)
Deferred tax liabilities	(8.6)	-
Net assets of the subsidiary	91.4	56.9
Net assets of the subsidiary in the Company's proportion (51 percentage)	46.6	29.0
Add: The difference between the cash payment for purchase of investments and the net assets of the subsidiary in the Company's proportion	-	22.0
Add: Goodwill	4.4	-
Cash payment for purchase of investments in subsidiary	51.0	51.0
Less: Cash and cash equivalents of the subsidiary	(8.2)	(8.2)
Net cash payment for purchase of investments in subsidiary	42.8	42.8

Intangible assets acquired from business combination consisted of customer relationships amounting to Baht 43.1 million. The Company amortised the intangible assets based on its useful lives of 5 years.

A goodwill of Baht 4.4 million from business combination mainly comprises future business expansion.

On 16 May 2013, Kirz Company Limited registered an increase in share capital from Baht 50 million (500,000 ordinary shares of Baht 100 each) to Baht 65 million (650,000 ordinary shares of Baht 100 each). In order to maintain the same proportion of holding, the Company has purchased the additional shares the proportionally, amounting to Baht 7.7 million.

#### Investment in Maple Plus Co., Ltd.

On 8 November 2012, the Board of Directors' Meeting of the Company No. 4/2555 passed a resolution that the Company sold all of the shares of Maple Plus Co., Ltd. to an outside party, amounting to Baht 7.5 million. The Company has already transferred the ownership of the shares to the buyer. The net asset value of Maple Plus Co., Ltd. at the sale date was as follows:

(Unit: Million Baht)

Cash and cash equivalent	0.6
Trade receivables	3.8
Unbilled receivables	11.4
Deferred tax assets (Note 26)	0.2
Other assets	0.4
Liabilities	(4.1)
Net asset value	12.3
Net asset value attributable to the Company	6.8
Net asset value attributable to non-controlling interests	5.5
	12.3
Sale price of investment in subsidiary	7.5
Less: Cash and cash equivalents of Maple Plus Co., Ltd.	(0.6)
Net cash received from the sale of investment in subsidiary	6.9
Less: Receivable from the sale of investment	(7.5)
Net cash paid from the sale of investment in subsidiary	(0.6)
Sale price of investment in subsidiary	7.5
Less: Net asset value of Maple Plus Co., Ltd. based on shareholding percentage	(6.8)
Gain on the sale of investment based on equity method	0.7
Sale price of investment in subsidiary	7.5
Less: Net asset value of Maple Plus Co., Ltd. based on cost method	(11.0)
Loss on the sale of investment based on cost method	(3.5)

### 13. Investments in associates

(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Consolidated financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			(percent)	(percent)				
Loxley & AIT Holding Co., Ltd.	Lump sum turnkey contracting for the installation of communication tools, electricity plants and sales of related equipment	Thailand	50	50	50	25	50	25
Optic Mate Co., Ltd. (owned by Kirz Co., Ltd)	Sale of telecom equipment	Thailand	40	-	-	-	-	-
					50	25	50	25



(Unit: Million Baht)

Company's name	Nature of business	Country of incorporation	Separate financial statements					
			Shareholding percentage		Cost		Carrying amounts based on equity method	
			2013	2012	2013	2012	2013	2012
			(percent)	(percent)				
Loxley & AIT Holding Co., Ltd.	Lump sum turnkey contracting for the installation of communication tools, electricity plants and sales of related equipment	Thailand	50	50	50	25	50	25

On 8 November 2012, the Board of Directors' Meeting of the Company No. 4/2555 passed a resolution to invest in 999,998 ordinary shares of Loxley & AIT Holding Co., Ltd., representing 50 percent of the total shares of Loxley & AIT Holding Co., Ltd., at a price of Baht 25 million (paid-up 25 percent).

On 4 April 2013, the Company additionally invested Baht 25 million in Loxley & AIT Holding Co., Ltd., (additionally called up 25 percent, equivalent to a total of 50 percent).

For the year ended 31 December 2013, the Company and its subsidiaries have recognised their share of loss from investments in associated companies in the consolidated financial statements amounting to Baht 0.3 million.

## 14. Building improvement and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Building improvement	Furniture, fixture and office equipment	Computers	Equipment used in projects	Vehicles	Asset under installation	Total
<b>Cost</b>							
As at 1 January 2012	12,902	17,690	81,081	36,457	-	-	148,130
Additions	3,272	1,458	9,272	10,214	527	-	24,743
Disposals	(584)	(94)	(778)	(989)	-	-	(2,445)
As at 31 December 2012	15,590	19,054	89,575	45,682	527	-	170,428
Additions	9,747	3,170	16,597	23,759	184	3,383	56,840
Transferred from subsidiary company (Note 12)	2,465	7,667	24,795	13,732	755	-	49,414
As at 31 December 2013	27,802	29,891	130,967	83,173	1,466	3,383	276,682
<b>Accumulated depreciation</b>							
As at 1 January 2012	7,620	12,561	73,463	7,526	-	-	101,170
Depreciation for the year	1,507	1,706	6,472	13,848	82	-	23,615
Depreciation on disposals	(584)	(77)	(775)	(429)	-	-	(1,865)
As at 31 December 2012	8,543	14,190	79,160	20,945	82	-	122,920
Depreciation for the year	2,583	2,679	9,409	20,720	121	-	35,512
Transferred from subsidiary company (Note 12)	633	5,038	6,412	1,090	754	-	13,927
As at 31 December 2013	11,759	21,907	94,981	42,755	957	-	172,359

(Unit: Thousand Baht)

	Consolidated financial statements						Total
	Building improvement	Furniture, fixture and office equipment	Computers	Equipment used in projects	Vehicles	Asset under installation	
<b>Net book value</b>							
As at 31 December 2012	7,047	4,864	10,415	24,737	445	-	47,508
As at 31 December 2013	16,043	7,984	35,986	40,418	509	3,383	104,323
<b>Depreciation for the year</b>							
2012 (Baht 13.8 million included in cost of sales and service, and the balance in administrative expenses)							23,615
2013 (Baht 30.6 million included in cost of sales and service, and the balance in administrative expenses)							35,512

(Unit: Thousand Baht)

	Separate financial statements						Total
	Building improvement	Furniture, fixture and office equipment	Computers	Equipment used in projects	Vehicles		
<b>Cost</b>							
As at 1 January 2012	12,318	17,614	80,303	36,457	-		146,692
Additions	3,272	1,440	9,272	10,214	527		24,725
Disposals	-	-	-	(989)	-		(989)
As at 31 December 2012	15,590	19,054	89,575	45,682	527		170,428
Additions	9,228	3,038	8,616	23,672	-		44,554
As at 31 December 2013	24,818	22,092	98,191	69,354	527		214,982
<b>Accumulated depreciation</b>							
As at 1 January 2012	7,109	12,496	72,697	7,526	-		99,828
Depreciation for the year	1,434	1,694	6,463	13,848	82		23,521
Depreciation on disposals	-	-	-	(429)	-		(429)
As at 31 December 2012	8,543	14,190	79,160	20,945	82		122,920
Depreciation for the year	2,160	2,036	6,239	18,649	105		29,189
As at 31 December 2013	10,703	16,226	85,399	39,594	187		152,109
<b>Net book value</b>							
As at 31 December 2012	7,047	4,864	10,415	24,737	445		47,508
As at 31 December 2013	14,115	5,866	12,792	29,760	340		62,873
<b>Depreciation for the year</b>							
2012 (Baht 13.8 million included in cost of sales and service, and the balance in administrative expenses)							23,521
2013 (Baht 18.6 million included in cost of sales and service, and the balance in administrative expenses)							29,189

As at 31 December 2013, certain building improvement and equipment items have been fully depreciated but are still in use. The gross carrying amount before deducting the accumulated depreciation of those assets amounted to approximately Baht 106 million (2012: Baht 85 million) (The Company only: Baht 101 million, 2012: Baht 85 million).

## 15. Equipment for lease and services

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Equipment for lease	Equipment for services	Total	Equipment for lease	Equipment for services	Total
<b>Cost</b>						
As at 1 January 2012	280,268	-	280,268	280,268	-	280,268
Disposals	(51,814)	-	(51,814)	(51,814)	-	(51,814)
As at 31 December 2012	228,454	-	228,454	228,454	-	228,454
Transferred from subsidiary company (Note 12)	-	88,007	88,007	-	-	-
Additions	8,924	5,450	14,374	8,924	-	8,924
As at 31 December 2013	237,378	93,457	330,835	237,378	-	237,378
<b>Accumulated depreciation</b>						
As at 1 January 2012	54,290	-	54,290	54,290	-	54,290
Depreciation for the year	39,881	-	39,881	39,881	-	39,881
Depreciation on disposals	(11,101)	-	(11,101)	(11,101)	-	(11,101)
As at 31 December 2012	83,070	-	83,070	83,070	-	83,070
Transferred from subsidiary company (Note 12)	-	21,779	21,779	-	-	-
Depreciation for the year	41,381	9,291	50,672	41,381	-	41,381
As at 31 December 2013	124,451	31,070	155,521	124,451	-	124,451
<b>Allowance for impairment loss</b>						
As at 1 January 2012	40,558	-	40,558	40,558	-	40,558
Decrease during the year	(40,000)	-	(40,000)	(40,000)	-	(40,000)
As at 31 December 2012	558	-	558	558	-	558
As at 31 December 2013	558	-	558	558	-	558
<b>Net book value</b>						
As at 31 December 2012	144,826	-	144,826	144,826	-	144,826
As at 31 December 2013	112,369	62,387	174,756	112,369	-	112,369
<b>Depreciation for the year for consolidated financial statements</b>						
2012 (all included in cost of equipment for lease and services)						39,881
2013 (all included in cost of equipment for lease and services)						50,672
<b>Depreciation for the year for separate financial statements</b>						
2012 (all included in cost of equipment for lease and services)						39,881
2013 (all included in cost of equipment for lease and services)						41,381

As at 31 December 2013, certain equipment for lease and services have been fully depreciated but are still in use. The gross carrying amount before deducting the accumulated depreciation and allowance for impairment loss of those assets amounted to approximately Baht 25 million (2012: Baht 15 million) (The Company only: Baht 17 million, 2012: Baht 15 million).

As at 31 December 2013, the subsidiary had equipment for services under finance lease agreement with net book values amounting to Baht 10 million.

During the year 2012, the Company transferred certain equipment for leases, which the gross carrying amount before deducting the accumulated depreciation and allowance for impairment loss is Baht 51.8 million, to a company in accordance with conditions stipulated in the memorandum.

## 16. Intangible assets

The net book value of intangible assets as at 31 December 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements			Separate financial statements		
	Customer relationship and licences	Computer software	Total	Customer relationship and licences	Computer software	Total
As at 31 December 2013:						
Cost	43,057	15,943	59,000	-	15,943	15,943
Less Accumulated amortisation	(6,459)	(4,586)	(11,045)	-	(4,586)	(4,586)
Net book value	36,598	11,357	47,955	-	11,357	11,357
As at 31 December 2012:						
Cost	-	13,742	13,742	-	13,742	13,742
Less Accumulated amortisation	-	(3,151)	(3,151)	-	(3,151)	(3,151)
Net book value	-	10,591	10,591	-	10,591	10,591

A reconciliation of the net book value of intangible assets for the years 2013 and 2012 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Net book value at beginning of year	10,591	8,741	10,591	8,712
Acquisition of computer software	2,201	3,050	2,201	3,050
Increase of customer relationship from acquisitions of subsidiary	43,057	-	-	-
Amortisation	(7,894)	(1,175)	(1,435)	(1,171)
Disposal	-	(25)	-	-
Net book value at end of year	47,955	10,591	11,357	10,591

## 17. Bank overdrafts and short-term loans from financial institutions

(Unit: Thousand Baht)

	Interest rate (percent per annum)	Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
Bank overdrafts	MOR	10,207	-	-	-
Promissory notes	2.75 - 3.40	6,000	360,000	-	360,000
		16,207	360,000	-	360,000

Short-term loans from financial institutions of the Company are unsecured and repayable within 3 months.

Bank overdrafts of the subsidiary are guaranteed by the pledged of the fixed deposit of the subsidiary and the subsidiary's director and secured by a mortgage of land of the subsidiary's director.

Promissory notes of the subsidiary are guaranteed by the pledge of the savings deposit of the subsidiary's director and the subsidiary's director.

## 18. Trade and other payables

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Trade payables				
Related party	6	1,624	197	1,584
Unrelated parties	784,464	967,276	763,031	967,276
Total trade payables	784,470	968,900	763,228	968,860
Other payables	341	37	293	37
Accrued expenses	112,059	105,496	110,545	105,489
Total trade and other payables	896,870	1,074,433	874,066	1,074,386

## 19. Long-term loans

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Long-term loans	85	76	46	76
Less: Current portion of long-term loans	(45)	(33)	(38)	(33)
Long-term loans, net of current portion	40	43	8	43

The loan agreements contains covenants as specified in the agreements that, among other things, require the Company and subsidiary to maintain certain debt to equity and debt service coverage ratios according to the agreements.

