



Opportunity
is **Everywhere**
Annual Report 2012



Opportunity
is Everywhere



We believe that

There always **exists a space** for any new success.

Thus, **SAMART Group of Companies**

remains well-prepared for **every opportunity** knocking the door and expands its horizon to **seek new business opportunities..** with its broad vision and strong intention.

With our endless potential,

we **see everything as an “opportunity”**

and **always change**

the “opportunity” to a “success”.

What do you see?

“Connection”



or “Unlimited Information and
Communication Technology Network?”

Message from the Board of Directors



(Dr. Thongchat Hongladaromp)

Chairman

Samart Corporation Public Company Limited



Although the global economy staged a slowdown in 2012 due to the US and European economic crises, which greatly affected Thai exports, the Thai economy experienced considerable expansion, given fiscal stimulus, an influx of capital into the country and high domestic demand after the 2011 inundation. Domestic demand was derived from household consumption and private investment for restoration after the floods along with the fiscal stimulus particularly the first home and the first car policy.

The year 2012 was another success year of SAMART Group of Companies. With its commitment to business and collaboration among associate companies for direction, targets and strategies, SAMART Group of Companies registered total income of Baht 17,100 million in 2012, compared to Baht 19,964 million in 2011. Its net profit was Baht 1,071 million, up 28 percent from the previous year.

Major events and outstanding performance are summarized below.

Robust performance growth

SAMART Group of Companies registered better performance, mainly driven by a recovery of the Mobile-Multimedia Group, which stepped through various challenges in the mobile phone industry. In the previous year, the Mobile Multimedia Group found a high success with satisfactory response for development of smart phone under the brand "i-Mobile." Besides, a strategy for business sustainability was formulated for the Content business expansion. The full MVNO service was also prepared for implementation within 2013. The ICT Solutions & Services Group continued to be a major driver for SAMART Group of Companies, which gained trust from state agencies and private companies as their trader and service provider of communication network for more efficient organizational development. The Technology-Related Business continued its better performance in the country and abroad with likely consistent growth.

New Business Expansion

In 2012, SAMART Group of Companies witnessed its Inorganic Growth through mergers & acquisitions. The group acquired Portalnet Company Limited, the service provider of finished computer software for the Provincial Electricity Authority. This came under the ICT Solutions & Services Group as a means to enhance the Group's competitiveness, expand its customer base, and support the existing businesses. Such enlarged the sources of its regular income and enriched its opportunities for future projects.

What do you see?

“A Mobile Phone”



or “Communication Business
with its Market Value at Tens of Billion Baht?”

Message from the Board of Directors



(Mr. Charoenrath Vilailuck)
Executive Chairman & CEO

Samart Corporation Public Company Limited



The new Utilities & Transportations (U-TRANS) Group was being in expansion. It was in the process of acquiring Teda Company Limited to extend SAMART Group's Utilities and Transportations in the future.

Committed to grow with sustainability and stability

SAMART Group of Companies sets its goal to grow its businesses with sustainability and stability. Its focal development is based on two strategies: generation of recurring revenues, a core foundation for sustainable growth; and creation of business synergy for higher competitiveness and the ASEAN Economic Community (AEC) in the future.

Being a part of the Thai social development with sustainability

Having operated for more than 56 years, SAMART Group of Companies adheres to its business operation together with the society under "Good Organizational Management with Responsibility to Employees, Partners, Customers and Shareholders, and Support to the Society". The Group provides education support to bring innovation for the society, and promotes skills and professions to enrich better quality of living to the communities. Sporting support is also given to strengthen the Thai society. An example is the Samart Innovation Awards, which aims to promote Thai people's software design and development, and continues for 11 consecutive years. Another example is Samart Scholarship, which targets educational opportunities and future for poor talented students. "Samart..D Club" is to have the Group's employees take part in thinking and giving benefits to the society.

On behalf of SAMART Corporation Pcl.'s Board of Directors, I would like to thank shareholders, business alliances, traders, customers, financial institutions, related state agencies, executives, employees and all relevant parties for all of their supports. SAMART Group continues its focus on business operations with prudence, stability and balance. This is to cope with the environment and return benefits to the Thai society with the good corporate governance.



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Board of Directors



1. Dr. Tongchat Hongladaromp

- Chairman
- Independent Director
- Audit Committee Member
- Chairman of the Nominating & Compensation Committee

2. Mr. Pradang Prichayangkun

- Vice Chairman
- Independent Director
- Chairman of the Audit Committee
- Corporate Governance Committee Member
- Nominating & Compensation Committee Member

3. Mr. Seri Suksathaporn

- Independent Director
- Audit Committee Member
- Nominating & Compensation Committee Member
- Chairman of the Corporate Governance Committee

4. Mr. Prinya Waiwatana

- Independent Director
- Corporate Governance Committee Member



5. Mrs. Siripen Vilailuck

- Director

6. Mr. Charoenrath Vilailuck

- Authorized Director
- Executive Chairman & CEO
- Chairman of the Risk Management Committee

7. Mr. Watchai Vilailuck

- Authorized Director
- President
- Chief Operating Member of the Risk Management Committee

8. Mr. Sirichai Rasameechan

- Authorized Director
- Executive Vice Chairman
- Risk Management Committee Member
- Corporate Governance Committee Member

9. Mr. Pairote Varophas

- Director

What do you see?
“CCTV”



or “Global Network
for the Safety Business?”



Be the most
Recognized company
for advance technology
that **enrich lives**

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Mission :

- Offer value solutions to best serve customers' needs
- Enrich relationship with partners
- Deliver beyond shareholders expectation
- Be a company of choice for customers & employees

Core Strategies :

- Foresee the changes and plan well for the future
- Meet every customer's need & demand
- Develop advance & differentiate technology solutions
- Strengthen financial performance
- Work closely and effectively with key alliances
- Expand market base & brand preference within the country and overseas
- Expand our business portfolio in valuable technology-related area
- Drive "SAMART" to be a learning organization and a center of excellence

คุณเห็นอะไร?
“หลอดไฟ”



หรือ “ธุรกิจพลังงาน
ที่มีการเติบโตอย่างต่อเนื่องและยั่งยืน”



Corporate Social Responsibility Report/ Sustainable Development Report

1. Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus written Corporate Governance Policy and Business Ethics, which complied with the 2006 and 2012 Corporate Governance Principles of the Stock Exchange of Thailand (“SET”), have been provided for practices of directors, management and employees of the Company. The Company has the Corporate Secretary Division which is the compliance unit to supervise and oversee the operations of the Company, the directors and the management to ensure that they have been correctly complied with the regulations of the SET, the Office of Securities and Exchange Commission (“SEC”) and the Public Company Limited Act including other relevant laws. More details on Corporate Governance initiatives undertaken by the Company in 2012. For more detail, please see in the section “**Management**” under the topic of “**Corporate Governance**”.

During the past year, the Company has strongly observed the Corporate Governance Principles and from the evaluation results of the Corporate Governance operations of the listed companies for 2012, the Company has been evaluated as **Excellence** (5 stars) and was ranked in **Top Quartile** of the group of companies with a market capitalization of Baht 3,000-9,999 million from a total of 513 listed companies surveyed by the Thai Institute of Directors Association in cooperation with the SEC and SET. However, the Company still determines to keep on improving the Corporate Governance operations on continued basis.

2. Fair Operating Practices

The Company conducted business and managed work ethically. The Board of Directors has provided the business ethics manual for the Company’s directors, management and employees to adhere as their practical guidelines on integrity, honesty, standardization, quality, moral and fairness. It also covers the administration of all stakeholder groups, i.e. shareholder, employee, customer, competitor, business partner, creditor including society and the environment. The practical guidelines which include the rights and benefits entitled to all stakeholders have also been specified in the business ethics for the directors, management and employees. Such **business ethic** has been posted in the Company’s website (www.samartcorp.com). Moreover, the Board of Directors of the Company also assigns the Corporate Governance Committee to oversee the directors, the management and the employees to ensure that they strictly adhere to this principle. For more details, please see in the Section “**Management**” under the topic of “**3. Roles of Stakeholders**”.

3. Anti-Corruption

The Company has a policy to treat the business partner equally, fairly and with honesty, complies with the obligations made with the Company’s stakeholders and recognizes the corruption prevention measures both inside and outside of the organization by specifying the anti-corruption policy “**Receiving and giving present, property or other benefits policies**” in the Company’s business ethics manual to be used as the practical guidelines and such information has also been disclosed in the Company’s website (www.samartcorp.com).

During the past year, the Company's activities concerning the corruption were as follows:

- There was no misconduct on corruption or wrong ethical behavior;
- No director has resigned due to an act concerning the Company's Corporate Governance Principles;
- There was no case of the Company's negative reputation due to failure to oversee the operations of the Board of Directors.

Moreover, the Company is also aware of the importance on anti-corruption, hence, it sent its representatives to attend various meetings on corruption, for instance, the national meeting on anti-corruption, the training course on Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies and the principle on detecting the corruption and etc.

4. Respect for Fundamental Human Rights

The Company adheres to human rights principle as a mutual operating principle. All employees shall not undertake any action or shall by no means support any action to violate any human rights. The policy on non-human right violation has been stated in the business ethics manual as follows:

- **Personal right and freedom:**
 - The Company has policies that employee's personal information is the secret and shall not be sent or disseminated to unauthorized parties;
 - Disclosure or transfer of personal information only upon the owner's consent;
 - The human has right and freedom so long as not violate the right and freedom of others.
- **Equal treatment:**
 - All employees shall be treated equally and there shall not be and discrimination against race, nationality, language, religion, gender, age and education;
 - The employees shall value and respect each other and shall behave oneself appropriated with his/her duty pursuant to the regulations of the Company and the tradition and shall not damage the Company's image;
 - The Company allows the employees to express their potentials fully and shall fix appropriated remuneration pursuant to the Company's regulations and also provide opportunity to the employees to further their education both in university level as well as short term and long term training course;
 - Deliberation related to hiring and judgment of performance should be accurate and fair;
 - When performing the work, avoid expressing opinions that have to do with differences of physical and mind, race, nationality, language, religion, gender, age, education, or any other attribute likely to cause conflict;
 - Contribute to making the work environment free of oppression and injustice;
 - The employee shows respect and tolerance for each other's opinions.

5. Equal Treatment of Labor Force

The Company always realizes that all employees are the most valuable assets of the Company and they are the successful factors in making the Company achieve its objectives, therefore, the Company takes good care of and equally treat them with regards to the opportunity, compensation, appointment, transfer including fair and appropriated welfares in various aspects as follows:

1. Respect for the right to work pursuant to the fundamental human right principles. For more details, please see in Clause 4, under the topic of **"Respect for fundamental human rights"**.



2. Specify to have **“Compensation & Benefit Policy”** regarding to employee motivation, internal impartiality and compensation standards, and job value to company. Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition. In the other hand, Company certainly ensures compensation, benefit and welfare policy aligned to new wage of legal regulation and preparing to AEC.
3. Specify to have **“Safety and Health Policy”**. For more details, please see in Section **“Management”** under the Category of **“Roles of the Stakeholders”**, under the topic of **“Employee”**.

6. Consumer Responsibility

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

1. Determine to provide and produce commodities and services that are trendy to satiate customers’ needs;
2. Provide high-quality products and services at reasonable price;
3. Provide accurate information without any exaggeration that may cause misunderstandings on product’s quality and quantity, or special conditions for each product and service;
4. Formulate procedures that permit customers to inform about drawbacks of the products or improper services, because those complaints are valuable for the Company to come up with immediate remedy and improvement for problematic products and services;
5. Provide effective after-sale services for customer’s convenience;
6. Guard all customers’ information as top secret and refuse to use them for personal benefits;
7. Support all activities that will strengthen, as well as maintain, lasting and healthy relationship between Company and customer.

For more details, please see in the Section **“Management”** under the topic of **“Roles of Stakeholders”** under the topic of **“Customers”**.

7. Joint Development of the Community and the Society

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

1. Strengthen good relationship with the organizations, both from public and private sectors, as well as the community leaders in various levels so that the works for community development can be harmoniously coordinated on sustainable and concrete basis;
2. To provide the buildings, materials including funds to oversee the livelihood condition and safety of the communities, for instance the construction of bus shelter in front of the Company’s office building, donation of rain coats and reflective coats to the traffic police in the areas of Pakkred Local Police Station and Pak Klong Rangsit Local Police Station, support the learning materials and sport equipment to the schools in nearby areas, restoration of the temples and donation of money to the poor in the communities;

3. To raise funds and supply the necessities to help the disaster victims, for instance provision of boats to the government agencies to be used for facilitating the people who were suffered from the flood;
4. To cultivate consciousness to the Company's employees on responsibility to the society, community and environment via media and internal activities continually.

