

# moving towards a social enterprise





# VISION

## Respectable Institution

We develop the organization to become an 'institution' widely respected by public and investors with our stability, continuous growth and sustainability.

# MISSION

## + Industry Leader

Determination to develop the organization as a country leading software development and IT services, starting from merging a few potential software development companies as a spearhead to stably and widely expand our business.

## + Sustainable Competitive Advantages

To create continual and sustainable business competitive advantages by developing excellent quality products and services with higher efficiency compared to that of industry standard and reasonable price.

## + Real Contributor in the Development of People and Country

A commitment as a leader to encourage country IT human resources development and to create value added jobs for local community, leading to income distribution which is a key indicator of country people's quality of life enhancement.

# CONTENT

2	Message from The Board of Directors	4	Company Profile / References	6	Achievement
8	Business's Policies and Overview	15	Business Characteristics	21	Risk Factors
24	Shareholding Structure	27	Dividend Payment Policy	28	Board of Directors
32	Management Structure	44	Compensation for Directors and Executives	46	Details of Executives and Controlling Persons and Company Secretary
54	Corporate Governance	66	Social Responsibility	67	Internal Control and Risk Management
70	Detail of Internal Auditing Leader	71	Board of Directors' Responsibilities with Regards to Financial Reporting	72	The Audit Committee's Report
74	Auditor of Report	75	The Statements of Financial Position	147	Interrelated Transactions
151	Financial Summary for the Year 2014	152	Financial Highlight MFEC & Subsidiaries	153	Financial Position and Performance Results

moving towards  
a social enterprise



## Message from The Board of Directors

**Mr. Adirek Patitus**

Chairman

MFEC Public Company Limited



**Mr. Siriwat Vongjarukorn**

Vice Chairman / Chief executive officer

MFEC Public Company Limited



In 2014, the Government has paid more attention on Information Technology and Communication, which helps to drive the economy of the Country. The government has established the main policy to drive the economy which is "Digital Economy" and established the Ministry of Digital Economy with the aim to let the ICT to connect all divisions together, both government and private sectors. Such policy allows each organization to efficiently manage the work performance with modern methods that can response to the needs of users or customers immediately. Moreover, these policies also strengthen the industrial enterprises to compete with other countries.

However, MFEC has modified the internal management of the organization to support the business opportunities that arise. Together, MFEC has driven organizational growth by more than 15% profit each year to strengthen and allow sustainable growth of the organization. MFEC has planned to build high quality personnel to support long-term growth and efficiently used investment capital to gain a better return. Amidst slow investment in large projects of private sector due to economic recession in 2014 including low confidence in investment, political instability and slow or temporary suspension of state's project development, MFEC GROUP, however, managed to enhance its corporate performance in terms of workload, system development, business operation and competitiveness with its strength. Hence, the Company successfully achieved its goals according to the predetermined strategic plan of building strength, comprehensively enhance IT business, generate higher revenue from consultancy service as well as develop and maintain MFEC Services to sustainably raise long-term Profit Growth by the rate of 15 annually. In 2014, the Company gained a total Net Profit of 274.6 million Baht, which has increased by 16.6 percent comparing to 2013.

In hope to continuously enhancing its strength and competitiveness, MFEC GROUP planned to expand its business in ASEAN Region by introducing new products and services while maintaining excellence in service with the essence of Thai culture as well as delivering quality that is either equivalent or superior to international corporations under fair price. By placing equal importance in strategy development and risk management, MFEC GROUP managed to step forth as a Social Enterprise. We promised to ensure sustainable growth of the organization through personnel and innovation development for self, social environmental and organizational benefits as well as the benefits of relevant stakeholders as part of our motto "MFEC GROUP Create People, People Create Innovation and Creativities". By collaborating with various institutions in providing Summer Training Program as well as Co-operative Education Program to prepare new graduates before joining the Company, we were able to reduce unemployment and operational cost. Activities were held to support organizational sustainability in terms of personnel development. We also upheld good governance principles and even promoted Anti-Corruptions.

On behalf of the Board of Directors, I would like to thank you all stakeholders, customers, trading partners, shareholders, including all personnel and executive team for their contribution in the Company's success and constant supports. We promised to uphold and ensure continuous and sustainable growth of the Company.





## Company Profile

### Head Office Development Center and Branches

<b>Company name</b>	MFEC Public Company Limited
<b>Initial</b>	MFEC
<b>Registration No.</b>	0107546000156
<b>Business Type</b>	IT Services and Systems Integration
<b>Registered Capital</b>	Baht 441,500,555 contains common stock 441,500,555 Shares Baht 1 per share (December 31st, 2014)
<b>Issued Capital and Paid-up Capital</b>	Baht 441,453,555 contains common stocks 441,453,555 Shares Baht 1 per share (December 31 <sup>st</sup> , 2014)

### Location

<b>Head Office</b>	699 Modernform Tower, Srinakarin Rd., SuanLuang, Bangkok 10250 Tel. 0-2664-5999 Fax. 0-2722-8388 Website <a href="http://www.mfec.co.th">http://www.mfec.co.th</a>
<b>Development Center</b>	333 Lao Peng Nguan Tower, Vibhavadi-Rungsit Rd., Chompol, Chatuchack Bangkok 10900 Tel. 0-2664-5999 Fax. 0-2278-9279
<b>Investor Relations</b>	Tel. 0-2664-5999 Fax. 0-2278-9279 E-mail <a href="mailto:investor@mfec.co.th">investor@mfec.co.th</a>
<b>Company Secretary</b>	Tel. 0-2664-5999 Fax 0-2722-8388 E-mail <a href="mailto:secretary@mfec.co.th">secretary@mfec.co.th</a>

### Reference

<b>Securities Registrar</b>	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Building Ratchadapisek Rd., KlongToey, Bangkok 10110 Tel. 0-2229-2800 Fax. 0-2359-1262-3 Website <a href="http://www.tsd.co.th">http://www.tsd.co.th</a>
<b>Auditor</b>	Ms. Wannisa Ngambuathong, Auditor No. 6838 Mr. Thanawut Piboonsawat, Auditor No. 6699 Ms. Sulalit Ardsawang, Auditor No. 7517 Dharmniti Company Limited 267 Phacharat sai 1 Rd., Bang Sue, Bangkok 10800 Tel. 0-2587-8080 Fax. 0-2586-0301 Website <a href="http://www.dharmniti.co.th">http://www.dharmniti.co.th</a>

### Solicitor

#### Dhamniti Law office Company Limited

No. 2/4 Nai Lert Tower, 4th Floor, Wireless Road, Lumpini, Patumwan, Bangkok 10330  
Tel. 0-2252-1260 Fax. 0-2252-1104

#### Grand Law Office

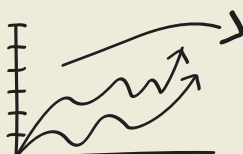
96/1 Moo 5, Highway no.345 Rd, Bangkoowat, Muang District, Patumthani 12000  
Tel. 0-2977-0339 Fax. 0-2977-0993

#### Yanisatharm Law office

55/5 Intamara 45 Soi, Intamara Road, Dindaeng District, Bangkok 10400  
Tel. 0-2693-8917-8 Fax. 0-2693-8919



## References



### (A) Share Registrar

**Thailand Securities Depository Co., Ltd.**  
**The Stock Exchange of Thailand, 7<sup>th</sup> Floor,**  
62 Rachadapisek Road, Klongtoey,  
Bangkok 10110 Thailand  
<http://www.tsd.co.th>

### (B) Auditor

**Ms. Wannisa Ngambuathong** CPA no. 6838  
**Dhammiti Auditing Company Limited**  
267/1 Pracharaj Sai1 Road, Bangsue Sub-District,  
Bangsue District, Bangkok 10800  
Tel. 0-2587-8080 Fax. 0-2586-8416

### (C) Solicitor

- 1. Dhamniti Law office Company Limited**  
**No. 2/4 Nai Lert Tower, 4<sup>th</sup> Floor, Wireless Road,**  
Lumpini, Patumwan, Bangkok 10330  
Tel. 0-2252-1260 Fax. 0-2252-1104
- 2. Grand Law Office**  
96/1 Moo 5, Highway no.345 Rd, Bangkoowat,  
Muang District, Patumthani 12000  
Tel. 0-2977-0339 Fax. 0-2977-0993
- 3. Yanisatharm Law office**  
55/5 Intamara 45 Soi, Intamara Road, Dindaeng District,  
Bangkok 10400  
Tel. 0-2693-8917-8 Fax. 0-2693-8919

## Achievement

- Awarded “Business Intelligence Partner of the Year 2014” in “Microsoft Partner Awards 2014” held on 18<sup>th</sup> September, 2014 in at Conrad Hotel Bangkok
- Awarded “Solution Provider of the Year 2014” and “Partner Delivery Consultant of the Year 2014” in “VMware Partner Exchange 2014 on tour” at Grand Hyatt Erawan Bangkok
- Awarded “Cisco Channel Customer Satisfaction Excellence” from Cisco. It demonstrated outstanding service as a partner in serving and satisfying its customers
- Awarded “FY13 Collaboration Partner of the Year” in “Cisco Thailand Partner Conference 2014” held from 15<sup>th</sup> – 17<sup>th</sup> May, 2014 in Vientiane, Laos.
- Awarded “Thailand Partner of The Year” and “Thailand SE of The Year” in “Bluecoat Solution Day and Thank You Party”
- Rated “Good” from the Corporate Governance Report of Thai Listed Companies 2014 (CGR) by Thai Institute of Directors (IOD)
- Rated “Very Good” from Thai Investors Association in the quality assessment of how well the Listed Company can organize and manage Annual General Meeting (AGM)







## Business's Policies and Overview



### Company's Business Strategy

The company aims to be leader for consulting and developing computer network system and a comprehensive electronic commerce in Thailand and in the region. This type of business is competitive and information technology is always rapidly changing. For those reasons, the company has merged under the name of MFEC GROUP since 2011 as a preparation to enhance rigidity of MFEC GROUP (PCL), to be ready for the ASEAN Economic Community in 2015. After the effectual of AEC in 2015; goods, services, investment, capital and skilled labors will move freely among ASEAN countries. The competition between businesses will be changed. Merging companies is to combined strengths of each company for strengthen and competitiveness, transfer knowledge and personnel between each other to reduce cost and productivity such as investment in a redundant technologies. With the comprehensive technology product line and domain expertise, currently at 1,500 persons and 80% of them are Software Engineers, as well as Executives who have good ability in work planning and solving problem – these will strengthen the company strengths in term of quantity and quality to compete with competitors, especially foreign companies in the region market.

The operation of MFEC GROUP is focused on each company's strengths in technology in order to develop a solution. To expand the market, we will use the products that our companies in the group already have first. The Business Application Co., Ltd. or BAC will focus on Business Analytic Solution in IBM Cognos, Tableau and Microstrategy Solution Technology. It also provides consulting services, implementation, training and after-sales service to all solutions. The customers are government sector and big organizations. The Motif Technology Public Company Limited or Motif will focus on developing our own products and services to the market, especially the Bad Debt Management, iCollection, iLegal and iDoc that we expertise and have government sector and financial institutions as based customers.



The company aims to be leader for consulting and developing computer network system



The comprehensive technology product line and domain expertise, currently at 1,500 persons



PUSH ON

The Soft Square GROUP will focus on personnel development to supply demand of companied in the group; target production of 5,000 personnel within 5 years period. Some of the personnel will be selected from 50,000 – 60,000 IT Service Students in the Cooperative Education Project that we cooperate with more

than 20 leading universities around the country such as Mae Fah Luang University and Khon Kaen University. We estimated to recruit around 1,000-2,000 personnel from this project or average at 300-400 personnel per year. In the same time, the company also developing goods for retail business group which is our original strength ea. Enterprise Resource Planning: ERP. The target clients of MFEC GROUP are the telecommunication, finance and banking businesses including government sector and state enterprise. We provide Industry Solution Consultant and Marketing Assistant to clients.

With ability of each company in the MFEC GROUP combined, we will be the strongest company in the nationwide market. Our offices located in many provinces ea. Chiang Rai, Khon Kaen, Mae Hong Son, Chiang Mai and Chon Buri. We have strong Services Team whether Hardware Services, Software Services and Architecture Services. Our clients will experience a better service from us. We are ready to service within the country as well as outside the country, better than other competitors in the market. With the increased ability, our company is able to accept 500-1,000 million Baht mega project in the region level. Which compare to the ability of our company as a single company, we can only accept 100 million Baht project. For small and medium projects, we will let our company in the group take care ea. the Modernform Integration Services Co., Ltd. (MIS). It has been developed an intellectual property to gain competitive advantage and also created the new generation of executive. In year 2014, MFEC GROUP also plans to develop new solutions to expand the revenue.

## **Strategies for the implementation of MFEC GROUP in 2014 are as follows:**

### **1. Focus on Specific Business Model**

The MFEC GROUP focuses on rapid adaptation in accordance with the circumstances strategy. We have restructure plan for the internal organization between these 3 years in 2012 – 2014 in order to optimize the management performance. We divided businesses under MFEC GROUP into 3 main structures as follows:

1.1 Consulting & Professional Services Group - this group serves clients in telecommunication, finance & banking businesses. We will select the expertise from companies in the group as well

as expertise from our business partners in other countries. We aim to be one of the leading consulting & professional services companies in Thailand and in the region.

1.2 System Integration Services Group – this group provides design, provisions, development, and installation for computer systems and information networking ea. data storing system, network connection systems within organization and outside organization, information networking management software.

1.3 Software Development Services Group – this group focuses on developing our own software and various innovations. Also, focuses on personnel development to supply demand of companied in the group. Cooperate with more than 20 leading universities around the country in the Cooperative Education Project, especially in the North and Northeast of Thailand such as Mae Fah Luang University and university in Chiang Rai, Chiang Mai and Khon Kaen. Target production of 5,000 personnel within 5 years period.

## **2. Go to Market Strategy**

Well planned in marketing strategy by dividing products and services that we already have on hand in the MFEC GROUP, Supplier and the new product lines before arranged details action plans.

## **3. Customer Focus with sub-strategies as follows:**

3.1 Customer Database and Intelligence: Integrate customers' database from all companies in the group into centre database. Analyze the needs of customers and finding opportunity in building recognition of products and services from MFEC GROUP.

3.2 Customer Relationship Management: Prepare and updates framework that covers the whole value chain start from Market-Sales-Services-Support-Logistic.

Set the measurement standard, arrange satisfaction survey and report the result to Executive Directors.

3.3 Prospect Lead Generation: Focus on joint marketing activities within MFEC GROUP to find potential customers and return on investment result.



3.4 New Market Development: Find new target markets whether in the country or outside the country. Inventing new products and services such as developing Cloud Services Solution which is one of the technology trends right now and also in the future. Cloud Services Solution is one of our new business investments that can see tangible effects within these 3 years period (2012-2014). Cloud Management Service Group (CMSG) is our IPR investment in new markets. The company will reinvest to seek new business markets and build new advanced technology every year. We foresee the business opportunities in the market which is the services business that has high margin. We built a team and gathered our knowledge and know-how, our experiences in making applications and other products. We plan to serve Government Cloud Services, Commercial Cloud Services, Consumer Cloud Services, Education Cloud Services, Finance & Security Cloud Services and others.

The Company has set long-term targets by increasing revenues of consulting and professional services to generate more revenues than system integration services, resulting in higher gross profit ratio of the Company. The profit growth target of the increase in recurring income proportion has also simultaneously set to be above 30% for long-term growth in the aspect of 15% of net earnings per year for 5 consecutive years (2013-2017). In 2014, the company can generate growth in line with strategies and meet its goals.

### Shareholding Structure of the Group

MFEC Public Company Limited and subsidiaries are the consulting, developing, and setting computer system and information technology networks. We serve both government sector and private organizations. The MFEC Public Company Limited focuses on large enterprise clients who need information technology system service. The scope of work is from consulting to solve problems or to meet customers' needs, developing computer system and setting information technology networks whether hardware, software, peripheral equipment and various network devices, as well as installation service, testing, training and maintenance service.

**Main businesses of the company can divide into 3 types as follows:**

#### 1. Consulting and Developing Information Technology

The company provide consulting and developing information technology comprehensively, analyse and custom design system for individual customer usage such as making practical use of information technology to improve work processes and services both internal and external organization, E-Commerce, business database storing for making business decision. These will help the clients to have a competitive advantage, consistent with the rapid changes of the factors that affect the business. The company will work closely with the clients to study characteristics of the entrepreneur, their business strategy, and the needs of usage as well as their current system. The company will analyse data, present summarized report and give suggestions on steps or details action plans before start developing the system, all in all, to achieve the objectives of clients.

#### 2. Developing and System Setting

The company provides design, provisions, development, and installation for computer systems and information networking ea. data storing system, data security system, network connection systems within organization and outside organization (such as Intranet, LAN, WAN, Unified Communication), information networking management software.

#### 3. Services

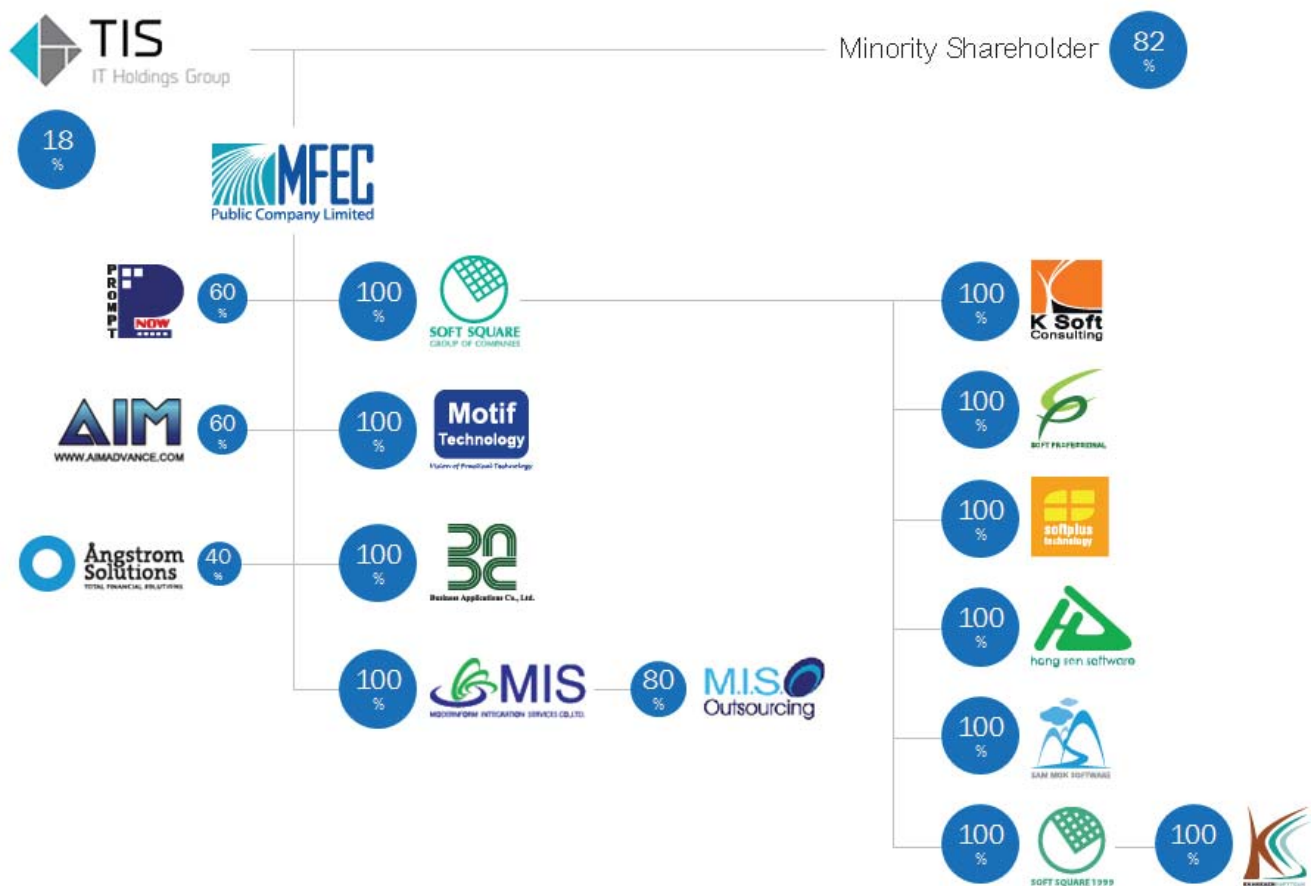
The company provide maintenance service and technical support for computer systems in organizations, to be serviced by our systems engineering with expertise on both hardware and software. Our personnel will answer questions and solve immediate problems regarding computer systems usage. The services including provide inspection and scheduled system maintenance as well as repair and replace of needed hardware parts. This kind of service will help clients to save cost on recruiting IT staff for maintenance

work and optimize the usage of systems. The company will also arrange seminars and trainings regularly in order to analyse and recommend clients for new features of the systems.

According to Modernform Group Public Company Limited has sold its shares of MFEC Public Company Limited in the accounted for 14.04 % of paid-up registered capital belonged to MFEC in

which it is stayed at the total amount of 441,453,555 baht in the present time to TIS Inc. from Japan on May 14, 2014 in which TIS Inc. has carried on the service-providing business for giving counsel and program design in relation with information technology and design of computer systemization and network of information technology in Japan.

### The Structure of MFEC Public Company Limited and subsidiaries, as of 30<sup>th</sup> December 2014



**Remark:** The number of conflicting shareholders in the companies above is no more than 10 percent of the total number of shareholders.

MFEC Public Company Limited currently has 13 companies in the group and 1 joint-venture company, which can be divided in term of product line as follows:

## Products and Services of the Group

Company	Products / Main Services	Type of Customer
Promptnow Co., Ltd. (PN)	<ul style="list-style-type: none"> <li>• Mobile Financial Service</li> <li>• Gamification System</li> <li>• Managed Service</li> </ul>	<ul style="list-style-type: none"> <li>• Financial Institutions Group</li> <li>• Telecommunications Group</li> </ul>
Advance Intelligent Modernnity Co., Ltd. (AIM)	<ul style="list-style-type: none"> <li>• Mobile Products System</li> <li>• Software as a Service</li> <li>• E-Commerce Service</li> <li>• Digital Content</li> </ul>	<ul style="list-style-type: none"> <li>• Telecommunications Group</li> <li>• Insurance Group</li> <li>• Retail Groups</li> <li>• Automotive Group</li> <li>• Financial Institutions Group</li> </ul>
Modernform Integration Services Co., Ltd (MIS)	<ul style="list-style-type: none"> <li>• Develop and Setting (System Integrator)</li> <li>• Application Software               <ul style="list-style-type: none"> <li>- Mobile Payment</li> <li>- Mobile Sales Force</li> <li>- Mobile Service Center</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Middle-Level Clients Group</li> <li>• Insurance Group</li> <li>• Manufacturing and Automotive Industries</li> <li>• Retail Groups</li> </ul>
M.I.S. Outsource Co., Ltd. (MISO)	<ul style="list-style-type: none"> <li>• Maintenance and Repair Service</li> <li>• Managed Service</li> <li>• Outsource Service</li> <li>• Consulting &amp; Project Management</li> </ul>	<ul style="list-style-type: none"> <li>• Telecommunications Group</li> <li>• Financial Institutions Group</li> <li>• Transportation Group</li> <li>• Industrial Group</li> <li>• Government Sectors / Enterprises</li> </ul>
Business Application Co., Ltd. (BAC)	<ul style="list-style-type: none"> <li>• Business Analytics Solution Service               <ul style="list-style-type: none"> <li>- Cognos BI</li> <li>- Cognos TM1</li> <li>- SPSS Software</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Any Kind of Industrial, in Both Government Sectors and Private Sectors</li> </ul>
Motif Technology Public Company Limited (Motif)	<ul style="list-style-type: none"> <li>• Computer System Consulting and Developing Service</li> <li>• Software Developing               <ul style="list-style-type: none"> <li>- iCollection</li> <li>- iLegal</li> <li>- iDoc</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Financial Institutions</li> <li>• Insurance and Life Assurance Group</li> <li>• Real Estate Group</li> <li>• Government Sectors / Enterprises</li> </ul>

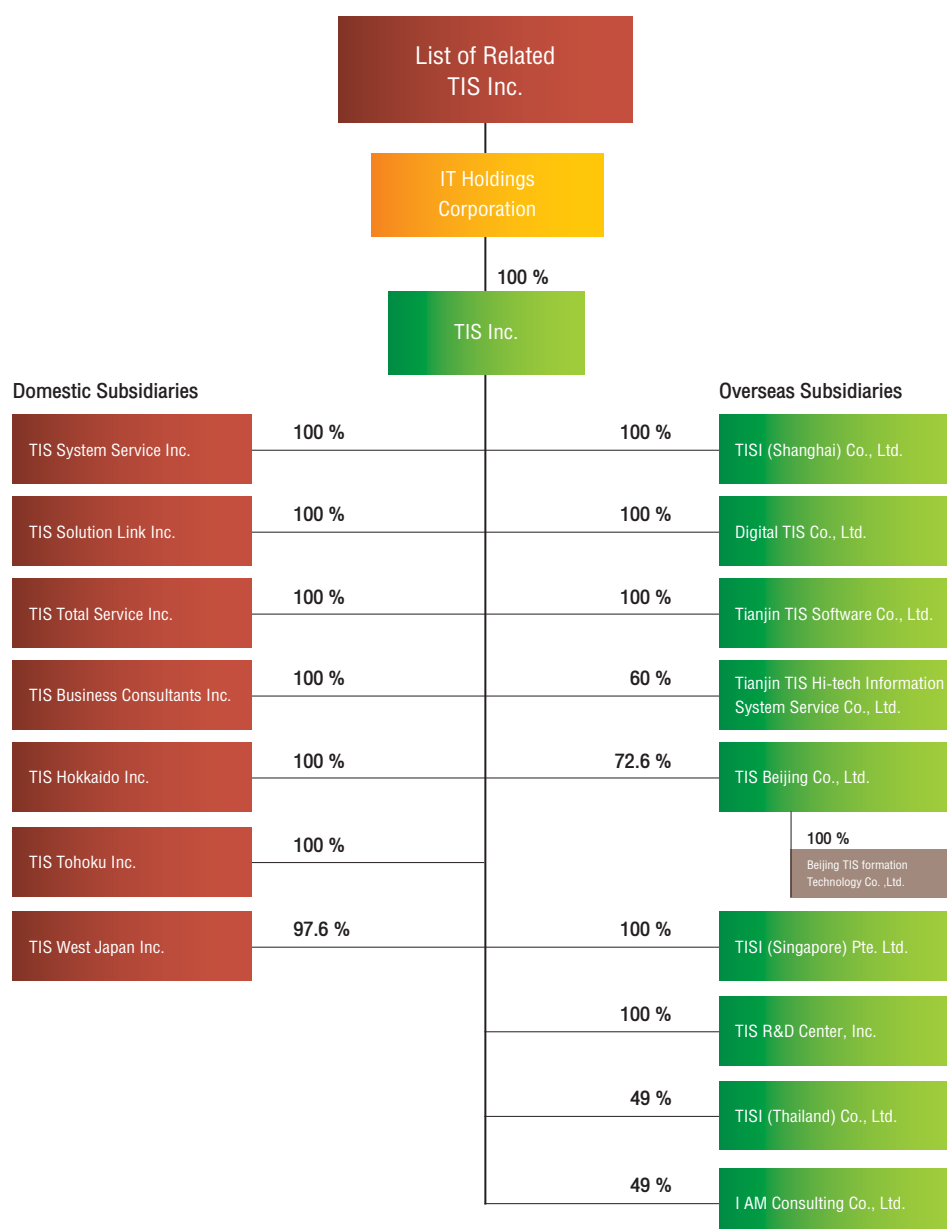


Company	Products / Main Services	Type of Customer
Soft Square 1999 Co., Ltd. (SS)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Groups</li> <li>• Industrial Groups</li> <li>• Government Sector</li> </ul>
Khon Kaen Softtech Co., Ltd. (KK)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Import – Export Business Groups</li> <li>• Government Sector</li> </ul>
Soft Plus Technology Co., Ltd. (SPT)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Retail Groups</li> </ul>
Soft Professional Co., Ltd. (SP)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Business Group</li> <li>• Financial Institution Group</li> </ul>
Sam Mok Software Co., Ltd. (SM)	<ul style="list-style-type: none"> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Government Sector</li> </ul>
Ksoft Consulting Co., Ltd. (KS)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Business Group</li> <li>• Financial Institution Group</li> <li>• Auction Group</li> </ul>
Hong Son Software Co., Ltd. (HS)	<ul style="list-style-type: none"> <li>• Consulting service regarding working process</li> <li>• Design and Develop Customized Software System</li> <li>• Maintenance and Support Operational System</li> </ul>	<ul style="list-style-type: none"> <li>• Energy Business Group</li> <li>• Financial Institution Group</li> <li>• Auction Group</li> </ul>
Angstrom Solutions Co., Ltd. (A)	<ul style="list-style-type: none"> <li>• Securities Trading System</li> </ul>	<ul style="list-style-type: none"> <li>• Capital Securities Businesses Group</li> </ul>

## Relationship with the business group of the major shareholders

The company and the business group are not under or part of the major shareholders' business group. The key businesses of the company do not have relationships with the business group of the major shareholders. The company only engages in marketing strategic collaboration with the local and international target markets, supporting growth to prepare for the opportunities of the ASEAN Economic Community (AEC) in 2015.

TIS Inc. is a major shareholder of the company, with an investment worth 17.7 percent of the company's paid-in capital on 30<sup>th</sup> December 2014. The business details of TIS Inc. are as follow:





The market value of software products was approximately 11,698 million Baht (9.7 percent growth), while the software services were valued at 37,863 million Baht (8.2 percent growth.) The market value of government offices comprised 1/3 of the total software goods and services value (excluding embedded software systems.) The slowed growth rate in 2014 was due to political situations that caused many government offices to close during the beginning of the year. This was followed by a shift in members of the Board of Directors and executives of government offices and enterprises, delaying the process of purchasing software products and services. The private sector market which comprises approximately 2/3 of the total market value will not experience significant investment in software products and services due to the expected economic growth rate of 1.5 percent. The production of embedded software systems was expected to continuously expand at a rate of 12.3 percent. Despite the negative factors from sluggish growth of the automobile and vehicle parts industry, positive factors such as growth of consumer payment services, new product developments, and the Digital Economy government policies will still lead to economic expansion by the end of the year.

In 2014, the Ministry of Information and Communication Technology implemented policies supporting the government's emphasis on information and communication technology (ICT) to stimulate the Digital Economy for economic growth. The government sought to integrate ICT into the public sector, the private sector, and all sizes of business for boosting organizational and network management effectiveness. The policy will enable organizations to manage under a new process with improved response to clients' demands.

Efforts to respond to government policies included preparations for driving the Digital Economy, which were strategically classified into the following facets: 1. Hard Infrastructure, 2. Soft Infrastructure, 3. Service Infrastructure, 4. Digital Economy Promotion, 5. Digital Society and Knowledge Resource. The information was prepared to be ready for presenting to the national committee immediately once the law passes congress. Relevant parties were required to assess the missions' relevancy to driving the Digital Economy while preparing a 3-year roadmap of new government economic policy. Pilot projects were also organized to support the policy, including: 1. Enterprise Resource Planning (ERP), 2. CCTV, 3. Application Program Interface (API), 4. e-Market Place, 5. Digital Technology for improving quality of life and support the crippled, 6. Broadband internet. Information on integrating fiber optics in the public sector was also compiled. An act was proposed to organize a national

and specialized committee covering five areas, as well as another act for improving ministries, bureaus, departments, and the related legalities. The acts received approval from the cabinet, waiting approval from the Office of the Council of State. Four articles of related regulations were also amended while four new regulations were written to support the development of the Digital Economy. Which is pending in year 2015.

### The Important Changes and Developments in the recent 3 years.

#### 2014

- Change the major shareholder of MFEC PCL. from Modernform Group PCL. to TIS Inc. Japan, which has held the shares in the aggregate amount of 77,983,675 shares or 17.7% of paid-up registered belonged to MFEC PCL. as of 30 December 2014.
- Awarded "Business Intelligence Partner of the Year 2014" in "Microsoft Partner Awards 2014" held on 18<sup>th</sup> September, 2014 in at Conrad Hotel Bangkok
- Awarded "Solution Provider of the Year 2014" and "Partner Delivery Consultant of the Year 2014" in "VMware Partner Exchange 2014 on tour" at Grand Hyatt Erawan Bangkok.
- Awarded "Cisco Channel Customer Satisfaction Excellence" from Cisco. It demonstrated outstanding service as a partner in serving and satisfying its customers.
- Awarded "FY13 Collaboration Partner of the Year" in "Cisco Thailand Partner Conference 2014" held from 15<sup>th</sup> – 17<sup>th</sup> May, 2014 in Vientiane, Laos.
- Awarded "Thailand Partner of The Year" and "Thailand SE of The Year" in "Bluecoat Solution Day and Thank You Party"
- Rated "Good" from the Corporate Governance Report of Thai Listed Companies 2014 (CGR) by Thai Institute of Directors (IOD).
- Rated "Very Good" from Thai Investors Association in the quality assessment of how well the Listed Company can organize and manage Annual General Meeting (AGM).

## 2013

- Awarded for “Top System x Business Partner Award 2013” in “IBM InterConnect 2013” held on Oct 9<sup>th</sup> – 10<sup>th</sup>, 2013 at Marina Bay Sands, Singapore.
- Awarded for “Microsoft Business Intelligence Partner of the Year 2013” from “Microsoft Thailand Partner Award 2013” held on Sep 18<sup>th</sup>, 2013 at Conrad Hotel, Bangkok. Recognition for outstanding sales performance in Business Intelligence Market.
- Awarded for “Desktop Partner of the Year ASEAN” from “VMware Partner Exchange 2013” held on April 4<sup>th</sup>, 2013 at Raffles City Shopping Centre, Singapore.
- Awarded for “FY12 Borderless Network Partner of the Year” from “Cisco Thailand Partner Conference 2013” held on February 21<sup>st</sup> – 23<sup>rd</sup>, 2013 at Crowne Plaza Hotel, Phuket Panwa Beachfront Resort, Phuket. Recognition for top sales values for Borderless Network products.
- Appointed as “Authorized Reseller” by EMC2 in 2013.
- Appointed as “Azure Circle Partner” by Microsoft in November 2013.
- Awarded for “Best Seller in Q1-Q2/2013” by Juniper in July 2013.
- Appointed as “Elite Partner-Advance Security” by Juniper in February 2013.
- Appointed as “Elite Partner-Network Infrastructure” by Juniper in February 2013.
- Appointed as “Elite Partner-ANI” by Juniper in February 2013.
- Appointed as “F5 Authorized Gold UNITY Partner” by F5 in January 2013.
- Rated “Very Good” from the Corporate Governance Report of Thai Listed Companies 2013 (CGR) by Thai Institute of Directors (IOD).

- Rated “Very Good” from Thai Investors Association in the quality assessment of how well the Listed Company can organize and manage Annual General Meeting (AGM) in 2013.

## 2012

Awarded for “Borderless Network Partner of the Year” from Cisco Systems, in “Cisco Thailand Partner Conference 2012” held on February 5<sup>th</sup> – 7<sup>th</sup>, 2012 in Siem Reap, Cambodia, MFEC is the 1st Partner in Thailand, who has been recognized by Cisco for its investment in human resource development with specialization in the particular domain knowledge and achieved ISE ATP Certified Partner from Cisco.

- Awarded for “F5 Authorized Gold Partner – FY2012” and “F5 Innovation Contest in Thailand” from “F5 Agility Forum: Architect Your Future” held at Plaza Athenee on March 13<sup>th</sup>, 2012.
- Awarded for “2011 Outstanding Cloud Solution Award” and “2011 Top Performance Information Management Valued Partner” from “2012 IBM Business Partner Executive Forum” on March 15<sup>th</sup>, 2012. at Suan Pakkad Palace.
- Awarded for “Affinity Platinum Partner Award 2012” from Trend Micro (Thailand) Co., Ltd. on August 23<sup>rd</sup>, 2012. at Sheraton Grand Sukhumvit. MFEC has been recognized as Platinum Partner for its expertise, capability, and readiness to provide Cloud-based Security Services.
- Awarded for “Gold Competency Data Platform” from Microsoft, which guarantee MFEC capability and expertise in its Database Services. In addition, MFEC has increased Microsoft specializations and portfolios of services in Enterprise Infrastructure, Application, Database, and Business intelligence solution.

- Rated “Very Good” from the Corporate Governance Report of Thai Listed Companies 2012 (CGR) by Thai Institute of Directors (IOD).

- Rated “Very Good” from Thai Investors Association in the quality assessment of how well the Listed Company can organize and manage Annual General Meeting (AGM) in 2012.

## Income Structure

The company and its subsidiaries' income structure for 2012-2014 ending 31<sup>st</sup> December 2014 by products and services

Product	2014		2013		2012	
	Million Baht	%	Million Baht	%	Million Baht	%
Consulting and Professional Services <sup>1</sup>	561	10.84	649	13.55	585	15.85
System Integration Services	3,779	73.02	3,236	67.55	2,320	62.76
Maintenance Services	792	15.30	845	17.64	741	20.04
Income from Sales and Services	5,132	99.16	4,730	98.75	3,646	98.65
Other income <sup>2</sup>	44	0.84	60	1.25	50	1.35
Total income	5,176	100	4,790	100	3,696	100

**Remark :**

<sup>1</sup> Consulting and professional service income was only fee-based and excluded sales of hardware and software in each project. Such sales were included in the system development and integration income.

<sup>2</sup> Other income included income from marketing promotion from product suppliers, interest receivables, gains from foreign exchange and other miscellaneous income. About 73.02% of total income came from the company's system development and integration, 15.30% from maintenance service, and 10.84% from consulting and professional services. The information was based on notes to financial statements, No. 29 : Financial information by task.

## Product and service development

Research and Development in 2014 was a parallel of two strategic directions. The first involved sustainable development of Angstrom Back Office (ABoss) system, while the second direction was improving the Web-based Development Platform to support the internal organizational development team.

The ABoss system was improved after being implemented in 2013. The system was developed to support new regulations of SET, supporting tech-savvy work structure with increasing real-time features when connecting with the back-office of the stock exchange. This lead to complete and advanced back-office solutions that satisfied the needs of clients.

The Research and Development department also initiated the development of the Angstrom Front Office Service (AFoss), a system used by securities broker marketing and traders to submit

buy/sell orders to SET. The development focused on incorporating new technologies to improve the system, which involved making the informational output easier for users to understand, providing accurate real-time information, and increasing compatibility with the ABoss and the back-office systems to minimize redundancy and boost effectiveness. These developments enhanced the solutions of the company's financial business, providing complete solutions that meet a broader market demand.

The Web-based Development Platform involved designing the internal interconnected framework while developing web technologies and standards to achieve the following software improvement objectives:

- Support software development for greater speed and flexibility
- Boost productivity by reducing learning time, simplifying the interface and protocol for a more user-friendly appearance



- Boost software speed and effectiveness
- Increasing coherence of connectivity and operations of modules under the same framework
- Reduce difficulties from software maintenance and differing features in various versions
- Reduce impacts on software performance in cases of technological changes

During year 2014, the Research and Development team of the company utilized improved framework for developing software, including the ABOSS and AFoss systems.

### Customers and Target Groups

The company's target customer groups included large-sized of enterprises which highly demanded computer system services and IT network. They were telecommunications companies, financial institutions, public sector and education institutions, manufacturing industries, state enterprises and utilities, and medical services providers. Customers and target groups of the companies' 13 subsidiaries and one associate company were described in "Shareholding Structure of the Group"

The Company continued its policy to expand its customer base both width and depth. Its targeted customers were industry leaders with high growth in IT service demand. The company focused on maintaining the existing customers and increase new customers. That prompts the company to gain trust from customers, particularly existing ones. MFEC has been able to increase project value and maintain customer loyalty. It was apparently evident from the 100% revenue of products and services from existing customers in 2013. The company had a strategy to expand its customer groups, focusing on segmentation and targeted marketing in the telecommunications group, which was expected to see more capital investment in IT to cope with business competition.

The Company focused on solution designed to meet each customer's specific need and maximize their returns on investment. This was fulfilled with a variety of quality products and services, efficiency of project delivery, experts with international standards, and understanding and knowledge in customers' business. The Company had continually improved and reconfigured its competitive advantages such as product development, personnel and knowledge to maintain its competitiveness. This was to increase profitability and profit margins of the Company.

### Distribution Channel

The company had direct engagement with customers, gaining projects through direct contacts and negotiation with customers, who were large-sized enterprises mostly. In 2014, this part accounted for 85% of total revenue from sales and services. Out of which, most were private-sector customers and that amounted to 39%, and the remaining 61% from state enterprises mostly through bidding. The company had six sales teams, based on targeted customer groups: telecommunications; public sector and education; state enterprise and utility; financial institutions; manufacturing; and medical services. Such teams offered services for customers, and enhanced service capability to meet customer demand. Most income still came from the existing customers and accounted for 100% of total income. This results from the good relationship strategy "Customers Seem like Partners." With experience, expertise, understanding of customer business and solution design to meet customer demand for higher competitiveness, the company continues to gain trust from customers with higher project value. The merger with three leading IT companies under MFEC GROUP in 2011 helps enlarge market channels and revenue, supporting the Company to become a leader in the country's software and IT service industry and promoting its marketing plan toward the regional and global markets at faster speed.

## International Market

As part of the strategic direction, the company continuously implemented plans to seek new local and international markets while expanding into the ASEAN region – particularly the CLMV countries (Cambodia, Laos, Myanmar, and Vietnam) - to support the ASEAN Economic Community (AEC) by the end of 2015. In the past year of 2014, MFEC Group continued to penetrate the markets of Myanmar and Laos. The Security Solution campaign was already implemented in Myanmar.

The company also searched for new market opportunities, especially in ASEAN emerging countries. Acquisitions and joint investment through Alliance Model or Partnership Model were focused to promote marketing plan, development of products and services. Foreign allies were concentrated in Healthcare, Analytics, Transportation Management and Mobility to cope with market opportunities in the country and the region.



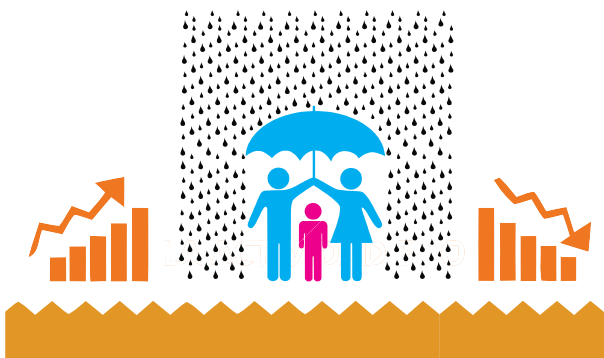
## Risk Factors

Information technology and communication business has been severely competitive in cost, service and customer expectation. MFEC GROUP aims at reinforcement of sustainably growing organization to be the leader in information technology and communication group, then risk management system in the organization has been clearly set to generate effectiveness until covering all areas from the past that emphasizing particularly on the operational risk. In addition, overall operation monitoring system has been continuously determined to assess major risky events that may affect the business operation in each period of time of event occurrence. The senior management has been in charge of the supervision to ensure that risks have been managed to ensure that it can prevent and reduce the impact of risks in different situations to acceptable levels. In 2014, the Company assessed and managed risks that might occur in various events and might affect the Company's operations as follows.

### 1. Strategic Risks

The Company has define a new vision by targeting "As a leader of the domestic market in product and service development to eligibly compete with all countries in the regional and global scale" provided that Net Profit Margin Ratio is constantly growing at around 15% per annum. Thus, the key strategic aspects requiring the management so that the Company can achieve its objective has included project management, quality work delivery on time and at a competitive cost, business strategy adjustment by changing from information center into service center of different areas (MFEC as a Service), and market expansion planning into Asean region through joint venture with both local and foreign alliance companies in order to support marketing plan.

For the integration of the ASEAN Economic Community or AEC, it is a significant opportunity for future operations of the Company in 2015. The Company therefore has had to be well prepared with the shortage of human resources. It has planned to develop personnel efficiency and standard and personnel production in order to support growth and promote MFEC GROUP to be strong



through the collaboration with various universities in organizing summer training and co-operative education projects such as the Co-operative projects, Mae Hong Sorn IT Valley, Mae Fah Luang University, Kasetsart University Sakon Nakhon Campus, Kasetsart Sriracha Campus, Suvarnabhumi Rajamangala University of Technology, for training of newly graduates to be ready to work with MFE GROUP. Such policy implementation will result in reduction of the Company's labor cost.

## 2. Operational Risks

### 2.1 Contract Management Risks

Whereas the business of the Company is principally engaged in the provision of services and development of information technology and business development and systemization, contract management system has been regarded as a significant risk involving the legal effect in the scope of operation that covers all areas such as design, development and delivery of each phase of the project including penalty clause arising from work delivery delays.

Therefore, in the juristic act of contract, the relevant laws such as Electronic Transactions Act, project precautions, delivery term, project fines and identification of force majeure in case of inability to comply with contract must be taken into account.. If the contract writing is unclear, it will cause operational risk of the projects. To prevent aforesaid risk, the Company therefore has defined and drafted the contracts classified by types of works such as drafting standard contracts of Turnkey Contract, Maintenance Contract, Consortium and Supplier Contract in order to enable to manage contractual risk at a certain level.

### 2.2 Project Management Risks

The company's policy focuses on selling products and services to meet maximum customer satisfaction through on time delivery of quality products and services. In order to prevent delivery

delay of each project to its customer, the Risk Management Working Group will mutually discuss to set up standards in project planning, evaluation and examination of each project. . The project managers and sales department will work together to make the plan for each project by applying the standardized formation to control and assess the working of each project. Each work unit controls the operation from the first date of purchase order receipt from its customer, high quality product procurement to be correct and consistent with product attributes for each project's work, on time product delivery and installation service according to schedule in contract or customer's purchase order. In addition, the Company has developed internal software in order to help work control management that will help reinforce system and standard of work method, cooperation and work control to generate quality work delivered to its customers on time in order to reduce such risk aspects not to be occurred. The aforesaid could result in the good level of the Company's ability to manage project delivery in 2014.

### 2.3 Human Resources Management Risk

The Company gives precedence to ongoing personnel development by emphasizing on development strategy of the employees in all levels to have mutual working culture in order to help carry forward the organization for its business operational expansion as well as more improvement on internal process performance efficiency. The Company has collaborated with undergraduate study level universities nationwide in mutually setting the Project Based Learning-focused courses to reinforce competitive skill and capacity of the personnel since information technology business service has been a high competitive business. It has been essential for mainly use of profundity and specialization of the personnel in giving advice and developing works until achievement. Therefore, the Company has highlighted in human resources management through the focus on continuous potentiality development of personnel in all levels.

In 2014, apart from personnel capacity and skill reinforcement and development and change in information technology, turnover problem of the personnel has been reduced due to the emphasis of the Company on manpower planning and management of MFEC GROUP personnel. If in any period of time that the Company cannot recruit new personnel to be sufficient for operation, the Company will supply the personnel from other sources such as outsourcing personnel employment for replacement at certain period of time under cost control of the Company within work budget of each project as the aid in abatement of human resources management risk.

#### 2.4 Outsourcing Risk

With the Company's policy that emphasizes on project risk management and human resources risk management, it has been necessary for some projects that must consider outsourcing to enter for execution. Thus, in order to prevent the risk so that the project delivery management is in line with operating plan in selection of subcontractor outsourcing risk, the project manager and procurement department will consider the individuals who are qualified, knowledgeable, competent and specialized according to determined frame and procedure, and simultaneously consider previous working history of subcontractor outsource in order to help in consideration of selection for proper outsourcing personnel and abatement on project delivery risk. In 2014, the development of internal database systemization program has been completed in order to help in collection of work history of an individual outsourcing personnel, affecting decrease in the problem of non-potential outsourcing personnel employment in work delivery to be in line with organizational operating plan.

### 3. Financial Risks

According to the impact of global financial crisis and domestic politics that severely affected the economy in the beginning of last year, the Company has defined the policy in prevention of such impact through circumspect and cautious control and

management of the project's expenditure budget, maintaining proper Debt to Equity Ratio for operation, and effective management of the project's cash cycle in order to sustain liquidity to enable to support occurred economic volatility as follows.