In the year 2011, the Company obtained a total of credit facility of Baht 100 million from a local commercial bank for acquisition of equipment for project works. The loan carries an interest rate of 5.7% per annum. The loan principal and interest are repayable from April 2012 - March 2015, totaling 36 installments of Baht 3.1 million each and the loan is unsecured.

In the year 2013, the subsidiary obtained total of credit facility of Baht 137.5 million from a local commercial bank to use in its operation. The loans carry interest at a rate of MLR-1.25 per annum. The loan principal and interest are repayable from October 2013 - April 2018 and the loans are secured by the pledge of fixed deposits and guaranteed by the subsidiary's director.

As at 31 December 2013, the Company had fully drawn down long-term credit facilities. And as at 31 December 2013, the subsidiary had long-term credit facilities that had not yet been drawn down amounting to Baht 95 million.

## 20. Liabilities under finance lease agreements

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Liabilities under finance lease agreements	47.0	-	41.0	-
Less: Deferred interest	(1.1)	-	(0.7)	-
Total	45.9	-	40.3	-
Less: Portion due within one year	(17.3)	-	(13.4)	-
Liabilities under finance lease agreement - net of current portion	28.6	-	26.9	-

In February 2013, the Company entered into an agreement to sell and lease back computer equipment for project work. This agreement is regarded as a finance lease agreement. The liability under the agreement is payable on a quarterly basis from July 2013 to April 2017. Upon the expiration of the agreement, the Company has the right to purchase the computer equipment at prices specified in the agreement.

In 2012, the subsidiary has entered into the finance lease agreement and hire purchase agreement for rental of equipment for services for use in its operations, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally 2 - 3 years.

As at 31 December 2013, the Company and its subsidiary have future minimum lease payments required under the finance lease agreement and hire purchase agreement as follows:

(Unit: Million Baht)

	Consolidated financial statements		
	Less than 1 year	1 - 3 years	Total
Future minimum lease payments	18.1	28.9	47.0
Deferred interest expenses	(0.8)	(0.3)	(1.1)
Present value of future minimum lease payments	17.3	28.6	45.9

(Unit: Million Baht)

	Separate financial statements		
	Less than 1 year	1 - 3 years	Total
Future minimum lease payments	13.8	27.2	41.0
Deferred interest expenses	(0.4)	(0.3)	(0.7)
Present value of future minimum lease payments	13.4	26.9	40.3

## 21. Other current liabilities

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Value added tax payable	24,918	48,704	24,916	48,704
Undue output tax	31,149	34,083	31,149	34,083
Withholding tax payable	42,462	27,596	42,203	27,596
Others	1,301	4,052	1,221	4,052
Total Other current liabilities	99,830	114,435	99,489	114,435

## 22. Provision for long-term employee benefits

Provision for long-term employee benefits, which is compensations on employees' retirement, was as follows:

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
<b>Provision for long-term employee benefits at beginning of year</b>	45,923	38,466	45,923	37,501
Current service cost	8,283	7,202	5,913	6,922
Interest cost	1,837	1,538	1,837	1,500
Benefits paid during the year	(6,878)	-	(6,878)	-
Reversal of provision for long-term employee benefits of the subsidiary that was sold	-	(1,283)	-	-
Actuarial loss	1,478	-	1,478	-
<b>Provision for long-term employee benefits at end of year</b>	<b>50,643</b>	<b>45,923</b>	<b>48,273</b>	<b>45,923</b>

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

(Unit: Thousand Baht)				
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Current service cost	8,283	7,202	5,913	6,922
Interest cost	1,837	1,538	1,837	1,500
<b>Total expense recognised in profit or loss</b>	<b>10,120</b>	<b>8,740</b>	<b>7,750</b>	<b>8,422</b>
Line items under which such expenses are included in profit or loss				
Cost of sales and service	1,942	2,977	1,405	2,926
Selling and administrative expenses	8,178	5,763	6,345	5,496

Total actuarial losses recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2013 amounted to Baht 1.5 million (The Company only: Baht 1.5 million).

Principal actuarial assumptions at the valuation date were as follows:

		Consolidated financial statements		Separate financial statements	
		2013	2012	2013	2012
		(percent per annum)	(percent per annum)	(percent per annum)	(percent per annum)
Discount rate	4	4	4		
Future salary increase rate					
(depending on age of employee)	3 - 6	3 - 7	3 - 6	3 - 6	
Staff turnover rate (depending on age)	3 - 6	3 - 7	3 - 6	3 - 7	



Amount of defined benefit obligations for the current and previous three years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation		Experience adjustments on the obligation	
	Consolidated financial statements	Separate financial statements	Consolidated financial statements	Separate financial statements
Year 2013	50,643	48,273	3,598	3,598
Year 2012	45,923	45,923	-	-
Year 2011	38,466	37,501	-	-
Year 2010	32,929	32,248	-	-

## 23. Share capital

On 5 April 2013, the 2013 Annual General Meeting of the Company's shareholders passed a resolution approving the reduction in the registered capital from Baht 345,000,000 (69,000,000 ordinary shares of Baht 5 each) to Baht 343,868,180 (68,773,636 ordinary shares of Baht 5 each). The Company registered the reduction with the Ministry of Commerce on 19 April 2013.

On 18 November 2013, the Extraordinary General Meeting No. 1/2013 of the Company passed a resolution approving the increase in the registered capital from Baht 343,868,180 (68,773,636 ordinary shares of Baht 5 each) to Baht 1,031,604,540 (206,320,908 ordinary shares of Baht 5 each). The Company registered the increase with the Ministry of Commerce on 24 December 2013.

## 24. 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.

## 25. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Salary, bonus, commission and other employee benefits	667,948	498,383	639,358	493,124
Installation and services expenses	1,108,012	597,472	1,094,945	597,455
Repair and maintenance expenses	241,872	122,567	241,747	122,561
Depreciation and amortisation	94,078	64,671	72,005	64,573
Entertainment expenses	57,330	52,446	56,875	52,441
Purchase inventories	3,413,611	1,746,550	3,391,383	1,744,708
Changes in inventories	(768,876)	288,478	(768,876)	286,606

## 26. Deferred tax assets / Income tax

Income tax expenses for the years ended 31 December 2013 and 2012 are made up as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
<b>Current income tax:</b>				
Current income tax charge	165,710	116,152	165,710	116,152
<b>Deferred tax:</b>				
Relating to origination and reversal of temporary differences	(11,865)	704	(6,700)	512
Effects of deferred tax assets from sale of investment in subsidiary (Note 12)	-	(256)	-	-
Effects of changes in the applicable tax rates	89	-	89	-
<b>Income tax expense reported in the statement of comprehensive income</b>	<b>153,934</b>	<b>116,600</b>	<b>159,099</b>	<b>116,664</b>

The amount of income tax relating to each component of other comprehensive for the years ended 31 December 2013 and 2012 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Actuarial losses	296	-	296	-
Income tax income reported in the other comprehensive income	296	-	296	-

Reconciliation between income tax expenses and the product of accounting profit multiplied by the applicable tax rate for the years ended 31 December 2013 and 2012

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Accounting profit before income tax expenses	701,757	483,330	750,719	479,771
Applicable tax rate	20%	23%	20%	23%
Accounting profit before tax multiplied by applicable tax rate	140,351	111,166	150,144	110,347
Effects of changes in the applicable tax rates	89	-	89	-
Effects of:				
Non-deductible expenses	10,020	10,549	10,020	10,549
Additional expense deductions allowed	(1,394)	(4,612)	(1,394)	(4,612)
Others	4,868	(503)	240	380
Total	13,494	5,434	8,866	6,317
Income tax expenses reported in the statement of comprehensive income	153,934	116,600	159,099	116,664

The components of deferred tax assets and deferred tax liabilities are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	11,388	2,542	6,116
Allowance for asset impairment	112	112	112
Intangible asset from business combination	(7,319)	-	-
Provision for long-term employee benefits	10,128	9,184	7,693
Receivables/Payables under forward contracts	(3,630)	680	(699)
Provision for penalty on project delay	1,900	-	-
Provision for contingent liability from legal case	3,400	-	-
<b>Total</b>	<b>15,979</b>	<b>12,518</b>	<b>13,222</b>

(Unit: Thousand Baht)

	Statements of financial position		
	As at 31 December 2013	As at 31 December 2012	As at 1 January 2012
<b>Deferred tax assets</b>			
Allowance for doubtful accounts	11,388	2,542	6,116
Allowance for asset impairment	112	112	112
Provision for long-term employee benefits	9,654	9,184	7,500
Receivables/Payables under forward contracts	(3,630)	680	(699)
Provision for penalty on project delay	1,900	-	-
<b>Total</b>	<b>19,424</b>	<b>12,518</b>	<b>13,029</b>

In October 2011, the cabinet passed a resolution to reduce the corporate income tax rate from 30 percent to 23 percent in 2012, and then to 20 percent from 2013. In addition, in order to comply with the resolution of the cabinet, in December 2011, the decreases in tax rates for 2012 - 2014 were enacted through a Royal Decree. The Company has reflected the changes in the income tax rates in its deferred tax calculation, as presented above.

As at 31 December 2013, a subsidiary has unused tax losses amounting to Baht 24 million on which deferred tax assets have not been recognised as the subsidiary believes unused tax losses may not be utilised in future.

## 27. Basic 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.

	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
		(Restated)		(Restated)
Profit attributable to equity holders of the Company (Thousand Baht)	567,617	366,976	591,620	363,108
Weighted average number of ordinary shares (Thousand Shares)	73,296	67,967	73,296	67,967
Basic earnings per share (Baht)	7.74	5.40	8.07	5.34

## 28. 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 the Company's Board of Directors.

The Company and its subsidiaries's business operations involve 2 principal segments: (1) sales and service and (2) rental of equipment. The Company and its subsidiaries measured segment performance based on operating profit or loss, on a basis consistent with that used to measure operating profit or loss in the financial statements. During year ended 31 December 2013 and 2012, there were no material activities pertaining to the rental segment. For this reason, no related financial information has been presented by either industry segment or geographical area.

### Geographic information

The Company and its subsidiaries are mainly operated in Thailand only. As a result, all of the revenues and assets as reflected in these financial statements pertain to the aforementioned geographical reportable.

### Major customers

In year 2013, the Company and its subsidiaries have revenue from two major customers in the amount of Baht 2,027 million and Baht 751 million, respectively which derived from sales and service income (2012: Baht 1,324 million and Baht 530 million, respectively).

Transfer prices between business segments are as set out in Note 7 to the financial statements.

## 29 Provident fund

The Company and its employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. Both the employees and the Company contributed to the fund monthly at the rate of 5 - 15 percent of basic salary. The fund, which is managed by MFC Asset Management Public Company Limited and ING Funds (Thailand) Company Limited, will be paid to employees upon termination in accordance with the fund rules. During the year 2013, the Company contributed Baht 21.7 million (2012: Baht 20.5 million) to the fund.

### 30. Dividends

Dividends	Approved by	Total dividends (Million Baht)	Dividend per share (Baht)
Final dividends in respect of the year 2012 operating results	The 2012 Annual General Meeting of the Company's shareholders held on 5 April 2013	189.1	2.75
Interim dividends in respect of the previous years retained earnings	The Board of Directors' meeting of the Company held on 8 August 2013	120.4	1.75
Total dividends for 2013		309.5	4.50
Final dividends in respect of the year 2011 operating results	The 2012 Annual General Meeting of the Company's shareholders held on 5 April 2012	237.0	3.50
Interim dividends in respect of the operating results of the six-month period ended 30 June 2012	The Board of Directors' meeting of the Company held on 10 August 2012	84.7	1.25
Total dividends for 2012		321.7	4.75

### 31. Commitments and contingent liabilities

#### 31.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of leases of buildings and motor vehicles. The terms of the agreements are generally between 1 and 3 years.

As at 31 December 2013 and 2012, the Company and its subsidiaries have future minimum lease payments required under these leases arrangements as follows:

(Unit: Million Baht)

	As at 31 December			
	Consolidated financial statements		Separate financial statements	
	2013	2012	2013	2012
Payable within				
Less than 1 year	17.2	10.8	14.1	10.8
1 to 3 years	12.5	11.7	10.4	11.7

#### 31.2 Obligations relating to undelivered and unrendered contracts

- The Company and its subsidiaries have contracts related to the for selling goods and rendering services that are undelivered and unrendered to their customers of approximately Baht 3,896 million (2012: Baht 3,018 million) (The Company only: Baht 3,896 million, 2012: Baht 3,018 million).
- The Company has engaged in various contracts, with a total contract value for future services rendering of Baht 196 million (2012: Baht 257 million), to lease the electronic equipment to companies of which the government is a major shareholder, government agencies, various schools and private companies. The Company has obliged to complete the equipment installation and render maintenance services for these equipment in accordance with the conditions stipulated in the contracts.