For clarity on the arrangement of the Corporate Social Responsibility (CSR) Project, Samart Group has set up the policy and practical guidelines under the promotion framework of the **“Qualified People and Virtue Society”** which comprise of the following projects and activities:

Creation of quality people

- **Support innovation and promote creativity** via SAMART Innovation Program which comprised of 3 main activities. The first one is the Innovation Competition and Presentation of SAMART Innovation Awards, which has been arranged for 10 consecutive years now. In 2012, the Company has cooperated with National Science and technology Development Agency (“NSTDA”) on the arrangement of the Best Technology Concept and Innovation Competition and the enhancement of these innovations to the business level, under the name of **“The Young Technopreneur Project”**. This project received favorable feedback that it has been continued arranging in 2013. Another 2 main activities of SAMART Innovation Program to promote the qualified people are the presentation of 20 scholarships and research funds to the 4th year university students and the arrangement of training for the technology students to prepare their readiness before they enter to the real working world. The latter 2 activities shall be started in 2013.
- **Provided the following educational supports.**
 - > **Provided research support** by Samart Infonet Co., Ltd. to King Mongkut's University of Technology Thonburi's Robotics and Automation.
 - > **Provided the Master Program scholarships**, through Mahidol University's graduate alumni, for competent and poor persons and one scholarship for continued study for *Suan Sunandha Rajabhat University*. The scholarships, with a combined value of Baht 100,000, we're provided by “Samart Foundation”.
- **Development of sport capability**
 - > **Provided support for football matches at the national, regional and global levels.** Such support was rendered by *Samart i-Mobile Pcl.* for Thai sport development into the international scale. Football clubs included *Muangthong United Football Club, Buriram United Football Club, Songkhla Football Club (Wuachon), Chonburi Football Club, Phrae United Football Club, Ratchaburi Football Club, TOT SC Football Club, Chiangrai United Football club and Nakhon Ratchasima Football Club.*
 - > **“i-Mobile Kids Soccer 2012”** provided opportunities to poor Thai youth with skills to join the national football club for learning and practices. Panupong Wongsa or Mai, center-back for SCG Muang Thong Football Club, came as the company's representative to give sport T-shirts for Coach **“Thongdaeng Roonkham”**, ex-football player for Thailand's football team and football trainer, and *The Red's members* who joined the project.



- > Provided financial support of Baht 10,000 by *Samart Corporation Pcl.* for organizing **The football matches for youth and people 2012**. The football matches were held by Nonthaburi Provincial Office of Tourism and Sports.
- > Provided additional support of Baht 100,000 by *Samart Telcoms Pcl.* for **Thailand Volleyball Association**. The financial support was given to Thai volleyball players who won the fourth in China's games.
- > Provided financial awards and two sets of i-Mobile Hitz104B phones, worth totaling Baht 62,780, by *Samart Corporation Pcl.* and *Samart i-Mobile Pcl.* for **the annual boxing games at Panitaram Temple**.



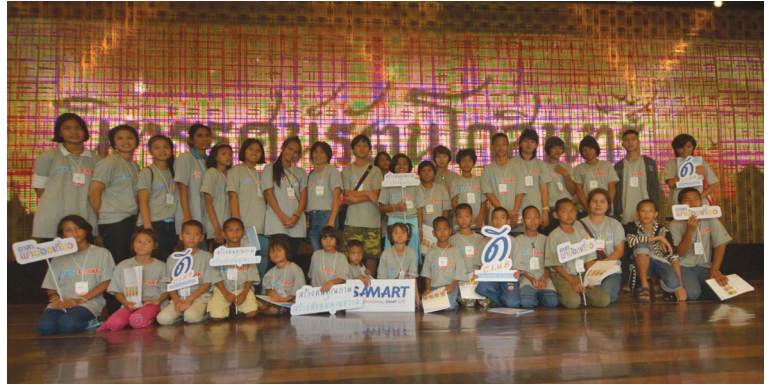
- **Other supports** for creativity included annual support by Samart I-Mobile Pcl. for Miss Teen Thailand Contest. This was to promote youth expression of creative capability.

Promotion of the moral society

The promotion focused on relief measures for the underprivileged and public activities through “**Samart.. D Club**” activities. Promotion of Buddhism and charitable activities was made through “**Samart Foundation**”.

- “**Samart..D Club**” was established by voluntary employees to provide benefits and assist the society through the following internal and external activities.
 - > “**Samart Mind Power**” The activity aimed at promoting morality and mind practice for good awareness.
 - For children: the underprivileged children and employees’ children at Barom Nivasrajchaworaviharn Temple and Trimitr Temple.
 - For employees: two days one night for Dhamma practice under “Mind Format & Dispassion” at Rama IX Golden Jubilee Temple.
 - > “**Volunteer to take children to tour..the Rattanakosin Exhibition**” This activity allowed the underprivileged children from the Foundation for the Better life of Children and employees’ children to learn at Multimedia Museum the Rattanakosin Exhibition.
 - > “**Volunteer to do goodness.. following the father**” was organized by the Voluntary Group to participate in six projects to follow the royal traits. The project brought knowledge and benefit to be disseminated to the company’s employees. Nation Broadcasting Corporation’s project to following the royal trait was given support worth Baht 2,500,000.





- **Promoted social responsibility activities with focus on other aspects.**

- > Such promotion was provided Baht 17,900 **support for Ministry of Foreign Affairs for the Red Cross Fair 2012** and support of 100 honored wrist bands of the *Thai Red Cross Society* were provided
- > **Promoted the financing project** of Baht 300,000 for taking a walk for **celebration of the King's 84th birthday**. The purpose was to participate with the *Bangkok Metropolitan Foundation* for construction of a hospital for aging people.
- > **Teamed up with “BE Magazine” to provide support for One by One project**, allowing the underprivileged to have professions and earn income through a “BE Magazine” booth. The company pays the rent for the booth area on a monthly basis.
- > **Others** included the Baht 350,000 support for an organization of *TU Eung Luang Fair*, Baht 50,000 support of the Design Research Society International Conference (DRS 2012 : Bangkok) at *Chulalongkorn University*, and Baht 20,000 support for “*Beginning of the Flow for Happiness*” art exhibition.

Promotion of generosity to...the surrounding communities

- > Provided Baht 100,000 for **refurbishing a room to make Braille codes at The Educational Technology Center for the Blind**, the one unit of the Foundation for the Blind in Thailand under the patronage of H.M. the Queen, Tiwanond Road, Nonthaburi province. This was to upgrade media production quality for libraries or the blind across the country.
- > **Provided raincoats and safety vests for traffic police** in the areas of Pakkret and Pak Klong Rangsit on an annual basis. This was to help facilitate their work.
- > **Made donation and necessary items for the poor in communities** by “*Samart Foundation*”. This was to provide assistance for the underprivileged, children, aging people and handicapped.
- > **Raised fund and provided necessary items for the flood victims**. Examples were arrangement of boats for public agencies to help relieve troubles for the flood-affected people.



8. Environmental Management

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

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

The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility as follows:

1. The Company has arranged campaign to cultivate conscious mind on environment and natural resources through employee participation activities;
2. The Company supports environment conservation to social and other organizations as well as disseminating news and information on environment in order to build up image and good understanding on environmental management of the Company;
3. The Company has policies to foster the guideline of responsibility to environment for understanding the importance of environment by training the employee continuously for efficient environment system.

In 2012, the activities arranged by the Company included:

- **Development of products and services valuable for the environment**

We were committed to develop products and services with regard to conservation of the environment and its safety standards. Environmentally friendly telecommunication services were offered and the optimal use of energy was promoted for public agencies and enterprises with similar vision were included for joint projects such as AMR Project of the Provincial Electricity Authority.

- **Buildup of awareness among the employees to employ resources at the optimal level**

The stimulation of their consciousness to pay attention on the environment and use resources through the annual energy-saving campaign.



9. Innovation and Dissemination of Innovation from Social Responsibility Operations

SAMART Innovation Awards Program has been firstly initiated 10 years ago with aims to promote and urge the knowledge and capability of Thai developers to be concretely applied and commercialized to create more works and professions. In 2012, **Samart Corporation Public Company Limited** joined hand with the **National Science and**

Technology Development Agency (NSTDA) on an arrangement of the technology innovation competition and the emphasis on creating new blood entrepreneurs concretely under “The Young Technopreneur Project”. Recently, after the winners have been announced, the Company has disseminated those awarding works to the public via the public relations work to attract the interested investors and to inspire the next generation developers.

Moreover, by adhering to concept on operating business with social, community and environmental responsibility, Samart Group emphasizes on the development and presentation of the applied technology innovation to uplift the standard of living, the environmental conservation and the worthily usage of resources. Some of these works undertaken by the Company are the information technology development project for environmental management of Bangkok Metropolis. The results of such project cannot only increase efficiency of garbage and waste management, but it can also control and reduce air and noise pollution as well as increase efficiency of energy management of the district offices of Bangkok Metropolis as well.

Our Pride for 2012

Outstanding investor relation award

The Stock Exchange of Thailand granted *Samart Corporation Pcl.* the outstanding award on investor relations for listed companies in the event of the SET Awards 2012, No. 9.



Certificate of Honor granted by Her Royal Highness Princess Maha Chakri Sirindhorn

Mrs. Siripen Vilailuck, Director of *Samart Corporation Pcl.* was granted the Certificate of Honor by Her Royal Highness Princess Maha Chakri Sirindhorn on the occasion of the former's donation for purchase of land, which would be used for construction of a Foundation For Slum Child Care building and a monument in memory of Her Royal Highness Princess Galyani Vadhana, the Princess of Naradhiwas.





Report of the Audit Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Audit Committee of Samart Corporation Public Company Limited has been appointed by the Board of the Directors and all of the members are the independent directors. At present, the Committee consists of 3 directors who are experienced on finance, accounting, law and management as follows:

- | | |
|-------------------------------|--------------------|
| 1. Mr. Pradang Prichayangkun | Chairman |
| 2. Dr. Thongchat Hongladaromp | Committee's member |
| 3. Mr. Seri Suksathaporn | Committee's member |

Mrs. Vorapin Isaradharm is a secretary and performs her duties under the scope and responsibilities of the Audit Committee Charter.

In 2012, the Committee held a total of 4 meetings to discuss and share opinions with the senior management, internal auditors and external auditor on matters related to the Company's business which can be summarized as follows:

1. The Audit Committee reviewed the quarterly and annual financial statement and consolidated financial statement of the Company and its subsidiaries for 2012 which had already been reviewed and audited by the external auditor and submitted to the Board of Directors for further consideration. Prior to approval of the financial statement, meetings with the management and the external auditor had been held to review its accuracy and completeness to ensure that its essence has been correctly prepared pursuant to the generally accepted accounting principles with adequacy of the financial disclosures and beneficial to the operators.
2. The Audit Committee reviewed the connected transactions or the transactions which may have conflicts of interest transaction as well as disclosure of such transactions to ensure the compliance with laws, rules and regulations prescribed by the Capital Market Supervisory Board and other regulatory bodies and to certify that such aforementioned transactions were reasonable, transparent with adequate disclosure pursuant to the good governance principles and for maximum benefits of the Company.
3. The Audit Committee, in conjunction with the Company's internal legal counsel and Compliance Department, reviewed adherence to the Securities and Exchange Act, regulations of the Securities and Exchange Commission, the Stock Exchange of Thailand, the Capital Market Supervisory Board and other laws related to the Company's business operations as well as business commitments with third party agreements.
4. The Audit Committee reviewed the Company's internal control system to ensure that it was appropriated, transparent and effective by considering from the Internal Audit Report and evaluation results on internal control system and risk management pursuant to the international standard of COSO-ERM (The Committee of Sponsoring Organizations for the Treadway Commission - Enterprise Risk Management).
5. The Audit Committee supervised the Internal Audit Department to ensure that all internal audit activities were performed effectively, efficiently and carried out in a manner most beneficial to the Company and its shareholders. In doing so, the Committee reviewed scope of works and responsibilities of the Internal Audit Department so that

they conform to international standards. In addition, the Committee also approved the revision and adjustment of Annual Audit Plan for 2012 to make it suitable and in line with the current risks and circumstances of the Company by providing recommendations which were beneficial for the preventive auditing method. Moreover, the Committee considered and reviewed the Internal Audit Plan for 2013 which has been prepared based on material risks of the Company and emphasized on auditing efficiency of operations which are important control points.

6. The Audit Committee considered the nomination, appointment and annual remuneration of the external auditor for 2013 who has suitable qualifications. The processes taken into consideration were the independence, performance in the past year, knowledge, competency in telecommunications industry and also competitiveness of the audit fee as one of the key considerations. The resolution made has been presented to the Board of Directors to further request for approval on appointment of the external auditor for 2013 from the shareholders' meeting.
7. The Audit Committee conducted its self-assessment performance, which consisted of reviewing its composition, authority, independence, auditing performance and the expression of opinions and/or recommendations, all of which should benefit the Company on internal control system and risk management, financial reporting, external audit process of the external auditor, the internal audit system, compliance with applicable regulatory requirements and the report of the Audit Committee. This self-assessment was benchmarked against the best practice guidelines from the Securities and Exchange Commission and the Audit Committee Charter.