#### 3.1 Foreign Exchange Rate Risk

The Company has been exposed to exchange rate risks from due to most of the product order purchases by the Company from its manufacturers in USD currency and receipt of revenue from sales of its products and services mostly in term of Baht, affecting the Company's payment obligation in term of foreign currency. In the past, the Company has had the abatement measure on such exchange rate risk through forward contracting of currency to cover the whole amount of payment obligation in foreign currencies

#### 3.2 Receivables-Related Credit Risks

The Company's policy is to be careful with credit granting by considering on suitability of credit granting. Its customers are classified into 2 groups. The first existing group is the customer group with firm financial status and most of them are the major customers. Then, 30-60 days credit term has been considered to be specified. The Company's policy for new customers is cash payment or payment through bank by opening letter of credit and also considering on installment payment condition in order to be consistent with achievement of work done. Anyhow, the credit granting consideration will mainly consider the data of financial statement analysis and other supplementary data of each customer.

Moreover, the Company also has had the policy of reserve for bad debt from receivables presented according to gained net values. The Company and subsidiaries have recorded the allowances for doubtful accounts by estimating as a contingent loss from uncollectible debts. Generally, collection experience and receivables aging analysis have been considered.



## Shareholding Structure

### MFEC Securities, as of 30 December 2014

- Registered Capital: 441,500,555 Baht or 441,500,555 ordinary shares at a par value of 1 Baht per share.
- Paid-up Capital: 441,453,555 Baht or 441,453,555 ordinary shares at a par value of 1 Baht per share.

The Company had none of other types of shares, including preferred shares or programs to issue and offer convertible shares or securities for Thai Trust Fund, with special rights or conditions, which were different from those of the ordinary shares. The Company also had no issues of warrants for receiving returns from underlying assets that are backed by the Company's shares.

### Warrants for Ordinary Shares

On 24 April 2009, the Annual General Meeting of Shareholders No. 1/2009 had a resolution to issue and offers the following warrants for ordinary shares.

- Issuance and offer of the Warrant: ESOP-W2 for a total of 5,000,000 units. The warrants were offered to the President (ESOP No. 2) on 24 July 2009.

### Details of the allocation of the warrants are described below

Item	Number of Warrants (Unit)	Maturity (Year)	Exercise Price (Baht per Share)	Exercise Ratio (Unit: Share)	Exercise Period
1	5,000,000	5	4	1:1	The warrant holders are eligible for rights to exercise the warrants on the last business day of February, May, August and November of every year. The first exercise period begins on 26th February 2009 and the final exercise is scheduled on 23 July 2014.

#### Remark :-

- ESOP-W2 warrants are categorized as the specific and non-transferable holders except for the transfer of inheritance of transfer to heirs or legal representative.
- The warrants were allocated to President
- According to the Annual General Meeting of Shareholders No. 1/2011 dated 25 April 2011, the Company was approved to pay dividend 0.45 baht or 186% of net profit. The dividend payment was paid more than 80% of net profit which provided impacts on exercise prices and ratios of the warrants allocated under the Employee Stock Ownership Program –the allocation of warrants to the president (ESOP No. 2) The impacts on the exercise prices and ratios took effect from the first date the ordinary share subscribers would not have rights to receive dividend (the first date the Stock Exchange of Thailand posts XD sign – 4 May 2011) as specified in the Change of Exercise Condition – No. 7 (Jor). This was to assist the warrant holders to have non-subordinated rights. Therefore, the AGM gave a resolution to adjust the exercise prices and ratios for the remaining warrants. Under the ESOP-W1, the exercise price was changed to 3.805 baht with the exercise ratio of 1:1.051 units.
- 28 February 2014, Mr. Siriwat Vongjarukorn President exercise the warrants amount 1,000,000 units.



## Shareholders

### List of Shareholders and their Stakes, as of 30 December 2014

Major Shareholder	Number of Shares	% of Total Shares
1. TIS Inc.	77,983,675	17.7
2. Mr. Ramade Silapapom Group <sup>2</sup>	32,954,107	7.5
3. Mr.Thanapol Kongboonma Group <sup>3</sup>	21,624,400	4.9
4. Mr. Sirisak Tirawattanangkul	12,926,013	2.9
5. Thai NVDR Company Limited	12,075,215	2.7
6. Mr. Prasert Founvanit	11,066,013	2.5
7. Mr. Adirake Patitus Group <sup>4</sup>	10,730,195	2.4
8. Mordermform Group Public Company Limited <sup>5</sup>	10,600,000	2.4
9. Mr. Siriwat Vongjarukorn	8,415,259	1.9
10. Mr. Theerachai Keeratitechakorn	8,230,237	1.9
11. Group of Minority Shareholders	234,848,441	53.2
<b>Total</b>	<b>441,453,555</b>	<b>100.0</b>

Remark: 1. The Shareholders relevant to Article 258 shall be counted. TIS Inc. is the shareholder at stake in MFEC Public Company Limited.

2. On 14 May 2014, TIS Inc. (Japan) purchased shares from Modernform Group Public Company Limited worth 14.04% of total holdings. This altered the top shareholder of the Company from Modernform group to TIS Inc.

<sup>1</sup>TIS Inc. implements business in consulting, development, and installation of information technology and computer systems. Its directors are listed below.

1) Toru Kuwano	Chairman and President
2) Mitsushi Nishida	Executive Vice President
3) Masayuki Inaba	Senior Managing Director
4) Norio Maenishi	Director
5) Tatsuya Nishiyama	Corporate Auditor
6) Naotaka Sakata	Corporate Auditor
7) Takuho Shimodaira	Corporate Auditor
8) Tateo Terawaki	Corporate Auditor
9) Jun Ikimune	Managing Executive Officer
10) Yuji Sato	Managing Executive Officer
11) Katsuhiko Ishii	Managing Executive Officer
12) Yasuo Goto	Managing Executive Officer
13) Makoto Tsujimoto	Managing Executive Officer
14) Masahiko Adachi	Managing Executive Officer
15) Yasushi Okamoto	Managing Executive Officer
16) Masahiro Hosokawa	Managing Executive Officer
17) Hidehiko Matsuo	Managing Executive Officer
18) Yuuko Onoda	Executive Officer
19) Saburo Kato	Executive Officer
20) Shinichi Yamamoto	Executive Officer
21) Shigeru Hishida	Executive Officer
22) Takashi Mori	Executive Officer

23) Fumiyasu Mase	Executive Officer
24) Shinkou Ohba	Executive Officer
25) Hiroyuki Kodake	Executive Officer
26) Hiroshi Ohyama	Executive Officer
27) Shuji Yamamoto	Executive Officer
28) Shinichi Horiguchi	Executive Officer
29) Kiyotaka Nakamura	Executive Officer
30) Takeshi Matsuda	Executive Officer
31) Naoto Kita	Executive Officer

\*Executive Officer Number 29 (Mr.Kiyotaka Nakamura) was appointed by the Company's Second Board Meeting (2014) on 14<sup>th</sup> May 2014 to replace Mr. Thaksa Busayapoka who resigned.

The majority shareholder of TIS Inc. on 7<sup>th</sup> November 2014 was IT Holdings Corporation, with 45,336,787 shares and a proportion of 100% of total company holdings. Investors can gather additional information on this Japanese company at <https://www.itholdings.co.jp/e/group>.

**As of 30<sup>th</sup> September 2014, IT Holdings Corporation's major shareholders are listed below:**

- 1) Japan Trustee Services Bank, Ltd.(Trust Account)  
6,230,000 shares or 7.1%
- 2) The Master Trust Bank of Japan, Ltd.(Trust Account)  
5,018,000 shares or 5.7%
- 3) MSIP CLIENT SECURITIES  
3,214,000 shares or 3.7%
- 4) Employees' Shareholding Association of IT Holdings  
2,468,000 shares or 2.8%
- 5) Nippon Life Insurance Company  
2,073,000 shares or 2.4%
- 6) The Bank of Tokyo-Mitsubishi UFJ,Ltd.  
1,654,000 shares or 1.9%
- 7) The Master Trust Bank of Japan, Ltd.  
1,598,000 shares or 1.8%
- 8) Japan Trustee Services Bank,Ltd.(Trust Account9)  
1,491,000 shares or 1.7%
- 9) Japan Trustee Services Bank,Ltd.(Trust Account4)  
1,469,000 shares or 1.7%
- 10) OBAYASHI CORPORATION  
1,161,000 shares or 1.3%
- 10) JCB Co.,Ltd.  
1,161,000 shares or 1.3%

**<sup>2</sup>Silapom Group:**

- |                              |                   |
|------------------------------|-------------------|
| 1) Mr. Ramade Silapom        | 31,676,577 shares |
| 2) Mr. Tappanon Silapom      | 1,262,330 shares  |
| 3) Mrs. Yamonporn Silapom    | 14,000 shares     |
| 4) Ms. Anutchayaporn Silapom | 1,200 shares      |

**<sup>3</sup>Kongboonma Group:**

- |                              |                  |
|------------------------------|------------------|
| 1) Mr. Thanapol Kongboonma   | 5,424,300 shares |
| 2) Mr. Marnchai Kongboonma   | 5,400,000 shares |
| 3) Mr. Naiyapong Kongboonma  | 5,400,000 shares |
| 4) Mr. Roonnachai Kongboonma | 5,400,000 shares |
| 5) Mr. Jedsada Kongboonma    | 100 shares       |

**<sup>4</sup>Patitus Group:**

- |                         |                  |
|-------------------------|------------------|
| 1) Mr. Adirake Patitus  | 9,000,099 shares |
| 2) Mrs. Sudawan Patitus | 702,682 shares   |
| 3) Ms. Preerada Patitus | 127,410 shares   |
| 4) Ms. Siwata Patitus   | 900,004 shares   |

**As of 20<sup>th</sup> October 2014, <sup>5</sup>Modernform Group Public Company Limited's major shareholders are listed below:**

- 1) THE BANK OF NEW YORK MELLON  
76,000,000 shares or 10.13%
- 2) THE HONGKONG AND SHANGHAI  
CORPORATION LIMITED, FUND SERVICES DEPARTMENT
- 3) Mr.Thaksa Busayapoka  
33,846,000 shares or 4.51%
- 4) Krungsri Equity Dividend Long Term Fund  
31,461,900 shares or 4.19%
- 5) Mrs. Chuleewan Wiwatthanakasem  
31,101,840 shares or 4.15%
- 6) Mr. Kaweewud Nerngchamnong  
27,504,000 shares or 3.67%
- 7) Mr. Yothin Nerngchamnong  
25,746,420 shares or 3.43%
- 8) NORTRUST NOMINEES LTD.  
22,299,300 shares or 2.97%
- 9) Mr. Chaiyot Paporn  
21,219,063 shares or 2.83%
- 10) Ms. Pornpunt Paporn  
17,784,029 shares or 2.37%

**Condition for foreign holding**

Foreign shareholders are allowed to hold no more than 49 per cent combined of issued and paid-up shares. As of 30<sup>th</sup> December 2014, the Company's foreign holdings accounted for 20.85% of issued and paid-up shares.



## Dividend Payment Policy

The company has a policy of paying a dividend of not less than 50% of net profit after tax and legally retained earnings. The Company's Board of Directors is authorized to declare no dividend payment or alter the policy occasionally to optimize the shareholders benefits. For example, the earnings are used for debt payment reserve, investment of business expansion or the case of changes in market conditions that may affect the company's future cash flow.

The Company is performance in 2014, The Board of Directors has passed a resolution to approve the dividend payment at the rate of Baht 0.50 per share that will be further presented to the General Meeting of Shareholders for consideration

accordingly. This dividend allotment, the Company makes the payment from the turnover that has been promoted by The Board of Investment of Thailand (BOI) in the aggregate amount of 0.24 Baht per share and the turnover that had been deducted by the percentage of 20 % of corporate income tax in the aggregate amount of 0.26 Baht per share. In all events, the allotment dividends will be deducted by withholding tax in the aggregate amount of 10 % of received dividends.

### Comparative Information for Dividend Payment during 2009 -2013

(Baht : Share)

	Year				
	2013	2012	2011	2010	2009
Number of ordinary shares as of 31 December (shares)	440,402,555	439,351,555	438,300,555	281,185,451	243,676,943
Retained earnings as of 31 December (million baht)	360.41	264.51	236.79	179.12	195.41
Net Profit (million baht)	232.21	181.19	202.29	70.03	102.83
Earnings per share (baht/share)	0.53	0.41	0.54	0.26	0.43
Dividend per share (baht/share)	0.45	0.33	0.33	0.45	0.33
Dividend payout (%)					
Compared to net profit	85	79	61	173	77
Dividend payout (%)					
Compared to retained earnings	55	57	65	71	41

In the case of the subsidiaries, The Board of Directors Approved the Company's subsidiaries to make the dividend payment of no less than 50% of total profit after tax and legal reserve.

## Board of Directors

1

**Mr. Adirake Patitus**

Chairman

2

**Mr. Siriwat Vongjarukorn**

Vice Chairman

3

**Mr. Sirisak Tirawattanangkul**

Director

4

**Mr. Theerachai Keeratitechakorn**

Director

5

**Mr. Paitoon Sirichatchaikul**

Director

6

**Mr. Kiyotaka Nakamura**

Director

7

**Mr. Suchat Thammapiitagkul**Independent Director &  
Chairman of Audit Committee

8

**Mr. Anan Leetrakul**

Independent Director &amp; Audit Committee

9

**Mr. Apiruk Wanasathop**Independent Director, Audit Committee &  
Chairman of Risk Management Committee



1



2



3



4



5



6



7



8



9

## Management Structure

1

**Mr. Siriwat Vongjarukorn**

Vice President / Chairman of Executive Board

2

**Mr. Thanakorn Charlee**

Vice President

Professional Services &amp; Product Development

3

**Mr. Shimmy Thomas**

Vice President

Strategic Business

4

**Mr. Gowitt Dulyasophaphan**

Vice President

Sales Telecommunications

5

**Mr. Wichai Patipaporn**

Vice President

Research &amp; Development

6

**Ms. Waewta Suksane**

Chief Financial Officer







## Management Structure

### Committees

The Company's Committee Structure consists of four committees including Board of Directors, Audit Committee, Executive Board, and Risk Management Committee.

#### (1) Board of Directors

Board of Directors apart from its requirement in Section 3 of the Articles of Association on the Board of Directors, it has also required that the Board shall consist of at least one-third of its total members as independent directors for at least three independent directors. The remaining quantity is executive directors and non-executive directors. Below is the specified definition.

Independent director means outside and non-executive director with qualifications required by the Securities and Exchange Commission and the Stock Exchange of Thailand as follows:

1. Not holding shares in excess of 1% of total shares with voting rights of the Company, its subsidiary and its corporation or juristic person which may have conflicts so as to include the shares held by related persons;
2. Not being or ever being the executive director, employee, worker, advisor who receives a regular salary, or regulator of the Company, its subsidiary, its corporation or any juristic person which may have conflicts unless already terminating from such position for at least 2 years;
3. Not being a person related by blood or registration under laws in the form of fatherhood, motherhood, spouse, brothers, sisters, and children, including spouse of children of its executives, major shareholder, regulator, or the person who will be nominated to be the executive or regulator of the Company or its subsidiary;
4. Having none of business relationship with the Company, its subsidiary, its joint ventures or juristic person which may have conflicts in the manner which may obstruct his/her independent discretion;
5. Not being a director appointed as a representative of the Company's directors, major shareholder or shareholder who is related to the Company's major shareholder; and
6. Having none of characteristics that cannot freely render independent opinions on the Company's operations.

Executive Director means a director who takes part in regular management or a director who is authorized to sign to bind the Company..

Non-Executive Director means an outside director who is not an executive director or a director who is authorized to sign to bind the Company, not an executive or a permanent worker . The number of non-executive directors may be in line with each shareholder group's investment.

As the Company has not yet appointed the Nominating Subcommittee. The Board is determined to perform the nomination of committees with proper qualifications and without prohibited characteristics specified in Public Company Limited Law. Their vision, expertise, experience, diversity of knowledge and capabilities beneficial to the Company's businesses, and cognition of the Company's businesses are considered. He or she shall not take the position of the director or executive in any business that may have conflict of interest with the Company, shall adequately devote time for fully function in accordance with their responsibility and shall be independent in decision-making for overall maximum benefits of the Company and shareholders. The General Shareholder's Meeting is proposed together with the biography of that person having sufficient details so that the Shareholders' Meeting can make the decision from obtained information. and elect e the committee in accordance with criteria and procedure as determined in the Articles of Association which is one share to one vote.

The Board selects one director as Chairman of the Committee and one or more than one committee as Vice Chairman of the Committee. The Board appoints Chief Executive Officer, executive directors, President, the Audit Committee, the Company secretary and other subcommittees, as deemed appropriate.

MFEC promotes all directors to be trained in Chairman or DCP or DAP or Effective Audit Committee courses of the Institute of Thai Directors, aside from knowledge from manuals and textbooks such as good code of conduct for the committee of the listed companies and audit committee.

The Board in accordance with the Ministry of Commerce's certificate consists of nine members including five executive directors, one non-executive director and three non-executive directors who are independent directors. The Board convened

six times in 2014. The details of number of each committee's meeting attendances are in the topic of business government.

As of 31<sup>st</sup> December 2014, the nine committee members of the Board were listed below.

Name	Position	Appointment Date
1. Mr. Adirake Patitus	Chairman	24 April 2013
2. Mr. Siriwat Vongjarukorn	Vice Chairman	21 April 2014
3. Mr. Sirisak Tirawattanangkul	Director	24 April 2013
4. Mr. Theerachai Keeratitechakorn	Director	21 April 2014
5. Mr. Paitoon Sirichatchai	Director	21 April 2014
6. Mr. Kiyotaka Nakamura	Director	14 May 2012
7. Mr. Suchart Thammapiatagkul	Independent Director and Chairman of Audit Committee	26 April 2012
8. Mr. Anant Leetrakul	Independent Director and Audit Committee Member	26 April 2012
9. Mr. Apirak Wannasathop	Independent Director, Audit Committee, and Chairman of Risk Management Committee, Committee	25 September 2014

**Remark:** No. 1-5 is the directors who sign to bind the Company. provided that two authorized directors countersign to bind the Company and affix with official seal of the Company, and Miss Varaporn Wisetsang is the Company Secretary. with the Company's seal. Ms. Varaporn Wisetsang acts as the Company's secretary.

Security Holding Information of the Directors in 2013 and 2014 has been as follows.

Name	Number of Shares (Shares)		Number of Increased (Decreased) Shares During the Year (Shares)	Warrant ESOP#2 Balance as of 31 Dec 2014
	31 Dec 2013	31 Dec 2014		
1. Mr. Adirake Patitus	17,000,099	9,000,099	(8,000,000)	-
2. Mr. Siriwat Vongjarukorn	15,364,259	8,415,259	(6,949,000)	-
3. Mr. Sirisak Tirawattanangkul	13,126,013	12,926,013	(200,000)	-
4. Mr. Theerachai Keeratitechakorn	12,230,237	8,230,237	(4,000,000)	-
5. Mr. Paitoon Sirichatchai	4,773,614	4,673,614	(100,000)	-
6. Mr. Kiyotaka Nakamura	-	-	-	-
7. Mr. Suchart Thammapiatagkul	150,961	120,961	(30,000)	-
8. Mr. Anant Leetrakul	-	-	-	-
9. Mr. Apirak Wannasathop	-	-	-	-

**Remark:** According to the 2009 AGM of MFEC Public Company Limited, a resolution was made to issue and offer for sale of warrants which were issued and allocated to the President for 5,000,000 warrants. The exercise price is set at 4 Baht per share with the exercise ratio of 1:1 unit. According to MFEC Public Company Limited's AGM No. 1/2011, dated Monday 25 April 2011, the resolution was made to pay dividend of 0.45 Baht per share or 186%, which was more than 80% of net profit after corporate income tax. Thus, the exercise price and ratio of the holder of the warrant allocated in accordance with the project of warrant allocation to the President were affected, resulting in adjustment of exercise price and ratio as follows.

	Before Right Adjustment	After Right Adjustment
Exercise Price	4 Baht	3.805 Baht
Exercise Ratio	1 : 1 Unit	1 : 1.051 Unit

\*Anyhow, the President has already exercised the right to cover all remaining warrants on last 28 February 2014. The number of ordinary shares remained from right exercise has been 47,000 shares that will be proposed to AGM No. 1/2015 for consideration and approval on decrease in authorized capital in part of the remaining from this exercise.

### Scope of Authority of the Board

1. To perform its duties in compliance with the law of Securities and Exchange Act, the Company's objectives, Articles of Association, and shareholder resolutions with integrity, responsibility, prudence, interest protection of the Company and its shareholders on the basis of good corporate governance principle.
2. To set policy, direction, vision, target and budget of the Company.
3. To regularly govern and follow up the performance result of the management in line with the policy, target and plan defined effectively and efficiently in order to increase maximum economic value to the business and generate good return to its shareholders.
4. To give precedence to disclosure of the information that is significant and necessary for the decision on Company's security investment in accordance with the regulation of Stock of Exchange of Thailand.
5. To prepare accurate and reliable accounting system, financial reporting, and auditing that reflect the real position of the Company based on the general accepted accounting principle.
6. To ensure sufficiency of the internal control as well as assessment of the internal control sufficiency and internal control efficiency.
7. To ensure a proper risk management system and consistent monitoring.
8. To appoint subcommittees including Executive Board, Audit Committee, President, Risk Management Subcommittee, and other persons as necessary for the Company's business operations under the corporate governance of the Board, the Executive Board or the President, or authorize such persons to have the authority as deemed appropriate by the Board for a proper period. The Board may cancel, withdraw or change such authority. Anyhow,

such authorization shall not be the authorization that allows the authorized person enable to approve a transaction of which the authorized person or any person that may have conflict, stake or other conflict of interest with the Company or its subsidiaries. If the authority is assigned to any person, it shall follow the Board of Directors' Meeting of which an Audit Committee member attends.

9. To report stakes of the Board members and their related persons to the Company.

10. To ensure the implementation standard of the whole Board and each of its members with criteria and annual performance appraisal.

Anyhow, such execution authority excludes the execution involving connected transactions and acquisitions or disposal of major assets of the listed companies according to requirements of the Stock Exchange of Thailand and the Capital Market Advisory Board. The Company shall abide by the Stock Exchange of Thailand's rules and regulations on such issues. Moreover, aforesaid authority excludes other issues required by the Articles of Association to gain approval from a shareholders' meeting.

### Scope of Authority of the Chairman of the Board

The Board of Directors shall appoint the Chairman of the Board to act as the leader of the Board, the Chairman of the Board of Directors' Meeting, and preside the Shareholders' Meeting.

### Qualifications of the Chairman of the Board

1. The Chairman of the Board must possess knowledge, capabilities and experience.
2. Not the same person as the Chief Executive Officer to ensure balance of power.
3. To be qualified as required by law.

4. Perform duties in accordance with laws, objectives and regulations of the company as well as the resolutions of the shareholders with integrity and carefulness to maintain the company's benefits.

5. To be experienced as the previous Chairman of the Board or other qualifications contributing to more effective functional ability.

#### **Appointment and Removal of the Company Directors**

1. The company director of the Company consists of at least five persons. Half of which domiciles in the Kingdom. All Board members shall have qualifications as specified by laws.

In 2014, the Board consists of a Chairman, five authorized directors who sign to bind the company and three independent directors.

2. The Shareholders' Meeting elects the directors using majority votes. The Board shall screen and nominate proper qualified persons with the following criteria.

- (1) Each shareholder is entitled to have the vote equivalent to one vote per one share.
- (2) Each shareholder shall exercise his/her votes to elect individual director at a time.
- (3) The persons who receive the highest votes in their respective order of the votes in a number not exceeding the number of directors supposed to have or to be elected at that meeting, shall be appointed as directors. In case that elected persons in respective orders have equal votes exceeding the number of directors supposed to have or to be elected at that time, the Chairman shall cast the final vote.

3. At each annual ordinary meeting, one-third of the directors shall retire from the offices. In the case that the number of directors can be divided into three portions, the number of directors closest to one-third. The directors who shall retire from the offices in the first year and in the second year after the company registration shall retire will be selected through drawing lots. In the later years, the directors who hold the longest period in the office shall retire. The directors who retire by rotation may be reelected to hold the office for another term.

4. Apart from vacating by rotation, the director vacates his or her office when he or she dies, resigns, disqualified or

possesses legal prohibited characteristics, receive a shareholder meeting's resolution to be dismissed or receive a court order to be dismissed.

5. Any director who will resign from position shall submit a resignation letter to the Company. The resignation takes effect from the date the resignation letter arrives the Company.

6. In the case of vacancy in the Board due to reasons other than the retirement by rotation, the Board shall select a qualified person without legal prohibited characteristics in replacement as the director in the next meeting of the Board. In the case that such director's term is less than two months, such person who replaces the director will hold the position for remaining term of the director replaced by him or her.. The resolution of the director shall consist of the votes for at least three-fourths of the remaining number of the directors' resolution.

7. The Shareholders' Meeting may resolve to remove any director from the position before the resignation by rotation with the votes of not less than three-fourths of the number of shareholders who attend the Meeting and is eligible for voting and hold total counted shares for not less than half of total shares held by the shareholders who attend and is eligible for voting.

#### **(2) Audit Committee**

The Board of Directors is responsible for appointment of Audit Committee whose members are independent directors, to enhance operational efficiency for value addition to the organization and to supervise and govern the whole operation to have good corporate governance. Based on the resolution of the Board Meeting No. 5/2013, dated 8 August 2013, the Audit Committee was established with three (3) competent independent directors in accordance with the meaning of Stock Exchange and, one of which shall possess accounting or financial knowledge, and one secretary to the Audit Committee. Each term lasts two (2) years. The Audit Committee's member who vacates from the office by rotation may be reelected to resume the position for another term. In the case of a vacancy due to any other reason other than resignation by rotation, the company director shall elect a complete qualified person to be the audit committee within three (3) months in order to have the full number of audit committees as specified by the Board of Directors. The person who replaces the audit committee will hold the position for the remaining term of the audit committee replaced by him or her.

The Audit Committee shall convene four times per annum on the quarterly basis to consider and assess the internal control, financial statements and the Internal Control Department's performance. The review on any transaction that may cause conflict of interest, and connected transactions shall be made. Meeting agenda shall be set in advance with delivery of an invitation to meeting for at least seven (7) days before the meeting date and the minutes of meeting shall be prepared to report the Board of the directors

every time. The Audit Committee shall regularly convene the meeting every quarter. In 2014, the Audit Committee had five (5) meetings, including one meeting with external auditors, the Accounting Department and the Management with reporting to the Board in every quarter. in which the particulars of meeting attendance times of each committee are stated in the topic of corporate governance.

As of 31<sup>st</sup> December 2014, the Audit Committee consisted of three following audit committees.

Name	Position	
1. Mr.Suchart Thammakitagkul	Chairman of Audit Committee	Independent Director with Legal Knowledge
2. Mr. Anan Leetrakul	Audit Committee	Independent Director with Finance and Accounting Knowledge
3. Mr. Apiruk Wanasathop	Audit Committee	Independent Director with Information Technology

Mrs. Varaporn Wisetsang acted as the secretary to the Audit Committee.

#### Qualifications of Audit Committee members

- Holding no more than 1% of number of total voting shares of the Company, its subsidiaries, corporation or juristic person that may have conflicts unless he or she shall vacate from such position for at least 2 years.
- Not being or having never been an executive director, a worker, an employee, an advisor who earns regular salary or the regulator of the Company, its subsidiaries, corporation, or juristic persons that may have conflict, unless he or she vacates from such position for at least two (2) years.

- Being able to independently perform tasks and express opinions or report operating results in accordance with duties assigned without under control and irrelevance to the executives/ major shareholders.
- Not being a director of other companies under the Group (In a case of holding a directorship in a company under the Group, he or she shall not an executive director.)



### Scope of Authority of the Audit Committee

1. To verify in order to ensure about the accuracy of the Company's financial reporting in accordance with the general accepted accounting principle and standard. Sufficient quarter and annual financial statements are disclosed to be consistent with fact, completeness, adequacy and creditability prior the presentation to the Board for review.
2. To verify in order to ensure that the Company has appropriate and effective internal control and internal audit systems, and reviews the independence of the internal audit, which directly reports to the Audit Committee as well as approval on appointment, removal, or employment termination of the internal audit executives, and assess adequacy of the Company's internal control system on an annual basis.
3. To verify the Company's operation to be in line with the law of Securities and Stock Exchange, requirement of the Stock Exchange of Thailand and other laws related to the Company's businesses.
4. To consider, select and propose the appointment of the Company's auditor who is independent to be the Company's auditor, , and determine annual remuneration for the auditor, as well as attend the meeting with the Company's auditor without attendance of the management for at least once a year.
5. To streamline understanding among the auditor, the Board of Directors and the Internal Control Department into the same direction.
6. To consider on verification and disclosure of connected transactions or transactions possibly with conflict of interest to follow related rules and regulations so as to ensure that such transactions are reasonable and provide maximum benefits to the Company.
7. To prepare the report of the Audit Committee with minimum information as required by the Stock Exchange of Thailand to be disclosed in the annual report of the Company.
8. To regularly verify and amend its charter of Audit Committee to be proper and consistent with the Securities and Exchange Act and the Stock Exchange of Thailand criteria.
9. To consider and approve the annual audit plan of Internal Audit Department.
10. To govern the Internal Audit Department to comprehensively in major issues for all units, propose and suggest the corrective guideline for solving by the Management, and monitor the correction in accordance with the suggestions within specified periods.
11. To consider and approve budget and manpower of Internal Audit Department.
12. To report its performance of the Audit Committee to the Board for acknowledgement at least four times a year.
13. To have the authority to invite the Executive, the Management or the employees of the Company related to express the opinions attend a meeting or give document deemed as related and necessary.
14. The Audit Committee may search for independent opinion from the advisors in other professions when deemed as necessary at the Company's expense.
15. To undertake other matters, including the financial management policy review, as assigned by the Board of Directors and the Audit Committee.
16. To annually assess the performance of the Audit Committee for consideration on further improvement.

**(3) Ecutive Board**

The Executive Board whose members are appointed by the Company's Board of Directors, consists of a Chief Executive Officer and three Executive Directors. It is to perform duties as assigned by the Board under the authority to attain the goals and

plans. The Executive Board's Meeting shall be determined for at least once a quarter. In 2014, total of ten meetings were held and a quarterly report was submitted to the Board of Directors every quarter in which the particulars of meeting attendance times for each director are stated in the topic of corporate governance.

As of 31<sup>st</sup> December 2014, the Executive Board consisted of four (4) following members.

Name	Position
1. Mr. Siriwat Vongjarukorn	Chief Executive Officer and President
2. Mr. Sirisak Tirawattanangkul	Executive director
3. Mr. Thanakorn Charlee	Executive director
4. Ms. Waewta Suksanae	Executive director

**Scope of Authority of the Executive Board**

1. Plan and set the policies, directions, strategies, work plans as well as the organizational structure and the structure of major administration for the Company's business operations to cope with the current economic situation and market competition before proposing to the Board for consideration and approval.

2. Map out annual business plans, budget and other administrative functions in lines of the company before proposing the Board of Directors for consideration and approval, and approve annual budget allocation, and correct, amend and add annual budget expenditure in case of emergency and urgency, and propose to the Board of Directors' Meeting for further acknowledgement.

3. Examine and monitor the operation in accordance with the Company's administrative policies and guidelines in various fields as determined to be effective and support the condition of business operations.

4. Examine and monitor the Company's overall operation as defined to be line with the approved business plans.

5. Consider large-scale investment projects of the company in order to propose to the Board of Directors for consideration and approval.

6. Have the authority to delegate, remove, and disemploy and prolong the working life of the company's worker or executive level officer of the Company in the position lower than the Chief Executive Officer. In addition, the personnel who reach the age over the criteria defined for retirement age in accordance with the Company's work regulation is considered to be employed or disemployed.

7. Consider for approval and execution of bidding or production of goods to order for agencies or individuals as well as consider for agreement of joint business operation with alliance in order to submit such bid under the name of Consortium or Joint Venture.

8. Occasionally conduct other functions as assigned from the Board of Directors and have the authority to approve financial operations as follows.

(1) In case of the operations defined in annual business plan or budget approved by the Board of Directors, the Executive Committee can approve financial operations in accordance with determined and approved annual business plan or budget.

(2) In case that budget is increased exceeding what is defined in Clause 8 (1) as the operation in accordance with annual business plan or budget approved from the Board of Directors to be successful. The Company's Executive Board has authority to approve the increased financial operation in the financial limit not over than 20 million Baht.

Such financial approval authority includes the approval on normal operating expenses, capital expenditure or fixed assets, borrowing, lending, credit line financing or issuance of debt instruments as well as recognizance (except the recognizance in accordance with the bidding project or production of goods to order), credit or loan guarantee, etc.

9. To seek for new business opportunity and promote investment for joint business operation with alliance and merger under the stipulated criteria and law in order to propose to the Board of Directors for consideration and approval.

10. To consider criteria and policy of investment and administration of its subsidiary and corporation both in major business group or other groups for proposing to the Board of Directors for consideration and approval.

11. To approve bonus payment and amount of money used for annual salary of the worker under annual budget.

12. Govern to comply with the Company's business governance policy.

13. Approve any undertakings before proposing to the Board of Directors.

14. Operate other works as assigned by the Board of Directors.

Anyhow, the Board of Directors may sub-empower its authority to executive level worker of the Company to have authority for financial approval on any issues or several issues under the scope considered proper by the Executive Board.

Furthermore, the approval on above such transactions shall not be in the nature of approval on transactions that Executive Board or the person authorized from the Executive Board can approve the transactions that he or she may have conflict of stakes or may have any conflict of interests (in accordance with the Articles of Association and as stipulated by the Office of the Securities and Exchange Commission) with the Company or its subsidiary (if any). The exception is made for the approval on the transaction based on the policy and criteria considered and approved by the Board of Directors and to be in line with the requirement of Stock Exchange of Thailand on connected transaction doing and acquisition or disposal of the major assets of the Company or its subsidiary.

#### **Scope of Authority of Chief Executive officer**

1. Supervise and govern the Executive Board's operations and call a meeting of the Executive Board to review an issue as deemed appropriate.

2. Have the signatory authority on the Company's cheques or payment documents, and accounting and financial documents within the financial limit assigned by the Board of Directors.

3. In an urgent case that the Executive Board's Meeting or the Board of Directors' Meeting is unable to be held at that time, the Chief Executive Officer has the authority to make decision in determining the Company's mission, objectives, directions and policies.

4. Have the authority to appoint, transfer, remove or disemploy the Company's executive level officer.

5. Work with integrity and carefulness to the Company's benefits. Furthermore, such approval shall not be given on any transaction the Chief Executive Officer or the authorized person from the Chief Executive Officer can approve the transaction that he or she or the individual may have any conflict or any stake or any conflict of interest (according to the Articles of Association and the SEC's stipulations) with the Company or its subsidiaries (if any). An exception is made for a transaction that follows the Company's approved policies and criteria, and the Stock Exchange of Thailand's requirements on connected transactions

and acquisition or disposal of major assets of the Company or its subsidiaries.

### Scope of Authority of the President

1. Manage and supervise the business operation related to the Company's general administration.
2. Follow the tasks assigned by the Board of Directors or the Executive Board.
3. Have authority to hire, appoint, transfer, remove, disemploy, determine wage rate, grant reward, raise salary, remuneration, and bonuses of all of the Company's employees who hold lower level of positions than executive level. In addition, the representative of the employer party is appointed in the Company's Provident Fund Committee.
4. Have the authority to approve and sub-authorize the approval on disbursement for the procurement of assets and services for the Company's benefit; and approve financial transactions for the Company's operations within the financial limit authorized by the Board of Directors or the Executive Board.
5. Have authority to issue orders, regulations, announcements and records for the operations to be line with the Company's policies and benefits and to maintain work discipline inside the organization.
6. Present as the Company's representative to outside parties in related undertakings and for the Company's benefit.
7. Approve the appointment of advisors in different areas necessary to the Company's operations.
8. Occasionally perform other duties as assigned by the Board of Directors or the Executive Board.

Anyhow, the President is under control and directly reports to the Chief Executive Officer, and is assigned to follow the guideline and policy determined by the Executive Board. He or she is stipulated to hold the position for just single location in order to have sufficient management time. Furthermore, such approval shall not be given on any transaction in the way that the President or the person who is authorized by the President

can approve the transactions that he or she or the individual may have any conflict, any stake or may have any conflict of other interests (according to the Articles of Association and the SEC's requirements) with the Company or its subsidiaries (if any). An exception is made for a transaction that follows the Board of Directors' approved policies and criteria, and the Stock Exchange of Thailand's requirements on connected transactions and acquisition or disposal of major assets of the Company or its subsidiaries.

### (4) Risk Management Subcommittee

The Risk Management Committee was appointed in the Board of Directors' Meeting No. 1/2006 dated 22 February 2006. Currently, the Risk Management Committee has comprised five (5) members consisting of one member for the Chairman of Risk Management Subcommittee and other four members for systematic risk management both at the organizational and activity levels in order to cover all significant work processes. Anyhow, Risk Management Committee is determined to regularly hold the meeting. In 2014, total four meetings were held and reports were presented to the Board of Directors every quarter in which the particulars of meeting attendance times for each director were stated in the topic of corporate governance.

As of 31<sup>st</sup> December 2014, Risk Management Subcommittee consisted of Six (6) following members.

Name	Position
1.Mr. Apiruk Wanasathop	Chairman of Risk Management Subcommittee
2. Mr. Siriwat Vongjarukorn	Director
3. Mr. Sirisak Tirawattanangkul	Director
4. Ms. Waewta Suksanae	Director
5. Mr. Thanakorn Charlee	Director
6. Mr. Ramade Silapaporn	Director

#### Determination of Role and Responsibility of Risk Management Subcommittee

1. Review and establish risk management policies and framework.
2. Monitor the organization's major risks and develop risk management framework as well as indication and evaluation process.
3. Evaluate and approve appropriate risk management plans.
4. Monitor major strategic risks and operational risks.5. Give advices and recommendations in executing risk management.
6. Promote and encourage risk management to be corporate culture through awareness of everybody on the importance of risk management.
7. Communicate with the Audit Committee on the major risks in order to link with internal control.
8. Report risks and risk management to the Board.

#### Management Team

As of 31<sup>st</sup> December 2014, the Company had seven following executives.

Name	Position
1. Mr. Siriwat Vongjarukorn	Chief Executive Officer/President
2. Mr. Sirisak Tirawattanangkul	Executive Director
3. Mr.Thanakorn Charlee	Vice President-Professional Services and Product Development
4. Mr.Gowitt Dulyasophaphan	Vice President-SalesTelecommunications
5. Mr. Shimmy Thomas	Vice President – International Business
6. Mr. Wichai Patiphaporn	Vice President – Product Research and Development
7. 7. Ms.Waewta Suksanae	Director - Accounting and Finance

Details of the person who holds current executive position as described in Attachment 1.

**Security Holding Information of the Executives**

Name	Number of Shares (Shares)		Increase/Decrease in Number of Shares During the Year (Shares)
	31 Dec 2013	31 Dec 2014	
1. Mr.Thanakorn Charlee	61	-	-
2. Mr. Gowitt Dulyasophaphan	1,668,754	68,700	(1,600,054)
3. Mr. Shimmy Thomas	413,531	-	(413,531)
4. Mr. Wichai Patiphaporn	172,199	172,199	-
5. Ms.Waewta Suksanae	-	-	-

**Remark:** information of security holding of

Mr. Siriwat Vongjarukorn and Mr. Sirisak Tirawattanangkul appeared in Table of Information of Security Holding of Directors as mentioned above.

**Additional information concerning the Company's Board of Directors and the Executives**

No illegal record is found in the past 10 years concerning below matters.

1. Judgment for criminal offence with an exception for wrongdoing on infringement of traffic rules, minor wrongdoing or similar wrongdoing.

2. Judgment as bankrupt persons or his or her assets are under receivership.

3. Adhere to moral and ethics, regard all parties of the stakeholders, and do not take any actions causing negative effect towards the Company's reputation and image.

4. Do not expect personal benefits from business opportunities of the company including well maintaining the confidentiality of the company.

5. Have a good human relationship with the ability to liaise with various departments and agencies both internal and external company.

**Company Secretary**

Mrs. Varaporn Wisedsang has been considered and appointed by the Meeting of Company's Executives No. 3/2003 on May 23, 2003. Qualifications and Experiences of the Company Secretary

1. Have knowledge and understanding of the Company's business including role and duty of the secretarial work of the company include the duty of the committee, obligations of the Company, and the knowledge of the related laws and regulations.

2. Perform duties under the laws and the Company's rules and regulations with responsibility, care, honesty, commitment, devotion, and support the operations of the company to achieve the objectives under the principles of good corporate governance and business ethics.

6. Have experience in the job of Secretary to the Board of Directors or other qualifications that helps the performance of the company secretary's job to be more productive.

**Duties and Responsibilities of the Company Secretary**

1. Perform duty with responsibility, prudence and integrity, and perform to be in line with the laws, the Company's objectives, Articles of Association, the resolution of the Board of Directors' Meeting and Shareholders' Meeting.

2. Oversee the Board of Directors to abide by the laws, Public Company Limited Act, Exchange Act, regulations and criteria of the Securities and Exchange Commission, the Stock Exchange of Thailand and the Capital Market Supervisory Board, and others related.



3. Perform duty on good corporate governance by reporting the information that must disclose to the shareholders and related parties following rules, regulations and announcements of the Securities and Exchange Commission and the Stock Exchange of Thailand, and prepare the Company's good corporate governance policy.

4. Hold the Board of Directors' meetings and the shareholders' meetings with complete and accurate arrangement of meeting agenda and preparation of meeting minutes within the specific period, and good filing for reference and examination.

5. Oversee and maintain the Company's registrations including registrations of major shareholders and the company director members, and contact the Company's registrar.

6. Oversee and maintain major document, including reports of stakes of directors and executives, and minutes of the Board of Directors and Shareholders' Meetings, and the corporate official seal.

7. Communicate with the shareholders and properly facilitate the shareholders. In the case that the company secretary vacates his/her position or cannot perform his/her duties, the Board shall appoint the new company secretary within 90 days from the date the previous company secretary vacates his/her position or cannot perform his/her duties.



## Compensation for Directors and Executives

### Financial Compensation

#### (1) Total Compensation for the Board of Directors

The company has a policy to set compensation in term of meeting allowance for the directors in the same level and in the same industry for motivation and appropriateness towards the director's

knowledge, capability and responsibility The Audit Committee will also earn the compensation in term of meeting allowance.

In 2014, the company paid compensation to the following current Board of Directors.

Name - Surname	Position	Board of Directors	Audit Committee	Risk Management Committee	Total
1. Mr. Adirake Patitus	Chairman	264,000	-	-	264,000
2. Mr. Siriwat Vongjarukorn	Vice Chairman	192,000	-	-	192,000
3. Mr. Sirisak Tirawattanangkul	Director	192,000	-	-	192,000
4. Mr. Theerachai Keeratitachakorn	Director	192,000	-	-	192,000
5. Mr. Paitoon Sirichatchaikul	Director	192,000	-	-	192,000
6. Mr. Kiyotaka Nakamura	Director	192,000	-	-	192,000
7. Mr. Suchart Thammapiatagkul	Independent Director and Chairman of Audit Committee	192,000	264,000	-	456,000
8. Mr. Anan Leetrakul	Independent Director and Audit Committee Member	192,000	264,000	-	456,000
9. Mr. Apiruk Wanasathop	Independent Director, Audit Committee Member and Chairman of Risk Management Committee	192,000	264,000	324,000	780,000
<b>Total</b>		<b>1,800,000</b>	<b>792,000</b>	<b>324,000</b>	<b>2,916,000</b>

#### Remark

- The 1<sup>st</sup> director was appointed by the Board of Directors' Meeting No. 1/2014 dated 19 February 2014 to hold the position as Chairman of the Board in lieu of Mr. Charoen Usanachitt on 17 February 2014.
- The 2<sup>nd</sup> director was also considered to be appointed to hold the position as Vice Chairman of the Board by the Board of Directors' Meeting No.1/2014. Anyhow, in the Board of Directors' Meeting No. 1/2014 dated 19 February 2014, Mr. Thaksa Bussayaphoka to hold the position as the Director for another person.
- The 6<sup>th</sup> director was appointed by the Board of Director's Meeting No. 2/2014 dated 14 May 2014 in replacement of Mr. Thaksa Bussayaphoka who resigned.
- The 7<sup>th</sup> director earned compensation for 192,000 baht per year for the position of independent director and 264,000 baht per year for the position of Chairman of the Audit Committee.
- The 8<sup>th</sup> director earned compensation for 192,000 baht per year for the position of independent director and 264,000 baht per year for the position of Chairman of Audit Committee.
- The 9<sup>th</sup> director earned compensation for 192,000 baht per year for the position of independent director and 264,000 baht per year for the position of

Chairman of Risk Management Committee; as well as travelling expense for 60,000 baht per year (without receipt of compensation for the position of Audit Committee Member). Anyhow, Mr. Apiruk Wanasathop was considered to be appointed to hold the position as Independent Director/Audit Committee and Chairman of Risk Management Committee on 25 September 2014 in replacement of Mr. Surachai Sonthirati who resigned and effect on 1<sup>st</sup> July 2014.

- In AGM No. 1/2014 dated 21<sup>st</sup> April 2014,  
Determined the compensation for the Board of Directors in term of annual compensation;  
Determined the compensation for the Audit Committee in term of monthly compensation;  
Determined the compensation for the Risk Management Committee in term of monthly compensation and monthly travelling expense.
- Anyhow, compensation rate of the directors who resign and the directors who is new entrant to replace the former director who resigned, the Company paid the compensation in accordance with the position holding term and in accordance with the resolution of 2014 AGM for approval on compensation of the director and the director of minor committee specifying not exceeding Baht 2,652,000.

## 2) Compensation for the Executive Board and the Executives

It consists of salary, bonus, contributions to the provident fund and obligation and employees' fringe benefits. In 2014 ending on 31<sup>st</sup> December 2014, the compensation for the Executive Board

and the executive of the Company and its subsidiary were paid to 38 persons in total for total amount of 80.59 million Baht.

## Other Compensations

### Other Compensation for Directors

#### Employee Stock Ownership Plan (ESOP#2)

Five million five-year warrants to buy the Company's ordinary shares which are allotted to the President are at exercise price of 4 baht per share as return for function of the President who fully dedicates his or her ability to the company in management until being continuously successful.

On 28<sup>th</sup> February 2014, the right was exercised to convert 1,000,000 warrants, resulting in the complete exercise of right for conversion of warrants into ordinary shares in 2014.

### Personnel of the company and its Subsidiaries

As of 31<sup>st</sup> December 2014, the employees of the company have been 1,267 people in total as classified into following major functions.

Main function	Number of Employees (People) as of 31 <sup>st</sup> December 2014
1. Sales and Marketing Department	204
2. Product Development and Technical Support Department	955
3. Office Operation Department	117

### Monetary Compensation

The Company paid monetary compensation including salary, bonus, allowance, overtime pay, travel allowance, welfare, contribution to Social Security, contribution to provident fund and post-retirement benefit to the employees for total of 923.15 million Baht in 2014.