### 31.3 Guarantees

As at 31 December 2013, there were outstanding bank guarantees of approximately Baht 1,627.4 million (2012: Baht 1,187.5 million) which have been issued by banks on behalf of the Company, subsidiary, counterparty and consortium, in respect of certain performance bonds as required in the ordinary course of its businesses. These included letters of guarantee amounting to Baht 1,625.0 million (2012: Baht 1,185.1 million) to guarantee contractual performance and Baht 2.4 million (2012: Baht 2.4 million) to guarantee payments due to creditors.

### 31.4 Litigation

In August 2012, a civil suit was filed against the subsidiary by a counterparty, seeking payment of the Inter Connection Charge service fee of Baht 16.0 million and interest of Baht 1.2 million, or a totaling Baht 17.2 million, plus interest at 7.5% per annum on principal of Baht 14.9 million, computed from the day after the date the lawsuit was filed to the date payment is completed. The grounds for the case were that the subsidiary had not paid service fees between August 2010 - May 2011. At present, the case is in the conciliation and examination of evidence phase and the outcome is unknown. However, the subsidiary had set up provision for contingent liabilities from the litigation of Baht 17 million in the current year's financial statements, based on the opinions of the management of the subsidiary.

## 32. Financial instruments

### 32.1 Financial risk management

The Company's financial instruments, as defined under Thai Accounting Standard No. 107 "Financial Instruments: Disclosure and Presentations", principally comprise of cash and cash equivalents, trade and other receivables, restricted bank deposits, trade and other payables, bank overdrafts, short-term loans, trust receipts and long-term loans. The financial risks associated with these financial instruments and how they are managed is described below.

#### Credit risk

The Company is exposed to credit risk primarily with respect to trade and other receivables. However, due to a prudent credit policy and most customers are government agencies, companies in which the government is a major shareholder, the Company does not expect to incur material financial losses. The maximum exposure to credit risk is limited to the carrying amounts of trade and other receivables as stated in the statements of financial position.

#### Interest rate risk

The Company's exposure to interest rate risk relates primarily to its cash at banks, bank overdrafts, short-term loans, trust receipts and long-term loans. However, as most of the Company's financial assets and liabilities bear floating interest rates or fixed interest rates, which are close to the market rate, the interest rate risk is expected to be minimal.

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 their maturity dates, or the repricing date if this occurs before the maturity date.

(Unit: Million Baht)

	Consolidated financial statements								Effective interest rate	
	Fixed interest rates				Non-interest bearing		Total			
	Within 1 year		1 - 5 years							
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
									(percent per annum)	
Financial assets										
Cash and cash equivalents	125	65	-	-	55	180	180	245	0.1-1.8	0.1-1.8
Trade and other receivables	-	-	-	-	2,020	1,878	2,020	1,878	-	-
Restricted bank deposits	15	8	-	-	-	-	15	8	1.5-1.8	1.7-2.5
	140	73	-	-	2,075	2,058	2,215	2,131		
Financial liabilities										
Bank overdrafts and short-term loans from financial institutions	16	360	-	-	-	-	16	360	2.5-7.8	3.4
Trust receipts	-	-	-	-	452	-	452	-	1.0-1.2	-
Trade and other payables	-	-	-	-	897	1,074	897	1,074	-	-
Long-term loans	45	33	40	43	-	-	85	76	5.5-5.7	5.7
	61	393	40	43	1,349	1,074	1,450	1,510		

(Unit: Million Baht)

	Separate financial statements								Effective interest rate	
	Fixed interest rates				Non-interest bearing		Total			
	Within 1 year		1 - 5 years							
	2013	2012	2013	2012	2013	2012	2013	2012	2013 (percent per annum)	2012
Financial assets										
Cash and cash equivalents	122	65	-	-	55	179	177	244	0.1-1.8	0.1-1.8
Trade and other receivables	-	-	-	-	2,012	1,878	2,012	1,878	-	-
Restricted bank deposits	5	8	-	-	-	-	5	8	1.5-1.8	1.7-2.5
	127	73	-	-	2,067	2,057	2,194	2,130		
Financial liabilities										
Short-term loans from financial institutions	-	360	-	-	-	-	-	360	-	3.4
Trust receipts	-	-	-	-	452	-	452	-	1.0-1.2	-
Trade and other payables	-	-	-	-	874	1,074	874	1,074	-	-
Long-term loans	38	33	8	43	-	-	46	76	5.7	5.7
	38	393	8	43	1,326	1,074	1,372	1,510		

### Foreign currency risk

The Company exposures to foreign currency risk arises mainly from purchasing inventories that are denominated in foreign currencies. The Company seeks to reduce this risk by entering into forward exchange contracts when it considers it appropriate. Generally, the forward contracts mature within one year.



As at 31 December 2013, the Company had outstanding balance of trade accounts payable denominated in foreign currency of USD 7.6 million (2012: USD 14.7 million) and had certain forward exchange contracts which had been made to cover the purchase of inventories totaling USD 14.7 million (2012: USD 12.3 million), at exchange rates ranging between Baht 30.17 to Baht 32.29 per USD (2012: Baht 30.60 to Baht 31.45 per USD).

### **32.2 Fair values of financial instruments**

Since the majority of the Company's financial assets and liabilities are short-term in nature, their fair value is not expected to be materially different from the amounts presented in the statements of financial position.

A fair value is the amount at which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair value is determined by reference to the market price of the financial instrument, or by using an appropriate valuation technique, depending on the nature of the instrument.

## **33. Capital management**

The primary objective of the Company's capital management is to ensure that it has an appropriate financing structure and preserves the ability to continue its business as a going concern.

The group manages its capital position with reference to its debt-to-equity ratio. As at 31 December 2013, the Group's debt-to-equity ratio was 0.9:1 (2012: 1.5:1) and the Company's was 0.9:1 (2012: 1.5:1).

## **34. Subsequent events**

On 20 February 2014, the Board of Directors' meeting No. 1/2557 of the Company passed a resolution to propose the payment of a dividend in respect of the previous years retained earnings of Baht 1 per share, which is an addition of an interim dividend payment of Baht 1.75 per share made in September 2013. The Company will propose to the Annual General Meeting of Shareholders of the Company that such dividend be paid.

## **35. Approval of financial statements**

These financial statements were authorised for issue by the Company's Board of Directors on 20 February 2014.

# Management's Discussion and Analysis

## 1. Operating Results

The company revenue for the year 2013 is considered highest revenue since the Company established as it was gained as a result of its success from bidding on, and winning, many large projects. Throughout 2012 we experienced a slowdown in many projects due to the ongoing effect of the Thailand Central Region flooding which was widespread in this region during the 4<sup>th</sup> quarter of the year 2011. The number of projects received in 2013 from both the public and private sectors greatly increased - and as a consequence, the company's total revenue and net profit for the year 2013 increased significantly in comparison to those reached in the year 2012. During the 2<sup>nd</sup> quarter of the year 2013, the company purchased 51 percent of the total common shares in the company named Kirz Co., Ltd. This new subsidiary is in addition to that of Tower X Asia Co., Ltd., a subsidiary in which the company invested since the end of the year 2012 - but as yet in not operational.

The performance of the new subsidiary "Kirz" is significant to the consolidated financial statements, this management's decision and analysis section thus uses a consolidated financial statements.

The performance of the company and its subsidiaries can be summarized as part of business as follows:

### 1.1 Revenue and Cost of Sales from Sales and Services Business.

Revenue from the sales and services business from parent company mainly consists of sales of equipment; sales of the software and application development and sales of a turnkey projects which included consultation, design, installation and training. Besides it also includes the maintenance and after sales services. For revenue and cost of sales from the subsidiary relate mainly to service charges for local loop, internet and Data Center etc.

The major source of the Company revenues comes from the government and state enterprise sectors including CAT Telecom, SSO (Social Security Office), OHEC (Office of the Higher Education Commission) and GSB (Government Saving Bank) etc. and some large enterprises. While major customers of subsidiary "Kirz" are good credit private firm. The performance of sales and services businesses can be summarized as follows:

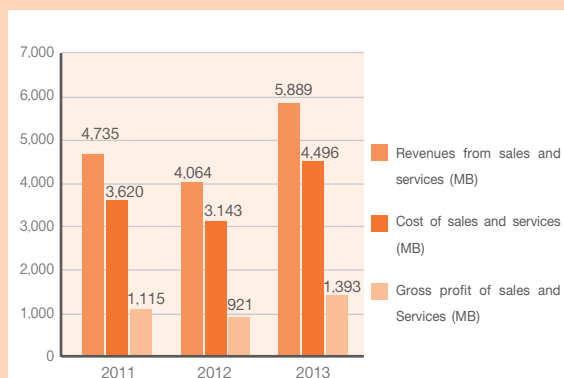


Chart of Revenue, Cost and Gross Profit from Sales and Services Business

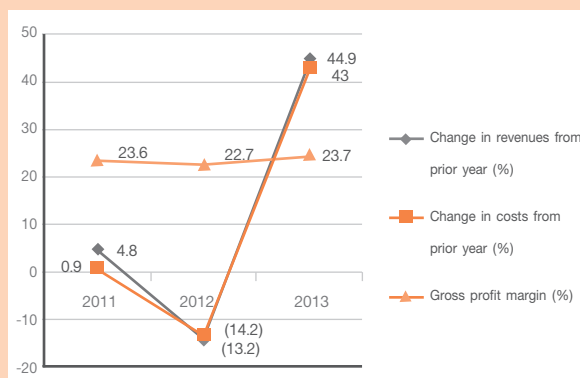


Chart of the Changes in Revenue, Costs and Gross Profit from Sales and Services Business

From the chart above, we show the year 2013, revenues from sales and services have increased from of the year 2012 by an amount of 1,825 million Baht, or a 45%, increase. The main contribution was from the AIT parent company with an increase of 1,714 million Baht, or 42%, as a result of the company winning its bids on

many large projects. These projects related mostly to individual government agencies having received budgets for the development of their IT infrastructure. On the other side, the combination of the subsidiary revenues for the year 2013 saw a revenue increase of some 110 million Baht. In the year 2012, the company revenues from sales and services of 4,064 million Baht was a decrease of 671 million Baht, or 14.2%, from the 2012 balance which was 4,735 million Baht. This is because the company's main customers are government agencies - and when the Government decreased the budgets for IT projects in 2012, the company then also received less projects as a result. For the revenues of the subsidiary Kirz, its revenue for 2013 remained close to that of the previous year but since the year 2012 included a relatively large government agency project it had won. Therefore the total revenue of Kirz for the year 2013 was down from year the 2012.

**Table Comparing Revenues from Sales and Services**

Total Projects by Revenue Recognition	No. of Projects		
	2013	2012	2011
>100 MB	14	8	6
50-100 MB	23	5	12
20-50 MB	17	40	44
10-20 MB	20	22	30
<10 MB	535	537	555
No. of Projects (Projects)	609	612	647
Revenue of project value >100 MB (MB)	2,680	1,276	1,290
Revenue of project 50 - 100 MB (MB)	1,746	343	881
Revenue of project 20 - 50 MB (MB)	598	1,387	1,475
Total revenue from sales and services business project (MB)	5,889	4,064	4,735

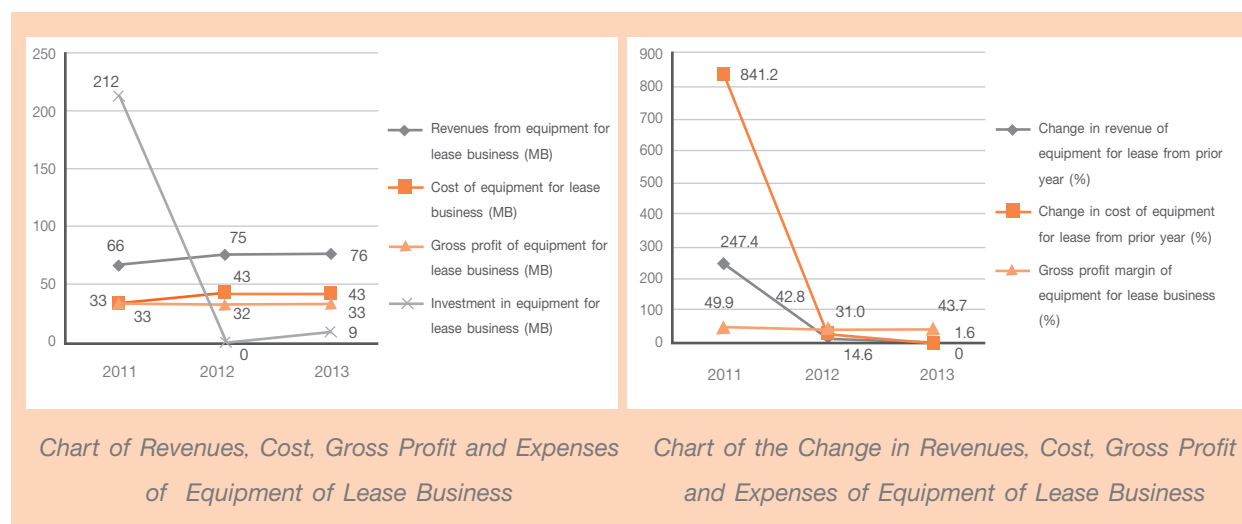
From the table above, it's seen that the number of projects in 2013 was less than those in 2012 and 2011. However, when we consider the size of the projects obtained, we find that in 2013 the company has won many more large projects than those in 2012 and 2011. Most especially in 2013, projects sized greater than 50 million Baht had a total value of 4,426 million Baht, or 75%, of the total revenue from sales and services in that year. While the projects sized greater than 50 million Baht had only a total value of just 1,619 and 2,171 million Baht, or 40% and 46%, of the total revenue from sales and services in 2012 and 2011, respectively.

