

# 2015

## Annual Report

Advanced Information Technology  
Public Company Limited



## Significant Events in the Year 2015



- >> Cisco Systems Incorporated organized its Thailand Partner Conference 2015 at Chiang Mai, Thailand, from the 10<sup>th</sup> to the 12<sup>th</sup> February, 2015. Cisco invited Mr. Siripong Oontornpan and the Executives to join them for the awards of: “FY14 Collaboration Partner of the Year” - the award for companies with outstanding growth in technology sector; “FY14 Service Provider Partner of the Year” - the award for companies with outstanding growth in service provider customers; and “FY14 Partner Led/Commercial Partner of the Year” - the award for companies with outstanding growth in SME customers.

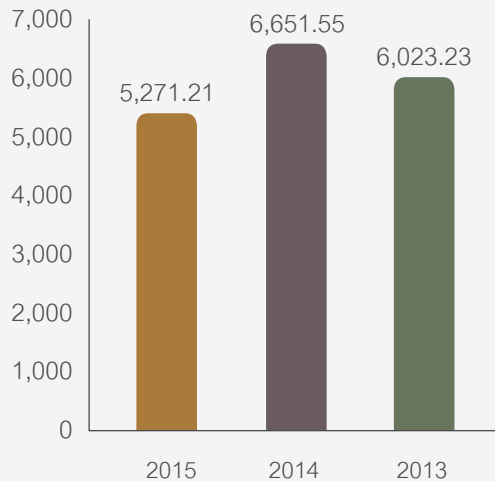
- 
- >> Advanced Information Technology Public Co., Ltd. sold all its shares in Kirz Company Limited in the proportion of 72.3 percent, which equaled to 813,500 shares, at a total of Baht 80,000,000 to the existing shareholders and subsidiary's directors on September 18, 2015. This was due to the operational and financial results not meeting the Company's targets.

- 
- >> On April 3, 2015, the Board of Directors passed a resolution to increase its capital to maintain its investment in Loxley and AIT Holding Co., Ltd. (LAH) with a ratio of 50 percent. After the capital increase, the registered capital is Baht 270 million.

# Financial Highlights

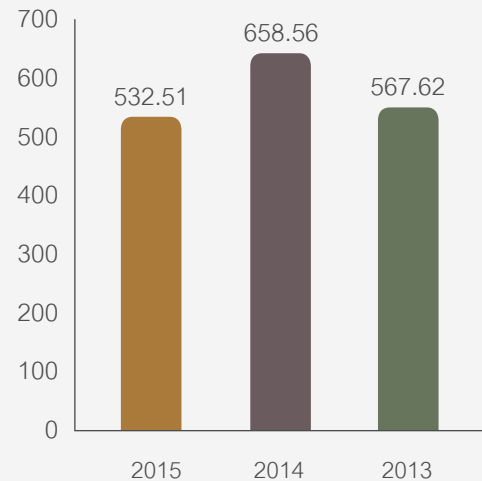
## Total Revenue

Unit : THB mil



## Net Profit

Unit : THB mil



Unit : THB Mil

## Financial Highlights

(Restate)

|   |             |             |             |
|---|-------------|-------------|-------------|
| Total Assets  | 4,672.50    | 4,167.95    | 4,630.66    |
| Total Liabilities   | 1,810.15    | 1,486.65    | 2,194.50    |
| Total Shareholder's Equity                                      | 2,862.36    | 2,681.30    | 2,436.16    |
| Total Revenues  | 5,271.21    | 6,651.55    | 6,023.23    |
| Total Expense   | 4,601.09    | 5,807.64    | 5,286.04    |
| Net Profits   | 532.51      | 658.56      | 567.62      |
| Basic Earning per Share (Baht)                                  | 2.58        | 3.19        | 7.74        |
| Total Number of Employee (persons)                              | 312         | 308         | 292         |
| Total Number of Shares (shares) as of 31 <sup>st</sup> December | 206,320,897 | 206,320,897 | 206,320,897 |

## Financial Ratios

|   |        |        |        |
|---|--------|--------|--------|
| Liquidity Ratio (Times)                               | 2.54   | 2.65   | 2.04   |
| Gross Profit Margin (%)                               | 23.67% | 22.61% | 23.91% |
| Net Profit Margin (Equity holders of the Company) (%) | 10.10% | 9.90%  | 9.42%  |
| Debt to Equity Ratio (time)                           | 0.63   | 0.55   | 0.90   |

## Consolidated financial statements

|   | 2015        | 2014        | 2013        |
|---|-------------|-------------|-------------|
| Total Assets  | 4,672.50    | 4,167.95    | 4,630.66    |
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| Net Profit Margin (Equity holders of the Company) (%)           | 10.10%      | 9.90%       | 9.42%       |
| Debt to Equity Ratio (time)                                     | 0.63        | 0.55        | 0.90        |



## Activities in 2015

01

Ms. Netnapit Oontornpan, Senior Executive Vice President, Corporate Affairs, together with representatives from the Company management and employees, donated an “Electronic Library for Education together with school supplies and sports equipment” to Schools in Ban Yang Province on June 21, 2015.



02

On November 20, 2015, the Company management and employees delivered an “Electronic Library for Education together with school supplies and sports equipment” to Hanung Bua Witaya School as a donation in Karnlasin Province.



03

The Company has delivered staff training across all levels to enable an enhancement of their knowledge and performance in complying with the new Company vision to “Be a key player in driving Thailand’s Digital Society”. Whereby anyone can access information and services from anywhere and at any time.



04

The Company held a competitive Sport Day from June 26th to June 28th, 2015 at the Greenery Resort, Khao Yai Nakhon Ratchasima. This activity helps



05

On December 30, 2015, Company management and employees provided food and money offerings to Buddhist monks for the upcoming New Year 2016.



06

On November 27, 2015, the Company provided a comprehensive training course on “The Prevention and Firefighting at the Workplace” at its Head Office.

## 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. Kitisak Sopchokchai**  
Director/ Member of the Nomination  
and Remuneration Committee



**Mr. Pisak Charudilaka**  
Director

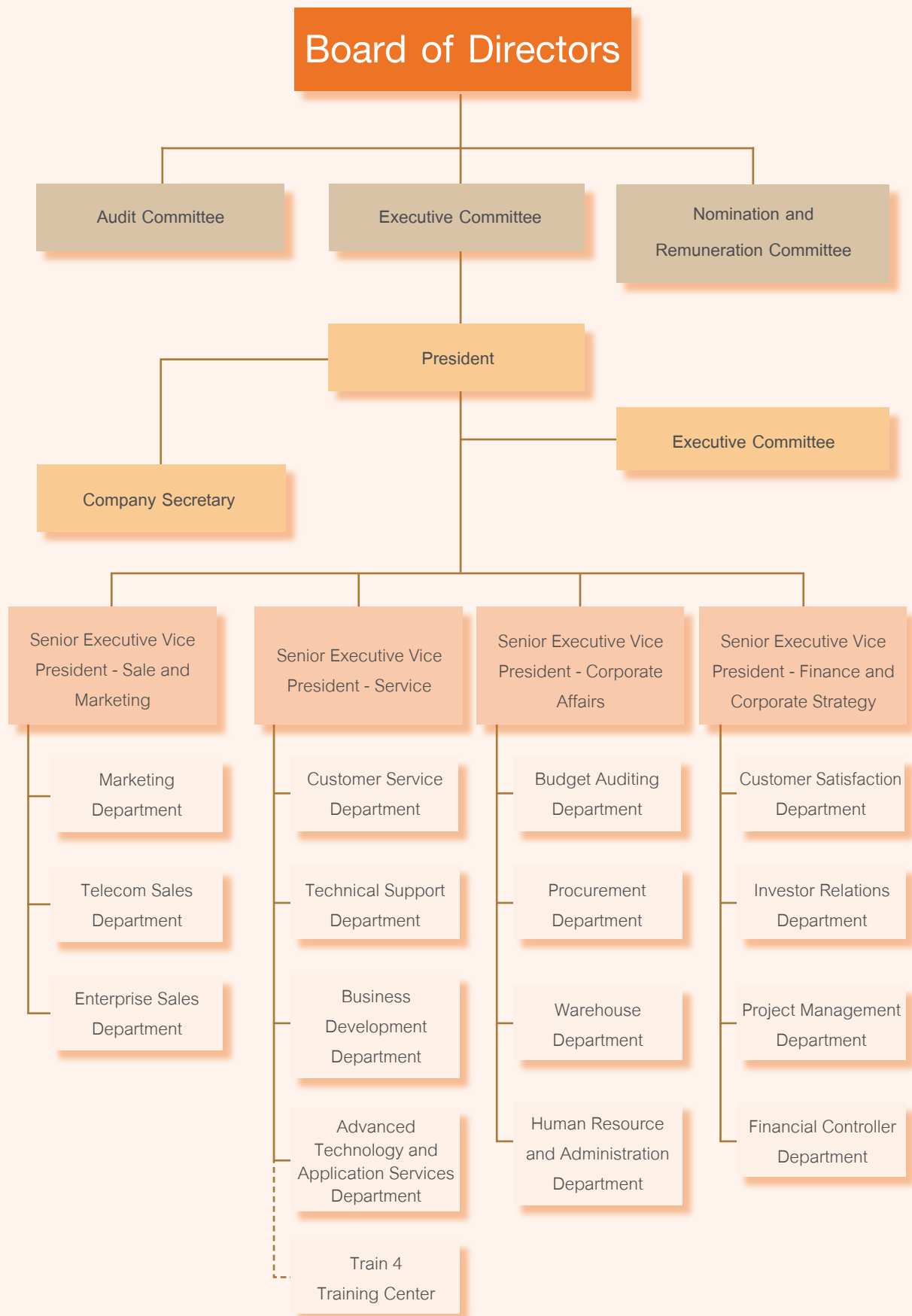


**Mr. Chodiwat Duntanasarn**  
Director



**Mr. Voravit Wattanakuljarus**  
Company Secretary

# Organizational Chart







Dear Shareholders,

Throughout 2015, the Thailand economy continued to be affected by fluctuations in: the global economy; the oil price slump; shrinkages across the export sector; a domestic consumption still not recovered; household debt soaring and ongoing disputes between countries. These factors may continue to have a serious impact on domestic purchasing power and investment by both public and the private sectors.

In addition to the above factors, there are also many more variable factors such as changes in technology and in consumer behavior, political instability, regulatory changes, in uncontrollable disasters, as well as the country entering into the ASEAN Economic Community (AEC). This will lead to new entrants in the market and more intense competition than ever before.

The Management and Staff of Advanced Information Technology PCL. are very aware of what is going to happen in the near future and how it can affect business in the long term; therefore in the year 2015, it commenced a change-plan program relating to change in the overall organization in order to create stability and sustainability of the Company. This plan included: adding new products and product differentiation strategies to the system integrator business: expansion of the service business and an increase investment into the service

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

provider businesses, both at domestically and abroad. In addition, the organization also needs to develop staff to be more professional in technology application. We also need to improve the internal systems to be more efficient - leading to our “Smart Company” Goal within the Year 2018 under the new vision of “Be a Key Player in driving Thailand’s Digital Society” but with our mission to continue to be “Your Success is Our Success”.

In 2015 there was an economic downturn and an earlier change of the government in mid-2014. This lead the Company to cut its growth to make the sales forecast be closer to reality and in-line with the prevailing conditions. The Company operated according to this new revenue and profits target and produced a good rate of return. Moreover, the Company paid an interim dividend of 0.55 baht per share to the Shareholders and the Company is likely to consider a dividend increase at the end of the fiscal year, according to the Company policy.

On behalf of the Board of Directors of Advanced Information Technology PCL. we would like to thank all our Shareholders, Partners, suppliers, customers, financial institutions, Management and Staffs, as well as those stakeholders who provide support and trust in making the Company a good company with good earnings and ranking the Company as one that has provided a high return on investment throughout the past. The Company is dedicated to all aspects of its ability to do our business carefully and to always firmly adhere to good corporate governance.



Mr. Thana Chaiprasit  
Chairman of the Board



Mr. Siripong Oontornpan  
Chairman of Executive Committee & President



## Report of the Audit Committee

Dear Shareholders,

The Audit Committee performs its duties in accordance with the scope of duties, mission and responsibilities assigned by the Board of Directors. These duties are to monitor the operations of the Company to ensure that the executives and members of the Executive Board perform their duties and to manage the affairs of the Company in accordance with the approved policies with responsibility and integrity.

In 2015, the Audit Committee has convened five times, excluding meetings with the auditor but without any Company representatives, and attending in order to monitor the progress of the operations as discussed and suggested by the auditors. Its main activities are summarized below.

1. To consider the quarterly and annual financial statements before presenting these to the Board of Directors. The Audit Committee has questioned and listened to the explanations from the management and auditors about the accuracy and completeness of the financial statements, including: the adequacy of the disclosures, events after the reporting period and adjustments for accounts that have material impact on the financial statements. Also to ensure that the preparation of financial statements is in accordance with the laws and standards of financial reporting. That accounting and financial statements are accurate and reliable. Insuring that the disclosures in the financial statements are adequate and timely in order to be useful to investors and users of financial statements.
2. To review and evaluate internal control systems. The Audit Committee has reviewed and commented on the report of the internal audit system in 2015 conducted by the internal auditors with regards to: control of the control system of fixed assets, the control system of sales, the control system of purchasing, the control of realized system and cost of sales records, human resource management system and payroll, the sales commission calculation, Operating Procedure of Project Manager and follow-up inspections of previous audit and evaluation from the audit firm, DIA and Associates Co., Ltd. The Board of Directors is of the opinion that the Company's internal control system is sufficient and has appropriate acceptance criteria.
3. For the matter of potential conflict of interest transactions, the Audit Committee placed importance in compliance with regulatory requirements and good corporate governance principles.
4. At each meeting the Audit Committee has reviewed and commented in regards to their compliance with the Law of the Securities and Exchange Commission, the regulations of the Stock Exchange of Thailand or other Laws relating to the Company's business. The review of its operations in the Year 2015 showed no past issues of substance regarding non-compliance with the Securities and Exchange Commission Law, nor with the Regulations of the Stock Exchange of Thailand, nor with other laws relating to the Company's business.



5. The Audit Committee has considered the performance, independence and appropriate compensation and thus, has nominated DIA & Associates Co., Ltd as the Company's internal auditor. Its inspections and reports are useful for CG procedures in compliance with Law of the Securities and Exchange Commission. Its capable officials are nominated namely: Mr.Apinan SriPramoj, Mr.Wason Seehawong, Mr.Saran Sajjawitwisarn, Mr. Sajja Sriwilai, Ms. Chuleeporn Boonsiri or other officials which may be nominated by the internal auditor.
6. The Audit Committee has determined, selected, nominated and recommended compensation for the 2016 Annual Audit to present to the Board of Directors for approval by the Annual General of Shareholders Meeting in 2016, the Audit Committee has considered the performance, independence and appropriate compensation and , thus, has nominated Miss Manee Rattanabunnakit, a certified auditor of License No. 5313, or Mr. Termphong Opanaphan, a certified auditor of License No. 4501, or Ms. Sumalee Reewarabandith, a certified auditor of License No. 3970, each being of EY Office Limited as auditors for the company for 2016, for the following reasons:
  - The 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 the year 2016 is decreased by 3.38 percent from that of 2015;
  - Neither of offices of 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.
7. 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.
8. The Company has invested in Kirz Limited "Subsidiary" since April 2013 held at 72.3 percent and an investment in this subsidiary amounting to 108.65 million baht, but the operational results of this subsidiary did not meet the management targets and that there was a trend that would see the operating expenses increasing. To solve such problems, The Executives Board proposed to the Board of Directors to consider the sale of all shares in the amount of 813,500 shares at a price of 80 million baht, the Board of Directors approved and sold those shares to existing shareholders and directors of subsidiaries on September 18, 2015. The results of the sale give the Company a net loss from investment in a period of approximately 2 years 5 months, totaling 28.65 million baht, but due to a provision for impairment at the end of 2014 of 28.33 million baht, a net loss of 0.32 million baht in the period. In 2016, the consolidated financial statements, the Company recorded a profit from the sale of shares in the amount of 37.28 million baht after netting of the sale of shares to the net asset value of subsidiaries of the Company, and the lower amount of the investment from changes in ownership in a subsidiary.

The Committee is of the opinion that the Company operations, within the period as at December 31, 2015 have 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 62**

**Educational Background** : Ph.D. (Honorary) Doctor of Philosophy in Education, Ramkhamhaeng University  
 : Ph.D. (Honorary) Doctor of Business Administration in General Management, Chandrakasem Rajabhat University  
 : Ph.D. (Honorary) Doctor of Arts in Innovation in Sports Management, Suan Sunandha Rajabhat University  
 : MINI MBA, Thammasart University  
 : The National Defense College (the combination of military officers and civilians) NDC 388

**% Shareholding** : 1.09% of paid up capital

(as of 30 December 2015)

**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 : Senior Vice Chairman, Osotspa Co., Ltd.  
 2005 - Present : The Board of Directors of The International Table Tennis Federation  
 2004 - Present : Vice President of The Asian Table Tennis Union  
 1999 - Present : Treasurer of The National Olympic Committee of Thailand



### Mr. Siripong Oontornpan

**Authorized Director/ President/ Chairman of the Executive Committee/ Member of the Nomination and Remuneration Committee**

**Age 63**

**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)  
 : Pillars for The Kingdom Program "V.I.P." Under the Royal Graciousness Class 1 (PVP)

**% Shareholding** : 5.21% of paid up capital

(as of 30 December 2015)

**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 : Authorized Director/ Member of the Nomination & Remuneration Committee/ Chairman of the Executive Committee/ President, Advanced Information Technology Pcl.

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

2014 - Present : Chairman of the Board, SLA Asia Company Limited  
 2012 - Present : Director, Loxley and AIT Holding Co., Ltd.  
 2009 - August 2013 : President, Thai Senior Professional Golfers Association





### Mr. Chokechai Tanpoonsinthana

Independent Director/ Chairman of the Audit Committee

Age 68

**Educational Background** : MBA (Quantitative Analysis & Finance), University of Wisconsin (Madison Campus), USA  
: Master of Science (Civil Engineering), University of Wisconsin (Madison Campus), USA  
: Bachelor of Engineering, Chulalongkorn University

**Training Record**  
: Thai Institute of Directors  
: Director Certification Program (DCP), 3/2000  
: Audit Committee and Continuing Development Program (ACP), 8/2009  
: Monitoring the Internal Audit Function (MIA), 6/2009  
: Monitoring the system of Internal Control and Risk Management (MIR), 7/2009  
: Monitoring Fraud Risk Management (MFM), 1 /2009  
: Monitoring the Quality of Financial Reporting (MFR), 12/2010  
: Advanced Audit Committee Program (AAP), Class 4/2010

**% Shareholding** : -None -

(as of 30 December 2015)

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

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

2015 - Present : Advisor to the Executive Board of Director Banphaeo Hospital (Public Organization)  
2013 - Present : Independent Director/ Member of Audit Committee Witcorp Products Ltd.  
2011 - Present : Member of the Appeal Committee The Stock Exchange of Thailand  
2010 - Present : Advisor Thai City Electric Co., Ltd.  
2011 - 2014 : Member of the Appeal Committee Thailand Futures Exchange Pcl.



### Mr. Pongtep Polanun

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

Age 62

**Educational Background** : M.S., (Economics), The National Institute of Development Administration  
: EMBA, (Executive Master of Business Administration), Sasin Graduate Institute of Business Administration of Chulalongkorn University  
: B.S., Economics, Thammasat University

**Training Record**  
: Thai Institute of Directors  
: Accreditation Program Director 36/2005

**% Shareholding** : less than 0.1% of paid up capital

(as of 30 December 2015)

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

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

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

2012 - Present : Independent Director of Kiatnakin Bank Pcl  
2003 - Present : Vice Chairman of the Board/ Chairman of Nomination and Remuneration Committee/ Independent Director/  
Member of The Audit Committee, Advanced Information Technology Pcl.  
2013 - 2014 : Advisor to Managing Director, Muang Thai Insurance Pcl  
2011 - 2012 : Director, Audit Committee of Phatra Capital Pcl  
2010 - 2011 : Executive Director, Krung Thai Bank Pcl  
2009 - 2010 : Director, Phatra Leasing Pcl  
2003 - 2012 : Director, Audit Committee of Phatra Securities Pcl.  
2000 - 2012 : Advisor to Director, Royal Ceramic Industry Pcl

#### 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 59

**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 (Diploma)  
 : Audit Committee Program 1 /2004

**% Shareholding** : -None -

(as of 30 December 2015)

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

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

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

|                 |   |
|-----------------|---|
| 2011 - Present  | : Director, Chairman of the Audit Committee Golden Lime Pcl.  |
| 2011 - Present  | : Director/ Chairman of Audit Committee Bangkok Airways Pcl.  |
| 2008 - Present  | : Director/ Chairman of the Audit Committee Kiattana Transport Pcl.   |
| 2008 - Present  | : Independent Director/ Member of the Nomination and Remuneration Committee/ Member of the Audit Committee, Bangkok General Hospital Pcl.       |
| 2003 - Present  | : Independent Director/ Member of the Nomination and Remuneration Committee/ Member of the Audit Committee Advanced Information Technology Pcl. |
| 2003 - Jan 2016 | : Director, The Royal Ceramic Industry Pcl.   |
| 2003 - Mar 2014 | : Member of the Audit Committee, The Royal Ceramic Industry Pcl.  |
| 2008 - 2012     | : Director/ Member of the Audit Committee, Living land Capital Pcl.   |

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

|                |                                     |
|----------------|-------------------------------------|
| 2007 - 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 61

**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** : 2.64% of paid up capital

(as of 30 December 2015)

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

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

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

|                |   |
|----------------|---|
| 2013 - Present | : Director , Asia Insurance Pcl.  |
| 2003 - Present | : Authorized Director/ Executive Board Committee/ Member of Nomination and Remuneration Committee/ Senior Executive Vice President - Service Advanced Information Technology Pcl. |



### Mr. Kijja Laoboonchai

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

Age 57

**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 2012

**% Shareholding** : less than 0.1% of paid up capital

(as of 30 December 2015)

**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.

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

2014 - Present : Director, SLA Asia Co., Ltd.



### Mr. Thanarak Phongphatar

Independent Director

Age 60

**Educational Background** : Master of Science in Information and Computer and Information Sciences, The Georgia Institute of Technology, Atlanta, Gorgia, USA.  
: Bachelor Degree of Engineering (Computer Sciences) Chulalongkorn University

**Training Record** : The Programmer for Senior Executive on Justice Administration Batch 10, Court of justice  
: National Defense College 2004  
: The Executive Program of Energy Literacy for a Sustainable Future Class 4, Thailand Energy Academy (TEA)

**% Shareholding** : less than 0.1% of paid up capital

(as of 30 December 2015)

**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)

Present : Managing Director, The Southern Palm (1978) Co., Ltd.  
: Executive Director, The Southern Palm Oil Industry (1993) Co., Ltd.  
: Vice Chairman The Federation of Thai Industries.





### Mr. Kittisak Sopchokchai

Director/ Member of the Nomination and Remuneration Committee

Age 61

**Educational Background** : Bachelor of Economics, Thammasat University

**Training Record** : Thai Institute of Directors

: Director Accreditation Program 54/2006

**% Shareholding** : 2.99% of paid up capital (held by Mrs. Kingporn Sopchokchai,  
(as of 30 December 2015) Mr. Kittasaks 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 : Director, Toa Electronics (Thailand) Co., Ltd.

: Director, KSP Square Co., Ltd.

2008 - Present : Director, Oaktree Co., Ltd. (So Bangkok Hotel)

: Director, Sureetriboon Holding Co., Ltd.

1983 - Present : President, Vichai Trading (1983) Co., Ltd.

: President, Sound and Communication Co., Ltd.

: President, Audio Engineering Service Co., Ltd.

: President, Digital Control Co., Ltd.



### Mr. Pisak Charudilaka

Director

Age 63

**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

: Economic and Finance Academy, Ministry of Finance : Professional  
Financier (#1)

**% Shareholding** : 1.26% of paid up capital (held by Mrs. Sroyson Charudilaka,  
(as of 30 December 2015) 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 Customs House, Director of High Level, The Customs Department



### Mr. Chodiwat Duntanasarn

Director/Senior Vice President - Sales Department

Age 52

**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** : 3.38% of paid up capital  
(as of 30 December 2015)

**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.  
1995 - Present : Senior Vice President - Sales Department,  
Advanced Information Technology Pcl.

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

2015 - Present : Director, Rak Baan Rao Co., Ltd.



### Mr. Asawin Kangvolkij

Senior Executive Vice President - Finance and Corporate strategy

Age 54

**Educational Background** : Master Degree in Economics, Western Michigan  
University, USA

**% Shareholding** : -None-  
(as of 30 December 2015)

**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.

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

2012 - Present : Director, Loxley and AIT Holding Co., Ltd.



### Mrs. Netnapit Oontornpan

Senior Executive Vice President - Corporate Affairs

Age 60

**Educational Background** : Master Degree in Inter - Communication, Western Michigan University, USA

**% Shareholding** : 0.62% of paid up capital  
(as of 30 December 2015)

**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

Executive Vice President - Financial Controller

Age 44

**Educational Background** : Master Degree in Accountancy, Thammasat University

**% Shareholding** : less than 0.1% of paid up capital  
(as of 30 December 2015)

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

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

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

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



### Mr. Voravit Wattanakuljarus

Company Secretary

Age 57

**Educational Background** : Master Degree in Economics, University of North Texas, USA.

**% Shareholding** : -None-  
(as of 30 December 2015)

**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 : Executive Vice President - Company Secretary  
Advanced Information Technology Pcl.