### Other Compensations

- None -



## Details of Executives and Controlling Persons and Company Secretary

As of 31<sup>st</sup> December 2014

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
1	Mr. Adirake Patitus Chairman The Authorized Person  Has been appointed by AGM 1/2013	57	>> Master's Degree of Management, Central Missouri States University, U.S.A.  >> Bachelor's Degree of Accountancy, Thammasat University  >> DAP,DCP,ACEP Program of IOD	2.04	-	2003-Present	Director and Executive Director	MFEC Public Company Limited Modernform Integration Services Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						1999-Present	Director	M.I.S. Outsourcing Company Limited	Distribute computers and peripherals, and repair computers
						2003-Present	Director	Promptnow Company Limited	Provide maintenance services and repair office equipment. Provide advisory services about computer equipment.
						2003-Present	Director	Advance Intelligence Modernity Company Limited	Provide advisory services and development services for information technology and create entertainment media.
						2003-Present	Director	China Yes Fashion Company Limited	Provide advisory services and development services for information technology and create entertainment media.
						2013-Present	Director	China Yes Fashion Company Limited	Being holding company, which doesn't invest in financial business

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
2	Mr. Siriwat Vongjarukorn Director and Chief Executive Officer The Authorized Person  Has been appointed by AGM 1/2014	47	>> Bachelor's Degree of Engineer, Chulalongkorn University >> DAP,DCP Program of IOD	1.91	-	2003-Present	Director and Chief Executive Officer	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						2013-Present	Director	Promptnow Company Limited	Provide advisory services and development services for information technology and create entertainment media.
						2013-Present	Director	Advance Intelligence Modernity Company Limited	Provide advisory services and development services for information technology and create entertainment media.
						2005-Present	Director	Modernform Integration Services Company Limited	Distribute computers and peripherals, and repair computers
						2006-Present	Director	Chamchuri Innovative Company Limited	Provide rental asset of product with intellectual property and similar product in exception for copyrighted work
						2008-Present	Director	Chamchuri Innovative Product Company Limited	Provide rental asset of product with intellectual property and similar product in exception for copyrighted work
						2011-Present	Director	M.I.S. Outsourcing Company Limited	Provide maintenance services and repair office equipment. Provide advisory services about computer equipment.

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
						2012-Present	Director	Nutthakun (Thailand) Company Limited	Logistic peripherals including to passenger transportation
						2014-Present	Director	JKL Company Limited.	Being holding company, which doesn't invest in financial business
						2014-Present	Director	Wipitthassana Company Limited	Amusement various players Event Organizer.
						2014-Present	Director	Aqua Corporation Public Company Limited	Rental space signage installed to supply the fabrication and installation of advertising.
3	Mr Sirisak Tirawattanakul Director and Authorized Person  Has been appointed by AGM 1/2013	54	>> Bachelor's degree in Physics, Chulalongkorn University  >> CDP Program of IOD	2.93	-	2011-Present	Director	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						2013-Present	Director	Business Application Company Limited	Distribute the Software Product.
4	Mr. Theerachai Keeratitechakorn Director and Authorized Person  Has been appointed by AGM 1/2014	45	>> Master's degree of Business Administration Faculty of Finance and Marketing, Thammasat University  >> Bachelor's degree of Engineer, Chulalongkorn University  >> DAP, DCP Program of IOD	1.86	-	2011-Present	Director	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
5	Mr. Paitoon Sirichatchaikul Director and Authorized Person  Has been appointed by AGM 1/2014	49	>> Master's degree of Business Administration, Bangkok University	1.06	-	2011-Present	Director	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
			>> Bachelor's degree of Engineering Field of electronics, King Mongkut's of Technology Ladkrabang.			2013-Present	Director	Khonkaen Softtech Company Limited	Provide computer program in accordance with user's objective
			>> DAP, DCP Program of IOD			2011-Present	Director	K Soft Consulting Company Limited	Provide computer program in accordance with user's objective
						2011-Present	Director	Soft Professional Company Limited	Provide computer program in accordance with user's objective
						2011-Present	Director	Soft Plus Technology Company Limited	Provide computer program in accordance with user's objective
						2011-Present	Director	Soft Square (1999) Company Limited	Provide the software package
						2011-Present	Director	Sam Mok Software Company Limited	Provide computer program in accordance with user's objective
						2011-Present	Director	Hong Son Software Company Limited	Provide the software package
6	Mr.Kiyotaka Nakamura Director Being director who isn't executive  Has been appointed by Board Meeting No. 2/2014	46	>> Bachelor of Mechanical Engineering from Osaka University, Japan	-	-	Present	Executive Officer	TIS Inc.	IT Consulting.
			>> DAP Program of IOD			2014-Present	Director	MFEC Public Company Limited.	Provide advisory services, development and system integration for computer system and information technology network



Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
7	Mr. Suchart Thammakitagkul Independent Director and Chairman of Audit Committee  Has been appointed by AGM 1/2012	66	>> Master of Law, Harvard Law School, U.S.A.  >> Bachelor of Law, Chulalongkorn University.  >> DAP, DCP, RCC Program of IOD	0.03	-	2003-Present	Independent Director and Chairman of Audit Committee	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						1999-Present	Independent Director and Audit Committee Member	Modernform Group Public Company Limited	Manufacture furniture and sell furniture
						2004-Present	Independent Director and Chairman of Audit	T.C. Union Global Public Company Limited	Manufacture and sell the Supplementary Food
						2004-Present	Independent Director and Audit Committee Member	Unique Mining Services Public Company Limited	Retail the fuel of Automotive
						2005-Present	Independent Director and Audit Committee Member	Unimit Engineering Public Company Limited	Manufacture equipment for the industrial factory of Energy and Petrochemical
						1989-Present	Director	Bann Sathorn Company Limited	Rent the asset and equipment for personal use and household
						1986-Present	Director	On-Nik Company Limited	Distribute the Chemical Product
						2006-Present	Director	Chamchuri Innovative Company Limited	Provide rental asset of product with intellectual property and similar product in exception for copyrighted work
						2013-Present	Director	S.A.B. (Thailand) Company Limited	Wholesale the Watches
						1970-Present	Managing Partner	Somnuek and Suthee Law Office	Provide Litigation and Legal Consulting services

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
8	Mr. Anan Leetrakul Independent Director/ Audit Committee Member  Has been appointed by AGM 1/2012	74	>> Bachelor's degree of Accountancy, Chulalongkorn University	-	-	2002-Present	Independent Director/ Audit Committee Member	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
			>> PhD. (Honor), Faculty of Information Technology, University of Suvarnabhumi Information Technology			2008-Present	Director	D2 Systems Company Limited	Wholesale of network safety system
			>> DCP, RCC Programs of IOD			Present	Director	Siam M&B Publishing Company Limited	Provide printing service
9	Mr. Apiruk Wanasathop Independent Director/ Audit Committee Member /Chairman of Risk Management  Has been appointed by Board of Director 5/2014	55	>> Master of Engineering Management , University of the State of Oklahoma	-	-	2014-Present	Independent Director	MFEC Public Company Limited.	Provide advisory services, development and system integration for computer system and information technology network
			>> Bachelor of Engineering, Chulalongkorn University			2014-Present	Deputy director	Geo-Informatics and Space Technology Development Agency (Public Organization)	Geo Informatics and Space Technology Development
			>> DCP, ACP Programs of IOD						
10	Mr. Thanakorn Charlee Executive Director and Vice President Professional Service and Product Development	47	>> Bachelor's degree of Engineer, Chulalongkorn University	-	-	2003-Present	Executive Director and Vice President Professional Service and Product Development	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						2004-Present	Director	Promptnow Company Limited.	Provide advisory services and development services for information technology and create entertainment media.
						2004-Present	Director	Advance Intelligence Modernity Company Limited	Provide advisory services and development services for information technology and create entertainment media.
						2011-Present	Director	Motif Technology Public Company Limited	Provide consulting and advisory services related to computer system and information technology network
						2013-Present	Director	Coach Marketing Company Limited	Conference

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
11	Mr. Gowitt Dulyasophaphan Vice President – Sale Telecommunications	53	>> Diploma degree, Rajamangala Institute of Technology KhonKaen Campus (Thai-German)	0.01	-	2003-Present	Vice President – Sale Telecom - munications	MFEC Public company Limited	Provide advisory services, development and system integration for computer system and information technology network
12	Mr. Shimmy Thomas Vice President – Strategic Business	44	>> Bachelor's degree of Electronics, KARNATAKUTY, INDIA	-	-	2003-Present	Vice President – Strategic Business	MFEC Public company Limited	Provide advisory services, development and system integration for computer system and information technology network
						2010-Present	Director	Promptnow Company Limited.	Provide advisory services and development services for information technology and create entertainment media
13	Mr. Wichai Patipaporn Vice President – Research and Development	47	>> Bachelor's degree of Computer Engineering, Chulalongkorn University	0.04	-	2003-Present	Vice President – Research and Development	MFEC Public company Limited	Provide advisory services, development and system integration for computer system and information technology network
14	Miss Waewta Suksnae Executive Director and Chief Financial Officer	56	>> Bachelor's degree of Accountancy, Ramkamhaeng University	-	-	2003-Present	Chief Financial Officer	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network
						2011-Present	Director	Modernform Integreation Services Company Limited	Distribute computers and peripherals, and repair computers
						2011-Present	Director	M.I.S. Outsourcing Company Limited	Provide maintenance services and repair office equipment. Provide advisory services about computer equipment.
						2010-Present	Director	Promptnow Company Limited	Provide advisory services and development services for information technology and create entertainment media.

Item	Name/Position/the appointment date	Age (year)	Education	Shareholding (%)	Family Relationship with Executives	Working Experience in Past 5 Years			
						Period	Position	Organization/ Company	Type of Business
15	Mrs. Varaporn Wisedsang Company Secretary  Has been appointed by Board of Directors 3/2003, Date: May 23, 2003	41	>> Master's degree of Business Administration, Faculty of Finance, Kasembundit University.  >> Bachelor's degree of Business Administration, Faculty of Accountancy, Kasembundit University.  >> CSP, CRP, EMT Program of IOD	-	-	2003-Present	Company Secretary	MFEC Public Company Limited	Provide advisory services, development and system integration for computer system and information technology network

**Remark :**

1. Executive Director means the director who affix signature and be binding on the company as stipulated in Company Certification Document.
2. The amount of Shares as of 31 December 2014
3. The Proportion of Shareholding shall be included with Couple and Underage Children as per the Article 258 of Public Limited Companies Act,



## Corporate Governance

### Corporate Governance Policy

The Board of Directors aims for organizational development to be a transparent organization with good governance, responsibility and protection of social and stakeholder's interest through personnel development to be moral and good person, as well as focuses on promotion of information technology study quality development to increase sustainable growth effectiveness of the organization and participation in social development of the country.

#### Rule of Sustainable Development

1. Business Governance and Business Operation with Fairness
2. Anti-Corruption
3. Human Right Respect and Social Responsibility
4. Participation in Educational Quality Development of the Community
5. Preparation of Sustainability Report

#### 2014 Business Governance Operating Plan :

1. Reliance is built through declaration of its intention to the supplier in anti-corruption.
2. The improvement on Manual of "Good Governance" Policy is implemented.
3. The result of the Company's good corporate governance evaluation for listed company has been classified in "Good" Group.

Anyhow, the Company has implanted the awareness of the employees in all departments on significance and implementation of corporate governance principle. The Executive Board and Internal Audit Department are under governance of Audit Committee and report the result to Audit Committee and Board of Directors for acknowledgement. In the past 2014, the Company has determined the code of conduct and business operation ethics by focusing on internal governance, control and prevention of anti-corruption for employee's acknowledgement and adherence for practice as follows.

- Local and International Laws. The officer, employee or representative of the Company shall not violate or attempt to avoid any laws or regulations of the country that the Company will enter to operate the business inside that

country both directly and indirectly in the way of legal offence for customary business practice.

- Graft Demand and Convenience Purchase. The officer, employee or representative of the Company shall not offer for draft demand both directly or indirectly and shall clearly refuse all grafts. The graft consists of offer, promise to render monetary gift or benefit both directly and through intermediary to the governmental officer, political party, candidate who runs for political position or political party officer for benefit of action or omit function in order to maintain the Company's business benefit. Anyhow, the officer, employee and representative of the Company shall not offer money to the governmental officer to purchase the convenience or encourage the governmental officer to accelerate regulars work under responsibility.
- Conflict of Interest. The officer, employee and representative of the Company should avoid any relationship or activity that will cause loss or tend to not properly achieve business objective and decision in working in accordance with his or her own duty.
- Political Support. The officer, employee and representative of the Company shall not perform political support to benefit illegal business advantage and shall abide by all disclosed requirements.
- Charity Donation. The officer, employee and representative of the Company shall donate for true charity organization only including the organization that is legally permitted for that country. The support on benefiting the illegal business advantage is prohibited.
- Gift, Satisfaction Creation and Entertainment. The officer, employee and representative of the Company shall avoid offer or gift receipt, banquet, entertainment, satisfaction creation as well all expenses that will affect unreasonable business transaction and are redundant expenses.

- **Accounting Record.** The officer, employee and representative of the Company will maintain the complete and accurate accounting record in order to properly and accurately support all transactions and bookkeeping in single entry accounting system.
- **Communication and Training.** The officer, employee and representative of the Company shall organize annual training for related person, new employee, employee who is responsible for crucial works in all procurement, marketing and sales divisions.

**Requirement** The requirement stipulates that the officer, employee and representative of the Company who is exploited in any ways or who is demanded for graft in other natures shall immediately report the Company's executive without fear of employment effect.

**Outcome Gained** The employee is not reduced for his or her position, not punished or negatively affected for non-bribery even though the Company's business is affected from the employee's refusal to perform such act. The employee will be encouraged to report the allegation from violation of business conduct principle to the executive without position reduction, punishment or subsequent outcome from that report.

**Penalty** The Company shall appropriately punish the employee, seller or business partner for violation of this business conduct.

Moreover, the company has complied with the principles of corporate governance covering the overview in 5 sections including right of shareholder, equal treatment to shareholder, role of stakeholder, information disclosure and transparency, responsibilities of the board of directors.

**1. Right of Shareholder:** The Company opens the chance for its shareholders to take part in the corporate governance and opinion expression in business operation. In 2014, the company have implemented the right of shareholders in the following topics.

1.1 The opportunity was opened for shareholders to propose meeting topics to contain in meeting agenda in advance by informing the shareholders for acknowledgement through the news system of The Stock Exchange of Thailand. In addition, the result of topic proposal to be contained as meeting agenda is notified for shareholders' acknowledgement.

1.2 Vote counting and voting method were informed before Shareholders' Meeting and ballots were used.

1.3 The committee remuneration, criteria for consideration on remuneration determination were proposed for shareholders to consider and approve.

1.4 Neither meeting agenda addition nor amendment of significant information was performed without prior-notification to the shareholders in 2014 AGM. In addition, the opportunity was opened for shareholders to express opinion and query in the meeting. The detail was recorded in meeting minutes.

1.5 The company facilitated and encouraged all shareholders to join the meeting by arranging a meeting at the Modernform Head Quarter Office at Srinakarin Road for transportation convenience

**2. Equal Treatment to Shareholder:** For the parity, the company has policy to treat all shareholders whether major shareholders, minor shareholders, institutional investors or foreign equally. In 2014, the company implemented the policy for equal treatment to shareholder as follows:

2.1 The opportunity was opened to shareholders to nominate committee candidates for consideration on appointment, propose meeting agenda and send questions for meeting in advance during October 2014 until January 2015 The shareholders were informed for acknowledgement on the news system of The Stock Exchange of Thailand and on the Company's website at [www.mfec.co.th](http://www.mfec.co.th) in the 'Investor Information' section, under 'Shareholders' Meeting' topic.

2.2 The voting rights were equitably granted to shareholders based on number of shares held.

2.3 The company attached Proxy Statement Type B, which is the form that shareholders can define the voting direction by themselves in each occasion, together with the meeting appointment letter for shareholders who are inconvenient to attend the meeting by themselves can authorize independent director or other person to attend the meeting and vote in lieu of them. The proxy statement is also disseminated for download by the shareholder on the Company's website.

2.4 The prohibition was determined for the director, executive, or employee not to use acquired information for self benefit and not to perform insider trading in the Company's shares or provide the information to other persons for benefit in buying and selling the Company's share. Anyhow, the director and the executive had to report the initial security holding report and security holding changing report in accordance with Section 59 of the Securities and Exchange Act.

2.5 The directors of the Company and its subsidiaries were assigned to report their own and relevant persons' stakes in accordance with Section 89/14 of and the Securities and Exchange Act B.E. 2551 (2008). Every change in information was reported to the Company Secretary within 7 days.

**3. Consideration on Role of Stakeholder:** The Company gives precedence to social responsibility and realizes on the role and the significance of all groups of stakeholders by determining regulation in defining anti-corruption policy on receipt and provision of gift/property or any other benefits in doing transaction with individuals in private or public sector. In addition, the business partners' companies are informed about business conduct ethics for their acknowledgement and conformance. Clue notification measure and protection mechanism of clue informer are defined. Moreover, clear policy and regulation of all groups of stakeholders are updated through adjustment of the Company's corporate governance manual, dissemination and publication for adherence and practice by all employees, and also publication through website for recognition of shareholders and stakeholders about the organizational ethics.

**In 2014, good practical guideline has been added as follows.**

(1) Defined anti-corruption policy on receipt and provision of belongings or any other benefits to persuade for wrongful practice by declaring practical guideline to the Company's business partners for recognitions all over.

(2) International human right and intellectual property infringement

(3) Increase the means of claim and suggestion, claim receipt process and protection measure on the claimer as the means that can directly complain to the independent directors through the Secretary.

**4. Information Disclosure and Transparency:** The Company emphasizes on complete and accurate information disclosure within proper period of time with transparency. In 2014, the Company has updated the company website so that all stakeholders can easily access the Company's information. The disclosure has been classified based on criteria and practical guideline of good corporate governance in accordance with rules and regulations of the SET and SEC as follows:

4.1 Deliver financial reports to the Securities and Exchange Commission within a specific period without any transactions that

the auditor expresses conditional opinions.

4.2 Completely disclose information in accordance with the criteria in Annual Information Form and Annual Report, financial statements, corporate governance policy, social responsibility policy, nature of business engagement, marketing and competition, Board of Directors and executive structure, remuneration of the committees and shareholding of executive director, detail of educational qualification and experience of the Committee, the Company's audit fee and audit service rate.

4.3 Arrange the investor relations work unit to be the information communication channel. The shareholders or investors inquire the information with the Company through IR Contact both via telephone and electronics mail on the Company's website.

4.4 Clearly declare remuneration of committees and executives in Annual Report as well as sharing information of committees and executives, and define the policy for committees and executives to quarterly report the Company's share trading as well as connected transactions and stake report of committees and executives in order to prevent conflict of interest of committees and executives.

4.5 The Company's Financial Statement was unconditionally certified by the auditor without record of instruction to correct financial statements by the Stock Exchange of Thailand and the Office of the Securities and Exchange Commission

4.6 The Company has set long-term targets by increasing revenues of consulting and professional services to generate more revenues than system integration services, resulting in higher gross profit ratio of the Company. The profit growth target of the increase in recurring income proportion has also simultaneously set to be above 30% for long-term growth in the aspect of 15% of net earnings per year for 5 consecutive years (2013-2017). As well as targeting personnel production for 5,000 people in 5 years period.

**5. Responsibilities of the Board of Directors:** The Company emphasizes on the significance in playing role, duty and responsibility of the Board in order to maintain the benefit of shareholders and stakeholders. The Company has assigned 9 directors which have been proper with the business size, consisting of 1 Chairman of the Board (who is not independent director but is non-executive director) and 3 non-executive directors who are the independent directors, and 5 executive-directors.

The Company emphasizes on playing role, duty and responsibility of the Board to supervise and maintain the benefit of shareholders and stakeholders such as defining the strategy of business operation,



consideration on operating audit, supervision of transparent business operation and sustainable growth with following details.

5.1 Arrange the review of scope, role and authority of the Board of Directors and the director of subsidiaries.

5.2 Under determination of good practical guideline of the directors in the issue of term in the office of director position and the rotation of sub-directors.

5.3 Define the policy of term in the office of the directors in listed companies for more than 5 companies. The President and top executive should hold executive position in single company so that they can have enough time for management.

5.4 No record of offence against the rule of the Office of the Securities and Exchange Commission/the Stock Exchange of Thailand.

5.5 Determine the Chairman of the Board is not the same person with Chief Executive Officer so that the role, authority and duty can be clearly separated; and also appoint the independent director to be the Chairman of various Subcommittees.

However, each director has had the term of office at 3 years per term as the following details of the individual person in position holding:

Name of Committee	Type of Committee	Year of Appointment	Latest Selection Year	Number of Years to Hold the Committee Position
Mr. Adirake Patitus	Executive Director	2003	2013	11 years
Mr. Siriwat Wongjarukorn	Executive Director	2003	2014	11 years
Mr. Sirisak Thirawattanangkul	Executive Director	2011	2013	3 years
Mr. Teerachai Keeratitachakorn	Executive Director	2011	2014	3 years
Mr. Paitoon Sirichatchaikul	Executive Director	2011	2014	3 years
Mr. Kiyotaka Nakamura*	Non-Executive Committee	2014	2014	6 months
Mr. Suchart Tammakitakul	Independent Director	2003	2012	11 years
Mr. Anan Leetrakoon	Independent Director	2012	2012	2 years
Mr. Apiruk Wanasathop	Independent Director	2014	2012	3 months

\* Mr. Kiyotaka Nakamura was appointed by the Board of Directors' Meeting No. 2/2014 on 14<sup>th</sup> May 2014. Mr. Apiruk Wanasathop was appointed by last Board of Directors' Meeting No. 5/2014 on 25 September 2014.

#### - Self-Assessment Guide for the Committees

Anyhow, the aforesaid has been declared in the topic of Strategy and Targets in the Company's Operation in order to focus on the evaluation result to be useful for the improvement of the Board of Directors' function. The Board of Directors' Meeting No. 6/2014 on 12 November 2014 agreed with Self-Assessment

5.6 The Board of Directors is engaged with the management in determining the Company's vision, mission, strategy, goal, business plan and budget.

5.7 The Board of Directors arranges the internal control system to cover finance, operation, implementation to be in line with relevant law, regulation and rule. In addition, risk is properly and adequately managed whereas Internal Audit Division is under governance of Miss Sadabpin Krittanaraporn, Vice President – Internal Audit which is the independent work unit that reports to Audit Committee.

5.8 The Board of Directors oversees to have sufficient and good risk management system and regularly monitor risk management. Risk Management Committee is assigned to quarterly report the risk management result to the Board of Director.

Form and the Board of Directors are assigned to execute 2013 Annual Self-Assessment under following assessment criteria.

4= Excellent

3=Very Good

2=Good

1=Fair

0=Need Improvement

1. Assessment of the Whole Board of Directors consists of 6 topics including structure and qualification of the Board of Directors/role, duty and responsibility of the Board of Directors/ the Board of Directors' Meeting/function of the directors/ the relationship with the management/self-development of directors and development of executives.

The overall assessment result of the whole Board of Directors was summarized into 6 topics and it seemed to be in good criteria of score average for most of well operations.

2. Assessment of the Whole Audit Committee consists of 7 topics including element of Audit Committee/training and resources/meeting/activities of Audit Committee/relationship with Vice President to Internal Audit Department, auditor, executives and shareholders/business risk and internal control/future role of Audit Committee. The overall assessment of the whole Audit

Committee could be summarized into 7 topics and it seemed to be in good criteria of average score for most operations.

#### - Development of Director

The Board of Directors has defined the reinforcement of business cognizance and operation in different fields of the Company for preparedness in the directors' functions. At the same time, the policy of new viewpoint and knowledge reinforcement has been available for all directors to help promote effective functions of the directors whereas the Company Secretary has been the coordinator.

- Issue required for recognition: Business structure, director structure, scope of authority and laws that should be recognized.
- General knowledge of business and operating guideline

In 2014, new entrant directors have included Mr. Kiyotaka Nakamura and Mr. Apiruk Wanasathop. The new directors have already arranged for training with Thai Institute of Directors (IOD). Anyhow, the details of seminar/training attendances of the directors have been as follows.

Name of Committee	Course	Date
1. Mr. Adirake Patitus	- Directors Accreditation Program (DAP Generation 9)	Year 2004
	- Directors Certification Program (DCP Generation 41)	Year 2004
	- Anti-Corruption for Executive (ACEP Generation 1)	Year 2012
2. Mr. Siriwat Vongjarukorn	- Directors Accreditation Program (DAP Generation 9)	Year 2004
	- Directors Certification Program (DCP Generation 42)	Year 2004
3. Mr. Sirisak Thirawattanangkul	- Directors Accreditation Program (DAP Generation 93)	Year 2011
	- Directors Accreditation Program (DAP Generation 93)	Year 2011
4. Mr. Teerachai Keeratitaechakorn	- Directors Certification Program (DCP Generation 174)	Year 2013
	- Directors Accreditation Program (DAP Generation 93)	Year 2011
5. Mr. Paitoon Sirichatchaikul	- Directors Certification Program (DCP Generation 174)	Year 2013
	- Directors Accreditation Program (DAP Generation 115)	Year 2015
6. Mr. Kiyotaka Nakamura	- Directors Accreditation Program (DAP Generation 27)	Year 2004
7. Mr. Suchart Tammakitakul	- Directors Certification Program (DCP Generation 60)	Year 2005
	- Role of the Compensation Committee (RCC Generation 11)	Year 2010
	- Directors Certification Program (DCP Generation 22)	Year 2002
8. Mr. Anan Leetrakoon	- Role of the Compensation Committee (RCC Generation 6)	Year 2008
	- Directors Certification Program (DCP Generation 149)	Year 2011
9. Mr. Apiruk Wanasathop	- Audit Committee Program (ACP Generation 36)	Year 2011

Apart from the above corporate governance that has been adhered and practiced, the Company has also set the criteria for good corporate governance compliance according to Good Corporate Governance Criteria for Year 2012 (revised edition) by Corporate Governance Center of the Stock Exchange of Thailand with following details:

Section	Topics that has not yet practiced	Support Reasons
<b>Section 1</b> Right of Shareholder	Chairman of Remuneration Committees and Chairman of Nomination Committee do not attend the annual general meeting.	As the Company has not yet established Remuneration Subcommittee and Nomination Subcommittee, the Company then has assigned the Board of Directors to perform the duty in considering remuneration and recruitment of proper individual to be nominated to the Shareholders' Meeting for consideration on appointment.
<b>Section 2</b> Equal Treatment to Shareholder	-None-	
<b>Section 3</b> Consideration on Role of Stakeholder	-None-	
<b>Section 4</b> Information Disclosure and Transparency	-None-	
<b>Section 5</b> Responsibilities of the Directors	<ul style="list-style-type: none"> <li>In case that the Chairman of the Board is not an independent director, the Board should comprise more than half of the total number of directors. Moreover, the Board should assign an independent director to be continuously in the position for not longer than 9 years period from the first time of appointment as the independent director position. The Board should comprise non-executive directors for more than 50% of the total number of the Board.</li> <li>The establishment of subcommittees, Remuneration Subcommittee, Nomination Subcommittee and Corporate Governance Subcommittee.</li> </ul>	<p>As the Board of Directors has been under consideration on establishment of Remuneration Subcommittee and Nomination Subcommittee, the proper number of independent director structure has been determined and considered to propose to General Shareholders' Meeting to consider on appointment of additional independent directors.</p> <p>The company has not yet considered executing Corporate Governance Subcommittee since the Board of Directors has supervised corporate governance.</p>

## Subcommittees

The current committee structure of the Company has consisted of board of directors, executive committees, audit committees, and risk management committees. Details of the number of committees and scope of authority for each subcommittee have been already disclosed in Section 8.1.1 of the Committee.

Regarding the Company's remuneration determination issue, it will be considered by the Board of Directors and presented to the Shareholders' Meeting. If the shareholders consider that it is proper by considering the benefit gained from the Board which is in the level comparable to the rate in the same industry, they will approve in accordance with the proposal of the Board of Directors. The policy of the Company is to determine the remuneration to the directors in the same level in the same industry in order to motivate and to be proper for knowledge, capabilities and responsibilities of the directors. The remuneration of the Board of Directors for 2014 period has shown in the point of Committee Remuneration. According to the executive remuneration, as the Board of Directors has not yet considered appointment of Remuneration Subcommittee and the organizational structure of the Company has been uncomplicated, therefore, the Executive Board has currently determined the executive remuneration by linking with the Company's operating result and each executive's performance with the operating result of the Company. The executive remuneration for 2014 has also stated in the point of Remuneration as well.

As the organizational structure has been uncomplicated, the Board of Directors has not yet considered appointing Nomination Subcommittee in order to perform the consideration on criteria and process for recruitment of qualified individual to hold the director and top executive position and selection of individual and recruitment of individual to hold the positions. The individual recruitment to hold the director position was considered by the Board of Directors and nominated to the Shareholders' Meeting for consideration based on several factors including such as knowledge, capabilities, and experiences relevant to the business. For the consideration on recruitment of the executives, the Executive Board will consider those who have knowledge, capabilities and experiences.

**The company has had 4 sets of committees as following:**

- **Board of Directors:** responsible to the shareholders regarding the Company's business operation and governance of the management to be in line with the Company's policies, guidelines and goals to generate maximum benefit for shareholders within the framework of good ethics. The benefits of all stakeholders are also taken into account. The details of roles and responsibilities are stated in the topic of the Committee.

According to the Company's regulations, the directors have the authority to decide and oversee the operations of the company, except in the following issues that the Board of Directors shall be approved from the Shareholders' Meeting before proceeding.

- 1) The issues with legal requirement for the resolution from the Shareholders' Meeting
- 2) Related transactions, in a regular business transaction or business support transaction without general commercial condition for transaction value of more than 20 million Baht or 3% of the net tangible asset value depending upon whichever number is higher.
- 3) Related transactions, in a regular products or services, with a transaction value of more than 20 million baht, or 3% of the net tangible asset value depending upon whichever number is higher.

In 2014, the Board of Directors held 4 regular periodic meetings and 2 additional meetings for total of 6 meetings with the statistics of meeting attendance for each director in 2012 - 2014 as follows.

Name of Director	No. of Meeting Attendance Times		
	Year 2012	Year 2013	Year 2014
1. Mr. Charoen Ussanajit	5/5	6/6	-
2. Mr. Thaksa Bussayapoka	-	-	1/6
3. Mr. Adirake Patitus	5/5	6/6	5/6
4. Mr. Siriwat Vongjarukorn	4/5	5/6	6/6
5. Mr. Suchart Tammapiattakul	4/5	6/6	6/6
6. Mr. Surachai Sonthirati	5/5	6/6	2/6
7. Mr. Sirisak Thirawattanakul	4/5	6/6	6/6
8. Mr. Teerachai Keeratitaechakorn	5/5	6/6	5/6
9. Mr. Paitoon Sirichartchaikul	5/5	6/6	6/6
10. Mr. Anan Leetrakul	3/5	5/6	6/6
11. Mr. Kiyotaka Nakamura	-	-	3/6
12. Mr. Apiruk Wanasathop	-	-	1/6

#### Remarks

1. In 2014, Mr. Charoen Ussanajit resigned and it took effect since 17<sup>th</sup> February 2014. The Board of Directors' Meeting No. 1/2014 resolved to appoint Mr. Thaksa Bussayapoka to hold the Director position and resolved to appoint Mr. Adirake Patitus to hold the Chairman of the Board position and appointed Mr. Siriwat Vongjarukorn to hold the Vice Chairman position.

2. Mr. Thaksa Bussayapoka, the Director, resigned and it took effect from 14<sup>th</sup> May 2014. The Board of Directors' Meeting No. 2/2014 resolved to appoint Mr. Kiyotaka Nakamura to hold the Director position instead.

3. Mr. Surachai Sonthirati, the Independent Director / Audit Committee Member and Chairman of Risk Management Committee resigned and it effect from 1 July 2014. The Board of Directors' Meeting No. 5/2014 resolved to appoint Mr. Apiruk Wanasathob to hold the position in replacement of Mr. Surachai Sonthirati and it took effect from 23<sup>rd</sup> September 2014

• **Audit Committee:** oversees the company's financial reporting process to ensure accuracy and adequacy, and also oversee the Company's internal control system and ensure that it is

appropriate and effective as well as supervise the Company to comply with related laws with roles and responsibilities as stated in Topic of the Committee.

In 2014, the Audit Committee held 4 regular periodic meetings with the statistics of the meeting attendance for each committee in 2012 - 2014 as follows.

Name of Director	No. of Meeting Attendance Times		
	Year 2012	Year 2013	Year 2014
1. Mr. Suchart Tammakitakul	3/4	4/4	4/5
2. Mr. Anan Leetrakul	3/4	4/4	4/5
3. Mr. Surachai Sonthirati	4/4	4/4	2/5
4. Mr. Apiruk Wanasathop	-	-	1/5

**Remarks** The 4<sup>th</sup> committee, Mr. Anan Leetrakoon has possessed the educational qualification for Bachelor's degree in Faculty of Commerce and Accountancy, Chulalongkorn University. He has had knowledge and experiences in the financial statement verification. The details of his experiences can be viewed as reference in Enclosure 1 for Details of Committees.

• **Risk Management Committee:** systematically manages risk both at organizational level and activity level to cover all working processes. The details of the roles and responsibilities of Risk Management Committee are stated in the Committee.

In 2014, the Risk Management Committee held 4 regular periodic meetings with the statistics of meeting attendance for each director in 2012 – 2014 as follows.

Name of Director	No. of Meeting Attendance Times		
	Year 2012	Year 2013	Year 2014
1. Mr. Surachai Sonthirati	4/4	4/4	4/4
2. Mr. Mr. Apiruk Wanasathop	-	-	1/4
3. Mr. Adirake Patitus	4/4	4/4	2/4
4. Mr. Sirisak Thirawattanangkul	-	-	1/4
5. Mr. Siriwat Vongjarukorn	4/4	4/4	4/4
6. Ms. Waewta Suksanae	4/4	4/4	4/4
7. Mr. Ramade Silpaporm	4/4	3/4	3/4
8. Mr. Tanakorn Charlee	-	-	-3/4

**Remarks** The Board of Directors' Meeting No. 3/2014 considered to appoint Mr. Sirisak Thirawattanangkul to hold the committee of Risk Management Committee in replacement of Mr. Adirake Patitus who resigned, and considered to appoint Mr. Tanakorn Charlee to hold the committee of Risk Management Committee for another member. The total committees of Risk Management Committee have been 6 members.

**Executive Board:** takes action as assigned by the Board of Directors under the authority given in order to manage works to achieve defined goals and plans.. The details of the roles and responsibilities of the Executive Board are stated in the topic of the Committee.

In 2014, the Executive Board held 10 regular periodic meetings with the statistics of meeting attendance for each director as follows.

Name of Director	No. of Meeting Attendance
1. Mr. Siriwat Vongjarukorn	10/10
2. Mr. Adirake Patitus	2/10
3. Mr. Sirisak Thirawattanangkul	8/10
4. Mr. Tanakorn Charlee	10/10
5. Ms. Waewta Suksanae	10/10

**Remark** The Board of Directors' Meeting No. 3/2014 considered to appoint Mr. Sirisak Thirawattanangkul to hold the Executive Director position in replacement of Mr. Adirake Patitus who resigned.

## Recruitment and Appointment of Directors and Top Executive

### Individual Selection Method for Appointment to be Director/ Independent Director

As the company has not yet appointed Nomination Subcommittee so the Board of Directors is responsible for recruitment independent directors, non-executive directors and directors from major shareholders in each group who qualified with diverse experiences in terms of skills, experiences and specific talents beneficial to the Company, including time devotion and effort in functioning their duties. To ensure the strong Company's Board of Directors, it has been determined that the directors should not hold the director position of the listed companies for more than 5 companies. In 2014, the opportunity was opened for minority shareholders to nominate qualified individuals to the Board of Directors to consider and then propose to the Shareholders' Meeting to approve for director appointment with the criteria as defined in the company's regulations. It was to say that there must have approval by the Shareholders' Meeting for not less than one-half of the number of shares which attended the meeting with voting rights. A shareholder has the vote equal to one share per one vote, and each shareholder can exercise all of their existing votes to elect one or several persons as directors. The persons receiving the highest number of votes shall be elected to be directors respectively in the quantity supposed to have. In each annual general meeting, one-third proportion of the directors must resign. For the non-independent directors, the number of directors may be defined to be in accordance with shareholding proportion in the Company and depends on the

appropriation and capability of those who have been nominated to the directors.

### Selection Method for the Company's Executive

For the executive, the Executive Board takes responsibility to recruit qualified persons who have appropriate experiences.

1. The appointment of Chief Executive Officer is presented to the Board of Directors for consideration and approval.
2. The appointment of top executive from deputy director and higher is under the approval authority by the Executive Board.
3. The appointment of the executive below inferior level than deputy director is under the approval authority by Chief Executive Officer.

### Overseeing the Operations of Subsidiaries

On 31<sup>st</sup> December 2014, there have been 14 companies which are joint ventures classifying into 13 of them are subsidiaries and holding capital for more than 50% of the registered capital and 1 joint-venture company with details as shown in Shareholding Structure of the Company.

The committees have had the mechanism to oversee and control the supervision, management and responsibility of its



subsidiaries and corporations by having the policy to send the individual to be the Company's representative.. The management will consider and nominate the directors to the Board of Directors for consideration and approval. The individuals who have been appointed to be the directors of the subsidiaries having operating duty for best benefit of its subsidiaries or corporations

**Scope of Authority and Responsibility of the Committees / Executives Representative** are as follows:

1. Joint plan and set policies, directions, strategies, plan and organizational structure in consistency with economic conditions, competitive conditions in markets, and also in consistency with business conduct policies of the MFEC Public Company Limited.
2. Joint plan and determine annual business plan and budget to present to the Board of Directors of the MFEC Public Company Limited.
3. Direct the implementation of the managerial policy and guideline and business plans that have been approved.
4. Govern the disclosure of financial information and operating results, including transaction doing between the companies in the group and related parties, acquisition or disposal of assets or the Company's other major transactions doing to be fully complete and properly, using the information disclosure guideline and doing above transactions in accordance with the criteria of MFEC Public Company Limited.

Govern to have the circumspect and appropriate internal control system. Hence, apart from supervision by representative, committee / executive that have been appointed by passing the resolution of the Board of Directors' Meeting to hold the position as the director of its subsidiaries / corporations, audit mechanism has been available by Internal Audit Department of the Company. This will help audit/verify the internal control system of its subsidiaries and corporations to have adequate, circumspect and proper management in different fields. The Board of director is reported for acknowledgement in another way.

**Management of Inside Information Use**

Apart from the measure as the legal requirement for management of inside information use, the company also has the policy and

adheres to ethics, integrity and honesty in business conduct with our clienteles, business partners, investors and shareholders. We have set the company's ethical guideline for our executive directors and all level of staffs to adhere and implement in order to protect the disclosure of important news and information or bad faithfully or arbitrarily access of news and information source. Breaking this guideline is considered as a serious offence and there may be a disciplinary punishment.

The Company's rule for the use of inside information that has not yet been disclosed for self or other people's benefits is as follows.

- Directors, executives, officers and employees of the Company shall keep the confidentiality and / or inside information of the company.
- Directors, executives, officers and employees of the Company shall not disclose the inside information of the Company or exploit benefit for their own or other people's benefits either directly or indirectly and either with or without compensation.
- Directors, executives, officers and employees of the Company shall not trade, transfer or be assigned any of the Company's securities through the use of inside secret and/or information of the Company and/or enter into doing any other transactions using secret and/or inside information of the Company possibly causing damage to the Company either directly or indirectly. This requirement is applied to those spouses and immature children of directors, executives, officers and employees of the Company as well. Any person who contravenes such rule and regulation will be considered as a serious offence.
- Directors, executives, accountants, including their spouses and immature children are prohibited to use such inside information to trade or transfer or be transferred of the Company's securities before the Company's and the related companies' financial statements are published to public. (From 15<sup>th</sup> April until the date of reporting financial statement for the first quarter, from 15 July until the date of reporting financial statements for the second quarter, from 15<sup>th</sup> October until the date of reporting financial statements for the third quarter and from 1 February until the date of reporting the final financial statements of the year)

Apart from that, the directors and executives of the Company are responsible for preparing the list of securities holding as well as reporting any changes in the shareholding of themselves, their spouses and immature children according to Section 59 of the Securities Act B.E. 2535 (1992) within specific period determined in the regulation on Security Holding Report. The executives are also required to send the copy of this report to the Company in the same day of reporting to the Securities and Exchange Commission.

#### **Remuneration for Accounting Auditors (Audit Fee)**

##### **Remuneration from Auditing (Audit Fee)**

The company and its subsidiaries paid the accounting audit fee for the Dharmniti Company of which the auditor is belonging to in the year 2014 for a total of 3.40 million Baht as the accounting audit fee of MFEC Public Company Limited for 1.14 million Baht and for the accounting audit fee of its 13 subsidiaries for 2.26 million Baht.

##### **Other Fees (Non-Audit Fee)**

- None of other fees -

#### **Other practices regarding good corporate governance principles in other issues**

- None. All details on good corporate governance principles in other issues through Good Business Governance (latest revised edition) have been published on the Company's website at [www.mfec.co.th](http://www.mfec.co.th) in 'Investor Relation' Section under "Corporate Governance" Topic.

#### **The Company's Personnel Development Policy**

The Executive Board has foreseen the significance of human resources in the Company's business operation. Therefore, the ongoing personnel development has been arranged whether development of operational skill, enhancement of capability, knowledge and work efficiency for the employees as well as building of preparedness in adaptation to new innovation in information technology market, follow-up and reinforcement of that technological comprehension.

Anyhow, the policies for the Company's employee development have been in major forms as follows.

1. The Company has initiated to organize the course for primary level to top level leader development (Modern Leader Program). The managerial level employees who passed this project has been more than 300 people, affecting continuous working preparedness of business operation in new market group in accordance with business plan.
2. Skill and knowledge exchange between employees themselves inside the organization has been regularly promoted by on continuingly arranging Share and Shine Program. In addition, Individual Development Plan system has been applied in the organization to open the opportunity for employees to plan their growth in their functional lines together with their supervisors, affecting systematic succession planning.
3. The employees have been sent to be trained whether in information technology both from product distributor of the Company and from external training institute which has been famous and provide managerial training both in local and abroad. In 2014, the employees were trained for over than 200 people.
4. The employees have been promoted to test information technology intellectual level for certificate acquisition as the quality guarantee of the employee in order to generate reliance and build trustworthiness to its clients. In 2013, the employees entered to be tested for Certificates for 270 people.
5. Internal trainings have been prepared to be training plans. The lecturers or experts with high profundity and direct experience in each field of work have been invited to lecture and educate knowledge. The courses have been organized for 81 courses in accordance with annual internal personnel development plan.
6. Knowledge Management System that gathers systematic knowledge has been made for easy access and application of the employees in competence and overall operation improvement through sharing the information via Website channel, dividing into functional lines and opening the chance for the employee's self-learning in every time and everywhere.



## Social Responsibility

The Company has disclosed policies and working procedures reflecting upon social responsibility and environment in the Sustainability Report as of year 2014 in which it is the first report in compliance with sustainability including outlook information, way for sustainable development of organization for the year 2013 – 2015 respectively and result of working proceedings in relation with sustainability. That reflects upon the working procedures of report arrangement which manifests the value to the organization and cultivates sustainability to the interested person. Furthermore, it is conducive to the realization of weak point and strong point bringing about the problem resolving in line with the relevant course in which the Company has arranged as to the report of co-ordination organization regarding the universal report of sustainability in connection with Global Reporting Initiative of GRI G4 with reporting term including year 2014 from January – December accordingly.

In the subject matter or core point of social responsibility of the Company and subsidiary companies of MFE Group, at this time, the target has been set to make quality personnel of Information Technology and push forward them to create new innovation and good things on the way of social responsibility to be most successful for them, society, environment and organization including all interested personnel from various departments that shall be deemed as our promising under the definition of “MFE Group, Make Person, Person Makes Innovation”

Sustainability  
Through  
Innovative Culture



**Remark:** The information of social responsibility can be additionally seen at Sustainability Report 2014 : [www.mfec.co.th](http://www.mfec.co.th)



## Internal Control and Risk Management

### Internal Control and Risk Management

In the board of directors meeting 1 / 2015 on 24<sup>th</sup> February 2014, the board of directors together with the audit committees commented on sufficiency and appropriateness of the internal control system. The audit committees used the "assessment of the sufficiency on internal control system" report as reference. The audit committees also suggested about the audit process and focused on audit workshops to develop the process efficiently and continuously. They also keep tracking the solutions, based on the audit results and report to the board of directors regularly. The result of the audit found that the prescribed procedures are complied with legal and corporate governance policies. After consulted with the financial auditors, we found that the company financial statements in accordance with accounting standards and the internal control systems are also sufficient.

In addition, the board of directors take care of risk management system and follow-up the risk management consistently. Appoint the risk management committee. To consider the risk management in all aspects to be appropriate and assigned to follow-up, analysis the risk management in the practical level, in each department. With the report of risk management to the board of director on the quarterly basis.



### 1. Organization Internal Control

Board of directors and executives at all levels encourage demployees to always have integrity and the company business operation ethics. We have communicated an arrange 'Code of Conduct' system, and required managements to all employees to be aware and to follow this procedure and also disclosed to third parties. Apart from enhancing staff to follow business ethics, the company has a policy to develop and retain employees and executives who have high quality, in term of the success of work and offer appropriated incentives for them in return.

The board of directors responsible to oversee and assign the company to set its performance targets that obvious and measurable, review performance targets carefully. There are 4 sets of committees within the management structure of the company which are including of the board of directors, board of executive directors, the audit

committees and risk management committees. Each committee responds to its shareholders within the framework of an ethical and social responsibility. The company arranged organizational structure that supports the management operational and allows efficiently internal control. The company also separated important duties so it is easier to check and to balance between them. There is an internal audit who will review operating system from all departments and report to the audit committee.

## 2. Risk Assessment

The company considered risk management policy as an important policy. We have appointed risk management committee including of directors and management team, to assess risk factors for both outside factors such as economic conditions, government policies and currency fluctuations and inside factors that may affect the organization's operation. Also, assigned risk responsible persons in various departments. The company has assigned risk management as a responsibility of the whole working group, including of all executives and department heads. The company has planned and set risk management measurements, evaluate of risk factors that may affect business operations and company's goals and also follow-up risk management process in all departments within the organization that need to be in accordance with the company's strategy. The company has encouraged and educated employees at all levels to make them understand and recognize the importance of risk management. This performance has been reported to the board of directors.

## 3. Management Operational Control

The board of directors has assigned 3 sets of committees, including executive committees, audit committees and risk management committees. These committees working under the management team. Details as follows:

- Set the scope of work and limit the authority of management and all parties clearly in writing. Assigned the approving authority and limits the amount of money in writing, and reviewed the appropriateness afterward.
- Set policy, manual, process, procedures clearly in writing; cover all departments
- Set criteria for performance evaluation

The audit committee has considered and approved the annual audit plan that covers the operational work that might be risk. Therefore, the stakeholders are ensured that all departments are

appropriately monitored in term of performance, financial, rules and regulations. The audit committees will consider issues and problems detected by the audit and give suggestions to the management to set guidelines to improve it. The audit committees will also set a tracking process for the case that the company has transactions with juristic person or other persons who have relationship with the company that might lead to a conflict regards the interest issue. These kinds of transactions will have to be approved based on the company's regulations.

## 4. Information Systems and Data Communications

Adequate detailed information is required to be prepared to propose to the board of directors in the meeting to help and support their consideration and decision making. This information must be prepared as an analytical report and documentation of facts, together with related rules and regulations. This report should be delivery before the meeting of 7 days in advance for the board of directors to study before making decision. The company's secretary responds for coordinating and be the central to store important documentations such as invitation letter for board of directors meeting, minutes of the board of directors meeting, invitation letter of shareholders meeting, and minutes of shareholders meeting so that shareholders can determine the appropriateness of the directors' duties.

The company also installed a software tool for documentation management for each department, also installed the security system for important data. The company has set the accessibility rights to the database, such as accounting records documents that are kept completely and arranged by categories for showing honestly and easy to find support informational when needed. Every quarter, the audit committees will work together with the financial auditors, internal auditors and those involved in the preparation of financial statements in the audit process. This is to ensure that the company uses the accounting policies based on standard accounting principles and all information is disclosed completely and properly.

## 5. Tracking System

The company regularly tracks working performance to assure that it is according to the planned. In 2014, the company has arranged board of directors meeting 6 times, executive committee meeting 10 times, and also arranged monthly meeting for the board of directors. This is to monitor and track the performance of the

company and its subsidiaries according to the policies, strategies and plan. Also, resolve issues that may arise and implement the action plan in accordance with the circumstances changing when the current performance is different from the stated goal.

In addition, the internal audit department has also planned the audit process and track the performance of the company and its subsidiaries for the year 2014. Also, set strategy to be consistent with the company's mission, vision, goals and strategies that the management has set in the company development plan, to achieve the objectives and the company's main goal effectively and efficiently. In the year 2014, there were 4 performance reports sent to the audit committees.