The cost of sales and services for projects for this business mainly consists of project submission and bidding expenses, the cost of equipment, the cost of application software and costs of development, the cost of design and installation, together with the cost of operations and after sales service staff. The increase or decrease in the cost of sales and services varied in proportion to the increase or decrease in revenues. Similarly, in the year 2013, we observed that the cost of sales and services increased as revenues increased - as they did as well in the year 2012. The cost of sales and services in 2013 increased to 4,496 million Baht - from 3,143 million Baht in 2012, which increases 1,353 million Baht, or 43.0%. This shows that the change rate in cost of sales and services was in line with the change rate of revenues of 44.9%. When considering the cost of sales and services in 2012 in comparison to 2011 - the cost of sales and services decreased as revenues decreased. The cost of sales and services in 2012 decreased to 3,143 million Baht, from 3,620 million Baht in 2011 - this represents decrease 477 million Baht, or 13.2%. This also shows that the reduction rate in cost of sales and services was actually close to the reduction rate of revenues of 14.2% - and occurred because the gross profit margin from projects in 2012 was slightly decreased in comparison to 2011.

The cost of sales and services for the subsidiary Kirz, consists mainly of equipment costs, inter-connection charges on internet system, rental space for the nodes, and depreciation of the local loop and equipment installed in the Data Center.

## 1.2 Revenues and Cost of Equipment for Lease Business

Revenues on equipment lease business came from the leasing of telecommunication and computer equipment. Most of our customers are state owned enterprises, government agencies and education institutions. The performance of equipment for lease business can be summarized as follows:



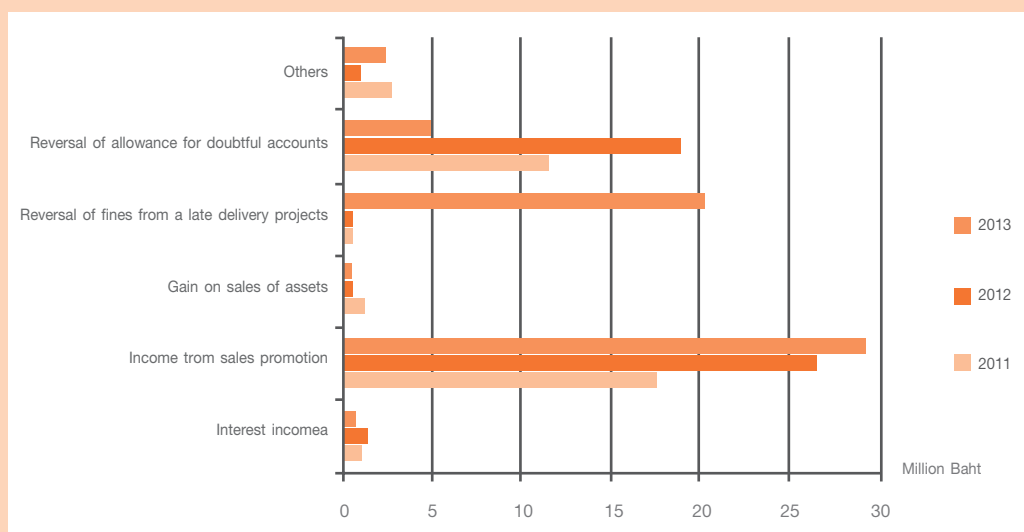
The expenses related to the equipment for lease shows that in 2013 the Company has made an investment 9.00 million Baht in equipment for lease, and in 2012 the company made no investment in equipment for lease since the company did not have any new project in this business at that time. The project which generated the highest lease income required a necessary investment of 212 million Baht in 2011.

Revenues from equipment for the lease business in 2013 were 76 million Baht, which is almost exactly the same as the 75 million Baht earned in 2012 - and which is an increase from 66 million Baht in 2011. The growth in revenues in 2013 and 2012 mainly came from the equipment leasing projects which were invested into in 2011, as mentioned in the previous paragraph. Revenue was fully realized in 2013, 2012 and only partly realized in 2011. That was a main reason why the revenue in 2013 was close to that of 2012 and was increased from that of 2011.

The costs associated with equipment for lease are mainly for depreciation and maintenance of the equipment. An increase or decrease in the cost of equipment for lease is related to the use of the contract equipment. Gross profit margin on equipment for the lease business in 2013 and 2012 and 2011 were quite close at: 43.7% in 2013, 42.8% in 2012 and 49.9% in 2011, respectively. This is due to the fact that most of the realized revenue comes from the same project.

## 1.3 Other Incomes

Other incomes which related to the core business of the Company are shown in Other Incomes and can be represented as a type of income each year as follows:

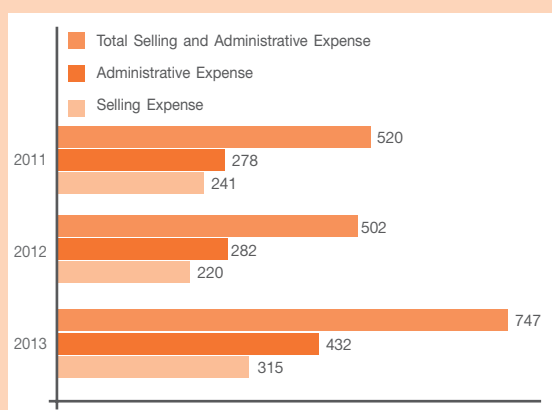


*Sources of Other Incomes*

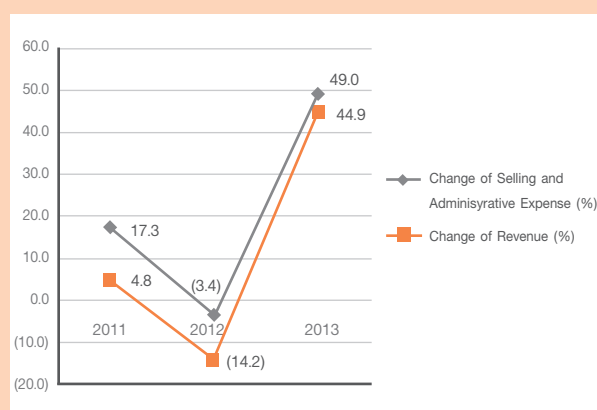
From the chart above, the factor that drove Other Incomes to increase, continuously, from 2011 to 2013, came firstly from sales promotions revenue from foreign suppliers, and secondly the reversal of allowance for doubtful accounts. In 2013, the revenue from sales promotions was 29.6 million Baht and the revenue from the reversal of allowance for doubtful accounts was 5.3 million Baht. In addition, there was a reversal of fines from late delivery projects in 2013, which amounted to 20.4 million Baht. The total Other Incomes in 2013 was a 9.5 million Baht - an increase from 48.2 million Baht in 2012. The total of other incomes in 2012 was a 14.7 million Baht increase from the 34.3 million Baht in 2011.

#### 1.4 Selling and Administrative Expenses

Selling and administrative expenses in the period from 2011-2013 are shown for each year in the table below:



*Chart of Selling and Administrative Expenses*



*Chart of the Changes in Revenue and Changes in Selling and Administrative Expenses (%)*

Selling and Administrative Expenses typically vary in line with revenues. As seen in 2013, the Selling and Administrative expenses totaled 747 million Baht - which was an increase from 502 million Baht in 2012, representing a 245 million Baht, or 49.0%, increase. The rate of change in Selling and Administrative Expenses was higher than the rate of change in revenue, which was 44.9%. The expenses are mainly

expenses from employees and allowances for doubtful debts. The increase in the rate of Selling and Administrative Expenses partly came from consolidation of the items from the subsidiary Kirz that was purchased in early 2013.

Total Selling and Administrative Expenses in 2012 were 502 million Baht, which was a decrease from 520 million Baht in 2011. This represented an 18 million Baht, or 3.4%, decrease. Such a rate of change of expenses was lower than the rate of change of revenue, which was 14.2%. This is mainly because all expenses related to employees, for example: bonuses, sales commissions and office expenses, were reduced in line with the reduction in company revenues in 2012. However, these reductions of expenses were offset by an increase of fines from the late delivery of projects, entertainment expenses, financial advisory fees, and employee benefits expenses - all of which increased. Therefore, the decrease in the rate of expenses was lower than the decrease in the rate of revenues.

### 1.5 Net profit and Net Profit Margin

The change in net profit usually varies in line with the change in revenue. However, the increase or decrease of some expenses were not in line with the change in revenue. As a result, the rate of change in revenue and profit were also therefore accordingly not in line in expectations. During 2011-2013 the significant financial matters can be summarized as follows:

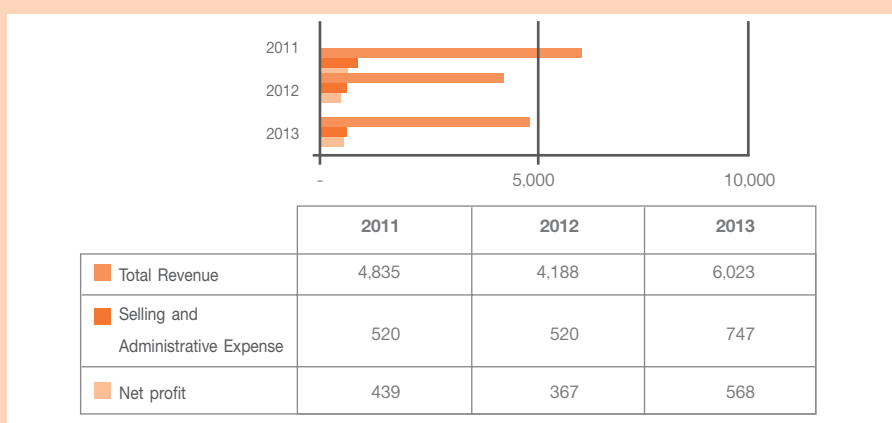


Chart of Comparison of Net Profit to Total Revenues

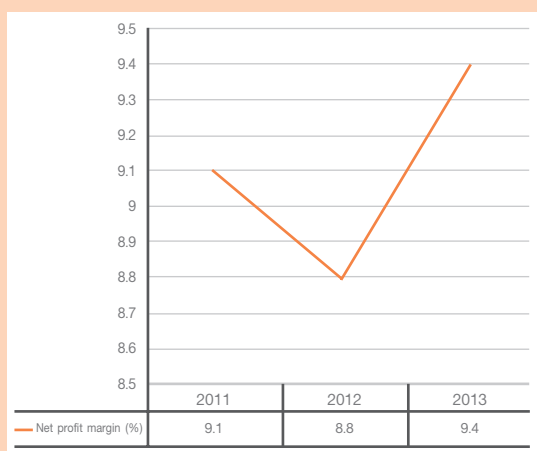


Chart of the Change in Net Profit Margin

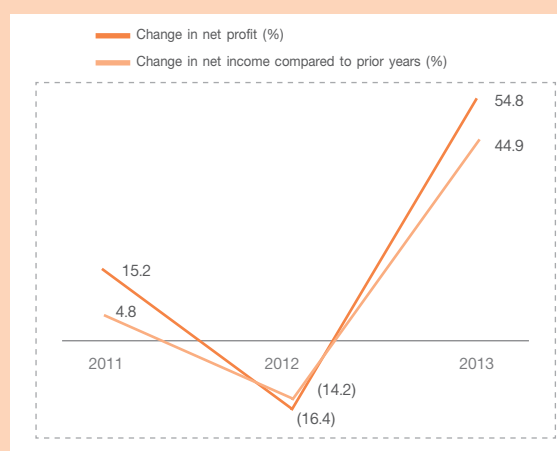


Chart of Change in Net Profit Compared to Prior Years  
Compare Change in Net Income Compared to Prior Years

Net profit in 2013 was 568 million Baht, which was an increase from 367 million Baht in 2012 - which represents a 201 million Baht, or a 54.8%, increase. This resulted from the total revenue from projects in 2013 being much higher than those in 2012 - such that it generated enough profit to cover fixed costs and additional allowances for doubtful debts in 2013 - together with the losses from the operation from the subsidiary Kirz. In addition, tax rate reduction from 23% to 20% in 2013 was beneficial to the net profit margin - which increased from 8.8% in 2012 to 9.4% in 2013.