## Directors' Shareholding Report of Year 2015 and 2014

| Name - Last Name                 | Position  | Common Stock<br>(as of 30 Dec 2015) |       |
|----------------------------------|---|-------------------------------------|-------|
|                                  |   | AIT                                 |       |
|                                  |   | 2015                                | 2014  |
| 1. Mr. Thana Chaiprasit          | Chairman of the Board   | 1.09                                | 1.09  |
| 2. Mr. Siripong Oontornpan       | Authorized Director, President, Chairman of the Executive Committee, Nomination & Remuneration Committee                        | 5.21                                | 5.21  |
| 3. Mr. Chokechai Tanpoonsinthana | Chairman of the Audit Committee, Independent Director   | -                                   | -     |
| 4. Mr. Pongtep Polanun           | Vice Chairman of the Board, Independent Director, Audit Committee, Chairman of the Nomination and Remuneration Committee        | <0.01                               | <0.01 |
| 5. Mr. Sripop Sarasas            | Independent Director, Nomination and Remuneration Committee, Audit Committee  | -                                   | -     |
| 6. Mr. Suraporn Raktaprachit     | Authorized Director, Nomination and Remuneration Committee, Executive Board Committee Senior Executive Vice President - Service | 2.64                                | 2.64  |
| 7. Mr. Kijja Laoboonthai         | Authorized Director/ Executive Board Committee/ Senior Executive Vice President - Sales and Marketing                           | <0.01                               | <0.01 |
| 8. Mr. Thanarak Pongpatar        | Independent Director  | <0.02                               | <0.02 |
| 9. Mr. Kittisak Sopchokchai      | Director, Nomination and Remuneration Committee   | 2.99                                | 0.02  |
| 10. Mr. Pisak Charudilaka        | Director  | -                                   | -     |
| 11. Mr. Chodiwat Duntanasarn     | Director, Executive Vice President - Sales Department   | 3.38                                | 3.38  |
| 12. Mr. Asawin Kangvolkij        | Senior Executive Vice President - Finance and Corporate Finance and Strategy  | -                                   | -     |
| 13. Mrs. Netnapit Oontornpan     | Senior Executive Vice President - Corporate Affairs   | 0.62                                | 0.62  |
| 14. Ms. Sureerat Prachayanukul   | Executive Vice President - Financial Controller   | 0.09                                | 0.09  |

AIT: Advanced Information Technology Plc. Unit: % number of total shares

## General Information

### 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>  | : | 5,312.760,000 million Baht (as of 18 January 2016)   |
| <b>Registered Capital</b>     | : | 1,031,604,485 Baht   |
| <b>Paid-up Capital</b>        | : | 1,031,604,485 Baht   |
| <b>Number of Shareholders</b> | : | 6,357 (as of 21 August 2015)   |
| <b>% Free Float</b>           | : | 72.36%   |
| <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

#### EY 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  
 93 Ratchadaphisek Road, Dindang, Bangkok 10400  
 Tel: 0 2009-9000  
 Fax: 0 2009-9991  
 SET Contact center: 0 2009-9000  
 Website: <http://www.set.or.th/tsd>  
 E-mail: SETContactCenter@set.or.th



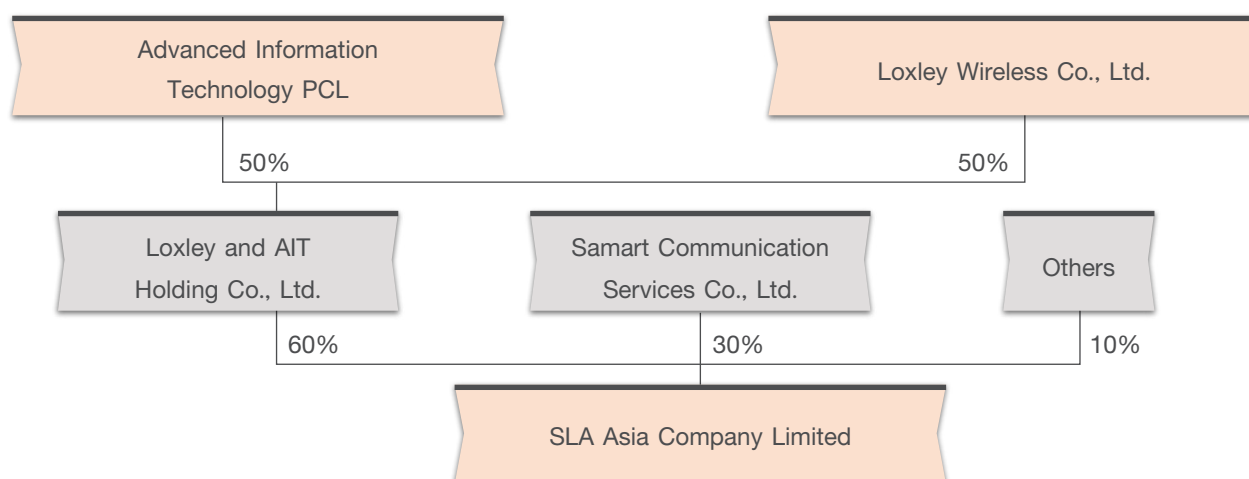
## General Information about the Company and its associate

| Company   | Type of Business  | Registered Capital<br>(Baht) | Par Value per Share<br>(Baht) | Paid-up Capital<br>(Baht) | Shareholding (%) |
|---|---|------------------------------|-------------------------------|---------------------------|------------------|
| <b>Advanced Information Technology Public Company Limited</b><br>37/2 Sutthisarnvinichai Road,<br>Samsaennok, Huaykwang,<br>Bangkok 10320 | Relating to information and communications technology, including the maintenance and development of IT systems                | 1,031,604,485                | 5                             | 1,031,604,485             | -                |
| <b>Joint venture</b>  |   |                              |                               |                           |                  |
| Loxley & AIT Holding Co., Ltd.<br>2 Soi Phahonyothin 19,<br>Phahonyothin Road,<br>Jatujak, Bangkok  | Lump sum turnkey contracts for the installation of telecommunication works, electricity plants and sales of related equipment | 270,000,000                  | 100                           | 150,000,000               | 50%              |
| SLA Asia Company Limited<br>2 Soi Phahonyothin 19,<br>Phahonyothin Road,<br>Jatujak, Bangkok  | Provide service as a contractor for telecommunications in the domestic and international.                                     | 30,000,000                   | 100                           | 30,000,000                | 60%              |

## 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 21<sup>st</sup> August 2015:

| Shareholder   | No. of Shares     | %             |
|---|-------------------|---------------|
| 1. The Oontornpan Group <sup>(1)</sup>  | 30,059,844        | 14.57%        |
| 2. Thai NVDR Company Limited  | 16,235,396        | 7.87%         |
| 3. The Sopchokechai Group <sup>(2)</sup>  | 7,897,459         | 3.83%         |
| 4. The Duntanasarn Group <sup>(3)</sup>   | 7,030,000         | 3.41%         |
| 5. The Raktaprachit Group <sup>(4)</sup>  | 5,850,953         | 2.84%         |
| 6. CITIBANK NOMINEES SINGAPORE PTE LTD-UBS AG LDN BRANCH A/C CLIENT NRBS  | 4,217,200         | 2.04%         |
| 7. The Charudilaka Group <sup>(5)</sup>   | 3,879,797         | 1.88%         |
| 8. Ms. Parntip Lekmanee   | 2,776,700         | 1.35%         |
| 9. Mr. Thawatch Tantimaet   | 2,513,000         | 1.22%         |
| 10. Mr. Thana Chaiprasit  | 2,250,000         | 1.09%         |
| Other Shareholders  | 123,610,548       | 59.91%        |
| <b>1. The Oontornpan Group comprises of:</b>  |                   |               |
| 1. Mr. Siripong Oontornpan  | 10,753,225        | 5.21%         |
| 2. Ms. Sasinet Oontornpan   | 6,837,345         | 3.31%         |
| 3. Mr. Sina Oontornpan  | 4,989,290         | 2.42%         |
| 4. Ms. Sinanang Oontornpan  | 4,979,138         | 2.41%         |
| 5. Mrs. Netnapit Oontornpan   | 1,278,647         | 0.62%         |
| 6. Ms. Saowaluck Oontornpan   | 995,000           | 0.48%         |
| 7. Mr. Surathep Oontornpan  | 227,199           | 0.11%         |
| <b>Total</b>  | <b>30,059,844</b> | <b>14.57%</b> |
| <b>2. The Sopchokechai Group comprises of:</b>  |                   |               |
| 1. Mrs. Kingporn Sopchokchai  | 6,129,459         | 2.97%         |
| 2. Mr. Titikorn Sopchokchai   | 950,000           | 0.46%         |
| 3. Ms. Pimpaka Sopchokchai  | 593,000           | 0.29%         |
| 4. Ms. Boonthida Sopchokchai  | 190,000           | 0.09%         |
| 5. Mr. Kittisak Sopchokchai   | 35,000            | 0.02%         |
| <b>Total</b>  | <b>7,897,459</b>  | <b>3.83%</b>  |
| Note : As at November 11, 2015, Mrs. Kingporn Sopchokechai has transferred all shares to Mr. Kittisak Sopchokechai total at 6,129,459 Shres |                   |               |
| <b>3. The Duntanasarn Group comprises of:</b>   |                   |               |
| 1. Mr. Chodiwat Duntanasarn   | 6,970,000         | 3.38%         |
| 2. Mr. Anupong Duntanasarn  | 60,000            | 0.03%         |
| <b>Total</b>  | <b>7,030,000</b>  | <b>3.41%</b>  |
| <b>4. The Raktaprachit Group comprises of:</b>  |                   |               |
| 1. Mr. Suraporn Raktaprachit  | 5,455,885         | 2.64%         |
| 2. Ms. Thippayachat Raktaprachit  | 395,068           | 0.19%         |
| <b>Total</b>  | <b>5,850,953</b>  | <b>2.84%</b>  |
| <b>5. The Charudilaka Group comprises of:</b>   |                   |               |
| 1. Mrs. Soyson Charudilaka  | 2,606,378         | 1.26%         |
| 2. Ms. Apiporn Charudilaka  | 651,994           | 0.32%         |
| 3. Mr. Apimuk Charudilaka   | 621,425           | 0.30%         |
| <b>Total</b>  | <b>3,879,797</b>  | <b>1.88%</b>  |

## Our Business

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

The nature of our business is as a System Integrator or "SI". This business is the designer of the computer systems and computer communication systems which allows the systems and solutions to be able to work together efficiently and effectively, and in order to meet the customers' needs. The elements of the designed system solution may include a combination of computer hardware, software, applications and computer networking equipment.

The main characteristic of our sales is as a turnkey project, which includes counseling, planning, designing, implementation, installation, training and ongoing maintenance.

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.

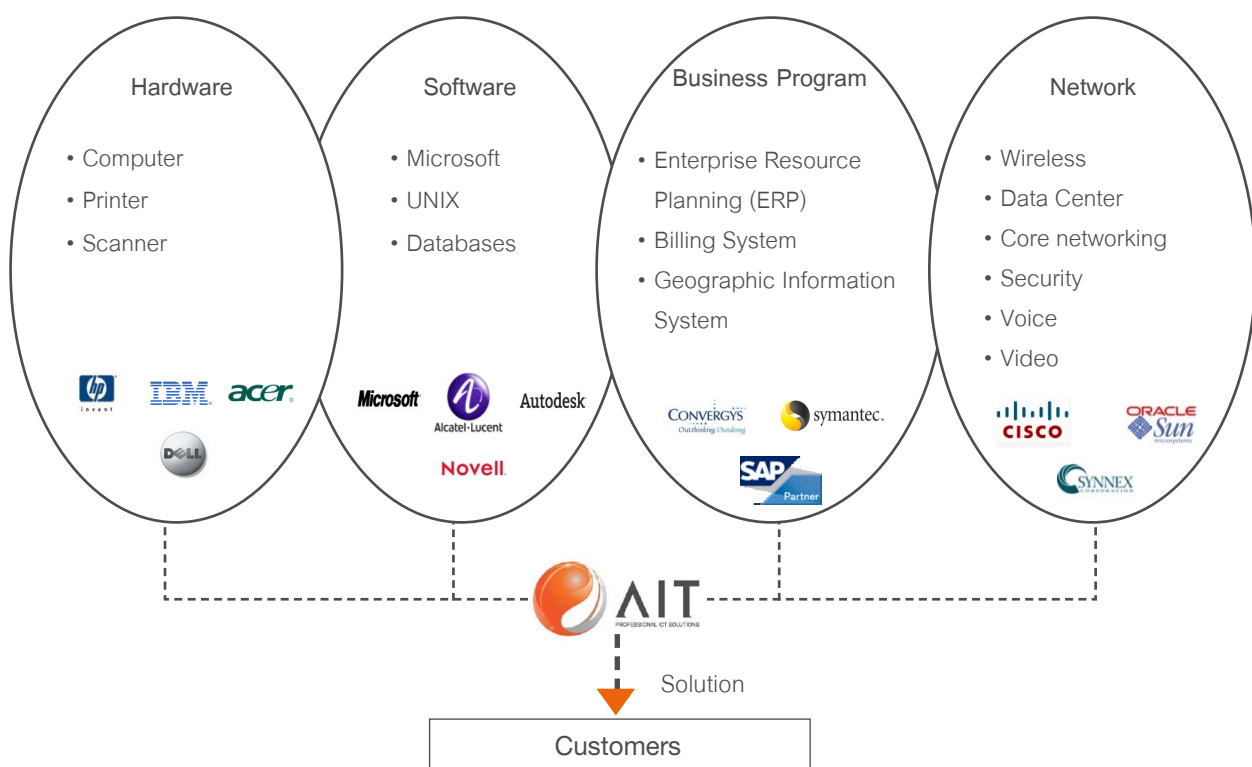
Over the past twenty years AIT has selected and developed a complete range of business applications to suit the needs of our customers including:

- 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





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 / , 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 NakhonRatchasima. This ensures that we provide proper project support throughout the country.

#### Revenue structure of Advanced Information Technology Public Company Limited

|   | 2013            |    | 2014            |    | 2015            |     |
|---|-----------------|----|-----------------|----|-----------------|-----|
|   | Million Baht    | %  | Million Baht    | %  | Million Baht    | %   |
| 1. Sales and services revenues                    | 5,888.42        | 98 | 6,470.79        | 97 | 5,027.05        | 95% |
| 2. Rental and service from equipment for lease    | 76.49           | 1  | 76.64           | 1  | 129.21          | 2%  |
| 3. Gain on the sales of investments in subsidiary | -               | -  | -               | -  | 37.28           | 1%  |
| 4. Others   | 58.32           | 1  | 104.12          | 2  | 77.67           | 2%  |
| <b>Total</b>                                      | <b>6,023.23</b> |    | <b>6,651.55</b> |    | <b>5,271.21</b> |     |

#### Business Objectives in 2015

The Company's business objectives for the year 2015 were determined to be as follows:

- Continuously maintain and sustain AIT's customer base, such as TOT, CAT, government agencies and state owned 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)

The Board of Directors has reviewed and participated in setting a vision and mission to enable the management and employees to move forwards in the same direction. In addition, the Board of Directors will consider revision of and approve the vision and mission of AIT at least every five years. The Board of Directors will endorse and monitor the management's operations so that these are in line with the corporate direction and strategies.

## 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:

### 1. 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.

### 2. 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

### 3. Managed Services

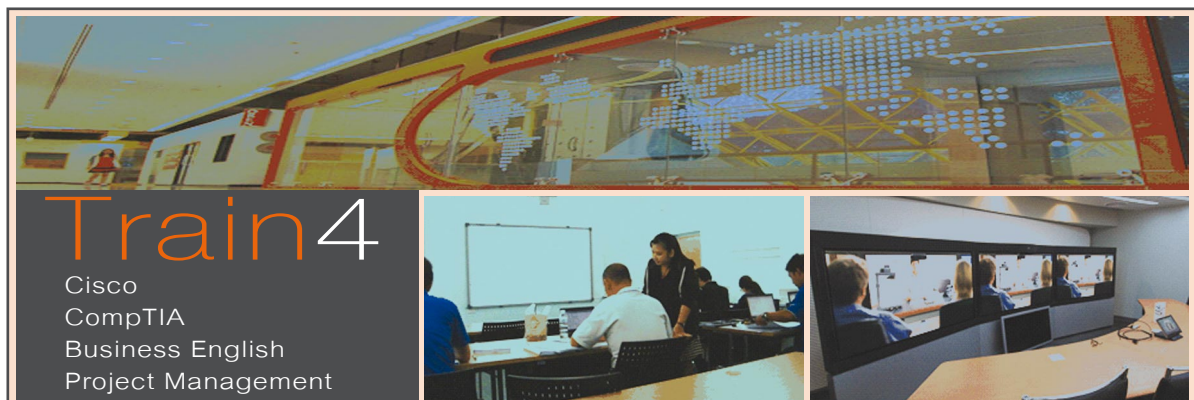
Under the AIT Managed Services option our customers will transfer their day-to-day management responsibilities to us as their strategic partner. This ensures improved, effective and efficient operations including production support, build and lifecycle maintenance activities. AIT Managed Services can 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.

### 4. TRAIN4 Training Services



Train4 is a newly constructed training center, specifically designed for training people in the latest technology courses. With 160 sqm of space, the center includes three class rooms, a Cisco Training Lab and Telepresence room, and two video based, internationally linked certification testing rooms. Train4 offers network solutions courses certified by Cisco and CompTIA training courses, English Corporate Communication classes, and specialized Project Management program

## Industry and Competition

In 2015 there were many risks that affected business operations which were caused by factors both domestic and international. Whether it was the global economy which is not fully recovered or tensions among the major powers of the world, domestic politics are still waiting for clarification on various matters - including the value of the Thai Baht value which continues to fluctuate markedly. As a result, customers slowed their spending on investments in both the public and private sectors in order to reduce costs. This has led to increased interest in the business model that is characterized by the rental or pay-as-a-service growing rapidly to meet the needs of this changing marketplace.

Perhaps the best performing cloud platform in the market is from Cisco. This Cisco platform called the Application Centric Infrastructure (ACI) is the best platform for data center integrated service in the Cloud Service Provider range with 1,000 to 10,000 virtual machines. The service providers can create effective virtual servers and configure the parameters as required, such as a size of server, storage, and network devices. Virtual servers are built to work within the policy of the Business Applications designed to automatically recognize either the connection policy, security policy or other policies. This will meet business needs more quickly, efficiently, reliably, securely and with greatly minimized human errors. As well as this, the trend in the data centers is largely focused on working on cloud platforms; therefore, the demand in the cloud platform market is greatly increasing. At AIT, we have placed a huge investment in developing our internal experts to be even better professionals across Thailand to support the cloud platform expertly. Therefore, with our support, large data centers can now be run more efficiently, consistently and effectively over time.

Usage trends on cloud platforms will continue to grow even greater when new technologies such as the Internet of Things (IoT) and the Internet of Everything (IoE) are able to fully connect devices via the Internet. These devices will be able to talk to each other and send us information through an application anywhere. This could include such devices as smart refrigerators - which will alert us of food and drink expiration dates, the amount of remaining food or to even order food from the store by themselves. Perhaps also when the family's mother is out exercising, we can find out rapidly precisely where she is, how many calories she has burned and even what her heart rate is and so forth. We can check the vacancy of a parking lot or the availability of valet parking - anywhere and at any time. These are just a few of the vast amount of possibilities presented by these upcoming technologies. In the future it is likely we may even enter a society called "Social IoT" where people across our societies will recognize each other through the linking of these devices. This will be especially prevalent amongst the younger generation who are already operating within a digital lifestyle using Smart Devices.

The expansion of network linkages among various devices, the IoT gateway, sensors and the Internet will need more speed, efficiency and reliability. Because as the numbers of linked devices grows, the reception-transmission data will soon reach an enormous amount (is: Big Data) as well. The design for the interconnection of different devices to the Internet requires a team with the experience and expertise in networking for the Internet, and IPv6 is designed to support a variety of devices in a myriad of IoT devices. AIT's team already has the expertise and has been certified by Cisco System Company Limited to assure customers that use our solutions and services.

Whenever a consumer experiences IoT technology, they will soon be able to understand what it is and apply their imagination to the creation of new connections and needs in other ways which will lead to the development of even newer concepts in the future. Thailand is now entering the era of 4G technology which will include even greater data speed and connectivity throughout the country. When the usage increases, data storing in the cloud system will even more important and necessary than ever thought of in the past. Data Center storage by service providers will have to grow to continue to meet the community and business needs. This information will also allow analysis to consider measures for developing countries and to meet their requirements more appropriately.

The world of technology is changing rapidly and organizations desire to apply technology to reduce work processes and aim to give their people the ability to collaborate anywhere, anytime. The new concept of mobility brings to reality what companies have wanted for a long time to introduce to the daily work processes and to develop digital techniques and solutions which will help shorten work processes and tighten control and monitoring. Every work team will soon be working on Smart Devices to reduce redundant work and to be able to access information anywhere, every time. AIT looks forward to the “Smart Company” technology in all IT processes to be fulfilled in the very near future. AIT aims to satisfy its customer’s business needs and to meet the consumer’s satisfaction. The word “Smart Business” is so important to our mission that “Your Success is Our Success” that it is also our commitment how we run our business.

## Competitive Analysis

The competitive landscape in Thailand’s ICT sector remains pretty much the same as in 2014, 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.
- NetONE 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 in order to avoid any potential opportunity loss, or loss of its competitiveness. In the near future, the trend will be to even more Cloud Technology and in the near future will come the Internet of Everything (IoE).

The Company encourages its engineers and sales and marketing people, to regularly monitor technological developments and to attend seminars to stay at the 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 51% 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                                    | 39%                    |
| Telecom II : Fixed line and Network Group | TOT Public Limited Company                                    | 12%                    |
| Enterprise : Fixed line and Network Group | State Enterprise, Private Company,<br>Educational Institution | 49%                    |

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 312 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 3-6%, - 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 2015, the Company's purchase of network equipments from Cisco Systems accounted for approximately 36% 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 3-9 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 around 1.5% 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 2015, the Company had a USD 8.3 million foreign currency trade account payable in foreign currencies and USD 6.8 million balance of FX forward contracts at the agreed rate of Baht 34.96-36.34 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 2015, 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

ICT is considered to be the highest growth industry in Thailand - most especially as the government fully promotes the industry by continuously investing in ICT systems and infrastructure. Major projects and policies are: the Digital Economy, which establishes the early stage of an action plan to promote accessing broadband Internet in village; to establish a connection to the Internet as a Regional Hub of ASEAN; the 3G and 4G license auctions.

The implementation of these projects and policies is expected to bring more business opportunities to everyone. 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 major policy change is to occur.

#### Risk relating to the economic situations

The global economy remains quite volatile, especially due to the largest trade partners China and the United States, both of whom have been at the heart of many past economic problems. As a result, customers have been slow to implement their budgets to develop or change technologies within their organization. This situation can occur in both the public and private sectors. Investments most recently have been in a slowdown.

#### Risk relating to uncontrollable/unpredictable situations

Natural events, which of course no one can control and usually cannot predict, can easily affect any business to be in a slowdown. Clear evidence of this was the flooding in 2011 which meant the Company was unable to deliver projects to its customers. As a result, revenue did not meet the set goals and meant was even lower than the Company had delivered in 2010. In 2015, Thailand suffered a severe and lengthy dry spell that has dramatically impacted agricultural productivity. The follow on effect has been reduced purchasing power from both the agricultural and private sectors.

#### Risk relating to game changers and new players

In late 2015, Thailand officially entered the ASEAN Economic Community (or AEC). It is expected that many multinational companies will now be in the AEC marketplace. The new format of the competition has been changed from what the Company previously experienced. The Company must therefore be prepared to cope and adjust to this new competition.



## Management structure

As of December 31, 2015, 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, Chairman of Executive Committee 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. Sinanang Oontornpan

#### 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        | The Chairman of the Executive Committee and 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. Krit Khongchuanark         | Executive Vice President - Project Management                    |
| 7. Mr. Kriengkrai Nissyan         | Executive Vice President - Business Development                  |
| 8. Mr. Chumkiat Laoseriwatanakul  | Executive Vice President - Marketing                             |
| 9. Mr. Chodiwat Duntanasarn       | Executive Vice President - Sales Department                      |
| 10. Mrs. Pannawee Kaewmanee       | Executive Vice President - Human Resource and Administration     |
| 10. Mr. Putti Dhamrongsirivadh    | Executive Vice President - Customer Service                      |
| 11. Mr. Ralf Hundertmark          | Executive Vice President - Business Development                  |
| 12. Mr. Somchart Tachussriwattana | Executive Vice President - AT&AS / VP-System Integration         |
| 12. Mr. Supat Dulyakupt           | Executive Vice President - Technical Support                     |
| 13. Ms. Sureerat Prachayanukul    | Executive Vice President - Financial Controller                  |
| 14. Mr. Ong-ard Harntaweessompone | Executive Vice President - Telecom Sales                         |
| 15. Mr. Voravit Wattanakuljarus   | Executive Vice President - Company Secretary                     |

## The Directors' Remunerations in 2015:

The Annual General Meeting No.1/2015 held on April 10, 2015 resolved to increase the monthly salary and remuneration fee of Directors which will be effective on May 1, 2015. The details are as follows:

Unit: Baht

|   | 2015   | 2014   | 2013   |
|---|--------|--------|--------|
| <b>The Board of Director</b>                          |        |        |        |
| Chairman of the Board                                 |        |        |        |
| Monthly Salary  | 25,000 | 15,000 | 15,000 |
| Remuneration Fee                                      | 25,000 | 20,000 | 20,000 |
| Director  |        |        |        |
| Monthly Salary  | 13,000 | 8,000  | 8,000  |
| Remuneration Fee                                      | 17,000 | 12,000 | 12,000 |
| <b>The Audit Committee</b>                            |        |        |        |
| Chairman of the Audit Committee                       |        |        |        |
| Monthly Salary  | 25,000 | 15,000 | 15,000 |
| Remuneration Fee                                      | 25,000 | 20,000 | 20,000 |
| Director  |        |        |        |
| Monthly Salary  | 20,000 | 10,000 | 10,000 |
| Remuneration Fee                                      | 20,000 | 15,000 | 15,000 |
| <b>The Nomination and Remuneration Committee</b>      |        |        |        |
| Chairman of the Nomination and Remuneration Committee |        |        |        |
| Monthly Salary  | -      | -      | -      |
| Remuneration Fee                                      | 25,000 | 20,000 | 20,000 |
| Director  |        |        |        |
| Monthly Salary  | -      | -      | -      |
| Remuneration Fee                                      | 20,000 | 15,000 | 15,000 |

The details of the Board of Director's Remuneration are as follows:

Unit:Baht

| Full Name                        | Position                               | Remuneration        | Monthly Salary      | Annual               | Annual               |
|----------------------------------|--|---------------------|---------------------|----------------------|----------------------|
|                                  |  | Fee Total           | Total               | Gratuity             | Total                |
| 1. Mr. Thana Chaiprasit          | Chairman of the Board                  | 140,000.00          | 260,000.00          | 2,478,260.90         | 2,878,260.90         |
| 2. Mr. Pongtep Polanun           | Vice Chairman and Independent Director | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 3. Mr. Siripong Oontornpan       | Director                               | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 4. Mr. Kittisak Sopchokchai      | Director                               | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 5. Mr. Suraporn Raktaprachit     | Director                               | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 6. Mr. Thanarak Pongphatar       | Independent Director                   | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 7. Mr. Kijja Laoboonchai         | Director                               | 75,000.00           | 136,000.00          | 1,652,173.91         | 1,863,173.91         |
| 8. Mr. Chokechai Tanpoonsinthana | Independent Director                   | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 9. Mr. Sripop Sarasas            | Independent Director                   | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 10. Mr. Pisak Charudilaka        | Director                               | 92,000.00           | 136,000.00          | 1,652,173.91         | 1,880,173.91         |
| 11. Mr. Chodiwat Duntanasarn     | Director                               | 75,000.00           | 136,000.00          | 1,652,173.91         | 1,863,173.91         |
| <b>Total</b>                     |  | <b>1,026,000.00</b> | <b>1,620,000.00</b> | <b>19,000,000.00</b> | <b>21,646,000.00</b> |

The details of The Audit Committee's Remuneration are as follows:

Unit:Baht

| Full Name                        | Position | Remuneration   | Monthly Salary | Annual         |
|----------------------------------|----------|----------------|----------------|----------------|
|                                  |          | Fee Total      | Total          | Total          |
| 1. Mr. Chokechai Tanpoonsinthana | Chairman | 115,000        | 260,000        | 375,000        |
| 2. Mr. Pongtep Polanun           | Director | 90,000         | 200,000        | 290,000        |
| 3. Mr. Sripop Sarasas            | Director | 90,000         | 200,000        | 290,000        |
| <b>Total</b>                     |          | <b>295,000</b> | <b>660,000</b> | <b>955,000</b> |

The details of The Nomination and Remuneration Committee's Remuneration are as follows:

Unit:Baht

| Full Name                    | Position | Remuneration Fee Total | Annual Total   |
|------------------------------|----------|------------------------|----------------|
|                              |          |                        |                |
| 1. Mr. Pongtep Polanun       | Chairman | 45,000                 | 45,000         |
| 2. Mr. Siripong Oontornpan   | Director | 35,000                 | 35,000         |
| 3. Mr. Sripop Sarasas        | Director | 35,000                 | 35,000         |
| 4. Mr. Kittisak Sopchokchai  | Director | 35,000                 | 35,000         |
| 5. Mr. Suraporn Raktaprachit | Director | 35,000                 | 35,000         |
| <b>Total</b>                 |          | <b>185,000</b>         | <b>185,000</b> |

Summary of Directors Remuneration:

Unit: Million's of Baht

| Committee  | Transaction                  | 2015 | 2014 | 2013 |
|--|------------------------------|------|------|------|
|  |                              |      |      |      |
| 1. Audit Committee   | Short-term employee benefits | 7    | 6    | 4    |
| 2. Directors who are a member of the Executive Board Committee and Management              | Short-term employee benefits | 101  | 125  | 115  |
|  | Post-employment benefits     | 2    | 2    | 3    |
| 3. Directors who are not a member of the Audit Committee and the Executive Board Committee | Short-term employee benefits | 9    | 7    | 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

EY Office Limited, the Company's external auditors, who conducted the audit of the 2014 financial statements, concluded that there was no material deficiency in the Company's accounting and financial control system.

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.

#### 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 subjects for Internal Audit in year 2015 are as follows:

##### 1. Internal Audit No. 1/2015

1. Fixed assets controlling system
  - 1.1 The purchase request
  - 1.2 Approval of purchase and vendor selection
  - 1.3 Fixed assets counting
  - 1.4 Storage and issuing assets number
  - 1.5 Filing of asset controlling
  - 1.6 The suitability of the insurance.
  - 1.7 Calculation of depreciation and accounting record
  - 1.8 The practice for counting the physical asset
  - 1.9 Asset Maintenance
  - 1.10 Transfer or disposal of asset
  - 1.11 Accounting records and related reports



2. Sales Control System
  - 2.1 Receiving customer
  - 2.2 Purchase Order
  - 2.3 Credit Approval
  - 2.4 Pricing, discount approval and products value calculation
  - 2.5 Issuing Sales Invoices and delivering to customer
  - 2.6 Trade accounts receivable records and related reports
  
2. **Internal Audit No. 2/2015**
  1. Purchasing System
    - 1.1 The purchase request
    - 1.2 Approval of purchase and vendor selection
    - 1.3 User Acceptance
    - 1.4 Order tracking
    - 1.5 Accounting records and related reports
  2. Realized system and cost of sales records.
  
3. **Internal Audit No. 3/2015**
  1. Human resource management system and payroll
    - 1.1 Policies, rules and regulations relating to the Labor Law
    - 1.2 Remuneration and benefits policies
    - 1.3 Criteria for Remuneration and benefits
    - 1.4 Accounting records and related reports
  2. Auditing on Commission calculation
  
4. **Internal Audit No. 4/2015**
  1. Operating Procedure of Project Manager
  2. Follow-up inspections of previous audit

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 Information

### 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       |
|--|-----------------------------------|------|-------------------------------|------|-------------------------------|
|  | 2015                              | 2014 | 2015                          | 2014 |                               |
| <u>Transactions with subsidiary</u><br>(eliminated from the consolidated financial statements) |                                   |      |                               |      |                               |
| Sales and service income   | -                                 | -    | 43.1                          | -    | Competitive agreed-upon price |

### Directors and management's benefits

During the years, the Company and its subsidiaries had employee benefit expenses payable to their directors and management as below.

(Unit: Million Baht)

|  |                              | Consolidated financial statements |      | Separate financial statements |      |
|--|------------------------------|-----------------------------------|------|-------------------------------|------|
|  |                              | 2015                              | 2014 | 2015                          | 2014 |
| <u>Related parties</u>   | <u>Related transactions</u>  |                                   |      |                               |      |
| Audit committee  | Short-term employee benefits | 7                                 | 6    | 7                             | 6    |
| Management and executive directors   | Short-term employee benefits | 101                               | 118  | 96                            | 108  |
|  | Post-employment benefits     | 2                                 | 2    | 2                             | 2    |
| Directors who are not members of the audit committee or management committee | Short-term employee benefits | 9                                 | 7    | 9                             | 7    |

## 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 2015. 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 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 2015, and the related consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of 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 2015, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.