#### **Comments from the Audit Committees**

From the previous audit result of internal control systems of the company and its subsidiaries, the auditors has found no significant defects that affect the credibility of company's financial reports. Anyhow, the board of directors, the audit committees and the financial auditors of the company have agreed on the internal control system as stated in the attachment in the company's annual statement.

#### **Chief of Company's Internal Audit**

The board of directors concern about the importance of internal controls. Therefore, in November 2011, the company considered to set up internal audit department under the supervision of Khun Sadabpin Kritdanarakorn, as the director of internal audit of the company and also oversees the internal audit for the MFEC Public Company Limited Group. Have the duty to advise and monitor the independence and objectivity.

To add value and improve operations and enables organizations to achieve the objectives set by the regulation and as a good practice .To be used in assessing the effectiveness of the risk management process. Control and regulation the annual inspection which has been approved by the audit committee .

Since 2012, internal audit verify the system about internal function that check procedure the each of departments and consulting the services related to the internal control system , risk management , regulation and provide continuous feedback to the Board of Directors

to keep track of a company's operations more effectively and ensure that the work and the financial activities of the Company and its subsidiaries, operates as efficiently as required. The Company's compliance with laws and regulations. This will lead to excellence by following the principles of ethics and professional standards for internal audit. To maintain the quality of the audit and checks and balances for the good performance. The report of the audit to the Board of Directors in a timely and regularly.

In the annual audit committees meeting 1/2015 on 24<sup>th</sup> February 2015, the internal audit department has concluded its annual audit report of year 2014. The Audit Committee considered and agreed that the performance of the Director of internal audit, useful and effective for the corporate management. The consideration for appointment / removal / transfer head of internal audit position must be considered and approval by the board of directors in the first audit committees meeting in the following year. The committees will discuss with management team every year, by defining the criteria used for consideration as follows:

- Tracking Performance Compared to Annual Audit Plan
- Internal Audit Actions, Independence, Data Presentation / Feedback on the Examination
- Tracking Performance



## Detail of Internal Auditing Leader

**Name :** Ms. Sadabpin Kriddanarakorn  
**Position :** Chief of Internal Audit  
**Date/Month/Year of Appointment :** November 2011

### Educational Background

- Master of Business Administration majoring in finance, Ramkhamhaeng University
- Bachelor of Arts majoring in Accounting, Thammasat University

### Training Record

- Certified Public Accountant or CPA
- Certified Professional Internal Audit of Thailand or CPIA
- Advance Management, Thammasat University
- Risk Management of Organization in compliance with COSO-ERM, Federation of Accounting Professions under royal patronage of His Majesty the King
- Arrangement of Credibly Financial Report in compliance with COSO-ERM, Federation of Accounting Professions under royal patronage of His Majesty the King
- Certificate “ Chief Financial Officer Certification Program (CFO)”, the Fifth Generation of Federation of Accounting Professions under royal patronage of His Majesty the King
- Certificate “Directors Certification Program (DCP)” the Seventy-Seventh Generation of Thai Institute of Director
- Anti-Corruption : The Practical Guide, the Fourth Generation of Thai Institute of Director

### Working Experiences

2011 - Present	Internal Auditing Director,
2010 - 2011	Consultant of Risk Management and Internal Auditing <ul style="list-style-type: none"> <li>• Saha Life Insurance Company Limited</li> <li>• Union Glassware Company Limited</li> </ul>
1981 – 2010	Thai Ocean Insurance Company Limited <ul style="list-style-type: none"> <li>• Auditing Officer</li> <li>• Auditing Manager               <ul style="list-style-type: none"> <li>- Senior Deputy Director of Accounting Department</li> <li>- Other Position</li> </ul> </li> </ul> <p><b>Director</b>, Thai Ocean Insurance Company Limited  <b>Director</b>, Krit and Associates Company Limited</p>

### Member of Institute/Organization

- Member of The Institute of Internal Auditor of Thailand
- Member of Federation of Accounting Professions under royal patronage of His Majesty the King
- Member of Federation of Thai Institute of Director





## Board of Directors' Responsibilities with Regards to Financial Reporting

The Board of Directors is responsible for MFEC Public Company Limited's financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using appropriate and consistent accounting policy, and careful judgment and the best estimation. Important information is adequately and transparently disclosed in the financial statements notes to the Company shareholders and investors. The financial statements comply with the regulation of the Exchange Commission.

The Board of Directors has provided and maintained efficient internal controls to ensure that accounting records are accurate, honest and able to protect assets and uncover weakness in order to prevent fraud or materially irregular operations.

In this regard, the Board of Directors has appointed the Audit Committee, consisting of independent directors who are not the executives, with the responsibility to review the quality of the financial reports and internal controls. Comments on these issues have been included in the Audit Committee Report presented in this annual report.

The financial statements of the Company have been examined by an external auditor, Dharmniti Auditing Company Limited. In conducting their audits and to express an opinion in accordance with generally accepted auditing standards, the Company has supported all of the Company's record and related data. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors believes that the Company's overall internal control system has performed satisfactorily and lent credibility and reliability to MFEC Public Company Limited's financial statements for the period ended 31<sup>st</sup> December 2014 which have been prepared according to generally accepted accounting principles and related regulations.

A handwritten signature in black ink, appearing to read 'Adirake Patitus', written on a light-colored background.

**(Mr. Adirake Patitus)**

Chairman

MFEC Public Company Limited

A handwritten signature in black ink, appearing to read 'Siriwat Vongjarukorn', written on a light-colored background.

**(Mr. Siriwat Vongjarukorn)**

Chief Executive Officer

MFEC Public Company Limited



## The Audit Committee's Report

### Dear Shareholders of MFEC Public Company Limited.

The Audit Committee consists of three (3) Independent Directors who specialize in laws, finance and organizational management. The Audit Committee performed its duties and responsibility as designated by the Board of Directors and the Audit Committee's charter in accordance with the rules and regulations of the Stock Exchange of Thailand.

In the year 2014, the Audit Committee held five meetings respectively.

The Audit Committee held 5 meetings in 2014, reporting progress to the Board of Directors in every quarter. Information on the committee members and their attendance to the meetings are as follow:

#### Mr. Suchat Thammakitkul

Committee President Attended 5/5 meetings

#### Mr. Surachai Sontirati

Committee Member Attended 2/5 meetings, resigned on 1<sup>st</sup> July 2014

#### Mr. Anan Leetrakul

Committee Member Attended 4/5 meetings

#### Mr. Apiruk Warnasathop

Committee Member Attended 1/5 meetings, appointed 25<sup>th</sup> September 2014

In certain meetings, the Audit Committee collaborated with the President, Accounting

Auditor, and Internal Auditor as deemed appropriate. The Audit Committee's independent opinions and recommendations reported in each meeting are summarized below:

### The Integrity, Accuracy and Reliability of Financial Statements

The Audit committee, meeting together with the Executive Board and the external auditors, has always verified and commented on the 2014 quarterly and annual financial statements. The process is to ensure that the financial statements shall be credible and transparent as according to the accounting standards and generally accepted accounting principles. The Audit Committee also performed the review, verification, and comments on the

declaration of the financial information, related reports and any transactions which might potentially be any conflict of interest to ensure the completeness and reliability of financial statements. Moreover, all of the financial statements reviewed and verified by the Audit Committee had already been audited and validated with comments unconditionally by the external Independent Auditor prior to being submitted to the Company's Board of Directors for approval.

### The internal control and Internal audit

The Audit Committee has overseen the internal audit department to be performed in accordance with the professional standards of internal Auditing by evaluation of the risk management and internal control based on the Committee of Sponsoring Organizations of the Tread way Commission (COSO) Framework. The committee has verified and approved its annual audit plan, reviewed the reports and commented to the internal audit department and the executive in order to improve the performance.

The audit findings were reviewed and recommendations were given to follow up the corrective actions of the significant issue to the Board of Directors to quickly solve the problems.

### Compliance with laws and relevant regulations

After considering and reviewing the compliance with the Securities and Exchange Act (Volume 4), B.E. 2551, regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board, and other laws relevant to the company's businesses, the Audit Committee agreed that the company has abided by all relevant laws and regulations.

### Review of the Related Transactions

The Audit Committee performed the review, verification, and comments on the declaration of the inter-related transactions among the Company, its subsidiaries, and associated companies which might potentially be any conflict of interests, prior the being submitted to the Company's Board of Directors for approval. The transactions in 2014 are mainly those of a commercial business as usual. The Company has complied with the policies and

regulatory guideline given by the Stock Exchange of Thailand.

#### **Selection and Appointment of the external auditors**

The Audit Committee has reviewed the performance of Dharmniti Auditing Company Limited which was the external audit for the company and subsidiaries in 2014. The Committee is satisfied with its performance in reporting the deficient the internal control and the practices to correct them as according to the accounting standards .The Audit Committee is to prepared and present to the Board of Directors for approval of the shareholders' meeting to appoint Miss Wannisa Ngambuathong, Certified Public Accountant Registration# 6838, or Mister Thanawuth Piboonsawat, Certified Public Accountant Registration# 6699, or Miss Sulalit Ardsawang, Certified Public Accountant Registration# 7517. All came from Dharmniti Auditing Company Limited. In 2013, the fixed auditing fee for the company is 1,103,000 Baht and 13 subsidiaries are 2,163,000 Baht. The total fixed audit fees are 3,266,000 Baht.

#### **Verification of the Good Corporate Governance Practice**

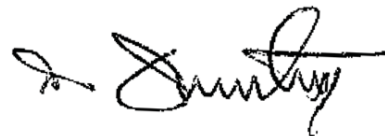
The Board of Directors has always recognized the importance of the Good Governance practice, and continuously managed as well as improved the Good Governance systematically as according to the Company's Good Governance Guideline manual issue. The Board of Directors also continuously monitored progress on Good Corporate Governance and social responsibility practices. The Executive Committee and the Internal Audit Department under supervision of the Audit Committee, take responsibility to oversee the practice of Company's Good Governance with performance evaluation annually. The result has been reported in this annual

report under the topic of 'Good corporate governance'.

#### **Self-assessment of the Audit Committee as per the Audit Committee Charter**

The Audit Committee has conducted the self-assessment of its performance in 2014. In overall duty , verify the financial statement , supervision and oversight on internal control ,compliance with laws and relevant regulations, selection and appointment of auditors , review of the related transactions and any conflict of interest and submitting the audit committee's reports to the Board of Directors, shown that it has performed the duties with efficiency and effectiveness and achieved its assigned goals.

In the opinion of the Audit Committee, the Company has the accurate and reliable procedures to prepare the financial statements, the disclosure of financial information and appropriate internal control and audit systems. With continuous development, it will sustain the company to be compliance with good corporate governance.



**(Mr. Suchat Thammakitkul)**

Audit Committee President

24<sup>th</sup> February 2015



## Auditor of Report

### To The Shareholders and Board of Directors of MFEC Public Company Limited

I have audited the accompanying consolidated financial statements of MFEC Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2014, and the consolidated statement of comprehensive income, consolidated statement of changes in shareholders' equity and consolidated statement of cash flows for the year then ended, and the separate financial statements of MFEC Public Company Limited, which comprise the statement of financial position as at December 31, 2014, and the statement of comprehensive income, statement of changes in shareholder's equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the 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 the 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 consolidated financial statements of MFEC Public Company Limited and its subsidiaries and the separate financial statement of MFEC Public Company Limited referred to above present fairly, in all material respects, the financial position as at December 31, 2014, and the financial performance and cash flows for the year then ended in accordance with the Financial Reporting Standards.

(Miss Wannisa Ngambuathong)

Certified Public Accountant Registration No. 6838

**Dharmniti Auditing Company Limited**

Bangkok, Thailand

February 24, 2015



## The Statements of Financial Position

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

		Assets		(In Baht)	
		Consolidated Financial Statement		Separate Financial Statement	
		As at December		As at December	
	Note	31, 2014	31, 2013	31, 2014	31, 2013
<b>Current Assets</b>					
Cash and cash equivalents	6	193,100,963	190,028,109	121,600,013	92,261,324
Short-term investments	7	50,686,690	140,875,344	-	100,253,948
Trade and other accounts receivable	8	1,234,980,983	864,536,000	1,080,156,699	707,520,816
Current portion of receivable under financial lease agreements	9	35,785,789	58,433,248	11,385,005	26,044,463
Amounts due to related parties	5	194,740	26,327,671	1,573,127	6,005,806
Unbilled receivables		581,252,442	385,441,870	510,548,334	300,852,689
Short-term loans to subsidiaries	5	-	-	5,895,000	6,895,000
Short-term loans to associated company	5	3,000,000	-	3,000,000	-
Loans to related parties	5	746,663	8,630,000	746,663	8,630,000
Costs of work in process	10	589,397,262	558,283,893	562,344,023	531,603,092
Software games development costs	11	-	-	-	-
Other current assets		35,741,468	41,331,820	12,227,348	19,694,301
<b>Total Current Assets</b>		<b>2,724,887,000</b>	<b>2,273,887,955</b>	<b>2,309,476,212</b>	<b>1,799,761,439</b>
<b>Non-Current Assets</b>					
Pledged deposits at financial institutions	12	20,924,937	26,523,015	-	-
Long-term loans to subsidiaries	5	-	-	3,300,000	3,300,000
Investment in associated company	13	16,794,010	18,685,592	20,000,000	20,000,000
Investment in subsidiaries	13	-	-	856,626,607	878,176,607
Receivable under financial lease agreements	9	9,298,297	25,663,414	6,938,100	5,313,617
Property, plant and equipment	14	136,323,641	150,514,493	80,319,526	95,183,814
Goodwill	13	562,959,866	566,989,233	-	-
Intangible assets	15	42,337,237	56,661,442	17,244,187	26,507,536
Deferred tax assets	16	23,773,604	31,620,350	21,102,921	28,563,436
Other non-current assets	5	9,137,064	9,820,649	4,831,729	5,114,606
<b>Total Non-Current assets</b>		<b>821,548,656</b>	<b>886,478,188</b>	<b>1,010,363,070</b>	<b>1,062,159,616</b>
<b>Total Assets</b>		<b>3,546,435,656</b>	<b>3,160,366,143</b>	<b>3,319,839,282</b>	<b>2,861,921,055</b>

Notes to financial statements form an integral part of these statement.



## The Statements of Financial Position (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Liabilities And Shareholders' Equity

(In Baht)

		Consolidated Financial Statement		Separate Financial Statement	
		As at December		As at December	
	Note	31, 2014	31, 2013	31, 2014	31, 2013
Current Liabilities					
Bank overdrafts and short-term loans from financial institutions	17	237,348,511	64,176,733	193,236,310	1,048,685
Trust receipts	17	162,945,790	153,395,918	160,989,375	151,423,896
Trade and other accounts payable	18	579,894,519	497,897,657	548,799,269	435,303,825
Amounts due from related parties	5	-	227,525	10,368,962	19,653,601
Accrued expenses	5	169,071,296	115,958,579	153,189,093	100,720,742
Current portion of liabilities under financial lease agreements	19	6,650,324	31,681,876	2,629,588	856,089
Corporate income tax payable		5,310,817	781,491	5,308,301	-
Deferred income	5	236,287,268	222,573,579	206,664,501	186,424,798
Unbilled payable		129,451,688	147,348,036	132,809,868	145,409,193
Other current liabilities		35,167,949	28,673,209	21,870,438	13,094,131
Total Current Liabilities		1,562,128,162	1,262,714,603	1,435,865,705	1,053,934,960
Non-Current Liabilities					
Liabilities under financial lease agreements	19	7,216,414	4,393,172	4,815,742	107,700
Deferred tax liabilities	16	1,797,982	1,962,000	-	-
Employee benefit obligations	20	41,336,361	51,689,747	25,882,877	32,638,059
Total Non-Current Liabilities		50,350,757	58,044,919	30,698,619	32,745,759
Total Liabilities		1,612,478,919	1,320,759,522	1,466,564,324	1,086,680,719



## The Statements of Financial Position (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

### Liabilities And Shareholders' Equity (Cont.)

(In Baht)

Shareholders' Equity	Note	Consolidated Financial Statement		Separate Financial Statement	
		As at December		As at December	
		31, 2014	31, 2013	31, 2014	31, 2013
<b>Share Capital</b>	22				
Authorised share capital					
(2014 : 441,500,555 ordinary shares of Baht 1 each)					
(2013 : 441,500,555 ordinary shares of Baht 1 each)		441,500,555	441,500,555	441,500,555	441,500,555
Issued and fully paid share capital					
(2014 : 441,453,555 ordinary shares of Baht 1 each)					
2013 : 440,402,555 ordinary shares of Baht 1 each	22	441,453,555	440,402,555	441,453,555	440,402,555
<b>Premium on ordinary shares</b>		986,741,840	983,793,785	986,741,840	983,793,785
Retained earnings					
Appropriated - statutory reserve	23	44,150,055	44,150,055	44,150,055	44,150,055
Unappropriated		446,100,222	360,405,978	380,929,508	306,893,941
Other components of equity					
Unrealized (gain) loss from investments		244,210	41,227	-	-
<b>Total shareholder's equity of the parent company</b>		<b>1,918,689,882</b>	<b>1,828,793,600</b>	<b>1,853,274,958</b>	<b>1,775,240,336</b>
Non-controlling Interests		15,266,855	10,813,021	-	-
<b>Total Shareholders' Equity</b>		<b>1,933,956,737</b>	<b>1,839,606,621</b>	<b>1,853,274,958</b>	<b>1,775,240,336</b>
<b>Total Liabilities And Shareholders' Equity</b>		<b>3,546,435,656</b>	<b>3,160,366,143</b>	<b>3,319,839,282</b>	<b>2,861,921,055</b>





## The Statements of Comprehensive Income

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

	Note	Consolidated Financial Statement		Separate Financial Statement	
		2014	2013	2014	2013
<b>Revenues</b>	5				
Sales and service income		5,132,254,613	4,730,538,979	4,547,409,968	4,009,500,995
Dividend income		-	-	56,419,224	42,953,346
Other income		43,668,551	60,105,998	39,950,595	50,067,053
<b>Total revenues</b>		5,175,923,164	4,790,644,977	4,643,779,787	4,102,521,394
<b>Expenses</b>	5				
Cost of sales and services		4,170,807,323	3,810,387,086	3,781,882,323	3,308,329,727
Selling expenses		141,826,870	125,194,579	116,077,552	96,161,879
Administrative expenses		436,288,924	468,896,996	370,302,743	363,740,650
Management benefit expenses		80,593,239	85,569,188	51,270,749	54,440,213
Finance costs		10,149,498	14,048,389	7,207,978	9,078,884
<b>Total expenses</b>		4,839,665,854	4,504,096,238	4,326,741,345	3,831,751,353
Share of profit (loss) from investments in an associated company		(1,891,582)	(855,988)	-	-
Income before income tax (expense)		334,365,728	285,692,751	317,038,442	270,770,041
Income tax expense	26	59,781,514	50,282,689	53,669,867	43,725,493
Profit for the year		274,584,214	235,410,062	263,368,575	227,044,548
<b>Other comprehensive income</b>					
Unrealized gain (loss) from investments		225,157	26,249	-	-
Actuarial gains	20	14,195,790	6,005,898	9,321,092	-
<b>Total other comprehensive income</b>		14,420,947	6,032,147	9,321,092	-
<b>Total comprehensive income for the years</b>		<b>289,005,161</b>	<b>241,442,209</b>	<b>272,689,667</b>	<b>227,044,548</b>



## The Statements of Comprehensive Income

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

		Consolidated Financial Statement		Separate Financial Statement	
	Note	2014	2013	2014	2013
<b>Profit (loss) attributable to</b>					
Shareholders' equity of the parent company		270,427,033	232,209,827	263,368,575	227,044,548
Non-controlling interests		4,157,181	3,200,235	-	-
<b>Total comprehensive income attributable to</b>					
Shareholders' equity of the parent company		284,551,328	238,241,974	272,689,667	227,044,548
Non-controlling interests		4,453,833	3,200,235	-	-
<b>Basic earnings per share of the parent company</b>					
Profit for the year (Baht per share)	28	0.61	0.53	0.60	0.52
<b>Diluted earnings per share of the parent company</b>					
Profit for the year (Baht per share)	28	0.61	0.53	0.60	0.52

# The Statements of Changes in Shareholders' Equity

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

For The Year Ended December 31, 2014										(In Baht)
Consolidated Financial Statement										
Shareholders' equity of the parent company										
Note	Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		Appropriated - statutory reserve	Unappropriated	Other components of equity		Non-controlling interests	Total
			Unappropriated	Unrealized gain (loss) from investments						
Balance as at January 1, 2013	439,351,555	980,845,730	47,159,001	264,513,787	14,978	1,731,885,051	8,612,846	1,740,497,897		
Profit for the year	-	-	-	232,209,827	-	232,209,827	3,200,235	235,410,062		
Other comprehensive income	-	-	-	6,005,898	26,249	6,032,147	-	6,032,147		
Dividend paid	25	-	-	(145,332,480)	-	(145,332,480)	-	(145,332,480)		
Dividend paid from subsidiaries	-	-	-	-	-	-	(1,000,060)	(1,000,060)		
Statutory reserve	23	-	(3,008,946)	3,008,946	-	-	-	-		
Increase in share capital from warrant conversion	22, 24	1,051,000	-	-	-	1,051,000	-	1,051,000		
Premium on ordinary shares	22, 24	-	2,948,055	-	-	2,948,055	-	2,948,055		
Balance as at January 1, 2014	440,402,555	983,793,785	44,150,055	360,405,978	41,227	1,828,793,600	10,813,021	1,839,606,621		
Profit for the year	-	-	-	270,427,033	-	270,427,033	4,157,181	274,584,214		
Other comprehensive income	-	-	-	13,921,311	202,983	14,124,294	296,653	14,420,947		
Dividend paid	25	-	-	(198,654,100)	-	(198,654,100)	-	(198,654,100)		
Increase in share capital from warrant conversion	22, 24	1,051,000	-	-	-	1,051,000	-	1,051,000		
Premium on ordinary shares	22, 24	-	2,948,055	-	-	2,948,055	-	2,948,055		
Balance as at December 31, 2014	441,453,555	986,741,840	44,150,055	446,100,222	244,210	1,918,689,882	15,266,855	1,933,956,737		

Notes to financial statements form an integral part of these statement.



## The Statements of Changes in Shareholeers' Equity (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

For The Year Ended December 31, 2014

(In Baht)

	Note	Separate Financial Statement				Total
		Issued and paid-up share capital	Premium on ordinary shares	Retained earnings		
				Appropriated statutory reserve	Unappropriated	
Balance as at January 1, 2013		439,351,555	980,845,730	47,159,001	222,172,927	1,689,529,213
Profit for the year		-	-	-	227,044,548	227,044,548
Dividend paid	25	-	-	-	(145,332,480)	(145,332,480)
Statutory reserve	23	-	-	(3,008,946)	3,008,946	-
Increase in share capital from warrant conversion	22, 24	1,051,000	-	-	-	1,051,000
Premium on ordinary shares	22, 24	-	2,948,055	-	-	2,948,055
Balance as at January 1, 2014		440,402,555	983,793,785	44,150,055	306,893,941	1,775,240,336
Profit for the year		-	-	-	263,368,575	263,368,575
Other comprehensive income		-	-	-	9,321,092	9,321,092
Dividend paid	25	-	-	-	(198,654,100)	(198,654,100)
Statutory reserve	23	-	-	-	-	-
Increase in share capital from warrant conversion	22, 24	1,051,000	-	-	-	1,051,000
Premium on ordinary shares	22, 24	-	2,948,055	-	-	2,948,055
Balance as at December 31, 2014		441,453,555	986,741,840	44,150,055	380,929,508	1,853,274,958



## The Statements of Cash Flows

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
<b>Cash flows from operating activities</b>				
<b>Profit for the year</b>	274,584,214	235,410,062	263,368,575	227,044,548
<b>Adjustments to reconcile profit for the year to net cash</b>				
provided by (paid for) operating activities:				
Depreciation and amortization	64,492,803	67,577,788	50,111,029	49,907,450
(Gain) loss on sales of equipment and loss from				
written off equipment and intangible assets	3,188,275	(419,441)	3,847,977	682,277
Unrealized loss (gain) on exchange rate	(1,067,009)	2,860,822	(1,029,025)	2,710,226
Unrealized loss (gain) from valuation of short-term investments	26,616	(296,778)	-	(252,082)
Gain on sales of short-term investment	(1,295,753)	(621,473)	(427,859)	(481,184)
Allowance for doubtful accounts (reversal)	(626,344)	21,337,183	(626,344)	20,810,324
Loss on unbilled receivables	-	5,220,000	-	-
Allowance for obsoleted inventories (reversal)	(8,360)	7,990,491	-	8,039,091
Reserve for loss of investment in subsidiaries	-	-	-	7,204,126
Allowance from impairment of investment and goodwill in				
subsidiaries	4,029,367	7,500,000	21,550,000	7,500,000
Loss from written off for not refunded withholding tax	73,454	86,093	-	-
Allowance on impairment of property, plant and equipment				
and intangible assets	-	13,850,958	-	12,201,903
Reserve for potential loss of service income	3,942,315	40,862,453	3,774,315	40,677,653
Unbilled payable (reversal)	-	(533,670)	-	-
Gain from written off liabilities	(1,019,215)	-	(936,306)	-
Share of (profit) loss from investments in an associated				
company	1,891,582	855,988	-	-
Dividend income	-	-	(56,419,224)	(42,953,346)
Interest income	(2,506,177)	(6,592,230)	(2,432,317)	(5,275,461)
Employee benefit obligation expenses	10,141,606	12,314,411	7,296,148	7,229,194
Interest expenses	9,065,153	13,187,235	6,394,494	8,800,771
Tax expense (income)	59,781,514	50,282,689	53,669,867	43,725,493
<b>Income from operating activities before changes</b>				
in operating assets and liabilities	424,694,041	470,872,581	348,141,330	387,570,983



## The Statements of Cash Flows (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
<b>Decrease (increase) in operating assets</b>				
Trade and other accounts receivable	(365,642,122)	244,016,383	(369,697,631)	222,707,965
Receivable under financial lease agreements	47,012,576	104,757,724	21,034,975	85,347,220
Amounts due to related parties	26,132,931	22,204,206	4,756,787	(5,720,275)
Unbilled receivables	(195,810,572)	197,141,978	(209,695,645)	182,703,673
Costs of work in process	(33,111,696)	116,900,728	(32,747,617)	116,830,755
Software games development costs	-	105,320	-	-
Other current assets	7,262,182	6,857,834	11,333,087	(1,789,990)
Other non-current assets	683,586	1,040,798	282,877	852,523
<b>Increase (decrease) in operating liabilities</b>				
Trade and other accounts payable	82,285,159	(38,684,811)	113,757,323	(39,346,086)
Amounts due to related parties	(227,525)	(218,030)	(9,284,639)	7,901,075
Accrued expenses	53,078,549	4,361,246	52,253,301	(2,220,950)
Deferred income	13,713,689	4,948,217	20,239,703	5,157,937
Unbilled payable	(21,670,663)	(280,126,834)	(16,373,640)	(272,263,244)
Other current liabilities	6,322,351	(18,044,636)	8,776,306	(18,038,277)
Cash paid for employee benefit obligations	(3,226,795)	(1,023,000)	(2,399,920)	(432,000)
Cash received (paid) from operating	41,495,691	835,109,704	(59,623,403)	669,261,309
Withholding tax received	7,875,478	414,722	3,113,677	-
Cash paid for corporate income tax	(55,146,155)	(82,595,052)	(43,237,596)	(61,401,039)
<b>Net cash from (used in) operating activities</b>	<b>(5,774,986)</b>	<b>752,929,374</b>	<b>(99,747,322)</b>	<b>607,860,270</b>
<b>Cash flows from investing activities</b>				
Decrease in pledged deposits at financial institutions	5,598,078	(536,640)	-	-
Cash paid for purchase short-term investments	(484,559,086)	(958,300,000)	(355,000,000)	(870,000,000)
Cash received from sale short-term investments	576,291,991	825,924,870	455,681,807	770,479,318



## The Statements of Cash Flows (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
Cash paid from long-term loans to subsidiaries	-	-	-	(13,000,000)
Cash received from short-term loans to subsidiaries	-	-	3,000,000	-
Cash paid from short-term loans to subsidiaries	-	-	(2,000,000)	-
Cash paid from short-term loans to associated company	(3,000,000)	-	(3,000,000)	-
Cash received from loans to related parties	2,480,000	390,000	2,480,000	390,000
Cash received from sales of equipment	1,156,660	2,295,848	474,303	260,866
Cash paid for purchase of property, plant and equipment	(36,130,717)	(28,718,719)	(26,863,995)	(23,880,100)
Cash paid for purchase of intangible assets	(2,185,278)	(10,932,680)	(1,434,991)	(5,606,922)
Dividends received	-	-	56,419,224	42,953,346
Cash received from interest income	2,524,760	6,630,960	2,108,208	5,179,713
<b>Net cash from (used in) investing activities</b>	<b>62,176,408</b>	<b>(163,246,361)</b>	<b>131,864,556</b>	<b>(93,223,779)</b>
<b>Cash flows from financing activities</b>				
Increase (decrease) in bank overdrafts and short-term loans from financial institutions	173,171,778	(314,215,555)	192,187,625	(306,024,423)
Increase (decrease) in trust receipts	7,311,877	(21,945,518)	7,386,778	(23,917,540)
Dividends paid	(198,654,892)	(146,332,540)	(198,654,100)	(145,332,480)
Cash received from converting warrants	3,999,055	3,999,055	3,999,055	3,999,055
Financial lease agreements paid	(30,208,310)	(27,682,053)	(1,518,459)	(1,417,478)
Long-term loans paid	-	(5,242,893)	-	(5,242,893)
Interest paid	(8,948,076)	(13,679,658)	(6,179,444)	(8,983,176)
<b>Net cash from (used in) financing activities</b>	<b>(53,328,568)</b>	<b>(525,099,162)</b>	<b>(2,778,545)</b>	<b>(486,918,935)</b>
Net increase (decrease) in cash and cash equivalents - net	3,072,854	64,583,851	29,338,689	27,717,556
Cash and cash equivalents - beginning of year	190,028,109	125,444,258	92,261,324	64,543,768
Cash and cash equivalents - ending of year	193,100,963	190,028,109	121,600,013	92,261,324





## The Statements of Cash Flows (Cont.)

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
<b>Supplementary disclosures of cash flows information:</b>				
1) Cash and cash equivalents consisted of :				
Cash on hand	731,869	345,688	45,000	50,000
Cash at banks	192,369,094	189,682,421	121,555,013	92,211,324
	<b>193,100,963</b>	<b>190,028,109</b>	<b>121,600,013</b>	<b>92,261,324</b>

- 1) In 2014, the Company transferred work in process-net the amount of Baht 2 million to be property, plant and equipment and intangible assets.
- 2) In 2013, the Company purchase fixed assets by hire purchase agreements of Baht 0.32 million.
- 3) In 2013, the Company transferred cost of work in process-net and software games development costs the amount of Baht 34.19 million to be property, plant and equipment amount of Baht 27.65 million and intangible assets amount of Baht 6.54 million.
- 4) In 2013, the Company transferred work in process of in tangible assets the amount 2.95 million to be cost of work in process.



# Notes to Financial Statements

MFEC PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

## NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2014

### 1. GENERAL INFORMATION

(a) Legal status and address

MFEC Public Company Limited is a public company incorporated and domiciled in Thailand.

The address of its registered office is as follows :

699 Modernform Tower, Srinakarind Road, Suan Luang, Bangkok.

(b) Nature of the Company's business

Its principal activities are sales of computer, computer system, system implementation, maintenance service program development and provision of related services.

### 2. PRINCIPLES OF PREPARATION AND PRESENTATIONS OF FINANCIAL STATEMENTS

2.1 The accompanying consolidated financial statements include the accounts of MFEC Public Company Limited and the following subsidiaries which are owned directly and indirectly by the Company.

Company’s name	As at December 31, 2014		As at December 31, 2013		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
Subsidiaries held by the Company					
Promptnow Company Limited	60.00	15.00	60.00	15.00	Creates entertainment media for electronics devices
Advance Intelligence Modernity Company Limited	60.00	10.00	60.00	10.00	Development and sale of computer software, particularly entertainment media
Modernform Integration Services Company Limited (***)	99.99	64.10	99.99	64.10	Sale of computer and provision of related services
(***) Subsidiaries held by Modernform Integration Services Company Limited					
M.I.S. Outsourcing Company Limited	80.00	5.00	80.00	5.00	Personnel recruitment and IT system maintenance

	As at December 31, 2014		As at December 31, 2013		Principal activities
	Percentage of shareholding (%)	Paid-up capital (Million Baht)	Percentage of Shareholding (%)	Paid-up capital (Million Baht)	
Business Applications Company Limited	99.99	10.00	99.99	10.00	Selling and developing computer programs, including the relevant services.
Motif Technology Public Company Limited	99.99	80.00	99.99	80.00	Being a consultant for designing the network systems and developing computer programs.
Hongson Software Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems and developing computer programs.
Soft Professional Company Limited	99.99	5.00	99.99	5.00	Principally engaged in the software business and received the investment promotion.
Soft Plus Technology Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems and computer programming.
K Soft Consulting Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems, computer programming, model development and website designing services.
Sammok Software Company Limited	99.99	3.00	99.99	3.00	Principally engaged in the software business and received the investment promotion.
Soft Square 1999 Company Limited (***)	99.99	30.00	99.99	30.00	Providing the consulting services, designing the working systems, computer programming and selling the computer equipment.
<b>(***) Subsidiaries held by Soft Square 1999 Company Limited</b>					
Khonkaen Softtech Company Limited	99.99	5.00	99.99	5.00	Providing the consulting services, designing the working systems, computer programming and data processing services by computer.

2.2 The percentage of total assets and total revenues of the subsidiaries included in the consolidated financial statements are as follows:

	Percentage of total assets included in consolidated the statements of financial position as at		Percentage of total revenues included in consolidated the statements of comprehensive income for the year ended	
	December 31, 2014	December 31, 2013	December 31, 2014	December 31, 2013
<b>Subsidiaries</b>				
Promptnow Company Limited	1.51	2.35	0.92	0.89
Advance Intelligence Modernity Company Limited	0.05	0.08	0.04	-
Modernform Integration Services Company Limited	2.54	4.48	3.19	4.87
Business Applications Company Limited	2.43	2.58	2.54	2.59
Motif Technology Public Company Limited	3.69	4.19	2.06	3.42
Hongson Software Company Limited	0.19	0.38	0.02	0.17
Soft Professional Company Limited	0.53	0.51	0.25	0.22
Soft Plus Technology Company Limited	0.25	0.38	-	0.11
K Soft Consulting Company Limited	0.26	0.38	0.06	0.14
Sammok Software Company Limited	0.10	0.30	0.02	0.18
Soft Square 1999 Company Limited	2.18	2.89	1.19	1.70
<b>Subsidiaries held by Modernform Integration Services Company Limited</b>				
M.I.S. Outsourcing Company Limited	0.99	0.95	1.10	1.15
<b>Subsidiaries held by Soft Square 1999 Company Limited</b>				
Khonkaen Softtech Company Limited	0.11	0.36	0.15	0.19

2.3 Outstanding balances between the Company and the subsidiaries, significant intercompany transactions, investment balance in the Company's books and share capital of the subsidiaries are eliminated from the consolidated financial statements.

2.4 Investments in subsidiaries (at cost) and fair value of the subsidiaries at the date of acquisition have been offset and the difference there of has been shown as asset under the heading of "Goodwill" and to consider impairment loss.

2.5 Subsidiaries are fully consolidated as from the date of acquisition, being the date on which the Company obtains control.

2.6 The accounting policies of the subsidiaries for similar accounting transactions are the same as MFEC Public Company Limited.

### 3. BASIS FOR PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENT

#### 3.1 Basis for preparation of the financial statements

The financial statements have been prepared in accordance with the accounting standards prescribed by Thai Accounts Act enunciated under the Accounting Profession Act B.E.2547 by complying with the financial reporting standards for Publicly Accountable Entities. The presentation of the financial statements has been made in compliance with the Notification of the Department of Business Development, the Ministry of Commerce, re : the financial statements presentation for public limited company, issued under the Accounting Act B.E.2543.

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

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 such financial statements in Thai language.

#### 3.2 Accounting standards effective for using in current year

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the use of the accounting standards and financial reporting standards revised 2012, and the new issued of accounting standards interpretations and financial reporting standards interpretations of which they are effective for using in the periods beginning on or after January 1, 2014, as follows.

TAS 1 (revised 2012)	Presentation of Financial Statements
TAS 7 (revised 2012)	Statement of Cash Flows
TAS 12 (revised 2012)	Income Taxes
TAS 17 (revised 2012)	Leases
TAS 18 (revised 2012)	Revenue
TAS 19 (revised 2012)	Employee Benefits
TAS 21 (revised 2012)	The Effects of Changes in Foreign Exchange Rate
TAS 24 (revised 2012)	Related Party Disclosures
TAS 28 (revised 2012)	Investments in Associates
TAS 31 (revised 2012)	Interests in Joint Venture
TAS 34 (revised 2012)	Interim Financial Reporting
TAS 36 (revised 2012)	Impairment of Assets
TAS 38 (revised 2012)	Intangible assets
TFRS 2 (revised 2012)	Share-based Payment
TFRS 3 (revised 2012)	Business Combinations
TFRS 5 (revised 2012)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2012)	Operating Segments
TFRIC 1	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4	Determining whether an Arrangement contains a Lease
TFRIC 5	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10	Interim Financial Reporting and Impairment
TFRIC 12	Service Concession Arrangements
TFRIC 13	Customer Loyalty Programmes
TFRIC 17	Distributions of Non-cash Assets to Owners
TFRIC 18	Transfers of Assets from Customers
TSIC 15	Operating Leases - Incentives
TSIC 27	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29	Service Concession Arrangements: Disclosure
TSIC 32	Intangible Assets - Web Site Costs

The management of the Company and its subsidiaries have assessed the effects of the above accounting standards, and believes that they do not have any significant impact on the financial statements for the current year.

#### 4. SIGNIFICANT ACCOUNTING POLICES

##### 4.1 Revenue and expense recognition

###### Revenues from sales

Revenues from sales are recognized when the significant risks and rewards of ownership of the goods have been passed to the buyer. Revenues from sales are presented by the value of goods which are delivered after deducting trade discounts in accordance with prices shown on the invoice exclusive of VAT.

###### Revenues from service

Revenues from service for the system implementation and contract develop system are recognized when the service has been rendered on the basis of percentage of completion. The revenue from unbilled service which has already been rendered is presented under the caption of "Unbilled receivable" in the statement of financial position. The revenue received before it is earned or before service is rendered is presented as "Deferred income" in the statement of financial position.

The revenue from providing equipment maintenance service is recognized by the period of service in the service agreement using the straight line method.

Revenue of service contract other is recognized when the service.

###### Cost of service

Cost of service is recognized when the service has been rendered in accordance with the percentage of work completed based on the total estimated costs. The difference between the estimated costs and the actual costs are recognized as "cost of works in process" and "unbilled payable" in the statement of financial position.

A loss provision for the project is provided in full when it is certain that the project will incur loss.

###### Interest income

Interest income is recognized as income on the accrual basis based on the effective rate method.

###### Dividends

Dividends are recognized as income when having the rights to receive the dividends.

###### Other income and other expenses

Other income and other expenses are recognized on an accrual basis.

##### 4.2 Cash and cash equivalents

Cash and cash equivalents consist of cash in hand, cash at bank, and highly liquid short-term investment with an original maturity of three months or less and not subject to withdrawal restrictions.

##### 4.3 Trade accounts receivable and allowance for doubtful

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

##### 4.4 Inventories

Inventories are valued at the lower of cost (specifically and average method) or net realizable value. Allowance for

obsolete inventories is made for slow-moving and obsolete stocks.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties, transportation charges and other direct costs incurred in acquiring the inventories less all trade discounts, allowances or rebates.

The net realizable value of inventory is estimated from the selling price in the ordinary course of business less the estimated costs to complete the sale.

#### 4.5 Software games development costs

Software games for sale development costs are recorded as asset, which stated at cost or net realizable value whichever is lower and will be charged to cost in the full amount upon sale.

Software games for download development costs are recorded as asset, which stated at cost less amortization on straight-line basis over the useful lives of the assets of six months from the date that assets are available for use.

#### 4.6 Costs of works in process

Costs of works in process is valued at the lower of cost or net realizable value, the cost by specific method. Cost consists of cost of goods, materials, cost of labor, cost of subcontract work and other related expenses.

The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the goods, such as import duties, transportation charges and other direct costs incurred in acquiring the goods less all trade discounts, allowances or rebates.

The net realizable value of costs of works in process is estimated from the selling price in the ordinary course of business less the estimated costs to complete production and the estimated costs to complete the delivery.

#### 4.7 Investments

##### Investment in associates

Associates are all entities over which the Company has significant influence but not control generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are stated at cost net from allowance on decline in value (if any).

##### Investment in subsidiaries

Subsidiaries are entities over which the Company has the power to control their financial and operating policies generally accompanying a shareholding of more than one-half of the voting rights. The financial statements of the subsidiaries are consolidated from the date the Company exercises control over the subsidiaries until the date that control power ceases.

Investments in subsidiaries are stated at cost net from allowance on impairment (if any) in the separate financial statements. The Company recognizes gain or loss on sale in the statement of income in the period which sale of investment occurred. In the case of impairment on investment, the Company will recognize loss from impairment of investment as expense in the statement of comprehensive income. The Company recognizes dividends receive when the subsidiaries announce paid dividends.

##### Goodwill

Goodwill represents the excess of the cost of investment over the fair value of investment, which the Company shares in the net identifiable assets of the subsidiary or associate at the date of acquisition. Goodwill on acquisition of a subsidiary is presented as a separate line in the consolidated financial statement. Goodwill on acquisition of an associate is included in investments in associates and is tested for impairment as part of the overall balance.

The goodwill recognized is tested annually for impairment and carried at cost less accumulated impairment losses. The impairment of goodwill is determined by calculating the realizable value based on the value-in-use calculation. Such calculation requires the use of estimates made by management. The allowance for impairment loss on goodwill is not reversed.

As for the cost of acquiring an investment that is lower than the fair value of the share of net assets of the subsidiary, the

difference is negative goodwill and will be recognized immediately in the statement of comprehensive income.

#### Investments in debt securities and marketable equity securities

1. Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded as gains or losses in the statements of comprehensive income.

2. Investments in available-for-sale securities are stated at fair value. Changes in the fair value of these securities are recorded as a separate item in shareholder's equity, and will be recorded as gains or losses in the statement of comprehensive income when the securities are sold.

3. Investments in debt securities held to maturity are recorded at amortized cost by the effective rate method with the amortized amount presented as an adjustment to the interest income.

The fair value of marketable securities is based on the latest bid price of the last working day of the year. The fair value of debt instruments is determined based on yield rates quoted by the Thai Bond Market Association. The fair value of unit trusts is determined from their net asset value.

#### 4.8 General investments

Investments in non-marketable equity securities are general investments, which are stated at cost net from allowance on impairment (if any).

The Company records the loss on impairment (if any) of these investments in the statement of comprehensive income. On disposal of an investment, the difference between the net proceeds and the book value of the investment is recognized as income or expense in the statement of comprehensive income. If partial investments are sold, the book value of the investment is determined by the weighted average method.

#### 4.9 Property, plant and equipment and depreciation

Land is stated at cost. Plant and equipment are stated at cost less accumulated depreciation and allowance on impairment (if any).

Cost is initially recognized upon acquisition of assets along with other direct costs attributing to acquiring such assets in the condition ready to serve the objectives, including the costs of asset demolition, removal and restoration of the asset location, which are the obligations of the company.

Depreciation of plant and equipment is calculated by cost less residual value on the straight-line basis over the following estimated useful lives:

Building	50 years
Leasehold improvements	5 years
Office furniture	5 years
Tools and office equipment	5 years
Equipment and software project	5 years
Motor vehicles	5 years

The Company has reviewed the residual value and useful life of the assets every year.

In the year 2012, a subsidiary has changed the estimated useful life of the asset under building and construction category from 20 years to 50 years. The management considers the assessment report of an independent appraiser to appropriately reflect the current actual state and the economic benefit expected to receive in the future. The change above is applied by the prospective approach.

The depreciation for each asset component is calculated on the separate components when each component has significant cost compared to the total cost of that asset.



Depreciation is included in determining income.

No depreciation is provided on land, construction in progress and equipment under installation.

Property, plant and equipment are written off at disposal. Gains or losses arising from sale or write-off of assets are recognized in the statement of comprehensive income.

#### 4.10 Intangible assets

Intangible assets that are acquired by the Company with finite useful lives are stated at cost less accumulated amortization and allowance on impairment (if any).

The cost of an internally generated intangible asset comprises all directly attributable cost necessary to create, produce, and prepare the asset to be capable of operating in the manner intended by management.

Intangible assets are amortized in the statement of comprehensive income on a straight-line basis over their estimated useful lives from the date that they are available for use. The estimated useful lives are as follows:

Computer software	5	years
Deferred System software of the project	5	years
Cost of research and development	3-5	years
Software games download	3-6	years

The useful lives are reviewed by the Company every year.

The amortization is included in the determination of income.

Research expenditure is recognized as expense when incurred. Intangible assets involved in new product and service design and development are recognized as assets when it is probable about the success of the project as well as feasible in terms of commerce and technology. Other development expenditure is recognized as expense when incurred.

#### 4.11 Borrowing costs

Borrowing costs directly attributed to the acquisition or construction of an asset that necessarily takes long time to put in ready to use or available for sale state are capitalized as part of the cost of the respective asset until that asset condition is ready for its intended use. All other borrowing costs are expensed in the period they are incurred. Borrowing costs consist of interest and other costs arising from such borrowing.

#### 4.12 Related party transactions

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

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

#### 4.13 Operating Lease

Lease of assets under which all the risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Leases payments under an operating lease are recognized as an expense on a systematic basis over the lease term.

#### 4.14 Financial leases

The Company and its subsidiaries record assets under finance leases as assets and liabilities at the amounts equal to the

fair value of the leased assets at the inception of the lease or the present value of the minimum lease payments, whichever is lower. In calculating the present value of the minimum lease payments, the discount factor used is the interest rate implicit in the lease agreements. The interest charge is recorded to the different periods over the entire lease term based on the remaining balance of payable under financial lease agreement in each period.

#### 4.15 Foreign currencies

Transactions in foreign currencies are translated into Baht at the rates ruling on the transaction dates. Monetary assets and liabilities denominated in foreign currency outstanding at the statement of financial position date are translated into Baht at the rates ruling on the statement of financial date.

Exchange gains and losses are included in determining earnings.

#### 4.16 Impairment of assets

As at the statement of financial position date, the Company assesses whether there is an indication of asset impairment. If any such indication exists, the Company will make an estimate of the asset's recoverable amount. If the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognized in the statement of comprehensive income. In addition, impairment loss is reversed if there is a subsequent increase in the recoverable amount. The reversal shall not exceed the carrying value that would have been determined net of accumulated depreciation or amortization. The recoverable amount of the asset is the asset's value in use or fair value less costs to sell.

#### 4.17 Employee benefits

##### Short-term employment benefits

The Company recognizes salary, wage, bonus and contributions to social security fund and provident fund as expenses when incurred.

##### Post-employment benefits (Defined contribution plans)

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

##### Post-employment benefits (Defined benefit plans)

The Company has obligations in respect of the severance payments that it must pay to the employees upon retirement under the labor law and other employee benefit plans. The Company treats these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is calculated based on the actuarial principles by a qualified independent actuary using the projected unit credit method. Such estimates are made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rate.

Actuarial gains and losses for post-employment benefits of the employees are recognized immediately in other comprehensive income.

#### 4.18 Income tax

##### Income tax

Income tax comprises current income tax and deferred tax.

##### Current tax

The Company and its subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2014 : 20%, year 2013 : 20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and

the Company and its subsidiaries is exempted from corporate income tax on net profit of investment.

The six subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code at the income tax rates (year 2014 : 20%, year 2013 : 20%) of net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax.

The six subsidiaries records income tax expense, if any, based on the amount currently payable under the Revenue Code. Income tax is calculated at the tax rates from net profit before income tax, after adding back certain expenses which are non-deductible for income tax computation purposes, and less certain transactions which are exemption or allowable from income tax. And less certain transactions which are exemption or allowable from income tax and the subsidiaries is exempted from corporate income tax on net profit of investment. Income tax is calculated at the rates as follows.