Net Profit in 2012 was 367 million Baht, against 439 million Baht in 2011, which was a 72 million Baht, or 16.4%, decrease as a result of the total revenue from projects in 2012 declining from those 2011. In addition, there was an effect from some special selling and administrative expenses in 2012, and general office expenses such as fines from late delivery and fees for a financial advisor for the company's expansion in 2012, etc. Therefore, the net profit margin declined to 8.8% in 2012 compared to 9.1% in 2011.

## Financial Status

### 2.1 Assets

Total assets in 2013 equated to 4,631 million Baht - which represented a 945 million Baht, or 25.6%, increase from 3,686 million Baht in 2011. Current assets made up the majority of the assets, accounting for some 90.9% of the total assets. In 2013, total assets have decreased by 93.0% since 2010. However, this is only because the Company has purchased 51% of the Kirz Co., Ltd., common shares (now a subsidiary) during 2013, in order to further expand our business in information technology. As a result, the equipment for lease and service, building improvements, and the equipment and customer relationships of Kirz were included in the consolidated financial statement - and which makes the ratio of non-current assets to total assets, increased. Those assets which have significantly changed were as a result of the increase in inventories or work-in-progress of some 754 million Baht, or an increase of some 163.4%. This has occurred because in 2013 the Company won many projects, such that the Company created a large amount of work-in-progress to complete in order to comply with the contract conditions for, for example: Social Securities, projects, CAT Telecom Public Company Limited, and projects with TOT Public Company Limited. Moreover, the increase of trade receivables of 142 million Baht was as a result of the significant increase in sales. Unbilled receivables have decreased to just 83 million Baht, because during the year the Company has delivered projects for which it had already realized as revenue.

Besides purchasing Kirz, a subsidiary company causing an increase of total assets from its inclusion as a non-current asset to be part of the total assets. In 2013, the Company made an additional investment, of 25 million Baht in Loxley and AIT holding Co., Ltd. ("LAH"), a joint venture with Loxley Wireless Co., Ltd., such that now the total investment in LAH is 50 million Baht.

Total assets in 2012 equated to 3,686 million Baht - which represented a 937 million Baht, or 34.1%, increase from 2,749 million Baht from 2011. Current assets were the major portion of the assets - and accounted for some 93.0% of the total assets (which is the same proportion as in 2011). Assets which increased significantly were trade accounts and unbilled receivables - which increased 860 million Baht and 208 million Baht, or 84.5% and 33.8% respectively. The increase in account receivables occurred at the end of the year. the company won many new projects under the new fiscal year budget for 2013, after a large amount of the budget for flood prevention in 2012 had been allocated. Unbilled Receivables includes revenues that were not invoiced due to the conditions in certain contracts. These contracted projects were involved in: applications development - which took a long time to finish, and projects under installation, or projects waiting for delivery, for example: the TOT billing system, PEA's management's decision support system and the Fiber Optic Cable Network Office of the Higher Education Commission. Moreover, some projects were completely

installed, but could only be partly invoiced due to the terms listed in the contract, for example: the CCTV installation at the Industrial Estate Authority of Thailand. As a consequence, unbilled receivables increased.

Non-current assets increased from the year 2011 - for example with an investment of 25 million Baht with Loxley Wireless Co.,Ltd. to setup an associated company, which is Loxley and AIT holding Co., Ltd. However, the increase in total assets was net with the decrease in some other important assets - such as the decrease in inventories from 571 million Baht in 2011 to 462 million Baht in 2012. This represented a 109 million Baht, or 19.1%, decrease. This occurred because many projects were completed and delivered - resulting in an increase in our account receivables. Other current assets in 2012 decreased when advanced payments for products and services decreased by 34 million Baht from 2011. During 2012, the Company received the products and services which was already paid for in advance from the beginning of the year.

## 2.2 Liabilities

Normally, the increase or decrease of liabilities are in line with the change of assets. However in 2013, the assets increased to 945 million Baht, while the liabilities decreased. This came about because the Company increased its registered capital, at the end of year 2013, so the liabilities from 2012 for 2,227 million Baht fell by 33 million Baht, or a 1.5% decrease, to 2,194 million Baht in 2013. This decrease in liabilities came from 1) trade and other payables amounting to 178 million Baht. The reason behind this was that in 2012, the Company won most of its projects around the end of the year, so that at that time, the number of outstanding trade payables were higher than those in 2013. Unlike in 2013, the Company received the award of projects throughout the entire year. As a consequence purchase orders were not therefore rushed at the years end, and so, the trade payables decreased 2) Bank overdrafts and short-term loans decreased by 344 million Baht because the Company chose to lend money from trust receipts instead - due to the lower interest rates. For this reason, trust receipts increased 452 million Baht. Moreover, there were some items in liabilities which increased - such as the liabilities under finance lease agreements which increased by 46 million Baht. The reason is that the liabilities under the finance lease agreements of Kirz, a subsidiary company, were included - while another part is from the Company's own credit line. Provision for contingent liabilities borne by Kirz, a subsidiary company, in the amount of 17 million Baht has arisen from a civil case filed by a party to an agreement with Kirz.

In 2012 the Company had total liabilities of 2,227 million Baht - representing an 881 million Baht, or 65.5%, increase from 2011. These increases were from: 1) A short term loan of 360 million Baht to compensate a long payment process from a large project - since there was a complication at the stage of delivery inspection 2) Trade and payables of 406 million Baht - because at the end of 2012, when many projects were received, this caused the need to purchase equipment for those projects and as such, the account payables also increased 3) Unbilled Payables of 75 million Baht - at the end of 2012 many projects were delivered - so that expenses which were accrued, or expenses according to after sales service warranties provisions, also increased 4) Other Current Liabilities of 93 million Baht - mainly were due to an increase of suspense output vat and output vat payables from invoices or tax invoices of the projects delivered at the end of the year, plus advanced payments received from customers. There was also an advanced payment from a large project which occurred at the end of year. However, the Company's liabilities were sometimes also decreased, such as: income tax payables which decreased 61 million Baht from that in 2011 - due to the fact that revenues and profits declined, together with the income tax rate of 2012, which was decreased from that in 2011 - that is from 30% in 2011 to 23% in 2012.



## 2.3. Shareholders' Equity

### Share capital

The Company received additional capital, of 688 million Baht, because the Extraordinary General Shareholders Meeting of the Company No 1/2013 held on 18<sup>th</sup> November 2013, passed a resolution for the increase of the Company's registered capital from 343,868,180 Baht (with 68,773,636 common shares and a par value of 5 Baht) to 1,031,604,540 Baht (with 206,320,897 common shares and a par value of 5 Baht). The Company has already registered its newly paid up capital to the Ministry of Commerce on 24<sup>th</sup> December, 2013.

### Dividends and Returns to Shareholders

From its past performance, the Company has continuously paid dividends to its shareholders. During the past 3 years, the Company has also paid dividends from 2011-2013, as shown in the table below:

Table for Dividends Payments

	2013****	2012****	2011***
Net Profit (MB)*	592	363	439
Dividend Paid (MB)	327	275	336
Interim dividend (Baht per share)	1.75^	1.25	1.5
Dividend (Baht per share)	1^^	2.75	3.5
Basic Earning per Share	8.07	5.34	6.57
Dividend payout Ratio (%)	55.19	75.76	76.60
No. of Shares (Million Shares)**	206.3	68.8	67.5

#### Remarks:

\* Separate Financial Statement

\*\* Par Value is 5 Baht per Share

\*\*\* The Board of Directors' Meeting on 5 August 2011 passed a resolution to pay an interim dividend of 1.50 Baht per share. Later, the Board of Directors' meeting on 17 February 2012 passed a resolution to pay a dividend for the 2011 performance at 3.50 per share

\*\*\*\* The Board of Directors' Meeting on 10 August 2012 passed a resolution to pay an interim dividend of 1.25 Baht per share. Later, the Board of Directors' Meeting on 14 February 2013 passed a resolution to pay a dividend for the 2012 performance at 2.75 Baht per share

\*\*\*\*\* The Board of Directors' Meeting on 8 August 2013 passed a resolution to pay an interim dividend of 1.75 Baht per share. Later, the Board of Directors' Meeting on 20 February 2014 passed a resolution to pay a dividend in respect of the previous years retained earnings at 1 Baht per share. The Company will propose such dividend payments at the Annual General Meeting of the Company's Shareholders for further approval.

^ Number of Shares which paid for interim dividend 2013 equal to 68,773,636 shares

^^ Number of Shares which paid for 2013 equal to 206,320,897 shares

## 2.4 Liquidity

### Cash flow Statements

Unit: Thousand Baht

Cash flow Statements	2012	2011	2010
Cash Flow from (used in) Operating Activities	(428,258)	24,524	376,474
Cash Flow from Investing Activities	(141,192)	(52,535)	(204,227)
Cash Flow from (used in) Financing Activities	504,131	56,241	(207,902)
Net Increase (Decrease) in Cash and Cash Equivalents	(65,319)	28,230	(35,655)

In 2013, the Company had a decrease in net cash flow of 65 million Baht. Cash flow from operating activities of 428 million Baht was due to an increase of work-in-progress of 753 million Baht. Besides this, the Company has cash outflows from account receivables of 165 million Baht and account payables which decreased to 239 million Baht, but net with cash inflow from unbilled receivables of 77 million Baht - because some of projects were delivered during 2013. Regarding investing activities, the Company used a cash outflow of 141 million Baht in which to invest in the associated Company and Subsidiary of 68 million Baht and purchase of equipment for lease and service, building renovations and software licenses of 73 million Baht. The Company received a cash inflow of 504 million Baht after the increase of the Company's registered capital of 688 million Baht at the end of 2013, plus an open line credit of trust receipts of 452 million Baht - but net with cash outflow of dividend payments of 309 million Baht, and payment of a short-term loan of 366 million Baht.

In 2012, the Company had an increase in net cash flow of 28 million Baht. The cash flow from operating activities of 25 million Baht was due to the good operating performances from the delivery of more projects - so that work-in-progress was reduced to 109 million Baht by the end of 2012. Besides this, the Company still holds a large cash flow from account payables, expenses for after-sales services and advances received from customers during the end of year, totaling 575 million Baht, and net with cash outflow for account receivables and unbilled receivables for a total of 1,061 million Baht. Since most receivables are from projects which were just delivered in December 2012 - this meant that payments were not yet due, while some projects were not yet invoiced, as the projects had not been completed according to the invoicing criteria. These projects typically consumed long periods of time and had complicated inspection criteria. Therefore, the cash flow was being held up for these projects. For Cash Flow used in investment activities, the Company used a cash flow of 53 million Baht to invest: firstly in an associated Company and Subsidiary it used 26 million Baht; and for the purchase of equipment, building improvement and software licenses used 28 million Baht. The Company received a net cash inflow of 56 million Baht after borrowing 360 million Baht, exercising warrants for 17 million Baht net, and with dividend payments of 322 million Baht.

In 2011, the Company had an decrease in net cash flow of 36 million Baht. The cash flow from operating activities of 376 million Baht was due to better operating performance from delivered projects in 2010, plus the receipt of some payments. Besides this, the Company was able to decrease advance payments for products and services, and was able to increase the advances received from customers in some projects. However, the Company still has cash flow spent in its operations. However, cash flow was spent in the operation of a project which was unbilled due to work which was not done in accordance with the project criteria for invoicing. The Company used a cash flow of 204 million Baht for investment in equipment for lease and spare parts - for adding into stock, for the replacement of expired equipment for customer service and also for the replacement of old office equipment. However, the Company received a cash flow from a restricted bank deposit in order to use in its operations. For financing activities, the Company used a cash flow of 208 million Baht for dividends of 300 million Baht from its long term reserves for projects which had payment periods longer than 1 year, together with cash flow from warrants and ESOP exercises.