The Audit Committee performed its duties and responsibilities assigned with knowledge, competent, carefulness and sufficient independence. The Committee had full access to all pertinent information from the management, employees and relevant parties. Furthermore, the Committee gave comments and recommendations which were beneficial to the Company's stakeholders equally. Hence, all duties and responsibilities assigned from the Board of Directors have been completely fulfilled.

In summary, the Audit Committee determined that the Board of Directors, the Management and the Executive Directors all perform ethically with the intent to conduct their job functions in pursuit of the Company's performance' goals. Furthermore, it concluded that the Company is fully committed to and sees effective corporate governance as vital to its business and has established concise and appropriate risk management and internal control systems.



(Mr. Pradang Prichayangkun)

Chairman of the Audit Committee

Samart Corporation Public Company Limited

Report of the Executive Board

Dear Shareholders of Samart Corporation Public Company Limited

During 2012, despite the slowdown of global economic conditions caused by the financial crisis both in the United States of America and in Europe which impacted business sectors and trade transactions all over the world, but the economic conditions of Thailand have been continually expended. Reasons were due to high investment by the private sectors after they have encountered the flood disaster in 2011 and the economic stimulus packages of the government sectors. Due to prudent business operation, emphasis on business risks diversification, as well as the management pursuant to the Company's business policies and plans under the corporate governance policies and business ethics, the competitive edge of the Company has been strengthened and it could enjoy successful achievement during the past year. The Executive Board helped the Board of Directors to analyze and appraise numerous important issues or issues which might impact to the Company prior further submission for the consideration.

In 2012, the Executive Board held 14 meetings to consider several matters concerning the Company and each time the reports including comments and recommendations have been presented to the Board of Directors for its consideration, which can be summarized as follows:

- Consider the operation plans and solution guidelines for each business operation on a quarterly basis. Every year, the Company arranges at least 2 management meetings where the participants are the manager level onwards to convey its operation plans and strategies to the management and the employees for their acknowledgement and compliance.
- Follow-up the performance of the Company and its subsidiaries and provide advises on business operations and risk management to eliminate any obstacles which might impact the target planned. The Executive Board meeting shall be held at least once a month to consider various matters.
- Analyze and appraise issues mandated by the Board of Directors, such as investment, fiscal year budget and execution of management service contract (Management Fee) as well as recruitment and promotion of the employees.
- Consider criteria on salary increase for 2013, bonus allocation for 2012 and bonus payment policy for 2013 to submit to the Nominating & Compensation Committee for further consideration.

The achievement gained during the past year emphasized the operations pursuant to vision, target, policies and strategies. On behalf of the Executive Board, I would like to thank all stakeholders for their continued support including all employees and executives for their dedication and commitment. Please rest assured that the Executive Board shall perform its duties with utmost honesty, cautiousness and thoroughness by taking into consideration the maximum benefits of the Company and fairness to all stakeholders and is ready to withstand any circumstances to bring the organization to prosperity and sustainable growth.



(Mr. Charoenrath Vilailuck)
Executive Chairman & CEO

Samart Corporation Public Company Limited

Report of the Risk Management Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Board of Directors realized the importance of risk management as it can drive the Company's business operations smoothly and continually. Hence, the Risk Management Committee, which consisted of the Executive Chairman of the Company and the senior management, has been appointed to consider material risks, propose the appropriated corrective solutions and jointly prescribe risk management policies as follows:

1. Evaluated risks which impacted to business operations of the Company;
2. Prepared preventive and corrective measures;
3. Monitored results regularly to reduce or handle risk impacts.

The objectives were to ensure that risk management of the Company has been efficiently and continually performed. The Risk Management Committee conducted the meetings every quarter.

The Committee performed its duties and responsibilities as per assigned by the Board of Directors and in 2012, the Committee conducted 4 meetings. This year there were many changes and uncertainties with regards to economic conditions, both nationally and internationally, for instance financial economic crisis in Europe, minimum wage adjustment, exchange rate, interest rate and etc. and all of them impacted the strategic plans of the Company.

Thus, the Risk Management Committee has set up the policy to make the management of all companies conduct the strategic risk management plan which covered strategic risks, financial operations and compliance with laws and regulations to present to the Committee. Then the Committee has considered the guidelines, prioritized, established risk management measures and monitored such plan pursuant to the specified risk management policy and framework to assure that the Company has systematically and effectively risk management in place.

In conclusion, the Risk Management Committee placed importance on risk management and internal control on continued basis so that the Company can operate business with efficient risk management system, proper management plan with adequate internal control that was suitable to the business, in line with good corporate governance as well as fully and correctly compliance with the relevant laws, rules and regulations. All of these works can make the Company strengthen its position and prepare well-rounded readiness in advance, so that it can manage risks and can sustain its business for a long time.



(Mr. Charoenrath Vilailuck)

Chairman of the Risk Management Committee
Samart Corporation Public Company Limited



Report of the Corporate Governance Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Company realizes the importance of the good corporate governance principles. The Board of Directors together with the Management of the Company cultivated the governance culture and encouraged all employees to comply with it on continued basis to serve as the Company's strong foundation for sustainable growth. Hence, the Corporate Governance Committee ("CG Committee") was therefore assigned by the Board of Directors to oversee and monitor the business operations on compliance with the corporate governance principles of the Stock Exchange of Thailand. The Chairman of the CG Committee is the Independent Director.

In 2012, the CG Committee conducted 2 meetings to follow-up and consider various matters to support and promote the Company's good corporate governance practices. The CG Committee each time has subsequently reported to the Board of Directors, which can be summarized as follows:

- Review and adjust the corporate governance policies and code of business ethics of the Company to make them more appropriate and in line with the newly revised good corporate governance criteria of the Stock Exchange of Thailand as well as in line with the international corporate governance criteria which are based on ASEAN CG Scorecard criteria.
- Monitor work performances of the Committees to ensure the compliance with the corporate governance policies of the Company by specifying that all Committees must report their activities during 2012 and disclose in the Annual Report for acknowledgement of the shareholders.
- Oversee and encourage the Board of Directors to conduct self-assessment as well as annual assessment of the Executive Chairman. Moreover, in 2012, it was specified that performance of the Company's Secretary must also be assessed. Results and recommendations from such assessment shall be considered for further improvement.
- Encourage the minority shareholders to propose the agenda and submit any enquiries for consideration in the Annual General Meeting of Shareholders. In 2012, the CG Committee amended the agenda submission method by specifying that the minority shareholders must propose the agenda and any enquiries concerning the Company in advance prior to the ending date of the fiscal year and their shareholding proportion must not be less than 4 percent of total voting rights of the Company.
- Arrange the meetings between the Company's Independent Directors without the participation of the Company's Management to discuss the management problems of the Company. Such meeting shall be arranged every time before the Board of Directors' meeting.

As the Company adhered and strongly observed the corporate governance operations on continued basis, therefore, the Company and its 2 listed subsidiaries, Samart I-Mobile Public Company Limited and Samart Telcoms Public Company Limited, have been recognized and received awards on corporate governance for 2012 as follows:

- Being classified as **Excellence** (5 stars) on the corporate governance operations of the listed companies for 2012 and being ranked in Top Quartile of the group of companies with a market capitalization of Baht 3,000-9,999 million from a total of 513 listed companies surveyed by the Thai Institute of Directors Association in cooperation with the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand.
- Being classified as **Excellence** on the quality assessment of shareholders arrangement for 2012 with score of 94.75 percent from a total of 450 listed companies surveyed by the Thai Investors Association.

The above assessment results have proved that the Company emphasizes and adheres to conducting business under corporate governance practices. The CG Committee is confident that the Company can achieve its target to become the sustainable organization that operates business with transparency, fairness and with social and environmental responsibilities which shall be beneficial to all stakeholders. The Company also confirms that it shall focus on develop its corporate governance policies on continued basis.



(Mr. Seri Suksathaporn)

Chairman of the Corporate Governance Committee
Samart Corporation Public Company Limited

Report of the Nominating and Compensation Committee

Dear Shareholders of Samart Corporation Public Company Limited

The Company's Board of Directors appointed the Nominating and Compensation Committee ("NCC") to recruit, screen and nominate the candidates who are highly knowledgeable in their fields, competence and qualified for the Board positions and executive levels to ensure that the Company shall have the personnel with qualification, knowledge, capability and experiences suitable to carry out the Company's business operations and make them achieve the target. Other responsibilities of the NCC included the proposal of guidelines for remuneration packages for the Board of Directors and the Committees as well as the high level executives. The Chairman of the NCC is the Independent Director.

In 2012, the NCC held 3 meetings to consider numerous matters concerning the Company. The NCC member who has an interest in any matter considered shall be refrained from voting. Results from the meeting, including the comments and recommendations, have been reported to the Board of Directors for considerations which can be summarized as follows:

- Nominate the candidates to replace the position of the Director who shall be retired due to term expiration by considering, screening and inspecting from the relevant agencies to check whether they are qualified and are not blacklisted or have been removed from the list of such agencies. Work performances and track record on meeting attendance of the retired director have also been taken into consideration.
- Screen the remuneration packages for the Board of Directors and the Committees' members. Any Directors who have also been assigned to take more responsibilities in any Committee would receive additional compensation as appropriated.
- Consider salary increase criteria for 2013, bonus allocation for 2012 and bonus payment policy for 2013 jointly with the Human Resources Department and the Executive Board. The level of salary increase and bonus allocation must be determined to be at an appropriate level and suitable with the Company's business performance.

The NCC opined that the Company has the transparent and auditable process on nominating the Directors and the Management as well as compensation process. The component of Directors and the Management of the Company is appropriated as it consists of the members who are qualified pursuant to the requirements with diversified fields of education, skills, experiences and professionals, which are beneficial to the business and can help develop the Company to the success and objectives. The compensation of the Directors and the Management has been compared with other listed companies in the same industry and they are adequately to motivate and maintain the qualified ones with the Company.

The NCC performed its duties and responsibilities with honesty and thoroughness as per specified in the Charter by adhering to good corporate governance practices to add values to the Company in the long term for the balance and sustainable benefits of all stakeholders.



(Dr. Tongchat Hongladaromp)

Chairman of the Nominating and Compensation Committee
Samart Corporation Public Company Limited

Financial Highlights

Samart Corporation Public Company Limited and Subsidiaries

(Unit : Million Baht)

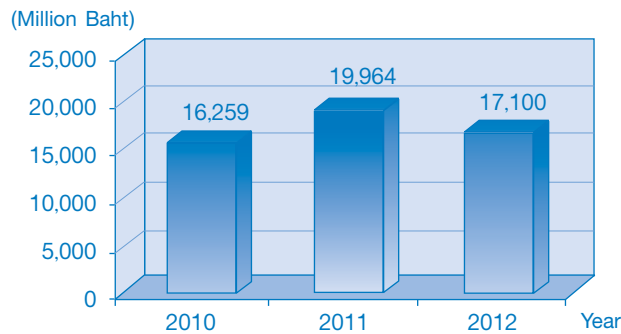
Information from Financial Statement	2012	2011
Total Asset	21,118	18,352
Total Liabilities	14,244	12,356
Total Shareholders' Equity	6,874	5,996
Sales and Services Income	16,733	19,767
Total Revenue	17,100	19,964
Gross Profit	3,692	3,780
Net Profit (Loss) (Equity holder of the subsidiaries)	1,071	836

Financial Ratio	2012	2011
Earning Per Share (Baht)	1.09	0.86
Book Value Per Share (Baht)	5.49	4.85
Dividend Per Share (Baht)	0.60 *	0.52
Net Profit (Loss) Margin	6.27	4.19
Return on Equity	21.22	18.55
Return on Total Assets	5.43	5.24

Remark : * Dividend per share comprised of interim dividend for January - June 2012 of Baht 0.20 and Baht 0.40 which will be proposed for consideration of shareholders in the Annual General Meeting 2013.

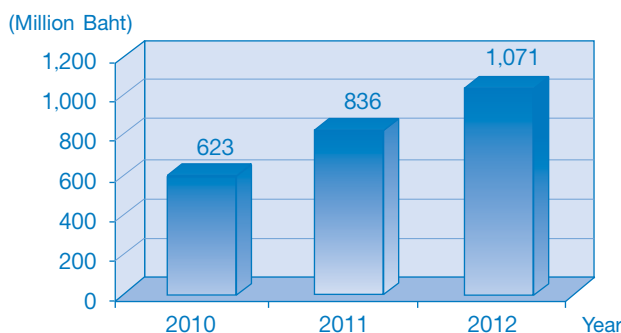


Total Revenues



In 2012, total revenues were Baht 17,100 million, decreased by Baht 2,864 million or 14% YoY due largely to the drop in revenue recognition from TOT's 3G network installation.