Khitsada Lerdwana

Certified Public Accountant (Thailand) No. 4958

EY Office Limited  
Bangkok: 16 February 2016

# Financial Statement

## Statement of financial position

Advanced Information Technology Public Company Limited and its subsidiaries

As at 31 December 2015

(Unit: Baht)

|  | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |      | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Assets</b>  |      |                                   |                      |                               |                      |
| <b>Current assets</b>                                  |      |                                   |                      |                               |                      |
| Cash and cash equivalents                              | 7    | 1,291,640,703                     | 1,312,984,000        | 1,291,640,703                 | 1,310,793,236        |
| Current investments - trading securities               | 8    | 504,834,424                       | -                    | 504,834,424                   | -                    |
| Trade and other receivables                            | 9    | 1,596,037,767                     | 1,319,765,351        | 1,596,037,767                 | 1,312,601,099        |
| Unbilled receivables                                   |      | 302,834,151                       | 372,995,005          | 302,834,151                   | 371,625,688          |
| Inventories  | 10   | 462,819,780                       | 578,241,618          | 462,819,780                   | 573,324,739          |
| Other current assets                                   |      | 21,586,582                        | 83,898,817           | 21,586,582                    | 71,254,563           |
| <b>Total current assets</b>                            |      | <b>4,179,753,407</b>              | <b>3,667,884,791</b> | <b>4,179,753,407</b>          | <b>3,639,599,325</b> |
| <b>Non-current assets</b>                              |      |                                   |                      |                               |                      |
| Restricted bank deposits                               |      | -                                 | 9,613,896            | -                             | -                    |
| Investments in subsidiary                              | 11   | -                                 | -                    | -                             | 30,316,618           |
| Investments in jointly controlled entity and associate | 12   | 57,776,456                        | 66,290,537           | 74,999,850                    | 74,999,850           |
| Property, plant and equipment                          | 13   | 125,886,838                       | 169,606,776          | 125,886,838                   | 136,542,340          |
| Equipment for lease and services                       | 14   | 246,664,187                       | 180,518,626          | 246,664,187                   | 70,835,996           |
| Goodwill   |      | -                                 | 4,391,837            | -                             | -                    |
| Intangible assets                                      | 15   | 21,978,872                        | 45,039,304           | 21,978,872                    | 15,276,286           |
| Deferred tax assets                                    | 23   | 31,900,866                        | 15,041,223           | 31,900,866                    | 19,282,980           |
| Other non-current assets                               |      | 8,543,069                         | 9,561,092            | 8,543,069                     | 8,114,261            |
| <b>Total non-current assets</b>                        |      | <b>492,750,288</b>                | <b>500,063,291</b>   | <b>509,973,682</b>            | <b>355,368,331</b>   |
| <b>Total assets</b>                                    |      | <b>4,672,503,695</b>              | <b>4,167,948,082</b> | <b>4,689,727,089</b>          | <b>3,994,967,656</b> |

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 2015

(Unit: Baht)

|  | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|--|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |      | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Liabilities and Shareholders' equity</b>        |      |                                   |                      |                               |                      |
| <b>Current liabilities</b>                         |      |                                   |                      |                               |                      |
| Bank overdrafts and short-term loans               |      |                                   |                      |                               |                      |
| from financial institutions                        |      | -                                 | 18,192,889           | -                             | -                    |
| Trade and other payables                           | 16   | 745,164,586                       | 688,674,549          | 745,164,586                   | 656,748,201          |
| Unbilled payables                                  |      | 638,749,794                       | 399,791,939          | 638,749,794                   | 399,791,939          |
| Current portion of long-term loans                 | 17   | 51,689,807                        | 135,107,141          | 51,689,807                    | 7,988,706            |
| Current portion of liabilities under finance       |      |                                   |                      |                               |                      |
| lease agreements                                   | 18   | 22,676,506                        | 25,449,291           | 22,676,506                    | 23,736,848           |
| Income tax payable                                 |      | 21,443,092                        | 18,647,046           | 21,443,092                    | 18,647,046           |
| Advanced receipts from customers                   |      | 36,489,160                        | 21,453,704           | 36,489,160                    | 18,491,222           |
| Provision for penalty on project delay             |      | 53,038,305                        | 518,400              | 53,038,305                    | 518,400              |
| Other current liabilities                          | 19   | 75,516,006                        | 77,839,704           | 75,516,006                    | 77,401,768           |
| <b>Total current liabilities</b>                   |      | <b>1,644,767,256</b>              | <b>1,385,674,663</b> | <b>1,644,767,256</b>          | <b>1,203,324,130</b> |
| <b>Non-current liabilities</b>                     |      |                                   |                      |                               |                      |
| Long-term loans, net of current portion            | 17   | 80,320,000                        | 443,300              | 80,320,000                    | 443,300              |
| Liabilities under finance lease agreements,        |      |                                   |                      |                               |                      |
| net of current portion                             | 18   | 24,810,439                        | 43,450,730           | 24,810,439                    | 43,450,730           |
| Provision for long-term employee benefits          | 20   | 60,249,580                        | 52,076,815           | 60,249,580                    | 50,298,399           |
| Provision for contingent liability from legal case |      | -                                 | 5,000,000            | -                             | -                    |
| <b>Total non-current liabilities</b>               |      | <b>165,380,019</b>                | <b>100,970,845</b>   | <b>165,380,019</b>            | <b>94,192,429</b>    |
| <b>Total liabilities</b>                           |      | <b>1,810,147,275</b>              | <b>1,486,645,508</b> | <b>1,810,147,275</b>          | <b>1,297,516,559</b> |

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 2015

(Unit: Baht)

|   | Note | Consolidated financial statements |                      | Separate financial statements |                      |
|---|------|-----------------------------------|----------------------|-------------------------------|----------------------|
|   |      | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Shareholders' equity</b>                       |      |                                   |                      |                               |                      |
| Share capital                                     |      |                                   |                      |                               |                      |
| Registered  |      |                                   |                      |                               |                      |
| 206,320,897 ordinary shares of Baht 5 each        |      | 1,031,604,485                     | 1,031,604,485        | 1,031,604,485                 | 1,031,604,485        |
| Issued and fully paid-up                          |      |                                   |                      |                               |                      |
| 206,320,897 ordinary shares of Baht 5 each        |      | 1,031,604,485                     | 1,031,604,485        | 1,031,604,485                 | 1,031,604,485        |
| Share premium                                     |      | 303,437,091                       | 303,437,091          | 303,437,091                   | 303,437,091          |
| Retained earnings                                 |      |                                   |                      |                               |                      |
| Appropriated-statutory reserve                    | 21   | 103,160,449                       | 97,200,000           | 103,160,449                   | 97,200,000           |
| Unappropriated                                    |      | 1,424,154,395                     | 1,238,035,065        | 1,441,377,789                 | 1,265,209,521        |
| Equity attributable to owners of the Company      |      | 2,862,356,420                     | 2,670,276,641        | 2,879,579,814                 | 2,697,451,097        |
| Non-controlling interests of the subsidiaries     |      | -                                 | 11,025,933           | -                             | -                    |
| <b>Total shareholders' equity</b>                 |      | <b>2,862,356,420</b>              | <b>2,681,302,574</b> | <b>2,879,579,814</b>          | <b>2,697,451,097</b> |
| <b>Total liabilities and shareholders' equity</b> |      | <b>4,672,503,695</b>              | <b>4,167,948,082</b> | <b>4,689,727,089</b>          | <b>3,994,967,656</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 2015

(Unit: Baht)

|  | Note      | Consolidated financial statements |                      | Separate financial statements |                      |
|--|-----------|-----------------------------------|----------------------|-------------------------------|----------------------|
|  |           | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Profit or loss</b>  |           |                                   |                      |                               |                      |
| <b>Revenues</b>  |           |                                   |                      |                               |                      |
| Sales and service income   |           | 5,027,050,727                     | 6,470,787,736        | 4,927,716,827                 | 6,308,909,687        |
| Rental income from equipment for lease   |           | 129,206,457                       | 76,639,933           | 129,206,457                   | 76,639,933           |
| Gain on the sales of investments in subsidiary   | 11        | 37,282,486                        | -                    | -                             | -                    |
| Other income   |           | 77,672,609                        | 104,119,975          | 77,196,305                    | 91,933,507           |
| <b>Total revenues</b>  |           | <b>5,271,212,279</b>              | <b>6,651,547,644</b> | <b>5,134,119,589</b>          | <b>6,477,483,127</b> |
| <b>Expenses</b>  |           |                                   |                      |                               |                      |
| Cost of sales and service  |           | 3,847,759,374                     | 5,023,808,672        | 3,764,164,170                 | 4,879,536,714        |
| Cost of equipment for lease  |           | 88,230,124                        | 42,988,843           | 88,230,124                    | 42,988,843           |
| Selling expenses   |           | 311,265,842                       | 352,073,710          | 306,952,460                   | 344,241,501          |
| Administrative expenses  |           | 353,834,554                       | 388,765,565          | 316,270,467                   | 357,613,457          |
| <b>Total expenses</b>  |           | <b>4,601,089,894</b>              | <b>5,807,636,790</b> | <b>4,475,617,221</b>          | <b>5,624,380,515</b> |
| <b>Profit before share of loss from investments in jointly controlled entity and associate, finance cost and income tax expenses</b> |           | <b>670,122,385</b>                | <b>843,910,854</b>   | <b>658,502,368</b>            | <b>853,102,612</b>   |
| Share of loss from investments in jointly controlled entity and associate  | 12        | (8,462,727)                       | (8,828,136)          | -                             | -                    |
| <b>Profit before finance cost and income tax expenses</b>  |           | <b>661,659,658</b>                | <b>835,082,718</b>   | <b>658,502,368</b>            | <b>853,102,612</b>   |
| Finance cost   |           | (5,073,298)                       | (11,881,066)         | (622,629)                     | (6,158,279)          |
| <b>Profit before income tax expenses</b>   |           | <b>656,586,360</b>                | <b>823,201,652</b>   | <b>657,879,739</b>            | <b>846,944,333</b>   |
| Income tax expenses  | 23        | (134,092,390)                     | (186,052,974)        | (135,321,872)                 | (185,256,938)        |
| <b>Profit for the year</b>   |           | <b>522,493,970</b>                | <b>637,148,678</b>   | <b>522,557,867</b>            | <b>661,687,395</b>   |
| <b>Other comprehensive income for the year</b>   |           | <b>-</b>                          | <b>-</b>             | <b>-</b>                      | <b>-</b>             |
| <b>Total comprehensive income for the year</b>   |           | <b>522,493,970</b>                | <b>637,148,678</b>   | <b>522,557,867</b>            | <b>661,687,395</b>   |
| <b>Profit (loss) attributable to</b>   |           |                                   |                      |                               |                      |
| Equity holders of the Company  |           | 532,508,929                       | 658,559,478          | 522,557,867                   | 661,687,395          |
| Non-controlling interests of the subsidiaries  |           | (10,014,959)                      | (21,410,800)         |                               |                      |
|  |           | 522,493,970                       | 637,148,678          |                               |                      |
| <b>Total comprehensive income attributable to</b>  |           |                                   |                      |                               |                      |
| Equity holders of the Company  |           | 532,508,929                       | 658,559,478          | 522,557,867                   | 661,687,395          |
| Non-controlling interests of the subsidiaries  |           | (10,014,959)                      | (21,410,800)         |                               |                      |
|  |           | 522,493,970                       | 637,148,678          |                               |                      |
| <b>Basic earnings per share</b>  | <b>24</b> |                                   |                      |                               |                      |
| Profit attributable to equity holders of the Company   |           | 2.58                              | 3.19                 | 2.53                          | 3.21                 |

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 2015

(Unit: Baht)

| Separate financial statements           |                                  |               |                   |                |                            |  |
|---|----------------------------------|---------------|-------------------|----------------|----------------------------|--|
| Note                                    | Issued and paid-up share capital | Share premium | Retained earnings |                | Total shareholders' equity |  |
|   |                                  |               | Appropriated      | Unappropriated |                            |  |
| Balance as at 1 January 2014            | 1,031,604,485                    | 303,437,091   | 64,081,001        | 1,028,650,439  | 2,427,773,016              |  |
| Dividend Paid                           | 27                               | -             | -                 | (392,009,314)  | (392,009,314)              |  |
| Transferred to statutory reserve        | 21                               | -             | 33,118,999        | (33,118,999)   | -                          |  |
| Total comprehensive income for the year |                                  | -             | -                 | 661,687,395    | 661,687,395                |  |
| Balance as at 31 December 2014          | 1,031,604,485                    | 303,437,091   | 97,200,000        | 1,265,209,521  | 2,697,451,097              |  |
| Balance as at 1 January 2015            | 1,031,604,485                    | 303,437,091   | 97,200,000        | 1,265,209,521  | 2,697,451,097              |  |
| Dividend paid                           | 27                               | -             | -                 | (340,429,150)  | (340,429,150)              |  |
| Transferred to statutory reserve        | 21                               | -             | 5,960,449         | (5,960,449)    | -                          |  |
| Total comprehensive income for the year |                                  | -             | -                 | 522,557,867    | 522,557,867                |  |
| Balance as at 31 December 2015          | 1,031,604,485                    | 303,437,091   | 103,160,449       | 1,441,377,789  | 2,879,579,814              |  |

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 2015

(Unit: Baht)

|   | Consolidated financial statements |                      | Separate financial statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Cash flows from operating activities</b>   |                                   |                      |                               |                      |
| Profit before tax   | 656,586,360                       | 823,201,652          | 657,879,739                   | 846,944,333          |
| Adjustments to reconcile profit before tax to net cash provided by (paid from) operating activities |                                   |                      |                               |                      |
| Unrealised gain from changes in value of investments  | (4,834,424)                       | -                    | (4,834,424)                   | -                    |
| Depreciation and amortisation   | 153,062,138                       | 113,309,838          | 128,685,732                   | 79,159,136           |
| Allowance for doubtful accounts (reversal)  | 7,553,318                         | (5,439,513)          | 7,553,318                     | (5,418,270)          |
| Share of loss from investments in jointly controlled entity and associate                           | 8,462,727                         | 8,828,136            | -                             | -                    |
| Loss (gain) on the sales and dissolution of subsidiaries  | (37,282,486)                      | -                    | 316,618                       | 147,425              |
| Allowance for impairment of investments in subsidiary   | -                                 | -                    | -                             | 28,333,382           |
| Penalty on project delay (reversal)   | 52,519,905                        | (763,232)            | 52,519,905                    | (763,232)            |
| Reversal of provision for contingent liability from legal case                                      | -                                 | (12,000,000)         | -                             | -                    |
| Loss (gain) on sales of equipment   | 366,670                           | 366,599              | 429,374                       | (6,167)              |
| Gain on sales of equipment for services   | (28,474)                          | -                    | -                             | -                    |
| Long-term employee benefits expense   | 10,357,624                        | 10,147,116           | 9,951,181                     | 9,640,472            |
| Unrealised loss (gain) on exchange  | 824,798                           | (252,111)            | 824,798                       | (266,637)            |
| Interest expenses   | 9,723,572                         | 14,210,188           | 5,272,903                     | 8,487,401            |
| Profit from operating activities before changes in operating assets and liabilities                 | 857,311,728                       | 951,608,673          | 858,599,144                   | 966,257,843          |
| Operating assets (increase) decrease  |                                   |                      |                               |                      |
| Trade and other receivables   | (299,734,475)                     | 705,917,691          | (290,989,986)                 | 704,742,917          |
| Unbilled receivables  | 68,819,857                        | 367,241,363          | 68,791,537                    | 367,649,740          |
| Inventories   | 106,042,091                       | 637,522,032          | 110,504,959                   | 640,891,110          |
| Other current assets  | 50,334,908                        | (15,123,381)         | 51,717,160                    | (26,574,293)         |
| Other non-current assets  | (1,154,221)                       | 355,951              | (428,808)                     | 1,044,699            |
| Operating liabilities increase (decrease)   |                                   |                      |                               |                      |
| Trade and other payables  | 83,912,974                        | (201,527,916)        | 85,572,351                    | (210,511,215)        |
| Unbilled payables   | 238,957,855                       | 61,753,744           | 238,957,855                   | 61,753,744           |
| Advanced receipts from customers  | 17,485,983                        | (130,983,819)        | 17,997,938                    | (130,548,865)        |
| Provision for penalty on project delay  | -                                 | (8,218,368)          | -                             | (8,218,368)          |
| Other current liabilities   | (1,596,458)                       | (22,135,352)         | (1,937,201)                   | (22,232,206)         |
| Provision for long-term employee benefits   | -                                 | (8,713,277)          | -                             | (7,615,008)          |
| Cash from operating activities  | 1,120,380,242                     | 2,337,697,341        | 1,138,784,949                 | 2,336,640,098        |
| Interest paid   | (9,753,515)                       | (14,085,372)         | (5,302,846)                   | (8,487,401)          |
| Income tax paid   | (147,605,910)                     | (220,443,802)        | (145,143,712)                 | (206,623,194)        |
| <b>Net cash from operating activities</b>   | <b>963,020,817</b>                | <b>2,103,168,167</b> | <b>988,338,391</b>            | <b>2,121,529,503</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 2015

(Unit: Baht)

|   | Consolidated financial statements |                      | Separate financial statements |                      |
|---|-----------------------------------|----------------------|-------------------------------|----------------------|
|   | 2015                              | 2014                 | 2015                          | 2014                 |
| <b>Cash flows from investing activities</b>   |                                   |                      |                               |                      |
| Increase in current investments   | (500,000,000)                     | -                    | (500,000,000)                 | -                    |
| Decrease in restricted bank deposits  | 173,254                           | 5,305,205            | -                             | 5,484,745            |
| Cash payment for investments in subsidiary  | -                                 | -                    | (50,000,000)                  | -                    |
| Cash receipt (payment) from the sales and dissolution of subsidiaries                   | 77,667,750                        | (171)                | 80,000,000                    | 852,375              |
| Cash payment for investments in jointly controlled entity and associate                 | -                                 | (24,999,950)         | -                             | (24,999,950)         |
| Cash receipt from sales of equipment  | 449,980                           | 22,615               | 341,911                       | 17,942               |
| Cash receipt from sales of equipment for services                                       | 200,000                           | -                    | -                             | -                    |
| Cash payment for purchase property, plant and equipment                                 | (31,445,357)                      | (111,564,912)        | (31,003,537)                  | (109,490,331)        |
| Cash payment for purchase equipment for lease and services                              | (268,256,257)                     | (62,653,972)         | (261,298,415)                 | -                    |
| Cash payment for purchase computer software   | (9,252,341)                       | (7,609,812)          | (9,030,340)                   | (5,735,803)          |
| <b>Net cash used in investing activities</b>  | <b>(730,462,971)</b>              | <b>(201,500,997)</b> | <b>(770,990,381)</b>          | <b>(133,871,022)</b> |
| <b>Cash flows from financing activities</b>   |                                   |                      |                               |                      |
| Increase (decrease) in bank overdrafts and short-term loans from financial institutions | (8,394,858)                       | 1,986,295            | -                             | -                    |
| Decrease in trust receipts  | -                                 | (451,995,298)        | -                             | (451,995,298)        |
| Cash receipt from long-term loans   | 158,000,000                       | 95,709,280           | 158,000,000                   | 709,280              |
| Repayment of long-term loans  | (42,424,099)                      | (45,512,149)         | (34,422,199)                  | (38,063,150)         |
| Increase (decrease) in liabilities under finance lease agreements                       | (20,704,475)                      | 22,932,363           | (19,700,633)                  | 26,918,872           |
| Dividend paid   | (340,377,711)                     | (391,864,178)        | (340,377,711)                 | (391,864,178)        |
| <b>Net cash used in financing activities</b>  | <b>(253,901,143)</b>              | <b>(768,743,687)</b> | <b>(236,500,543)</b>          | <b>(854,294,474)</b> |
| <b>Net increase (decrease) in cash and cash equivalents</b>                             | <b>(21,343,297)</b>               | <b>1,132,923,483</b> | <b>(19,152,533)</b>           | <b>1,133,364,007</b> |
| Cash and cash equivalents at beginning of year  | 1,312,984,000                     | 180,060,517          | 1,310,793,236                 | 177,429,229          |
| <b>Cash and cash equivalents at end of year</b>   | <b>1,291,640,703</b>              | <b>1,312,984,000</b> | <b>1,291,640,703</b>          | <b>1,310,793,236</b> |

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



## Notes to consolidated financial statements

Advanced Information Technology Public Company Limited and its subsidiaries

For the year ended 31 December 2015

### 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 repair and maintenance, training and lump sum 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 Suthisarnvinichai 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 |              |
|---|--|--------------------------|----------------------------|--------------|
|   |  |                          | 2015 percent               | 2014 percent |
| Kirz Co., Ltd.  | Sale and services of software system and computer system and provide high - speed internet | Thailand                 | -                          | 51           |
| BKK Broadband Co., Ltd.<br>(60 percent owned by Kirz Co., Ltd.) | Provide high-speed internet  | Thailand                 | -                          | 60           |

In September 2015, the Company sold all shares of Kirz Co., Ltd. (subsidiary) to a formal shareholder.

- b) The Company is deemed to have control over an investee or subsidiaries if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns.
- c) Subsidiaries are fully consolidated, being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.

- d) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) 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 present investments in subsidiaries, jointly controlled entity and associate under the cost method.

### 3. New financial reporting standards

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

#### a. Financial reporting standards that became effective in the current year

The Company and its subsidiaries have adopted the revised (revised 2014) and new financial reporting standards issued by the Federation of Accounting Professions which become effective for fiscal years beginning on or after 1 January 2015. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards, with most of the changes directed towards revision of wording and terminology, and provision of interpretations and accounting guidance to users of standards. The adoption of these financial reporting standards does not have any significant impact on the Company and its subsidiaries's financial statements. However, some of these standards involve changes to key principles, which are summarised below:

#### TAS 19 (revised 2014) Employee Benefits

This revised standard requires that the entity recognise actuarial gains and losses immediately in other comprehensive income while the former standard allowed the entity to recognise such gains and losses immediately in either profit or loss or other comprehensive income, or to recognise them gradually in profit or loss.

This revised standard does not have any impact on the financial statements as the Company and its subsidiaries already recognise actuarial gains and losses immediately in other comprehensive income.

#### TFRS 10 Consolidated Financial Statements

TFRS 10 prescribes requirements for the preparation of consolidated financial statements and replaces the content of TAS 27 Consolidated and Separate Financial Statements dealing with consolidated financial statements. This standard changes the principles used in considering whether control exists. Under this standard, an investor is deemed to have control over an investee if it has rights, or is exposed, to variable returns from its involvement with the investee, and it has the ability to direct the activities that affect the amount of its returns, even if it holds less than half of the shares or voting rights. This important change requires the management to exercise a lot of judgement when reviewing whether the Company and its subsidiaries have control over investees and determining which entities have to be included in preparation of the consolidated financial statements.

This standard does not have any impact on the Company's and its subsidiaries' financial statements.

#### **TFRS 11 Joint Arrangements**

TFRS 11 supersedes TAS 31 Interests in Joint Ventures. This standard requires an entity investing in any other entity to determine whether the entity and other investors have joint control in the investment. When joint control exists, there is deemed to be a joint arrangement and the entity then needs to apply judgement to assess whether the joint arrangement is a joint operation or a joint venture and to account for the interest in the investment in a manner appropriate to the type of joint arrangement. If it is a joint operation, the entity is to recognise its shares of assets, liabilities, revenue and expenses of the joint operation, in proportion to its interest, in its separate financial statements. If it is a joint venture, the entity is to account for its investment in the joint venture using the equity method in the financial statements in which the equity method is applied or the consolidated financial statements (if any), and at cost in the separate financial statements.

This standard does not have any impact on the financial statements since the Company and its subsidiaries already apply the equity method to account for the investment in a joint venture.

#### **TFRS 12 Disclosure of Interests in Other Entities**

This standard stipulates disclosures relating to an entity's interests in subsidiaries, joint arrangements and associates, including structured entities. This standard therefore has no financial impact on the financial statements of the Company and its subsidiaries.

#### **TFRS 13 Fair Value Measurement**

This standard provides guidance on how to measure fair value and stipulates disclosures related to fair value measurement. Entities are to apply the guidance under this standard if they are required by other financial reporting standards to measure their assets or liabilities at fair value. The effects of the adoption of this standard are to be recognised prospectively.

This standard does not have any significant impact on the Company's and its subsidiaries' financial statements.

#### **b. Financial reporting standard that will become effective in the future**

During the current year, the Federation of Accounting Professions issued a number of the revised (revised 2015) and new financial reporting standards and accounting treatment guidance which is effective for fiscal years beginning on or after 1 January 2016. These financial reporting standards were aimed at alignment with the corresponding International Financial Reporting Standards. The Company's management believes that the revised and new financial reporting standards and accounting treatment guidance will not have any significant impact on the financial statements when it is initially applied.

### **4. Significant accounting policies**

#### **4.1 Revenues and expenses recognition**

##### **a) Revenues**

##### ***Sales and service income***

Revenues from the sale, design, installation, service, ongoing repair and 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 maintenance income***

Rental and maintenance income are recognised over the period of rental and maintenance.

#### ***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 repair and 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 in the statement of financial position.

Other expenses are recognised on an accrual basis.

### **4.2 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.

### **4.3 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.

### **4.4 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 equipment, labour, subcontract works and other relevant expenses.

### **4.5 Investments**

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in jointly controlled entity and associate are accounted for in the consolidated financial statements using the equity method.
- c) Investments in subsidiaries, jointly controlled entity and associate 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.

The weighted average method is used for computation of the cost of investments.

#### 4.6 Property, plant, equipment and equipment for lease and services and depreciation

Land is stated at cost. Building, 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 plant, 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                                 | 20 years                       |
| Building improvement                     | 5 years                        |
| Furniture, fixtures and office equipment | 5, 10 years                    |
| Computers                                | 3, 5 years                     |
| Equipment used in projects               | 3, 5 years                     |
| Vehicles                                 | 5 years                        |
| Equipment for lease                      | Lease period (3.5 - 5.5 years) |
| Equipment for services                   | 5, 10, 15 years                |

Depreciation is included in determining income.

No depreciation is provided for land and asset under installation.

An item of property, plant, 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.

#### 4.7 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            |

#### 4.8 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.

#### **4.9 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.

#### **4.10 Long-term leases**

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

#### **4.11 Foreign currencies**

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

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

Gains and losses on exchange are included in determining income.

#### **4.12 Impairment of assets**

At the end of each reporting period, the Company and its subsidiaries perform impairment reviews in respect of the property, plant, equipment, equipment for lease and services and intangible assets whenever events or changes in circumstances indicate that an asset may be impaired. The Company also carry 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 and its subsidiaries 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.

#### **4.13 Employee benefits**

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

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

##### **Post-employment benefits**

###### ***Defined contribution plans***

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

###### **Defined benefit plans**

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

#### **4.14 Provisions**

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

#### **4.15 Income tax**

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

##### **Current tax**

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

##### **Deferred tax**

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



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

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

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

#### **4.16 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 recognised in profit or loss.

#### **4.17 Fair value measurement**

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

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

- Level 1 - Use of quoted market prices in an observable active market for such assets or liabilities
- Level 2 - Use of other observable inputs for such assets or liabilities, whether directly or indirectly
- Level 3 - Use of unobservable inputs such as estimates of future cash flows

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

## 5. Significant accounting judgements and estimates

The preparation of financial statements in conformity with financial reporting standards at times requires management to make subjective 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 repair and 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 repair and 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 project, based on information from the engineers/project managers. These estimates are regularly revisited or whenever the actual costs incurred significantly vary from the estimation.

### **Allowance for doubtful accounts**

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

### **Provision for loss/penalty on project delay**

The management apply their judgements in estimating the loss/penalty on project delay they expect to be realised on each project, based on estimates of anticipated costs that take into account the progress of the project and actual costs incurred to date, together with fluctuations in cost of equipment, labour, other relevant expenses and the current situation.

## 6. Related party transactions

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

(Unit: Million Baht)

|   | Consolidated         |      | Separate             |      | Transfer Pricing Policy          |
|---|----------------------|------|----------------------|------|----------------------------------|
|   | financial statements |      | financial statements |      |                                  |
|   | 2015                 | 2014 | 2015                 | 2014 |                                  |
| <u>Transactions with subsidiary</u>                     |                      |      |                      |      |                                  |
| (eliminated from the consolidated financial statements) |                      |      |                      |      |                                  |
| Sales and service income                                | -                    | -    | 43.1                 | -    | Competitive<br>agreed-upon price |

## Directors and management's benefits

During the years, 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 |      |
|--|------------------------------|-----------------------------------|------|-------------------------------|------|
|  |                              | 2015                              | 2014 | 2015                          | 2014 |
| Audit committee  | Short-term employee benefits | 7                                 | 6    | 7                             | 6    |
| Management and executive directors   | Short-term employee benefits | 101                               | 118  | 96                            | 108  |
|  | Post-employment benefits     | 2                                 | 2    | 2                             | 2    |
| Directors who are not members of the audit committee or management committee | Short-term employee benefits | 9                                 | 7    | 9                             | 7    |

## 7. Cash and cash equivalents

(Unit: Thousand Baht)

|   | Consolidated financial statements |           | Separate financial statements |           |
|---|-----------------------------------|-----------|-------------------------------|-----------|
|   | 2015                              | 2014      | 2015                          | 2014      |
| Cash  | 376                               | 648       | 376                           | 465       |
| Bank deposits   | 990,124                           | 1,312,336 | 990,124                       | 1,310,328 |
| Highly liquid investments                                 |                                   |           |                               |           |
| Unit trusts in fixed income open-ended fund - Cost        | 300,154                           | -         | 300,154                       | -         |
| Add: Unrealised gain from changes in value of investments | 987                               | -         | 987                           | -         |
| Unit trusts in fixed income open-ended fund - Fair value  | 301,141                           | -         | 301,141                       | -         |
| Total cash and cash equivalents                           | 1,291,641                         | 1,312,984 | 1,291,641                     | 1,310,793 |

As at 31 December 2015, bank deposits in savings accounts and fixed deposits carried interests between 0.10 - 0.85 percent per annum (2014: 0.10 - 1.25 percent per annum).