## Financial Ratio

Liquidity Ratio	Consolidated Financial Statements		
	2013	2012	2011
Liquidity Ratio (Times)	2.04	1.60	1.97
Quick Ratio (Times)	1.43	1.38	1.47
Cash Ratio (Times)	(0.20)	0.01	0.32
Trade Account Receivables Turnover (Times)	2.18	1.91	3.47
Average Days Sales Outstanding (Days)	165	188	104
Inventory Turnover (Times)	5.41	6.17	5.30
Average Days Sales Period (Days)	67	58	68
Accounts Payable Turnover (Times)	3.44	2.73	4.59
Average Days Payable Outstanding (Days)	105	132	78
Cash Cycle (Days)	127	114	94

The Company's liquidity ratio shows that the liquidity ratio in 2012 has declined because sales and net profit also dropped. Moreover, the period of sales outstanding are longer than those compared to other years. However, because of that, the cash cycle used was equal to 114 days. Comparing the cash cycle to 2013, which is equal to 127 days, shows that although the performance in 2013 was higher than those in 2012, the Company spent large amounts of money on inventory. This is the reason why the cash ratio was negative. The period to collect money from customers was still long - while the period of payables outstanding was significantly shorter than those in 2012. However, in 2013, the liquidity ratio was higher than those in other years - due to the increase in the Company registered capital at the end of the year.

The company's liquidity ratio in 2011 was considered good - as it was quite high and the cash ratio was not negative. Besides this, the average days Sales outstanding was less than those of comparative years. Therefore, the cash cycle was less than those of other years.

## 2.5 Sources of Funds

Financial Policy Ratio	Consolidated Financial Statements		
	2013	2012	2011
Debt to Equity Ratio (Times)	0.90	1.53	0.97

Considering the debt to equity ratio in 2012, which at 1.53 indicates that in the year 2012, the main sources of funds were from borrowing, more than equity, resulting from unbilled projects (due to the criteria set by customers). Moreover, such projects consumed long period of time since there were some slowdowns and complications during the inspection stage. Therefore, when the company obtained a new project, more funds were needed to finance the project. In 2013 the company increased its capital from 344 million Baht to 1,032 million Baht so that a source of funds became higher than needed borrowing. While in 2011 the company's average days payable was less than those of other years, together with the warrants exercised, such that the company's liquidity ratio was quite good, and the source of funds, then, were from equity rather than borrowings.

# Corporate Social Responsibilities

## Good Corporate Governance

With an awareness of the importance of good governance, the Company's Board of Directors has been employing, for many years, a good corporate governance initiative. This was enacted not only as a tool to add more value, but also to: promote the Company's sustainable growth; to increase management efficiency, transparency and accountability; and as importantly, to continue to build confidence with its shareholders, stakeholders and all other relevant parties. The Company's Board of Directors continues to monitor, supervise, and where possible, to improve the use of good corporate governance policies throughout the Company. In 2013, the Company's Corporate Governance Practices were scored as 'Excellent' from a field of some 526 listed companies which were surveyed in depth by Thai Institute of Director Association (IOD). The survey was conducted with the full support of the Securities Exchange Commission (SEC) and the (Stock Exchange of Thailand (SET).

The Company at all times reminds its employees to be aware of its commitment to, and practice of, good corporate governance policies. The Executive Committee and the Internal Audit Department (which is outsourced to the company DIA and Associates Co., Ltd., under supervision of the Audit Committee) and represented by Mr. Apinan Sripramont, as the appointed head of the Internal Audit Department, reported an evaluation of the Company's good corporate governance policies to the Audit Committee and the Board of Directors.

According to the Corporate Governance Center at the Stock Exchange of Thailand there are 5 items necessary for effective good corporate governance policies, namely:

1. Rights of Shareholders
2. Equality of Shareholders' Rights
3. Roles of Stakeholders
4. Information Disclosure and Transparency
5. The Committees' Responsibility

### 1. Rights of Shareholders

Being its owners, the Company treats its shareholders with all the fundamental rights as determined by law. Additionally, the Company has a policy to ensure its shareholders are kept up-to-date with important corporate information through the Stock Exchange of Thailand and its website at <http://www.ait.co.th> in both Thai and English. The rights of the shareholders are as described in the following sections 1.1 thru 1.6

#### 1.1 The Shareholder's Meeting

The Company determines that the Annual General Shareholders Meeting shall be held annually with no more than four (4) months from the end date of the Company's fiscal year. The shareholders are eligible for attending the Annual General Shareholders Meeting and casting a vote are required to be registered on the shareholders book on what is called the record date. The number of shares each shareholder are entitled to cast votes shall follow the details on the shareholders book on the record date. The record date shall be scheduled on a date that is no more than two (2) months before the Annual General Shareholders Meeting and after the date the Board of Directors gives approval for the Annual General Shareholders Meeting. Once the Board of Directors has approved the record date this also sets the list of shareholders eligible for attending the Annual General Shareholders Meeting and that date shall not be changed. In some urgent cases, the Company may also need to call an Extraordinary General Meeting.

The Company held the 2013 Annual General Shareholders Meeting No.1/2013 at 2 pm on April 5<sup>th</sup>, 2013. An Extraordinary General Shareholders Meeting No.1/2013 was held at 2.30 pm on November 18<sup>th</sup>, 2013. Both Shareholder Meetings were held at the Grand Ballroom on the 3<sup>rd</sup> floor of the Golden Tulip Sovereign Hotel Bangkok, 92 Soi Saengcham, Rama 9 Road, Bangkok, Huaykwang, Bangkok, 10320. The Company Directors were in attendance, along with the Senior Executive Auditors of Ernst and Young Office Limited Company Limited who had conducted the report on the financial results and observed the Shareholder Meetings - including the vote counting. The Chairman conducted the meeting as required by law. All agenda items were approved at this Meeting.

## **1.2 Invitation Letter for the Annual General Shareholders Meeting in Advance of the Scheduled Meeting**

The Company appointed Thailand Securities Depository Company Limited, a securities registrar, to send invitation letters to eligible shareholders 14 days in advance of the Annual General Shareholders Meeting; these invitation letters included: the date, time, venue for the Meeting; a detailed agenda with the objectives and reasons; supporting documentation and information for decision making; a resolution of the Board of Directors; reports on the past meeting resolutions; the recent Annual Report; and finally a proxy form and procedures.

In order to inform the shareholders to prepare for the upcoming Annual General Shareholders Meeting, an announcement is also published three (3) days prior to the meeting date by newspaper; additionally the AIT corporate web site at <http://www.ait.co.th> publishes the same detail prior to the scheduled Shareholder Meeting. The reason these steps are taken is to encourage all shareholders, including institutional ones, to attend Company's Shareholders Meetings.

## **1.3 Proxy to Attend Meetings and Vote**

In order to uphold their rights by themselves, a shareholder is permitted to give a proxy to their representative or to an Independent Director. By identifying the representative details in the proxy form, as specified by the Ministry of Commerce, the shareholders representative may attend the Annual General Shareholders Meeting and vote on behalf of the shareholder. The Company has published a proxy form on the corporate website at <http://www.ait.co.th> along with detailed information and procedures for its use.

## **1.4 Annual General Shareholders Meeting Facilitation**

The Company facilitated a warm welcome to all shareholders and to assist with the shareholder registration process prior to the scheduled Annual General Shareholders Meeting start time; as well as being on hand to provide banquet refreshments to the shareholders throughout the event.

## **1.5 Operation of the Annual General Shareholders Meeting**

Prior to the start of the Annual General Shareholders Meeting, in accordance with the Company's regulations, the Chairman will ensure that all shareholders are informed on the voting procedure for each agenda item. The meeting attendees are welcome to raise discussion questions or make comments and recommendations for each agenda item. The Executive will answer all questions clearly. According to the Annual General Meeting No.1/2013, the Company has adopted an electronic voting system and barcode machine for registration, all in order to better facilitate its shareholders and to ensure transparency within the meeting. In addition, at the meetings, the Company does no bundling of several items into a single vote; such as, for example, the election of directors are voted on one-by-one.

Moreover, the Company appoints an independent party of scrutineers/ inspectors to count and/ or validate votes at the Annual General Meetings or Extraordinary General Meetings. Such scrutineers/ inspectors shall be disclosed at the meeting and recorded in the minutes.

The Chairman conducts the meeting in order of each agenda item. No additional agenda items are added without prior notification to the shareholders. The Chairman provides a summary of the result of each agenda item vote.

### **1.6 Reporting Practice of Conflicts of Interest**

The Company follows Section 89/1 4 of the Securities and Exchange Commission Act (1992), which was amended by the Securities and Exchange Commission Act (No. 4) (2008). The Act determines that each member of the Company's Board of Directors and its Executives must report to the Company all and any interests that they and their related persons hold. This interest is related to its management or its subsidiaries and is in accordance with the announcement of the Capital Market Commission Th. No.2/2009 dated January 26<sup>th</sup>, 2009 which stated the requirements to comply to Good Governance. The Board of Directors has set the guidelines and determines to report the interest of the Directors, Executives and their related persons as follows:

1. Determines that the Company Directors and Executives and related persons are required to report their interests from their initial designation to the post; and also within 7 working days of any change to their interests or their related persons interest; and to report according to the report form requirements and submit this report to the Corporate Secretary to retain for audit purposes
2. Determines that the Corporate Secretary must within 7 working days submit the reports of interests, and any changes, to the Chairman and Audit Committees from the date of receiving that report in order for the Audit Committee to add to the Annual General Shareholders Meeting agenda if necessary. Approval of guidelines and reporting procedures was made by the Company's Board of Directors No.3/2009 dated May 12, 2009 to account for potential conflicts of interest of the Company's Directors, Executives and their related persons. These requirements commenced July 1, 2009. It should be noted that if any such person has a conflict of interests on any agenda item, that person therefore has no right to vote on that agenda item

### **1.7 Action after the Annual General Shareholders Meeting**

The Company sends the minutes of Annual General Shareholders Meeting, including the recorded details for each agenda item and a description of the voting and vote tabulation procedures used. All are declared before the meeting proceeds, including an opportunity for shareholders to ask questions or raise issues, questions and answers, resolutions, voting results of each agenda item containing approving, dissenting, and abstaining votes, and list the Board Members who attended or missed the meetings to The stock Exchange of Thailand and the Exchange Commission within 14 days of the Meeting; additionally, the minutes are published on the corporate website at <http://www.ait-international.com> so as to inform all investors and shareholders. Video and audio records of the Annual General Shareholders Meeting may be requested by individual shareholder or other investors.

## 2. Equality of Shareholders' Rights

The Board of Directors maintains the policy of always providing equal treatment to all shareholders, as follows:

### 2.1 Proposed Meeting Agenda and Documentation

Prior to the date of Annual General Shareholders Meeting an individual shareholder is eligible to propose items for the agenda that they believe would be beneficial to the Company performance.

The Company notifies shareholders through the stock Exchange of Thailand and the corporate website at <http://www.ait.co.th> prior to 30 days before Annual General Meeting of shareholder's date. As the Company's shareholders consist of both Thai and foreigners, in order to facilitate transparency of information and communication to all shareholders, the Company provides documentation for Meetings in both Thai and English. Additionally the corporate website is provided in both Thai and English versions.

### 2.2 Access to Company Information

A shareholder of the Company may access information on AIT which is distributed and available equally to all shareholders through one of the following channels:

- i) Telephone: 02-275-9400
- ii) Corporate Website: <http://www.ait.co.th>
- iii) E-Mail: [ir@ait.co.th](mailto:ir@ait.co.th)

### 2.3 Protection Against an Abuse of Inside Information

Establish policy to prevent relevant executives and employees to misuse the Company's inside information for personal benefit or others' advantages and ensure executives report their shareholdings every time there is a change of share-holding (Form 59-2) to the Securities and Exchange Commission and the stock Exchange of Thailand comply with regulations. Protection of inside information is required by law. Every Director and executive shall regularly submit to the Board a report on their ownership of the company's shares and this information shall be disclosed at the quarterly Board Meetings. The Company policy is to adhere to strict business ethics, integrity, and morality in order to reassure customers, trade partners, investors, and shareholders. The codes of conduct are set out for management executives and employees at all levels to follow in order to prevent disclosure of any important information or access to sources of information without permission or improper intent. In the case that any employee is found breaching the regulations, such employee shall be considered having made a serious wrongdoing and may be punished in accordance to the regulations allowed.

The Company has a policy and method in place for monitoring management in using its inside information for the individual benefits as follows:

1. Directors, management executives and employees of the Company shall at all times keep the company's secrets and/or inside information confidential.
2. Directors, management executives and employees of the Company shall not disclose any inside information or exploit it for their own benefits or others' benefits in a direct or indirect way and with or without financial benefit.
3. Directors, management executives and employees of the Company shall not trade, transfer, or pass the Company's securities and/or inside information to anyone and this includes their spouses, children and related persons. Those who infringe this clause are considered to have made a serious wrongdoing.