Net profit before income tax (Baht)	Tax rate	
	2014	2013
1 - 300,000	0%	0%
300,001 - 1,000,000	15%	15%
More than 1,000,000	20%	20%

#### Deferred tax

Deferred tax assets and deferred tax liabilities are offset when there is the legal right to settle on a net basis and they relate to income taxes levied by the same tax authority on the same taxable entity.

Thus, the Company offsets deferred tax assets and deferred tax liabilities for presentation in the statement of financial position, rather than presenting them separately. The Company reclassified deferred tax assets and deferred tax liabilities items in the financial statements for the year ended December 31, 2013 in order to conform to the presentation in the financial statements for the year 2014.

#### 4.19 Forward exchange contracts

Receivables and payables arising from forward exchange contracts are translated into Baht at the rates of exchange ruling on the balance sheet. Gains and losses from the translation are included in determining the statement of comprehensive income. Premiums or discounts on forward exchange contracts are amortized on a straight-line basis over the term of the agreement.

Forward exchange contracts for hedging activities of firm commitment (cash flow hedge).

Forward exchange contracts for hedging activities of a firm commitment (cash flow hedge). These derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and that are highly effective are recognised in equity. Where the firm commitment results in the recognition of an asset or a liability, the gains or losses previously deferred in equity are transferred from equity and included in the initial measurement of the non-financial asset or liability. Otherwise, amounts deferred in equity are transferred to the statements of comprehensive income and classified as revenue or expenses in the same periods during which the cash flows, hedged firm commitments, affect the statements of comprehensive income.

#### 4.20 Provision

A liability provision is recognized when there is a present obligation which arises as a result of a past event and 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.

#### 4.21 Use of accounting estimates

Preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions in certain circumstances, affecting the amounts reported in these financial statements and related notes. Actual results could differ from these estimates.

#### 4.22 Earnings per share

Basic earnings per share is calculated by dividing profit for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

Diluted earnings per share is computed by dividing profit for the year by the aggregate amount of weighted average number of ordinary shares which are issued during the year and the weighted average number of ordinary shares which the Company may have to issue for conversion of warrants to ordinary shares.

## 5. RELATED PARTY TRANSACTIONS

During the year, the Company had significant business transactions with its subsidiaries (which have already been eliminated in the preparation of interim consolidated financial statements) and related companies (related by ways of common shareholders and/or common directors). These transactions follow the trade terms and rules agreed between the Company and those companies in the normal course of business.

**Detail of relation between the Company and its related parties and companies are summarized as follow:**

Company's name	Country of incorporation	Type of relation
Promptnow Company Limited	Thailand	Subsidiary
Advance Intelligence Modernity Company Limited	Thailand	Subsidiary
Modernform Integration Services Company Limited	Thailand	Subsidiary
M.I.S. Outsourcing Company Limited	Thailand	Subsidiary
Motif Technology Public Company Limited	Thailand	Subsidiary
Business Applications Company Limited	Thailand	Subsidiary
Soft Square 1999 Company Limited	Thailand	Subsidiary
Khonkaen Softtech Company Limited	Thailand	Subsidiary
Soft Plus Technology Company Limited	Thailand	Subsidiary
Soft Professional Company Limited	Thailand	Subsidiary
Sammok Software Company Limited	Thailand	Subsidiary
K Soft Consulting Company Limited	Thailand	Subsidiary
Hongson Software Company Limited	Thailand	Subsidiary
Soft Square International Company Limited	Thailand	Related parties joint directors
Global Web (Thailand) Company	Thailand	Related parties joint directors
E Professional Company Limited	Thailand	Related parties joint directors
NSC Software Company Limited	Thailand	Related parties joint directors
Modernform Group Public Company Limited*	Thailand	Related parties joint directors
E Proplus Company Limited	Thailand	Related parties joint directors
Soft Inter Chiang Rai Company Limited	Thailand	Related parties joint directors
Rangsit Soft Company Limited	Thailand	Related parties joint directors
Fission Soft Company Limited	Thailand	Related parties joint directors
Modernform Tower Company Limited*	Thailand	Related parties joint directors
TIS Inc.	Japan	Related parties joint directors
Angstrom Solutions Company Limited	Thailand	An associate company with 40% shareholding by the Company

\*On May 14, 2014, it has been restructuring its major shareholder, Modernform Group Public Company Limited which is the related company of MFEC Public Company Limited. Such company has sold 61,983,675 shares, 14.04% of paid-up capital of the Company, to TIS Inc. (Japan) from Japan and the Company has appointed the representative of TIS Inc. as Board of Directors instead of the former person who was the representative of Modernform Group Public Company Limited. As a result, as at June 30, 2014 Modernform Group Public Company Limited is not a related Company to the Company.

Significant transaction with related companies for the year ended December 31, 2014 and 2013, as follows:

(Million Baht)

	Consolidated Financial Statement		Separate Financial Statement		
	For the years ended		For the years ended		Pricing policy
	December 31,		December 31,		
	2014	2013	2014	2013	
<b>Transactions with subsidiaries:</b>	-	-	7.08	18.72	Close to market price
Sales of goods and services	-	-	19.65	36.67	Close to market price
Purchases of goods and services	-	-	0.03	0.03	1 percent per annum
Guarantee fee income	-	-	1.05	0.61	2014 : MLR-1.50% per annum
Interest income					(5.25 - 5.375 percent per annum)
					2013 : MLR-1.50% per annum
					(5.625 - 5.75 percent per annum)
Dividend	-	-	56.42	42.95	As announced
<b>Transactions with associates</b>					
Sales of goods and services	-	5.40	-	5.40	Close to market price
<b>Transactions with related companies:</b>					
Sales of goods and services	11.32	24.17	0.03	0.18	Close to market price
Purchases of office equipment	0.09	0.59	0.09	0.48	Close to market price
Rental and related service expenses	6.87	14.88	3.24	7.61	Market price adjusted with agreed upon discount

The significant outstanding balances with related parties as at December 31, 2014 and 2013 as follows:

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	2013	As at December 31, 2014	2013
<b>Amounts Due To Related Parties</b>				
<b>Subsidiaries:</b>				
Promptnow Company Limited	-	-	103,858	76,801
Advance Intelligence Modernity Company Limited	-	-	442,186	124,744
Motif Technology Public Company Limited	-	-	756,373	5,162,261
Business Applications Company Limited	-	-	260,010	-
Modernform Integration Services Company Limited	-	-	-	642,000
M.I.S Outsourchig Company Limited	-	-	10,700	-
<b>Related Companies:</b>				
Soft Square International Company Limited	194,740	26,327,671	-	-
	194,740	26,327,671	1,573,127	6,005,806
<b>Short-Term Loans To Subsidiaries</b>				
Advance Intelligence Modernity Company Limited	-	-	9,395,000	8,395,000
Promptnow Company Limited	-	-	6,500,000	8,500,000
	-	-	15,895,000	16,895,000
Less: Reserve for loss of investment in subsidiaries (Note 13)	-	-	(10,000,000)	(10,000,000)
	-	-	5,895,000	6,895,000
<b>Short-term Loans To associated company</b>				
Angstrom Solutions Company Limited	3,000,000	-	3,000,000	-
<b>Loans To Related Parties</b>				
Loans to related persons	6,150,000	8,630,000	6,150,000	8,630,000
Less : Allowance for doubtful debts	(5,403,337)	-	(5,403,337)	-
<b>Net</b>	<b>746,663</b>	<b>8,630,000</b>	<b>746,663</b>	<b>8,630,000</b>

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31,		As at December 31,	
	2014	2013	2014	2013
<b>Long -Term Loans To Subsidiaries</b>				
Advance Intelligence Modernity Company Limited	-	-	3,300,000	3,300,000
<b>Other Non-Current Assets - Deposit</b>				
<b>Related Company:</b>				
Modernform Tower Company Limited	-	3,405,126	-	1,516,500
<b>Amounts Due From Related Parties</b>				
<b>Subsidiaries:</b>				
Promptnow Company Limited	-	-	1,466,645	-
Advance Intelligence Modernity Company Limited	-	-	3,745,000	211,680
Motif Technology Public Company Limited	-	-	4,162,217	8,853,387
Soft Square 1999 Company Limited	-	-	-	1,272,845
Khonkaen Softtech Company Limited	-	-	995,100	9,172,602
<b>Related Companies:</b>				
Modernform Tower Company Limited	-	227,525	-	143,087
	-	227,525	10,368,962	19,653,601
<b>Deferred income</b>				
<b>Associates Companies</b>				
Angstrom Solutions Company Limited	-	1,000,000	-	1,000,000



(In Baht)

	As at December 31, 2013	Additional during period	Repayment during period	As at December 31, 2014	Type of loans	Due date	Interest rate
<b>Short-term loans to subsidiaries</b>							
Advance Intelligence Modernity Company Limited	8,395,000	1,000,000	-	9,395,000	Promissory note	At call	MLR - 1.50% per annum
Promtnow Company Limited	8,500,000	1,000,000	(3,000,000)	6,500,000	Promissory note	At call	MLR - 1.50% per annum
<b>Long-term loans to subsidiaries</b>							
Advance Intelligence Modernity Company Limited	3,300,000	-	-	3,300,000	Promissory note	Jan 27, 2022	MLR - 1.50% per annum
<b>Short-term Loans to associated company</b>							
Angstrom Solutions Company Limite	-	3,000,000	-	3,000,000	Promissory note	Dec 31, 2015	MLR - 1.5% per annum

(In Baht)

	As at December 31, 2013	Additional during year	Repayment during year	Allowance for doubtful debts	As at December 31, 2014		Relationship	Due date
					Due within one year	Due more than one year		
Contract No. 1	2,876,674	-	(150,000)	(2,726,674)	-	-	Shareholders of subsidiaries	At call
Contract No. 2	2,876,663	-	(200,000)	(2,676,663)	-	-		
Contract No. 3	2,876,663	-	(2,130,000)	-	746,663	-		
	8,630,000	-	(2,480,000)	(5,403,337)	746,663	-		

Loans to related parties have no interest

**Guarantee obligations with related parties**

As at December 31, 2014, the Company had outstanding obligations in respect of guarantees on the Advance Intelligence Modernity Limited (Subsidiaries) for credit line book overdraft amount Baht 3 million.

**Management benefit expenses**

Management benefit expenses represents the benefits paid to the Company's management such as salaries and related benefit including the benefit paid by other means. The Company's management is the persons who are defined under the Securities and Exchange Act.

**Management benefit expenses for the year ended December 31, 2014 and 2013, as follows**

(In Baht)

	<b>Consolidated Financial Statement</b>		<b>Separate Financial Statement</b>	
	<b>For the years ended December 31,</b>		<b>For the years ended December 31,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>Management</b>				
Management benefit expenses				
Short-term employee benefits	78,128,833	82,014,888	49,662,301	52,596,705
Post-employment benefits	2,464,406	3,554,300	1,608,448	1,843,508
<b>Total</b>	<b>80,593,239</b>	<b>85,569,188</b>	<b>51,270,749</b>	<b>54,440,213</b>

**6. CASH AND CASH EQUIVALENTS**

(In Baht)

	<b>Consolidated Financial Statement</b>		<b>Separate Financial Statement</b>	
	<b>As at December 31, 2014</b>	<b>As at December 31, 2013</b>	<b>As at December 31, 2014</b>	<b>As at December 31, 2013</b>
Cash in hand	731,869	345,688	45,000	50,000
Cash at bank - current accounts	830,066	26,582,325	123,491	4,064,768
Cash at bank - savings accounts	191,110,247	162,676,663	121,431,522	88,146,556
Cash at bank - fixed deposit - 3 months	428,781	423,433	-	-
<b>Total</b>	<b>193,100,963</b>	<b>190,028,109</b>	<b>121,600,013</b>	<b>92,261,324</b>

Savings accounts carry interest at the floating rates which are set by the bank.

## 7. SHORT-TERM INVESTMENTS

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Fixed deposit	8,628,902	-	-	-
Unit trusts	41,764,402	140,528,496	-	100,001,866
Add : Unrealized gain from valuation of investment	293,386	346,848	-	252,082
Total unit trusts	42,057,788	140,875,344	-	100,253,948
Net short-term investments	50,686,690	140,875,344	-	100,253,948

## 8. TRADE AND OTHER ACCOUNTS RECEIVABLE

The aging of outstanding trade accounts receivable balance as at December 31, 2014 and 2013 based on due date, is as follows:

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Not yet due	877,583,366	493,087,497	814,239,038	389,868,278
Over due				
Less than 3 months	178,786,757	193,754,596	144,276,618	160,746,436
3 - 6 months	84,491,517	96,418,790	44,657,458	94,380,033
6 - 12 months	21,466,044	3,969,800	14,364,533	3,038,800
More than 12 months	40,573,206	41,304,105	39,682,016	40,292,915
Back to back basis	2,580,136	-	2,200,776	-
Total	1,205,481,026	828,534,788	1,059,420,439	688,326,462
Less: Allowance for doubtful debts	(17,581,319)	(23,611,000)	(16,690,129)	(22,719,810)
Trade accounts receivable - net	1,187,899,707	804,923,788	1,042,730,310	665,606,652
<b>Other accounts receivable</b>				
Receivable revenue department	34,784,241	38,322,463	25,648,109	28,743,825
Accrued rebate	9,519,243	12,595,755	9,519,243	12,595,755
Other	2,777,792	8,693,994	2,259,037	574,584
Total other accounts receivable	47,081,276	59,612,212	37,426,389	41,914,164
<b>Trade and other accounts receivable - net</b>	<b>1,234,980,983</b>	<b>864,536,000</b>	<b>1,080,156,699</b>	<b>707,520,816</b>

The Company gives its general customers a credit term ranging 30-90 days and its subsidiaries give its general customers a credit term of 30 days.

The movements of the allowance for doubtful debts are as follow :

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Allowance for doubtful debts - beginning	(23,611,000)	(2,852,835)	(22,719,810)	(1,974,486)
Add Additional allowances	-	(21,010,421)	-	(20,997,580)
Less Reversing of allowances	6,029,681	187,256	6,029,681	187,256
Bad debts	-	65,000	-	65,000
<b>Allowance for doubtful debts - ending</b>	<b>(17,581,319)</b>	<b>(23,611,000)</b>	<b>(16,690,129)</b>	<b>(22,719,810)</b>

In year 2014 and 2013, the allowance for doubtful accounts decrease due to the repayment from customers in total amount.

## 9. RECEIVABLE UNDER FINANCIAL LEASE AGREEMENTS

As at December 31, 2014 and 2013, the Company and its subsidiaries have financial leasing agreements. The payment details are follows :-

	Consolidated Financial Statement (In Baht)					
	As at December 31, 2014			As at December 31, 2013		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	35,785,789	920,868	36,706,657	58,433,248	1,540,177	59,973,425
After one year but within five years	9,298,297	566,144	9,864,441	25,663,414	620,736	26,284,150
<b>Total</b>	<b>45,084,086</b>	<b>1,487,012</b>	<b>46,571,098</b>	<b>84,096,662</b>	<b>2,160,913</b>	<b>86,257,575</b>

	Separate Financial Statement (In Baht)					
	As at December 31, 2014			As at December 31, 2013		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	11,385,005	619,934	12,004,939	26,044,463	835,352	26,879,815
After one year but within five years	6,938,100	368,849	7,306,949	5,313,617	121,030	5,434,647
<b>Total</b>	<b>18,323,105</b>	<b>988,783</b>	<b>19,311,888</b>	<b>31,358,080</b>	<b>956,382</b>	<b>32,314,462</b>

As at December 31, 2014 and 2013, the total receivable under financial lease agreements are not yet due.

Receivable under financial lease agreements for the portion due within one year was shown under "current assets" in the statements of financial position.

As at December 31, 2014, the Company and its subsidiaries have 10 outstanding financial leasing agreements are as follows:

				Baht (excluded VAT)	
	Outstanding financial lease agreement	Type of financial lease agreement	Term of payment	Amount per period	Total financial lease amount
The Company	1	Infrastructure system for ICT service	3 years (12 installment)	16,878,155.02	219,615,244.64
			2 years (8 installment)	2,134,673.05	
	1	Infrastructure system for ENCO	(36 installment)	141,324.56	5,841,447.46
			(24 installment)	31,406.82	
	1	Security information and Event Management system (SIEM)	(36 installment)	347,222.00	12,499,992.00
	1	Equipment and Computers	(60 installment)	73,333.34	4,400,000.00
A subsidiary	3	Equipment and Computers	(36 installment)	67,230.00	1,411,560.00
	1	Equipment and Computers	(36 installment)	2,133,770.00	76,815,720.00
	2	Equipment and Computers	(60 installment)	401,820.94	6,109,256.40
	10				326,693,220.50

## 10. COST OF WORK IN PROCESS

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Finished goods	14,238,548	21,881,146	11,220,411	15,911,148
Work in process	574,102,719	544,987,085	548,520,220	523,352,270
Goods in transit	13,126,181	7,833,831	13,126,181	7,202,086
Total	601,467,448	574,702,062	572,866,812	546,465,504
Less: Allowance for obsoleted inventories	(12,070,186)	(16,418,169)	(10,522,789)	(14,862,412)
<b>Cost of work in process</b>	<b>589,397,262</b>	<b>558,283,893</b>	<b>562,344,023</b>	<b>531,603,092</b>

As at December 31, 2014, the allowance for obsoleted inventories has decreased Baht 4.34 million as the management has considered the write-off amount of Baht 2.80 million and Baht 1.54 million was due to the transfer to property, plant and equipment and intangible assets for internal use. As at December 31, 2013, the allowance for obsoleted inventories has decreased Baht 9.42 million from the transfer to property, plant and equipment and intangible assets for internal use and partial sale (Note 14 and 15).

**11. SOFTWARE GAMES PROGRAM DEVELOPMENT COSTS**

Software games development costs has the following movements :

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Software games development costs - beginning	-	2,105,360	-	-
Increase during the years	-	5,697,993	-	-
Less: Amortization	-	(717,091)	-	-
Transfer out to intangible assets	-	(5,546,161)	-	-
Transfer out to cost of work in process	-	(1,540,101)	-	-
<b>Software games development costs - ending</b>	-	-	-	-

**12. PLEDGED DEPOSITS AT FINANCIAL INSTITUTIONS**

As at December 31, 2014 and 2013, fixed deposits of three subsidiaries in the amount of Baht 20.92 million and Baht 26.52 million, respectively. Which are pledged as collateral for bank guarantee, overdrafts and short-term loan from the financial institution.

**13. INVESTMENTS IN ASSOCIATED COMPANY AND SUBSIDIARIES AND GOODWILL****INVESTMENT IN ASSOCIATED COMPANY**

Investment in associated were as follows :

(In Baht)

Name of associated company	Percentage of shareholding (%)		Consolidated Financial Statement Equity method		Separate Financial Statement Cost method		Dividend income	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Associated company								
Angstrom Solutions Company Limited	40	40	16,794,010	18,685,592	20,000,000	20,000,000	-	-
Investments in associated - net			16,794,010	18,685,592	20,000,000	20,000,000	-	-

As at December 31, 2014, the investment in associated company by the equity method presented in the consolidated financial statement is calculated from the financial statements of the associated company as at December 31, 2014, which prepared by the management and as at December 31, 2013, which is passed the audited by the auditor.

## INVESTMENTS IN SUBSIDIARIES

Investments in subsidiaries were as follows:

Name of Subsidiaries	(In Baht)					
	Paid up capital (Million Baht)		Value of investment under the equity method		Separate Financial Statement	
	As at December 31, 2014	2013	As at December 31, 2014	2013	Cost method As at December 31, 2014	2013
Promptnow Company Limited	15.00	15.00	14,864,626	9,751,174	9,000,000	-
Advance Intelligence Modernity Company Limited	10.00	10.00	-	-	6,000,000	-
Modernform Integration Services Company Limited	64.10	64.10	65,890,416	71,754,415	96,050,000	-
Business Applications Company Limited	10.00	10.00	205,234,596	207,132,043	200,828,331	12,000,000
Motif Technology Public Company Limited	80.00	80.00	315,268,461	320,069,328	291,926,606	18,000,000
Hongson Software Company Limited	5.00	5.00	87,079,973	90,019,831	80,441,387	6,999,720
Soft Professional Company Limited	5.00	5.00	18,633,863	17,796,000	20,628,847	3,499,860
Soft Plus Technology Company Limited	5.00	5.00	21,404,405	22,910,295	20,238,830	2,349,906
K Soft Consulting Company Limited	5.00	5.00	18,485,277	19,285,805	17,794,609	2,599,896
Sammok Software Company Limited	3.00	3.00	13,809,655	14,110,596	10,075,499	2,219,852
Soft Square 1999 Company Limited	30.00	30.00	168,692,894	160,319,889	144,317,498	10,199,932
<b>Total</b>			929,364,166	933,149,376	897,301,607	56,419,224
Less : Allowance from impairment of investment in subsidiaries					(40,675,000)	(19,125,000)
Net					856,626,607	878,176,607
<b>Reserve for loss from investment in subsidiaries</b>					10,000,000	10,000,000
<b>Presented as : Allowance for doubtful debts (See Note 5)</b>					(10,000,000)	(10,000,000)
					-	-

**GOODWILL**

Movements of goodwill during in the years are as follow :

(In Baht)

	<b>Consolidated Financial Statement</b>	
	<b>As at December 31, 2014</b>	<b>As at December 31, 2013</b>
Balance as at beginning	566,989,233	574,489,233
Increase	-	-
Less : Allowance for impairment of investment	(4,029,367)	(7,500,000)
<b>Balance as at ending</b>	<b>562,959,866</b>	<b>566,989,233</b>



14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated Financial Statement							(In Baht)
	Land	Building	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
<b>At cost:</b>								
January 1, 2014	17,831,600	36,273,036	31,148,634	165,178,299	222,442,691	33,899,098	27,066,631	533,839,989
Acquisitions	-	-	775,017	9,210,601	22,023,517	4,120,667	915	36,130,717
Disposals	-	-	-	(6,470,489)	(4,777,106)	-	(3,347,470)	(14,595,065)
Transfer in (out)	-	-	-	7,829	1,766,439	-	-	1,774,268
December 31, 2014	17,831,600	36,273,036	31,923,651	167,926,240	241,455,541	38,019,765	23,720,076	557,149,909
<b>Accumulated depreciation:</b>								
January 1, 2014	-	13,539,225	30,072,971	106,794,070	181,520,545	16,184,579	17,720,004	365,831,394
Depreciation for the years	-	608,559	520,793	18,018,655	20,712,344	5,909,052	3,213,748	48,983,151
Depreciation for Disposals	-	-	-	(6,286,493)	(1,848,420)	-	(3,347,467)	(11,482,380)
Transfer in (out)	-	-	-	-	-	-	-	-
December 31, 2014	-	14,147,784	30,593,764	118,526,232	200,384,469	22,093,631	17,586,285	403,332,165
<b>Allowance for declining value</b>								
Balance as at January 1, 2014	-	-	-	10,223,109	-	7,270,994	-	17,494,103
Allowance for decline value for the year	-	-	-	-	-	-	-	-
Transfer in	-	-	-	-	-	-	-	-
Balance as at December 2014,	-	-	-	10,223,109	-	7,270,994	-	17,494,103
<b>Net book value:</b>								
December 31, 2014	17,831,600	22,125,252	1,329,887	39,176,899	41,071,072	8,655,140	6,133,791	136,323,641
December 31, 2013	17,831,600	22,733,811	1,075,663	48,161,120	40,922,146	10,443,526	9,346,627	150,514,493

Consolidated Financial Statement								(In Baht)
	Land	Building	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
<b>At cost:</b>								
January 1, 2013	17,831,600	36,273,036	31,104,634	129,854,238	209,320,076	26,404,214	31,191,719	481,979,517
Acquisitions	-	-	44,000	11,216,345	15,208,088	1,541,450	1,031,935	29,041,818
Disposals	-	-	-	(6,930,061)	(5,116,014)	(1,735,620)	(5,157,023)	(18,938,718)
Transfer in (out)	-	-	-	31,037,777	3,030,541	7,689,054	-	41,757,372
December 31, 2013	17,831,600	36,273,036	31,148,634	165,178,299	222,442,691	33,899,098	27,066,631	533,839,989
<b>Accumulated depreciation:</b>								
January 1, 2013	-	12,882,723	29,619,284	94,727,730	165,444,182	11,403,478	18,547,487	332,624,884
Depreciation for the years	-	656,502	453,687	18,850,770	21,050,790	5,820,064	3,437,009	50,268,822
Depreciation for Disposals	-	-	-	(6,784,430)	(4,974,427)	(1,038,963)	(4,264,492)	(17,062,312)
Transfer in (out)	-	-	-	-	-	-	-	-
December 31, 2013	-	13,539,225	30,072,971	106,794,070	181,520,545	16,184,579	17,720,004	365,831,394
<b>Allowance for declining value</b>								
Balance as at January 1, 2013	-	-	-	-	-	-	-	-
Allowance for decline value for the year	-	-	-	-	-	3,389,278	-	3,389,278
Transfer in	-	-	-	10,223,109	-	3,881,715	-	14,104,824
Balance as at December 2013	-	-	-	10,223,109	-	7,270,993	-	17,494,102
<b>Net book value:</b>								
December 31, 2013	17,831,600	22,733,811	1,075,663	48,161,120	40,922,146	10,443,526	9,346,627	150,514,493
December 31, 2012	17,831,600	23,390,313	1,485,350	35,126,508	43,875,894	15,000,736	12,644,232	149,354,633

As at December 31, 2014 and 2013, certain equipment of the Company and its subsidiaries have been fully depreciated but still in use. The costs of those assets amounted to Baht 264.02 million and Baht 212.69 million, respectively.

As at December 31, 2014 and 2013, the Company and its subsidiaries have motor vehicles and office equipment under the financial lease agreements amounted to net book value of Baht 3 million and Baht 6.09 million, respectively.

(In Baht)

	Separate Financial Statement					
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
<b>At cost:</b>						
January 1, 2014	17,817,178	141,057,814	162,098,625	33,899,098	16,124,820	370,997,535
Acquisitions	636,217	8,968,807	17,258,971	-	-	26,863,995
Disposals	-	(5,289,483)	(3,637,077)	-	(1,650,985)	(10,577,545)
Transfer in (out)	-	7,829	1,766,439	-	-	1,774,268
December 31, 2014	18,453,395	144,744,967	177,486,958	33,899,098	14,473,835	389,058,253
<b>Accumulated depreciation:</b>						
January 1, 2014	17,397,294	88,568,547	126,552,810	16,184,577	9,616,390	258,319,618
Depreciation for the year	227,088	17,101,200	15,508,170	5,429,147	2,146,915	40,412,520
Depreciation for Disposals	-	(5,125,908)	(710,623)	-	(1,650,983)	(7,487,514)
Transfer in (out)	-	-	-	-	-	-
December 31, 2014	17,624,382	100,543,839	141,350,357	21,613,724	10,112,322	291,244,624
<b>Allowance for declining value</b>						
Balance as at January 1, 2014	-	10,223,109	-	7,270,994	-	17,494,103
Allowance for declining value for the year	-	-	-	-	-	-
Balance as at December 31, 2014	-	10,223,109	-	7,270,994	-	17,494,103
<b>Net book value:</b>						
December 31, 2014	829,013	33,978,019	36,136,601	5,014,380	4,361,513	80,319,526
December 31, 2013	419,884	42,266,158	35,545,815	10,443,527	6,508,430	95,183,814

(In Baht)

Separate Financial Statement						
	Leasehold improvements	Office furniture	Tools and office equipment	Equipment and software system	Motor vehicles	Total
<b>At cost:</b>						
January 1, 2013	17,773,178	106,671,267	150,246,596	26,404,214	16,191,371	317,286,626
Acquisitions	44,000	9,764,958	12,852,792	1,541,450	-	24,203,200
Disposals	-	(6,416,188)	(4,031,305)	(1,735,620)	(66,551)	(12,249,664)
Transfer in (out)	-	31,037,777	3,030,542	7,689,054	-	41,757,373
December 31, 2013	17,817,178	141,057,814	162,098,625	33,899,098	16,124,820	370,997,535
<b>Accumulated depreciation:</b>						
January 1, 2013	17,214,597	77,627,965	115,260,051	11,403,477	7,419,306	228,925,396
Depreciation for the year	182,697	17,219,412	15,214,938	5,820,063	2,263,634	40,700,744
Depreciation for Disposals	-	(6,278,830)	(3,922,179)	(1,038,963)	(66,550)	(11,306,522)
Transfer in (out)	-	-	-	-	-	-
December 31, 2013	17,397,294	88,568,547	126,552,810	16,184,577	9,616,390	258,319,618
<b>Allowance for declining value</b>						
Balance as at January 1, 2013	-	-	-	-	-	-
Allowance for declining value for the year	-	-	-	3,389,278	-	3,389,278
Transfer in	-	10,223,109	-	3,881,716	-	14,104,825
Balance as at December 31, 2013	-	10,223,109	-	7,270,994	-	17,494,103
<b>Net book value:</b>						
December 31, 2013	419,884	42,266,158	35,545,815	10,443,527	6,508,430	95,183,814
December 31, 2012	558,581	29,043,302	34,986,545	15,000,737	8,772,065	88,361,230

As at December 31, 2014 and 2013, certain equipment of the Company has been fully depreciated but still in use. The costs of those assets amounted to Baht 184.53 million and Baht 160.85 million, respectively.

As at December 31, 2014 and 2013, the Company has motor vehicles and office equipment under the financial lease agreements amounted to net book value of Baht 1.44 million and Baht 1.97 million, respectively.

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	For the years ended December 31, 2014	For the years ended December 31, 2013	For the years ended December 31, 2014	For the years ended December 31, 2013
Depreciation charged to the statements of comprehensive income				
Cost of sales and services	24,945,697	24,732,726	23,175,590	23,618,277
Administrative expenses	24,037,454	25,536,096	17,236,930	17,082,467
<b>Total</b>	<b>48,983,151</b>	<b>50,268,822</b>	<b>40,412,520</b>	<b>40,700,744</b>

## 15. INTANGIBLE ASSETS

	Consolidated Financial Statement							(In Baht)
	Computer software	Project system software	Games for download development of products	Work in progress - Cost of research and development of product	Work in progress - Computer software	Work in progress - Games for download development of products	Total	
<b>At cost:</b>								
January 1, 2014	53,762,118	36,713,881	34,410,739	1,232,249	-	5,546,161	131,665,148	
Acquisitions/Internal cost	320,140	1,379,144	-	-	-	485,994	2,185,278	
Amortization	-	-	-	(1,232,249)	-	-	(1,232,249)	
Transfer in (out)	232,418	24,554,078	(23,283,533)	-	-	(1,270,545)	232,418	
December 31, 2014	54,314,676	62,647,103	11,127,206	-	-	4,761,610	132,850,595	
<b>Accumulated Amortization</b>								
January 1, 2014	28,483,962	13,045,083	15,900,461	-	-	-	57,429,506	
Amortization for the year	7,030,042	4,291,481	4,188,129	-	-	-	15,509,652	
Transfer in (out)	-	11,520,173	(11,520,173)	-	-	-	-	
December 31, 2014	35,514,004	28,856,737	8,568,417	-	-	-	72,939,158	
<b>Allowance for declining value</b>								
January 1, 2014	5,612,520	10,461,680	1,500,000	-	-	-	17,574,200	
Allowance for declining value for the year	-	-	-	-	-	-	-	
December 31, 2014	5,612,520	10,461,680	1,500,000	-	-	-	17,574,200	
<b>Net book value:</b>								
December 31, 2014	13,188,152	23,328,686	1,058,789	-	-	4,761,610	42,337,237	
December 31, 2013	19,665,636	13,207,118	17,010,278	1,232,249	-	5,546,161	56,661,442	

Consolidated Financial Statement								(In Baht)
	Computer software	Project system software	Games for download development of products	Work in progress - Cost of research and development of product	Work in progress - Computer software	Work in progress Games for download development of products	Total	
<b>At cost:</b>								
January 1, 2013	40,617,288	30,391,930	34,383,040	5,920,577	464,000	-	111,776,835	
Acquisitions/Internal cost	2,778,696	4,342,269	27,699	237,894	-	3,546,122	10,932,680	
Amortization	-	-	-	-	-	-	-	
Transfer in (out)	10,366,134	1,979,682	-	(4,926,222)	(464,000)	2,000,039	8,955,633	
December 31, 2013	53,762,118	36,713,881	34,410,739	1,232,249	-	5,546,161	131,665,148	
<b>Accumulated Amortization</b>								
January 1, 2013	21,066,178	9,843,464	9,210,898	-	-	-	40,120,540	
Amortization for the year	7,417,784	3,201,619	6,689,563	-	-	-	17,308,966	
Transfer in (out)	-	-	-	-	-	-	-	
December 31, 2013	28,483,962	13,045,083	15,900,461	-	-	-	57,429,506	
<b>Allowance for declining value</b>								
January 1, 2013	2,255,336	-	1,500,000	-	-	-	3,755,336	
Allowance for declining value for the year	-	10,461,680	-	-	-	-	10,461,680	
Transfer in	3,357,184	-	-	-	-	-	3,357,184	
December 31, 2013	5,612,520	10,461,680	1,500,000	-	-	-	17,574,200	
<b>Net book value:</b>								
December 31, 2013	19,665,636	13,207,118	17,010,278	1,232,249	-	5,546,161	56,661,442	
December 31, 2012	17,295,774	20,548,466	23,672,142	5,920,577	464,000	-	67,900,959	

(In Baht)

## Separate Financial Statement

	Computer software	Project system software	Work in progress - Cost of research and development of product	Work in progress - Computer software	Total
<b>At cost</b>					
January 1, 2014	45,436,811	27,913,783	1,232,249	-	74,582,843
Acquisitions/Internal cost	55,847	1,379,144	-	-	1,434,991
Amortization	-	-	(1,232,249)	-	(1,232,249)
Transfer in (out)	232,418	-	-	-	232,418
December 31, 2014	45,725,076	29,292,927	-	-	75,018,003
<b>Accumulated Amortization</b>					
January 1, 2014	23,168,229	10,481,933	-	-	33,650,162
Amortization for the year	6,333,698	3,364,811	-	-	9,698,509
December 31, 2014	29,501,927	13,846,744	-	-	43,348,671
<b>Allowance for declining value</b>					
January 1, 2014	5,612,520	8,812,625	-	-	14,425,145
Allowance for declining value for the year	-	-	-	-	-
December 31, 2014	5,612,520	8,812,625	-	-	14,425,145
<b>Net book value:</b>					
December 31, 2014	10,610,629	6,633,558	-	-	17,244,187
December 31, 2013	16,656,062	8,619,225	1,232,249	-	26,507,536



(In Baht)

Separate Financial Statement					
	Computer software	Project system software	Work in progress - Cost of research and development of product	Work in progress - Computer software	Total
<b>At cost:</b>					
January 1, 2013	34,043,918	21,591,832	5,920,577	464,000	62,020,327
Acquisitions/Internal cost	1,026,759	4,342,269	237,894	-	5,606,922
Amortization	-	-	-	-	-
Transfer in (out)	10,366,134	1,979,682	(4,926,222)	(464,000)	6,955,594
December 31, 2013	45,436,811	27,913,783	1,232,249	-	74,582,843
<b>Accumulated Amortization</b>					
January 1, 2013	16,872,132	7,571,324	-	-	24,443,456
Amortization for the year	6,296,097	2,910,609	-	-	9,206,706
December 31, 2013	23,168,229	10,481,933	-	-	33,650,162
<b>Allowance for declining value</b>					
January 1, 2013	2,255,336	-	-	-	2,255,336
Allowance for declining value for the year	-	8,812,625	-	-	8,812,625
Allowance for declining value	3,357,184	-	-	-	3,357,184
December 31, 2013	5,612,520	8,812,625	-	-	14,425,145
<b>Net book value:</b>					
December 31, 2013	16,656,062	8,619,225	1,232,249	-	26,507,536
December 31, 2012	14,916,450	14,020,508	5,920,577	464,000	35,321,535

As at December 31, 2014 and 2013, certain computer software and project system software of the Company has been fully amortized but still in use. The cost of those assets amounted to Baht 10.79 million and Baht 10.56 million, respectively.

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	For the years ended December 31, 2014	For the years ended December 31, 2013	For the years ended December 31, 2014	For the years ended December 31, 2013
Amortization charged to the statements of comprehensive income				
Cost of sales and services	8,479,611	10,149,415	3,364,811	2,699,881
Administrative expenses	7,030,041	7,159,551	6,333,698	6,506,825
<b>Total</b>	<b>15,509,652</b>	<b>17,308,966</b>	<b>9,698,509</b>	<b>9,206,706</b>

**16. DEFERRED TAX ASSETS AND DEFERRED TAX LIABILITIES**

16.1 Deferred tax assets and deferred tax liabilities as follows :

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Deferred tax assets	23,773,604	31,620,350	21,102,921	28,563,436
Deferred tax liabilities	(1,797,982)	(1,962,000)	-	-
	<b>21,975,622</b>	<b>29,658,350</b>	<b>21,102,921</b>	<b>28,563,436</b>

16.2 Changes in deferred tax assets and deferred tax liabilities for the years ended December 31, 2014 and 2013 are summarized as follows:

(In Baht)

	Consolidated Financial Statement			
	Revenue (expenses) during the year			
	Balance as at Dec. 31, 13	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 14
Deferred tax assets:				
Trade account receivables	4,543,962	(1,205,936)	-	3,338,026
Cost at work in process	2,992,774	(869,596)	-	2,123,178
Loans to related parties	-	1,080,667	-	1,080,667
Property, plant and equipment	3,498,820	-	-	3,498,820
Intangible assets	2,885,029	(2,226,376)	-	658,653
Provisions for employee benefits	9,765,839	1,293,035	(3,072,408)	7,986,466
Provision for loss of project	8,135,531	(2,889,910)	-	5,245,621
Provision for litigation	15,420	-	-	15,420
Total	31,837,375	(4,818,116)	(3,072,408)	23,946,851
Deferred tax liabilities:				
Unrealized gain on remeasuring available for sale				
Investments	8,843	-	44,775	53,618
Financial lease agreement	208,182	(82,233)	-	125,949
Fair value adjustment of assets in business combinations	1,962,000	(170,338)	-	1,791,662
Total	2,179,025	(252,571)	44,775	1,971,229
Net	29,658,350			21,975,622

(In Baht)

	Consolidated Financial Statement			
	Revenue (expenses) during the year			
	Balance as at Dec. 31, 12	In profit or loss	In other comprehensive income	Balance as at Dec. 31, 13
<b>Deferred tax assets:</b>				
Trade account receivables	394,897	4,149,065	-	4,543,962
Cost at work in process	4,887,077	(1,894,303)	-	2,992,774
Property, plant and equipment	-	3,498,820	-	3,498,820
Assets under financial lease	28,423	(28,423)	-	-
Intangible assets	451,067	2,433,962	-	2,885,029
Provisions for employee benefits	9,036,595	2,230,719	(1,501,475)	9,765,839
Provision for loss of project	-	8,135,531	-	8,135,531
Provision for litigation	-	15,420	-	15,420
<b>Total</b>	14,798,059	18,540,791	(1,501,475)	31,837,375
<b>Deferred tax liabilities:</b>				
Unrealized gain on remeasuring available for sale				
Investments	3,288	-	5,555	8,843
Financial lease agreement	292,051	(83,869)	-	208,182
Fair value adjustment of assets in business combinations	1,962,000	-	-	1,962,000
<b>Total</b>	2,257,339	(83,869)	5,555	2,179,025
<b>Net</b>	12,540,720			29,658,350

(In Baht)

	Separate financial statements			
	Balance as at Dec. 31, 13	Revenue (expenses) during the year		Balance as at Dec. 31, 14
		In profit or loss	In other comprehensive income	
Deferred tax assets:				
Trade account receivables	4,543,962	(1,205,936)	-	3,338,026
Cost of work in process	2,972,483	(867,925)	-	2,104,558
Loans to related parties	-	1,080,667	-	1,080,667
Property, plant and equipment	3,498,820	-	-	3,498,820
Intangible assets	2,885,028	(2,226,375)	-	658,653
Provisions for employee benefits	6,527,612	979,282	(2,330,318)	5,176,576
Estimated project losses	8,135,531	(2,889,910)	-	5,245,621
Total	28,563,436	(5,130,197)	(2,330,318)	21,102,921

(In Baht)

	Separate financial statements			
	Revenue (expenses) during the year			Balance as at Dec. 31, 13
	Balance as at Dec. 31, 12	In profit or loss	In other comprehensive income	
<b>Deferred tax assets:</b>				
Trade account receivables	394,897	4,149,065	-	4,543,962
Cost of work in process	4,857,066	(1,884,583)	-	2,972,483
Property, plant and equipment	-	3,498,820	-	3,498,820
Financial lease agreement	28,422	(28,422)	-	-
Intangible assets	451,067	2,433,961	-	2,885,028
Provisions for employee benefits	5,168,173	1,359,439	-	6,527,612
Estimated project losses	-	8,135,531	-	8,135,531
<b>Total</b>	<b>10,899,625</b>	<b>17,663,811</b>	<b>-</b>	<b>28,563,436</b>

## 17. BANK OVERDRAFTS AND SHORT-TERM LOANS FROM FINANCIAL INSTITUTIONS/TRUST RECEIPTS

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Bank overdrafts	73,748,511	7,266,191	66,236,310	1,048,685
Short-term loans from financial institutions	163,600,000	56,910,542	127,000,000	-
	237,348,511	64,176,733	193,236,310	1,048,685
Trust receipts	162,945,790	153,395,918	160,989,375	151,423,896

As at December 31, 2014 and 2013, the Company and its subsidiaries had credit lines from bank overdrafts, short-term loans from financial institutions and trust receipts as follows:-

	Financial institutions (Place)		Credit line (Million Baht)		Issuer (Million Baht)		Interest rate (percent per annum)	Due date
	As at December 31, 2014	2013	As at December 31, 2014	2013	As at December 31, 2014	2013		
<b>Bank Overdrafts</b>								
The Company	7	8	100	105	66.24	1.05	MOR per annum	Within 1 year
The subsidiaries	4	4	100	110	7.51	6.21	MOR per annum (2014 : Rate 7.25 - 8.25 per annum) (2013 : Rate 7.375 - 8.80 per annum)	Within 1 year
<b>Short-term loans from financial institutions and trust receipts</b>								
The Company	9	8	2,600	2,510	287.99	151.42	2014 : MLR to MLR-1.50 per annum, Market rate per annum (Rate 1.32 - 3.58 per annum) 2013 : MLR to MLR-1.50 per annum, Market rate per annum (Rate 1.10 - 3.50 per annum)	At call
The subsidiaries	3	3	246	241	38.56	58.88	2014 and 2013 : MLR-1 , Market rate per annum (2014 : Rate 2.33 - 6.75 per annum) (2013 : Rate 3.00 - 6.75 per annum)	At call

As at December 31, 2014, the Company and its subsidiaries have no obligations on such initial above.

The Company and its subsidiaries have to comply with the covenants and adhere to the terms under the financial institutions overdraft and short-term loan agreements.

## 18. TRADE AND OTHER ACCOUNTS PAYABLE

(In Baht)

	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
Trade accounts payable - not related parties	530,201,057	471,712,207	501,934,309	410,970,815
Revenue department payable	30,823,053	13,442,678	29,269,205	13,361,389
Other accounts payable	18,870,409	12,742,772	17,595,755	10,971,621
<b>Total trade and other accounts payable</b>	<b>579,894,519</b>	<b>497,897,657</b>	<b>548,799,269</b>	<b>435,303,825</b>

## 19. LIABILITIES UNDER FINANCIAL LEASE AGREEMENT

As at December 31, 2014 and 2013, the Company and its subsidiaries have liabilities under financial lease agreement were leasing of motor vehicles and office equipment. The payment details are follows :-

	Consolidated Financial Statement (In Baht)					
	As at December 31, 2014			As at December 31, 2013		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	6,650,324	566,553	7,216,877	31,681,876	657,786	32,339,662
After one year but within five years	7,216,414	435,488	7,651,902	4,393,172	397,118	4,790,290
<b>Total</b>	<b>13,866,738</b>	<b>1,002,041</b>	<b>14,868,779</b>	<b>36,075,048</b>	<b>1,054,904</b>	<b>37,129,952</b>

	Separate Financial Statement (In Baht)					
	As at December 31, 2014			As at December 31, 2013		
	Principal	Interest	Payments	Principal	Interest	Payments
Within one year	2,629,588	347,060	2,976,648	856,089	23,801	879,890
After one year but within five years	4,815,742	256,892	5,072,634	107,700	-	107,700
<b>Total</b>	<b>7,445,330</b>	<b>603,952</b>	<b>8,049,282</b>	<b>963,789</b>	<b>23,801</b>	<b>987,590</b>

As at December 31, 2014, the Company and its subsidiaries has 11 outstanding financial lease agreements to purchase motor vehicles and office equipment from a local leasing company are as follows :

Baht (excluded VAT)						
	Outstanding financial lease agreement	Type of financial lease agreement	Term of payment	Amount per period	Total financial lease amount	Price of purchase options
The Company	1	Machinery copy	36	6,500.00	263,700.00	not fixed
	1	Security information and Event Management system (SIEM)	36	241,554.00	8,695,944.00	not fixed
Its subsidiary	2	Motor vehicles	48	53,719.63	2,540,186.92	254,018.69
	3	Furniture and office equipment	36	138,512.00	4,987,533.00	1,101.00
	1	Machinery copy	48	8,000.00	384,000.00	not fixed
	1	Office equipment	36	2,133,770.00	76,815,720.00	5,468,131.30
	1	Office equipment	60	79,096.94	4,745,816.40	9,050.00
	1	office equipment	60	22,724.00	1,363,440.00	37,752.00
	11					

Under the terms of the lease agreement referred to above, the Company and its subsidiaries shall have the right to purchase the assets upon the expiry of the lease agreement and the Company shall have to comply with certain conditions and restrictions as specified in the lease agreement.

Liabilities under financial lease agreement for the portion due within one year were shown under "current liabilities" in the statements of financial position.



## 20. EMPLOYEE BENEFIT OBLIGATIONS

Movement of employee benefit obligations for the years ended December 31, 2014 and 2013 shown as follow :-

The statements of financial position	In Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
Defined benefit obligations, beginning of the year	51,689,747	47,905,709	32,638,059	25,840,865
Current Service costs and interest	10,141,606	12,314,411	7,296,148	7,229,194
Employee benefit obligations paid	(3,226,795)	(1,023,000)	(2,399,920)	(432,000)
Actuarial gains	(17,268,197)	(7,507,373)	(11,651,410)	-
<b>Defined benefit obligations, ending of the year</b>	<b>41,336,361</b>	<b>51,689,747</b>	<b>25,882,877</b>	<b>32,638,059</b>

The Company and its subsidiaries recognized actuarial gain in the statements of other comprehensive income.

Revenues and expenses recognized in the statement of comprehensive income for the years ended December 31, 2014 and 2013 are as follows.

The statement of comprehensive income	In Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	2014	2013	2014	2013
<b>Recognized in profit or loss</b>				
Current service costs				
Cost of sales and services	3,590,559	4,459,090	2,787,976	3,001,792
Selling expenses	242,757	269,979	-	-
Administrative expenses	2,759,539	3,169,924	2,086,240	2,105,816
Management benefit expenses	2,464,406	3,554,300	1,608,448	1,843,508
Interest on obligation	1,084,345	861,118	813,484	278,078
<b>Total</b>	<b>10,141,606</b>	<b>12,314,411</b>	<b>7,296,148</b>	<b>7,229,194</b>
<b>Recognized in other comprehensive income</b>				
Actuarial gains	(17,268,197)	(7,507,373)	(11,651,410)	-
<b>Total</b>	<b>(17,268,197)</b>	<b>(7,507,373)</b>	<b>(11,651,410)</b>	<b>-</b>
<b>Total</b>	<b>(7,126,591)</b>	<b>4,807,038</b>	<b>(4,355,262)</b>	<b>7,229,194</b>

**The main assumptions in the assessment financial assumptions**

For the year ended December 31, 2014	Percentage	
	Consolidated Financial Statement	Separate Financial Statement
Discount rate	3.00 - 4.6643	3.8762
Salary increase rate	3.00 - 6.00	6.00
Employee turnover rate	0 - 38.00	0 - 18.00
Mortality rate	100 of Table of death B.E.2008	100 of Table of death B.E.2008

**21. CAPITAL MANAGEMENT**

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

According to the separate statements of financial position as at December 31, 2014 and 2013, the Company's debt-to-equity ratio was 0.79 : 1 and 0.61 : 1, respectively.