Net Profit



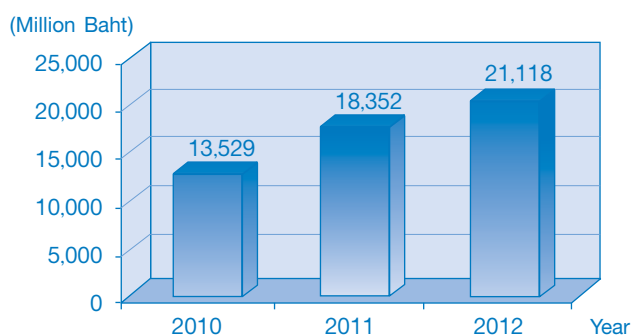
In 2012, total net profit was Baht 1,071 million, increased by Baht 235 million or 28% YoY mainly from the increase in net profit from Mobile Multimedia business and Technology Related business.

Earning per Share



In 2012, earning per share was Baht 1.09 per share, compared to Baht 0.86 per share in 2011, or rose by Baht 0.23 per share.

Total Assets



In 2012, total assets increased from Baht 18,352 million to Baht 21,118 million, or rose by 15% YoY mainly from the increase in total assets from ICT Solutions and Services business.

Nature of Business

Samart Corporation Public Company Limited has been established since March 7, 1989, formerly known as Samart Comtech Co., Ltd., with registered capital of Baht 5 million by Vilailuck Group for design, implement and install of telecommunication system business. The Company has converted into a Public Company and listed in the Stock Exchange of Thailand since 1993.

The business of Samart Group is divided into 3 groups as follows :

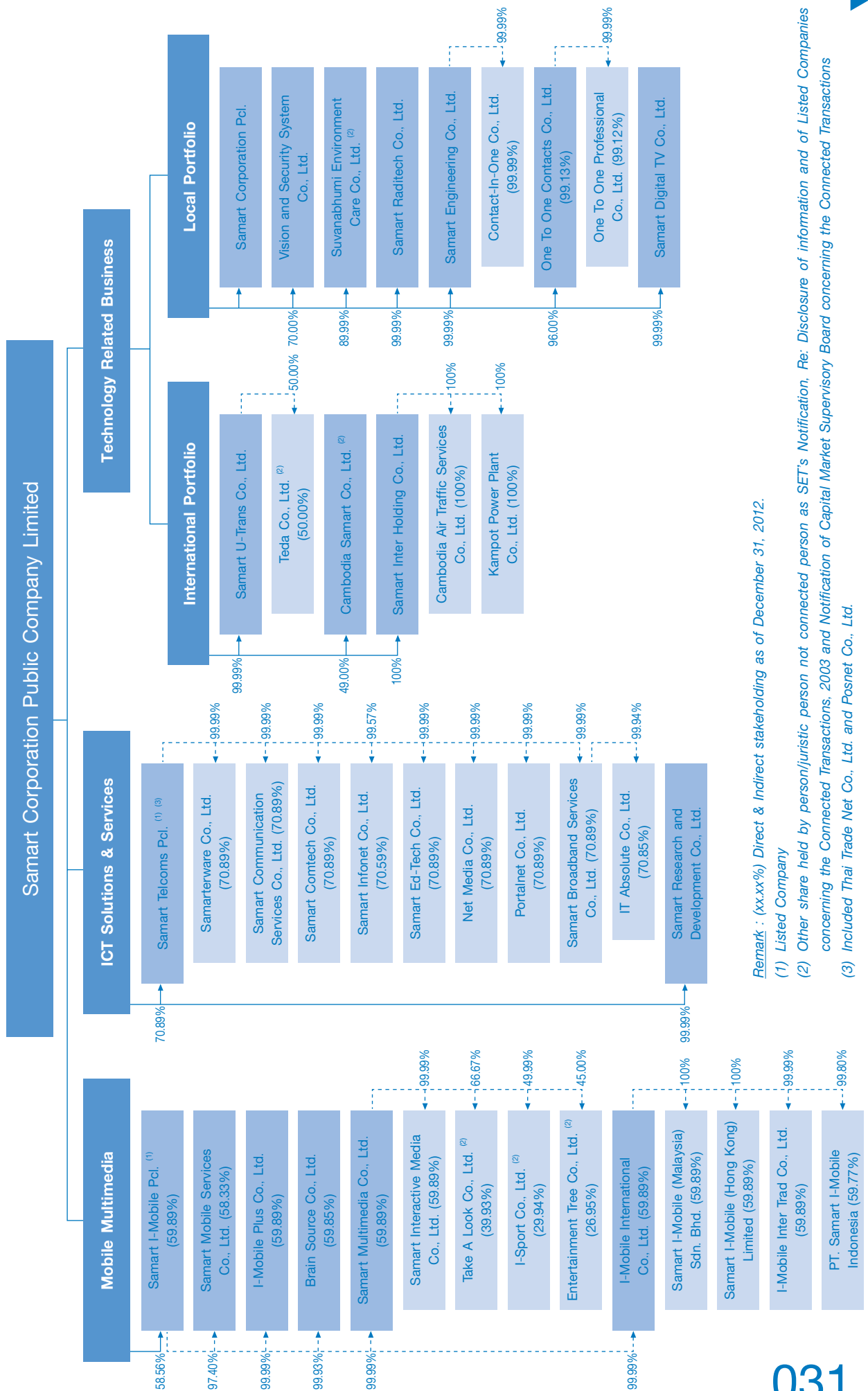
No.	Group of Business	Nature of Business	Percentage of Income* 2012
1	Mobile Multimedia	Integrated mobile and interactive media business including infotainment service provider via advanced media and also provide media and multimedia equipment for local and international.	41%
2	ICT Solutions & Services	Provides telecommunication system service through a range of telecommunication networks and also serves the market with total ICT solution system design for both government agencies and private sector.	45%
3	Technology Related Business	<p><u>Local Portfolio</u></p> <p>Manufacture and distribution of television and radio antennas and satellite dishes, Call center services for Government agencies and private sector, Distribution, installation and maintenance of Communication and Security Systems including Total Waste Management Solution in Suvarnabhumi Airport.</p> <p><u>International Portfolio</u></p> <p>Provide air traffic control services in Cambodia and Electric Generating supply to Kampot Cement factory in Cambodia.</p>	14%

*Remark : * Percentage of 2012 consolidated revenue from Sales and Services.*

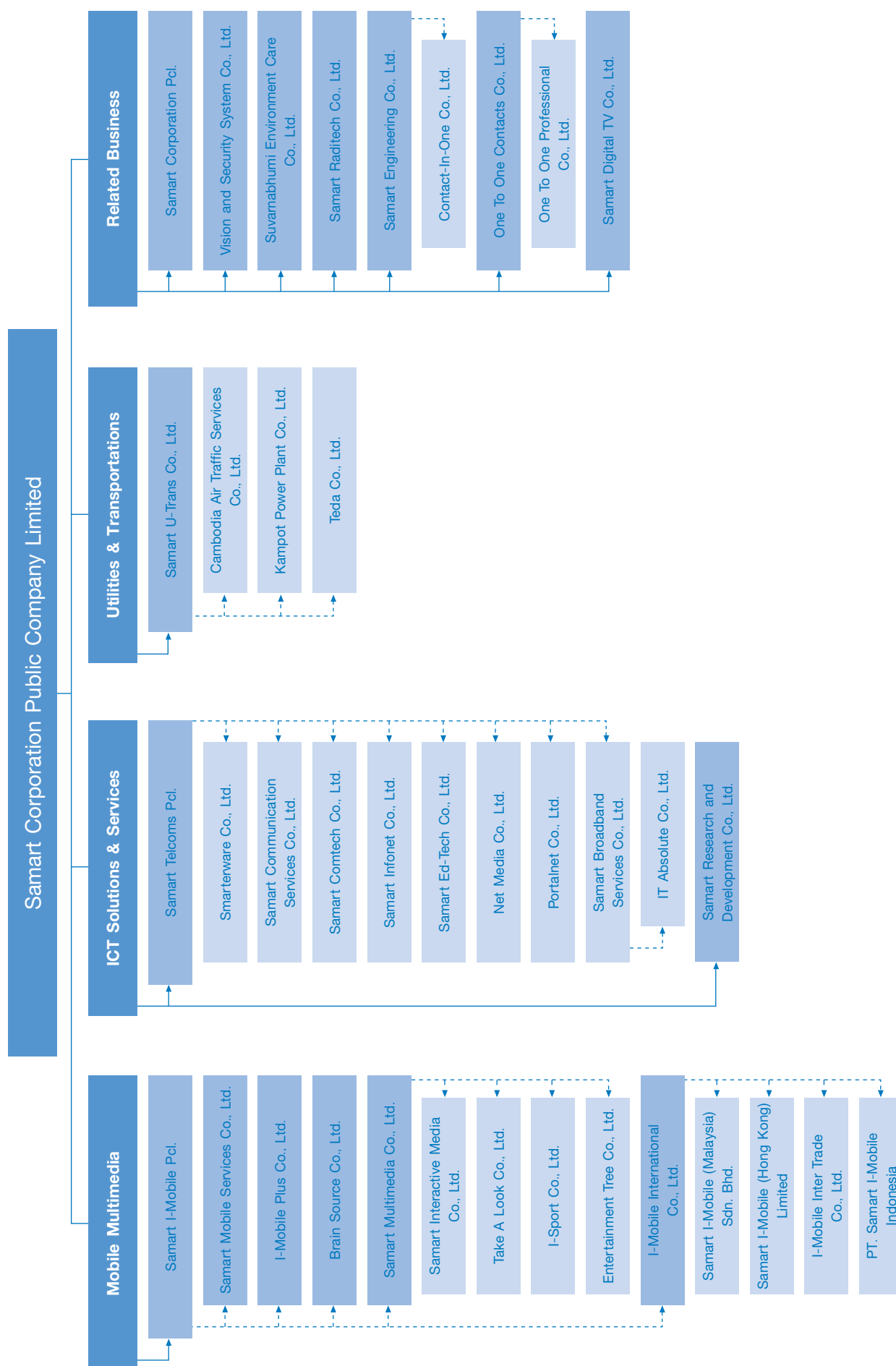
Sales and Service income in 2012 was Baht 16,733 million with gross profit of Baht 3,692 million equivalent to 22.06% of total sales. Selling & Admin Expenses was Baht 1,917 million or 11.21% of total revenue while finance cost was Baht 486 million and tax of Baht 202 million of which resulted to the net profit of Baht 1,071 million.

In terms of revenue contribution by lines of business (LOB), Mobile Multimedia generated 41% of the Group revenue in 2012, while ICT Solutions & Services was 45% and Technology Related Business was 14%.

Business Structure (by Shareholding)



Business Structure (by Management)



Revenue Structure

(Unit : Million Baht)

Business Group	Operation by Company	%of Holding 2011 ^(*)	2010		2011		2012	
			Revenue	%	Revenue	%	Revenue	%
1) Mobile Multimedia	Samart I-Mobile Pcl.	59.89	5,913.2	37.2	4,845.4	24.5	5,568.4	33.3
	Samart Multimedia Co., Ltd.	59.89	818.7	5.1	740.3	3.8	880.1	5.3
	I-Sport Co., Ltd.	29.94	73.8	0.5	225.5	1.2	154.4	0.9
	Others subsidiaries	-	1,172.3	7.3	1,101.2	5.5	270.2	1.6
Sub Total			7,978.0	50.1	6,912.4	35.0	6,873.1	41.1
2) ICT Solutions & Services	Samart Communication Services Co., Ltd.	70.89	891.7	5.6	6,430.7	32.5	3,565.6	21.3
	Samart Telcoms Pcl.	70.89	3,039.9	19.1	1,739.3	8.8	1,981.2	11.9
	Samart Comtech Co., Ltd.	70.89	1,156.9	7.3	1,259.3	6.4	1,328.0	7.9
	Others subsidiaries	-	498.5	3.1	656.5	3.3	638.6	3.8
Sub Total			5,587.0	35.1	10,085.8	51.0	7,513.4	44.9
3) Technology Related Business - International Portfolio	Cambodia Air Traffic Services Co., Ltd.	100	767.1	4.8	854.6	4.3	913.8	5.5
	Kampot Power Plant Co., Ltd.	100	193.6	1.2	200.8	1.0	196.6	1.2
	Others subsidiaries	-	1.0	-	0.9	-	22.7	0.1
Sub Total			961.7	6.0	1,056.3	5.3	1,133.1	6.8
- Local Portfolio	One To One Contacts Co., Ltd.	99.13	830.0	5.2	846.0	4.3	832.4	5.0
	Samart Engineering Co., Ltd.	99.99	234.7	1.5	614.0	3.1	191.3	1.1
	Vision and Security System Co., Ltd.	70.00	284.4	1.8	200.0	1.0	134.1	0.8
	Others subsidiaries	-	44.8	0.3	52.4	0.3	55.5	0.3
Sub Total			1,393.9	8.8	1,712.4	8.7	1,213.3	7.2
Total Sales and Service income			15,920.6	100.0	19,766.9	100.00	16,732.9	100.00

Remark : ^(*) Direct & Indirect stake holding on December 31, 2012.