## 8. Current investments - trading securities

(Unit: Thousand Baht)

|   | Consolidated/Separate financial statements |      |            |      |
|---|--|------|------------|------|
|   | Cost                                       |      | Fair value |      |
|   | 2015                                       | 2014 | 2015       | 2014 |
| Unit trusts in fixed income open-ended fund               | 500,000                                    | -    | 504,834    | -    |
| Add: Unrealised gain from changes in value of investments | 4,834                                      | -    |            |      |
| Total current investments - trading securities            | 504,834                                    | -    |            |      |

## 9. Trade and other receivables

(Unit: Thousand Baht)

|  | Consolidated financial statements |           | Separate financial statements |           |
|--|-----------------------------------|-----------|-------------------------------|-----------|
|  | 2015                              | 2014      | 2015                          | 2014      |
| <u>Trade accounts receivable - related party</u>         |                                   |           |                               |           |
| Aged on the basis of due dates                           |                                   |           |                               |           |
| Not yet due  | -                                 | -         | -                             | 994       |
| Past due 3-6 months                                      | -                                 | -         | -                             | 498       |
| Total trade accounts receivable - related party          | -                                 | -         | -                             | 1,492     |
| <u>Trade accounts receivable - unrelated parties</u>     |                                   |           |                               |           |
| Aged on the basis of due dates                           |                                   |           |                               |           |
| Not yet due  | 787,587                           | 396,592   | 787,587                       | 390,093   |
| Past due   |                                   |           |                               |           |
| Up to 3 months   | 667,251                           | 433,551   | 667,251                       | 431,632   |
| 3-6 months   | 51,618                            | 308,327   | 51,618                        | 308,237   |
| Over 6-12 months   | 38,327                            | 66,211    | 38,327                        | 66,109    |
| Over 12 months   | 98,749                            | 148,037   | 98,749                        | 147,781   |
| Total  | 1,643,532                         | 1,352,718 | 1,643,532                     | 1,343,852 |
| Less: Allowance for doubtful accounts                    | (51,884)                          | (44,541)  | (51,884)                      | (44,331)  |
| Total trade accounts receivable - unrelated parties, net | 1,591,648                         | 1,308,177 | 1,591,648                     | 1,299,521 |
| <u>Other receivable</u>                                  |                                   |           |                               |           |
| Receivable under installment                             | 4,390                             | 11,588    | 4,390                         | 11,588    |
| Total other receivable, net                              | 4,390                             | 11,588    | 4,390                         | 11,588    |
| Total trade and other receivables - net                  | 1,596,038                         | 1,319,765 | 1,596,038                     | 1,312,601 |

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

## 10. Inventories

(Unit: Thousand Baht)

|  | Consolidated financial statements |          | Separate financial statements |          |
|--|-----------------------------------|----------|-------------------------------|----------|
|  | 2015                              | 2014     | 2015                          | 2014     |
| Equipment and work in progress                         | 441,694                           | 545,222  | 441,694                       | 540,305  |
| Goods in transit                                       | 41,957                            | 53,851   | 41,957                        | 53,851   |
| Total  | 483,651                           | 599,073  | 483,651                       | 594,156  |
| Less: Allowance for diminution in value of inventories | (20,831)                          | (20,831) | (20,831)                      | (20,831) |
| Inventories - net                                      | 462,820                           | 578,242  | 462,820                       | 573,325  |

## 11. 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 |        |
|---|-----------------|------|-------------------------|-------------------|------|--------|
|   | 2015            | 2014 | 2015<br>(percent)       | 2014<br>(percent) | 2015 | 2014   |
| Kirz Co., Ltd.                                | -               | 65   | -                       | 51                | -    | 58.6   |
| Less: Allowance for impairment of investments |                 |      |                         |                   | -    | (28.3) |
| Investments in subsidiaries, net              |                 |      |                         |                   | -    | 30.3   |

During the years 2015 and 2014, the subsidiary companies did not pay a dividend.

On 7 April 2015, an Extraordinary General Meeting of the shareholders No. 1/2015 of subsidiary approved an increase in its registered share capital from Baht 65 million (650,000 ordinary shares of Baht 100 each) to Baht 115 million (1,150,000 ordinary shares of Baht 100 each) through the issuance of 500,000 ordinary shares with a par value of Baht 100 per share. In accordance with the resolution of the Board of Director's Meeting of the Company No. 2/2015 on 3 April 2015, the Company purchased Baht 50 million of the additionally issued ordinary shares, and as a result the Company's shareholding in that company increased from 51 percent to 72 percent. Difference between purchase price and net book value of the subsidiary recognised from the acquisition of these investments amounting to Baht 11 million and presented under the caption of "Deficit on investments due to change in proportion of shareholding in subsidiary" in shareholders' equity in consolidated financial statements.

In September 2015, the Company sold all of the shares of the subsidiary to a former shareholder for Baht 80 million and received payment in full. The net asset value of the subsidiary at the sale date was as follows:

|  | (Unit: Thousand Baht) |
|--|-----------------------|
| Cash and cash equivalents  | 2,332                 |
| Trade accounts receivable  | 15,909                |
| Other current assets   | 27,210                |
| Restricted bank deposits   | 9,441                 |
| Equipment  | 26,912                |
| Equipment for services   | 104,521               |
| Goodwill   | 4,392                 |
| Intangible assets  | 24,105                |
| Other non-current assets   | 2,224                 |
| Bank overdrafts and short-term loans from financial institutions                       | (9,798)               |
| Trade accounts payable   | (30,267)              |
| Other current liabilities  | (3,230)               |
| Long-term loans  | (119,116)             |
| Liabilities under finance lease agreements   | (709)                 |
| Provision for long-term employee benefits  | (2,185)               |
| Deferred tax liabilities   | (3,012)               |
| Non-current liabilities  | (5,000)               |
| <b>Net asset value</b>   | <b>43,729</b>         |
| Less: Net asset value attributable to non-controlling interests                        | (12,111)              |
| <b>Net asset value attributable to the Company</b>                                     | <b>31,618</b>         |
| <br>   |                       |
| Sale price of investments in subsidiary  | 80,000                |
| Less: Cash and cash equivalents of subsidiary  | (2,332)               |
| <b>Net cash received from the sale of investments in subsidiary</b>                    | <b>77,668</b>         |
| <br>   |                       |
| Sale price of investments in subsidiary  | 80,000                |
| Less: Net asset value of subsidiary based on shareholding percentage                   | (31,618)              |
| Less: Deficit on investments due to change in proportion of shareholding in subsidiary | (11,100)              |
| <b>Gain on the sales of investments based on equity method</b>                         | <b>37,282</b>         |
| <br>   |                       |
| Sale price of investments in subsidiary  | 80,000                |
| Less: Net asset value of subsidiary based on cost method - net                         | (80,317)              |
| <b>Loss on the sales of investments based on cost method</b>                           | <b>(317)</b>          |

## 12. Investments in jointly controlled entity and associate

(Unit: Million Baht)

| Company's name                                    | Nature of business  | Country of incorporation | Shareholding percentage | Consolidated financial statements |                   |      |      | Carrying amounts based on equity method |      |
|---|---|--------------------------|-------------------------|-----------------------------------|-------------------|------|------|---|------|
|   |   |                          |                         | Cost                              |                   |      |      |   |      |
|   |   |                          |                         | 2015<br>(percent)                 | 2014<br>(percent) | 2015 | 2014 |   | 2015 |
| Investment in jointly controlled entity           |   |                          |                         |                                   |                   |      |      |   |      |
| Loxley & AIT Holding Co., Ltd.                    | Lump sum turnkey contracts for the installation of telecommunication works, electricity plants and sales of related equipment | Thailand                 | 50                      | 50                                | 75                | 75   | 58   | 66                                      |      |
| Investment in associate                           |   |                          |                         |                                   |                   |      |      |   |      |
| Optic Mate Co., Ltd.<br>(owned by Kirz Co., Ltd.) | Sale of telecom equipment   | Thailand                 | -                       | 40                                | -                 | -    | -    | -                                       |      |
|   |   |                          |                         |                                   | 75                | 75   | 58   | 66                                      |      |

(Unit: Million Baht)

| Company's name                          | Nature of business  | Country of incorporation | Shareholding percentage | Separate financial statements |                   |      |      | Carrying amounts based on equity method |      |
|---|---|--------------------------|-------------------------|-------------------------------|-------------------|------|------|---|------|
|   |   |                          |                         | Cost                          |                   |      |      |   |      |
|   |   |                          |                         | 2015<br>(percent)             | 2014<br>(percent) | 2015 | 2014 | 2015                                    | 2014 |
| Investment in jointly controlled entity |   |                          |                         |                               |                   |      |      |   |      |
| Loxley & AIT Holding Co., Ltd.          | Lump sum turnkey contracts for the installation of telecommunication works, electricity plants and sales of related equipment | Thailand                 | 50                      | 50                            | 75                | 75   | 58   | 66                                      |      |
|   |   |                          |                         |                               | 75                | 75   | 58   | 66                                      |      |

For the year ended 31 December 2015, the Company and its subsidiaries have recognised their share of loss from investments in jointly controlled entity and associated company in the consolidated financial statements amounting to Baht 8.5 million (2014: Baht 8.8 million).



### 13. Property, plant and equipment

(Unit: Thousand Baht)

#### Consolidated financial statements

|  | Land   | Building and improvement | Furniture, fixture and office equipment | Computers | Equipment used in projects | Vehicles | Asset under installation | Total    |
|--|--------|--------------------------|---|-----------|----------------------------|----------|--------------------------|----------|
| <b>Cost</b>  |        |                          |   |           |                            |          |                          |          |
| As at 1 January 2014   | -      | 27,802                   | 29,891                                  | 130,967   | 83,173                     | 1,466    | 3,383                    | 276,682  |
| Additions  | 35,718 | 30,135                   | 3,270                                   | 10,583    | 35,178                     | 64       | -                        | 114,948  |
| Disposals/write-off  | -      | -                        | (1,838)                                 | (981)     | -                          | -        | -                        | (2,819)  |
| Transfer to equipment for services (Note 14)   | -      | -                        | -                                       | -         | -                          | -        | (3,383)                  | (3,383)  |
| As at 31 December 2014   | 35,718 | 57,937                   | 31,323                                  | 140,569   | 118,351                    | 1,530    | -                        | 385,428  |
| Additions  | -      | 1,198                    | 950                                     | 6,208     | 23,089                     | -        | -                        | 31,445   |
| Disposals/write-off  | -      | (5,761)                  | (6,971)                                 | (66,430)  | (2,664)                    | (590)    | -                        | (82,416) |
| Decrease from sales of investments in subsidiary (Note 11)   | -      | (4,481)                  | (7,600)                                 | (33,823)  | (14,517)                   | (940)    | -                        | (61,361) |
| As at 31 December 2015   | 35,718 | 48,893                   | 17,702                                  | 46,524    | 124,259                    | -        | -                        | 273,096  |
| <b>Accumulated depreciation</b>  |        |                          |   |           |                            |          |                          |          |
| As at 1 January 2014   | -      | 11,759                   | 21,907                                  | 94,981    | 42,755                     | 957      | -                        | 172,359  |
| Depreciation for the year  | -      | 5,082                    | 3,223                                   | 13,866    | 23,573                     | 148      | -                        | 45,892   |
| Depreciation on disposals/write-off  | -      | -                        | (1,636)                                 | (794)     | -                          | -        | -                        | (2,430)  |
| As at 31 December 2014   | -      | 16,841                   | 23,494                                  | 108,053   | 66,328                     | 1,105    | -                        | 215,821  |
| Depreciation for the year  | -      | 6,254                    | 3,176                                   | 11,189    | 26,740                     | 77       | -                        | 47,436   |
| Depreciation on disposals/write-off  | -      | (5,787)                  | (6,941)                                 | (66,198)  | (2,309)                    | (364)    | -                        | (81,599) |
| Decrease from sales of investments in subsidiary (Note 11)   | -      | (2,276)                  | (6,163)                                 | (17,780)  | (7,412)                    | (818)    | -                        | (34,449) |
| As at 31 December 2015   | -      | 15,032                   | 13,566                                  | 35,264    | 83,347                     | -        | -                        | 147,209  |
| <b>Net book value</b>  |        |                          |   |           |                            |          |                          |          |
| As at 31 December 2014   | 35,718 | 41,096                   | 7,829                                   | 32,516    | 52,023                     | 425      | -                        | 169,607  |
| As at 31 December 2015   | 35,718 | 33,861                   | 4,136                                   | 11,260    | 40,912                     | -        | -                        | 125,887  |
| <b>Depreciation for the year</b>   |        |                          |   |           |                            |          |                          |          |
| 2014 (Baht 23.6 million included in cost of sales and service, and the balance in administrative expenses) |        |                          |   |           |                            |          |                          | 45,892   |
| 2015 (Baht 26.7 million included in cost of sales and service, and the balance in administrative expenses) |        |                          |   |           |                            |          |                          | 47,436   |

(Unit: Thousand Baht)

## Separate financial statements

|  | Land   | Building and improvement | Furniture, fixture and office equipment | Computers | Equipment used in projects | Vehicles | Total    |
|--|--------|--------------------------|---|-----------|----------------------------|----------|----------|
| <b>Cost</b>  |        |                          |   |           |                            |          |          |
| As at 1 January 2014   | -      | 24,818                   | 22,092                                  | 98,191    | 69,354                     | 527      | 214,982  |
| Additions  | 35,718 | 28,702                   | 1,766                                   | 8,801     | 34,503                     | -        | 109,490  |
| Disposals  | -      | -                        | (57)                                    | -         | -                          | -        | (57)     |
| As at 31 December 2014   | 35,718 | 53,520                   | 23,801                                  | 106,992   | 103,857                    | 527      | 324,415  |
| Additions  | -      | 1,134                    | 872                                     | 5,932     | 23,066                     | -        | 31,004   |
| Disposals/write-off  | -      | (5,761)                  | (6,971)                                 | (66,400)  | (2,664)                    | (527)    | (82,323) |
| As at 31 December 2015   | 35,718 | 48,893                   | 17,702                                  | 46,524    | 124,259                    | -        | 273,096  |
| <b>Accumulated depreciation</b>  |        |                          |   |           |                            |          |          |
| As at 1 January 2014   | -      | 10,703                   | 16,226                                  | 85,399    | 39,594                     | 187      | 152,109  |
| Depreciation for the year  | -      | 4,355                    | 2,192                                   | 8,400     | 20,757                     | 105      | 35,809   |
| Depreciation on disposals  | -      | -                        | (45)                                    | -         | -                          | -        | (45)     |
| As at 31 December 2014   | -      | 15,058                   | 18,373                                  | 93,799    | 60,351                     | 292      | 187,873  |
| Depreciation for the year  | -      | 5,763                    | 2,134                                   | 7,638     | 25,305                     | 48       | 40,888   |
| Depreciation on disposals/write-off  | -      | (5,789)                  | (6,941)                                 | (66,173)  | (2,309)                    | (340)    | (81,552) |
| As at 31 December 2015   | -      | 15,032                   | 13,566                                  | 35,264    | 83,347                     | -        | 147,209  |
| <b>Net book value</b>  |        |                          |   |           |                            |          |          |
| As at 31 December 2014   | 35,718 | 38,462                   | 5,428                                   | 13,193    | 43,506                     | 235      | 136,542  |
| As at 31 December 2015   | 35,718 | 33,861                   | 4,136                                   | 11,260    | 40,912                     | -        | 125,887  |
| <b>Depreciation for the year</b>   |        |                          |   |           |                            |          |          |
| 2014 (Baht 20.8 million included in cost of sales and service, and the balance in administrative expenses) |        |                          |   |           |                            |          | 35,809   |
| 2015 (Baht 25.3 million included in cost of sales and service, and the balance in administrative expenses) |        |                          |   |           |                            |          | 40,888   |

As at 31 December 2015, certain items of building and equipment were fully depreciated but are still in use. The gross carrying amount before deducting the accumulated depreciation of those assets amounted to approximately Baht 75 million (2014: Baht 143 million) (The Company only: Baht 75 million, 2014: Baht 136 million).

## 14. Equipment for lease and services

(Unit: Thousand Baht)

## Consolidated financial statements

|   | Equipment<br>for lease | Equipment<br>for services | Equipment<br>for lease under<br>installation | Equipment for<br>services under<br>installation | Total     |
|---|------------------------|---------------------------|--|---|-----------|
| <b>Cost</b>   |                        |                           |  |   |           |
| As at 1 January 2014  | 237,378                | 93,457                    | -  | -   | 330,835   |
| Additions   | -                      | 58,790                    | -  | 481   | 59,271    |
| Transferred from subsidiary (Note 13)                           | -                      | 3,383                     | -  | -   | 3,383     |
| As at 31 December 2014  | 237,378                | 155,630                   | -  | 481   | 393,489   |
| Additions   | 157,451                | 3,952                     | 103,848                                      | 3,005   | 268,256   |
| Disposals   | -                      | (193)                     | -  | -   | (193)     |
| Decrease from sales of investments<br>in subsidiary (Note 11)   | -                      | (159,389)                 | -  | (3,486)   | (162,875) |
| As at 31 December 2015  | 394,829                | -                         | 103,848                                      | -   | 498,677   |
| <b>Accumulated depreciation</b>                                 |                        |                           |  |   |           |
| As at 1 January 2014  | 124,451                | 31,070                    | -  | -   | 155,521   |
| Depreciation for the year                                       | 41,533                 | 15,358                    | -  | -   | 56,891    |
| As at 31 December 2014  | 165,984                | 46,428                    | -  | -   | 212,412   |
| Depreciation for the year                                       | 85,471                 | 11,948                    | -  | -   | 97,419    |
| Disposals   | -                      | (22)                      | -  | -   | (22)      |
| Decrease from sales of investments<br>in subsidiary (Note 11)   | -                      | (58,354)                  | -  | -   | (58,354)  |
| As at 31 December 2015  | 251,455                | -                         | -  | -   | 251,455   |
| <b>Allowance for impairment loss</b>                            |                        |                           |  |   |           |
| As at 1 January 2014  | 558                    | -                         | -  | -   | 558       |
| As at 31 December 2014  | 558                    | -                         | -  | -   | 558       |
| As at 31 December 2015  | 558                    | -                         | -  | -   | 558       |
| <b>Net book value</b>   |                        |                           |  |   |           |
| As at 31 December 2014  | 70,836                 | 109,202                   | -  | 481   | 180,519   |
| As at 31 December 2015  | 142,816                | -                         | 103,848                                      | -   | 246,664   |
| <b>Depreciation for the year</b>                                |                        |                           |  |   |           |
| 2014 (all included in cost of equipment for lease and services) |                        |                           |  |   | 56,891    |
| 2015 (all included in cost of equipment for lease and services) |                        |                           |  |   | 97,419    |

(Unit: Thousand Baht)

| Separate financial statement                                    |                        |  |         |
|---|------------------------|--|---------|
|   | Equipment<br>for lease | Equipment<br>for lease under<br>installation | Total   |
| <b>Cost</b>   |                        |  |         |
| As at 1 January 2014  | 237,378                | -  | 237,378 |
| As at 31 December 2014  | 237,378                | -  | 237,378 |
| Additions   | 157,451                | 103,848                                      | 261,299 |
| As at 31 December 2015  | 394,829                | 103,848                                      | 498,677 |
| <b>Accumulated depreciation</b>                                 |                        |  |         |
| As at 1 January 2014  | 124,451                | -  | 124,451 |
| Depreciation for the year                                       | 41,533                 | -  | 41,533  |
| As at 31 December 2014  | 165,984                | -  | 165,984 |
| Depreciation for the year                                       | 85,471                 | -  | 85,471  |
| As at 31 December 2015  | 251,455                | -  | 251,455 |
| <b>Allowance for impairment loss</b>                            |                        |  |         |
| As at 1 January 2014  | 558                    | -  | 558     |
| As at 31 December 2014  | 558                    | -  | 558     |
| As at 31 December 2015  | 558                    | -  | 558     |
| <b>Net book value</b>   |                        |  |         |
| As at 31 December 2014  | 70,836                 | -  | 70,836  |
| As at 31 December 2015  | 142,816                | 103,848                                      | 246,664 |
| <b>Depreciation for the year</b>                                |                        |  |         |
| 2014 (all included in cost of equipment for lease and services) |                        |  | 41,533  |
| 2015 (all included in cost of equipment for lease and services) |                        |  | 85,471  |

As at 31 December 2015, certain items of equipment for lease and services were 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 17 million (2014: Baht 29 million) (The Company only: Baht 17 million, 2014: Baht 17 million).

## 15. Intangible assets

The net book value of intangible assets as at 31 December 2015 and 2014 is presented below.

(Unit: Thousand Baht)

|                                      | Consolidated financial statements  |                   | Separate financial statements |                   |
|--------------------------------------|------------------------------------|-------------------|-------------------------------|-------------------|
|                                      | Customer relationship and licenses | Computer software | Total                         | Computer software |
| As at 31 December 2015               |                                    |                   |                               |                   |
| Cost                                 | -                                  | 30,709            | 30,709                        | 30,709            |
| <u>Less</u> Accumulated amortisation | -                                  | (8,730)           | (8,730)                       | (8,730)           |
| Net book value                       | -                                  | 21,979            | 21,979                        | 21,979            |
| As at 31 December 2014               |                                    |                   |                               |                   |
| Cost                                 | 43,057                             | 23,552            | 66,609                        | 21,679            |
| <u>Less</u> Accumulated amortisation | (15,070)                           | (6,500)           | (21,570)                      | (6,403)           |
| Net book value                       | 27,987                             | 17,052            | 45,039                        | 15,276            |

A reconciliation of the net book value of intangible assets for the years 2015 and 2014 is presented below.

(Unit: Thousand Baht)

|  | Consolidated financial statements |          | Separate financial statements |         |
|--|-----------------------------------|----------|-------------------------------|---------|
|  | 2015                              | 2014     | 2015                          | 2014    |
| Net book value at beginning of year                        | 45,039                            | 47,955   | 15,276                        | 11,357  |
| Acquisition of computer software                           | 9,252                             | 7,609    | 9,030                         | 5,736   |
| Amortisation   | (8,207)                           | (10,525) | (2,327)                       | (1,817) |
| Decrease from sales of investments in subsidiary (Note 11) | (24,105)                          | -        | -                             | -       |
| Net book value at end of year                              | 21,979                            | 45,039   | 21,979                        | 15,276  |

## 16. Trade and other payables

(Unit: Thousand Baht)

|                                | Consolidated financial statements |         | Separate financial statements |         |
|--------------------------------|-----------------------------------|---------|-------------------------------|---------|
|                                | 2015                              | 2014    | 2015                          | 2014    |
| Trade accounts payable         |                                   |         |                               |         |
| Related party                  | 1                                 | -       | 1                             | 97      |
| Unrelated parties              | 598,711                           | 585,061 | 598,711                       | 557,422 |
| Total trade accounts payable   | 598,712                           | 585,061 | 598,712                       | 557,519 |
| Other payables                 | 4,283                             | 1,724   | 4,283                         | 1,674   |
| Accrued expenses               | 142,170                           | 101,890 | 142,170                       | 97,555  |
| Total trade and other payables | 745,165                           | 688,675 | 745,165                       | 656,748 |

## 17. Long-term loans

(Unit: Million Baht)

|  | Consolidated financial statements |       | Separate financial statements |      |
|--|-----------------------------------|-------|-------------------------------|------|
|  | 2015                              | 2014  | 2015                          | 2014 |
| Long-term loans                          | 132                               | 135   | 132                           | 8    |
| Less: Current portion of long-term loans | (52)                              | (135) | (52)                          | (8)  |
| Long-term loans, net of current portion  | 80                                | -     | 80                            | -    |

Movements in the long-term loans account for the year ended 31 December 2015 are summarised below.

(Unit: Million Baht)

|   | Consolidated<br>financial statements | Separate<br>financial statements |
|---|--------------------------------------|----------------------------------|
| Balance as at 1 January 2015                                  | 135                                  | 8                                |
| Add: Additions during the period                              | 158                                  | 158                              |
| Less: Repayment   | (42)                                 | (34)                             |
| Decrease from disposal of investments in subsidiary (Note 11) | (119)                                | -                                |
| Balance as at 31 December 2015                                | 132                                  | 132                              |

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

In the year 2015, the Company obtained a total of credit facility of Baht 158 million from a local commercial bank to fund a project under a lease agreement. The loan carries an interest rate of 4.3% per annum. The loan principal and interest are repayable from May 2015 - July 2018, totaling 39 installments, and the loan is unsecured.

## 18. Liabilities under finance lease agreements

(Unit: Million Baht)

|  | Consolidated financial statements |        | Separate financial statements |        |
|--|-----------------------------------|--------|-------------------------------|--------|
|  | 2015                              | 2014   | 2015                          | 2014   |
| Liabilities under finance lease agreements                             | 48.3                              | 69.9   | 48.3                          | 68.1   |
| Less: Deferred interest  | (0.8)                             | (1.0)  | (0.8)                         | (0.9)  |
| Total  | 47.5                              | 68.9   | 47.5                          | 67.2   |
| Less: Portion due within one year                                      | (22.7)                            | (25.4) | (22.7)                        | (23.7) |
| Liabilities under finance lease agreements -<br>net of current portion | 24.8                              | 43.5   | 24.8                          | 43.5   |

The Company entered into agreements to sell and lease back computer equipment for project works. These agreements are regarded as finance lease agreements. The liabilities under the agreements are payable on monthly and quarterly basis. The term of agreements are generally 2 - 4 years. Upon the expiration of the agreements, the Company has the right to purchase the computer equipment at prices specified in the agreements.

The Company and its subsidiaries have future minimum lease payments required under the finance lease agreements as follows:

(Unit: Million Baht)

| As at 31 December 2015                         |                  |             |       |
|--|------------------|-------------|-------|
|  | Less than 1 year | 1 - 4 years | Total |
| Future minimum lease payments                  | 23.1             | 25.2        | 48.3  |
| Deferred interest expenses                     | (0.4)            | (0.4)       | (0.8) |
| Present value of future minimum lease payments | 22.7             | 24.8        | 47.5  |

(Unit: Million Baht)

| As at 31 December 2014                         |                  |             |       |
|--|------------------|-------------|-------|
|  | Less than 1 year | 1 - 4 years | Total |
| Future minimum lease payments                  | 26.0             | 43.9        | 69.9  |
| Deferred interest expenses                     | (0.6)            | (0.4)       | (1.0) |
| Present value of future minimum lease payments | 25.4             | 43.5        | 68.9  |

#### 19. Other current liabilities

(Unit: Thousand Baht)

|                                 | Consolidated financial statements |        | Separate financial statements |        |
|---------------------------------|-----------------------------------|--------|-------------------------------|--------|
|                                 | 2015                              | 2014   | 2015                          | 2014   |
| Value added tax payable         | 19,319                            | 494    | 19,319                        | 488    |
| Undue output tax                | 17,887                            | 27,338 | 17,887                        | 27,338 |
| Withholding tax payable         | 36,724                            | 48,404 | 36,724                        | 48,077 |
| Others                          | 1,586                             | 1,604  | 1,586                         | 1,499  |
| Total other current liabilities | 75,516                            | 77,840 | 75,516                        | 77,402 |

#### 20. Provision for long-term employee benefits

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

(Unit: Thousand Baht)

|  | Consolidated financial statements |         | Separate financial statements |         |
|--|-----------------------------------|---------|-------------------------------|---------|
|  | 2015                              | 2014    | 2015                          | 2014    |
| Provision for long-term employee benefits at beginning of year | 52,077                            | 50,643  | 50,298                        | 48,273  |
| Current service cost   | 8,453                             | 8,423   | 8,099                         | 7,972   |
| Interest cost  | 1,905                             | 1,724   | 1,853                         | 1,668   |
| Benefits paid during the year                                  | -                                 | (8,713) | -                             | (7,615) |
| Decrease from sales of investments in subsidiary (Note 11)     | (2,185)                           | -       | -                             | -       |
| Provision for long-term employee benefits at end of year       | 60,250                            | 52,077  | 60,250                        | 50,298  |



Long-term employee benefit expense included in the profit or loss consist of the following:

(Unit: Thousand Baht)

|   | Consolidated financial statements |        | Separate financial statements |       |
|---|-----------------------------------|--------|-------------------------------|-------|
|   | 2015                              | 2014   | 2015                          | 2014  |
| Cost of sales and service                   | 5,368                             | 2,730  | 5,318                         | 2,670 |
| Selling and administrative expenses         | 4,990                             | 7,417  | 4,634                         | 6,970 |
| Total expenses recognised in profit or loss | 10,358                            | 10,147 | 9,952                         | 9,640 |

The Company expects to pay Baht 5.7 million of long-term employee benefits during the next year.

As at 31 December 2015, the weighted average duration of the liabilities for long-term employee benefit is 10 years (2014: 10 years).