According to the consolidated statements of financial position as at December 31, 2014 and 2013, the Company and its subsidiaries's debt-to-equity ratio was 0.83 : 1 and 0.72 : 1, respectively.

## 22. SHARE CAPITAL

On April 24, 2013, the Annual General Meeting No. 1/2013 of the Company's shareholders unanimously approved to decrease the share capital 43,000,000 common shares at a par value of Baht 1 per share from previously Baht 484,500,555 to the new share capital Baht 441,500,555. The Company has already registered with Department of business Development, Ministry of Commerce on May 8, 2013.

Reconciliation in the number of ordinary shares

In Thousand shares				
	Consolidated Financial Statement		Separate Financial Statement	
	As at December 31, 2014	As at December 31, 2013	As at December 31, 2014	As at December 31, 2013
<b>Registered ordinary shares</b>				
Number of ordinary shares at the beginning of the years	441,501	484,501	441,501	484,501
Increase (Decrease) in share capital	-	(43,000)	-	(43,000)
Number of ordinary shares at the end of the years	441,501	441,501	441,501	441,501
<b>Issued and paid-up share capital</b>				
Number of ordinary shares at the beginning of the years	440,402	439,352	440,402	439,352
Increase in number of ordinary shares due to exercise of warrants	1,051	1,051	1,051	1,051
Number of ordinary shares at the end of the years	441,453	440,403	441,453	440,403

The ordinary shares arising from the exercising of warrants were registered with the Department of Business Development, Ministry of Commerce, on March 4, 2014.

The unpaid registered ordinary shares that were reserved for the exercise of warrants to purchase ordinary shares are mentioned.

## 23. STATUTORY RESERVE

Pursuant to Section 116 of the Public Limited Companies Act B.E. 2535, the Company and a subsidiary is required to set aside as statutory reserve at least 5 percent of its net income 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.

Under the terms of the Civil and Commercial Code, twelve subsidiaries is required to set aside as statutory reserve at least 5 percent of its net income at each dividend declaration as the statutory reserve until the statutory reserve reaches 10 percent of the registered capital. The statutory reserve is not available for dividend distribution.

**24. WARRANTS**

At the Annual General Meeting of the shareholders, held on April 24, 2009, the shareholders had unanimously passed the issuance of 5,000,000 warrants to be offered to directors under ESOP No. 2 and approving the allocation of capital increase shares 5,000,000 shares as consented to support the warrants above as follows :-

Warrant	Issued to	Number of warrants issued	Exercise price per 1 ordinary	Exercise ratio	Period of warrant
<b>Issuance of warrant on July 24, 2009</b>					
ESOP No.2	Director	5,000,000	Baht 4 per share	1 : 1	5 years
Offering price	:	Baht 0 per unit			
Exercise period	:	The 1st exercise will begin on February 26, 2010 and the last exercise is on July 23, 2014.			
Offering period	:	Within 1 year after obtaining approval from SEC to issue and offer to sell warrants.			

On April 25, 2011, the shareholders had unanimously approved a resolution to adjust the exercise prices and ratios for the remaining warrants for to President. The exercise prices and ratios for new warrant holders as the following :

	Before amendment	After amendment
The exercise prices	4 Baht	3.805 Baht
The exercise ratios	1: 1 unit	1 : 1.051 unit

Movements of the Company's warrants during the year are as follows :-

Thousand units				
Warrant	Number of warrants outstanding as at December 31, 2013	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at December 31, 2014
ESOP No. 2	1,000	(1,000)	-	-
	1,000	(1,000)	-	-

Thousand units				
Warrant	Number of warrants outstanding as at December 31, 2012	Number of warrants exercised during the year	Number of warrants expired during the year	Number of warrants outstanding as at December 31, 2013
ESOP No. 2	2,000	(1,000)	-	1,000
	2,000	(1,000)	-	1,000

## 25. DIVIDENDS PAID

On April 21, 2014, the General Meeting of Shareholders had approved as follows:

The dividends had been paid for the performance of the year 2013 to the Company's shareholders. The list of shareholders who entitled to receive the dividend was determined on April 30, 2014, and by closing the register and suspending the transfer of shares which held on May 2, 2014 for 441,453,555 shares, the rate of Baht 0.45 each shares, at the amount of Baht 198.65 million. The dividends had been paid on May 19, 2014.

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2013 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per Share	Amount (million baht)	Dividend payment Date
Business Applications Company Limited	April 30, 2014	120	12.00	May 9, 2014
Soft Square 1999 Company Limited	April 17, 2014*	34	10.20	May 9, 2014
Hongson Software Company Limited	April 17, 2014*	140	7.00	May 9, 2014
Soft Professional Company Limited	April 18, 2014*	30	1.50	May 9, 2014
Soft Plus Technology Company Limited	April 17, 2014*	58	2.90	May 9, 2014
K Soft Consulting Company Limited	April 18, 2014*	52	2.60	May 9, 2014
Sammok Software Company Limited	April 18, 2014*	74	2.22	May 9, 2014
Motif Technology Public Company Limited	April 30, 2014*	0.225	18.00	May 7, 2014

\* Date of the Annual General Meeting of Shareholders

As at April 24, 2013, the General Meeting of Shareholders had approved as follows:

The dividends had been paid for the performance of the year 2012 to the Company's shareholders. The list of shareholders who entitled to receive the dividend was determined on May 3, 2013, and by closing the register and suspending the transfer of shares which held on May 7, 2013 for 440,402,555 shares, the rate of Baht 0.33 each shares, at the amount of Baht 145.33 million. The dividends had been paid on May 20, 2013.

According to the Annual General Meeting of its subsidiary, it had approved to pay the annual dividend for the year 2012 including the dividends which had been paid as interim dividends by resolution of the Board of Company's Directors. The details are shown as follows:

Company's name	BODs/Shareholders' meeting date	Baht per Share	Amount (million baht)	Dividend payment Date
Business Applications Company Limited	April 30, 2013	150.00	15.00	May 15, 2013
Soft Square 1999 Company Limited	April 22, 2013*	14.00	4.20	May 14, 2013
Hongson Software Company Limited	April 22, 2013*	111.00	5.55	May 14, 2013
Soft Professional Company Limited	April 23, 2013*	70.00	3.50	May 14, 2013
Soft Plus Technology Company Limited	April 23, 2013*	47.00	2.35	May 14, 2013
K Soft Consulting Company Limited	April 24, 2013*	43.00	2.15	May 14, 2013
Sammok Software Company Limited	April 24, 2013*	42.00	1.26	May 14, 2013
Motif Technology Public Company Limited	April 30, 2013*	0.093	7.44	May 15, 2013
Motif Technology Public Company Limited	May 31, 2013	0.0188	1.50	June 7, 2013

\* Date of the Annual General Meeting of Shareholders

## 26. Tax expense (income)

### 26.1 Major components of tax expense (income)

For the years ended December 31, 2014 and 2013 consisted of:

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
<b>Income tax expense (income) shown in profit or loss :</b>				
Current tax expense:				
Income tax expense for the year	55,215,969	68,907,349	48,539,670	61,389,304
Deferred tax expense (income):				
Changes in temporary differences relating to the original recognition and reversal	4,573,562	(18,619,966)	5,130,197	(17,663,811)
Revaluation of the deferred tax resulting from changing in tax rates	(8,017)	(4,694)	-	-
<b>Total</b>	<b>59,781,514</b>	<b>50,282,689</b>	<b>53,669,867</b>	<b>43,725,493</b>
<b>Income tax relating to components of other comprehensive income :</b>				
Deferred tax relating to :				
Remeasuring available-for-sale investments	44,775	5,555	-	-
Actuarial gains	3,072,408	1,501,475	2,330,318	-
<b>Total</b>	<b>3,117,183</b>	<b>1,507,030</b>	<b>2,330,318</b>	<b>-</b>

26.2 A numerical reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate

For the years ended December 31, 2014 and 2013 which are summarized as follows:

	In Baht			
	Consolidated Financial Statements		Separate Financial Statements	
	2014	2013	2014	2013
Accounting profit (loss) for the period	334,365,728	285,692,751	317,038,442	270,770,041
The applicable tax rate (%)	17.43	18.49	20	20
Tax expense (income) at the applicable tax rate	58,276,907	52,820,514	63,407,689	54,154,008
Reconciliation items:				
Tax effect of expenses that are not deductible in determining tax profit:				
- Expenses not allowed as expenses in determining taxable profit	12,493,575	5,662,199	10,609,701	4,947,220
Tax effect of income or profit that are not required in determining taxable profit:				
- Exemption of non-taxable dividend income	-	-	(11,283,845)	(8,590,669)
- The exemption of profit of the promoted business (BOI)	(9,993,643)	(10,884,842)	(8,238,045)	(5,746,410)
- Others	(1,006,120)	(1,289,410)	(825,633)	(1,038,656)
Revaluation of the deferred tax resulting from changing in tax rates	(8,017)	(4,694)	-	-
Effect on deferred tax from progressive tax rate	3,329	(74,011)	-	-
Loss on tax base that has not been recorded deferred tax asset	15,483	4,052,933	-	-
Total reconciliation items	1,504,607	(2,537,825)	(9,737,822)	(10,428,515)
Total tax expense (income)	59,781,514	50,282,689	53,669,867	43,725,493



26.3 A numerical reconciliation between the average effective tax rate and the applicable tax rate

For the years ended December 31, 2014 and 2013 are summarized as follows:

	Consolidated financial statements			
	2014		2013	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	334,365,728		285,692,751	
Tax expense (income) at the applicable tax rate	58,276,907	17.43	52,820,514	18.49
Reconciliation items	1,504,607	0.45	(2,537,825)	(0.89)
Tax expense (income) at the average effective tax rate	59,781,514	17.88	50,282,689	17.60

	Separate financial statements			
	2014		2013	
	Tax amount (In Baht)	Tax rate (%)	Tax amount (In Baht)	Tax rate (%)
Accounting profit (loss) before tax expense for the year	317,038,442		270,770,041	
Tax expense (income) at the applicable tax rate	63,407,689	20.00	54,154,008	20.00
Reconciliation items	(9,737,822)	(3.07)	(10,428,515)	(3.85)
Tax expense (income) at the average effective tax rate	53,669,867	16.93	43,725,493	16.15

**27. EXPENSES BY NATURE**

Significant expenses by nature are follow:

	In Baht			
	Consolidated Financial Statement		Separate Financial Statement	
	For the years ended December 31, 2014	For the years ended December 31, 2013	For the years ended December 31, 2014	For the years ended December 31, 2013
Changes in cost of work in process	(31,113,369)	158,247,536	(30,740,931)	156,120,804
Purchase of inventories	2,864,571,654	2,856,563,125	2,701,953,087	2,549,868,761
Maintenance expenses	261,307,054	288,382,068	249,690,197	276,717,347
Program development service expenses	98,710,346	51,613,991	15,800,975	30,110,940
System implementation service expenses	121,502,154	127,078,574	90,531,799	55,563,663
Employee costs	923,153,262	852,670,932	700,003,651	637,450,798
Depreciation and amortization	64,492,803	67,577,788	50,111,029	49,907,450
Gain (loss) on exchange rate	(490,848)	(3,987,776)	(667,409)	(4,164,337)

**28. EARNINGS PER SHARE**

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the parent company for the year by the weighted average number of ordinary shares which are issued during the year and held by outside party.

Diluted earnings per share is computed by dividing profit for the year the aggregate amount of the weighted average number of ordinary shares issued during the year and the weighted average number of ordinary shares which the Company may has to issue for conversion of warrants to ordinary shares for the years ended December 31, 2014 and 2013 as follows :

	Consolidated Financial Statement		Separate Financial Statement	
	For the years ended December 31, 2014	For the years ended December 31, 2013	For the years ended December 31, 2014	For the years ended December 31, 2013
Net income for the years (Baht)				
Net profit attributable to equity holders of the parent company	270,427,033	232,209,827	263,368,575	227,044,548
Weighted average number of ordinary shares (shares)	441,230,266	440,235,547	441,230,266	440,235,547
Weighted average number of ordinary shares under warrants (shares)				
- ESOP No.2	-	1,158,904	-	1,158,904
Number of ordinary shares that would have been issued at fair value (shares)				
- ESOP No.2	-	(579,452)	-	(579,452)
Weighted average number of ordinary shares plus effect of assumed conversion (shares)	441,230,266	440,814,999	441,230,266	440,814,999
Basic earnings per share of the parent company				
Profit for the years (Baht per share)	0.61	0.53	0.60	0.52
Diluted earnings per share of the parent company				
Profit for the years (Baht per share)	0.61	0.53	0.60	0.52

## 29. FINANCIAL INFORMATION BY SEGMENT

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 businesses of the Company and its subsidiaries involve the systems integration, maintenance service and IT professional service with the main operation in the single geographic area in Thailand. Segment performance is considered by revenue and gross profit, and is also measured based on the group operating profit or loss, on a basis consistent with used to measure operating profit or loss in the financial statement. The Company and its subsidiaries information for the years ended December 31, 2014 and 2013 by segments are as follow.

Million Baht

## Consolidated Financial Statement

For the years ended December 31,

[illegible]

## Million Baht

## Consolidated Financial Statement

For the years ended December 31,

	Systems intergration		Maintenance service		IT Professional service		Elimination		Total	
	2013	2012	2013	2012	2013	2012	2013	2012	2013	2012
External revenue	3,237	2,218	845	842	649	586	-	-	4,731	3,646
Inter-segment revenues	-	5	1	-	78	29	(79)	(34)	-	-
Total revenues	3,237	2,223	846	842	727	615	(79)	(34)	4,731	3,646
Segment income	396	371	282	225	242	199	-	-	920	795
Unallocated income and expenses:										
Other income									60	50
Selling expenses									(125)	(124)
Administrative expenses									(555)	(469)
Finances costs									(14)	(27)
Income tax (income) expense									(50)	(43)
Profit for the years									236	182
Other comprehensive income									6	-
Total comprehensive income									242	182
As at December 31,										
Leasehold improvements and equipment									150	149
Intangible assets									57	68
Other assets									2,954	3,488
Total assets									3,161	3,705

Transfer prices between business segment are as set out in Note 5 to the financial statements.

**30. PROMOTIONAL PRIVILEGES**

On 29 June 2005, the Company was granted the following tax privileges for its software business under the category of ENTERPRISE SOFTWARE and DIGITAL CONTENT under the Investment Promotion Act B.E. 2520 issued by the Board of Investment as follows :-

- Exemption from corporate income tax on net profit for a period of eight years commencing as from the date of first earning of operating income (January 2007 to December 2014).
- Dividends paid from promoted operations which are exempted from corporate income tax are in turn exempted from inclusion in the determination of income tax.
- Exemption from import duty on machinery as approved by the Board of Investment.

To be entitled to these rights and privileges, the Company must comply with the conditions specified in the promotional certificate.

Six subsidiaries receive tax privileges for the software business. The privileges are corporate income tax exemption, import duty on machinery, tax exemption on dividend income from the promoted business, etc.

As a promoted business, the Company and subsidiaries have to comply with the terms and conditions as specified in the promotion certificate.

The Company and its subsidiaries's results of operations classified by the promoted and non-promoted activities for the years ended December 31, 2014 and 2013 are as follows:-

Consolidated Financial Statement (In Baht)						
For the year ended December 31,						
Promoted operations		Non-promoted operations		Total		
2014	2013	2014	2013	2014	2013	
Sales and service income						
(Program development)	357,859,304	386,046,496	4,774,395,309	4,344,492,483	5,132,254,613	4,730,538,979

Separate Financial Statement (In Thousand Baht)						
For the year ended December 31,						
Promoted operations		Non-promoted operations		Total		
2014	2013	2014	2013	2014	2013	
Sales and service income						
(Program development)	203,719,362	220,320,463	4,343,690,606	3,789,180,532	4,547,409,968	4,009,500,995

### 31. PROVIDENT FUND

The Company, the subsidiaries and their employees have jointly established a provident fund as approved by the Ministry of Finance in accordance with the Provident Fund Act B.E. 2530. The fund is contributed by the Company, the subsidiaries and their employees at the rate of 3 - 7 percent of their basic salaries. The fund is managed by TISCO Asset Management Company Limited and will be paid to employees upon termination of employment in accordance with the rules of the provident fund.

The Company and subsidiaries's contributions for the years ended December 31, 2014 and 2013 amounted to Baht 23.69 million and Baht 23.68 million, respectively.

The Company's contributions for the years ended December 31, 2014 and 2013 amounted to Baht 19.38 million and Baht 19.24 million, respectively.

### 32. COMMITMENTS AND CONTINGENT LIABILITIES

#### 32.1 Bank guarantees

As at December 31, 2014, there were outstanding bank guarantees issued by the bank on behalf of the Company of Baht 920.08 million (December 31, 2013 : Baht 606.82 million) and on behalf of the subsidiaries of Baht 56.18 million (December 31, 2013 : Baht 43.42 million) in respect of certain performance obligations required in the normal course of business of the Company and its subsidiaries.

#### 32.2 Commitments

32.2.1 As at December 31, 2014, the Company and its subsidiaries had commitments in respect of office rental agreements. Future rental payments are as follows:

	Million Baht	
	Consolidated Financial Statement	Separate Financial Statement
Payable within:		
2015	17.93	10.86
2016	4.69	3.79
2017	3.87	3.47

Such amount include commitment by the Company and its subsidiaries to the related company in the amount of Baht 0.85 million.

32.2.2 As at December 31, 2014 and 2013, obligations relating to undelivered and unrendered contracts. The Company has undelivered and unrendered contracts of selling goods and rendering services to their customers of approximately Baht 1,571 million and Baht 2,555 million, respectively.

### 32.3 Credit card facility

As at December 31, 2014, the Company had a credit card facility of Baht 1 million with a local bank for import of goods.

### 32.4 Letter of guarantee credit

The company and its subsidiary have the credit limit under the letter of guarantee with a local commercial bank in the credit of Baht 2,090 million and the Company had in the credit of Baht 1,850 million, by free of mortgage.

### 32.5 Lawsuit

#### Case 1

On June 7, 2010, a governmental client cancelled the buy-sell and installation of system development agreement, dated September 1, 2008, in the amount per agreement of Baht 326.99 million. (The project is undertaken by a group of working team, under a specific agreement. The proportion of works to be performed by the parties are clearly specified. For the investment in this project, the Company has invested in a part of computer system installation in amount of Baht 113.79 million of agreement and the process of installations was completed). But the opinion of the management is that the client does not have right to cancel the such agreement. The buy-sell and installation of work system agreement is still obligated. The cancellation of the agreement of the client is an action to prevent the delivery of work to client within the time as specified by agreement, including an order to take the hardware back. It deems to be a violation of agreement by the client. So that, the Company use the right to cancel the buy-sell and installation of work system agreement as letter on October 14, 2010.

On May 21, 2012, the Company was filed by the customer in a Civil case against the Intellectual Property and International Trade Center as a first defendant, and the four defendants from the breach of contract and installation system with the capital Baht 326.99 Million and on June 25, 2012 the Company has attested to the Court by denying the claim of the plaintiff for being not breaching the contract but it is from the plaintiff's side. So it is not liable for damages as filed.

As at December 31, 2014, the case is finalized and the court has scheduled for the hearing of the judgment on February 26, 2015. The management has an opinion that the damage possibility is uncertain. Thus, it has not provided an allowance for any damage that may occur in the financial statements.

#### Case 2

On September 28, 2010, the Company was sued by a client to the Central Intellectual Property and International Trade Court on the charges of breaking computer system installment and consulting contract with the capital amount of Baht 3.89 million. On December 9, 2010, the Company had argued the case for the capital amount of Baht 4.68 million.

As at December 31, 2014, the court has a ruling and the Company is under appeal. However, the management of the Company comment that the possibilities of damage are uncertain. Therefore, the Company has not set the allowance for any damage that may occur in the financial statements.



#### 32.6 Liabilities from service agreement

The subsidiary has contingent liabilities from the penalty for a service agreement. When the delivery is delayed in accordance with the agreement, the contracting party has the right to charge the delay at the rate stated in the contract. The Company has delivered completely on schedule for a long time and the inspection has not been completed. As a result, the contracting party has not been charged on the service fee. However, the management has sent the notifying letter to ask about the inspection from the contracting party and reserved the right to call upon the penalty payment because the delivery delay is not due to the fault of the subsidiary. The subsidiary's director has an opinion that the company will not have any loss from such fines and it can charge the service fee from the contracting party. That the Company does not record contingent liabilities on financial statement.

### 33. FINANCIAL INSTRUMENTS

#### 33.1 Accounting policies

Details of significant accounting policies and methods adopted, including criteria for recognition of revenues and expenses relating to financial assets and financial liabilities are disclosed in note 4.

#### 33.2 Financial risk management for financial instruments

The Company and its subsidiaries manages its financial risk exposure on financial assets and financial liabilities in the normal business by its internal management and control system, and the Company does not hold or issue any derivative financial instruments except forward exchange contracts that are used as risk management tools. The Company does not have a policy to engage in any derivative financial transactions for speculative or trading purposes.

#### 33.3 Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable and receivable under finance lease agreement. The Company and its subsidiaries manage the risk by adopting appropriate credit control policies and procedures and therefore do not expect to incur material financial losses. In addition, the Company and its subsidiaries do not have high concentration of credit risk since they have a large customer base. The maximum exposure to credit risk is limited to the carrying amounts of receivables as stated in the statements of financial position.

#### 33.4 Interest rate risk

The exposure of the Company and its subsidiaries to interest rate risk relates primarily to their cash at banks, bank overdrafts and short-term loans from financial institutions trust receipts and liabilities under finance lease agreements long - term loans. However, since most of their 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 as at December 31, 2014 and 2013 classified by type of interest rates are summarized as follows:

In Baht				
Consolidated Financial Statement				
As at December 31, 2014				
	Floating interest rate	Fixed interest rate	No interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	191,110,247	428,781	1,561,935	193,100,963
Short-term investment	-	-	50,686,690	50,686,690
Trade and other accounts receivable	-	-	1,234,980,983	1,234,980,983
Receivable under financial lease agreements	-	45,084,086	-	45,084,086
Loans to associates company	3,000,000	-	-	3,000,000
Loans to relates parties	-	-	746,663	746,663
Pledged deposits at financial institutions	20,924,937	-	-	20,924,937
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans				
from financial institutions	237,348,511	-	-	237,348,511
Trust receipts	162,945,790	-	-	162,945,790
Liabilities under financial lease agreements	-	13,866,738	-	13,866,738

In Baht				
Consolidated Financial Statement				
As at December 31, 2013				
	Floating interest rate	Fixed interest rate	No interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	162,676,663	423,433	26,928,013	190,028,109
Short-term investments	-	-	140,875,344	140,875,344
Trade and other accounts receivable	-	-	864,536,000	864,536,000
Receivable under financial lease agreements	-	84,096,662	-	84,096,662
Loans to relates parties	-	-	8,630,000	8,630,000
Pledged deposits at financial institutions	26,523,015	-	-	26,523,015
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans				
from financial institutions	64,176,733	-	-	64,176,733
Trust receipts	153,395,918	-	-	153,395,918
Liabilities under financial lease agreements	-	36,075,048	-	36,075,048

In Baht

Separate Financial Statement				
As at December 31, 2014				
	Floating interest rate	Fixed interest rate	No interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	121,431,522	-	168,491	121,600,013
Trade and other accounts receivable	-	-	1,080,156,699	1,080,156,699
Receivable under financial lease agreements	-	18,323,105	-	18,323,105
Loans to subsidiaries	5,895,000	-	-	5,895,000
Loans to associated company	3,000,000	-	-	3,000,000
Loans to relates parties	-	-	746,663	746,663
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans				
from financial institutions	193,236,310	-	-	193,236,310
Trust receipts	160,989,375	-	-	160,989,375
Liabilities under financial lease agreements	-	7,445,330	-	7,445,330

In Baht

Separate Financial Statement				
As at December 31, 2013				
	Floating interest rate	Fixed interest rate	No interest	Total
<b>Financial assets</b>				
Cash and cash equivalents	88,146,556	-	4,114,768	92,261,324
Short-term investments	-	-	100,253,948	100,253,948
Trade and other accounts receivable	-	-	707,520,816	707,520,816
Receivable under financial lease agreements	-	31,358,080	-	31,358,080
Loans to subsidiaries	10,195,000	-	-	10,195,000
Loans to relates parties	-	-	8,630,000	8,630,000
<b>Financial liabilities</b>				
Bank overdrafts and short-term loans				
from financial institutions	1,048,685	-	-	1,048,685
Trust receipts	151,423,896	-	-	151,423,896
Liabilities under financial lease agreements	-	963,789	-	963,789
Long-term loans				

## 33.5 Foreign currency risk

The exposure of the Company and its subsidiaries to foreign currency risk relates primarily to its trade accounts payable that are denominated in foreign currencies. The Company and its subsidiaries utilizes forward exchange contracts, mostly with maturities of no more than one year, in order to hedge the foreign currency risk related to these payables.

As at December 31, 2014 and 2013, the Company and its subsidiaries have assets and liabilities denominated in foreign currency are as follows :-

Consolidated Financial Statement			
		As at December 31, 2014	As at December 31, 2013
The value of foreign currency assets	- USD	USD 10,055 thousand	USD 55 thousand
The value of foreign currency liabilities	- USD	USD 8,699 thousand	USD 6,936 thousand
The value of foreign currency liabilities	- SGD	SGD 57 thousand	SGD 189 thousand

Separate Financial Statement			
		As at December 31, 2014	As at December 31, 2013
The value of foreign currency assets	- USD	USD 9,917 thousand	USD - thousand
The value of foreign currency liabilities	- USD	USD 8,573 thousand	USD 6,647 thousand
The value of foreign currency liabilities	- SGD	SGD 57 thousand	SGD 189 thousand

As at December 31, 2014, the Company and its subsidiaries had forward exchange contracts of USD 9.64 million (The Company had forward exchange contracts of USD 9.58 million) with the exchange rates of Baht 31.9572 to Baht 33.485 per USD 1, to be mature within 1 - 12 months.

## 33.6 Liquidity risk

The Company and its subsidiaries manages its liquidity risk by maintaining adequate level of cash and cash equivalents to support the Company's operations as well as securing short-term credit facilities from financial institutions for reserve as necessary and to reduce the impact of fluctuations in cash flow.

## 33.7 Fair value

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

Since the majority of the financial assets and liabilities of the Company and its subsidiaries are short-term in nature, their fair values are not expected to differ materially from the amounts presented in the statements of financial position.

The fair values of significant financial assets and financial liabilities do not differ from their carrying values.

### 34. RECLASSIFICATION

The Company has reclassified certain accounts in the statement of financial position as at December 31, 2013 to conform with the presentation of the financial statements of this year, without any effect to the previously reported profit (loss) or shareholder's equity.

In Baht						
	Consolidated Financial Statement			Separate Financial Statement		
	Before Reclassification	Reclassification	After Reclassification	Before Reclassification	Reclassification	After Reclassification
<b>Statement of financial position</b>						
Deferred tax assets	31,837,375	(217,025)	31,620,350	-	-	-
Deferred tax liabilities	2,179,025	(217,025)	1,962,000	-	-	-

The Company has not reclassified the accounts in the statement of financial position as at January 1, 2013.

### 35. THE NEW AND REVISED ACCOUNTING STANDARDS ARE NOT YET EFFECTIVE IN THE CURRENT YEAR

The Federation of Accounting Professions (FAP) has issued Notifications to mandate the new and revised accounting standards, financial reporting standards, and interpretations of accounting and financial reporting standards.

These new and revised accounting standards which are effective for the fiscal year beginning on or after January 1, 2015 are as follows:

TAS 1 (revised 2014)	Presentation of Financial Statements
TAS 2 (revised 2014)	Inventories
TAS 7 (revised 2014)	Statement of Cash Flows
TAS 8 (revised 2014)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2014)	Events After the Reporting Period
TAS 11 (revised 2014)	Construction Contracts
TAS 12 (revised 2014)	Income Taxes
TAS 16 (revised 2014)	Property, Plant and Equipment
TAS 17 (revised 2014)	Leases
TAS 18 (revised 2014)	Revenue
TAS 19 (revised 2014)	Employee Benefits
TAS 20 (revised 2014)	Accounting for Government Grants and Disclosure of Government Assistance
TAS 21 (revised 2014)	The Effects of Changes in Foreign Exchange Rates
TAS 23 (revised 2014)	Borrowing Costs
TAS 24 (revised 2014)	Related Party Disclosures
TAS 26 (revised 2014)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2014)	Separate Financial Statements
TAS 28 (revised 2014)	Investments in Associates And Joint Ventures
TAS 29 (revised 2014)	Financial Reporting in Hyperinflationary Economies
TAS 33 (revised 2014)	Earnings Per Share
TAS 34 (revised 2014)	Interim Financial Reporting
TAS 36 (revised 2014)	Impairment of Assets

TAS 37 (revised 2014)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2014)	Intangible assets
TAS 40 (revised 2014)	Investment Property
TFRS 2 (revised 2014)	Share-based Payment
TFRS 3 (revised 2014)	Business Combinations
TFRS 5 (revised 2014)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6 (revised 2014)	Exploration for and Evaluation of Mineral Assets
TFRS 8 (revised 2014)	Operating Segments
TFRS 10	Consolidated Financial Statements
TFRS 11	Joint Arrangements
TFRS 12	Disclosure of Interests in Other Entities
TFRS 13	Fair Value Measurement
TSIC 10 (revised 2014)	Government Assistance - No Specific Relation to Operating Activities
TSIC 15 (revised 2014)	Operating Leases - Incentives
TSIC 25 (revised 2014)	Income Taxes - Changes in the Tax Status of an Entity or its Shareholders
TSIC 27 (revised 2014)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TSIC 29 (revised 2014)	Service Concession Arrangements: Disclosure
TSIC 31 (revised 2014)	Revenue-Barter Transactions Involving Advertising Services
TSIC 32 (revised 2014)	Intangible Assets - Web Site Costs
TFRIC 1 (revised 2014)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2014)	Determining whether an Arrangement contains a Lease
TFRIC 5 (revised 2014)	Right to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds
TFRIC 7 (revised 2014)	Applying the Restatement Approach under TAS 29 Financial Reporting in Hyperinflationary Economics
TFRIC 10 (revised 2014)	Interim Financial Reporting and Impairment
TFRIC 12 (revised 2014)	Service Concession Arrangements
TFRIC 13 (revised 2014)	Customer Loyalty Programmes
TFRIC 14 (revised 2014)	IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 15 (revised 2014)	Agreements for the Construction of Real Estate
TFRIC 17 (revised 2014)	Distributions of Non-cash Assets to Owners
TFRIC 18 (revised 2014)	Transfers of Assets from Customers
TFRIC 20 (revised 2014)	Stripping Costs in the Production Phase of a Surface Mine

The new accounting standard which is effective for the fiscal year beginning on or after January 1, 2016 is as follows:

TFRS 4	Insurance Contracts
--------	---------------------

The management of the Company is evaluating the impact of these new and revised accounting standards when they are initially applied.

### 36. AUTHORIZATION FOR ISSUE OF FINANCIAL STATEMENTS

These financial statements were authorized for issue by the Company's Board of Directors on February 24, 2015.



## Interrelated Transactions

Normal Business Transaction: MFEC PCL. had Business Transaction which was purchase and sell transaction of Goods and Services interrelated with Subsidiary Company and Associated Company in connection with the conditions of trading and the principle of the mutually agreement between Company and Subsidiary Company and Associated Company in accordance with normal business.

Related Person / Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Reasonableness
			Year 2014	Year 2013	
MIS	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Computers)	-	0.64	MFEC sells the computers and provides the maintenance services for the computers. The mentioned price is nearly the market price.
MISO	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Purchase Goods and Services (Professional Service)	0.01	0.19	MFEC provides the Professional Service to develop the computer program and maintenance service. The mentioned price is nearly the market price.
MOTIF	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	6.38	17.68	MFEC provides the Professional Service to develop the computer program and maintenance service. The mentioned price is nearly the market price.
		Purchase Goods and Services (Professional Service)	4.28	25.01	MFEC procures the Outsourcing and the Professional Service to develop the computer programs. The mentioned price is nearly the market price
BAC	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	0.70	0.40	MFEC provides the Technical Consulting Service and other services. The mentioned price is nearly the market price.
		Purchase Goods and Services (Professional Service)	2.75	-	MFEC provides the Professional Service to develop the computer program and maintenance service. The mentioned price is nearly the market price.
PN	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 60%	Provide office service	0.18	0.12	MFEC provides the professional service related to Accounting, Finance and General Management. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Sell Goods and Services (Professional Service)	3.42	0.10	MFEC procures the Professional Service to develop the computer programs. The mentioned price is nearly the market price.

Related Person / Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Reasonableness
			Year 2014	Year 2013	
AIM	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 60%	Provide office service	0.06	0.10	MFEC provides the professional service related to Accounting, Finance and General Management. The mentioned price is the price which is agreed by considering the appropriateness of working quantity.
		Sell Goods and Services (Professional Service)	3.54	0.64	MFEC procures the Professional Service to develop the computer programs. The mentioned price is nearly the market price.
SS1999	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	1.52	1.56	MFEC procures the Professional Service to develop the computer programs. The mentioned price is nearly the market price.
KKS	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 99.99%	Sell Goods and Services (Professional Service)	4.13	9.17	MFEC purchases the software and the Professional Service to develop the computer programs. The mentioned price is nearly the market price.
		Purchased Goods and Services (Professional Service)	0.03	0.18	MFEC provides the maintenance service for Hardware. The mentioned price is nearly the market price.
MODERN	Related Company, MODERN is MFEC's major Shareholder, owning a 2.4% stake. Mr.Suchart Thammakitagkul is co-director.	Purchased assets (Furniture) and provide repairing service.	0.09	0.48	MFEC purchases furniture and provide repairing service of the furniture for use in office.
ANGSTROM	MFEC's associated company. MFEC's shareholding, owning a 40% stake	Sell Goods and Services (Professional Service)	-	5.40	MFEC provides the Professional Service to develop the computer program and maintenance service for using software as the investment in the part of sale. The mentioned price is nearly the market price.



## Transaction of the Rental/Service of the Property

Related Person / Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Reasonableness
			Year 2014	Year 2013	
MTC	MODERN holds a 100% stake and a /2.4% stake in MTC and MFEC respectively. (As of June 30,2014 MTC isn't the company of relationship)	Rental/service fees (office building area)	3.24	7.61	MFEC hasn't own its office area. Therefore, MFEC must rent the office building area from MTC, in which the rental/service fee is average at 407,000 Baht per month for rental area of 1,116.50 m2 or it is calculates that the rental fee is at 195 baht/m2/ month and the service fee stay at 185 Baht/m2/ month. The obligations and debts that may arise on 31 <sup>st</sup> December 2014 is in the aggregate amount of 4.87 million Baht (debts to be paid back according to the contract).

## Financial Assistance

Related Person / Juristic Person	Relationship	Transaction	Value (million Baht)		Necessity and Reasonableness
			Year 2014	Year 2013	
PN	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 60%	Receivable interest	0.40	0.09	MFEC loans PN for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the rate that Commercial Bank loans to the customer with good profile.
AIM	Subsidiary Company, In which MFEC holds the share at the aggregate rate of 60%	Receivable interest	0.65	0.52	MFEC loans AIM for investment in relation with project management at the aggregate interest rate of MLR-1.5%, which is the rate that Commercial Bank loans to the customer with good profile.
		Guarantees on Bank Loan	0.03	0.03	The fee of Bank Guarantee in the rate of 1%

Reference to remark attached with Financial Statement – Item 5 for the end as of the ending year as of 31<sup>st</sup> December 2014

## **Approval measure or procedure for an interrelated transaction**

An interrelated transaction shall be submitted at the Board of Directors' meeting for approval. The Audit Committee shall attend the meeting to consider and approve such transaction. Such transaction shall be complied with the Securities and Exchange laws, regulations, announcement, notification or requirements of the Stock Exchange of Thailand. Those who might have conflict of interest or stakes in the interrelated transactions have no voting rights in the interrelated transactions.

## **Guidelines or trend in making an interrelated transaction with a person who may have conflict of interests in the future**

### **Guidelines on interrelated transaction**

Interrelated transactions that will likely occur in the future can be grouped into two categories.

#### **1. Normal and continuous transactions.**

The company will determine the principles and guidelines for the normal and continuous transactions with general trade conditions, fair, reasonable and traceable prices. The principles and guidelines will be proposed to the Audit Committee for approval and comments on rational of each transaction.

#### **2. Special and occasional transactions.**

The Audit Committee will be assigned to comments on appropriateness of each transaction. If the Audit Committee does not have expertise in an interrelated transaction, the company will assign an expert such as an auditor or an asset evaluator

or a law office, etc. who is independent from the company and a person who may have conflict of interests to make comments on such transaction. The comments will be used as information for the committee or the shareholders as the case may be.

### **Interrelated transactions/future trend**

1. As of and interrelated transaction on rental office and parking space, the transactions will continue in the future. If the rental fee, and/or conditions of rent is changed, the company would consider the appropriateness and implement according to the rules and guidelines that the Audit Committee has considered and approved. Whether to do an interrelated transaction with a company that may have conflicts with depends on appropriateness and necessity of each transaction. If such interrelated transaction occurs, the company will abide by the guideline the Audit Committee has considered and approved.

2. As for an interrelated transaction on guarantee. If the company puts up collaterals against credits requested by its subsidiary, the company has a policy to put up the amount of collateral in accordance with its stake in the subsidiary. In the case that the company cannot comply with such guideline, the company will proceed in accordance with the Securities and Exchange Commission in the information disclosure and interrelated transactions of the listed companies.



## Financial Summary for the Year 2014

	Company and Subsidiaries		
	2014	2013	2012
<b>TOTAL REVENUES (Baht)</b>	5,175,923,164	4,790,644,978	3,696,478,523
<b>REVENUES FROM SALES AND SERVICE (Baht)</b>	5,132,254,613	4,730,538,979	3,646,411,363
<b>GROSS PROFIT (Baht)</b>	961,447,290	920,151,894	794,953,854
<b>NET PROFIT (Baht)</b>	270,427,033	232,209,827	181,191,074
<b>TOTAL ASSETS (Baht)</b>	3,546,435,656	3,160,583,168	3,704,589,422
<b>TOTAL LIABILITIES (Baht)</b>	1,612,478,918	1,320,976,546	1,964,091,525
<b>NET WORTH (Baht)</b>	1,918,689,882	1,828,793,600	1,731,885,051
<b>PROFITABILITY :</b>			
Gross profit margin ( % )	18.76	19.45	21.80
Net profit ( % )	5.22	4.85	4.90
<b>RETURN ON INVESTMENT :</b>			
Return on total assets ( % )	7.74	7.45	4.91
Return on equity ( % )	14.09	12.70	10.46
<b>LIQUIDITY &amp; STABILITY :</b>			
Current ratio (Tiems)	1.74	1.80	1.47
Debt to Equity ratio (Times)	0.84	0.72	1.13
<b>PER SHARE DATA :</b>			
Number of shares (Registered)	441,500,555	441,500,555	484,500,555
Number of shares (Fully paid)	441,453,555	440,402,555	439,351,555
Book value (Baht / Share)	4.35	4.15	3.94
Net profit (EPS) (Baht / Share)	0.61	0.53	0.41
Dividends (Baht / Share) *	0.50	0.45	0.33

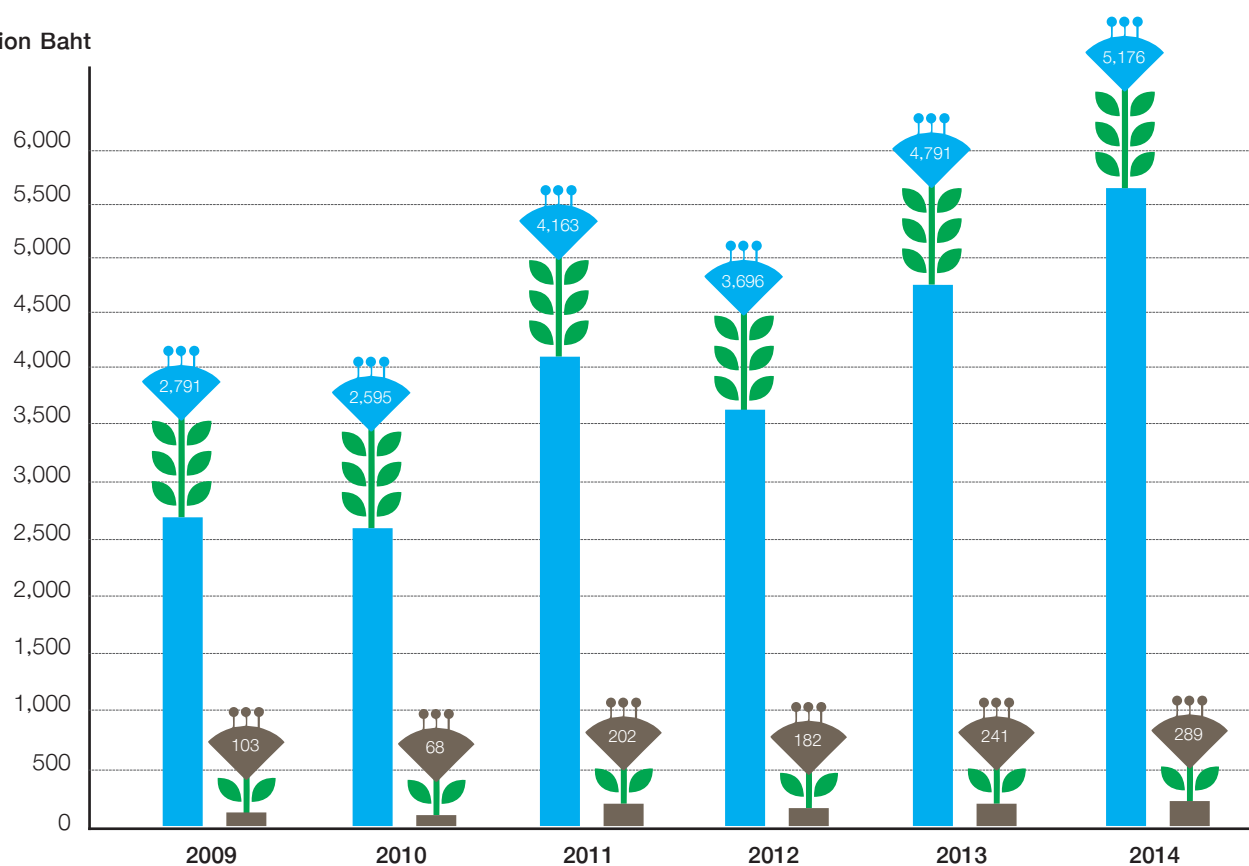
\* **Remark :** The Board of Directors' Meeting No.1/2015 held on 24 February 2015 passed a resolution to pay dividend for the year 2014 operation results to shareholders at a rate of Baht 0.50 per share. The proposal is to be presented at the Ordinary General Shareholders. Meeting No.1/2014 on 21 April 2015 for further approval.



## Financial Highlight MFEC & Subsidiaries

● Total Revenues ● Net Income

Million Baht





## Financial Position and Performance Results

### Explanation and Analytics of Financial Position and Performance Results

#### Performance Results

As the country overall economic expand in year 2012 and year 2013, the company also received more orders from customers in the end of the year 2013 and orders of the year 2014 most of the projects were completed by the year 2014. As a result, the company performance has improved from the past year and net revenue increased by 16.6 percent from last year. Total revenue in 2012, 2013, and 2014 are 3,697 MB, 4,791 MB and 5,176 MB respectively. This numbers representing a growth rate increase (decrease) at (10.5) percent, 29.7 and 8.0 percent respectively. Net interest in 2012, 2013, and 2014 are 181 MB, 238 MB and 275 MB or calculated as net profit margin of 4.9 percent, 4.9 percent and 5.3 percent, respectively. The revenue and net profit of the company and its subsidiaries have increased since we increased sales performance and developed effective control of work in the company and its subsidiaries.

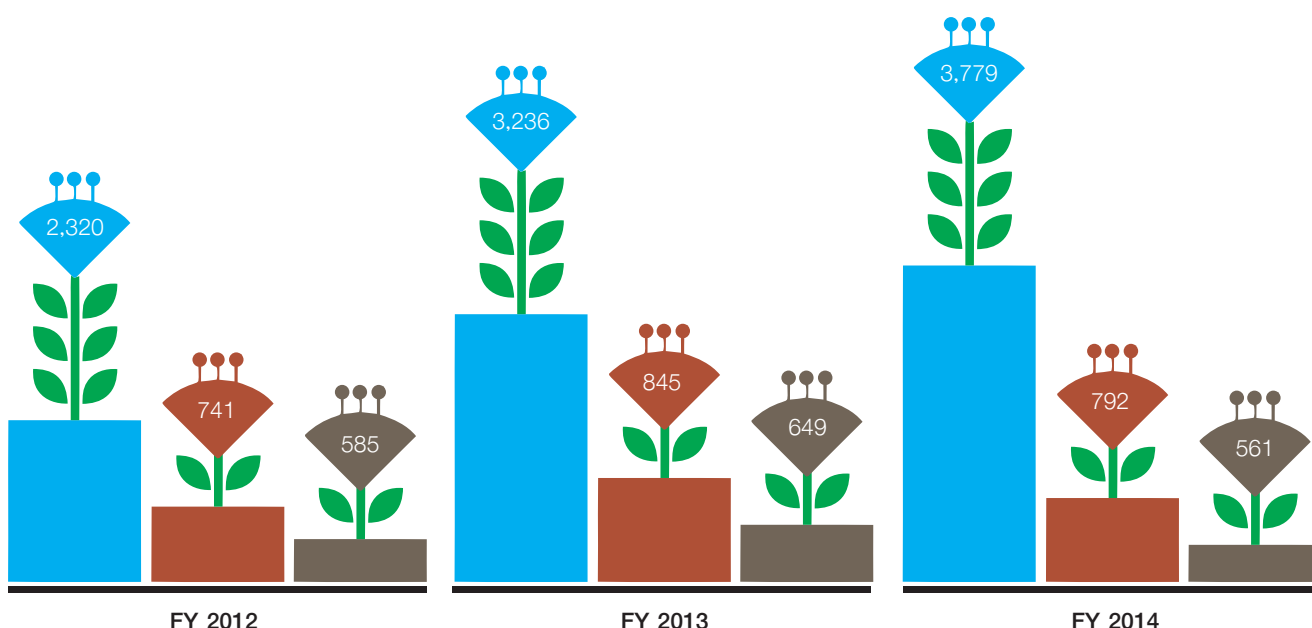
As of 31<sup>st</sup> December 2014, the company has total assets at 3,546 MB, total debt at 1,612 MB and the shareholders shares at 1,934 MB. Total assets included current assets 77 percent and non-current assets 23 percent. The key assets including of net trade accounts receivable 1,235 MB, unbilled revenue 581 MB, net cost of work in process 589 MB. The total current liabilities 1,562 MB and other liabilities 50 MB, the major current liabilities are including of bank overdrafts and short-term loans from financial institutions 400 MB, trade accounts payable and other payables 580 MB, deferred income 237 MB and unbilled payable 129 MB. Total shareholder's equity are shareholder's equity of the parent company 1,919 MB, non-controlling interests 15 MB. Non-controlling interests

#### Revenue

##### Revenue from products and services

■ IS ■ MA ■ PS

#### Revenue by Type of Sales



The company earns revenue from 3 categories of products and services which are the System Integration (SI), Maintenance Services (MA) and Professional Service (PS). The changes of revenue, expenses, and profits of the year 2014 are as follows:

Company's revenue from products and services in year 2012, 2013 and 2014 are 3,646 MB, 4,731 MB and 5,132 MB respectively. The growth rates increase (decrease) (10.8) percent, 29.7 and 8.5 percent respectively. The company's revenue has expanded in the year 2014 from the increased volume of projects from both the public and private sectors to electronics computer and information technology have been utilized to increase business performance in year 2012 and year 2013.