Changes during the year

SAMART Corporation Pcl. has operated under three main business lines;

- o Mobile Multimedia
- o ICT Solutions & Services
- o Technology Related

2012 was the wonderful year for SAMART group as the recorded net profit of the Company exceeds a billion baht. The stories behind the success of each business line are as follows;

Mobile Multimedia

Handset Business had been under the difficult time for the last couple of years due to the coming of international players and the technology-gap between the international and local brands. Thanks to the irresistible rise of the Android operating system that narrow down the technology gap between the international and local players, including our “i-Mobile” mobile phone. In 2012, 16 models of “i-Mobile” smart phone had been launched to the market. With the value-to-money concept, our smart phones had received the overwhelming feedback from the market. In addition to the new introduced smart phone, we still produced a various models of “lifestyle” feature phones to the market. The concept of “lifestyle” feature phones can differentiate our brand from others. It also serves our customer with their different lifestyles; for example, “Horo” phone, it embeds with our own content’s horoscope application and “Seal” phone, a waterproof mobile phone which is suitable for an adventure lifestyle. Therefore, the “i-Mobile” Handset Business was turnaround in 2012 especially in domestic market as can be seen from the domestic handset sale revenues increased from Baht 4,881 million in 2011 to Baht 5,697 million in 2012 or increased by 16.7% mainly from the rise in average selling price. The focus in high margin smart phone rather than the slight margin feature phone resulted in the shift in i-Mobile average selling price per unit (“ASP”) from 1,326 THB to 1,529 THB or rose by 15.3% YoY. The total unit of i-Mobile handset sale in 2012 was 4,079,444 units; a slight decrease by 1.2% YoY due to the smart phone focused strategy. Moreover, the Company had introduced the total of 51 models in 2012, 35 models were feature phone and 16 models were smart phone.

One of the sustained profitable businesses for Mobile Multimedia is Content Business. It generated revenues of Baht 1,047 million in 2012, an increase by 7.6% from the year earlier. The key areas of focus for Content Business are Horoscope, Sport and the Lifestyle contents. In 2012, Content Business introduced many products and services to capture the changes in consumer behaviors; for example, “Traffic Police”, “E-Book” and “Online Game” mobile applications to capture the rising popularity of the smart phone. Besides, the Company also launched a value-added products and services with our partners for capturing the new opportunity in the market; for example, selling the special amulets in the King Power Store etc.

The future growth business, Mobile Virtual Network Operator or “MVNO”, has provided the cellular service to the customer under the Telephone of Thailand (“TOT”) 2.1 GHz spectrum under the “i-Mobile 3GX” brand (Since the delay of TOT 3G installation network, the relaunch of the i-Mobile 3GX had been shifted to 2013). By the day of the relaunch of the cellular service, it is expected that the TOT’s network would covered the all main cities in Thailand, including Bangkok Metropolitan



Region. In 2012, moreover, the Company has signed an agreement with Dialog Group Berhad (a subsidiary of AXIATA Group Berhad, one of the largest Asian telecommunication companies which has a strong exist in many countries) to provide International Roaming service.

ICT Solutions and Services

Samart Telcoms Pcl. or “SAMTEL” is the country’s leader in ICT Solutions and Services. SAMTEL offers wide ranges of ICT-related products and services to both public and private clients. Because of the ICT infrastructure is the key backbone for the country development, the main sources of SAMTEL’s revenues were came from the state-owned enterprises. SAMTEL has the diversifies state-owned clients; for example, TOT, CAT Telecom (“CAT”), Ministry of Interior (“MOI”), Ministry of Defense (“MOD”), Provincial Electricity Authority (“PEA”) etc. In 2012, many state-owned project bidding had been delayed in the first half of the year due to the government concentrated on the flood prevention programs. In the second half of 2012, however, the government had speed up many project biddings in the pipelines as the government spending was the key factor for country development. Besides, one of the SAMTEL’s key events in 2012 was the acquisition of Portalnet Co., Ltd. (“PTN”). PTN’s operation is to lease computer software system for core businesses to the PEA under the 5-year contract, value over Baht 3,000 million. SAMTEL had the revenue from sales and services of Baht 7,744 million, reduced by 24.3% YoY, while Baht 9,694 million was the backlog by year-end 2012.

Technology Related Business

International Portfolio

Cambodia Air Traffic Services Co., Ltd. (“CATS”)

One of the sustained profitable businesses for SAMART is Cambodia Air Traffic Service Co., Ltd. or “CATS” which considered as one of the significant source of income. In 2012, the total revenues increased to THB 925 million or rose by 8.2% YoY due to the increase in number of flights both domestically and internationally. The total of 60,828 flights were handled by the Company which increased by 3.9% YoY.

Kampot Power Plant Co., Ltd. (“KPP”)

KPP provides a consistent revenue streams to SAMART over a concession period. The Company generates electricity supply to Kampot Cement Company (a subsidiary company of Siam Cement Group) with the contracted capacity to deliver to Kampot Cement is 16 MWe a year.

Domestic Portfolio

One To One Contacts Co., Ltd. (“OTO”)

OTO is one of the leading call center companies in Thailand. It offers the total customer management solutions to both private and government sectors. In 2012, the Company won two Asia Pacific Contact Center Awards from Contact Center World as “2012 Top Ranking Performer in the Contact Center Industry”. Moreover, 2012 was considered as the successful year for OTO since the net profit was increased to Baht 67 million, or rose by 77% YoY.

Samart U-Trans Co., Ltd. (“SUT”)

In 2012, the Company has been attempting to expand the business into utility sector. By the end of 2012, the Company is in the process of acquiring TEDA Co., Ltd. and expected to complete within 2013. Currently, TEDA businesses comprise of design & construction of high voltage substation, transmission & distribution lines as well as mechanical & electrical installation service.

Vision and Security System Co., Ltd. (“VSS”)

The severe flood in 2011 was considerably affected to VSS. Since the government focused on the flood prevention projects, many new security projects were delayed. As the result, the revenue generated by VSS was decreased by 51.9% from the previous year to Baht 207 million in 2012.

Samart Engineering Co., Ltd. (“SE”)

According to the replace of analog terrestrial television service with the digital one in the near future by The National Broadcasting and Telecommunications Commission (NBTC), SE is in the process of developing DVB-T2 Set-Top Box (STB) and digital antenna to serve the demand of the digital television equipments in the future.



Industry and Competitive Analysis

Macro Economy

For 2012, global economy saw a slow down trend mainly from the European sovereign debt crisis. European countries have been facing with the recession and have no sign for the recovery. The crisis started from Greece then spread throughout the Euro zone (The economist 2012). Apart from debt crisis, unemployment rate is also one of the main concerns. The unemployment rate has rapidly increased for a couple of years ago and seems likely to continue to rise further. In United States, there was an improvement in economy in 3Q 2012 since the government announced the third round of quantitative easing (“QE3”) to boost growth and stimulate the labor market (Bloomberg 2012). Moreover, after a few months of the announcement of QE3, The US Federal Reserve (“FED”) also announced the fourth round of quantitative easing (“QE4”) to replace the expiration of Operation Twist. Another major concern is the upcoming of Fiscal Cliff as a result from the expiring of tax cut policy and spending cut to reduce the budget deficit which may lead to a recession in early 2013 if the concern remains unsolved in a timely manner.

For Thai economy, as global economy slows down, it severely affected Thai economy particularly in export part which is normally considered as the major factor to drive our economy or accounted for 70% of GDP. However, in 2012, Thai economy was driven mainly by domestic spending especially in household consumption and government spending. For household consumption, it has improved substantially due to the spending on flood recovery in 2011. Furthermore, some government schemes also help stimulate the household consumption. For example, the populist’s excise tax exemption policy for the first-car buyers which stimulate the car order in 2012 to record the highest ever. In 2013, in addition, the nationwide enforced of Baht 300 minimum wage will increase the public’s purchasing power which corresponds to the increase in household consumption. For government spending, 17% of the total budget has been spent for an investment budget which faced a delay in disbursement in 2012. Hereafter, the government investment will still play an important role in order to drive Thai economy. Since the government still has many investment plans to improve basic infrastructures with the total budget of Baht 2.27 trillion within 5 years, 76% of the total budget will be spent on Utilities and Transportation, another 23% for energy system and the rest of 1% on telecommunication system (SCBEIC).

Telecommunication Industry: ICT Infrastructure Perspective

The current 2nd Thailand ICT master plan (2009-2013) aims to achieve three important goals as follows:

- (1) At least 50% of Thai populations able to access, create and use information in an information-literate way in order to benefit education, work and daily life.
- (2) Raise the ICT readiness Ranking of the country to the top quartile (25%) of the group in Networked Readiness Ranking.
- (3) Enhance the role and importance of the ICT industry in national economy by increasing its share of GDP to at least 15%.

For 2012, the private and public investment in ICT industry has grown constantly with the estimated value of Baht 591,571 million, comprising of Baht 444,385 million in communications, Baht 112,705 million in computer hardware and Baht 34,481 million in software services. Moreover, the downgrade of Thailand’s telecommunication networks by World Economic Forum from ranked 37th in 2006 to 59th in 2011 was one of the most concerned issues for the government. Hence they laid the

plan on the Smart Thailand project, which encompasses the Smart Network and Smart Government projects, expects to invest approximately Baht 80,000 million for expanding ICT infrastructure and improving governmental operation efficiency by 2020.

Telecommunication Industry: Mobile Service Perspective

This year was a memorable year for mobile service industry as the three selected private mobile operators were granted 3G license in order to run their service on 2.1 GHz spectrum with the total value for the auction of Baht 41,625 million. The operators expect to provide the new 3G services to their customers on the first half of 2013. On the other hand, Telephone of Thailand (TOT), the state enterprise which owns the 2.1 GHz and also 2.3 GHz spectrum, expects to complete the network installation of 3G phase 1 with the total base stations more than 5,000 base stations within 2013. Furthermore, the new board members of TOT have already approved the principle for the expansion of 3G phase 2 and also rename this project to “The new generation of Mobile Network (3G & 4G/LTE)”. According to their plan, the new project will install the additional of 9,500 base stations which include 7,500 base stations run on 2.1 GHz (3G) and 2,000 base stations run on 2.3 GHz (4G/LTE), resulting in the better network coverage, superior data usage speed and strengthen TOT’s competitiveness.

Telecommunication Industry: Mobile Handset Perspective

Nowadays, there has been a big change in mobile handset market. Consumer behavior has dramatically changed, people tend to use mobile handset not just only for voice services but people also need to use non-voice services. The availability of the 3G service from the service operators and the rising of popularity of the mobile social networks have increased the demand of smart phone. The estimated proportion of feature phone and smart phone in term of unit sold was 75:25 in 2012 and expected to rise to 60:40 in 2013. Moreover, the expected total unit for the handset market in 2012 was 14.6 million units and increase to 15.5 million units in 2013. As the trend for the smart phone is increasingly rising, the expected proportion in term of value for feature phone and smart phone is expected to increase from 45:55 in year 2012 to 30:70 in year 2013.

Utilities Industry

The electricity demand in Thailand was increasing every year. As can be seen from the electricity usage in the first half of 2012, the electricity usage increased dramatically by 8.3% YoY mainly from the resumption in industrial area after the flood and the hot weather in Thailand (Source: Ministry of Energy). The electricity consumption tends to rise continuously in the future. There are three main factors driving the electricity usage are the growth in GDP; Thailand’s GDP per capita was upgraded to upper-middle class, resulted from the rise in average household income, which affected to the use of electricity appliance such as mobile phone and television. Secondly, the change in industry structure from labor-intensive to capital intensive. Lastly, global warming which influences the use of air-condition for household. The rising of the electricity consumption has widened the business opportunity to the players in the industry in the future.



Risk Factors

Samart Corporation Public Company Limited operates its business in Thailand and abroad. The Company's operations can be classified into three main business lines: 1) Mobile Multimedia; 2) ICT Solutions and Services; and 3) Technology Related. Risks to business operations come from both internal and external factors, which may affect the Company's financial statement and operational performance. The Company pays attention to operational risk management through an establishment of the Risk Management Committee. The Risk Management Committee's duties are to set the policy, prioritize risks, and perform regular risk review and assessment that may reduce risks to acceptable levels. The Executive Board closely monitors performance of the Company's subsidiaries and that helps the Company to achieve its goal and strategies and build up confidence among investors and shareholders. Risks to Samart operations can be classified into two groups.