4. Educate directors and executives on their duty to report their securities holdings of their and their spouses as well as their children and also to inform them of the penalty for wrongdoing under the Securities and Exchange Act of 1992 and the regulations of the Stock Exchange of Thailand.
5. The Company executives are required to report changes in securities holdings to the Office of the Securities and Exchange Commission under Section 59 of the Securities and Exchange Act of 1992 and deliver a copy of this report to the Company on the same day in which the report is sent to the Office of the Securities and Exchange Commission.
6. Disclose the securities holdings of company's directors and executives completely and accurately in the annual report as required by the Office of the Securities and Exchange Commission.
7. The Company will send a circular to inform executives who have material inside information that may affect the securities pricing. They must suspend the trading of company shares before the announcement of financial statements or making such information public and shall not disclose such material information to any person.

In addition, to ensure all employees follow the same guidelines regarding the use of inside information. The Company has published this information in the employees' manual.

### 3. Rights and Roles of the Stakeholders

The Company is aware of rights of all its stakeholders and has a policy to maintain their confidence. It gives appropriate importance to all stakeholders: the shareholders; employees; customers; trade partners; competitors; the public and society overall. The Company has equal fiduciary duties toward all groups of stakeholders to allow at all times secure, ethical and beneficial business operations. To that end, the Board of Directors has established, in writing, a Code of Business Ethics consisting of:

- A Code of Ethics for Executives to the various Stakeholders (see below), and
- A Code of Ethics for Employees (see Section 9.2)

A copy of the Codes of Ethics has been disseminated to all executives and employees. The use and practice of the Code of Ethics is supervised and promoted across the Company to ensure that all stakeholders are treated and protected according to their fundamental rights.

**The Code of Ethics for Executives requires that all Company executives shall properly treat the shareholders, employees, customers, traders, creditors, competitors and the society overall as follows:**

#### **Executives to Shareholders**

1. Perform their duties with integrity, transparency and fairness to ensure any decision-making provides optimal benefits to all relevant groups
2. Perform their duties professionally with knowledge, expertise, intention, carefulness, knowledge application and managerial skill
3. Report complete and actual organizational situations on the regular basis
4. Do not attempt to benefit themselves or any other outside person with the Company's undisclosed information
5. Do not disclose the Company's confidential information to outside persons, especially competitors
6. Do not proceed with any matter which may cause any conflicts of interest



**Executives to Employees**

1. Provide appropriate remuneration to the employees, based on the employees' knowledge, capabilities and as appropriate
2. Provide employees with equal opportunity for human resources development
3. Avoid any unfairness that may threaten or pressure or affect the work stability of employees
4. Create work environmental conditions with concerns of safety to employees' lives, physical conditions, health and assets
5. Abide by the laws and regulations relevant to the employees

**Executives to Customers**

1. Produce products and services with quality and ongoing quality in order to benefit the Company
2. Disclose complete and accurate information relevant to products and services
3. Provide guarantees under appropriate conditions
4. Do not deliver damaged or defective products and services to customers
5. Establish a system to allow the customers to query the Company products and services and respond quickly to the customer's questions or comments
6. Keep customer information confidential and do not exploit such confidentiality with dishonest purposes for personal benefit or the benefit of outside persons
7. Adhere to the customers' requirements and conditions strictly. In a case that the conditions may not be met, the executives must quickly inform the customer and work to jointly reach a solution

**Executives to Traders or Creditors**

1. Strictly follow the traders and creditors' conditions. In a case that the conditions are not met, the executives shall inform them beforehand to jointly find a solution and protect against any damage
2. Do not request or receive personal benefits from or give benefits to trade partners, debtors or creditors for dishonest purposes
3. Report financial information accurately and completely

**Executives to Competitors**

1. Abide by the rules of competition
2. Avoid tarnishing or making accusations against competitors or their products without integrity, information and truth
3. Do not access a customers' confidential information without integrity or appropriateness

**Executives to Society Overall**

1. Support any activities that benefit the public, the community and society overall
2. Return the Company's partial profit to society-related activities regularly
3. Do not do anything that impairs natural resources or the environment
4. Continuously implant consciousness of our responsibility to the public, community and society amongst employees at all levels
5. Abide and supervise according to the law and regulations established by any supervision unit  
Moreover, the Company has procedures on whistle-blowing for related parties or stakeholders through company website at <http://www.ait.co.th>

## **4. Information Disclosure and Transparency**

4.1 The Board of Directors shall be responsible for financial statements and general information for shareholders and general investors with transparency, accountability and punctuality with explanation information provided on the performance, policies, future trend, successes and obstacles. Such information is disclosed in the annual report, the annual information disclosure form (56-1 form) and via the Company's website at <http://www.ait-international.com> in both Thai and English languages for disseminating to the investors, the shareholders and the stakeholders as determined by the law, the stock Exchange of Thailand and general accounting standards. All financial statements are reviewed and examined by the Company's auditors, the Executive Committee, the Audit Committee and the Board of Directors.

4.2 Disclosure of any interrelated transactions shall be disclosed in substantiated details for the shareholders. The information includes the pricing policy for the interrelated transactions in a case of interrelated trade, lending for interrelated businesses, borrowings from interrelated business, accounts receivable and payable for interrelated businesses, investment in interrelated business, guarantees and collaterals for related businesses. This is to allow the investors and the shareholders to acknowledge such information with transparency. Under requirements on the interrelated transactions, when the Company and its subsidiaries have interrelated transactions with associated companies or related persons in terms of joint benefits, the Company and its subsidiaries are required to follow business conditions for the associated companies and persons on an arm's length basis. If there is any interrelated transactions that falls under the conditions of the interrelated transactions of listed companies with its subsidiaries or joint ventures, controlling persons or management executives, the Board of Directors shall review and proceed on the principles, procedures and disclosure of the interrelated transactions according to the Securities and Exchange Commission's rules and regulations, and the Stock Exchange of Thailand.

## **5 The Committees Responsibilities**

### **5.1 The Structure and Responsibilities of Committees**

The Company has four (4) committees: the Board of Directors, the Audit Committee, the Nomination and Remuneration Committee, and the Executive Committee. These committees have been formed in order to provide a proper assignment of duties and authority to provide for a clear direction and the most efficient Company operation. The Board of Directors shall determine the corporate goal, and determine roles, duty and authorities for the Audit Committee, the Nomination and Remuneration Committee, the Executive Committee, and the Chairman of the Board. The Executive Committee shall set the Company policy, direction and strategy in operating business to achieve the corporate goal set by the Board of Directors. The Audit Committee shall review the Company's operations to be compliant with the relevant laws. The Nomination and Remuneration Committee shall consider the remuneration of directors, all subcommittees, president, or any persons appointed by the Board of Directors. Additionally, the Nomination and Remuneration Committee shall consider compensation packages for the Company's management and employees in terms of bonus and annual salary increases, and then propose these at the Board of Directors' meeting for approval. Furthermore the Board of Directors shall set the internal control systems, internal audit department, and the measures for effectively managing risk. The Board of Directors shall also set out a monitoring plan and review the performance regularly at the Board of Directors' meeting. The Company has hired an outsource company, DIA and Associates Co., Ltd., to be its Internal Auditor. Mr.Apinan Sripramont is now the appointed head of the Internal Audit Department and he reports to the Audit Committee on a quarterly basis. The Audit Committee has also appointed Mr.Voravit Wattanakuljaras, the AIT Company Secretary, to be directly responsible for internal audit.

## 5.2 Balance of Power of Non-Executive Directors

According to the Company's Regulations No.14, the Board of Directors will comprise of at least five (5) directors who possess experience in various fields. As of 31<sup>st</sup> December 2013, the Board of Directors consisted of 11 directors; of which, four (4) directors are executives and the remaining seven (7) were non-executives. Therefore executives form approximately 36 percent of the total directors. The number of independent directors follows the principles of good governance set out by the stock Exchange of Thailand. The Chairman of the Board of Directors is not an independent director.

## 5.3 Committee Meetings

Remuneration shall be determined by the Board of Directors, and then proposed to the Annual General Shareholders Meeting for approval. If the shareholders review that the proposed remuneration is appropriate, regarding the benefits for directors, and is comparable to that paid for those in the same industry, the meeting will give approval. The Company has a policy to determine its directors' remuneration level based on that paid for those in the same industry as incentives and appropriate for their knowledge, capability and responsibility. The directors' remuneration 2013 appears on the table showing the principles and selection procedures for qualified persons to hold director position and high-level executives and the screening of qualified persons. The Board of Directors shall review, screen and select qualified persons to assume the director positions and propose them to the Annual General Shareholders Meeting for approval. The directors' qualifications include relevant knowledge, capability and experience. The Executive Board shall review and select the qualified persons with consideration to the details of their knowledge, capabilities and experience.

The Audit Committee shall be responsible for supervising and ensuring the accuracy of the financial statements' preparation procedures and efficiency of the Company's internal control system. Besides this, the Audit Committee has the duty to ensure the Company abides by the relevant laws. The Audit Committee's duties and responsibilities are described in Item Management structure.

In 2013, the Audit Committee had seven (7) ordinary meetings with the following attendance record for each of the directors from 2011 to 2013:

List of Directors	Number of Meetings		
	2011	2012	2013
1. Mr.Chokechai Tanpoonsinthana	5/6	5/5	7/7
2. Mr.Pongtep Polanun	6/6	5/5	7/7
3. Mr.Sripop Sarasas	6/6	5/5	6/7

In 2013, the Nomination and Remuneration Committee had four (4) ordinary meetings with the following attendance record for each of the directors from 2011 to 2013:

List of Directors	Number of Meetings		
	2011	2012	2013
1. Mr.Pongtep Polanun	3/3*	2/2	4/4
2. Mr.Siripong Oontornpan**	3/3*	2/2	4/4
3. Mr.Kittisak Sopchokchai * **	3/3*	2/2	4/4
4. Mr.Suraporn Raktaprachit **	3/3*	2/2	4/4
5. Mr.Sripop Sarasas * **	3/3*	2/2	3/4

**Remark :**\* The Nomination and Remuneration Committee meeting No. 2/2011 was a Special Agenda Meeting regarding a plan for the assistance of flood victims. Thus, the Nomination and Remuneration Committee rejects receiving the remuneration fee.

#### 5.4 Board of Directors' Meeting

The Board of Directors shall meet every quarter with a pre-determined schedule or a special meeting may be called by the Chairman as necessary. Each meeting shall comprise of more than 50 percent of total directors. A Board of Directors' member unable to attend a meeting shall inform the Company approximately one to two (1-2) days prior to that meeting. To facilitate all directors in the meeting, the Company organizes the meeting at the Company's head office. The meeting invitation letter includes a clear meeting agenda and supporting meeting documents which will be delivered to all directors at least seven (7) days prior to the meeting for their information and review; however in a case of urgency this may not always be possible. These procedures allow all directors to study the meeting documents before the meeting. Each meeting will be recorded and the approved documents will be gathered for reference or future review or investigation.

The time assigned for a meeting will be allocated by the Chairman in order to allow enough time for review of the Company's performance after the auditor's review or endorsement of financial statements, and the directors' discussion and comments to the management. All directors are independent in making any comments.

In 2013, the Company's board of directors had eight (8) ordinary meetings with the following attendance record for each of the directors from 2011 to 2013:

List of Directors	Number of Meetings			
	Board Meetings			Shareholder Meeting
	2011	2012	2013	
1. Mr.Thana Chaiprasit	5/5	2/5	5/8	Attended
2. Mr.Chokechai Tanpoonsinthana	4/5	4/5	8/8	Attended
3. Mr.Pongtep Polanun	5/5	5/5	8/8	Attended
4. Mr.Siripong Oontornpan	5/5	4/5	8/8	Attended
5. Mr.Kittisak Sopchokchai	5/5	5/5	8/8	Attended
6. Mr.Suraporn Raktaprachit	5/5	5/5	8/8	Attended
7. Mr.Sripop Sarasas	5/5	5/5	7/8	Attended
8. Mr.Kijja Laoboonthai	5/5	3/5	7/8	Attended
9. Mr.Phisak Charudilaka	5/5	5/5	8/8	Attended
10. Mr.Chodiwat Duntanasarn	5/5	5/5	8/8	Attended
11. Mr.Thanarak Pongphatar *	-	4/5	7/8	Attended

Corporate Secretary: Mr.Voravit Wattanakuljarus

**Remark :** \* Mr.Thanarak Phongphatar has received a position as a director after the BOD meeting No.1/2012.

A total of 24 agenda items were proposed for review in 2013. The important agendas included review of the Company's financial statements, determination of annual remuneration for the Company's Board of Directors, determination of annual remuneration for the Company's auditors, appropriation of legal reserve and allocation of profit, determination of dividend payment, determination of the Annual General Shareholders Meeting, determination of the book closing date for eligibility to attend the Annual General Shareholders Meeting, evaluation of the substantiation of the internal control system for 2013, budget of 2013 and the determination of the Board of Directors' meeting in 2013. The company secretary of the Company attended all of the Board of Directors' meetings, took the minutes of meetings, prepared documents and provided advice on the related laws and regulations. The minutes of the meetings covered all the important data related to

each agenda item and included a detailed explanation from the management team as well as comments made by each director; each item agenda was resolved with a unanimous vote from the Board of Directors. All documents were retained systematically.