Significant actuarial assumptions used for the valuation are summarised below:

|   | Consolidated/Separate financial statements |                             |
|---|--|-----------------------------|
|   | 2015<br>(percent per annum)                | 2014<br>(percent per annum) |
| Discount rate                                       | 4  | 4                           |
| Salary increase rate (depending on age of employee) | 3 - 6                                      | 3 - 6                       |
| Staff turnover rate (depending on age)              | 3 - 6                                      | 3 - 6                       |

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

(Unit: Million Baht)

|                      | Consolidated/Separate financial statements |             |
|----------------------|--|-------------|
|                      | Increase 1%                                | Decrease 1% |
| Discount rate        | (4)  | 5           |
| Salary increase rate | 5  | (5)         |
| Staff turnover rate  | (5)  | 4           |

## 21. Statutory reserve

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

## 22. Expenses by nature

Significant expenses classified by nature are as follows:

(Unit: Thousand Baht)

|   | Consolidated financial statements |           | Separate financial statements |           |
|---|-----------------------------------|-----------|-------------------------------|-----------|
|   | 2015                              | 2014      | 2015                          | 2014      |
| Salaries, bonus, commission and other employee benefits | 693,574                           | 787,337   | 664,727                       | 746,274   |
| Installation and services expenses                      | 468,865                           | 631,158   | 432,111                       | 564,507   |
| Repair and maintenance expenses                         | 375,365                           | 337,897   | 375,182                       | 337,687   |
| Depreciation and amortisation                           | 153,062                           | 113,310   | 128,686                       | 79,159    |
| Penalty on project delay                                | 52,520                            | -         | 52,520                        | -         |
| Entertainment expenses                                  | 60,815                            | 60,894    | 60,349                        | 59,502    |
| Purchase inventories                                    | 2,437,678                         | 2,839,225 | 2,379,057                     | 2,796,165 |
| Changes in inventories                                  | 135,247                           | 752,715   | 76,270                        | 713,025   |

## 23. Deferred tax assets / Income tax

Income tax expenses for the years ended 31 December 2015 and 2014 are made up as follows:

(Unit: Thousand Baht)

|   | Consolidated financial statements |                | Separate financial statements |                |
|---|-----------------------------------|----------------|-------------------------------|----------------|
|   | 2015                              | 2014           | 2015                          | 2014           |
| <b>Current income tax:</b>  |                                   |                |                               |                |
| Current income tax charge   | 147,940                           | 185,116        | 147,940                       | 185,116        |
| <b>Deferred tax:</b>  |                                   |                |                               |                |
| Relating to origination and reversal of temporary differences               | (13,848)                          | 937            | (12,618)                      | 141            |
| <b>Income tax expense reported in the statement of comprehensive income</b> | <b>134,092</b>                    | <b>186,053</b> | <b>135,322</b>                | <b>185,257</b> |

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

(Unit: Thousand Baht)

|   | Consolidated financial statements |                | Separate financial statements |                |
|---|-----------------------------------|----------------|-------------------------------|----------------|
|   | 2015                              | 2014           | 2015                          | 2014           |
| Accounting profit before income tax expenses                                  | 656,586                           | 823,202        | 657,880                       | 846,944        |
| Applicable tax rate   | 20%                               | 20%            | 20%                           | 20%            |
| Accounting profit before income expense tax multiplied by applicable tax rate | 131,317                           | 164,640        | 131,576                       | 169,389        |
| Effects of:   |                                   |                |                               |                |
| Non-deductible expenses   | 10,817                            | 16,690         | 10,817                        | 16,690         |
| Additional expense deductions allowed   | (1,910)                           | (1,423)        | (1,910)                       | (1,423)        |
| Others  | (6,132)                           | 6,146          | (5,161)                       | 601            |
| Total   | 2,775                             | 21,413         | 3,746                         | 15,868         |
| <b>Income tax expenses reported in the statement of comprehensive income</b>  | <b>134,092</b>                    | <b>186,053</b> | <b>135,322</b>                | <b>185,257</b> |

The components of deferred tax assets are as follows:

(Unit: Thousand Baht)

|  | Statements of financial position  |               |                               |               |
|--|-----------------------------------|---------------|-------------------------------|---------------|
|  | Consolidated financial statements |               | Separate financial statements |               |
|  | 2015                              | 2014          | 2015                          | 2014          |
| <b>Deferred tax assets</b>                           |                                   |               |                               |               |
| Unrealised gain from change in value of investments  | (1,164)                           | -             | (1,164)                       | -             |
| Allowance for doubtful accounts                      | 10,699                            | 9,600         | 10,699                        | 9,600         |
| Receivables under forward contracts                  | (404)                             | (592)         | (404)                         | (592)         |
| Allowance for impairment loss of equipment for lease | 112                               | 112           | 112                           | 112           |
| Intangible asset from business combination           | -                                 | (5,597)       | -                             | -             |
| Provision for penalty on project delay               | 10,608                            | 103           | 10,608                        | 103           |
| Provision for long-term employee benefits            | 12,050                            | 10,415        | 12,050                        | 10,060        |
| Provision for contingent liability from legal case   | -                                 | 1,000         | -                             | -             |
| <b>Total</b>   | <b>31,901</b>                     | <b>15,041</b> | <b>31,901</b>                 | <b>19,283</b> |

#### 24. 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.

#### 25. 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 years ended 31 December 2015 and 2014, 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 2015, the Company and its subsidiaries have revenue from two major customers in the amount of Baht 1,994 million and Baht 630 million, respectively which derived from sales and service income (2014: Baht 2,193 million and Baht 823 million, respectively).

Transfer prices between business segments are as set out in Note 6 to the financial statements.

## 26. Provident fund

The Company, its subsidiaries and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530, contributed to the fund monthly at the rate of 5 - 15 percent of basic salary. The fund, which is managed by SCB Asset Management Company Limited and AIA Company Limited, will be paid to employees upon termination in accordance with the fund rules. The contributions for the year 2015, amounting to approximately Baht 24.9 million (2014: Baht 23.6 million) (The Company only: Baht 24.2 million, 2014: Baht 22.8 million) were recognised as expenses.

## 27. Dividends

| Dividends   | Approved by   | Total dividends<br>(Million Baht) | Dividend per share<br>(Baht) |
|---|---|-----------------------------------|------------------------------|
| Final dividends in respect of the year 2014 operating results                       | The 2015 Annual General Meeting of the Company's shareholders held on 10 April 2015 | 227.0                             | 1.10                         |
| Interim dividends in respect of earnings of the six-month period ended 30 June 2015 | The Board of Directors' meeting of the Company held on 6 August 2015                | 113.4                             | 0.55                         |
| <b>Total dividends for 2015</b>   |   | <b>340.4</b>                      | <b>1.65</b>                  |
| Final dividends in respect of the year 2013 operating results                       | The 2014 Annual General Meeting of the Company's shareholders held on 8 April 2014  | 206.3                             | 1.00                         |
| Interim dividends in respect of the retained earnings                               | The Board of Directors' meeting of the Company held on 7 August 2014                | 185.7                             | 0.90                         |
| <b>Total dividends for 2014</b>   |   | <b>392.0</b>                      | <b>1.90</b>                  |

## 28. Commitments and contingent liabilities

### 28.1 Operating lease commitments

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

The Company and its subsidiaries have future minimum lease payments required under these operating leases contracts as follows:

(Unit: Million Baht)

|                                  | As at 31 December                 |      |                               |      |
|----------------------------------|-----------------------------------|------|-------------------------------|------|
|                                  | Consolidated financial statements |      | Separate financial statements |      |
|                                  | 2015                              | 2014 | 2015                          | 2014 |
| Payable:                         |                                   |      |                               |      |
| In up to 1 year                  | 8.7                               | 12.9 | 8.7                           | 9.9  |
| In over 1 year and up to 3 years | 15.8                              | 14.7 | 15.8                          | 12.1 |

### 28.2 Obligations relating to undelivered and unrendered contracts

- The Company have contracts related to for selling goods and rendering services that are undelivered and unrendered to their customers of approximately Baht 1,562 million (2014: Baht 2,368 million).

2. The Company has engaged in various contracts, with a total contract value for future services rendering of Baht 348 million (2014: Baht 119 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 services for these equipment in accordance with the conditions stipulated in the contracts.

### 28.3 Guarantees

As at 31 December 2015, there were outstanding bank guarantees of approximately Baht 1,088 million (2014: Baht 1,278 million) which have been issued by banks on behalf of the Company 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 1,086 million (2014: Baht 1,276 million) to guarantee contractual performance and Baht 2 million (2014: Baht 2 million) to guarantee payments due to creditors.

### 29. Fair value hierarchy

As at 31 December 2015, the Company and its subsidiaries had the assets and liabilities that were measured at fair value using different levels of inputs as follows:

(Unit: Million Baht)

|   | Consolidated/Separate financial statements |         |         |       |
|---|--|---------|---------|-------|
|   | Level 1                                    | Level 2 | Level 3 | Total |
| <b>Assets measured at fair value</b>      |  |         |         |       |
| Highly liquid investments                 |  |         |         |       |
| Unit trusts in fixed income open-end fund | -  | 301     | -       | 301   |
| Current investments - trading securities  |  |         |         |       |
| Unit trusts in fixed income open-end fund | -  | 505     | -       | 505   |
| Receivables under forward contracts       | -  | 2       | -       | 2     |

### 30. Financial instruments

#### 30.1 Financial risk management

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

#### *Credit risk*

The Company and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries' exposure to interest rate risk relates primarily to its cash at banks, current investments, other receivable, bank overdrafts, short-term loans and long-term loans. However, as most of the Company and its subsidiaries' financial assets and liabilities bear floating interest rates or fixed interest rates, which are close to the market rate, the interest rate risk is expected to be 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              |       |             |      | Floating interest rate |      | Non-interest bearing |       | Total |       |                         |           |
|  | Within 1 year                     |       | 1 - 3 years |      |                        |      |                      |       |       |       |                         |           |
|  | 2015                              | 2014  | 2015        | 2014 | 2015                   | 2014 | 2015                 | 2014  | 2015  | 2014  | 2015                    | 2014      |
|  | (percent per annum)               |       |             |      |                        |      |                      |       |       |       |                         |           |
| Financial assets   |                                   |       |             |      |                        |      |                      |       |       |       |                         |           |
| Cash and cash equivalents  | 884                               | 1,187 | -           | -    | 301                    | -    | 107                  | 126   | 1,292 | 1,313 | 0.1 - 1.6               | 0.1 - 1.3 |
| Current investments  | -                                 | -     | -           | -    | 505                    | -    | -                    | -     | 505   | -     | 2.1 - 3.1               | -         |
| Trade and other receivables                                      | 4                                 | 12    | -           | -    | -                      | -    | 1,592                | 1,308 | 1,596 | 1,320 | 6.0, 6.5                | 6.0       |
| Restricted bank deposits   | -                                 | 10    | -           | -    | -                      | -    | -                    | -     | -     | 10    | -                       | 1.7       |
|  | 888                               | 1,209 | -           | -    | 806                    | -    | 1,699                | 1,434 | 3,393 | 2,643 |                         |           |
| Financial liabilities  |                                   |       |             |      |                        |      |                      |       |       |       |                         |           |
| Bank overdrafts and short-term loans from financial institutions | -                                 | -     | -           | -    | -                      | 18   | -                    | -     | -     | 18    | -                       | 2.5 - 7.4 |
| Trade and other payables   | -                                 | -     | -           | -    | -                      | -    | 745                  | 689   | 745   | 689   | -                       | -         |
| Long-term loans  | 52                                | 8     | 80          | -    | -                      | 128  | -                    | -     | 132   | 136   | 4.3                     | 5.5, 5.7  |
|  | 52                                | 8     | 80          | -    | -                      | 146  | 745                  | 689   | 877   | 843   |                         |           |

(Unit: Million Baht)

|                             | Separate financial statements |       |             |      |                        |      |                      |       |       |       | Effective interest rate<br>(percent per annum) |           |
|-----------------------------|-------------------------------|-------|-------------|------|------------------------|------|----------------------|-------|-------|-------|--|-----------|
|                             | Fixed interest rates          |       |             |      | Floating interest rate |      | Non-interest bearing |       | Total |       |  |           |
|                             | Within 1 year                 |       | 1 - 3 years |      | 2015                   | 2014 | 2015                 | 2014  | 2015  | 2014  | 2015   | 2014      |
|                             | 2015                          | 2014  | 2015        | 2014 |                        |      |                      |       |       |       |  |           |
| Financial assets            |                               |       |             |      |                        |      |                      |       |       |       |  |           |
| Cash and cash equivalents   | 884                           | 1,185 | -           | -    | 301                    | -    | 107                  | 126   | 1,292 | 1,311 | 0.1 - 1.6                                      | 0.1 - 1.3 |
| Current investments         | -                             | -     | -           | -    | 505                    | -    | -                    | -     | 505   | -     | 2.1 - 3.1                                      | -         |
| Trade and other receivables | 4                             | 12    | -           | -    | -                      | -    | 1,592                | 1,301 | 1,596 | 1,313 | 6.0, 6.5                                       | 6.0       |
|                             | 888                           | 1,197 | -           | -    | 806                    | -    | 1,699                | 1,427 | 3,393 | 2,624 |  |           |
| Financial liabilities       |                               |       |             |      |                        |      |                      |       |       |       |  |           |
| Trade and other payables    | -                             | -     | -           | -    | -                      | -    | 745                  | 657   | 745   | 657   | -  | -         |
| Long-term loans             | 52                            | 8     | 80          | -    | -                      | -    | -                    | -     | 132   | 8     | 4.3  | 5.7       |
|                             | 52                            | 8     | 80          | -    | -                      | -    | 745                  | 657   | 877   | 665   |  |           |

*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 2015, the Company had outstanding balance of trade accounts payable denominated in foreign currency of USD 8.3 million (2014: USD 10.3 million) and had certain forward exchange contracts which had been made to cover the purchase of inventories totaling USD 6.8 million (2014: USD 9.3 million), at exchange rates ranging between Baht 34.96 to Baht 36.34 per USD (2014: Baht 32.12 to Baht 33.21 per USD).

**30.2 Fair values of financial instruments**

Since the majority of the Company and its subsidiaries's financial instruments are short-term in nature or bear floating interest rates, their fair value is not expected to be materially different from the amounts presented in statement of financial position.

**31. Capital management**

The primary objective of the Company and its subsidiaries'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 2015, the Group's debt-to-equity ratio was 0.6:1 (2014: 0.6:1) and the Company's was 0.6:1 (2014: 0.5:1).



32. Events after the reporting period

On 16 February 2016, the Board of Directors' meeting No. 1/2559 of the Company passed a resolution to propose the payment of a dividend in respect of the current year operating results of Baht 1.50 per share, which is an addition of an interim dividend payment of Baht 0.55 per share. The Company will propose to the Annual General Meeting of the Company's shareholders that such dividend be paid.

33. Approval of financial statements

These financial statements were authorised for issue by the Company's Board of Directors on 16 February 2016.

# Management's Discussion and Analysis

Summary of Advanced Information Technology Public Company Limited and its Subsidiaries

## Statement of Financial Position

As at 31<sup>st</sup> December

(Unit: Thousand Baht)

| Statement of Financial Position (Unit:1,000 Baht)      | 2015             | %              | 2014             | %              | 2013             | %              |
|--|------------------|----------------|------------------|----------------|------------------|----------------|
| <b>Assets</b>  |                  |                |                  |                |                  |                |
| Current assets   |                  |                |                  |                |                  |                |
| Cash and cash equivalents                              | 1,291,641        | 27.64%         | 1,312,984        | 31.50%         | 180,061          | 3.89%          |
| Current investments - trading securities               | 504,834          | 10.80%         | -                | 0.00%          | -                | 0.00%          |
| Trade and other receivables                            | 1,596,038        | 34.16%         | 1,319,765        | 31.66%         | 2,020,243        | 43.63%         |
| Unbilled receivables                                   | 302,834          | 6.48%          | 372,995          | 8.95%          | 740,236          | 15.99%         |
| Inventories  | 462,820          | 9.91%          | 578,242          | 13.87%         | 1,215,764        | 26.25%         |
| Other current assets                                   | 21,587           | 0.46%          | 83,899           | 2.01%          | 51,995           | 1.12%          |
| <b>Total current assets</b>                            | <b>4,179,754</b> | <b>89.45%</b>  | <b>3,667,885</b> | <b>88.00%</b>  | <b>4,208,299</b> | <b>90.88%</b>  |
| Non-current assets                                     |                  |                |                  |                |                  |                |
| Restricted bank deposits                               | -                | 0.00%          | 9,614            | 0.23%          | 14,919           | 0.32%          |
| Investments in jointly controlled entity and associate | 57,776           | 1.24%          | 66,290           | 1.59%          | 50,119           | 1.08%          |
| Property, plant and equipment                          | 125,887          | 2.69%          | 169,607          | 4.07%          | 104,323          | 2.25%          |
| Equipment for lease and services                       | 246,664          | 5.28%          | 180,519          | 4.33%          | 174,756          | 3.77%          |
| Goodwill   | -                | 0.00%          | 4,392            | 0.11%          | 4,392            | 0.09%          |
| Intangible assets                                      | 21,979           | 0.47%          | 45,039           | 1.08%          | 47,955           | 1.04%          |
| Deferred tax assets                                    | 31,901           | 0.68%          | 15,041           | 0.36%          | 15,979           | 0.35%          |
| Other non-current assets                               | 8,543            | 0.18%          | 9,561            | 0.23%          | 9,917            | 0.21%          |
| <b>Total non-current assets</b>                        | <b>492,750</b>   | <b>10.55%</b>  | <b>500,063</b>   | <b>12.00%</b>  | <b>422,360</b>   | <b>9.12%</b>   |
| <b>Total assets</b>                                    | <b>4,672,504</b> | <b>100.00%</b> | <b>4,167,948</b> | <b>100.00%</b> | <b>4,630,659</b> | <b>100.00%</b> |

# Statement of Financial Position (continued)

As at 31<sup>st</sup> December

(Unit: Thousand Baht)

| Statement of Financial Position (Unit:1,000 Baht)    | 2015             | %              | 2014             | %              | 2013             | %              |
|--|------------------|----------------|------------------|----------------|------------------|----------------|
| <b>Liabilities and shareholders' equity</b>          |                  |                |                  |                |                  |                |
| <b>Current liabilities</b>                           |                  |                |                  |                |                  |                |
| Bank overdrafts and short-term loans from            |                  |                |                  |                |                  |                |
| financial institutions                               | -                | 0.00%          | 18,193           | 0.44%          | 16,207           | 0.35%          |
| Trust receipt  | -                | 0.00%          | -                | 0.00%          | 451,995          | 9.76%          |
| Trade and other payables                             | 745,165          | 15.95%         | 688,675          | 16.52%         | 887,370          | 19.16%         |
| Unbilled payables                                    | 638,750          | 13.67%         | 399,792          | 9.59%          | 338,038          | 7.30%          |
| Current portion of long-term loans                   | 51,690           | 1.11%          | 135,107          | 3.24%          | 45,492           | 0.98%          |
| Current portion of liabilities under finance lease   |                  |                |                  |                |                  |                |
| agreements   | 22,676           | 0.49%          | 25,449           | 0.61%          | 17,345           | 0.37%          |
| Income tax payable                                   | 21,443           | 0.46%          | 18,647           | 0.45%          | 40,155           | 0.87%          |
| Advanced receipts from customers                     | 36,489           | 0.78%          | 21,454           | 0.51%          | 152,437          | 3.29%          |
| Provision for penalty on project delay               | 53,038           | 1.14%          | 518              | 0.01%          | 9,500            | 0.21%          |
| Other current liabilities                            | 75,516           | 1.62%          | 77,840           | 1.87%          | 99,830           | 2.16%          |
| <b>Total current liabilities</b>                     | <b>1,644,767</b> | <b>35.20%</b>  | <b>1,385,675</b> | <b>33.25%</b>  | <b>2,058,369</b> | <b>44.45%</b>  |
| <b>Non-current liabilities</b>                       |                  |                |                  |                |                  |                |
| Long-term loans, net of current portion              | 80,320           | 1.72%          | 443              | 0.01%          | 39,861           | 0.86%          |
| Liabilities under finance lease agreements,          |                  |                |                  |                |                  |                |
| net of current portion                               | 24,810           | 0.53%          | 43,451           | 1.04%          | 28,623           | 0.62%          |
| Provision for long-term employee benefits            | 60,250           | 1.29%          | 52,077           | 1.25%          | 50,643           | 1.09%          |
| Provision for contingent liability from legal case   | -                | 0.00%          | 5,000            | 0.12%          | 17,000           | 0.37%          |
| <b>Total non-current liabilities</b>                 | <b>165,380</b>   | <b>3.54%</b>   | <b>100,971</b>   | <b>2.42%</b>   | <b>136,127</b>   | <b>2.94%</b>   |
| <b>Total liabilities</b>                             | <b>1,810,147</b> | <b>38.74%</b>  | <b>1,486,646</b> | <b>35.67%</b>  | <b>2,194,496</b> | <b>47.39%</b>  |
| <b>Shareholders' equity</b>                          |                  |                |                  |                |                  |                |
| Share capital : Registered, issued and fully paid-up | 1,031,604        | 22.08%         | 1,031,604        | 24.75%         | 1,031,604        | 22.28%         |
| Share premium  | 303,437          | 6.49%          | 303,437          | 7.28%          | 303,437          | 6.55%          |
| Retained earning                                     |                  |                |                  |                |                  |                |
| Appropriated-statutory reserve                       | 103,161          | 2.21%          | 97,200           | 2.33%          | 64,081           | 1.38%          |
| Unappropriated                                       | 1,424,155        | 30.48%         | 1,238,035        | 29.70%         | 1,004,604        | 21.69%         |
| Equity attributable to owners of the Company         | 2,862,357        | 61.26%         | 2,670,276        | 64.07%         | 2,403,726        | 51.91%         |
| Non-controlling interests of the subsidiaries        | -                | 0.00%          | 11,026           | 0.26%          | 32,437           | 0.70%          |
| <b>Total shareholders' equity</b>                    | <b>2,862,357</b> | <b>61.26%</b>  | <b>2,681,302</b> | <b>64.33%</b>  | <b>2,436,163</b> | <b>52.61%</b>  |
| <b>Total liabilities and shareholders' equity</b>    | <b>4,672,504</b> | <b>100.00%</b> | <b>4,167,948</b> | <b>100.00%</b> | <b>4,630,659</b> | <b>100.00%</b> |

# Statement of Comprehensive Income

For the Year ended 31<sup>st</sup> December

(Unit: Thousand Baht)

| Profit or Loss  | 2015             | %              | 2014             | %              | 2013             | %              |
|---|------------------|----------------|------------------|----------------|------------------|----------------|
| <b>Revenues</b>   |                  |                |                  |                |                  |                |
| Sales and service income  | 5,027,051        | 95.37%         | 6,470,788        | 97.28%         | 5,888,419        | 97.76%         |
| Rental income from equipment for lease  | 129,206          | 2.45%          | 76,640           | 1.15%          | 76,494           | 1.27%          |
| Gain on the sales of investments in subsidiary  | 37,282           | 0.71%          | -                | 0.00%          | -                | 0.00%          |
| Other income  | 77,673           | 1.47%          | 104,120          | 1.57%          | 58,319           | 0.97%          |
| <b>Total revenues</b>   | <b>5,271,212</b> | <b>100.00%</b> | <b>6,651,548</b> | <b>100.00%</b> | <b>6,023,232</b> | <b>100.00%</b> |
| <b>Expenses</b>   |                  |                |                  |                |                  |                |
| Cost of sales and service   | 3,847,759        | 73.00%         | 5,023,809        | 75.53%         | 4,495,606        | 74.64%         |
| Cost of equipment for lease   | 88,230           | 1.67%          | 42,989           | 0.65%          | 43,087           | 0.72%          |
| Selling expenses  | 311,266          | 5.91%          | 352,074          | 5.29%          | 314,712          | 5.22%          |
| Administrative expenses   | 353,835          | 6.71%          | 388,765          | 5.84%          | 432,635          | 7.18%          |
| <b>Total expenses</b>   | <b>4,601,090</b> | <b>87.29%</b>  | <b>5,807,637</b> | <b>87.31%</b>  | <b>5,286,040</b> | <b>87.76%</b>  |
| Profit before share of loss from investments in jointly controlled entity and associate, finance cost and income tax expenses | 670,122          | 12.71%         | 843,911          | 12.69%         | 737,192          | 12.24%         |
| Share of loss from investments in jointly controlled entity and associate   | (8,463)          | (0.16)%        | (8,828)          | (0.13)%        | (281)            | (0.01)%        |
| Profit before finance cost and income tax expenses  | 661,659          | 12.55%         | 835,083          | 12.56%         | 736,911          | 12.23%         |
| Finance cost  | (5,073)          | (0.10)%        | (11,881)         | (0.18)%        | (35,154)         | (0.58)%        |
| Profit before income tax expenses   | 656,586          | 12.46%         | 823,202          | 12.38%         | 701,757          | 11.65%         |
| Income tax expenses   | (134,092)        | (2.54)%        | (186,053)        | (2.80)%        | (153,934)        | (2.55)%        |
| <b>Profit for the Year</b>  | <b>522,494</b>   | <b>9.91%</b>   | <b>637,149</b>   | <b>9.58%</b>   | <b>547,823</b>   | <b>9.10%</b>   |
| <b>Profit (loss) attributable to</b>  |                  |                |                  |                |                  |                |
| Equity holders of the Company   | 532,509          | 10.10%         | 658,559          | 9.90%          | 567,617          | 9.42%          |
| Non-controlling interests of the subsidiaries   | (10,015)         | (0.19)%        | (21,410)         | (0.32)%        | (19,794)         | (0.32)%        |
|   | 522,494          | 9.91%          | 637,149          | 9.58%          | 547,823          | 9.10%          |
| <b>Basic earnings per share</b>   |                  |                |                  |                |                  |                |
| Profit attributable to equity holders of the Company  | 2.58             |                | 3.19             |                | 7.74             |                |

# Cash Flow Statement

For the Year ended 31<sup>st</sup> December

(Unit: Thousand Baht)

| Cash Flow Statement   | 2015     | 2014     | 2013    |
|---|----------|----------|---------|
| Cash flows from operating activities  |          |          |         |
| Profit before tax   | 656,586  | 823,202  | 701,757 |
| Adjustments to reconcile profit before tax to net cash                              |          |          |         |
| Provided by (paid from) operating activities  |          |          |         |
| Unrealized gain from changes in value of investments                                | (4,834)  | -        | -       |
| Depreciation and amortization   | 153,062  | 113,310  | 94,078  |
| Allowance for doubtful accounts (reversal)  | 7,553    | (5,440)  | 44,232  |
| Share of loss from investments in jointly controlled entity and associate           | 8,463    | 8,828    | 281     |
| Loss (gain) on the sales and dissolution of subsidiaries                            | (37,282) | -        | -       |
| Allowance for impairment of investments in subsidiary                               | -        | -        | -       |
| Penalty on project (reversal)   | 52,520   | (763)    | 9,500   |
| Reversal of provision for contingent liability from legal case                      | -        | (12,000) | 17,000  |
| Loss (gain) on sales of equipment   | 367      | 367      | -       |
| Gain on sales of equipment for services   | (28)     | -        | -       |
| Long-term employee benefits expense   | 10,357   | 10,147   | 10,121  |
| Unrealized loss (gain) on exchange  | 825      | (252)    | (9,624) |
| Interest expenses   | 9,723    | 14,210   | 42,205  |
| Profit from operating activities before changes in operating assets and liabilities | 857,312  | 951,609  | 909,550 |

# Cash Flow Statement (continued)

For the Year ended 31<sup>st</sup> December

(Unit: Thousand Baht)

| Cash Flow Statement  | 2015             | 2014             | 2013             |
|--|------------------|------------------|------------------|
| <b>Operating assets (increase) decrease</b>                |                  |                  |                  |
| Trade and other receivables                                | (299,735)        | 705,918          | (165,008)        |
| Unbilled receivables                                       | 68,820           | 367,241          | 77,390           |
| Inventories  | 106,042          | 637,522          | (752,990)        |
| Other current assets                                       | 50,335           | (15,124)         | 10,851           |
| Other non-current assets                                   | (1,154)          | 356              | (185)            |
| <b>Operating liabilities increase (decrease)</b>           |                  |                  |                  |
| Trade and other payables                                   | 83,913           | (201,528)        | (209,588)        |
| Unbilled payables  | 238,958          | 61,754           | 5,226            |
| Advanced receipts from customers                           | 17,486           | (130,984)        | (29,049)         |
| Provision for penalty on project delay                     | -                | (8,219)          | -                |
| Other current liabilities                                  | (1,597)          | (22,135)         | (45,387)         |
| Provision for long-term employee benefits                  | -                | (8,713)          | (6,878)          |
| <b>Cash from operating activities</b>                      | <b>1,120,380</b> | <b>2,337,697</b> | <b>(206,068)</b> |
| Interest paid  | (9,753)          | (14,085)         | (42,217)         |
| Income tax paid  | (147,606)        | (220,444)        | (179,973)        |
| <b>Net cash from operating activities</b>                  | <b>963,021</b>   | <b>2,103,168</b> | <b>(428,258)</b> |
| <b>Cash flows from investing activities</b>                |                  |                  |                  |
| Increase in current investments                            | (500,000)        | -                | -                |
| Decrease in restricted bank deposits                       | 173              | 5,305            | (7,082)          |
| Cash received from non-controlling interests of subsidiary |                  |                  |                  |
| from its share increment                                   | -                | -                | 7,350            |
| Cash paid from sale of investments in subsidiary           | -                | -                | (42,645)         |

## Cash Flow Statement (continued)

For the Year ended 31<sup>st</sup> December

(Unit: Thousand Baht)

| Cash Flow Statement   | 2015             | 2014             | 2013             |
|---|------------------|------------------|------------------|
| Cash receipt (payment) from the sales and dissolution of subsidiaries   | 77,668           | -                | -                |
| Cash payment for investments in jointly controlled entity and associate | -                | (25,000)         | (25,400)         |
| Cash receipt from sales of equipment                                    | 450              | 23               | -                |
| Cash receipt from sales of equipment for services                       | 200              | -                | -                |
| Cash payment for purchase property, plant and equipment                 | (31,446)         | (111,565)        | (56,840)         |
| Cash payment for purchase equipment for lease and services              | (268,256)        | (62,654)         | (14,374)         |
| Cash payment for purchase computer software                             | (9,252)          | (7,610)          | (2,201)          |
| <b>Net cash used in investing activities</b>                            | <b>(730,463)</b> | <b>(201,501)</b> | <b>(141,192)</b> |
| <b>Cash flows from financing activities</b>                             |                  |                  |                  |
| Increase (decrease) in bank overdrafts and short-term loans             |                  |                  |                  |
| from financial institutions   | (8,395)          | 1,986            | (365,714)        |
| Decrease in trust receipts  | -                | (451,995)        | 451,995          |
| Cash receipt from long-term loans                                       | 158,000          | 95,709           | 35,084           |
| Repayment of long-term loans  | (42,424)         | (45,512)         | (32,161)         |
| Increase (decrease) in liabilities under finance lease agreements       | (20,704)         | 22,932           | 36,553           |
| Proceeds from increase in share capital                                 | -                | -                | 687,736          |
| Dividend paid   | (340,378)        | (391,864)        | (309,362)        |
| <b>Net cash used in financing activities</b>                            | <b>(253,901)</b> | <b>(768,744)</b> | <b>504,131</b>   |
| <b>Net increase (decrease) in cash and cash equivalents</b>             | <b>(21,343)</b>  | <b>1,132,923</b> | <b>(65,319)</b>  |
| Cash and cash equivalents at beginning of year                          | 1,312,984        | 180,061          | 245,380          |
| <b>Cash and cash equivalents at end of year</b>                         | <b>1,291,641</b> | <b>1,312,984</b> | <b>180,061</b>   |

## Overview

### Operation Summary

Advanced Information Technology PCL. (AIT) earns its income from being a Systems Integrator (or SI) by integrating all kinds of systems and equipment, relating to ICT, to fit the needs of each organization or solution.