1. Business Risks

1.1 Risks to Domestic Operations

- **Handset Business**

In the previous year, the handset business has grown consistently. Particularly, after the 2.1 GHz (3G) auction, consumer behavior has changed with more preference for smart phones and that affected inventory management. Presently, the Company strictly manages product inventory to maintain its inventory at proper levels. The Company establishes a team of experts to make a quarterly mobile phone sales forecast with monthly revision. Being aware of rapidly changing technology, Samart's product management and development team regularly analyses future trend and follows up technological changes from its trading partners in other countries, permitting the Company to manufacture up-to-date products.

- **MVNO (Mobile Virtual Network Operator)**

The Company provides mobile phone service, with TOT's 2.1 GHz, under the "i-Mobile 3GX" brand. The Company plans to launch full service of i-Mobile 3GX within 2013 when TOT Public Company Limited expands its network with over 5,000 base stations in Bangkok and other major cities. Risk to Samart's MVNO business is other private mobile phone service providers' launches of 2.1 GHz mobile phone services. However, the Company plans its 2013 marketing strategy to cope with competition that may arise. Additionally, TOT plans its network installation for phase 2, which is expected to see 9,500 more base stations. Of total, 7,500 base stations will be on with 2.1 GHz frequency and the remaining 2,000 on 2.3 GHz (4G/ LTE) frequency. This will enhance competition to MVNO service providers in the future.

- **Content**

Samart's content business can be classified into voice and non-voice. The major risk to this business is consumers' behavioral change. As smart phones gain popularity among consumers, they can access information more easily and conveniently. Therefore, the Company closely monitors consumers' behavioral change to improve and develop its new content to satisfy consumer demand. Presently, the Company focuses on development of new content and applications for use on smart phones. Their patterns are new and more attractive. Aside from mobile phone applications, the Company, last year, launched new service to satisfy followers of Thai drama like Thai Drama Tour and gained positive response.

- **ICT Solutions and Services**

This business generates most of its revenue from the public sector or state enterprises. Thus, risk to this business is the uncertainty, as a result of the policy changes, project auction delay and postponement of budget expenditure for state projects. To mitigate such risk, the Company expands its sources of recurring revenue. Such sources of recurring revenue include rent, services, maintenance for large-sized projects the Company establishes their system and equipment. In 2012, the ICT Solutions and Services generated recurring revenue of more than Baht 2,000 million from various projects, including Airport of Thailand's Common Use Terminal Equipment System (CUTE), TOT's School Net and Provincial Electricity Authority's Enterprise Resource Planning System for Main Businesses.

Moreover, the Company extends its customer base to units/ministries to prevent customers' concentration. This is to lower risk of policy changes and auction delays.

- **Contact Center**

Samart provides call center services to customers from the public and private sectors. One of major risks to this business is insufficient number of operational staff recruited, as a result of very high employee turnover rate. Thus, the Company promotes activities to recruit new employees continuously. It also proceeds with the state policy to raise salary base as employee incentives. Aside from the personnel risk, another major risk is operating business in any unexpected situation, including floods, earthquake and fire. The Company set up a back-up site and establishes IT systems at the data center for its operations in any unexpected situation. To cope with the recent minimum wage rise, the Company increased its prices and cut redundant work processes for more effective productivity.

- **Production and distribution of satellite dish and TV signal receiver**

Production and distribution of satellite dish and TV signal receiver is the foundation and the starting point of SAMART Group of Companies for more than half of a century. Risk to this business remains with technological change. New technology, like 3G and digital, is brought into the business. The Company regularly conducts product research and development to cope with changing technology.

- **Distribution and installation and maintenance of the security system**

This business earns most of revenue from public agencies. Thus, risks to this business's performance are delay and postponement of budget expenditure. The Company puts its effort to enlarge its customer base in order to mitigate risk of customers' concentration.

1.2 Risks to Overseas Operations

Currently, the Company operates its business through a long-term contract in Cambodia. It maintains good track record. A major risk to this business remains with Cambodia's political stability. In the past years, Cambodia's political stability helps promote and develop the country's overall economy. Besides, the Company and its executives are accustomed with the country's social, economic and political situations, and business environment. The Company is aware of risks that may arise from changes.



- **Air Traffic**

The Company establishes and provides air traffic control in Cambodia. Risk to this business is that the aviation control center is not able to contact pilots or usable equipment that ceases services. The Company prevents the risks by establishing two spare communication radio systems. Besides, the Company provides maintenance for the system every three months with maintenance staff for 24 hours. Furthermore, there is other spare operating equipment to mitigate risks from such situations that may arise.

- **Small Power Plant**

The Company generates electricity for a joint venture of the Siam Cement Group in Kampot, Cambodia. Risk to a small power plant is a breakdown of engines for generating electricity. The Company mitigates such risk with spare equipment, repair, regular maintenance in specified periods, and consistent inspection.

2. Financial Risks

- **Foreign Exchange Risks**

The change in foreign exchange rate affects the Company's financial statement due to the Company operate some businesses in Cambodia, for example; Air Traffic Service and Small Power Plant. Moreover, the Company imports the components of handsets from overseas such as South Korea, Japan and China. Apart from the components of handsets, the Company also imports the equipment to use in some projects. Hence, the fluctuation in foreign exchange rate will affect the cost of sales for the Company. The Company aware of currency fluctuations over the past few years and has implemented prudent policy to mitigate risks. As far as Account Payables and Account Receivables are concerned, the company uses derivative instruments to hedge its exposure.

- **Risks from Liabilities and Liquidity of the Company and its Subsidiaries**

Group's liabilities comprise of long term liabilities and short-term liabilities. Most of short-term liabilities came from bank overdrafts and short-term loans from financial institutions in order to use as working capital. In addition, accounts payables are as per the credit terms with the various suppliers. As credit terms are pre negotiated. For long-term liabilities, most of long-term liabilities were spent in long-term investment. The proportion of long-term liabilities accounted for 12% of total liabilities. However, the duration for the repayment of loan depends on the capability to generate revenue in each business. Therefore, the company closely monitors its cash position and repayment schedule in order to meet such obligations.

Bidding for government projects is another area where bid bonds are essential depending on the project value. The company has established a sound business relationship with various banking and financial institutions to facilitate bid bond without severely affecting the liquidity. The company is currently servicing long-term debt according to the terms negotiated with its creditor. Group subsidiaries that have borrowed funds to finance new projects are also servicing their respective debt obligations according to the terms.

- **Interest Rate Risks**

Interest rate risk is the risk that derives from unfavorable movements in interest rates thus affecting Company's cash flows. The Company's exposure to interest rate risk relate to its existing indebtedness to creditors. Any unforeseen movements in interest rates on Thai Baht, and the U.S. Dollars may affect the Company's debt service capacity. Interest rate on long-term borrowings denominated in Thai Baht is Minimum Lending Rate (MLR) minus pre-agreed margins, while U.S. Dollar loan carries an interest rate at LIBOR plus agreed margins. In all the cases, the agreed interest rate structure is floating rates. Through close monitoring, the Company is aware of short-term outlook on interest rates. Given any signs of volatility, the Company may use derivative financial instruments to hedge such risks.

- **Risks from Doubtful Debt**

The Company is exposed to credit risk primarily through trade accounts and notes receivable. The consolidated trade account receivables on December 31, 2012 were Baht 5,867 million of which Baht 282 million were outstanding more than 12 months. This amount comprises of over due account receivable in group subsidiaries. However, the company has also provided Baht 114 million towards doubtful accounts. The Company has adopted a prudent policy of evaluating credit risks of its customers in order to mitigate the risks from doubtful debts. In addition, the Company has also initiated efforts to maximize the overdue account receivable collection.

- **Risks from Investments in Subsidiaries**

The Company has invested capital in its subsidiaries. Performance of the company is related to receipt of dividend income from such subsidiaries. In addition, dividend payments from the Company itself are related to the performance and liquidity of its subsidiaries. Any adverse impact on the performance of subsidiaries will result in lower dividend payment by the Company.

To mitigate this risk, the company has policies with regards to investments in existing and new businesses that has assured income, growth potential and hence lower overall risk. In addition, from time to time, Company approves business plan of subsidiaries and investments through its Board. The Company also observes any changes in business conditions of its subsidiaries and takes appropriate actions to mitigate the impact.

Company will pay dividends as per the performance as well as applicable regulations wherever necessary.

- **Risks from Short term Investments in Marketable Securities**

As of 2012 year end, the company has short term investments of Baht 30 million. As these investments are listed in the Stock Exchange of Thailand, any adverse movement in the equity market as a result of economic and political issues shall have direct impact on the pricing of these securities. In addition, the Company is closely exposed to the risk of performance. In order to mitigate such risks, the Company monitors and updates information on such investment and takes appropriate action as and when necessary.

Shareholders

As of December 28, 2012, the top ten major shareholders of the Company are :

Name of shareholders	No. of shares held	% of Total Shares
1. Vilailuck Group	480,436,145	48.50
- Vilailuck International Holding Co., Ltd. ¹⁾	173,655,200	17.53
- Mr. Watchai Vilailuck ²⁾	139,996,035	14.13
- Mr. Charoenrath Vilailuck ²⁾	139,293,360	14.06
- Mr. Thananan Vilailuck ²⁾	15,113,150	1.53
- Ms. Sirirak Vilailuck	5,695,000	0.57
- Mrs. Siripen Vilailuck	5,460,250	0.55
- Mrs. Sukanya Vanichjakvong	1,223,150	0.12
2. Mr. Thaweechat Jurangkul	44,381,600	4.48
3. Bualuang Long - Term Equity Fund	28,830,800	2.91
4. THAI NVDR Co., Ltd.	25,436,801	2.57
5. Bualuang Long - Term Equity Fund 75/25	23,069,500	2.33
6. MFC Hi-Dividend Fund	14,828,700	1.50
7. The Bank of Newyork (Nominees) Limited	12,397,200	1.25
8. Bualuang Flexible RMF	10,667,200	1.08
9. Electricity Generating Authority of Thailand Registered Provident Fund by ING Funds (Thailand) Company Limited	10,516,900	1.06
10. Bualuang Infrastructure RMF	8,926,500	0.90
Total of top ten Major Shareholders	659,491,346	66.57
Total number of voting rights	990,647,410	100.00
Total number of issued shares	990,647,410	-

Source : Major Shareholders' report as of December 28, 2012 prepared by Thailand Securities Depository Co., Ltd.

¹⁾ A holding company with 7 shareholders and stakeholding as follows :

- Mr. Chareonrath Vilailuck and Mr. Watchai Vilailuck have 20.53% each;
- Mrs. Siripen Vilailuck, Ms. Sirirak Vilailuck, Mr. Thananan Vilailuck and Mrs. Sukanya Vanichjakvong have 13.5% each;
- Mr. Cherdchai Vilailuck has 4.93%.