### 5.5 Self Evaluation of the Board of Directors

The aim of the self evaluation of the Board of Directors is in having results available in which to improve its performance. The Board of Directors' Meeting No.8/2013 dated 19<sup>th</sup> December 2013 approved the self evaluation form and assigned the Board of the Directors to perform a self evaluation of 2013 for six (6) topics: its structure and qualification, its roles, duties and responsibility, the Board of Directors' Meeting, the Directors' Performance, its relationship with the management, and self development of the Directors and the Executive Development. The Board of Directors conducted its self evaluation with the average score of 'Good'.

### 5.6 Remuneration

The 2013 Annual General Shareholders Meeting determined the directors' remuneration level is based on that paid for those in the same industry and with the same responsibilities. The directors are paid the meeting-attended fee. The Audit Committee's Directors are paid the meeting-attended fees as their remuneration. The subcommittees' directors are paid the meeting-attended fees. The remuneration details are described in the table showing total remuneration of the Company's directors in Item No. 8.4 Remuneration of Executives.

### 5.7 New Directors

The Board of Directors shall conduct an orientation for new directors to acknowledge the Company's business policies, laws and regulations. It shall hand over a director's manual to each new director.

## Fair Operating Practice

The Company conducted business and manage the Company's operation ethically. The Board of Directors has provided the Business Ethics manual for the Company's directors, executives and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. The Business Ethics was posted on the Company's website <http://www.ait.co.th> It also covers the administration of all stakeholders, i.e. shareholders, employees, customers, competitors, business partner, lenders including societies and environment. The Company has set a code of Ethics for Employees as follows:

- a) Abide by the laws of any and all countries in which they practice, and conform to the Company's Rules and Regulations
- b) Build trustful relationships between the Company and regulatory authorities
- c) Provide services with integrity, transparency, and professionally to ensure that customers receive the Company's services at its high standard of knowledge, expertise, and fairness
- d) Keep confidentiality of the customers, trade partners and other organizations
- e) Do not use insider information for personal benefit
- f) Do not gamble
- g) Do not have any conflicts of interest and do not attempt to benefit themselves when conducting business with a customer
- h) Refrain from accepting gifts or other kinds of benefits with high value particularly when it's off the season according to the country's customs
- i) Refrain from giving or accepting bribes or any other motivation, and do not ask others to give or accept bribes on their own behalf

If any employee infringes the Code of Ethics, he or she shall be penalized according to regulations. The Company established these codes of conduct for employees to abide by strictly and without deviation. All employees will adhere to a code of personal integrity.

Additionally, any stakeholder is permitted to communicate with and inform the Company's Board of Directors if they learn of any instances of occurrences including, but not limited to, illicitness, accuracy of financial statements, flaws in the internal control system or infringement against the Company's codes of conduct.

The Company provides a contact telephone number of the Company's Board of Directors through the corporate website at <http://www.ait.co.th> More details on the treatment of stakeholders are disclosed in the section "Good Corporate Governance" under "Clause 3. Rights and Roles of the Stakeholders".

## Anti-Corruption

The Company does not encourage or expect the receiving person to ignore his/her duty and/or return favor from the giving of inappropriate gifts, property or other benefits. The Company policy on anti-corruption is defined within the topic "Receiving and giving present, property or other benefits policies" in the Company's Business Ethics to be adopted, complied with, and posted on the Company's website <http://www.ait.co.th>

In 2013, the Company noted the following activities regarding corruption:

- There has been no case of misconduct on corruption or breach of ethics.
- No director has resigned due to the issues of corporate governance.

## Respect of Fundamental Human Rights

The Company stresses its attention on the value and respect of human rights. The Company considers this the basic foundation of human resource development and of which strongly relates to creating value in our business. Infact, we consider our human resources as one of the key factors in increasing business value and productivity. Therefore the Company will, at all times, look to provide a good working environment and conditions for all its employees. This is in order to give a good quality of working life, and at the same time providing opportunities for our employees to demonstrate their abilities, together with training programs to further increase their skill levels. To achieve this, our Company focuses on the following practices:

1. To encourage and support employees to respect in human rights protection. Also to regularly monitor our business to ensure no violation of any human rights.
2. To encourage employees to a monitor and so ensure that our operations comply with the human rights regulations within the Company. Also to provide a working system that focuses on proper working and safety conditions with the regulations set by the Company.
3. To develop employees by providing training programs and promotions in order to increase their skills and abilities.
4. To provide fair working conditions and suitable remuneration to all employees.
5. To provide correct petition procedures to any employee who considers that they were treated unfairly.
6. To provide for the proper welfare of all employees in matters such as annual leave, overtime payment and basic nursing care, for example, as needed.
7. To encourage employees to balance their working and personal lives; to apply sufficiency economic philosophies in their lives; to help to 'give back' to society; and to do good things in accordance with the dharma principles of Buddhism.

8. To disclose necessary Company financial information to our employees in order to provide a clear understanding of our business situation.
9. To respect our employee's expression of opinion, including the freedom of expression without interference, accessibility to information and opinion through the Media; and the accessibility to communication channels so that they may freely listen to other interesting person's voices and opinions.

## Equal Treatment of Labor Force

The Company highly regards all of the employees as valuable resources and that they are a major factor in driving the Company business performance in achieving its goals. As a result, it is the Company's policy to treat employees fairly in all respects for employment opportunities, reasonable remuneration, promotion, and welfare in the following respects:

1. Respect for the right to work pursuant to fundamental human right principles. For more details, please see more in Clause 4 under the topic of "Respect for Fundamental Human Rights"
2. Define "Compensation and Benefits Policy", regarding to employee motivation, internal impartiality and compensation standards, and job value to the Company. The Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operations and is kept up-to-date as compared to leading companies in industrial competition.

## Responsibility to Customers

The Company strongly believes in building confidence and bringing satisfaction to all of its customers. Since their trust is critical to our business, the Company promotes the following policies:

1. Determination to provide and produce commodities and services that are suitable in order to satisfy customers' needs.
2. Provide high-quality products and services at reasonable prices.
3. Provide accurate information without any exaggeration that may cause misunderstandings on product's quality and quantity, or special conditions for each product and service.
4. Formulate procedures that permit customers to inform themselves on any drawbacks on the products or improper services - because any complaints are valuable for the Company to come up with immediate remedies and improvements for problematic products and services.
5. Provide effective after sale services for our customer's convenience.
6. Guard each and all customer's information as top secret and refuse to use it for personal benefit.
7. Support all activities that will strengthen, as well as maintain, a long-lasting and healthy relationship between the Company and its customers.

More details on the Company responsibility to customers is disclosed in the section "Good Corporate Governance" under "Clause 3. Rights and Roles of the Stakeholders".

## Development of Community and Society

The Company is well aware that its existence and prosperity today is owing to the support from communities and the society, hence, the Company places robust emphasis and support on the development of quality of life, prosperity of the communities and Thai society. For the past period, the activities undertaken by the Company under such scope and practical guideline are as follows:

1. Strengthen good relationship with the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis.
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance, donation of computer, solar cells, clothes, and food to the poor students,
3. To cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.

## Environmental Care

The Company recognizes the duties and responsibilities to environment, the Company has policies to:

1. Operate the business by taking into consideration of conservation and security standard, and also be civility to follow the law and related regulations.
2. Be responsible to utilize natural resources in form of raw materials, investments, human resources, and energies in prudent manners.

In 2013, the Company has undertaken activities regarding the environment as follows:

- Buildup of awareness among the employees to employ resources at the optimal level, and stimulation of their consciousness to pay attention on the environment and to use resources through an annual energy-saving campaign.
- Provide fundamental knowledge regarding how to handle a breakout of fire.

The Company provided training courses for its employees on how to handle a fire outbreak. The employees were lectured by fire control specialists and undertook fire simulations in order to prepare themselves on what to do in the case of fire outbreaks.



## Relationship with Investors

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The Board of Directors places a great emphasis on the accuracy, completeness, transparency and disclosure when reporting the financial and any general information, including any material information that may affect the Company's share price. Normally, the disclosure of information to investors and relevant parties will be done through the stock Exchange of Thailand's channels and published media. The Company has also set up the Investor Relations Department at AIT head office to take care of the disclosure of information to shareholders, analysts, and other related institutions.

The Company opens various communication channels to help shareholders and investors stay informed on any up-to-date news,

1. Website: <http://http://www.ait-international.com>  
The Company provides important information on the website, including a list of the Board of Directors, share price, annual report, and other information for shareholders such as a list of the major shareholders, shareholders' meeting and dividend policy. Shareholders and investors are also free to ask any questions or queries about AIT by filling in the required form on the Company's website.
2. Telephone: +66(0) 2275-9400 contact to Ms.Sarin Chandranipapongse or Ms.Natchaya Lertchaisirisakun
3. E-Mail: [ir@ait.co.th](mailto:ir@ait.co.th)
4. Quarterly attending "Opportunity Day" at the Stock Exchange of Thailand. This event is for investors who are interested in our company, and will have a chance to meet our CEO presenting the company's directions.



THE ICT SOLUTION

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Insert Document: Editing texts in annual report 2013 are as follows.

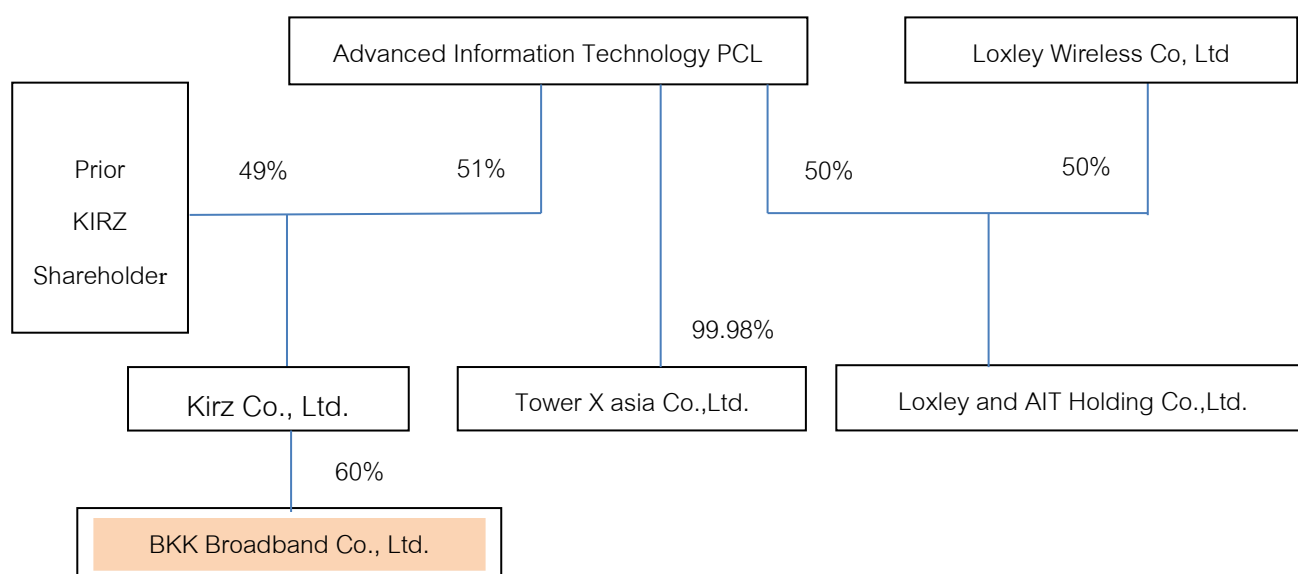
1. Page 20 General Information on the Company and its Subsidiaries

Addition: Related Company “BKK Broadband Co., Ltd.”

Company	Type of Business	Registered Capital (Baht)	Par Value per Share (Baht)	Paid-up Capital (Baht)	% Shareholding
Related Company					
BKK Broadband Co., Ltd. 19/65 Sukhumvit Suite Tower 9 <sup>th</sup> Floor, Soi Sukhumvit 13, Sukhumvit Road Klongtoey Nua, Wattana, Bangkok	Providing high-speed internet.	1,000,000	100	1,000,000	60% owned by Kirz Co.,Ltd.

Shareholding Structure of the Company

Addition: BKK Broadband Co., Ltd.



2. Page 44 Table No. 2 The Directors’ Remunerations in 2013

Edit from “Unit : Million’s of Baht” to “Unit : Baht”

3. Page 45 Table No. 1 and Table No. 2

Edit from “Unit : Million’s of Baht” to “Unit : Baht”

4. Page 96 2.3 Shareholders’ Equity

Edit from “(with 206,320,897 common shares and a par value of 5 baht)”

To “(with 206,320,908 common shares and a par value of 5 baht)”