The types of revenue can be categorized as follows:

1. Sales include revenue from the sale of equipment, software and turnkey projects.
2. Services include revenue from consultation, design, installation and the maintenance of equipment.
3. Systems and equipment for rent such as revenue from licensing system software and from the rental of computer equipment.

The main sources of AIT revenue come from a small number of major customers, which are either government agencies or enterprises. Political changes affect budget sector change - which in turn can have a dramatic effect on the Company's performance.

For Kirz co., Ltd. a subsidiary, its core business is as an Internet Service Provider (ISP), providing internet services and other related services as described in the following types of income:-

1. Service Provider of network (Local Loop) and the Internet, with most customers being private companies.
2. Service of Data Center located at QSNCC for server and computer equipment, and the provision of a network connected with high speed internet together with security and stability system.
3. Service of Wifi serving mostly to retail customers - both office and household.
4. Service of IP Multimedia through an internet network providing connection between cellular network and high speed internet network. Multimedia services can be provided from mobile phone by transferring the data which is based on Internet Protocol (IP) standard network. Service fee via IP can provide the user with inexpensive fee which is equivalent to service fee of using Internet services.
5. Sales of computer equipment and electronics, or project sales, to both the government and private sectors.

Almost of the Kirz Ltd. revenue is from private companies - both large and small business - with good financial credit. There is not much change in the regular revenue of Kirz, since most of revenue is from period contracts. Its revenue in comparison with Total Revenue in the consolidated financial statement is approximately 2.63% and 2.72% in 2014 and 2015 respectively - which is considered minimal.

The table shows the changes in the overall Company operation:

| Items   | 2015       | 2014     | 2013     |
|---|------------|----------|----------|
| Total Revenue (MB)  | 5,271.21   | 6,651.55 | 6,023.23 |
| Changes in Revenue from Prior Year (MB)                   | (1,380.34) | 628.32   | 1,835.17 |
| Percent Changes in Revenue from the Prior Year (%)        | (20.75)%   | 10.43%   | 43.82%   |
| Profit Attributable to Equity Holders of the Company (MB) | 532.51     | 658.56   | 567.62   |
| Changes in Net Profit from Prior Year (MB)                | (126.05)   | 90.94    | 200.64   |
| Percent Changes in Net Profit from Prior Year (%)         | (19.14)%   | 16.02%   | 54.67%   |



In regards its performance in 2015, in this year the Company's total revenue and net income decreased from that in the Year 2014, because in 2015 the Company did not receive any large size projects, and the number of large projects obtained also decreased - as a result of budget decreases in the ICT sector in 2015. The situation is likely to continue to decline in the Year 2016, because as shown in the draft budget, the government will continue its prudent spending due to the economic slowdown in the country, and around the world. Meanwhile, the private sector could slow down any non-urgent investments until the global and domestic economy are more stable.

In Q3 2015, the Company sold its total shares of Kirz Ltd. to the existing shareholders. This means the statement of comprehensive income for the year 2015 includes the operating results of Kirz Ltd. until Q3 2015 only. The reason for selling Kirz Ltd. was due to its payback period being longer than anticipated. Additionally, it was as a result of the operations in 2014 and 2015 still being a net loss in earnings.

In Q4 2015, the Company closed its Representative Office in Cambodia because the market value of Cambodia's ICT was quite different from the Company's expectations. Moreover, while the price competition in Cambodia is quite high, the gross profit from sales is relatively low. Besides this, the local partner's use of professional services was less than projected. However, the Company continues to sell through its local partner and will continue with the after-sales service agreements for existing customers until the end of those contracts.

In the operating result for the Year 2015, the company's consolidated total revenue decreased by 1,380.34 million baht from the Year 2014, this represents a decrease of 20.75%. Net Profit in the Year 2015 fell by 126.05 million baht over the Year 2014, representing a decrease of 19.14%.

A contributing factor to the Company's revenue decline is from the economic slowdown in both the global and regional economies and how they affected the domestic economy. As a result, the government budget for the Year 2015 reflected a huge drop from the Year 2014 - while capital expenditure investments in the private sector slowed as well.

The Year 2014 was when revenue and earnings reached the highest since the Company was established. This resulted from many large projects being obtained at the end of the Year 2013, and which started to be delivered during the first half of the Year 2014. During the second half of 2014, the Company did not obtained any large project as they had in 2013 - the revenue, therefore, declined in the second half of the Year 2014.

In Q4 2014, the Management resolved to dissolve the company. Tower X Asia Limited, a subsidiary, it invested in since late 2012, but had not run up until the Year 2014.

The operating result for the Year 2014, as shown in the company's consolidated financial statement, had a total revenue increase of 628.32 million baht over the Year 2013, representing an increase of 10.43%. The net profit attributable to the shareholders of the Company increased by 90.94 million baht, representing an increase of 16.02%.

In early 2015, the government clarified more on its plans for the expansion of Internet access by the Ministry of ICT. The Cabinet approved a budget for the mid-year amounting to 5.6 billion baht. To improve the ICT infrastructure in order to drive the economy, 2.0 billion baht budget consists of two parts: the first part is an investment in broadband networks to cover villages and communities across the country mainly by expanding the CAT and TOT networks, valued at 1.5 billion baht, and the second is to continue to leverage the communications infrastructure to drive the country's economy to be a Digital ASEAN Hub, this is for 0.5 billion baht, and is mainly for the expansion of the domestic cable network to connect with a submarine cable system in order to be able to send and receive digital information more quickly among countries. This would increase the country's potential from the submarine cable system to compete with Malaysia and Singapore, the current regional leaders in this business.

The above mentioned government policies on the ICT sector are in accordance with the Company's vision that "AIT is a key player in driving the Digital Society in Thailand so that people can access information and services anywhere, anytime." Therefore, the Company is confident that in the Year 2016, it will be able to conduct business with the expertise and ability to respond to the government's policies which match closely with the Company's vision.

### Comparison with Estimation

For the Year 2015 the Company had originally estimated 6,800 million baht in revenue for the year. However, in mid-2015, the Company changed the estimated revenue to be in line with actual economic conditions by adjusting earnings to be around 5,000-5,500 million baht. This compared well to the actual results of operations, which had revenues of 5,271.21 million baht in line with the Management estimates.

In the Year 2014, the Company estimated a revenue of 6,200 million baht, which when compared with the actual operation revenue of 6,651.55 million baht, which was higher than the Company had projected. This was due because in the Year 2014, there were a number of delivered projects, including projects that had been obtained in late 2013 and early 2014.

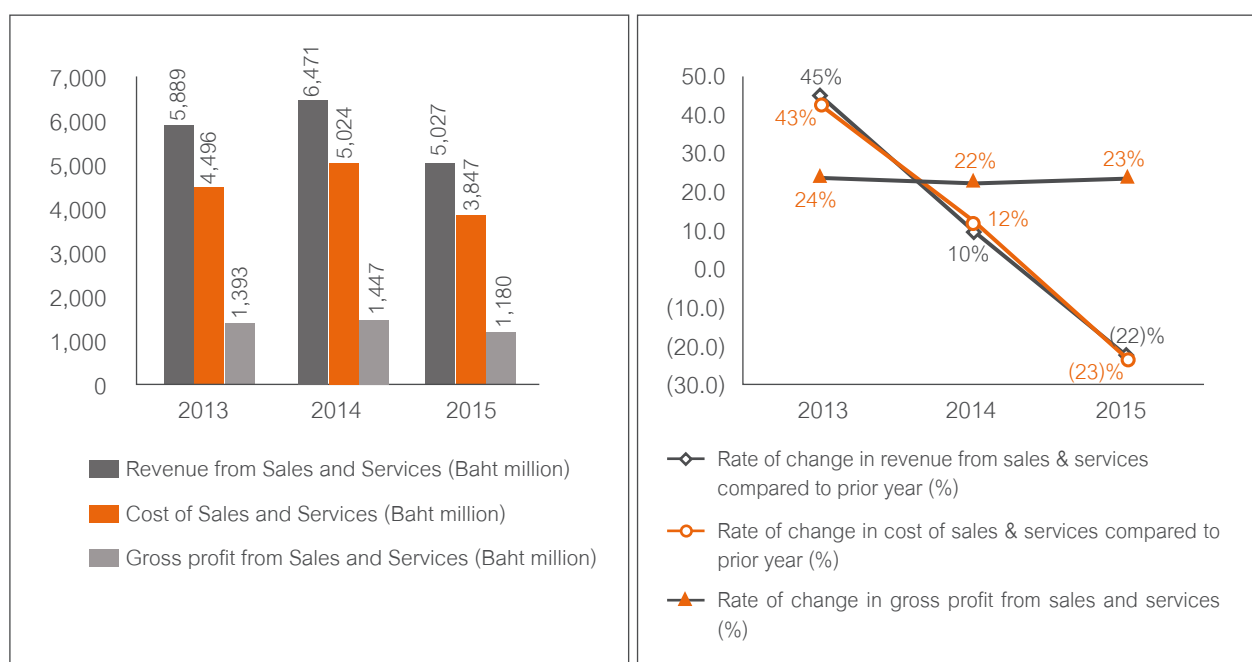
### Operation Results and Profitability

The main revenue of the Company came from projects that were obtained from government agencies, enterprises and large private companies. Therefore, changes in income can be divided into:

- Revenue from sales and services includes revenue from sales of systems and equipment. This includes after-sales maintenance services in the same project. The consolidated financial statements 'service revenue from subsidiary' are also included in the income from sales and services.
- Revenue from the rental of systems and computer equipment includes maintenance during the lease term.

### Revenue from Sales and Services

Analysis of changes in revenues and costs can be shown as follows:-



From the chart above, revenue from sales and services of the Company for the Year 2013 continued its growth in the Year 2014, but fell back in the Year 2015. The Company's revenues from sales and services in 2015 decreased from 2014 in amount of 1,443.74 million baht - which was a 22.31% decrease. While in the Year 2014, revenue from sales and services decreased was 582.37 million baht - or a 9.89% increase from the Year 2013. The total change in revenue came from changing in AIT's revenue because the AIT subsidiary's revenue of Kirz Ltd. was relatively stable. The change in income can be analyzed from the volume and size of projects in the table as follows.

**Comparison of Revenue, Size and Number of Projects from Sales and Service Income**

|   | 2015              |                           | 2014              |                           | 2013              |                           |
|---|-------------------|---------------------------|-------------------|---------------------------|-------------------|---------------------------|
| Rage of revenue recognition<br>by project | No. of<br>project | Revenue<br>(million baht) | No. of<br>project | Revenue<br>(million baht) | No. of<br>project | Revenue<br>(million baht) |
| More than 100 million baht                | 4                 | 577                       | 10                | 2,523                     | 14                | 2,679                     |
| between 50 - 100 million baht             | 7                 | 479                       | 11                | 777                       | 22                | 1,674                     |
| between 20 - 50 million baht              | 77                | 2,383                     | 50                | 1,776                     | 17                | 597                       |
| between 10 - 20 million baht              | 40                | 587                       | 35                | 510                       | 20                | 287                       |
| Less than 10 million baht                 | 850               | 902                       | 709               | 723                       | 528               | 533                       |
| Number of project (projects)              | 978               | 4,928                     | 815               | 6,309                     | 601               | 5,770                     |

From the comparison table above of Revenue, size and number of projects from sales and services revenue in 2015, it is found that most of the projects were in 20 - 50 million baht range, and which accounted for 48.36% of total revenue. While small projects that were sold for less than 10 million baht had recounted for 18.30%. Income from projects larger than 50 million baht or more had only 11 projects and showed considerably proportional reduction when compared to the Years 2013 and 2014. The total number of projects for sales and services in 2015 were higher than that of 2013 and 2014, with the number of projects being an increase from the year 2014 of 163 projects, which represents a 20.00% increase, in the Year 2015. As a result of expenditure reduction by government agencies and enterprises, the number of large-scale projects reduced, but smaller size projects is increased.

The operating results of the Year 2014, showed revenue from large projects that ranged from 50 million baht was less than that of 2013, but the project size that increased revenue from that of the year 2013 was from projects in the 20 - 50 million baht range. Those projects were mainly from CAT and TOT. For the Year 2013, the Company's revenue was mainly from the projects valued over 50 million baht.

In terms of cost of sales and services, this is dependent on the nature of a project. The cost of a large company project includes costs from the following items; filing and bidding, purchasing of equipment, purchasing of system software and development, designing and installation and costs related to staff in the project, and other costs too. The cost of maintenance services are mainly from: warranty maintenance, sub-contractor wages and costs associated with staff traveling to system maintenance or equipment at the premises of the client. Usually an increase or decrease in the cost of sales and services varies in accordance to the increase or decrease in revenue.

The above chart shows that in 2015, the Company's cost of sales and services decreased from the year 2014 by 1,176.05 million baht, representing a decrease of 23.41%, while the rate of decline in revenues from sales and services equaled a 22.31% decline - which is very similar in proportion.

The cost of sales in 2014 increased by 528.20 million baht from the Year 2013, representing an increase of 11.75%. However the rate of change of sales in the year 2014, which is 9.89% more than the rate of change in costs of 2014 due to some large projects having relatively low margins.

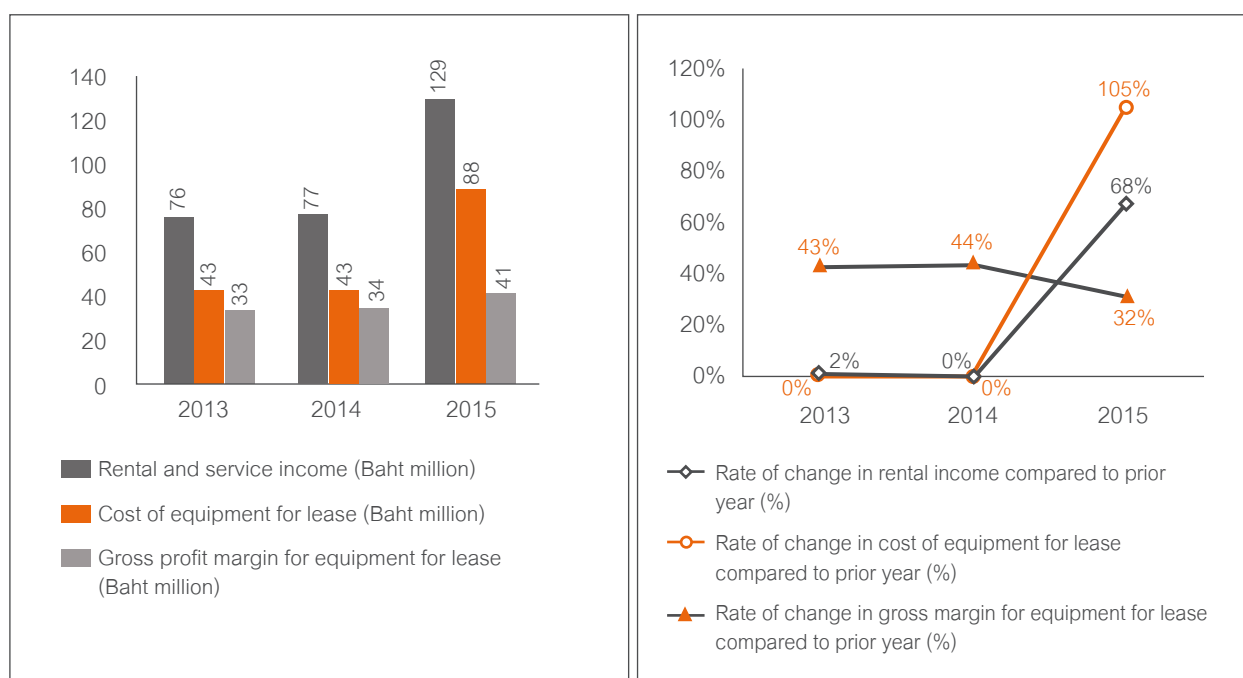
The cost of sales and services of Kirz Ltd., a subsidiary, in 2015 did not change much from the years 2013 and 2014. This was the same too in sales due to the nature of the business base on agreements provided for the period. The cost of sales and services of Kirz Ltd. are accounted for in the consolidated financial statements and are quite minor and insignificant. The costs can be outlined as follows:

- Cost of services for integrated network (Local Loop) and Internet services including the use of an intranet, domestic and abroad internet charge, space rental for connecting signal device (Node) and the depreciation of the equipment of Local loop etc.
- The cost of providing data centers (Data Center) include depreciation of equipment installed in the data center electricity bills, space rental and the data center management and so forth.
- Cost of Wifi services includes depreciation of WIFI equipment, space rental for installing of equipment and connection charge of WIFI device etc.
- Cost of IP Multimedia service including air time for VoIP, IPTV, and equipment depreciation etc.
- Cost of sales of computer equipment and electronics or project sales to the public and private sectors, including product costs for trading and software and so on.

The rate of change in revenue and cost of sales and services is at a similar rate so that gross profit margin since 2013 to 2014 was relatively stable as shown in the above chart , it has a gross profit percentage increase of 22.36% to 23.65% respectively.

## Revenue and Cost of Equipment for Lease

Revenue income from equipment for lease is income from the rental of telecommunications equipment and computer equipment to state enterprise, government agencies and financial institutions. The performance of the rental business can be summarized as follows.



From the above chart, the cost of renting equipment and the gross profit from the rental was relatively stable until the Year 2014. This was because there is no new projects and there no lease agreement expired, resulting in very little change in revenue during the Years 2013 and 2014. However in 2015, the revenue and costs changed in a different direction. What happened was that the rate of increase of revenue as a percentage was 68.59 million baht while the rate of increase of cost was as 105.24.% The gross margin came down to 31.71% from the existing rate of 43.91%, because in early 2015 the Company had a rental project for a financial institution but with a margin which was relatively lower than the existing projects' margin therefore the rate of change of revenue and costs differed greatly.

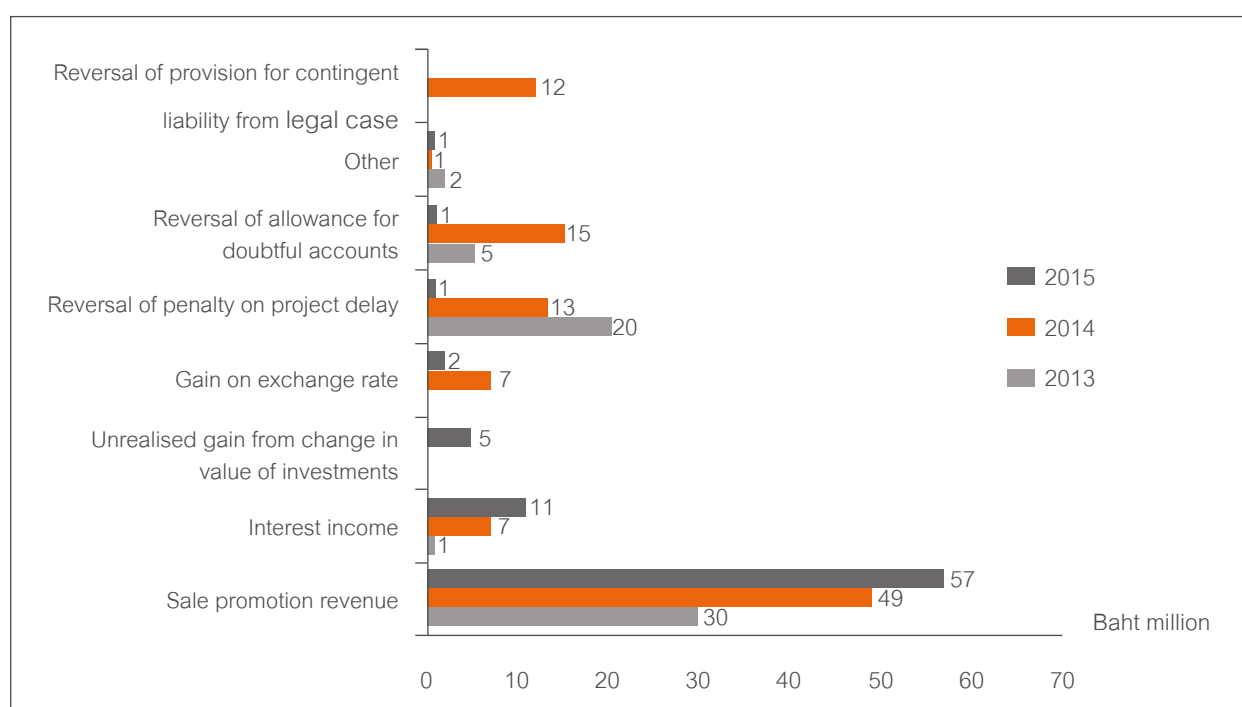
## Other Income

Other income, which is related to our core business, is presented in Other Income. Most of the revenue came from: sales promotions from an overseas supplier according to the sales promotion reversal of doubtful accounts the reversal of provision for adjustment; and the reversal of provision for contingent liability from legal case as recorded in previous years.

In 2015, other income was 77.67 million baht, which is down from 26.45 million baht in the Year 2014, which was equivalent to 104.12 million baht, and which represented a decrease of 25 %. This is from: the reversal of provision for project delay revenues being down by 12.22 million baht; reversal of allowance for doubtful debt 12.23 million baht; the reversal of provision for contingent liability from legal case in the amount of 12.00 million baht with no balance in 2015; net with an increase of sales promotions of 7.74 million baht and 4.06 million baht in interest income.

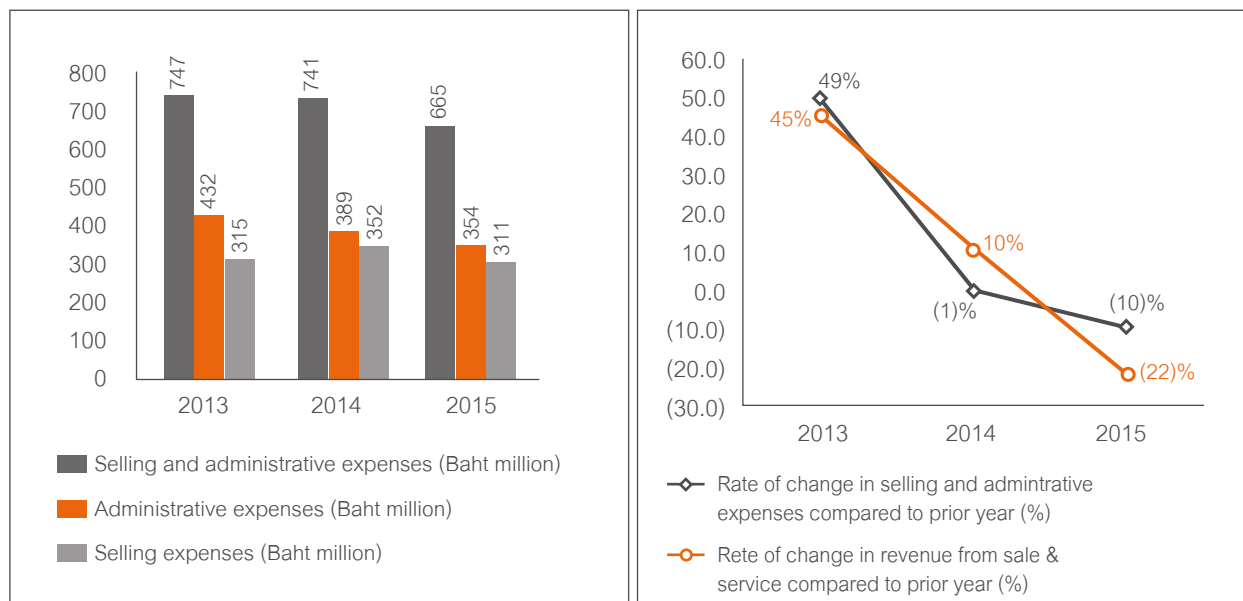
In 2014 other income increased from the year 2013 by 45.80 million baht, which was up from sales promotions of 19.74 million baht; reversal of provision for contingent liability from legal case amount of 12.00 million baht and reversal of allowance for doubtful accounts increase of 10.05 million baht.

Details of Other Income can be shown in chart below:



## Selling and Administrative Expenses

Comparison of selling and administrative expenses in the Years 2013 - 2015 are as follows.

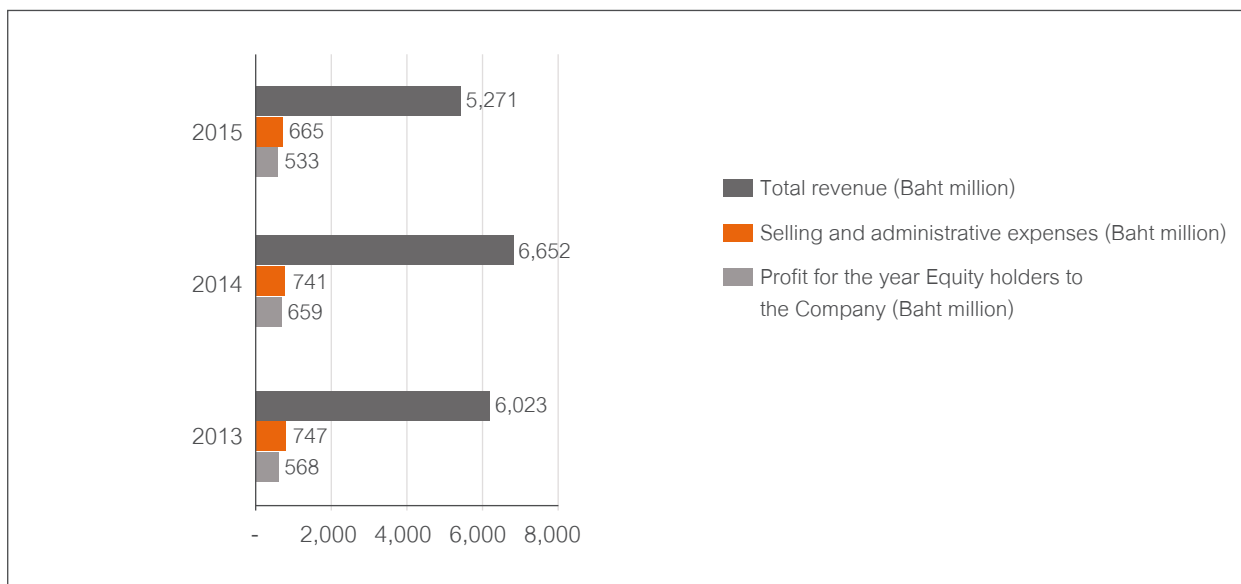


Typically, the cost of sales and administration will rise or fall in line with an increase or decrease in revenue. The cost of sales in the Year 2015 were down from the Year 2014 by 75.74 million baht, which represents a decrease of 10.22% as sales fell in 2015, but the decrease was lower than the rate of revenue decline in sales and services income, which was equivalent to 22.31 %, since in the Year 2015 revenue decreased from the Year 2014. However the cost of many items continued to rise such as the allowance for doubtful accounts. Most expenses decreased from that in 2014 - including a decrease in those costs related to employees such as staff bonuses and commissions.

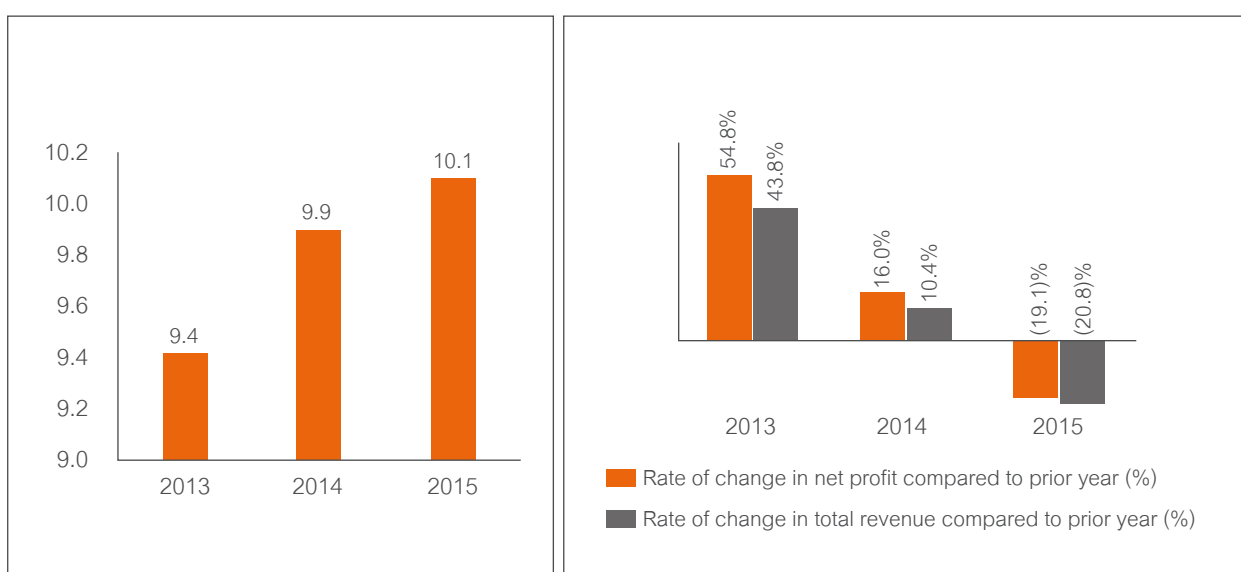
In the Year 2014, the selling and administrative expenses were down from the Year 2013 a total of 6.51 million baht, which represents a decrease of 0.87%, while the rate of change in sales and service income increased 9.89% due to the reduction from the reversal of allowance for doubtful accounts, penalty for project delays and the financial advisor fee which declined in the Year 2014 net with an increase in costs associated with income such as expenses for employees bonuses, commissions and other office expenses.