#### **Analysis of changes in revenue, divided by type of products and services:**

- The revenue from the pass 3 years (2012, 2013, 2014) is from System Integration (SI) business, at 2,511 MB, 3,233 MB and 3,779 MB respectively. These numbers representing a growth rate increase (decrease) at (21.3) percent, 28.7 and 16.9 percent. The companies have the revenue from SI business 73 percent in year 2014, the Most of the projects received in year 2013 have been completed in year 2014.
- The revenue from Maintenance Service (MA) business in the year 2012, 2013, 2014 are at 624 MB, 967 MB and 792 MB respectively. These numbers representing a growth rate increase (decrease) at 14.2, 55.0 and (18.1) respectively. The year 2014, revenue from MA was decreased because the high market competitive in service sector including to more customers change the policy decrease purchasing MA.
- The revenue from Professional Service (PS) business in the year 2012, 2013, 2014 are at 511 MB, 531 MB and 561 MB respectively. These numbers representing a growth rate increase (decrease) at 45.6, 3.8 and 5.7 percent respectively. The company focuses on business consulting and developing information technology as a tool for business development of our clients.

#### **Other Revenue**

The company has other incomes mainly from marketing and promotional of the products vendors. The company received

incomes from the products vendors when the orders meet their target. Other incomes are also including interests, incomes from assets sold, money exchange and other miscellaneous incomes. The total of other incomes in the year 2012, 2013, 2014 are at 50 MB, 60 MB and 44 MB respectively. These numbers representing a growth rate increase (decrease) at (32.7), 20.1 and (27.3) respectively.

#### **Expenses**

##### **Cost of Sales and Services**

The cost of sales and services of the company in the year 2012, 2013 and 2014 are at 2,852 MB, 3,810 MB and 1,171 MB respectively. These numbers representing a growth rate increase (decrease) at (14.0), 33.6 and 9.5 respectively. The cost of sales and services in the year 2012, 2013 and 2014 comparing to the revenue are calculated as 78.2%, 80.5% and 81.1% respectively. Although the company cost has increased in 2014 from business competition, the company earned lower profits in some projects. Anyhow, some projects are not complexity in the implementation and delivery processes, and it is help increasing company's profits.

##### **Selling and Administrative expenses**

The expenses of sales and management in the year 2012, 2013 and 2014 are at 593 MB, 680 MB and 659 MB respectively. These numbers representing a growth rate increase (decrease) at 5.4, 14.7 and (3.1) percent respectively. The selling and administrative expenses in the year 2012, 2013 and 2014 comparing to the total revenue are calculated as 16.0%, 14.2 % and 12.7% respectively. The increased numbers in the year 2012 are affected from the accumulated expenses of sales and from year 2011 that were not completed. As the middle of year 2011, the company has bought and merged a new subsidiary into the group. In the year 2012, the company has checked the completed financial reports from all subsidiaries. The expenses of sales and management in the year 2013 has increased because the company set provisions of allowance for doubtful accounts, input the losses on impairment, and realized the losses from some subsidiaries. Also, including of expenses in researching and developing that increased based on research and development projects of the company, which is total at 64 MB. As the result, the selling

and administrative expenses have decreased when compare as the previous year. However, the companies have recorded the expenses on the actual period in order to show the actual performance in each year.

### Financial Cost

The company has financial cost in the year 2012, 2013 and 2014 at 27 MB, 14 MB and 10 MB respectively. These numbers representing the growth rate, which are increase (decrease) at (0.9), (47.4) and (27.8) percent, respectively. Hence, the financial costs in the year 2013 and year 2014 decreased 13 MB and 2 MB respectively from the past year. Although the total revenues have increased because of the delivery management and payments tracking system are more efficiency.

### Corporate Tax

The corporate tax in the year 2012, 2013 and 2014 are at 43 MB, 50 MB and 60 MB respectively. These numbers representing a growth rate increase (decrease) at (23.0), 16.5 and 18.9 percent respectively. Some portions of the company's taxes were exempted from the BOI, so the company has paid corporate tax at the rate of 18 percent.

### Net Profit (Loss)

Net profit of the company in the year 2012, 2013 and 2014 are at 182 MB, 235 MB and 275 MB respectively. These numbers representing a growth rate increase (decrease) at 4.9, 4.9 and 5.3 percent respectively. The reason that net profit has increased in 2013 and 2014, due to the company earned other incomes and gross profit increased from last year while the expenses of sales and management including the company's finance costs decreased from the previous year.

### Financial Position

#### Total Company Assets

The total company assets as of 31 December in the year 2012, 2013 and 2014 are at 3,705 MB, 3,161 MB and 3,546 MB respectively. These numbers representing a growth rate increase (decrease) at (4.9), (14.7) and 12.2 percent respectively. The

reason that total assets increase in 2014, due to the increased of trade account receivables and other receivables at net 370 MB unbilled receivables 197 MB, the decreased of short term investment 90 MB. Even though the company revenue has increased from the expansion of business, by selling products and services in a large-scale projects, both to the public and private sectors are the result by the increment of account receivables and unbilled receivables. However, there are normal transactions and more account receivables are un-due payment, unbilled receivables was recorded by the progress of work and un-due correction period.

#### Trade Receivables and other Receivables

Company's trade receivables and other receivables after deducted provision for doubtful accounts, as of 31 December in the year 2012, 2013 and 2014 are at 1,122 MB, 865 MB and 1,235 MB or 30.3 , 27.4 and 34.8 percent respectively compared to the total company assets.

At 75 percent of the receivables are not yet reach scheduled payments, the rest at 25 percent of them are under follow up process for payments and the receivables that have overdue more than 1 year is at a rate of 3 percent. Anyhow, the company has considered the provision for doubtful accounts according to the status of each receivable, based on the company's financial policy. As of yearend 2012, 2013 and 2014; the provisions for doubtful accounts are at 3 MB, 24 MB and 18 MB or at 0.3, 2.7 and 1.4 percent of the total amount of trade receivables and other receivables. These numbers are not much compared to the total value of debt. On year 2014 the provision of bad debt decrease 6 MB from last year because the correction from customer was recorded bad debt on the previous year.

#### Unbilled Revenue and Cost of work in process

The unbilled revenue and cost of work in process of the company as of 31 December in the year 2012, 2013 and 2014 are at 1,303 MB, 944 MB and 1,171 MB or at 35.3, 29.9 and 33.0 percent respectively compared to the total company assets. The unbilled revenue and cost of work in process in the year 2014 is increased from the past year, due to the big project is install and delivery process to a customer.

#### Non – Current Assets

The major non – current assets, including of investments in associated company, as of 31 December in the year 2012, 2013 and 2014 are at 20 MB, 19 MB and 17 MB respectively, the investment in associate company was decreased from loss of performance in year 2013 and year 2014 ; the goodwill value are at 574 MB, 567 MB and 563 MB respectively, however the company had devalue goodwill by the performance of subsidiaries ; Properties and equipment value are at 149 MB, 151 MB and 136 MB respectively; intangible assets value are at 68 MB, 57 MB and 42 MB respectively. Some parts of the

intangible assets are transferred from application development cost. Most of the application development projects are for a company's intellectual assets. At the yearend of 2014, the company has account receivables which exceeded one year due payment at total 9 MB. This number is decreased from the year 2013 at 16 MB, due to products distribution expansion and the payment flexibility at 3-5 years due.

## Liquidity

### Cash Flow Statement

	Year 2014 MB	Year 2013 MB	Year 2012 MB
Net cash flow from (used in) operating activities	(6)	753	997
Net cash flow from (used in) investing activities	62	(163)	(34)
Net cash flow from (used in) financing activities	(53)	(525)	(934)
Net cash flow and cash records comparison; increase (decrease)	3	65	29

In the year 2012, the company earned profits before any changes in assets and liabilities value during working process at 332 MB. After calculated by deducting the changes in assets and liabilities value during working process, the company's cash flow from (used in) operating activities is at 997 MB, as a result of an increased in accounts receivables and other receivables, the cost during working process, the cost that have not paid, accounts payable and other payables at the value of 94 MB, 65 MB, 125 MB and 222 MB respectively. The decreased value of receivables and the cost that have not paid are at 99 MB and 337 MB respectively. Company's cash flow from (used in) investing activities at 34 MB, the cash that uses for asset maintenance and equipment purchases is at 34 MB. Net cash flow from (used in) financing activities is at 934 MB, the short-term loans, trust receipts payable, liabilities under finance leases, and long term loans are decreased at 462 MB, 212 MB, 29 MB and 62 MB respectively. The dividend payment from the company performance in year 2011 was at 145 MB, which have been paid from cash flow as a regular operating activity. There is no affect on the liquidity of the company. The company also earned interest at 27 MB, resulted in company's net cash increase of 29 MB.

In the year 2013, the company earned profits before any changes in assets and liabilities value during working process at 471 MB. After calculated by deducting the changes in assets and liabilities value during working process, the company's cash flow from (used in) operating activities is at 753 MB, as a result of a decreased in accounts receivables and other receivables, the cost that have not paid, and the cost during working process at the value of 224 MB, 105 MB, 197 MB, 117 MB and 280 MB respectively. Company's cash flow from (used in) investing activities at 163 MB, the cash that uses for temporary investments at 132 MB, for asset maintenance and equipment purchases is at 29 MB. Net cash flow from (used in) financing activities is at 525 MB, paid short term loans and trust receipts payable at 336 MB, Liabilities under finance leases and long term loans decreased at 33 MB, The dividend payment from the company performance in year 2012 was at 146 MB, which have been paid from cash flow as a regular operating activity. There is no affect on the liquidity of the company. The company also earned interest at 14 MB, resulted in company's net cash increase of 65 MB.



In the year 2014, the company earned profits before any changes in assets and liabilities value during working process at 425 MB. After calculated by deducting the changes in assets and liabilities value during working process, the company's cash flow from (used in) operating activities is at (6) MB, as a result of a increased in accounts receivables and other receivables, unbilled receivables, and accounts payable at the value of 366 MB, 196 MB and 82 MB respectively, as the normal transactions related to revenue. Company's cash flow from (used in) investing activities at 62 MB, the cash that uses for temporary investments at 92 MB, for asset maintenance and equipment purchases is at 36 MB for the normal operation. Net cash flow from (used in) financing

activities is at 53 MB, paid short term loans and trust receipts payable increased 181 MB is for the operation related to revenue, Liabilities under finance leases and long term loans decreased at 30 MB, The dividend payment from the company performance in year 2013 was at 199 MB, which have been paid from cash flow as a regular operating activity. There is not affected on the liquidity of the company. The company also earned interest at 10 MB, resulted in company's net cash increase of 3 MB.

## Liquidity Ratio

		Consolidated Financial Statement		
		2014	2013	2012
<b>Liquidity Ratio</b>				
Current ratio	(Times)	1.74	1.80	1.47
Quick ratio	(Times)	0.97	1.01	0.75
Inventory turnover	(Times)	8.94	7.43	5.31
Average number of days sales	(Days)	40.25	48.43	67.81
Receivable turnover ratio	(Times)	5.05	4.59	3.24
Collection days	(Days)	71.34	78.45	111.00
Account payable turnover	(Times)	7.74	7.08	6.74
Payment days	(Days)	46.51	50.86	53.44
Cash Cycle	(Days)	65.08	76.01	125.37

Majority of liquidity ratio of the company in the year 2014 are better, as of yearend 2012, 2013 and 2014 are at 1.36, 1.80 and 1.74 times respectively. This numbers considered as a sufficient liquidity rate for business operation. As a result of the better rotation of goods, the shorter average sale period, and more efficient payments collections period. Although, the company has outstanding loans from financial institutions for using as working capital in the business, according to the growth of sales and products distribution channels. Anyhow, the repayment period is less than the average time of payments due. The company has a rotation period of cash flow at 125, 76 and 73 days in the year 2012, 2013 and 2014 respectively.

## Sources of Funding

### Debts

As of 31<sup>st</sup> December 2012, the total debt of the company was at 1,964 MB, decreased from the yearend of 2011 at 229 MB. Majority of debts are from bank overdrafts and short-term loans from financial institutions at 378 MB, trust receipts 170 MB, trade account payables and other payables at 534 MB. costs that have not paid at 387 MB, and advance income 218 MB.

As of 31 December 2013, the total debt of the company was at 1,321 MB, decreased from the yearend of 2012 at 643 MB. Majority of debts are from bank overdrafts and short-term loans from financial institutions at 64 MB, trust receipts 153 MB, trade account payables and other payables at 498 MB, costs that have not paid at 147 MB, and advance income 223 MB.

As of 31 December 2014, the total debt of the company was at 1,612 MB, increased from the yearend of 2013 at 292 MB. Majority of debts are from bank overdrafts and short-term loans from financial institutions at 237 MB, trust receipts 163 MB, trade account payables and other payables at 580 MB, unbilled payable at 129 MB are the record by the progress of work which the suppliers not bills, and deferred income at 236 MB.

### Shareholders

The company's shareholders as of 31 December 2012, 2013 and 2014 are at 1,740 MB, 1,840 MB and 1,934 MB respectively. These numbers have been increased at 2, 7 and 5 percent compared to the total profits. The shareholders' shares have increased in accordance with higher profits, including an increased in the paid capital which converted from the warrants of shareholders, directors, executives and employees of the company into common stocks.

### Appropriateness of Capital Structure

The ratio of debt to equity, as of 31 December 2012, 2013 and 2014 are at 1.13, 0.72 and 0.83 times respectively. The ratio of debt to equity in the year 2014 has some increased from year 2013 it still good ratio, due to the optimization in payments collection from customers, so the company can pay its debts better. Anyhow, all of the company debts are from normal business operations and most of the debts due payment is within one year period.

### Auditors' Remuneration

The company and its subsidiaries have paid the financial audit to the registered audit office for the year 2014 at total amounted 3.4 MB.

### Non - Audit Fee

- None -

### Company's Dividend policy

The dividend policy has changed from accounting investment of equity method to the cost method. The company shall pay the dividend to the company and its subsidiaries the rate not less than 50 percent of net profit, after deducted tax and other legal requirements, based on the financial statements of the company and each subsidiary.

In the year 2010, 2011, 2012, 2013 and 2014, the company have paid dividend at 84 MB, 127 MB, 145 MB, 145 MB and 199 MB, by the dividend rate 0.33, 0.45, 0.33, 0.33 and 0.45 Baht per share respectively.

For the profit of the year 2014, the board of directors meeting 1/2015 agreed to propose to the annual meeting of the board to pay the dividend at rate 0.50 Baht per share.

### Factors that may affect the financial position or performance results in the future

- None -

# SUSTAINABILITY

Through  **Innovative Culture**



# VISION

## **Respectable Institution**

We develop the organization to become an 'institution' widely respected by public and investors with our stability, continuous growth and sustainability.

# MISSION

- **Industry Leader**

Determination to develop the organization as a country leading software development and IT services, starting from merging a few potential software development companies as a spearhead to stably and widely expand our business.

- **Sustainable Competitive Advantages**

To create continual and sustainable business competitive advantages by developing excellent quality products and services with higher efficiency compared to that of industry standard and reasonable price.

- **Real Contributor in the Development of People and Country**

A commitment as a leader to encourage country IT human resources development and to create value added jobs for local community, leading to income distribution which is a key indicator of country people's quality of life enhancement.

# CONTENT

---

**04.** Company Profile

---

**06.** Message from  
Chief Executive Officer

---

**08.** About this Report

---

**43.** Performance  
Summary

---

**45.** GRI Content Index



---

## 09. Leader's Promise

- 09 MFEC Sustainability
- 14 Corporate Governance
- 18 Anti-Corruption Practices

---

## 20. MFEC GROUP Builds People

- 20 Strategy of Human Resource Development Sustainability Promotion
- 22 2014 Key Internal Human resource Development Program

---

## 31. People Build Innovation

- 34 2014 Annual Cooperative Education Project
- 40 Jaidee Pee Hai Nong Project



# Company Profile



## Head Office Development Center and Branches

<b>Company name</b>	MFEC Public Company Limited
<b>Initial</b>	MFEC
<b>Registration No.</b>	0107546000156
<b>Business Type</b>	IT Services and Systems Integration
<b>Registered Capital</b>	Baht 441,500,555 contains common stock 441,500,555 Shares Baht 1 per share (December 31st , 2014)
<b>Issued Capital and</b>	Baht 441,453,555 contains common stocks 441,453,555 Shares
<b>Paid-up Capital</b>	Baht 1 per share (December 31st, 2014)



## Location

<b>Head Office</b>	699 Modernform Tower, Srinakarin Rd., SuanLuang, Bangkok 10250 Tel. 0-2664-5999 Fax.0-2722-8388 Website <a href="http://www.mfec.co.th">http://www.mfec.co.th</a>
<b>Development Center</b>	333 Lao Peng Nguan Tower, Vibhavadi- Rungsit Rd., Chompol, Chatuchack Bangkok 10900 Tel. 0-2664-5999 Fax. 0-2278-9279
<b>Investor Relations</b>	Tel. 0-2664-5999 Fax. 0-2278-9279 E-mail <a href="mailto:investor@mfec.co.th">investor@mfec.co.th</a>
<b>Company Secretary</b>	Tel. 0-2664-5999 Fax 0-2722-8388 E-mail <a href="mailto:secretary@mfec.co.th">secretary@mfec.co.th</a>



# PUSH ON

Proud



Proud in work done and to be the part of MFEC.

Unity



United to be homogeneous and feel like co-owner.

Spirit



Aim to guide the Company into achievement.

Honest



Honest and fair to oneself and people around.

Open



Open-mind and listen to other people.

Nice



Polite and respectful to our colleague, clientele and society.



# Message from Chief Executive Officer

---

The previous year of 2014 was compared as the first step of MFEC Public Company Limited or MFEC in preparing Sustainability Report according to Reporting Guideline of the Organization on Global Reporting Initiative Issue No. G4. Nevertheless, we always believe that the business's sustainable achievement is not just depending upon the responsibility on the Company's overall operation; it also includes participation in the development of the community of which our business has been engaged as well as the society on the whole.

---



**Mr. Siriwat Vongjarukorn**

Chief Executive of Officer  
MFEC Public Company Limited

### **Business Competes by Product and Service Quality, not Patronage System**

We adhere to morality and profess with integrity and honesty under vigorous self-resolution and declaration on business operation through the governance of virtue and ethics, concern on product and service quality rather than the relation in kind of patronage system that sometimes seeks for undue benefits. These things have been considered as an aggravation toward corruption problem in Thai society that has had increasingly serious and severed tendency every day. If all sectors have still deliberately overlooked the crisis of “corruption in any forms”, the national prosperity system may be discontinued.

MFEC has specified the policy for prevention and anti-corruption, and offering or receiving bribe as the Company’s Good Corporate Governance and Business Code of Conduct. For confirmation of such intention, the Company therefore has declared our intention to be involved as the one of Private Sector Collective Action Coalition Against Corruption or CAC.

In the past, it can be proven from the acceptances of various organizations. In 2014, MFEC gained high score up to 98.25% from annual consideration according to Annual General Meeting (AGM) of Office of the Securities and Exchange Commission (SEC) for the companies with Good Corporate Governance. Moreover, the Company has been the only company with Thai nationality awarded for Technology Fast 500 Asia Pacific 2006 that has been ranked by Deloitte which is the world celebrated financial consulting firm. MFEC was ranked No. 466 of the countries in Asia Pacific with maximum growth rate. In addition, the Certificate was accredited as the member of TRACE (TRACE Member Certification) in accordance with the regulation of US FCPA Regulations, USA, resulting in the acceptance toward the Company in the aspect of transparency in business operation with certified standard reliable from worldwide. Consequently, the Company has been capable to conveniently and rapidly contact and deal its businesses with the companies in USA.

### **Build People, Create Job and Generate Income**

In 2013, the Company has determined as the part of our mission that “the Company will be the leader in stimulating the occurrence of the national human resource development, creation of higher value added jobs in local level and income distribution in order to help uplift the people’s quality of life.” In the period of 2014, the Company has adjusted the internal management method has built the quality personnel to be continuously supplied to the organization. This has been regarded as the most essential issue for IT industry due to technological variation all the time. Therefore, it has been the necessity for the Company to have new generation people entering to support new technology for job creation to keep abreast of the customers’ demands. MFEC then has hastily accelerated the personnel development through the application of different methods that can select the personnel who are directly consistent with the requirements, resulting in the reduction of expenses for several times. According to the co-drafting of educational curriculum with the provincial universities, the personnel can be built to be consistent with the requirements right away and we have started to seriously work on this since 1-2 years ago.

The Company has set long-term targets by increasing revenues of consulting and professional services to generate more revenues than system integration services, resulting in higher gross profit ratio of the Company. The profit growth target of the increase in recurring income proportion has also simultaneously set to be above 30% for long-term growth in the aspect of 15% of net earnings per year for 5 consecutive years (2013-2017), and we are able to achieved on our targets goal since 1-2 years ago.

Finally, MFEC would like to render our gratitude to our employees, customers, business partners, and all groups of the stakeholders who have been featured in moving our goals, causing previous year become the best year of the Company for another year. We will advance to build value addition for our organization and concurrently create balance between business operation and environmental and social responsibility on and on.

# About this Report

## Principle of Report Preparation

This report is the first volume of Sustainability Report of MFEC Public Company Limited. MFEC has covered operating information, concept and guideline for 2013-2015 annual organizational sustainability development. The sustainability-related overall operations have been communicated to perceive report preparation process that reflects corporate value, building sustainability to stakeholder group and recognizing weakness and strength that will lead to pertinent problem solving. The Company has prepared organizational reporting guideline for cooperation on Global Sustainability Reporting Initiative, Generation 4 (GRI G4). The reporting period covers Year 2014 from January to December.

The theme of main ideas in social responsibility of the Company and the conglomerate of MFEC GROUP in this time has targeted on building quality IT personnel and promote and advance them to make progress in creation of innovation and good things on the way of social responsibility in order to generate maximum benefit to human resources themselves, society, environment and organization as well as stakeholders in relation to various parties. These things are considered as our promise under the definition of "MFEC GROUP Builds People, People Build Innovation." The structure of this Report is divided into three main subject headings as follows.



Leader's  
Promise



MFEC GROUP  
Build People



People Create  
Innovation

1. **"Leader's Promise"** which is the beginning section of the Report mentioning about the definition of MFEC's sustainability, sustainability policy and strategy including stakeholders in relation to the Report's scope as well as framework for main point determination and evaluation on sustainability aspect, etc.

2. **"MFEC GROUP Build People"**, disclosing the driving strategy of major organizational target focusing on promoting human resource development sustainability. This part covers particularly overall operations of activities or projects inside the organization both in quantitative and qualitative data.

3. **"People Build Innovation"** considered as the significant output linking to perceive our promise primarily given. The quantitative and qualitative data are shown and presented in in-depth and narrow scope up to 2 projects in relation to people building target of MFEC GROUP including 1. Cooperative Education Project (IT Area) and 2. Jaidee Pee Hai Nong Project, reflecting the perception on well awareness of the Company's human resources in creating innovation by considering positive impact on society and environment. The selection of just 2 main projects can make us enable to focus on report quality in term of accuracy and reliability. We will add this part in reporting scope one by one until finally covering all business activities in the reporting of next issue.

# Leader's Promise

## MFEC Sustainability

**MFEC's** target is to be the regional and national level leader in entrepreneurial group of service business in consulting and developing Thailand complete computer network and e-commerce system which has been high competitive market comprising rapid changing information technology. Therefore, the Company has formulated competitive strategy to enhance competitiveness and maintain secure and sustainable growth rate. We have been well aware that society, environment as well as tangible and concrete impact on stakeholder groups shall be considered in sustainable business operation with good management, audit and continuous follow-up.

**As business foundation has been at people**, several organizations have necessarily required the intellects entering to join working. However, only acuteness has been insufficient for today's situation particularly in IT business world with the occurrence of quite high attraction of the intellects. In the past, we have frequently confronted with such problems, resulting in negative effect on organization, business partners, clienteles as well as several parties of people concerned. According to the

way to cope with such event, we have simultaneously targeted on quality human resources development and cultivation of good conscious and virtue to support long term growth.

**Building of quality personnel** to be continually supplied to the organization has been the most essential issue for IT industry due to technological change at all times. We have required new people entering to regularly acquire new technological works and create works in order to catch up with customer demand and enable to select personnel to be directly consistent with the requirement. However, several times of expenses have been reduced by the way of working together with regional university in drafting educational curriculum so that personnel can be immediately built in consistence with the requirement. We have already seriously begun such execution throughout the past 3 year period and will step forward to produce the intellects who are nice and moral in order that these personnel will continually create innovations and good things to society in the future.

## Structure of MFEC Sustainability Development Committee





## Environmental and Social Activity

### Working Group



They report directly to Mr. Siriwat Wongcharukorn, the Chief Executive Officer, and Mr. Thanakorn Chalee, Operations Department Director of MFEC Public Company Limited, who act as the center in driving MFEC sustainable operation and possess main duties in offering sustainable management plan, policy and strategy, advancing and promoting activity operation to in-house people and the Company's stakeholders in order to perceive the significance of sustainable business operation.

## Sustainability Development Policy



We have been confident that business sustainable success has not just depended on the responsibility on overall operations of these companies but it has also included the participation in development of community in which our business has run as well as the entire society. Then, it has been defined in our mission that "the Company will be the leader in stimulating the occurrence of national human resource development, high value added job building in local level and income distribution to help improve the people's quality of life level" and has also defined that the Company shall be the good social member who is attentive on community and environment.

**Remark :** MFEC has currently had regional branch offices helping in building jobs in local level, distributing incomes, and also helping improve the people's quality of life level. It has consisted of 6 companies as follows: 1. Khon Kaen Soft Tech Company Limited, 2. Soft Plus Technology Company Limited, 3. Soft Professional Company Limited, 4. Sam Mok Software Company Limited, 5. K Soft Consulting Company Limited, and Hong Son Software Company Limited.

## Vision for Environmental, Social and Economic Development

The goal of MFEC is to be the leader in national and regional level in integrated service business entrepreneurial group for consulting and developing computer network system and e-commerce of the country through business operation according to sustainable development guideline, building the stakeholders' confidences via transparent and excellent operation for sustainable future of the environment and society under following corporate mission and vision frame as the practical guideline towards the same direction.

### Vision

MFEC Public Company Limited concentrates in developing its organization to be the national "institution" with high stability, sustainable growth and acceptance and respect from society and investors.

### Mission

- The Company concentrates to build the organization to be the top leader in software and IT service of the country through an integration of software companies which are strong and potential in high level to be the mainstay in order to extensively and firmly expand the business.
- The sustainable and ongoing competitive advantage is built by devotion in development of quality products and excellent services with above standard efficiency and fair price for all levels of the Company's customers.
- The Company's ideology and commitment are that we will be the leader in stimulating the occurrence of the national human resources development, creation of higher value added jobs in local level and income distribution which will be the significant decisive factors for uplifting quality of life level of people in the whole nation.

Anyhow, the duties of all company directors, executives and employees are to promote, carry forward, and comply with this determined sustainable management framework and policy.

## Cooperation with Stakeholders

The participation of the Company's stakeholders has been defined in corporate governance policy for good management system. The vision and duty responsibility of the Board and the executives are to enhance competitiveness capacity and trust to shareholders, investors and all parties of people concerned. Moreover, control mechanism and checks and balances are available for accountable and transparent management as well as respect to the equality right of its shareholders and responsibility towards its stakeholders. It has been confident that good corporate governance shall lead

the Company to stable business operation, add value to the organization, and increase competitive potential and managerial efficiency, affecting trusts of shareholders, investors and all parties of people concerned in long run. In addition, the disclosure shall be made in Annual Registration Statement (Form 56-1) and the Company's Website for acknowledgement by the investors; and the 5 main groups are covered as follows.

Stakeholder Group	Participation Approach	Expectancy	Action
Shareholder Director Executive	<ul style="list-style-type: none"> <li>- A tend Annual Shareholders' Meeting.</li> <li>- Prepare annual reports.</li> <li>- Prepare sustainable report (starting implementation in accordance with international framework in 2014).</li> <li>- Join Company Visit event</li> </ul>	<ul style="list-style-type: none"> <li>- Join in defining operational direction.</li> <li>- Sustainable and high return on investment.</li> <li>- Have good corporate governance as well as risk management.</li> <li>- Transparently disclose related data.</li> </ul>	<ul style="list-style-type: none"> <li>- According to the Company's sustainable policy</li> <li>- According to corporate governance framework</li> </ul>
Clients	<ul style="list-style-type: none"> <li>- Program-Based Communication</li> <li>- Flexible Service (24 x 7)</li> <li>- Continuous client meeting</li> <li>- Satisfactory survey after ending the project</li> </ul>	<ul style="list-style-type: none"> <li>- Produce quality products and services.</li> <li>- Correctly and completely disclose news and information about products and services without fact distortion.</li> <li>- Keep the client's secret.</li> <li>- Strictly comply with conditions available with clients.</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter of Responsibility toward Client</li> </ul>
Employee	<ul style="list-style-type: none"> <li>- Encourage the employees to comprehend on ethics and mantle.</li> <li>- Continuously promote professional level working competence development.</li> <li>- Maintain working environment to be safe for life.</li> <li>- Support the employee to be participative in defining working direction.</li> </ul>	<ul style="list-style-type: none"> <li>- For occurrence of happy coexistence</li> <li>- Fair reward</li> <li>- Treat employees on fair basis.</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter of Responsibility toward Employee</li> <li>- Policy and Practical Guideline of Employee Competence and Knowledge Development</li> </ul>
Business Partner and Creditor	<ul style="list-style-type: none"> <li>- In the event of inability to follow the condition, prior notice shall be given in order to mutually find preventive and corrective guideline not to cause damages</li> <li>- Do not call or receive or pay any benefits that are dishonest in the business with business partner, debtor or creditor.</li> <li>- Continuously communicate both through electronics media and telephone.</li> </ul>	<ul style="list-style-type: none"> <li>- Conforms to honest business framework and support justified competition building between business partner.</li> <li>- Acceptable payment period</li> <li>- Create added value and long term cooperation.</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter of Responsibility toward Business Partner and/or Creditor</li> </ul>
Public Society	<ul style="list-style-type: none"> <li>- To be the leader stimulating to result in human resources development of the country.</li> <li>- Support the activities that cause public benefit.</li> <li>- Do not support any activities that are harmful to society.</li> <li>- Organize the activities promoting creations of intellectual capital, jobs, and knowledge to community and building high value added jobs in local level.</li> </ul>	<ul style="list-style-type: none"> <li>- Innovation creating positive social impact</li> <li>- Build progress.</li> <li>- Promote comfort to life style and better livelihood.</li> </ul>	<ul style="list-style-type: none"> <li>- Chapter of Responsibility toward Public Society</li> </ul>



## Determination of Main Point



Materiality Assessment shall be prepared to assess main points toward sustainability applying GRI Reporting Principles for Defining Content, G4 Issue in order to identify and prioritize the significance of aspects affecting the Company's sustainability under following procedures.

1. Specify MFEC sustainable aspect.
2. Present sustainable aspect to the Chairman of the Board, management to affirm in order to determine to be the policy for each related division to prepare the draft to be action plan.
3. Simultaneously review the contents and define required value of selected main point.
4. Review international standard in CSR and sustainability.
5. Execute/develop guideline of main point management.
6. Assess overall operations/communicate overall operations.

## Assessment Result on Material Aspects of Sustainability and Determination of Reporting Scope

The Company has determined reporting criteria and scope for main points affecting sustainability such as association of sustainability aspects and impact boundaries from the Company's significant operations as follows.

Significant Aspect of Sustainability	Sustainability Aspect in line with GRI Guideline	Reporting Scope
Human Resources Development Strategy (Inside the Organization)	- Overall operation of internal personnel development - Employee development and training	MFEC
Strategy of IT Quality Human Resources Production for Country	- Technical skill enhancement mechanism and focus on in-depth knowledge both of software and hardware lines. - Leadership skill enhancement mechanism focusing on problem solving and cooperate on with other people. - Business ownership skill enhancement mechanism focusing on practice of managerial skill and creative thinking	MFEC GROUP <sup>1</sup>  MFEC
Economic Growth	Economic overall operation	MFEC
Cultivation of Environmental and Social Responsibility Conscious	Assessment of any products and services without damage on natural resources and environment exceeding what has been stipulated by law.	MFEC
Business Ethics	- Activities causing public benefits such as reduction of energy use and natural resources. - Control mechanism for strict practice in accordance with intentions of relevant laws and regulations.	MFEC
Anti-Corruption	Ant-Corruption	

**Remark :** MFEC GROUP 1 means that IT personnel development plan is the mutual and major target of MFEC GROUP with key mainstay which is MFEC Public Company Limited and Soft Square 1999 Company Limited (Soft Square). Anyhow, we would like to assemble overall operation report to be concluded under the word of "MFEC GROUP" and in next year, the information will be presented to be seen for operating states of each affiliated company one by one.



# Conceptual Framework of Sustainable Operation Assessment





# 98.25

MFEC gained high score from AGM



500 Copies of books informing send to partner & suppliers



110 Copies Confirmed



0 Petition

## Corporate Governance

MFEC have believed that good corporate governance will lead the Company to stable business operation, value addition to the organization, increase in competitive competency as well as managerial effectiveness, affecting confidences of shareholders, investors and all parties of people concerned in long term.

## Board of Directors

Board of directors has responsible to the shareholders regarding the Company's business operation and governance of the management to be in line with the Company's policies, guidelines and goals to generate maximum benefit for shareholders within the framework of good ethics. The benefits of all stakeholders are also taken into account. The details of roles and responsibilities are stated in the topic of the Committee.

According to the Company's regulations, the director have the authority to decide and oversee the operations of the company, except in the following issues that the Board of Directors shall be approved from the Shareholders' Meeting before proceeding.

1) The issues with legal requirement for the resolution from the Shareholders' Meeting

2) Related transactions, in a regular business transaction or business support transaction without general commercial condition for transaction value of more than 20 million Baht or 3% of the net tangible asset value depending upon whichever number is higher.

3) Related transactions, in a regular products or services, with a transaction value of more than 20 million baht, or 3% of the net tangible asset value depending upon whichever number is higher.

In 2014, the Board of Directors held 4 regular periodic meetings and 2 additional meetings for total of 6 meetings with the statistics of meeting attendance for each director in 2012 - 2014 as follows, for more information can be viewed at at Annual Registration Statement (Form 56-1) and [www.mfec.co.th](http://www.mfec.co.th)

---

## Corporate Governance Policy

The Board of Directors aims for organizational development to be a transparent organization with good governance, responsibility and protection of social and stakeholder's interest through personnel development to be moral and good person, as well as focuses on promotion of information technology study quality development to increase sustainable growth effectiveness of the organization and participation in social development of the country.

Rule of Sustainable Development	2014 Business Governance Operating Plan
<ol style="list-style-type: none"><li>1. Business Governance and Business Operation with Fairness</li><li>2. Anti-Corruption</li><li>3. Human Right Respect and Social Responsibility</li><li>4. Participation in Educational Quality Development of the Community</li><li>5. Preparation of Sustainability Report</li></ol>	<ol style="list-style-type: none"><li>1. Reliance is built through declaration of its intention to the supplier in anti-corruption.</li><li>2. The improvement on Manual of "Good Governance" Policy is implemented.</li><li>3. The result of the Company's good corporate governance evaluation for listed company has been classified in "Good" Group.</li></ol>

---

## Internal Control and Risk Management

The Board of Directors assigned Audit Committee to be responsible and to govern the Management to organize adequate and effective internal control system to be available in order to protect the Company's investment fund and asset by covering all 5 areas of internal control elements. Internal Audit Department performs audit and verifies operational system to be effective; and also defines regularly assessment on internal control system efficiency in accordance with internal control elements every year.

Internal Control System in accordance with the elements in 5 areas has been determined as follows.

1. Organization and Environmental Condition
2. Risk Management
3. Control of Management Operation
4. Data Communication and Information System
5. Follow-Up System

Remark : Further details can be viewed at Annual Registration Statement (Form 56-1) and the Company's Website.





## Business Operation Ethics

Anyhow, the Company has implanted the awareness of the employees in all departments on significance and implementation of corporate governance principle. The Executive Board and Internal Audit Department are under governance of Audit Committee and report the result to Audit Committee and Board of Directors for acknowledgement. In the past 2014, the Company has determined the code of conduct and business operation ethics by focusing on internal governance, control and prevention of anti-corruption for employee's acknowledgement and adherence for practice as follows.

1. Local and International Laws.
2. Graft Demand and Convenience Purchase.
3. Conflict of Interest.
4. Political Support.
5. Charity Donation. The officer, employee and representative of the Company shall donate for true charity organization only
6. Gift, Satisfaction Creation and Entertainment.
7. Accounting Record. The officer, employee and representative of the Company will maintain the complete and accurate accounting record in order to properly and accurately support all transactions and bookkeeping in single entry accounting system.
8. Communication and Training. The officer, employee and representative of the Company shall organize annual training for related person, new employee, employee who is responsible for crucial works in all procurement, marketing and sales divisions.

### Requirement

The requirement stipulates that the officer, employee and representative of the Company who is exploited in any ways or who is demanded for graft in other natures shall immediately report the Company's executive without fear of employment effect.

### Outcome Gained

The employee is not reduced for his or her position, not punished or negatively affected for non-bribery even though the Company's business is affected from the employee's refusal to perform such act. The employee will be encouraged to report the allegation from violation of business conduct principle to the executive without position reduction, punishment or subsequent outcome from that report.

### Penalty

The Company shall appropriately punish the employee, seller or business partner for violation of this business conduct.

**Remark :** Further details can be viewed at Annual Registration Statement (Form 56-1) and the Company's Website.

Moreover, the company has complied with the principles of corporate governance covering the overview in 5 sections including right of shareholder, equal treatment to shareholder, role of stakeholder, information disclosure and transparency, responsibilities of the board of directors, in year 2014 the company has been added good practical guideline on Role of Stakeholder as follows.

(1) Defined anti-corruption policy on receipt and provision of belongings or any other benefits to persuade for wrongful practice by declaring practical guideline to the Company's business partners for recognitions all over.

(2) International human right and intellectual property infringement

(3) Increase the means of claim and suggestion, claim receipt process and protection measure on the claimer as the means that can directly complain to the independent directors through the Secretary.

---

## Self-Assessment Guide for the Committees

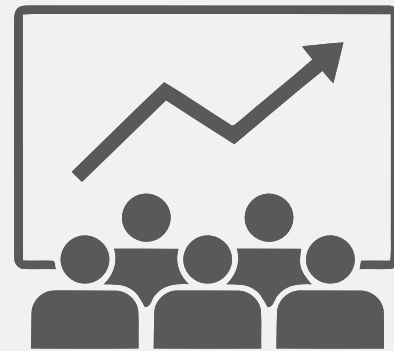
To emphasize on the application of assessment result to be useful for improvement of the Committees' performance, the Board of Directors' Meeting No. 6/2014 on 12 November 2014 agreed to use the self-assessment form and the Board of Directors performed 2014 Annual Self-Assessment under the following assessment criteria:

- 4 = Excellent
- 3 = Very Good
- 2 = Good
- 1 = Average
- 0 = Need Improvement

1. The assessment for the whole Board of Directors consist of 6 topics including structure and qualifications of directors / roles and responsibilities of the Board / the Board of Directors 'Meeting / function of the directors / relationship with management / self-development of the directors and executive development. The results of the assessment for the whole Board of Directors in overall 6 topics pointed out that most of the operations have been well done with average score in good criteria.

2. The assessment for the whole Audit Committee consists of 7 topics including the composition of the audit committees / trainings and human resource / meeting / Audit Committee's activities /

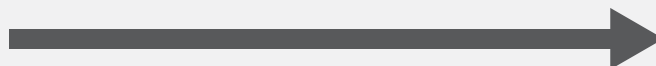
relationship with Vice President to Internal Audit Department , accounting auditor, executive and shareholder / business risk and internal control / role of Audit Committee in the future. The results of the assessment for the whole Audit Committee in overall 7 topics pointed out that the operations have been well done with average score in good criteria..



---

## Follow-Up of the Company's Overall Operations

The Company has monitored the indicators from the company director level to operations line through Monthly Management Meeting.





## Anti-Corruption Practices

MFEC realizes the importance of eliminating corruption practices in Thailand, which impose detrimental impacts on the citizens and its economy. As an organization in the private sector, MFEC is dedicated to ethical and transparent business practices, with a focus on corporate social responsibility and the greater good of all stakeholders.

The organization incorporated Anti-Corruption and Anti-Bribery Policy in its operational management, ensuring business practices that correspond to the Corporate Compliance Policy and the Corporate Governance and Business Code of Conduct. To underscore its stance in anti-corruption, MFEC declared its support and allegiance

to the Private Sector Collective Action Coalition Against Corruption (CAC.) On 8 November 2013, the Board of Directors of MFEC hosted the sixth meeting of the year to approve and improve the corporate governance policies of the organization. One of the policies newly discussed include "Ethics for Receiving and Giving Gifts, Assets, and Other Benefits, as well as Policies for Dealing Business with Individuals in the Public/Private Sectors." MFEC dedicated itself to continuously following the policies approved at the meeting.

The management is required to communicate the policies and regulations to the staffs of the organization, encouraging them to engage in ethic business practices and following corporate governance policies. The business partners of MFEC were also informed of the newly established anti-corruption policies, while the company's secretary general was appointed to communicate the policies on the company's website ([www.mfec.co.th](http://www.mfec.co.th)) to inform investors and all stakeholders.



## Anti-Corruption Action Plan

Staffs and executives of MFEC are encouraged to participate in Dhamma camps to foster righteousness and ethics, having the right to make annual leaves to attend such camps. The company improved its corporate governance policies in 2014 and required all staffs to strictly comply while dealing business. These policy modifications include refraining from presenting unclear projects to the government sector, purchasing products from juristic persons and not natural persons, and punishing staffs for their corrupt practices. MFEC

also issued 500 copies of books informing partners and suppliers of its business code of conduct and organizational policies.



---

## Ethics on Receiving/Giving Gifts, Assets, and Other Benefits

With a strong integrity in transparent business practices, MFEC organized the following policies for countering bribery of entities in the public and private sectors as follows.

---

### Business Practices with Entities in the Public / Private Sectors

The giving/receiving of gifts/souvenirs for goodwill, traditional practices, or getting to know one another within proper boundaries is acceptable. The company, however, has policies restricting staffs from giving/receiving gifts/souvenirs that have exceptionally high value from business partners:

1. All business transactions must be transparent immediately if required to accept gifts/souvenirs with exceptional value from business partners.
2. Ensure correspondence to organizational policies and regulations before giving/receiving gifts / souvenirs.
3. Do not give gifts/souvenirs in the form of cash, checks, bonds, shares, gold, jewelry, or other assets that are convertible to cash.
4. Do not accept/give gifts/souvenirs that may influence decision-making, leading to unjust business practices. Inform supervisors
5. Requests for donations can be met after proceeding through transparent approval processes and completed within the appropriate budget.
6. Keep evidences of financial transactions indicating the value of the gifts/souvenirs for further investigation

**Remark :** Further details can be viewed at Annual Registration Statement (Form 56-1) and the Company's Website.

---

## Regulations for Informing Corrupt Actions and Mechanisms for Protecting the Safety of Informers

---

To ensure equal treatment of all stakeholders and just corporate governance policies, the company organized a mechanism for individuals to make requests, opinions, recommendations, and information suggesting that stakeholders are negatively impacted or at risk of being negatively impacted by the corrupt practices of the company or its staffs. Such practices include illegal activities, actions suggesting corruption, unequal treatment, or due negligence. Individuals can report directly or by sending a letter to the following address



### Marketing Communications and Investor Relations Department

699 Modern Form Building, Sri Nakarin Road  
Kwaeng Suan Luang, Suan Luang District  
Bangkok 10250  
Email: investor@mfec.co.th  
Tel: 02-664-5999

The company will carry investigations according to protocol and record the process in writing without disclosing the identity of the informer. The informer's request will also be kept confidential to protect the informer from any possible impact.

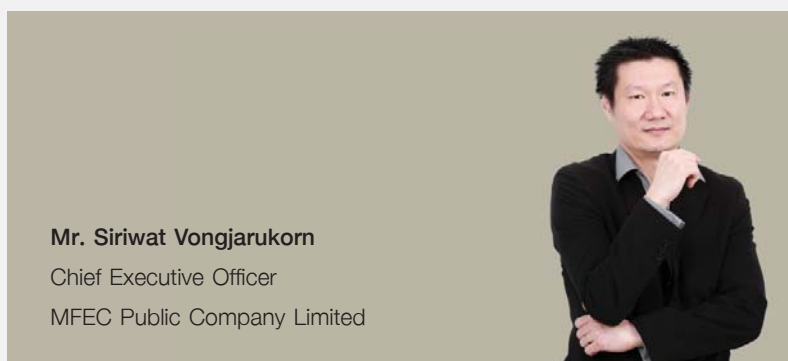


# MFEC GROUP Builds People

“ The best can be done

MFEC people will not say that they have already done their best, but you must devote to do with your inspiration to produce best things for people whom you meet. It is regarded as the true success for me in case that we can create good phenomenon for people whom you meet.”

”



**Mr. Siriwat Vongjarukorn**  
Chief Executive Officer  
MFEC Public Company Limited

## Strategy of Human Resource Development Sustainability Promotion

MFEC and the conglomerate of MFEC GROUP have believed that personnel have been the significant factor guiding the organization to success. The Company then has promoted the employees to develop their knowledge and competence in different fields of occupations to be proper and consistent with both short-term and long-term business operation vision and strategy. The Company has given precedence to systematic human resource management, fair employee care, equitable treatment with the employees, and an encouraged to development leadership skill for all employee.

**Remark :** Training Activity Operation Budget throughout 2557 for total of Baht 11,145,440.65 comprising local-seminar and training course. Lecturer fee for in house-local seminar and training, in house-local seminar and training organizing venue charge and other expenses for local-in house seminar and training; abroad-seminar and training course fee; air ticket fee for travelling to abroad-seminar and training; accommodation expense for abroad seminar and training; other

expenses for abroad-seminar and training.

- local-Certificate exam taking course fee; abroad-Certificate exam taking fee; abroad-air ticket fee for travelling to take Certificate exam.
- abroad-accommodation expense in taking Certificate exam : other expenses in taking Certificate exam - abroad (additional details can be studied at [csr.mfec.co.th](http://csr.mfec.co.th)).



---

## Employee Engagement toward Organization

The Company has focused on market-competitive and proper bonuses and benefits based on the employee's position, responsibility and competence. The annual increase in wages of employees in all levels shall be simultaneously considered from organizational performance success, economic condition, and analysis and comparison with business in the same industry. In 2014, the Company has applied Performance Management System in order to increase transparency in performance appraisal with emphasis on target building process for achievement in consistence with organizational target, work unit and supervisor, etc.

## Employee Right

MFEC has adhered to Thailand labor laws in determining Human Resource Management Rule by prohibiting the use of child labor and forced labor, discrimination, as well as employee benefits in other forms. It has been clarified by the Company in intranet.

## Care on Employee Well-Being and Fringe Benefit

The Company has cared on the employee well-being, fringe benefits and subsidy being provided to the Company's regular employees and the employees who are during probation, and consisted as follows.