²⁾ Includes holding by spouse and minor child

Shareholdings of Samart Corporation Pcl. in Subsidiaries and Affiliated Companies

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
1.	Samart I-Mobile Pcl. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6900	Retailer for Communications Equipment	444	4,303,935,000	2,520,539,400	58.56
2.	Samart Mobile Services Co., Ltd. 37/1 Moo 2, Phaholyothin Rd., Klong Nueng, Klongluang, Pathumthanee 12120 Tel. 0-2502-6000 Fax. 0-2502-6496	Wholesale distributor for ICT products	490	49,000,000	47,724,999 ⁽¹⁾	97.40
3.	Samart Multimedia Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	1. Multimedia contents provider (voice/non voice) via Multimedia devices 2. Content producer and developer	200	2,000,000	1,999,996 ⁽¹⁾	99.99
4.	Samart Interactive Media Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Face-to-face foretell via website, provide training and selling related products	160	16,000,000	15,999,994 ⁽²⁾	99.99
5.	I-Sport Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Provide sports information through comprehensive interactive multimedia both in Thailand and overseas, and provide sport channels through cable TV system	40	4,000,000	1,999,996 ⁽²⁾	49.99
6.	Take A Look Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Outdoors electronic media (LED Billboard)	100	10,000,000	6,666,659 ⁽²⁾	66.67
7.	I-Mobile International Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Distribution of mobile phones with content services and overseas provider of interactive multimedia services	200	20,000,000	19,999,994 ⁽¹⁾	99.99
8.	Samart I-Mobile (Malaysia) Sdn. Bhd. 18 A. Jalan Mutiara Raya, Taman Mutiara, 56000 Kuala Lumpur, Malaysia Tel. 603-2178-9861 Fax. 603-2166-4993	Distribution of mobile phones with content services and provider of entertainment content and interactive multimedia services in Malaysia	5,000,000 (Malaysian Ringgit)	2,000,000	2,000,000 ⁽³⁾	100.00



No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samar's Holdings	
					Amount	%
9.	PT. Samart I-Mobile Indonesia Wisma 46-Kota BNI, Lt.24 Suite 24.01, Jl. Jend. Sudirman Kav.1, Jakarta 10220, Indonesia Tel. 62-21-5785-1986 Fax. 62-21-5785-1874	Distribution of mobile phones with content services and provider of entertainment content and interactive multimedia services in Indonesia	500.000 (USD)	500,000	499,000 ⁽³⁾	99.80
10.	Samart I-Mobile (Hong Kong) Limited 26/F Tesbury Centre, 28 Queen's Road East, Hong Kong Tel. 852-2980-1888 Fax. 852-2956-2192	Distribution of mobile phone with content services and provider of entertainment content and interactive multimedia services in Hong Kong	5,000,000 (HK\$)	5,000,000	5,000,000 ⁽³⁾	100.00
11.	I-Mobile Plus Co., Ltd. 99/13 Moo 4, Software Park, 23 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Telecommunication service, and be agent for such services	100	10,000,000	9,999,993 ⁽¹⁾	99.99
12.	Brain Source Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Mobile phone application research and development	1	10,000	9,993 ⁽¹⁾	99.93
13.	I-Mobile Inter Trade Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6200 Fax. 0-2502-8532	Export of mobile phones with content services and other products of the Company as well as provide entertainment contents	5	500,000	499,993 ⁽³⁾	99.99
14.	Entertainment Tree Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-8136	Manufacturer, distribute and provide information of entertainment, several printed matters through television, telephone, internet system, satellite system and other communication systems both local and overseas, installation of several equipment and network including facility and other related services	5	500,000	225,000 ⁽²⁾	45.00
15.	Samart Telcoms Pcl. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	1. Multimedia communication service via satellite 2. High Speed Multimedia Network rental service 3. IT and Communication system distribution and installation service	738	610,222,500	432,614,590	70.89

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samar's Holdings	
					Amount	%
16.	Samar Communication Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Communication network, telecommunications and information technology service including procurement, operations, maintenance and repair of telecom equipment	500	5,000,000	4,999,994 ⁽⁴⁾	99.99
17.	Samar Comtech Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Design and Installation of Telecommunication network	225	2,250,000	2,249,995 ⁽⁴⁾	99.99
18.	Samar Broadband Services Co., Ltd. 99/7 Moo 4, Software Park, 29 th Fl., Chaengwattana Rd., Klong Gluar Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Data service on local high-speed network	221	22,100,000	22,099,993 ⁽⁴⁾	99.99
19.	Thai Trade Net Co., Ltd. 99/27 Moo 4, Software Park, 8 th Fl., Chaengwattana Rd., Klong Gluar Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Electronic Data Interchange (EDI) and total value added services	53	5,300,000	5,299,993 ⁽⁴⁾	99.99
20.	Posnet Co., Ltd. 99/4 Moo 4, Software Park, 32 nd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2272-2626 Fax. 0-2272-2618	Fully-integrated consultancy and installation service for Electronic Payment network	72	7,200,000	7,199,993 ⁽⁴⁾	99.99
21.	Samar Ed-Tech Co., Ltd. 99/15 Moo 4, Software Park, 21 st Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6610 Fax. 0-2502-6605	Total E-education business by providing instructional design, courseware production, outsourcing and consulting, on-line e-learning software	20	200,000	199,997 ⁽⁴⁾	99.99
22.	Samar Research & Development Co., Ltd. 99/5 Moo 4, Software Park, 31 st Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-8766-7 Fax. 0-2583-6541	Research and development of telecommunication products	20	4,000,000	3,999,994	99.99
23.	Samar Infonet Co., Ltd. 99/12 Moo 4, Software Park, 24 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-8458 Fax. 0-2505-8465	Internet services	62	6,200,000	6,173,394 ⁽⁴⁾	99.57



No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
24.	Smarterware Co., Ltd. 99/25 Moo 4, Software Park, 10 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6577 Fax. 0-2505-6600	Software Developer and provide service and consultation for telecommunication hardware and software	10	100,000	99,993 ⁽⁴⁾	99.99
25.	Net Media Co., Ltd. 2, 2 nd Fl., 224-225, Soi Suksawat 33, Ratburana, Ratburana, Bangkok 10140 Tel. 0-2502-6610 Fax. 0-2502-6605	Satellite TV service by providing video compression broadcasting via satellite	10.32	103,200	103,198 ⁽⁴⁾	99.99
26.	IT Absolute Co., Ltd. 119 Mahesak Rd., Suriyawong, Bang Rak, Bangkok 10500 Tel. 0-2502-6610 Fax. 0-2502-6605	Distributor of IT and telecommunication equipment	225	22,500,001	22,485,595 ⁽⁶⁾	99.94
27.	Portalnet Co., Ltd. 73 Soi Sukhumvit 62, M-Link Building, 5 th Fl., Sukhumvit Rd., Bang Jak, Phrakhanong, Bangkok 10260 Tel. 0-2502-6610 Fax. 0-2502-6605	For the design and construction services for enterprise resource planning of the organization	3,370	33,700,000	33,699,990 ⁽⁴⁾	99.99
28.	Cambodia Air Traffic Services Co., Ltd. CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd, Sangkat Kakab, Khan Dangkor, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Provide air traffic control services in Cambodia	2,500,000 (USD)	250,000	250,000 ⁽⁸⁾	100.00
29.	Kampot Power Plant Co., Ltd. CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd, Sangkat Kakab, Khan Dangkor, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Electric Generating supply to Kampot Cement factory in Cambodia, an affiliate of Siam cement	5,000,000 (USD)	500,000	500,000 ⁽⁸⁾	100.00
30.	Cambodia Samart Co., Ltd. CATS Building, Opposite Phnom Penh International Airport, Russian Federation Blvd., Sangkat Kakab, Khan Dangkor, Phnom Penh, Kingdom of Cambodia Tel. 855-23-866294 Fax. 855-23-890214	Land Lease	50,000,000 (Riel)	100	49	49.00

No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samar's Holdings	
					Amount	%
31.	Samar U-Trans Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6000 Fax. 0-2502-6176	System Integrator for Transportation, Energy and Utilities System	500	100,000,000	99,999,994	99.99
32.	Suvarnabhumi Environment Care Co., Ltd.* 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2134-3558 Fax. 0-2134-3558 Ext. 222	Total Waste Management Solution in Suvarnabhumi Airport including construction of building, providing of equipment and implementation of Waste Management System	50	5,000,000	4,499,994	89.99
33.	One To One Contacts Co., Ltd. 1 Eastwater Building, 11 th -12 th Fl., Vipavadeerangsit Soi 5, Vipavadeerangsit Rd., Jomphol, Jatujak, Bangkok 10900 Tel. 0-2685-0000 Fax. 0-2685-0050	Total customer management solutions both turnkey implementation as well as outsourced contact center management	100	10,000,000	9,600,000 200,000 ⁽⁵⁾ 100,000 ⁽⁷⁾ 100,000 ⁽⁴⁾	96.00 2.00 1.00 1.00
34.	Vision and Security System Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6999 Fax. 0-2502-6393	Distribution, installation and maintenance of Security Systems and Communication System	20	2,000,000	1,400,000	70.00
35.	Samar Engineering Co., Ltd. 59 Moo 2, Phaholyothin Rd., Klong Nuang, Klongluang, Pathumthanee 12120 Tel. 0-2516-8711-4 Fax. 0-2516-5113	Manufacture and distribution of television and radio antennas and satellite dishes as well as Broadcast Network Solution	250	2,500,000	2,499,994	99.99
36.	Contact-In-One Co., Ltd. 99/3 Moo 4, Software Park, 33 rd Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2516-8711-4 Fax. 0-2516-1045	Institution for satellite dishes installation training	1	100,000	99,993 ⁽⁷⁾	99.99
37.	Samar Inter Holding Co., Ltd. Level 25 Three Pacific Place, 1 Queen's Road East, Hong Kong Tel. 852-2980-1600 Fax. 852-2956-2192	A regional holding company for overseas infrastructure investment in Indo China	20,000,000 (USD)	20,000,000	20,000,000	100
38.	Samar Raditech Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6326 Fax. 0-2502-6584	Radiation technology business : radiation measurement service, radiation safety training and project management	80	8,000,000	7,999,993	99.99



No.	Company	Type of Business	Registered Capital (Million Baht)	Outstanding Ordinary Share	Samart's Holdings	
					Amount	%
39.	One To One Professional Co., Ltd. 126/92-95 C.M. Tower, 24 th Fl., Krungthongburi Rd., Banglumphulang, Klong San, Bangkok 10600 Tel. 0-2685-0059 Fax. 0-2685-0050	Provide consult recruitment and staffing management for customer service business	1	100,000	99,997 ⁽⁹⁾	99.99
40.	Samart Digital TV Co., Ltd. 99/2 Moo 4, Software Park, 34 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Tel. 0-2502-6100 Fax. 0-2502-6174	Broadcast Network Service Provider	1	100,000	99,997	99.99
41.	Teda Co., Ltd. 60, 62, 64, 66 Soi Charan Sanitwong 83/1, Charan Sanitwong Rd., Bang O, Bang Phlat, Bangkok 10700 Tel. 0-2885-3100 Fax. 0-2243-0699	Engineering, Procurement and Construction (EPC) Contractor and maintenance services for Power Substations and Power Transmission/Distribution Lines	262.25	26,224,747	13,112,374	50

Remark :

⁽¹⁾ Held by Samart I-Mobile Pcl.

⁽²⁾ Held by Samart Multimedia Co., Ltd.

⁽³⁾ Held by I-Mobile International Co., Ltd.

⁽⁴⁾ Held by Samart Telcoms Pcl.

⁽⁵⁾ Held by Samart Comtech Co., Ltd.

⁽⁶⁾ Held by Samart Broadband Services Co., Ltd.

⁽⁷⁾ Held by Samart Engineering Co., Ltd.

⁽⁸⁾ Held by Samart Inter Holding Co., Ltd.

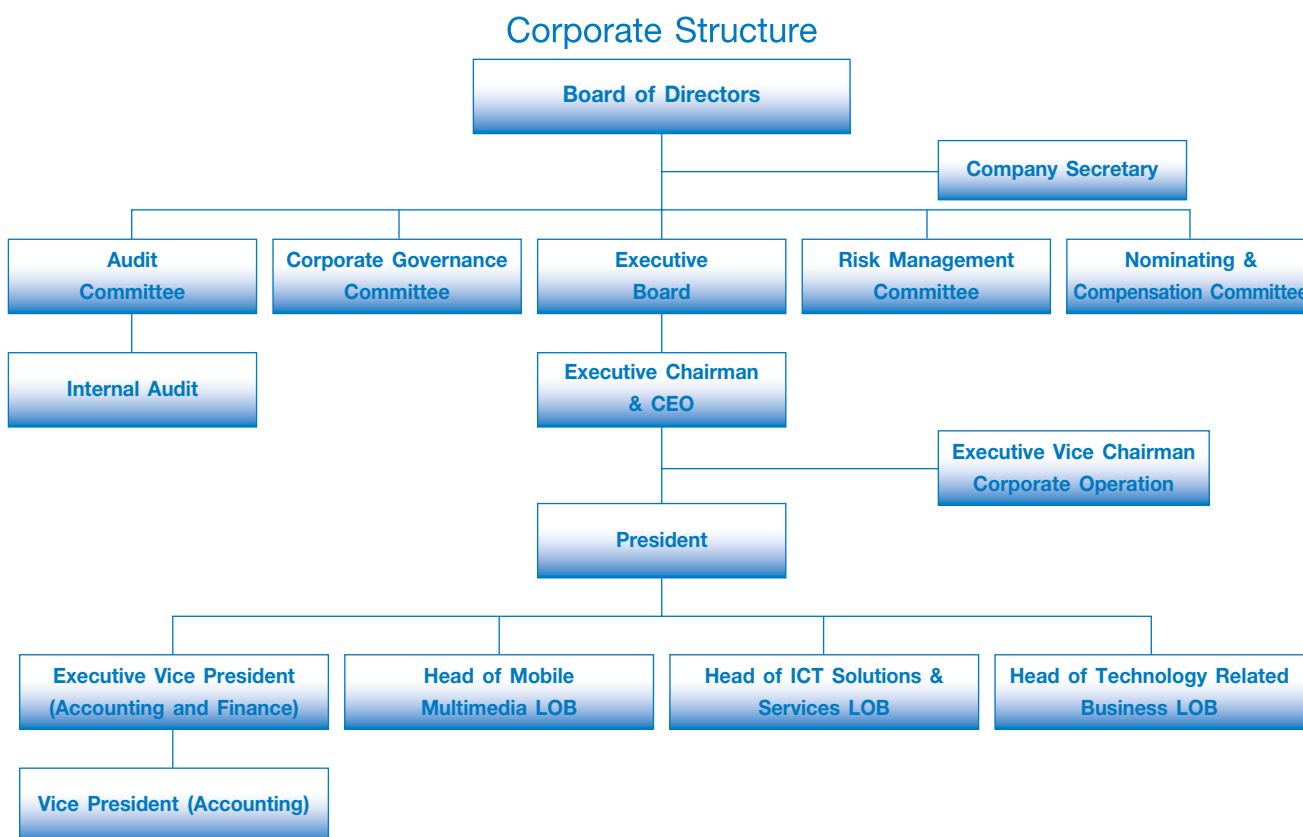
⁽⁹⁾ Held by One To One Contacts Co., Ltd.