## Net Profit and Net Profit Margin

Typically, the change in net income is varied and the change rate is similar to the change in income, as can be seen from the diagram below. However, the increase or decrease in the cost of certain items may not related in the same way as income. The rate changes in net profit and net profit margin are not the same during the years 2013-2015. These are summarized in the diagram:



## Annually Comparison of Net Profit and Revenue



Net profit for the Year 2015 decreased from the Year 2014 in the amount of 126.05 million baht, representing a decrease of 19.14 % due to the lower total revenues of a 20.75 % reduction. This shows very close rates of change. Revenue in the consolidated financial statements included gains on sales of investments under the equity method for Kirz Ltd., a subsidiary, of 37.28 million baht, if not they are not include profits from the sale of investments above, the rate of decline in total revenue was 21.31%. The differences in the rates of decline is mainly due income from deferred income tax being increased from many provisions such as for office rental, which the company acquired in late 2014 and the deconsolidation of its subsidiaries in Q4 2015 with a net loss. As a result, the net profit for the Year 2015 increased to 10.10 percent from 9.90 percent in 2014.

Net profit for the Year 2014, was up from the net profit for the Year 2013 in the amount of 90.94 million baht, which represents an increase of 16.02% which is the result of total revenues in 2014 being up from the Year 2013 at the rate of 10.43%. The rate of increase of net profit is higher than the rate of change of revenue due to allowances for doubtful accounts and the provision for contingent liability from legal cases recorded in 2013 and reversed in 2014, which resulted in net profit for the Year 2014, which equaled 9.90% increase from the Year 2013, which equaled 9.42%.

#### Analysis of the Financial Ratios

The financial ratios that reflect the results of operations can be determined from the financial information as follows:

| Financial Ratio (%)  | 2015   | 2014   | 2013    |
|--|--------|--------|---------|
| <b>Profitability Ratio</b>   |        |        |         |
| Gross Profit Margin  | 23.67  | 22.61  | 23.91   |
| Operating Profit Margin  | 10.80  | 11.49  | 11.71   |
| Cash Flow From Operation to Net Income                                   | 174.30 | 282.38 | (58.49) |
| Net Profit Margin (Profit attributable to equity holders of the company) | 10.10  | 9.90   | 9.42    |
| Return on Equity   | 19.21  | 25.74  | 29.14   |
| <b>Efficiency Ratio</b>  |        |        |         |
| Return on Asset  | 12.05  | 14.97  | 13.65   |
| Return on Fixed Asset  | 189.73 | 245.35 | 280.73  |
| Asset Turnover   | 1.19   | 1.51   | 1.45    |

The above financial ratios have changed significantly. This can be explained as follows:

- Gross profit margin ratio in the Years 2015 and 2013 are very similar because the project cost structures are similar. However, this ratio does decline in 2014 since in that year some large projects have relatively low margins, for example, in the project for the Social Security Office. This caused the overall gross profit margin to decline.
- The cash flow from operation to net income ratio in 2014 and 2015 had positive figures because the Company's amount of collection from trade accounts was higher than revenue receivable. This was because the Company was able to gradually invoice during the year, this reduced accounts receivable at the end of the year. However in 2013 many projects had been scheduled to be delivered closer to the end of the year; as a result, the amount of revenue receivable was higher than the collected amount. So the ratio of cash flow from operation to net income was negative.
- The net profit margin of the Year 2015 was higher than in 2014 and 2013, because: in 2015 the Company had a gain on disposal of investments in subsidiary under the equity method; exclusion of the Kirz operating results, which has a forecast net losses in Q4 2015; and recognition revenue of deferred income tax which incurred from the provision for penalty on project delay and allowance for doubtful accounts.
- Return on equity in 2015 decreased from the Years 2013 and 2014 as a result of the lower net profit in 2015.
- Efficiency in operation ratio for the Year 2015, which has 3 sub-ratios in above table, had a similar downward trend, since the revenue decline caused the: return on asset, return on fix assets and asset turnover to decrease as well.



## Capability to Manage Assets

### Account Receivables

For the Company's account receivables, overdue account receivables are mainly from government agencies and state enterprises which have sometimes lengthy steps, and take some time for the process to work in their organization in which executives of the company are expected to be paid in full. The total allowance for doubtful accounts is sufficient in its financial statements and reserved for account receivables from the private sector that have become overdue. The Company recorded an allowance for doubtful accounts for estimated losses that may be incurred in the collection of receivables, and is generally based on collection experience and analysis of aging components.

Trade and other receivables of the Year 2015, increased from the Year 2014 by 276.27 million baht, which represents 20.93% increase; this was because in late 2015 the Company delivered many projects which completed, caused a significant amount of trade receivables to increase. Account receivables of the Year 2013 had a value higher than that of 2014 and 2015, due that in late 2013 the Company obtained a large amount of projects and began deliveries in late 2013, therefore the entire accounts receivable and work in progress of the Year 2013 was higher than any other year in comparison.

The analysis of account receivables aging are classified as shown in this table:

| Classified by aged on the basis of due dates                 | (Unit : Thousand Baht) |                  |                  | Increase (Decrease) |                  |
|--|------------------------|------------------|------------------|---------------------|------------------|
| Trade account receivable-unrelated parties                   | 2015                   | 2014             | 2013             | 2015 VS 2014        | 2014 VS 2013     |
| Not yet due  | 787,587                | 396,592          | 599,836          | 390,995             | (203,244)        |
| Past due up to 3 mounts                                      | 667,251                | 433,551          | 897,742          | 233,700             | (464,191)        |
| Past due 3 - 6 mounts  | 51,618                 | 308,327          | 128,602          | (256,709)           | 179,725          |
| Past due over 6 -12 mounts                                   | 38,327                 | 66,211           | 198,946          | (27,884)            | (132,735)        |
| Past due over 12 mounts                                      | 98,749                 | 148,037          | 222,959          | (49,288)            | (74,922)         |
| <b>Total</b>   | <b>1,643,532</b>       | <b>1,352,718</b> | <b>2,048,085</b> | <b>290,814</b>      | <b>(695,367)</b> |
| Less Allowance for doubtful accounts                         | (51,884)               | (44,541)         | (46,981)         | (7,343)             | 2,440            |
| <b>Total trade account receivable-unrelated parties, net</b> | <b>1,591,648</b>       | <b>1,308,177</b> | <b>2,001,104</b> | <b>283,471</b>      | <b>(692,927)</b> |
| Other receivable   | 4,390                  | 11,588           | 19,140           | (7,198)             | (7,552)          |
| <b>Total trade and other receivable - net</b>                | <b>1,596,038</b>       | <b>1,319,765</b> | <b>2,020,244</b> | <b>276,273</b>      | <b>(700,479)</b> |

The above table shows that in the Years 2013 - 2015 overdue account receivables for more than 6 months declined steadily due to the acception process and execute the payment of government agencies and state enterprises being already mostly completed. While new projects that were delivered, the Company had a well plan in place in order to reduce the duration of internal process of the government agencies and state enterprises. It can be seen that in the Year 2015 the outstanding loans from past 3 months have declined significantly. The account receivables increased largely in current receivable or receivables past due less than 3 months.

### Inventories

For the inventories listed in the financial statement are mainly work in progress which are not yet completed in accordance with the terms of the contract delivery process. The policy of purchases of AIT is to make an order to a supplier when they receive orders or contracts from their customers. Therefore, there is no problem in holding

inventories in the warehouse or inventory being made obsolete. Allowance for diminution in value of inventories means that work in progress has been suspended and therefore it is recorded as an allowance for work in progress.

The inventories included in the consolidated financial statements of the Year 2014 of Kirz Co., Ltd. are very little due that its main revenue is from service. As a result, the problem of obsolete or outdated inventory because of inventories is greatly reduced.

Inventories for 2015, which was 462.82 million baht, is a decrease of 578.24 million baht and 1,215.76 million baht in comparison with 2014 and 2013 respectively, due that in 2013, the Company had a number of projects during the year which were not completed as promised at the end of that year - therefore there were a lot of work in progress, which continued until early 2014, then these projects were delivered. But in the second half of 2014 the government's budgets began to decline and this continued until 2015; this caused inventories and work in progress to decline.

#### Investment

As at December 31, 2015, the Company remained its investments in joint ventures. The only investment is the jointly control entity of Loxley & AIT Holdings Co., Ltd. which is a joint venture between Loxley Wireless Co., Ltd. and AIT, with the parties holding 50% each, the Company invested 75.00 million baht which was paid as 75% in 2015, the Company recognized its share of loss on equity method in Loxley & AIT holding Co., Ltd. in the amount of Baht 8.46 million baht. Total recognized losses for share of loss from investment is 17.57 million baht reward.

At the end of Q3 2015, the Company has sold its investment in Kirz Ltd. to the existing shareholders with a profit on disposal of equity method in the consolidated financial statements. However, it shows losses on the sales of investments in the separate financial statements using the cost method. The calculation is compared in the table below:

| Investment (Unit:1000 Baht)                       | Equity Method | Cost Method |
|---|---------------|-------------|
| Investment Value on the date                      | 42,718        | 108,650     |
| Impairment from Investment in 2014                | -             | (28,333)    |
| Net Asset Value                                   | 31,618        | 80,317      |
| Deficit on investment due to change in proportion | 11,100        | -           |
| Total Net Asset Value                             | 42,718        | 80,317      |
| Sale price of investments in subsidiary           | 80,000        | 80,000      |
| Gain (Loss) on the sale of investment             | 37,282        | (317)       |

The result of the divestment of the shares of the company Kirz Ltd. makes investments in its associates, Optical Mesh Co., Ltd, a company owned by Kirz Limited of 40% and which does not have to be in the consolidated financial statements for the Year 2015.

#### Capital Expenditure on Equipment for Rent

| Capital Expenditure                            | 2013  | 2014  | 2015   |
|--|-------|-------|--------|
| Capital Expenditure on Equipment for Rent (MB) | 14.37 | 62.65 | 268.26 |

The above table shows the capital expenditure on equipment for rent during the Years 2013-2015, the Company and its subsidiaries have invested in equipment for rent continually. By the Year 2014, investment in rental equipment which belong to Kirz Ltd. was the expenditure for wiring systems and integrated circuits for providing services to customers. Investment in the Year 2015 is an investment in system software for lease to a financial institution and investment in equipment rental for state enterprises.

The equipment for rent and service for the Year 2015, is an increase from 2014 of 66.15 million baht, representing an increase of 36.64% -as the Company obtained projects of equipment for lease and rental of software licenses in 2015, net with the reduction of depreciation of equipment. The change in the balance of 2014 compared to that of the Year 2013 was relatively low, as the amount of investments and depreciation of equipment were almost the same amount.

## Other items in the financial statement which have significantly changed

### Assets

In 2014 and 2015, the Company's cash and deposits with financial institutions were quite high when compared to the Year 2013 due to capital increase and there was no large-scale project obtained. In the Year 2015 the deposit in financial institutions was moved to investment in securities in order to obtain a higher return. As a result, short-term investments - trading securities - increased in 2015 by 504.8 million baht.

Unbilled receivables in the Year 2015, decreased from the Year 2014 by 70.16 million baht, representing a decrease of 18.81%, because in the Year 2015 the Company issued an invoice which was recorded as unbilled receivables in late 2014 which caused unbilled receivables to decrease. Unbilled receivable for the Year 2013 was quite high compared to the Years 2014 and 2015 due that at the end of 2013 the Company obtained the large project such as Billing System Project for TOT but was not completed according to the delivery condition specified in the contract.

Other current asset of the Year in 2015, decreased from the Year 2014 by 62.31 million baht, which represents a decrease of 74.27 % due to a decrease in prepaid expenses carried forward from end-of-year 2014.

Land, property and equipment in 2015, decreased from the 2014 total by 43.72 million baht or 25.77%. This was due to the depreciation of property and equipment and a decrease due to the deconsolidation of Kirz Co., Ltd. in the Year 2015 when the Company sold its entire investment in the third quarter of 2015. An increase of land property and equipment in 2014 compared to 2013, due to in the second half of the year 2014, the Company purchased land and buildings which was already rented by tenants. As a result, land Property and equipment increased in 2014.

Intangible assets of the Year 2015, decreased from the Year 2014 by 23.06 million baht, which represents a decrease of 51.20% due to the Company selling its investment in its shares of Kirz Ltd. in Q3 2015. Therefore, the customer relationship which was recorded in the consolidated financial statements was removed.

Deferred tax assets increased from the Year 2015 by 16.86 million baht in 2014, representing an increase of 112.09%, due mainly to the provision for penalty on project delay from contract.

### Liabilities

Bank overdrafts and short-term loans from financial institutions for the year in 2015 decreased from the Year 2014 by 18.19 million baht, which is a decrease of 100.0%, since the item belonged to a subsidiary of the company and which was sold entirely in the 3rd quarter of 2015. Therefore, the item was excluded in the consolidated financial statements. Then, overdrafts and short-term loans from financial institutions declined.

Trust receipts in 2014 and 2015 have no balance when compared to that of 2013, because during the Years 2014 and 2015, the Company has proceeds from increase in shares capital and the projects obtained during that time were less. There was also no necessity to require a loan from a financial institution for the project. But in late 2013, the Company had numerous projects and which required high investment and the need to access loans from financial institutions. The Company chose to use trust receipts, because interest rates are relatively low and fluctuations in the exchange rate are not high. Therefore, the trust receipts in 2013 were higher than in the Years 2014 and 2015.

Unbilled payables for 2015 increased from that of 2014 by 238.96 Million Baht and which represented a 59.77% increase when compared to the balance as at 31 December 2014 due that in late 2015 the Company delivered higher value projects than that in late 2014 caused the balance of unbilled payable of the projects that have just delivered to increase. The balance of unbilled payable in 2014 was higher than in 2013 by 61.75 million baht and which represented a 18.27% increase. In 2013, many suppliers of products and services invoiced for payment on the projects which were just delivered, causing account payables for the year 2014 to decrease by 198.70 million baht - which represents a 22.39% decrease from that of 2013. Moreover, the Company obtained many more projects accounts payable at the end of 2013 - which were quite high in value. On the other hand, the unbilled payables for 2013 were lower than that of 2014.

Current portion of long-term loans due within one year for 2015 were down from 2014 by a total of 83.42 million baht, representing a decrease of 61.74% from the Year 2014 because at the end of Q4 2014 the subsidiary was unable to maintain the financial ratio stipulated in the loan agreement with the commercial bank. Therefore, the subsidiary had classified long-term loans as due within one year. However, in Q3 2015 the Company sold its investment in the subsidiary, therefore, this transaction of a subsidiary, Kirz Ltd. was not included in the consolidated financial statement. As a result, long-term loans of subsidiaries decreased.

Advanced payments received from customers in 2015 increased from the Year 2014 by 15.04 million baht or 70.08%, increase because at the end of 2015 the Company received advanced payments for the contracts. Advanced payments received in 2014 decreased significantly from the Year 2013 in the amount of 130.98 million baht or an 85.93 % decrease, because at the end of Year 2013, the Company obtained numerous projects and many of the projects provided advance payments. As a result, the Company's advanced payments balance in 2013 was quite high.

Provision of penalty for project delays in 2015, increased from the Year 2014 by 52.52 million baht, representing an increase of more than 100.0%, because since Q2 2015, the Company had provision of penalty for project delays more than specified in the contract. In 2013, the provision of penalty for project delays were lower than in 2014 due that most of the actual costs occurred in 2014.

Long-term loans for the Year 2015, increased from the Year 2014 by 79.88 million baht, representing an increase of more than 100.0% from the balance as at December 31, 2014, because at the beginning of 2015, the Company had a long-term loan from a financial institution to invest in a rental project for a software licensing system. The long-term loan of 39.86 million baht in 2013, mainly belonged to the subsidiary for which the loan was to build infrastructure and integrated circuits for services to businesses.

Liabilities under finance leases agreements in 2015 increased from the Year 2014 by 18.64 million baht, representing a decrease of 42.90%. This was due that in 2015, the Company repaid liabilities under finance lease installment payments specified in the contract which most of contracts incurred in the Year 2014, therefore, the liabilities under finance leases in 2014 were higher than that of the Years 2013 and 2015.

Provision for contingent liability from legal case in the Year 2015 decreased from the Year 2014 by 5.00 million baht or 100.00%, due to the liability belonging to the subsidiary Kirz Ltd. stemming from a lawsuit filed by TOT Plc. The Company sold its investments in Kirz Co., Ltd. in Q3 2015, therefore the provision of such liability will not be included in the consolidated financial statements. For the provision for the Year 2014 which decreased from the Year 2013 to 12.00 million baht due to the company Kirz Co., Ltd. having entered into a guarantee for the losses from litigation with the bank of 12.00 million baht, resulting the reversal of provisions of liability to the bank's responsibility in the Year 2014.

### Shareholders' Equity

Shareholders' equity in the Company in 2015, increased from the Year 2014 BY 181.05 million baht, representing an increase of 6.75%. The increase of profit from operations for 2015 was net with dividends paid during 2015. Besides this, in the Year 2015 the Company increased its legal reserves to reach 10 percent of the registered capital.

For the Year 2014 the Shareholders' equity increased from the 2013 total by 245.14 million baht, an increase of 10.06% - which was for the same reason for the increase in the Year 2015.

### Capital Structure

The suitability of the capital structure can be determined by ratio analysis of financial policy in the table below:

| Financial Policy Ratio       | Consolidated Financial Statement |      |      |
|------------------------------|----------------------------------|------|------|
|                              | 2015                             | 2014 | 2013 |
| Debt to Equity Ratio (Times) | 0.63                             | 0.55 | 0.90 |

The debt to equity ratio of the year in 2013, 2014 and 2015 were 0.90, 0.55 and 0.63 accordingly. This shows that the major source of funding is from the shareholders, rather than from loans reflecting the stability of the Company. The reason for the debt to equity ratio being less than 1.00 is due that in late 2013, the Company received payment for shares from the capital increase from 343,868,180 baht to 1,031,604,485 baht. Since mid-Year 2014, the Company has not obtained any very large project; therefore, the working capital is very high which has led to some investments in trading securities.

### Dividend

| Financial Policy Ratio    | Separated Financial Statement |       |       |
|---------------------------|-------------------------------|-------|-------|
|                           | 2015                          | 2014  | 2013  |
| Dividend Payout Ratio (%) | 63.17                         | 62.36 | 55.22 |

The dividend payout ratio is calculated from the separated financial statements as determined by the performance of AIT with the operating result in net earnings. It is evident in the past that the Company is profitable and at the same time pays dividends consistently higher than the dividend policy of the Company which is set not to be less than 40 percent of net profit.

## Liquidity Ratio Analysis

The liquidity ratio analyses for the consolidated financial statements are as follows:

| Liquidity Ratio                            | 2015 | 2014 | 2013   |
|--|------|------|--------|
| Liquidity Ratio (Times)                    | 2.54 | 2.65 | 2.04   |
| Quick Ratio (Times)                        | 1.94 | 2.17 | 1.43   |
| Cash Ratio (Times)                         | 0.63 | 1.22 | (0.20) |
| Trade Account Receivables Turnover (Times) | 2.87 | 2.94 | 2.18   |
| Average Collection Period (Days)           | 125  | 122  | 165    |
| Inventory Turnover (Times)                 | 7.56 | 5.65 | 5.41   |
| Average Days Sales Period (Days)           | 48   | 64   | 67     |
| Account Payable Turnover (Times)           | 3.12 | 4.36 | 3.44   |
| Average Days Payable Outstanding (Days)    | 116  | 83   | 105    |
| Cash Cycle (Days)                          | 57   | 104  | 127    |

The liquidity ratio in the above table shows that from 2013 to 2015 the Company had an improvement in overall liquidity ratios throughout such as no.1) liquidity ratio. The ratio of current assets over current liabilities were exceed by more than two times. 2) quick ratio also is at a high level 3) The net profit of the Company was converted in the form of cash, as shown by the cash ratio that is non-negative 4) average collection period, a number that fell short from the Year 2013 5) average day payable outstanding was longer lasting in 2015 6) cash cycle of the Company, which represents the duration of the cash out from the payment to the creditor to the period of payment from debtor became shorter.

## Ability to repay debt

The ability to repay debt in the consolidated financial statements can be considered from the below financial ratios:

| Financial Policy Ratio                 | Consolidated Financial Statements |        |        |
|--|-----------------------------------|--------|--------|
|  | 2015                              | 2014   | 2013   |
| The Ratio of Interest Payments (Times) | 247.75                            | 213.42 | (0.48) |

The ratio of interest payments primarily reflects the performance of AIT and is due to the amount of money from a subsidiary company which is in a very small amount in the consolidated financial statement. There is no effect in ratio analysis. The analysis is based on cash flow from operations before interest and income taxes whether the Company has the ability to repay interest or not. It can be seen that in the Years 2014 and 2015, the Company had a positive ratio which was very high ratio. There is a sufficient cash flow to repay debt interest. The Company's turnover is profitable and can be charged from trade receivables, but in 2013 the ability to repay interest was negative, due that in late 2013, the Company recently delivered and invoiced customers. Money collection from accounts receivable was not made at the end of the year. As a result, cash flow from operations showed as a minus.

## Loans Obligation

The Company's loans obligations and liabilities estimation that may arise can be divided into four parts.

### 1. Obligations on operating leases.

The Company has entered into operating leases related to the rental of buildings and vehicles over the contract period from one to three years, which is in addition to the financial statement as at 31 December 2015. The minimum amount to be paid in the future under operating leases is as follows.

Unit: Million Baht

| Due Payment   | Consolidate/Separated Financial Statement |
|---------------|---|
| Within 1 Year | 8.7                                       |
| 1 - 3 Years   | 15.8                                      |

### 2. Obligation related to the sale or service agreement.

The company has a contract to sell products to customers which have not yet been delivered or serviced. Equipment rental and contract value to be provided under the contract in the future and provide maintenance services under the conditions specified in the contract, which is outside the financial statement as at December 31, 2015. These are summarized below:

Unit: Million Baht

| Type of Contract  | Amount |
|---|--------|
| Sales or Service Contracts which have not yet been delivered or serviced          | 1,582  |
| Electronic equipment lease which must service according to contract in the future | 348    |

### 3. Guarantees

The company's letters of guarantee issued by banks on behalf of the company and the consortium by a bank guarantee in the amount of 1,088 million baht is remaining in respect of the obligations required in the normal course of business of the Company. The obligation is outside the financial statement as at December 31, 2015, with the letters of guarantee being divided as follows.

Unit: Million Baht

| Types of Letter of Guarantee    | Amount |
|---------------------------------|--------|
| Performance Letter of Guarantee | 1,086  |
| Payment Letter of Guarantee     | 2      |

### 4. Litigation

In fiscal year 2013, the subsidiary had recorded contingent liabilities that could arise from lawsuits in the amount of 17 million baht being due in 2012, the subsidiary was sued in a civil case by the parties to the settlement fee interconnection charge of 16.0 million baht with interest of 1.2

million baht, totaling 17.2 million baht in the Year 2014. The previous shareholders of the company had provided bank guarantees to its subsidiaries to guarantee the liabilities that may be incurred for the civil case amounting to 12.0 million baht. The subsidiary reverses from the provision for potential litigation to other income of 12.0 million baht. At present, the case is being referred to mediation and not yet in conclusion.

However, in Q3 2015 the Company sold its investment in the subsidiary with the result that provision for such potential litigation is not included in the consolidated financial statements.

#### Factors that affect performance in future

The main risk factors that affect the company's business includes external factors such as: the global economy which is still in recession; the Thai baht value is fluctuating greatly; the political situation; and international tensions that could lead to war or further political instability in the country are still awaiting clarity. This results in a reduction or delay in expenditures for both the public and private sectors. In addition, many agencies, both public and private need to reduce their high amount of investment. This will help the business model characterized by the rental or pay-as-you-use (or as-a-service) model to grow rapidly. As a result, companies must adapt and find appropriate financial instruments to support the above risk factors.



## Good Corporate Governance

The Board of Director recognizes the importance of good corporate governance. Therefore, the Company has adopted corporate governance as a tool to add value and support the sustainable growth of the business. This will enhance management efficiency, transparency and accountability, thereby strengthening the trust and confidence from shareholders, investors, stakeholders and related parties of the Company. The Board of Director focuses on good corporate governance practices and set them up as policies - which are always up to date. As the result, in Year 2015, the Company received rating scored of “good” (3 stars), according to the survey of corporate governance of listed companies of 588 companies from the Institute of Directors(IOD), together with the SEC and the stock Exchange of Thailand.

The Company creates awareness of the importance and principles of good corporate governance and brings it into practice for all employees.

The Executive Committee and outsourced internal audit company, DIA & Associates Limited Company by Mr. Apinan Sripramoj, acts as a leader of internal audit team under the supervision of the Audit Committee and report the results to the Audit Committee and 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 [www.ait.co.th](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 2015 Annual General Shareholders Meeting No. 1/2015 at 10 a.m. on April 10<sup>th</sup>, 2015 at the Grand Ballroom on the 3<sup>rd</sup> floor of the Golden Tulip Sovereign Hotel Bangkok,

92 Soi Saengcham, Rama 9 Road, Bangkapi, Huaykwang, Bangkok, 10320. The Company Directors attended the meeting, along with the Senior Executive Auditors of EY Office Limited who had conducted the report on the financial results and observed the Shareholder Meetings - including the vote counting. Mr. Khitsada Lerdwana and Ms. Apsorn Wilartsakdanon from EY Office Limited and Mr. Nipat Pinsaeng from Nipat Pinsaeng Law Office Co., Ltd. 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 [www.ait.co.th](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 the 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 [www.ait.co.th](http://www.ait.co.th) along with detailed information and procedures for its use.

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

The Company has a policy to support and facilitate the shareholders, including institutional investors, to attend the general meetings of shareholders by selecting the meeting venues where the mass transit system are available and sufficient for the shareholders to conveniently commute to attend the meeting. 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 food, snacks and 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.1/2015, the Company has adopted an E-Voting system and barcode machine for registration, having being made available in order to better facilitate its shareholders and to ensure the 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 only ever voted on a one-by-one vote.

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 89/14 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 commences, 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.co.th> 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. The Company also provide the opportunity for shareholders to propose matters to be included as an agenda at the Shareholder meetings and send their questions in advance via the Company's website or e-mail: [ir@ait.co.th](mailto:ir@ait.co.th).

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

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

### 2.3 Protection Against an Abuse of Insider 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 shareholding (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 practices as follows:

"Since there is no moral guide in the world to describe how this behavior should be done or omitted so as to completely cover in all situations, the Codes of Business Ethics is not intended to be in so detailed. The Company shall rely on our employees to reflect upon what it should do, but should not ignore the situation that happened to them in person.

If any employee is unsure in their own judgment as to how or whether to act or not, the company has a suggestion to those employees to address the following questions to help them determine and action on their own:

- Are your actions legal or not? Was it in accordance with the rules of the company or not?
- Can “feel” that your actions are appropriate or not? Do you think you can explain it to other employees of the Company or a regulatory authority, that your actions are acceptable or not?
- Can you explain your actions to the Public with a clear conscience if your actions were to become news. “
  - 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 including benefits which exceeds than those required by law
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**

The Company conforms to its principle of business operations in order to respect the admission of the Creditors that they have strictly complied with all the terms and conditions agreed upon in a transaction and strictly follow each covenanted condition. The practices are as follows:

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

#### **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 [www.ait.co.th](http://www.ait.co.th) 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. The Office of Corporate Internal Audit reviews the effectiveness of internal controls and reports the findings to the Audit Committee and the Board, which then assesses the system by asking questions of the management on the implementation of guidelines/recommendations to improve internal controls. In summary, in assessing the Company's internal control against the five



compositions, namely Control Environment, Risk Assessment, Control activities, Information and Communication, and Monitoring Activities, the Board concluded that the Company's internal control system is adequate and suitable. The Company has provided enough employees to efficiently implement the system.

## **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 31st December 2015, 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 Self-Assessment by the Board of Directors**

The Company evaluates the performance of the Chairman of the Executive Board Committee and President at the end of the year by The Nomination and Remuneration Committee and they will propose to the Board of Directors. To obtain approval, the results of evaluating the performance of the Chairman of the Executive Board Committee and President are considered confidential information which is not be disclosed. The performance of the Chairman of the Executive Board Committee and President was assessed by the following 3 criteria: a measure of performance, assessment of leadership and management, budgeting and evaluation projects. The assessment will be used to determine the rate of increase in salaries of Chairman of the Executive Board Committee and President. The assessment will be presented to the Board of Directors for approval.

## **5.4 Succession Plan**

The Board is aware that the quality of the organization is reflected from employees the Company growth. The company's sustainability is based on the creation of personnel with the ability to pass forwards their mission. It has inherited the spirit of the founder including the culture of the organization from generation to generation. The policy provides the management with a focus on human resource management and development of an efficient way to achieve the vision, mission and values.