- Health and life insurance and accident insurance
- Fringe benefit for medical fee in accordance with work life covering mother, father, husband/wife and child.
- Provident Fund
- Subsidy for travelling expense, fare and gasoline expense
- Allowance for the project requiring to be permanently stationed at the office or branch of the clientele (Project Allowance) with duration of certain project starting and ending schedule
- Money requisition of travelling expense, accommodation expense, allowance in case of abroad or up-country working.
- Subsidy of telephone expense and/or Standby charge in answering the phone in order to serve the clienteles outside work hours.
- Residence credit project of Government Housing Bank
- Dharma Practice Project
- All-Purpose Credit Project

---

## Level Human Resources Development

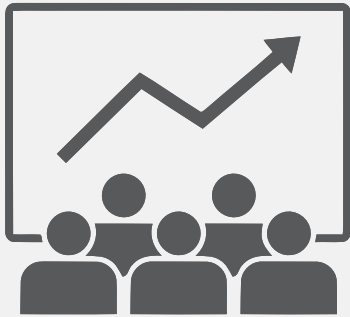
JOB BAND	JOB COMPETENCY	DEVEMENT METHODS
CEO / MD	Leading For Change	<ul style="list-style-type: none"><li>• Executive Coaching</li><li>• Job Rotation to manage New Business Sector</li></ul>
Business Unit	Leading BU	<ul style="list-style-type: none"><li>• Project based assignment</li><li>• Business Plan Coaching</li><li>• Top Gunners Development</li></ul>
Team Leader	Leading Team	<ul style="list-style-type: none"><li>• Modern Leaders Development Program</li><li>• Job Shadowing</li><li>• Individual Development Program</li></ul>
Entry / Trainees	Leading Self	<ul style="list-style-type: none"><li>• Individual Development Program</li><li>• Skills Matrix</li><li>• On the Job Training</li><li>• Share and Shine Program</li><li>• CO-ED Program</li></ul>

---



# 2014 Key Internal Human resource Development Program

## Course : Roadmap To Success : Inside-Out Sales Strategies



**Lecturer :** Mr. Siriwat Wongcharukorn

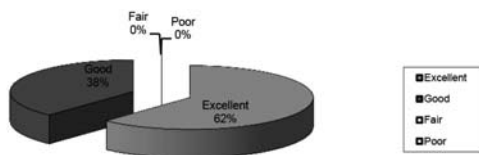
The employees who participated in training were 50 people.

**Training objective** is to develop competence, enhance customer management and sales skills, promote IDP plan-based development to support business growth as well as learn the principle and have the opportunity to practice for effective application in real situation.

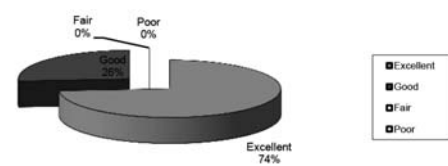
**Expected benefit** gained is new leader is developed in accordance with the Company's strategy and understands sales principle and real practice applicability.

## Conclusion

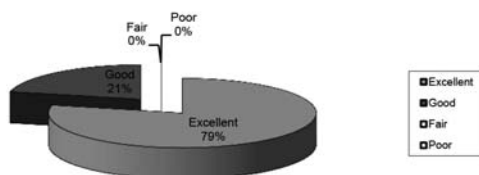
(Will the information be valuable to you considering your current and/ or anticipated job responsibilities?)



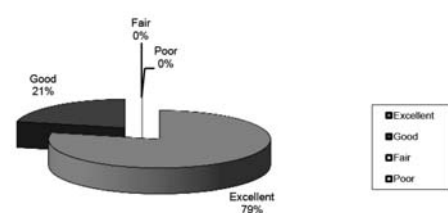
(The content of training is related to your job)



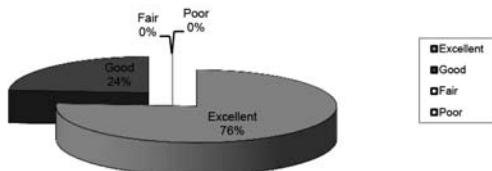
(The content of training helps you create new ideas, vision)



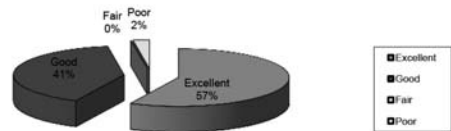
(Trainer uses appropriate language, easy to follow)



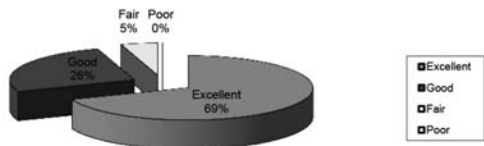
(Ability to give examples)



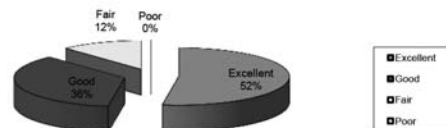
(Use of activities in training)



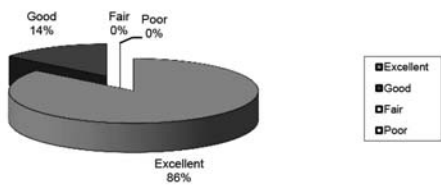
(Use of media)



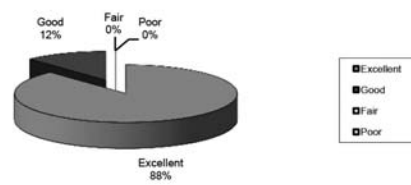
(Opportunity for questions & Comments)



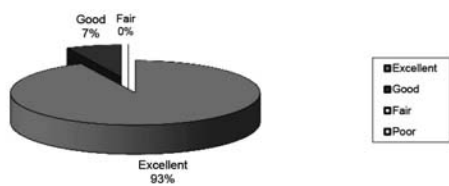
(Preparation)



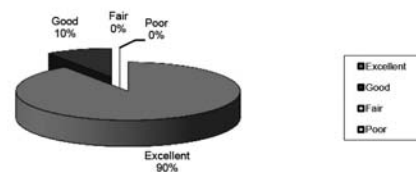
(Personality and Atmosphere)



(Knowledge and Experience)

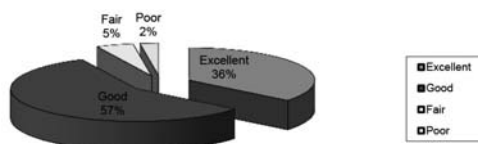


(Overall, how do you rate this trainer?)

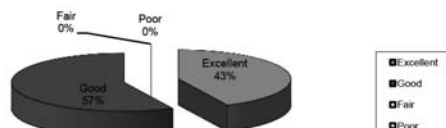




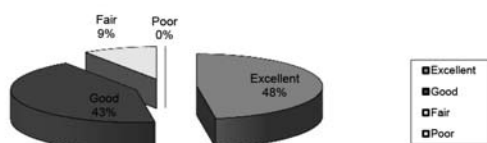
(Training duration is appropriate)



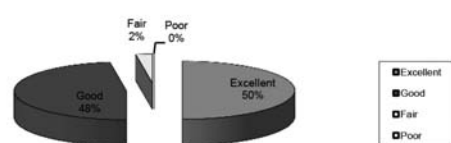
(Training Material / Equipment)



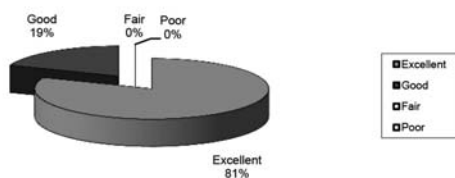
(Snacks, coffee breaks and beverages)



(Training Location)



(In terms of preparing you to do your job better, how would you rate the overall quality of the training?)



What is the most favorite from this training course and please specify the reason?

Concept and thinking principle from experience

Selling experience

Human relations issue

List of the topic you would like to learn in the next class.

Psychology in selling

Discussion, Next Progress, Suggestion/Critical Issue in what have been executed

Decision making in pinch and turning loss to be win.

What is the most key learning point that benefits for your current job?

Other comment

Case study of an incorrectness to the way to learned and craefully

---

## Individual Development Plan (IDP)

In order to move the Company's target in building the organization to be strong with long-term sustainable growth and continuous profit growth for not below 15% per annum or 100% for growth in every 5 years, the Company then shall implement quality personnel building planning to support growth and effective use of capital fund for worthwhile return. The instrument to find competence gap or IDP (Individual Development Plan) is one of the significant individual personnel development plan principle inside in 2014.

The strength of Individual Development Plan preparation has been to be considered as the bridge to link positive impact occurred between employee himself or herself and organization. From formulated operating plan, the employees can willingly develop and accumulate his or her own competence in accordance with framework given to supervisor that will bring about maximum benefit both for oneself and response to organizational growth guideline in the future continually.



## IDP Preparation Procedure

- Determination of Required Competence Standard
- Competence Gap Assessment Guideline
- Determination of Personnel Development Instrument
- Individual Development Plan (IDP) Preparation
- Discussion of Development Plan with Employee
- Follow-Up and Evaluation

## IDP Significance

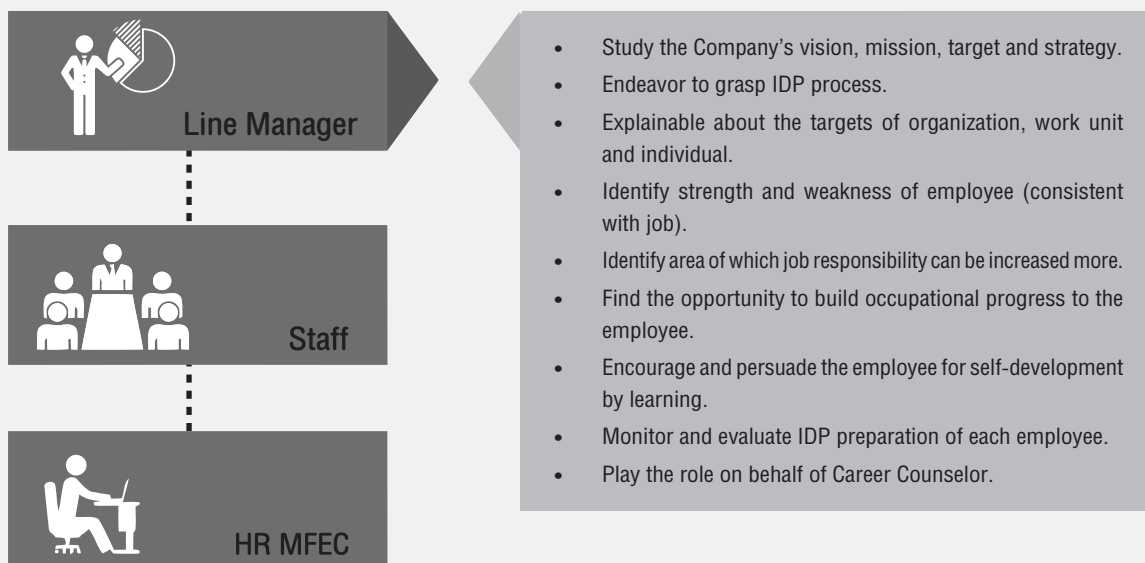
It has been considered to be the framework or guideline helping the employee to attain target in his or her profession that will respond the requirement or target in work unit or organizational level with emphasis on weakness development and strength reinforcement and review and improvement for at least once a year.

## Who is concerned with IDP

Individual Development Plan (IDP) system is developed and supervised by the personnel of the organization's IT Support Department. The people concerned in implementation of such development guideline for 3 groups in accordance with below model

---

## Who is concerned with IDP



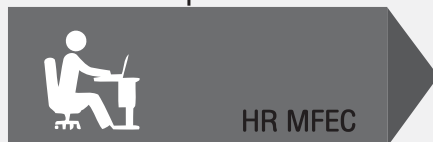


## Who is concerned with IDP



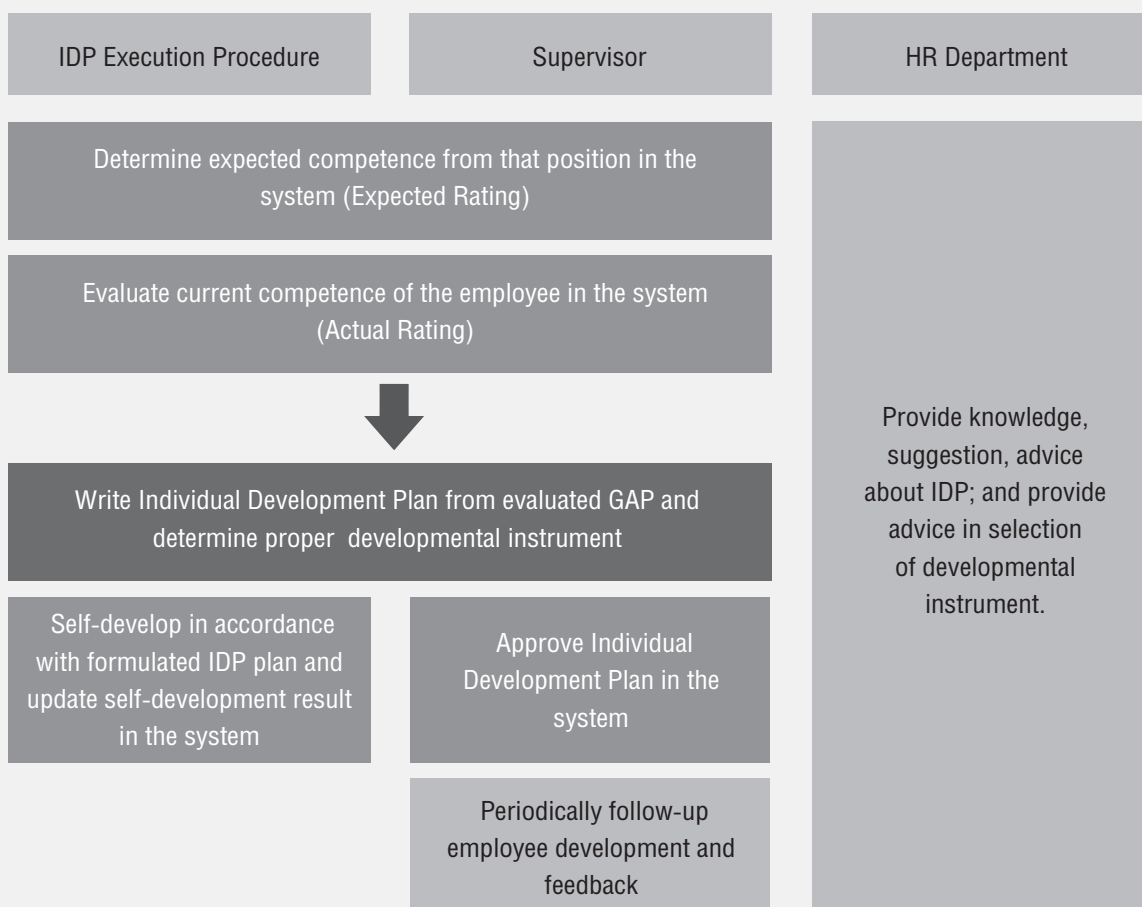
- Evaluate current self-competence based on fact.
- Determine target and method in order to make the requirement of oneself and organization successful.
- Find the way to improve and develop self-competence.
- Find the opportunity to discuss with supervisor in order to mutually find better working competence improvement and development guideline.

## Who is concerned with IDP



- Organize training to create knowledge and understanding in IDP preparation.
- Prepare forms and documents to be information in IDP preparation.
- Provide suggestion and advice to Line Manager in IDP preparation.
- Provide suggestion and advice to the employees about self-development and improvement guideline.

## IDP Execution Procedure



### Method to find Functional Competence in Main Duty: HRD Supervisor

Key Tasks / Activities	Knowledge and Skills	Individual Characteristics
1. Acquire the strategy from HRD Manager to make program. 2. Prepare Employee Development Roadmap. 3. Prepare development roadmap and instruments. 4. Administer the part of responsible tasks to be line with the target. 5. To be the lecturer inside the organization. 6. Monitor and conclude evaluation of the subordinate's operating result.	1. Planning and Analysis 2. Communication and Transfer Skill 3. Impromptu Problem Solving and Decision Making Ability 4. HRD Work Knowledge 5. Creative Thinking 6. Leadership 7. Language Ability 8. IT Profundity	1. Enthusiasm and continuous learning 2. Interpersonal Skills 3. Emotional maturity 4. Change Acceptance Ability

**Remark :** In the end of 2014, the total of 65 employees have been promoted/ transferred or change their lines.



# Occupational Health and Safety

The employee has been regarded as the important resource of the organization. Therefore, MFEC management has given the precedence and taken all operators into consideration throughout the past 17 years. The employee safety has been the significant matter and has been mutual responsibility of management and employees so that safety management has been collaborative and effective. The Company then has defined the supervision policy and measure for all employees to be safe in working as follows.

## Policy for Safety, Occupational Health and Working Environment

### General Policy

The Company has the determined objective to implement the following.

- Have safe working condition.
- Free from work accident.
- Correct training and knowledge to the employee concerning about safety and environmental condition preservation.
- Provide welfares and facilities such as clean drinking water service, availability of refrigerators and microwaves.
- Define medical examination of the employee before starting working. The objective is to monitor work disease that may continuously and systematically occur, resulting in the recognition on health state and tendency of employee illness; or if the employee begins to have disease condition in the initial stage, the treatment or prevention can be given in time.

Moreover, it can also be use dot analyze in order to evaluate the applied prevention measure whether it works or is effective enough or not.

- Facilitate to assume annual medical examination service.
- Collect annual medical examination result of the employee and prepare illness statistics for analysis to find treatment and prevention guideline in correct way.

Safety management is responsible by the management, manager, supervisor and all employees who shall help each other in order to achieve such objective with proper and good working attitude and culture.

## Alcohol and Narcotic Control Policy

The Company has realized on the harm of narcotic and alcohol that will considerably affect the operation. Anyhow, from the statistics of accident occurred on the road, they has caused from alcohol and narcotics in type of amphetamine. Thus, the Company has set narcotic policy as well as alcohol type beverage for monitoring as follows.

1. Examine before entering into working. The driver who will enter to work inside the organization shall be passed from alcohol and narcotic detection from leading clinic.
2. The Company arranges regular detection of narcotic and alcohol while operation in order to prevent and monitor not to cause accident. The process is to assign

the supervisor to oversee and scrutinize working behavior of the subordinate employee. If it is risky to relate with all types of narcotics, Safety Committee can be notified to arrange the officer in work unit or specialist from work units of private or governmental sector to examine without prior-notice.



---

3. Arrange thorough narcotic detection when the accident occurs or the risky group is found inside the organization.

4. Organize training and dissemination of alcohol and narcotic knowledge as well as regulation of the Company on "Prohibition to bring in or drink alcohol in the office."

---

5. The Company executes the examination, review and evaluation for conclusion to be alcohol and narcotic problem elimination guideline to be over from the organization.

## Narcotic Suppression and Prevention Measure for Driver

1. Strictly prohibit the employee to consume or have narcotics for possession or sale.

2. The Company asks for examining narcotics in the body of all employees. If there is any doubt or before filling the employee, the examination result may be detected to have narcotic in the body, the Company shall give the opportunity for treatment within next examination round. In case that narcotic is still detected, the Company shall immediately consider discharge he or him from employee status.

3. The Company shall arrange the check for vehicle operated by the employee. In case that narcotic is detected in his or her possession, the Company shall immediately consider discharging from employee status and inform to further prosecuting him or her according to the procedure.

4. The employee who is considered by the Company to be discharged from employee status due to availability of narcotic in the body or in possession or sale shall not be wholly entitled to demand any compensation or any other monies from the Company.

5. If the Company detects that the employee drinks alcohol before going to function, the Company shall consider discharging from employee status right away.



---

## Policy for Travel by Using Vehicle

The Company has well realized that there should be high precaution in travel by using vehicle or transportation and shall also abide by the law and Land Transport Act B.E. 2522 (1979) and other relevant practices so as to create orderliness and safety with below operating guideline.

1. Specify driving by speed not over than the speed required by law and strictly abiding by the law.

2. Determine the employee who performs the duty of transportation of the Company's products checks product loading for safety and conformance to the law required every time.

3. Campaign everybody to check the usable condition of vehicle and related equipment to be always in availability.

4. Specify to affix sticker, logo and message of "Impolite drive, please inform the Company at Tel. 0-2722-8393" in the observable area in order to encourage the driver to be responsible for society more.

5. Determine the employee who uses vehicle shall have driving license of private car.



## Important Activities Occurred in 2014

### 1. Arrange annual medical examination for both offices on 4-5 November 2014

by classifying into below.

Office Side	จำนวน / คน
Head Office at Modernform Building	58
Branch Office at Lao Peng Nguan Tower	240
Go to examine at Hospital	30
Total Quantity/People	328

### 2. Fire Extinguishing Drill and Fire Evacuation Drill at 2 sides of the Office accompanying with the Building Overseer

Office	Training Day	Number of People who attend the training and meeting of people who have duties in the plan/People	Number of Trainers of Fire Evacuation Drill / People
Head Office at Modernform Building	-	-	-
Branch Office at Lao Peng Nguan Tower	17 ธันวาคม 2557	101	101



Duration of Fire Evacuation Drill 4 minutes

(Starting from fire evacuation alarm is aloud until the last person arrives to assembly point.)

### Data and Statistics of Illness as the result of Working

Details of Accident and Illness Occurrence	Cause of Illness	Number / Time of Illness
Work Accident	-	0
Accident Occurrence until Work Discontinuity	-	0

# People Build Innovation



MFEC's intention is to participate in developing society to be sustainable in order to create confidence, acceptance and reliance from stakeholder groups. The Company's social responsibility target in this time has targeted to build quality IT personnel and promote and carry them forward to make headway to continually create innovation and good things for oneself, society, environment and organization in the future.

The previous social activities of MFEC have consisted of major activities as follows.

**This Birth for Younger Brother and Sister:** is the event organized to open the chance to the employees to "join do merit or do goodness" in his or her own birthday or birth month. The activity will be organized for 4 times in 1 year under event organizing budget per time: Baht 20,000. Anyhow, expectancy result in event organizing is to make the employee feel proud of doing merit in his or her own birthday, to build good relationship, make the employee acquainted with each other more, and cause more or less positive change towards society and the end receiver.

This Birth for Younger Brother and Sister for Birth Month of January – March 2014 when Fulfilling Dream, Sharing Smile



This Birth for Younger Brother and Sister for Birth Month of May – June 2014 when Planting Coral Forest, Returning to Thai Sea Bed.



This Birth for Younger Brother and Sister for Birth Month of July – September 2014 when this Computer is Given by Elder Brother Sister to Younger Brother and Sister



This Birth for Younger Brother and Sister for Birth Month of October – December 2014 When sharing smile in Children's Day.

**Remark :** The event of This Birth for Younger Brother and Sister when Sharing Smile in Children's Day. As Luuk Rieang Group announced to ask for toys via jaideejung website, the event organizing group then gathered toys from MFEC employees for delivery to children in 3 Southern Border Provinces.



## Big Cleaning Day

The competition event for cleaning desk, chair and areas around the seats to be clean and like working in important seasonal period such as Songkarn Festival and New Year's Day. The main purpose of such events is to stimulate the employees who are concerned on their and their colleagues' sanitations and reinforce good image of the organization. In the past, the 200 employees were interested to join this project under the event organizing budget of Baht 21,821.



Anyhow, in the third section of this Report, it will mention about **“People Create Innovation and Good Thing.”** It has been regarded to be the significant output linking to perceive our promise primarily given by indicating quantitative and qualitative data and presenting in in-depth and narrow scope up to 2 projects in relation to people building target of MFEC Group consisting of

### 1. Cooperative Education (IT Field) and

2. **Jaidee Pee Hai Nong Project**, which will reflect an indication of well awareness of the Company's personnel in creating innovation with consideration on positive environmental and social impact.





## 2014 Annual Cooperative Education Project

MFEC Group has been cooperated with over than 20 universities in organizing summer training for students in Cooperative Education Project in order to contribute to quality personnel production in IT for support and continuously expansion on IT works to Thailand. Co-operative and Education builds knowledge by designing courses focusing on 3 major subjects.

- Subject List – Professional Software Developer on JAVA
- Subject List – IT Infrastructure for Business
- Subject List – Professional Software Development on MS.NET Platform

## Reason Why It Must Be Cooperative Education Project

As most of the graduates who have just graduated their educations from universities cannot work right away and they must pass skill enhancement and adaptation for about 6-12 months, and reduce differences between skills required by business sector and skills acquired from normal courses both in technique and Soft Skills. In addition, the opportunity to join in working with IT Profession Company Limited is given. The importance has been that the students can recognize their own proficiencies in which types of jobs before their graduations with proper working attitudes and happiness on jobs.

**"The Company will be the leader who stimulates the occurrence of the national human resources development."**

**Remark:** MFEC's budget paid to students in Cooperative Education Project was at Baht 441,000.

# 2014 Annual Cooperative Education Project and Prenticing Students

## 2014 Annual Cooperative Education Project (Co-Operative Education)



Practical Guideline	Indicator
<p>MFEC GROUP will organize training to students in related topics like training with the employees in the organization without free of charge in full time for approximately 2 months or 1 day per week for 4 months period.</p> <p><b>Samples of Training Courses</b></p> <ul style="list-style-type: none"> <li>• Subject List – Professional Software Developer on JAVA</li> <li>• Subject List – IT Infrastructure for Business</li> <li>• Subject List – Professional Software Development on MS.NET Platform</li> </ul>	<p>MFEC GROUP has had the experts who can provide trainings in the matter required by business sector that will be supplemented from normal training course in classroom and workshop with virtual project based on practice to create application on what has been learnt.</p> <p><b>Evaluation Result Measurement:</b> Student who intends to attend Pre-Coop Training for not less than 80% and passes written examination and interview examination. The student who passes the criteria will be awarded for the Certificate of Pre-Coop Training Attendance Confirmation .</p>
<p>MFEC GROUP will recruit the students who pass Pre-Coop training attendance and pass the criteria of the measurement for entry to Cooperative Education Project applying Project Based Learning Approach. Some students will be considered to work in real customer projects and the cooperative education duration is about 4 months (according to the Cooperative Education course of the university).</p>	<p>*It is the only way proven to be effective* In making the student being prepared for working, the student touches with working in different functional lines under his or her interested and mostly similar to real life.</p> <p>Student who passes the criteria is awarded for the Certificate of Attendance Confirmation.</p>
<p><b>Place:</b> Training room of the university or the customer's project place.</p> <p>The pay is about 3,000 Baht and the reward is based on performance.</p>	<p>Cooperative Education Project with MFEC Group</p>

## Summary of Cooperative Education Project and Apprenticing Students for 2014

Number of Cooperative Education Students and Apprenticing Students Year Round for 147 People	
Program	จำนวน/คน
Apprenticing Student for 2 months period	37
Apprenticing Student for 3 months period	25
Cooperative Education Students for 4 months period	27
Cooperative Education of Sripatum University	26
MFEC Cooperative Education Project	32
<b>Total</b>	<b>147</b>

$$\text{Person} + \sum_{i=0}^{NL} \frac{4 \left( \text{Book} + \text{Clock} \right)}{2} + \frac{2 \text{ Heart}}{1 - \text{Bicycle}} \text{Re} \left\{ \exp(i) \right\} + \frac{\text{Pencil} \sqrt{8 \text{ Laptop}}}{\text{Lamp}} + \text{Screen}$$



# Evaluation Result of Post-Project Summary of Cooperative Education Project and Apprenticing Students for 2014

**Number of Cooperative Education Students and Apprenticing Students Classified According to Institutes**

No.	Institute	Number/People	No.	Institute	Number/People
1	Burapa University	32	11	Nakhon Pathom Rajabhat University	3
2	Sripatum University	26	12	Buriram Rajabhat University	3
3	Rajamangala University of Technology Thanyaburi	11	13	Yala Rajabhat University	3
4	North Bangkok University	10	14	Chulalongkorn University	2
5	Kasetsart University	8	15	Mahanakorn University of Technology	2
6	Naresuan University	8	16	Rajamangala University of Technology Suvarnabhumi	2
7	Suranaree University of Technology	7	17	Khon Kaen University	2
8	Thammasat University	7	18	University of the Thai Chamber of Commerce	2
9	King Mongkut's Institute of Technology Ladkrabang	7	19	Ramkhamhaeng University	1
10	Rajabhat Maha Sarakham University	6	20	Thai-Nichi Institute of Technology	1

**Number of Cooperative Education Students and Apprenticing Students Classified According to Institutes**

No.	Division	Number/People	No.	Division	Number/People
1	PS-Special Project	24	12	Kbank Managed Services	5
2	Digital Learning Innovation	22	13	Warehouse	4
3	Cloud Computing Technology	12	14	Application Infrastructure	3
4	Enterprise Business	12	15	System & Storage	3
5	Information Security	9	16	Network	2
6	PS-BIM	8	17	PS-BSM	2
7	Microsoft Business	7	18	Human Resource	2
8	PS-Digital Creative	7	19	Accounting	2
9	IT-QMS	5	20	Internal Audit	2
10	PS-Solution Delivery (SD)	5	21	PS-Business Solution	2
11	Database Infrastructure and Integration Services	5	22	Sales Federal Government&Healthcare	1
			23	Soft Square Company	3

## Evaluation Result of Cooperative Education Project, Burapa University

**Evaluation of Preparedness and Collaboration of the Company Total Average = 75.1%**

Evaluation Topics	Evaluation Result
Well collaboration of the Company with the university	77%
Personnel in the Company who support Cooperative Education Project	83.7%
Giving advice on supervision of Human Resources Department on the students (orientation, rule introduction, travelling and accommodation)	76.3%
Proper support of the Company on travelling expenses	66.7%
Preparedness of operating tools and equipment	68.9%
Proper operating place	77.8%





Evaluation of Assigned Job Characteristics    Total Average = 79.4%	
Evaluation Topic	Evaluation Result
Job quantity gained is proper with training duration	80.7%
Job assigned is consistent with studying program	79.3%
Job assigned is consistent with what is informed by the Company.	77%
Job assigned is consistent with self-interest.	80.7%

Evaluation of Trainer or Team Leader who Supervises    Total Average = 85.6%	
Evaluation Topic	Evaluation Result
Possession of more professional knowledge and experience	90.4%
Time available to give advice to the students in working	80.7%
Ability to transmit knowledge and interest in coaching	80.4%
Care and Concentration on other issues (travelling, health, etc.)	86.7%

Other Aspects of Evaluation    Total Average = 85%	
Evaluation Topics	Evaluation Result
Possession of knowledge in functional field that is trained for Cooperative Education	85.2%
Ability to apply knowledge gained from Cooperative Education Training	84.4%
Interest in participation with the Company in the future	84.4%
Introducing acquaintance to enter for Cooperative Education training/joining to work with the Company	83.7%
Overall satisfaction toward the Company	87.4%

#### Additional Suggestions

- Travelling allowances were insufficient when exiting to field site.
- Apprenticing duration was lesser when compared with job quantity.
- Internet signal was not strong and seldom supportive; and the problems on tools and equipment for usability were still existent.
- The accommodation is required to be available for apprenticing students.
- The activities are required to be available so that the employees have positive feeling in working.

## Evaluation Result of Cooperative Education Project, Sripatum University and North Bangkok University

Evaluation of Preparedness and Collaboration of the Company    Total Average = 75.1%	
Evaluation Topics	ผลการประเมิน
Well collaboration of the Company with the university	84%
Personnel in the Company who support Cooperative Education Project	86.4%
Giving advice on supervision of Human Resources Department on the students (orientation, rule introduction, travelling and accommodation)	88.2%
Proper support of the Company on travelling expenses	71.8%
Preparedness of operating tools and equipment	77.3%
Proper operating place	90%



# Evaluation Result of Post-Project

## Evaluation of Assigned Job Characteristics Total Average = 79.4%

Evaluation Topic	Evaluation Result
Job quantity gained is proper with training duration.	82.7%
Job assigned is consistent with studying program.	73.6%
Job assigned is consistent with what is informed by the Company.	80%
Job assigned is consistent with self-interest.	73.6%

## Evaluation of Trainer or Team Leader who Supervises Total Average = 85.6%

Evaluation Topic	Evaluation Result
Possession of more professional knowledge and experience	91.8%
Time available to give advice to the students in working	81.8%
Ability to transmit knowledge and interest in coaching	90%
Care and Concentration on other issues (travelling, health, etc.)	85.5%

## Other Aspects of Evaluation Total Average = 85%

Evaluation Topic	Evaluation Result
Possession of knowledge in functional field that is trained for Cooperative Education	84.5%
Ability to apply knowledge gained from Cooperative Education Training	84.5%
Interest in participation with the Company in the future	84.5%
Introducing acquaintance to enter for Cooperative Education training/joining to work with the Company	84.5%
Overall satisfaction toward the Company	90%

### Additional Suggestions

- Training should be organized/basis should be improved before entry for apprenticing.
- It is eager to have notebook for use in apprenticing.
- Additional travelling allowances are required to be adjusted.
- The selection of functional line or division by himself of herself is required

## Summary of Cooperative Education Project and Apprenticing Students 2014

### Cooperative education students and apprenticing students who were recruited as the employees for 12 people

Name-Surname	University	Division Recruited for Working	Position
Miss Chansuda Boonchan	Burapha University	Kbank Managed Services	System Engineer
Miss Theeraporn Phadoongphan	Burapha University	Kbank Managed Services	System Engineer
Miss Orawee Tipayangkoon	Burapha University	Kbank Managed Services	System Engineer
Miss Chanakarn Manyat	Burapha University	Kbank Managed Services	System Engineer
Miss Panicha Tiawat	Burapha University	Kbank Managed Services	System Engineer
Mr. Supakit Permsawat	Burapha University	Kbank Managed Services	System Engineer
Mr. Chatchanok Vetphitak	Sriputum University	Enterprise Business	Helpdesk Engineer
Mr. Sakarin Panpattanachaiyakit	Sriputum University	Enterprise Business	Helpdesk Engineer
Miss Chonrada Krasaesueb	Sriputum University	Enterprise Business	Project Coordinator
Mr. Saktitatt Rittinun	Sriputum University	PS-BSM	Software Engineer
Mr. Peerapol Vongprapai	Sriputum University	PS-Digital Creative	Software Developer
Miss Pompan Chaoprai	Sriputum University	System Integration	Information Security Engineer



## Conclusion of Number of Students who Passed Cooperative Education Project of the Conglomerate of MFEC GROUP

Company	YR2014 (Plan)			YR2014 (Actual)		
	Attend Pre-Coop Training	Coop Program	Employed	Attend Pre-Coop Training	Coop Program	Employed
MFEC Pcl.	300	150	50	250	147	12*
SoftSquare Group	100	80	15	84	84	13*
BAC	100	40	6	85	27	4*
Motif	50	15	10	10	10	0*
Total	550	285	81	429	268	29*





## Jaidee Pee Hai Nong Project

### Beginning Point of the Project

“Jaidee Pee Hai Nong” Project was originated from goodwill of MFEC personnel who desire to be the part of the creation of the society that is full with kind people and hope for the consecutive help cycle as well as the application of information technology potentiality as advantage for doing good to be convenient, modern and can do good everywhere and every time... However, this expectation may not be achieved if none of the beginning point and the beginning point is started from ourselves.

MFEC personnel has developed abundant belongings transfer system to the deficient people in order to be the donation tool and request for assistances in the name of website [jaideejung.org](http://jaideejung.org). as well as performing kind-hearted navigation by free distribution of “Merit Doing Fund” in form of digital instructional media set which has been compared as 34 the topmost scripture in strengthening the youth potentiality and increasing O- Net score results

by classifying into 2 sets for the youth in junior high school for 5,000 Users.

They are rendered to all kind elder brothers and sisters to be consecutively forward to the academies in mind that can inform their intentions to request for fund receipt used for educational potentiality development of Thai youth through “Jaideejung” website.

The key objective of this kind-hearted navigation at this time is to promote and carry forward the occurrence of consecutive help cycle, stimulate the considerate behavior and considerably hope that the destination of the goal will initiate the society which is full with generous people.

# Format of Project Implementation

## Jaidee Pee Hai Nong Project



Program, select social products created by MFEC Group's personnel such as belongings exchange system of website jaideejung.org, and website systems of Click-Kid.com and Click-Toon.com as well as determination of scope and follow-up.



Promote activities to stimulate the awareness of the society on lending a hand to each other towards target groups which are classified into 2 major groups including Group 1 consists of business partners, customers and employees; Group 2 consists of reputed persons and schools in remote areas.



Achievement monitoring and evaluation is divided into 3 major topics including 1. internal cooperation, 2. external cooperation, and 3. O-Net score result of the schools under the Project.

Monitoring and Evaluation of Project No. 1 is shown in below Table.

Monitoring and Evaluation of Jaidee Pee Hai Nong Project				
Implementation Format	Stakeholder Group	Number of Work Teams	Implementation Duration	Scope of Responsibilities and Overall Operations
Internal Cooperation	CEO and COO of the Company	2 Persons	2 Weeks	Formulate the policy/consider/approve the Project.
	Human Resources Department	1 Person		Acquire policy from the executives, coordinate/view the overview.
	Professional Service & Service Delivery Team	4 Persons		Develop transfer system of abundant belongings to the people who are deficient in order to help enable to do merit in everywhere, and every time through jaideejung website (further study information at <a href="http://www.jaideejung.org">www.jaideejung.org</a> ).
	Digital Learning Innovation Team	6 Persons		Develop Click-Kid.com and Click-Teen.com websites for "Reduce the World of Learning to White Society and Enjoy with Learning through Digital Media" with purpose to further build Learning Center where is the place to collect and gather useful learning media (further study information at <a href="http://www.csr.click-teen.com">www.csr.click-teen.com</a> ).
	Marketing Team	3 Persons		Plan and design the Project, define operating framework and measure achievement, publicize the Project to external and in-house target groups.
	Channel (supervises business alliances and clienteles)	2 Persons		Help publicizing the Project to business partner group and the clienteles of the Company.
External Cooperation	The Plebs who receive message through Social Network Clienteles and Business Partners (through 2 Road Show Events) Mass Media Artist Famous person in football sports field Youth (Target Group) School (Target Group)	31,239 Post Reach through fan page of jaideejung 85 Persons 3 Publishers 1 Person 8 Persons 3,450 Persons 37 Schools	8 Weeks	The applicants who requested to be granted for merit doing fund of Kind-Hearted...Elder Brother and Sister Giving to Younger Brother and Sister via jaideejung website were from external organization for 8 persons and MFEC employees for 12 persons. The merit doing fund were transmitted to 37 schools.
O-Net Score Result of Target Group (Prior-Attendance of Project)	School in the Project	From the result of Ordinary National Education Test (O-NET) for Academic Year of 2013 of the Office of Mae Hong Son Primary Educational Service Area Office 2 for the youth in Secondary Education Grade 9 Level prior-attendance of project, average total score result of all subjects was found to be in the criteria from 32.42 - 48.58 scores.		
	Teacher and Instructor (Project Coordinator)			
	Youth who gains digital media from the Project	Anyhow, the result of Ordinary National Education Test (O-NET) for Academic Year of 2014 will be declared within the end of March 2015.		
	Guardian			

**Remark:** The project progress in "Gathering Period" anyhow is the period of measurement of the youth development and the school in the project will report for acknowledgement one by one through the Company's CSR website channel ([mfec.csr.co.th](http://mfec.csr.co.th)) and will collect the reporting information to be complete in next issue of Sustainability Report





# Summary of Overall Operations

Economic (Leader's Promise)	Unit	2014
Total Revenues	Baht	5,175,923,164
Training Activity Operating Budget Training throughout 2014	Baht	11,145,440.65
Employee Salary and Privilege	Baht	923,153,262.03
Net Profit	Baht	270,427,033
Earnings Per Share	Baht / Share	0.61
Total assets	Baht	3,546,435,656
Total liabilities	Baht	1,612,478,919
Return on Equity	Percent	15.32
Participation in community employment	Person	69
Participation in income distribution to community	Baht	58,920,000

Business Operational Ethics		
In case of violation of business ethics that has been examined to be true.	Case	0
Employee who has been trained for business ethics	Case	0

Complaint Issue from Violation of Business Operational Ethics		
Number of complaint issues from violation of business operational ethics entering into the Company's complaint system	Case	0

Score Results of Assessment on 2014 Annual Shareholders' Meeting Organizing Quality	
Assessment result of 2014 Annual Shareholders' Meeting Organizing Quality of the Company	Score result was equal to 98.25%.
Average score result of listed companies was totally to be equal to	91.17 scores. It was increased when compared with 2013.
Score result of listed companies in the interval of 90-100 scores was in percent for	67.23 percent of number of listed companies that was participative in the Project.
Score result of listed companies higher than 80 scores and over was more than	84.65 of the number of listed companies that were participative in the Project.

**Remark:** Score result of Assessment on Quality of 2014 Annual Shareholders' Meeting Organizing from Thai Investors Association on Friday June 20th, 2014.

Safety Performance	Unit	2014
Occupational Health and Safety		
Total recordable injuries case (Head Office & Development Center)	Person	0
Total recordable injuries case (Branch Office)	Person	0
Occupational illness frequency rate of all employee	Person	2 (Office Syndrome)
Total of Fatality	Person	0

Human Resource Area ( MFEC GROUP Builds People)	Unit	2014
Total number of employee	Person	808
Number of employee by region		
Head Office ( Modernform Tower )	Person	50
Development Center (Lao Peng Nguan Tower)	Person	536
Branch Office	Person	214
Employee who resigned from the organization	Person	180

Human Resource Area ( MFEC GROUP Builds People)		
	Unit	2014
Employee who willingly resigned	Person	177
New Employment Ratio	Person	160
Collective Fringe Benefit Requisition Ratio	Baht	2,721,578.53
Exercise of right to take leave for Dharma practice/leave for Buddhist ordination	Person	3 and 9
Encouraging employee to participate in CEO / MD level development	Person	20
Encouraging employee to participate in Business Unit level development	Person	27
Encouraging employee to participate in Team Leader level development	Person	63
Encouraging employee to participate in Entry / Trainees Level development	Person	307
Employee who prepared IDP	Person	163
Employee who has been promoted	Person	65
Social Area (People Build Innovation and Good Things)		
	Unit	2014
<b>Cooperative Education Project</b>		
Participation in promoting human resources development sustainability (real practice particularly with MFEC)	Person	147
Participation in application of information technology into local academy	Institute	20
Participation in creating jobs and incomes to student groups	Person	12
Participation on promoting human resource development sustainability (training to provide knowledge to MFEC GROUP)	Person	1,500
<b>Remark :</b> It is the summary of value creation information to the society from Cooperative Education Project. The information of activity operating figures of MFEC Group is presented in accordance with supplementary table (enter the information from Khun Maew's Group)		
Jaidee Pee Hai Nong Project		
	Unit	2014
Payment to providers of public relations program	Baht	90,250
Internal cooperation level in operating part	Person	18
Product for society which is created by MFEC personnel	Innovation	2
Collaboration from outsider	Person	97
School participating the project	Academy	37
The youth who is granted for merit doing fund in form of "Digital Media" from transmission of kind-hearted elder brother and sister	Person	3,450



# Information Index in accordance with Reporting of GRI, Issue No. G4

This Sustainability development Report indicate materiality of process in reporting and disclosing operating information in material matters both towards business and stakeholders referring to Normal Information Disclosure, Issue No. G4 of GRI.

## Standard Disclosures

GENERAL STANDARD DISCLOSURES	SPECIFIC STANDARD DISCLOSURES		
<ul style="list-style-type: none"> <li>- Strategy and Analysis</li> <li>- Organizational Profile</li> <li>- Identified material Aspects and Boundaries</li> <li>- Stakeholder Engagement</li> <li>- Report Profile</li> <li>- Governance</li> <li>- Ethics &amp; Integrity</li> </ul>	<table> <tr> <td>DISCLOSURES MANAGEMENT APPROACH</td><td>INDICATORS</td></tr> </table> <ul style="list-style-type: none"> <li>- Economic</li> <li>- Environmental</li> <li>- Social (Labor Practices and Decent Work, Human Rights, Society, Product Responsibility)</li> </ul>	DISCLOSURES MANAGEMENT APPROACH	INDICATORS
DISCLOSURES MANAGEMENT APPROACH	INDICATORS		

## GRI CONTENT INDEX

GENERAL STANDARD DISCLOSURES		
GENERAL STANDARD DISCLOSURES	Page Number (or Link)	External Assurance
STRATEGY AND ANALYSIS		
G4-1	06-07	
G4-2	Annual Report 21	
ORGANIZATIONAL PROFILE		
G4-3	04	
G4-4	05	
G4-5	04	
G4-6	Annual Report 29, 31	
G4-7	04	
G4-8	Annual Report 15-20	
G4-9	43-44, Annual Report 75-76, 153-154	
G4-10	43-44	
G4-11	21, 43-44	
G4-12	Annual Report 10-13	
G4-13	Annual Report 10-13	
G4-14	Annual Report 67	
G4-15	<a href="http://csr.mfec.co.th">http://csr.mfec.co.th</a>	
G4-16	04, 16, 39, 41, 43-44, Annual Report 56	



## GENERAL STANDARD DISCLOSURES

GENERAL STANDARD DISCLOSURES	Page Number (or Link)	External Assurance
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES		
G4-17	04, 08-09, 12-13	
G4-18	08, 12, 22-24, 25-27	
G4-19	08, 12	
G4-20	08 – 10, 12, 20, 31, 34, 40	
G4-21	08 – 10, 12, 20, 31-33, 34, 40	
G4-22	06, 08-09	
G4-23	06, 08-09	
STAKEHOLDER ENGAGEMENT		
G4-24	11, Annual Report 54	
G4-25	11	
G4-26	11	
G4-27	11	
REPORT PROFILE		
G4-28	08-09	
G4-29	08-09	
G4-30	08-09	
G4-31	08-09	
G4-32	08, GRI Content Index : 45-47	
GOVERNANCE		
G4-34	09	
G4-35	01, 08, 43-44, Annual Report 67	
G4-36	09	
G4-37	11	
G4-38	10-11, 14-16, 28-29, Annual Report 54	
G4-39	Annual Report 29-30	
G4-40	14, Annual Report 32, 62	
G4-41	16, Annual Report 54	
G4-42	10, 15, Annual Report 40-41	
G4-43	Annual Report 56	
G4-44	43-44	
G4-45	09-10	
G4-46	09-10, 11-13	
G4-47	09-10, 11-13	
G4-48	08,12-13	
G4-49	22-24 ,25-27, 34-39, 40-41, 43-44	
G4-50	17, 43-44	
G4-51	Annual Report 56-57	
G4-52	Annual Report 56	
G4-53	Annual Report 56	
G4-54	16	
G4-55	16, 18-19	
ETHICS AND INTEGRITY		
G4-56	05, 10, 15, 18-19, 20	

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Identified Omission (s)	Reason(s) for Omissions	External Assurance
--------------------	-----------------------	-------------------------	-------------------------	--------------------

### CATEGORY : ECONOMIC

#### MATERIAL ASPECT : ECONOMIC PERFORMANCE

G4-DMA	09, 43-44, Annual Report 67			
G4-EC1	Annual Report 77			
G4-EC2	43-44, Annual Report 21, 67			
G4-EC3	Annual Report 80-84, 90-92, 153-154			

#### MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS

G4-DMA	09, 43-44, Annual Report 67-68			
G4-EC7	31-41, 44			

### CATEGORY : ECONOMIC

#### MATERIAL ASPECT : EMPLOYMENT

G4-DMA	08-09			
G4-LA1	43-44			
G4-LA2	21, 43-44			
G4-LA3	43-44			

#### MATERIAL ASPECT : OCCUPATIONAL HEALTH AND SAFETY

G4-LA5	30			
G4-LA6	43-44			
G4-LA7	43-44			
G4-LA8	20, 22 ,27, 30			

#### MATERIAL ASPECT : OCCUPATIONAL HEALTH AND SAFETY

G4-LA9	20 , 35			
G4-LA10	22-24, 25-27			
G4-LA11	22-24, 25-27, 41, 43-44	The percentage of Total employees by gender and category who received a regular performance and career development.	The information is currently unavailable	

### SUB-CATEGORY : HUMAN RIGHTS

#### MATERIAL ASPECT : SECURITY PRACTICES

G4-DMA	20			
G4-HR7	20 - 22	Report whether training requirements also apply to third party organizations providing security personal	The information is currently unavailable	

### SUB-CATEGORY : SOCIETY

#### MATERIAL ASPECT : ANTI-CORRUPTION

G4-DMA	06-07, 10			
G4-S03		Total number and percentage of operations assessed for risks related to corruption and significant risk identified	The information is currently unavailable	
G4-S04		Total number and percentage of operations assessed for risks related to corruption and significant risk identified	The information is currently unavailable	
G4-S05	14		The information is currently unavailable	

Always Exceed Expectations



**MFEC Public Company Limited**

**Head Office :** 699 Modernform Tower 27<sup>th</sup> Floor, Srinakarin Rd., Suanluang, Bangkok, 10250 Thailand Tel: +66 (2) 664-5999 Fax: +66 (2) 722-8388

**Development Center :** 333 Lao Peng Nguan Tower 21<sup>st</sup> Floor, Soi Choeipuang, Vibhavadi Rangsit Rd., Chompol, Bangkok 10900 Thailand Tel: +66 (2) 664-5999 Fax: +66 (2) 278-9279

[www.mfec.co.th](http://www.mfec.co.th)