The company has selected persons who will be responsible for key administrative positions at all levels to ensure proper transparency and to ensure that the Company has hired executives with professionalism, neutrality and non-involvement in politics. They also understand the culture and conduct of the business of the company. The company has a well-defined succession plan follows.

### **1. Chairman of the Board of Director / Managing Director.**

When executives, CEO or President positions are vacant or who are unable to perform the duties of their the position; The company will have a management system to appoint the executives who are the same level acting as a secondary until the recruitment and selection of personnel qualified in accordance with the Company has taken place and that they shall also have the vision, knowledge, ability and experience with appropriate to the corporate

culture considered by the Nomination and Remuneration Committee who will advise the Board of Directors to nominate deserving individuals as members to the meeting of shareholders.

2. Senior Vice President / Vice President

When the positions of Senior Vice President / Vice President are vacant or they are unable to conduct their position, the Company has a succession plan which is as follows:

1. Analysis of the business of the Company's strategic plans, investment plans and expansion plan.
2. Assess the readiness of people to be consistent with the strategy of the company both in the short and long term.
3. Plans to establish the availability of manpower by recruit staff or to prepare to replace the resigned employees.
4. Develop recruitment and training plan in advance before employees will retire or resign.
5. Define the knowledge, skills, personality and attitudes of good wishes of employees in each position and develop an individualized plan.
6. Selection and evaluation employee's performance and assessment of potential employees to consider their appropriate job.
7. Utilize KPI tools to test and evaluate personnel to analyze their potential.

## 5.5 Committee Meetings

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. The should consider the independence of the internal audit department, approved the appointment / transfer / termination head of Internal Audit, selected and appointed of Auditor Consider the independent, meeting with the auditor than 1 times per year without management. They should also consider the transaction or transactions that may have conflicts of interest in accordance with the criteria. Prepare a report of the Audit Committee for disclosure in the annual report signed by the Chairman of the Audit Committee.

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 2015, the Audit Committee had five (5) ordinary meetings with the following attendance record for each of the directors from 2013 to 2015:

| List of Directors                | Number of Meetings |      |      |
|----------------------------------|--------------------|------|------|
|                                  | 2013               | 2014 | 2015 |
| 1. Mr. Chokechai Tanpoonsinthana | 7/7                | 6/6  | 5/5  |
| 2. Mr. Pongtep Polanun           | 7/7                | 6/6  | 5/5  |
| 3. Mr. Sripop Sarasas            | 6/7                | 5/6  | 5/5  |

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 2014 will be appeared on the table in Management Structure Section.

In 2015, the Nomination and Remuneration Committee had two (2) ordinary meetings with the following attendance record for each of the directors from 2013 to 2015:

| List of Directors            | Number of Meetings |      |      |
|------------------------------|--------------------|------|------|
|                              | 2013               | 2014 | 2015 |
| 1. Mr. Pongtep Polanun       | 4/4                | 2/2  | 2/2  |
| 2. Mr. Siripong Oontornpan   | 4/4                | 2/2  | 2/2  |
| 3. Mr. Kittisak Sopchokchai  | 4/4                | 2/2  | 2/2  |
| 4. Mr. Suraporn Raktaprachit | 4/4                | 2/2  | 2/2  |
| 5. Mr. Sripop Sarasas        | 3/4                | 2/2  | 2/2  |

#### 5.6 Nomination of Director and Independent Director

Recruiting individuals to serve as directors and senior executives is determined by many factors such as knowledge, skills, and experience with the business. For consideration by the executive, The board will consider those who are competent and experienced.

The board of directors also gives emphasis on the transparency of director nomination, so that the Company has the policy to give the right to shareholders to propose appropriate candidates for election to the board. The Nomination and Remuneration Committee is responsible for review of the qualification and performance of the candidates or those directors who retired by rotation. And propose to the Board of Directors to obtain approval, and then the Board will present the list of the shareholders who elect the directors.

#### 5.7 Qualification of Director

A person who serves as a Director of the company shall possess the knowledge, ability, personal contribution and shall have at the following qualifications:

1. To have the qualifications with no prohibited characteristics as specified by the law on public company's limited, including have no manner indicating a lack of trustworthiness to manager the company from the reviews of shareholders according to the Securities and Exchange Commission regulations.
2. To have knowledge, skill or experience in the electronic industry or accounting, finance or business administration or any other field as the Board deems appropriate; however, at least 1 executive director shall have working experience related to the company business.
3. To devote time especially for making key decision and handle duties for the best interest of the company and able to participate in all the Board and shareholder meetings unless unable due to a necessity or unexpected emergency.

4. To have a moral, ethical, and any other features that may be required by law or deemed appropriate by the Board.

## 5.8 Board of Directors' Meeting

The Board has policy to schedule Board's meetings of at least five times a year. The meetings are normally pre-scheduled for the entire year and informed to the entire Board.

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 2015, the Company's board of directors had six (6) ordinary meetings with the following attendance record for each of the directors from 2013 to 2015:

| List of Directors                | Number of Meetings |      |      |                     |
|----------------------------------|--------------------|------|------|---------------------|
|                                  | Board Meetings     |      |      | Shareholder Meeting |
|                                  | 2013               | 2014 | 2015 |                     |
| 1. Mr. Thana Chaiprasit          | 5/8                | 6/6  | 6/6  | Attended            |
| 2. Mr. Chokechai Tanpoonsinthana | 8/8                | 6/6  | 6/6  | Attended            |
| 3. Mr. Pongtep Polanun           | 8/8                | 6/6  | 6/6  | Attended            |
| 4. Mr. Siripong Oontornpan       | 8/8                | 6/6  | 6/6  | Attended            |
| 5. Mr. Kittisak Sopchokchai      | 8/8                | 6/6  | 6/6  | -                   |
| 6. Mr. Suraporn Raktaprachit     | 8/8                | 6/6  | 6/6  | Attended            |
| 7. Mr. Sripop Sarasas            | 7/8                | 6/6  | 6/6  | Attended            |
| 8. Mr. Kijja Laoboonchai         | 7/8                | 6/6  | 5/6  | Attended            |
| 9. Mr. Phisak Charudilaka        | 8/8                | 6/6  | 6/6  | Attended            |
| 10. Mr. Chodiwat Duntanasarn     | 8/8                | 6/6  | 5/6  | Attended            |
| 11. Mr. Thanarak Pongphatar      | 7/8                | 5/6  | 6/6  | Attended            |

Company Secretary: Mr. Voravit Wattanakuljarus

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 2015, budget of 2015 and the determination of the Board of Directors' meeting in 2015. 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.

#### **5.9 Self Evaluation of the Board of Directors**

The Company requires the Board Directors to perform self-assessments to reflect efficiency under the principles of good corporate governance and their performance. 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. 6/2015 dated 17<sup>th</sup> December 2015 approved the self evaluation form and assigned the Board of the Directors to perform a self evaluation of 2015 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 result can be concluded that the Board performed its duties in compliance with the good governance principles and the code conduct. The Board took part in establishing the company's policy, vision, business plan, and annual budget. The structure and composition of the Board were appropriate and board meetings were arranged efficiently. The assessment concluded that Board duties according to corporate governance and corporate ethics play an important role in the policy vision and business plan. The structure and composition of the Board are appropriate, by an average 91 percent of the evaluation is satisfactory. The Board of Directors conducted its self evaluation with the average score of 'Good'.

The Company has made an assessment of their compliance with the Board of Directors annually. The Board of Directors has reviewed the work, issues and obstacles during the past year in order to optimize the performance. The Board collectively define the criteria for evaluating the performance of the Board. The evaluation of performance requirements will comply with corporate governance principles and responsibilities of the Board of Directors. The Board of Directors will conduct self-assessments once a year. In 2015, the Company secretary delivered the forms to to the Board Members so that they would evaluate their performance both as the whole board and as individuals.

#### **5.10 Remuneration**

The 2015 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 Management Structure section.

#### **5.11 New Directors and an Orientation Program for a new Board Member**

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. New Directors will receive an orientation program. The Company Secretary and Managing Director are assigned by the Board of Directors to provide information to new Directors as well as provide other useful information including the minutes from the past several meetings. Company visits will be set up for the new Directors to understand the industry and the Company's operation including the clarification of business operation and strategy from Managing Director and Executive Director. In 2015, the Company had no new Directors.

#### **5.12 Development and training of Directors**

The Board of Directors has a policy to support and facilitate training and learning for its Directors to ensure their continued improvement and performance, both internal and external training courses. All Directors must attend training for understanding of performance of their duties in the capacity as Directors. The Board of Directors realize the significance of their participation in training or seminars in various courses or development of their knowledge and skills. The Board of Directors attends training courses organized by the Thai Institute of Directors Association (IOD), namely, Director Certificate Program (DCP), Director Accreditation Program (DAP) , Advanced Audit Committee Program, Monitoring the Quality of Financial Reporting (as per Details of the Company's Board of Directors and Managements on pages 11-17)

# Corporate Social Responsibilities Report

This report was prepared according to the disclosure of corporate social responsibility report guide lined by the Stock Exchange of Thailand with the following content.

## Corporate Social Responsibilities Policies

Management Committee No. 7/2013 has approved the establishment of the Corporate Social Responsibility Committee on September 19, 2014 in order to formulate policies, guidelines and implement the corporate social responsibility and environmental substantially. In addition Management Committee No. 7/2013 has also approved CSR policy as follow:

- 1) **Human Right** The company focuses on fundamental human rights to promote the respect of the rights and freedom by not discriminate and promote equality in gender, class and also anti to child labor abuse.
- 2) **Labor Practice** The company has ensured that the wage levels are appropriate. The improvements, re-structural and re-organization will carry out with responsibilities under the legal framework of Thailand.
- 3) **Environment** The company has a clear environmental policy and strictly practice such as the measure to reduce the environmental impact by putting it in the activities of the organization in order to maintain and preserve the ecology and environment of the communities where the Company is located.
- 4) **Fair conducting business** The company is committed to conduct business in a fair, pay attention to the ethical practice of law and respect to the rules of society.
- 5) **Consumer Responsibility** The Company focus on good services to serve customers satisfaction and sincere to handle customer complaints. As well as trying to fix various its defects that may occur from production and / or services; meanwhile, the Company is expecting to receive goods and services in the same way from the suppliers by maintain lasting relationships with both customers and suppliers.
- 6) **Community Participation and Development** The company is considering the needs of the community and encouraging people to be partner with stakeholders who live around our business. This is to assist them in education, culture, society and being a part to improve their quality of life including encourage and support employee participation in volunteer work and activities with the community.
- 7) **Anti Corruption** The Company have an anti-corruption policy and strategy to promote the performance of the staff including risk management plan for anti-corruption. In addition, the Company aims to foster an awareness of the relevant regarding anti-corruption in both abstract and concrete.

Since Kirz is a subsidiary of Advanced Information Technology Public Co., Ltd., its operation will perform with social, environmental and stakeholder responsibility as well.

## Vision

“Be a key player in driving Thailand’s Digital Society”

## Mission

“Your success is our success”

### To Customer

Is to be number one in customers' mind and provides a professional team who emphasizes on customers' benefits and their success.

### To employees

Is to develop them to be a professional and creates the stability in work and family life.

### To Shareholder

Is to build confidences and good return to shareholders.

### To partner

Is to create trust to partners who will grow and succeed together.

### To society and community

Is to creation of digital society to society and community

## Identify Stakeholder

The criteria to identify stakeholder are as follow:

1. The Company has to define its business process framework by applying supply chain or value chain to serve as a guide in order to identify stakeholders and the responsibilities associated with each other.
2. The Company has to identify stakeholder and social responsibilities issues in accordance with its business process framework and also consider the impact between them from doing its business process. Thus, the Company is able to identify stakeholder in each process and social responsibilities in various dimensions.

| Stakeholder  | Need  | Output  | Guideline   |
|--------------|---|---|---|
| Shareholders | <ul style="list-style-type: none"><li>- Sustain good performance under risk monitoring</li><li>- Treat and inform information to shareholder equally.</li><li>- The operation has done fairly transparent</li></ul> | <ul style="list-style-type: none"><li>- Hold the Annual General Meeting one time/year</li><li>- pay the dividend in align with company's policy</li><li>- Hold the analyst meeting and Opportunity day four times each per year and provide investor Relation officer to answer questions on the phone to investors</li><li>- Analysts or investors are able to participate the meeting with managements to get useful information.</li><li>- Provide information with equal, transparent and u-to date through many channels</li></ul> | <ul style="list-style-type: none"><li>- Operates in accordance with the good corporate governance and the framework of social responsibility.</li></ul> |



| Stakeholder           | Need   | Output   | Guideline  |
|-----------------------|--|--|--|
| The Board of Director | <ul style="list-style-type: none"> <li>- The operation has done fairly transparent in order to grow corporate sustainable</li> <li>- Treat all stakeholders with fair treatment</li> </ul>   | <ul style="list-style-type: none"> <li>- Hold the Board of Director meeting every quarter</li> <li>- Pay attention to related transactions</li> <li>- provide information completely and in-time</li> <li>- Participate in good corporate Governance process.</li> <li>- Self-development relating the duties of directors</li> </ul>  | <ul style="list-style-type: none"> <li>- Operates in accordance with the good corporate governance</li> </ul>  |
| Employee              | <ul style="list-style-type: none"> <li>- Reasonable Compensation</li> <li>- Reasonable Benefits</li> <li>- Stability and career path</li> <li>- Focusing on the development of the competencies of the employees. And give an opportunity to everybody thoroughly</li> <li>- Caring for the environment, life, health and property of employees to be safe.</li> </ul> | <ul style="list-style-type: none"> <li>- Explore the compensation on the market every year.</li> <li>- Provident fund, life and health insurance</li> <li>- Develop recruitment plan and training plan individually in advance.</li> <li>- Provide orientation and training for developing skills as well as technical training for both domestic and international authorities concerned and adjust remuneration in accordance with the profession.</li> <li>- Provide an annual health check by facilitating a team of doctors from the hospital Phyathai2 and follow-up treatment after a medical examination.</li> <li>- Provide special training to know how to prepare for a fire.</li> <li>- Improve the environment inside the office in accordance with the behavior of the parties.</li> </ul> | <ul style="list-style-type: none"> <li>- Treat employees fairly. And continually develop our employees to receive remuneration and other benefits that are comparable to the leading companies in the same industry, also providing a good environment with safety, hygiene and themes conducive to work effectively.</li> </ul> |
| Customer              | <ul style="list-style-type: none"> <li>- Satisfy to our customers.</li> <li>- Ready to listen and respond to customer needs.</li> <li>- Ethics of doing business with customers ssuch as client confidentiality</li> </ul>   | <ul style="list-style-type: none"> <li>- Understand customer and give advices and sell quality products</li> <li>- Provide Hot-line to listen the problems to identify those who related and solve problems for customers</li> <li>- Provide seminars to clients by providing executives to engage with customers.</li> <li>- Operate under strict ethical requirements.</li> </ul>  | <ul style="list-style-type: none"> <li>- Focus on providing services and products to meet customer needs. Including the development of their potential partners to respond to customers need in all aspects.</li> </ul>  |

| Stakeholder    | Need   | Output   | Guideline   |
|----------------|--|--|---|
| Supplier       | - Working together on Fairness Building Trust Relations and cooperation with each other.       | - Provide annual seminar partners to maintain good relations with each other.  | - Operating on commercial terms and abide by the agreement.   |
| Sub-contractor | - Working together on Fairness Building Trust Relations and cooperation with each other.       | - Selection criteria, includes partners from outside are as follow: technical capabilities, expertise, experience financial status, business Records relating to complaints and litigation and policies of Risk management for multiple clients. | - Operating on commercial terms and abide by the agreement.   |
| Competitor     | - The operation has done fairly transparent  | - Create conditions for fair competition together.   | - Operating under the rules of competition, and do not use dishonest.                                   |
| Creditor       | - Pay interest and repay principal on time<br><br>- The repayment of creditors is on a system. | - Strengthening relationships in different ways and receive suggestions or complaints.<br><br>- The company uses the Cash Management System to facilitate the payment of creditors and be able to manage pay back to be in system                | - Following the conditions of the contract or agreement. and obligations to creditors                   |
| Society        | - Supporting activities that benefit to the community. and public                              | - Provide AIT E-Library.   | - Conduct business with integrity, together with environmental responsibility and social participation. |
| Government     | - Supporting activities that benefit to the community. and public                              | - The cooperation of the company as a polling station<br><br>- Responding to the Government's policies which are related to our business, such as Digital Economy and national broad band.   | - Legalize and show cooperation which wills benefits to the public sector.                              |

### The Selection on Social Responsibility Issue

The Company has set the criteria to consider social responsibility issue which has significant impact on the Company performance as follow:

1. The impact on short term financial status of IT business
2. Concerning issue and interest of stakeholder toward issues related to technology business in the areas where business is located such as exploring, interviewing, group meeting and consulting to stakeholders.
3. The Standards and rules in international IT business.
4. IT Business practice

The Selection on Social Responsibility issue can be shown as follows:

#### Sustainable Development Issue



According to the criteria above, the Company has selected 2 CSR projects as follow:

1. Human Resource Development Project (CSR in process)
2. Supporting education on Poor school Project (CSR after process)

1. **Human Resource Development Project (CSR in process)** Employees are considered not only as the direct stakeholders in the supply chain of the company but also a key asset of the Company that operate business as a contractor of IT system based on turnkey projects which its services provide range from consulting, design, installation, leasing, equipment maintenance, maintenance management and data center management. In all such procedures requires human resources to be a key factor in adding value of goods and services. It is clear that the lack of such resources will directly affect the normal operation of the company. Thus, it is necessary to depend on those employees in order to drive sustainable company growth.

#### Human Resource management and development policy

1. Human Resource management

- The recruitment

The Company continuously applies proactive approaches in recruiting capable people at all levels including of apprentice program for university student, sourcing and attracting new graduated candidate by launching Campus Tour and Activities Programs in leading universities. This helps us a good image toward new-grad from well-known institute and universities. In fact, AIT business acts as contractor IT projects. Therefore, the Company often hires employees based on contracts to support to any given projects. However, it is a great opportunity for the Company to consider their performance before accept them as a future regular employees.

- Performance Management

The Company ensures an equitable and appropriate evaluation system through applying KPIs approach and corporate competencies methodologies aligning to business strategic planning at all levels throughout AIT.

- **Human Resources Management and Development Information Systems Policy**

The Company conducts application of technology developed by Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work, lower operation cost, and data accuracy. Apart from applying technology HR Portal services, manhour and workload monitoring systems and benefit services, we also applied for personnel recruitment and development, such as candidate application online and knowledge systems, including managing competency assessment systems and individual development plan (IDP) system. Furthermore, the Company would fully utilize its data to support in HRM & HRD Policy decision making for sustainable organization achievement.

- **Remuneration & Benefit Policy**

The Company formulates remuneration, benefit and welfare scheme by job analyzing and evaluating all positions, responsibilities and their performances at all levels throughout AIT. By the way, Company essentially determines corporate remuneration, benefit and welfare policy being compatible to organizational position including of skill, accountability, knowledge, and competence related to business operation and economic situation with comparative analysis among business in the same and difference industry. These might ensure that our employees would receive appropriate remuneration, benefit and welfare package being competitive in labor market or among leading companies in the industry. Employees receive many benefits as follow

**Provident fund**

The Company provides provident fund to all employees when they have passed trial period. The size of provident fund as of 31 December 2014 was baht 230 million. Employees who have been worked more than 3 years will receive partial benefit from the Company while those who have been worked more than 5 years will receive the whole benefit.

**Life-Insurance**

The company provides life insurance, accident insurance and insurance disability due to illness to all employees with the amount of insurance coverage baht 6 million.

**Health Insurance**

In cases where illness, employees can use the health insurance which covered the treatment at the hospital for 24 hours with a total amount of baht 178,300 per year.

**Health Check**

The company provides an annual health check for all employees to inform information about their health and promote good health. When the result comes out, the Company will provide a doctor to consult their results.

**Medical expenses for families**

In case where fathers, mothers, spouses and children of employees are sick, the company has covered medical bills the amount baht 10,000-15,000.

### Employee loan

The Company has provided two types of loans;

1. Emergency loans which the amount approved is less than one times on their salary and maximum is not less than baht 20,000.
2. Staff housing loan which the maximum amount approved is up to 20 times on their salary but less than baht 200,000.

This is to provide financial assistance to employees when it is necessary and build morale to them. Besides the Company provide a low interest rate for mentioned loan under criteria of the Company.

- **Employee Relation & Engagement Policy**

Company concentrates on the employee relation and engagement at all levels of employees throughout AIT and also implants them into corporate value along with corporate culture by building synergy working-styles. Hence, these initiate the best corporation among individual level through Company level. In 2015, there were a various ER&EE program and activities to build synergy among employees, executive and organization i.e., AIT athletic activities, Build to Build program and other activities (focus on Employee Relation) of Company an etc.

## 2. **Human Resources Development Policy**

The Company has a consolidated HRD policy to continuously develop the knowledge and ability of employees at all levels for achieving business's needs. Due to the Company believes our employees as valuable and fundamental success factors leading the Company achieving business missions. Therefore, the Company aspires to develop employees in all careers at all levels by harmonizing all aspects of development tools for increasing their skill, knowledge, capability through corporate culture and code of conduct according with AIT strategy and business operation.

- **Career Development Policy**

The Company defines career development policy by which the Company further supports employees in all careers to be continuously developed in their qualifications, knowledge and abilities, Particularly, competency approach has been applied to categorize required business capabilities to Core competency, Core Value, Managerial Competency and Functional Competency for analyzing, planning, and leading to individual competency development with diversified development tools for all employee levels. Thus, our employees might be developed to create their high potential to support sustainable growth and prepare for business expansion throughout AIT.

- **Employee Training**

### **In-house Training**

To encourages and develop the employees to facilitate the organization's strategies and goals most effectively and efficiently. The Company therefore conducts training KHON-D (Knowledge, Happiness, Ownership, Nice service and Discipline) courses deem necessary, as follows:

#### **For top and management executives**

The managerial competency program, courses have been designed for management level in order to develop in managerial competency to strengthen and management skills leadership and management skills for executive as well as prepare promotion qualification in the future for pre-executive or talent employees. Example core skill for future leader course etc.

#### **For operational staffs**

The functional competency program, courses have been designed for developing and enhancing functional knowledge and functional related to operational responsibilities and increasing skill of employees for each career and division concerned such as Project Management course, Marketing and Sales Management course, presentation course etc.

#### **For all employees**

The Generic Competency Program, courses have been designed to ensure that the employees could perform their work in accordance with the corporate culture at the most efficiency such as Orientation course for new employees, Effective communication, Courses for corporate culture, business English course etc.

#### **External Training**

In addition to In-house Training, AIT supports all executives and employees to acquire knowledge and skill from training certified courses conducted or instructed by external reputable institutes both local and international in order to enhance their expertise, knowledge, ability and also making relationship through associated network in the same business and occupation. The example of training is engineer training with cisco in both domestic and international country to update new technology.

### **Talent Management Policy**

Developing and maintaining a high potential human resource in the organization plan are as follow

1. Collecting the data regarding function competency in order to grade their competency of each employee. Besides, the approach to data collection is a One-by-One interview, divided its categories as follows.
  - Job Competency
  - Technical Competency
  - Role Specific Competency
  - Job Skills
2. Collecting the data and analysis competency of each employee
3. Summarize the data and rank their competency to identify what skills they lack of and how to improve their skill.
4. Put all the information to develop the employees of the Company under the Company's core competencies and core values.
5. Create a developing employee plan under scope of the Company core competencies and core values

The Company looks into four dimensions for the development of our resources, or “4S” is 1. Staff 2. Software 3. Standard and 4. Service. The most important part is Staff. The Company believes that the direction to manage “Sustainable Human Assets” is a significant foundation to bring about the Company to success that everyone shares common objectives. Therefore, the primary objectives of the training are as follow:

- Added skills. Able to work with increased skills to resolve the problem, create creativity and expertise.
- Create a good attitude toward work. Such good attitude can help employees feel that the organization pays attention on them and is ready to promote them to further their careers? This can allow employees to work with a good performance for the organization.



Summary of Training to management and employees of the Company in 2015

| Training                 | Frequency<br>(times) | Number of<br>Participants |
|--------------------------|----------------------|---------------------------|
| <b>In-House Training</b> |                      |                           |
| Managements              | 9                    | 40                        |
| Supervisor               | 7                    | 26                        |
| Employees                | 5                    | 235                       |
| <b>Total</b>             | <b>21</b>            | <b>301</b>                |
| <b>External Training</b> |                      |                           |
| Managements              | 5                    | 15                        |
| Employees                | 30                   | 90                        |
| <b>Total</b>             | <b>35</b>            | <b>105</b>                |

#### Training Expenses in 2015

In 2015, the Company burden training expenses in domestic and international country with the total amount of baht 9.5 million. And the training of all employee of 17,100 hours per year, the average is 57 hours / person / year.

Table of examination results of the employees

| Year | The number of employees<br>who took an exam | The number of employee<br>who pass an exam | %   |
|------|---|--|-----|
| 2015 | 24  | 24   | 100 |
| 2014 | 17  | 17   | 100 |
| 2013 | 20  | 20   | 100 |
| 2012 | 24  | 24   | 100 |

## 2. AIT E-Library Project (CSR after process)

The Company focuses on development to poor school which can be divided in 2 ways;

1. Supporting to material and tools of knowledge in Electronic Library (AITE-Library) with the cooperation of Office of The Basic Education Commission to support and develop software/hardware related to education.

The Company has operated project since last year and the details are as follow

**Project Name:** Electronic Library (AIT E-Library) for poor and remote school

**Initial:** The Company realizes that the development of education is important and also believes that such education will leverage high quality of life. Besides, Most of school in remote area are rather small and lack of human resources. Thus, AIT-E Library was initiated to serve those school in remote area

**Ojective:** To support material and tools of knowledge in Electronic Library (AITE-Library)

**Target:** Community-Society and small poor school that provide 1-6 prathom class

**Method:** To explore the eligible school and present the data to discuss approaches how to assist those targeted school with the cooperation of Office of The Basic Education Commission to support and develop software/hardware related to education.

**Assistance Type:** Setting an E-Book system which contain content, exercise and test for Prathom 1-6 class. For the long term goal, the Company would like to reduce paper used and be able to access information easily

**Frequency:** 2 times per year

**Success Indicator:** In the beginning

2. Supporting fund for programs or schools that provide youth competition in the contest, the High Technology.

In addition, the Company also plans to assist in temporary, such as a disaster or a request for help from the school or temple as well.



CSR policy consists of 9 practices as follow:

**1. 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 2015, the Company's Corporate Governance Practices were scored as 'Good' from a field of some 588 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 Exchnage 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.

**2. Fair Operation 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 ([www.ait.co.th](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

- j) Refrain from violating the intellectual properties by setting the practice such as all employees has to sign paper regarding computer using abuse and not violating the intellectual properties. In addition, the Company formulates the policy regarding ICT system and audits the use of software from all employees in order to protect software which was violated or was not relate to the work.

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 [www.ait.co.th](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".

### 3. 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 ([www.ait.co.th](http://www.ait.co.th)).

In 2015, 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.

#### In practice

- In risk management term, the Company has an audit department to monitor all department in accordance with the risk of each company. This includes the risk of fraud and corruption. If the department has insufficient internal controls or was found fraud, those monitoring results will be reported to the Audit Committee executives with guidelines for prevention and improving internal control system.
- Encourage to create awareness in order to not to be the cause of corruption.
- Support the practice of anti-corruption policies by requiring the employee to promote honesty and guidelines for good conduct and ethical standards of employees through the orientation for new employees.
- The Company encourages employees and stakeholder to report any violate of the Company policy including unfair practice through certain channel. The stakeholders can submit information to any wrongdoing, violating good governance rules, ethics and any laws to The Chairman of the Audit Committee of the Company via postal mail at the address posted on

the company website or delivered it in person. The Chairman of the Audit Committee will carry out the procedure and bring issue to Audit Committee for further consideration. The Company will protect the whistleblower without disclosing the names or clues whatsoever.

In addition, The Company also recognizes the importance of the fight against corruption. The Company has organized a seminar on anti-corruption to all employees in fraud prevention including attending the meeting held with the private sector alliance of Thailand to the fight against corruption to be informed the idea and practice of anti-corruption.

#### **4. 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. In fact, 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.

## 5. Equal Treatment of Labor Force

The Company highly regards all of the employees as valuable resources and 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.

## 6. 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"**.

## 7. 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.

#### 8. 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 2015, 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 a good environment and health in the workplace to secure lives and property of its employees. The company also realizes the importance of security for the performance of its employees by providing training on disaster such as fire and fire training simulator which is organized annually. Besides, the Company has set the primary responsible person in case of emergency also make sure that the exits is without the barrier. In 2015, there was no statistics of the accident or fire from work.

## Relationship with Investors

The Board of Directors places a great emphasis on the accuracy, completeness, transparency and wide 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 to take care of the disclosure of information to shareholders, analysts, and other related institutions. The Investor Relations Department is located at the AIT Head Office.

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

1. Website: [www.ait.co.th](http://www.ait.co.th) 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. Sinanang Oontornpan
3. Email: [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 direction.



- >> On February 20, 2015, the Company signed a strategic partnership agreement at the Queen Sirikit National Convention Center with three of the world's leading technology companies: F5 Networks, VMware and NetApp. The agreement is to aggressively target Cloud and Virtualization solutions and comprehensive services in readiness as to be the market leader.

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- >> The Company terminated the operations of its Branch Office in Phnom Penh, Cambodia on December 31, 2015, because the market value was not as good as expected. Therefore it was not worth a continued investment. The Company however, will still continue to look after its remaining customers and complete projects already underway.

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- >> On September 17, 2015, Mr. Siripong Oontornpan, Chairman of Executive Committee and President, announced a new vision and mission in order to enter the Company into an era of improved efficiency and change in order to accommodate rapid environmental and economic changes.



“Your Success is Our Success”



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