* Suvarnabhumi Environment Care Co., Ltd. ("SEC") is in process of transferring its operation to Suvarnabhumi Environment Services Co., Ltd., a new company with same conditions as SEC, due to technical problem.

Management

1. Management Structure

The Company's management structure comprised of 6 Committees, Board of Directors, Executive Board, Audit Committee, Corporate Governance Committee, Nominating & Compensation Committee, and Risk Management Committee.



1) Board of Directors as of December 31, 2012

Mr. Cherdchai Vilailuck	Honorable Chairman
1. Dr. Tongchat Hongladaromp	Chairman (Independent Director / Audit Committee Member)
2. Mr. Pradang Prichayangkun	Vice Chairman (Independent Director / Chairman of the Audit Committee)
3. Mr. Seri Suksathaporn	Director (Independent Director / Audit Committee Member)
4. Mrs. Siripen Vilailuck ^(*)	Director
5. Mr. Charoenrath Vilailuck ^(*)	Director (Executive Director)
6. Mr. Watchai Vilailuck ^(*)	Director (Executive Director)
7. Mr. Sirichai Rasameechan	Director (Executive Director)
8. Mr. Pairote Varophas	Director
9. Mr. Prinya Waiwatana	Independent Director
Mrs. Vorapin Isaradharm	Company Secretary

Remark : ^() Representative director from Vilailuck International Holding Co., Ltd, a major shareholder with 17.53% stake holding from total number of voting rights of the Company (as of December 31, 2012).*



The number of directors is in line with the Company's Articles of Associations that the Board of Directors should have at least 7 members, but not exceeding 15 members in total. No less than one half of such members shall have residence within the Kingdom and the directors of the Company shall have qualification as specified by law.

Restriction of Power of the Directors

"Mr. Charoenrath Vilailuck, Mr. Watchai Vilailuck, Mr. Sirichai Rasameechan, two of these three Directors, authorized to jointly sign and affix the Company's seal."

Qualifications of Director

1. Has qualifications which comply to Public Company Act B.E. 2535, regulations of the Stock Exchange of Thailand ("SET"), Securities and Exchange Commission ("SEC"), and Company's Articles of Association and any other related laws;
2. Does not run any business, which is competed with the Company, and not being a shareholder of any legal entities whose business is the Company's competitors except obtained approval from the shareholders;
3. Should have leadership, vision, and independent consideration for best benefit of the Company and the shareholders;
4. Has various knowledge, experience, and specific skill that suitable for the Company business;
5. Integrity;
6. Having sufficient time for fully participated as a Director of the Company.

Qualifications of Independent Director

1. Holding not more than 1 percent of the total number of voting rights of the Company, parent company, subsidiaries, affiliates or juristic person which may have conflicts of interest, including the shares held by related persons of the independent director;
2. Neither being nor having been Executive director, employee, staff or an adviser who receives a regular salary; or a controlling person of the Company, subsidiaries, affiliates, same-level subsidiaries, major shareholder or controlling person of the Company or juristic person who may have conflicts of interest unless the foregoing status has ended no less than two years prior to the date of application filing with the office;
3. Not being a person related by blood or registration under laws, such as father, mother, spouse, sibling, and child, including spouse of the children, executives, major shareholders, controlling persons, or persons to be nominated as executives or controlling persons of the Company or its subsidiaries;
4. Neither being nor having a business relationship with the Company, subsidiaries, affiliates or juristic person who may have conflicts of interest, including professional/business advisor which been specified by SEC unless either the foregoing status has ended no less than two years prior to the date of application filing with the office or the transaction is irregular and reasonable. The independent director, during his post, may have relation with the Company over the level set by SEC but prior the transaction, an unanimous approval by the Board of Directors is required;
5. Not being a director who has been appointed as a representative of the Company's director, major shareholder or shareholder who is related to the Company's major shareholder;
6. Not undertaking any business in the same nature and in significant competition to the business of the Company or subsidiaries or not being a partner in a partnership or being an executive director, employee, staff, advisor who receives salary or holding shares exceeding 1 percent of the total number of shares with voting rights of other company which undertakes business in the same nature and in significant competition to the business of the Company or subsidiaries;
7. Not having any characteristic which make him incapable of expressing independent opinions with regard to the Company's business affairs.

Terms of positions

Pursuant to the Public Company Act B.E. 2535, at the first Annual General Meeting of Shareholders after the registration of the Company and at the first Annual General Meeting of Shareholders in every subsequent year one-third of the directors, who have been longest in office, shall retire. The retired directors are eligible to be re-elected for another term by obtaining

majority vote from the Nominating & Compensation Committee. However the independent directors shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee due to his/her contribution to the Company and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and the Company's shareholders.

Roles and Responsibilities of Directors

1. Conduct business with responsibility, due care, and integrity uphold the duties according to the law, and Company's objectives, Articles of Association, resolutions of the Board of Directors and shareholders' meeting as well as disclosure sufficient information to the Shareholders;
2. Formulate policies and directions for the Company's operations. The Board must also supervise managerial and administrative departments to deliver all policies with effectiveness and efficiency;
3. Consider and approve the Company's investment and annual budget;
4. Appoint directors and Committee members to replace of those who will retire by rotation as well as consider the remuneration package for such directors and committee members, which are proposed by Nominating & Compensation Committee, prior to propose for further consideration of the shareholders;
5. Appoint committees to oversee administrative process and internal system to coincide with Company's policies, i.e. Executive Board, Risk Management Committee, Corporate Governance Committee, and Nominating & Compensation Committee etc. For the appointment of Audit Committee members, the Nominating & Compensation Committee will nominate appropriated candidates propose to the Board of Directors prior to propose for further consideration of the shareholders;
6. Appoint and consider remuneration package, proposed from the Nominating & Compensation Committee, for top executives of the Company, and Company Secretary;
7. Summarize Profit & Loss Statement and Statement of Financial Position of the Company for every fiscal year's ended period. Authorize the statements and present them during the Annual General Meeting of Shareholders for further consideration;
8. Nominate appropriated persons with remuneration for further consideration and approval of shareholders for the appointment of the Company's auditors;
9. Ensure the Company's to have written Corporate Governance Policy and Business Ethic as well as to ensure that there will be no conflicts of interest at the same time to establish systematic plans for internal control and risk management;
10. Ensure that good corporate governance is implemented to demonstrate Company's commitment to operate the business with ethics and to bring fair treatment to all stakeholders;
11. In case of entering into any direct or indirect transaction with the Company and subsidiaries, such director has to immediately inform his/her or related parties' personal interest to the Company.

The Company determines to make its directors and executives express their intentions on performing the Company's business operations with transparently and morality as well as perform their duties pursuant to the ethical standards on integrity, with carefulness and cautiously for benefits of all shareholders and the stakeholders. Hence, the ethics which shall be used as practical guidelines for the directors and the executives have been specified. **The Company discloses the ethics of the directors and the executives** in the Company's website (www.samartcorp.com).

2) Audit Committee members ^(*) as of December 31, 2012

- | | |
|------------------------------|--|
| 1. Mr. Pradang Prichayangkun | Chairman of the Audit Committee (Independent Director) |
| 2. Dr. Tongchat Hongladaromp | Member (Independent Director) |
| 3. Mr. Seri Suksathaporn | Member (Independent Director) |
| Mrs. Vorapin Isaradharm | Secretary of the Audit Committee |

Remark : ^() Audit Committee members comprise of no less than 3 members, all of them have sufficient experience to review the Company's financial statement. Experience of the directors described in "Directors and Management".*



Qualifications of Audit Committee

1. Has been appointed from the Board of Directors and/or the shareholders;
2. The Members of the Audit Committee have to be the Independent directors qualification from the SEC;
3. Not being a person who has been empowered by the Board of Directors for any decision in the business operation of the Company, Parent Company, Subsidiaries or affiliated Companies, Same-Level of Subsidiaries as well as any juristic person, major shareholder, or controlling person of the Company;
4. Not being a director in Parent Company, Subsidiaries and any same-Level of Subsidiaries which is a listed Company;
5. Having sufficient knowledge, experience, and time to perform duties as the Audit Committee members;
6. At least one member of the Audit Committee should have sufficient knowledge and experience to review the financial statement credibility and the Company has to put his/her name in the filing of 56-1 and 56-2 Form. In addition, such qualification also has to be put in the committee certified letter which will be submitted to SET.

Terms of positions

Term of the Audit Committee members is three years. All members shall be in post no longer than 3 terms except getting a unanimous approval from the Nominating & Compensation Committee and the Committee ensures that the extra term will not cause or impact to the independent of such director as well as obtain an approval from Board of Directors and/or the Company's shareholders.

Roles and Responsibilities of the Audit Committee

1. Review the Company's financial statement to ensure its accuracy and adequacy;
2. Ensure that the Company has an appropriate and efficiency internal control, internal audit system, and consider the independence of the internal audit as well as to appoint, rotate or dismiss chief of internal audit of the Company or any other related function who takes responsibilities to internal audit;
3. Ensure that the Company has complied to the Securities and Exchange Act, regulations of SEC/SET and any other related regulations;
4. Nominate appropriated and independent persons with remuneration for further consideration and approval of the Board of Directors and shareholders for the appointment of the Company's auditors;
5. Arrange meeting with auditors without the management of the Company at least once a year;
6. Review, comment and ensure that all connected transactions and any other conflict of interest transactions have been complied to laws, and regulations of SET/SEC as well as to ensure that the transactions are reasonable with best benefit to the Company;
7. Provide the Audit Committee report for disclosure in the annual report of the Company with minimum contents as required by regulations of SET/SEC;
8. Consider any other activities assigned by the Board of Directors.

3) Executive Board members as of December 31, 2012

- | | |
|------------------------------|--------------------|
| 1. Mr. Charoenrath Vilailuck | Executive Chairman |
| 2. Mr. Watchai Vilailuck | Member |
| 3. Mr. Sirichai Rasameechan | Member |
| 4. Mr. Jong Diloksombat | Member |
| 5. Mr. Thananan Vilailuck | Member |

Terms of positions

Term of the Executive Board members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and the management proposes for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. CEO of the Company will be the Chairman of the Committee.

Roles and Responsibilities of the Executive Board

1. Consider business plan, direction and structure as well as the Company's strategies, and delegation of authorities for further approval of the Board of Directors;
2. Monitor, audit and set the management policies for efficiency and productivities as well as to conform with the instruction of the Board of Directors;
3. Consider and approve the Company's investment and annual budget prior to further approval of the Board of Directors;
4. Consider remuneration policy and salary structure propose to the Nominating & Compensation Committee for consideration prior to further consideration of the Board of Directors;
5. Consider entering into any transactions binding the Company within its authorities under the Company's Delegation of Authorities;
6. Consider any other activities according to the assignment from the Board of Directors.

The delegation authorities of the Executive Board should not be delegated or further assigned that authorize the Executive Board or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company. The connected transaction has to be considered and approved either by the Company's Board of Directors or shareholders' meeting to be complied with regulations of SET/SEC or any related laws and regulations.

4) Corporate Governance Committee members as of December 31, 2012

- | | |
|------------------------------|---|
| 1. Mr. Seri Suksathaporn | Chairman of the Corporate Governance Committee (Independent Director) |
| 2. Mr. Pradang Prichayangkun | Member (Independent Director) |
| 3. Mr. Prinya Waiwatana | Member (Independent Director) |
| 4. Mr. Sirichai Rasameechan | Member |

Terms of positions

Term of the Corporate Governance Committee members is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. In addition, the Chairman of the Committee has to be nominated from the Company's Independent Director.

Roles and Responsibilities of the Corporate Governance Committee

1. Responsible for governing and monitoring business operation and committees' activities as well as management and employees of the Company to strictly comply with law and related regulations;
2. Ensure that good corporate governance is being conducted at all level in accordance to legal requirements, Company's policies and other related authorities;



3. Formulate and review the Company's rules concerning good corporate governance;
4. Provide suggestions relevant to ethical practices to the Board, management and employees of the Company;
5. Yield continuity and appropriate regulations in carry out good corporate governance;
6. Report to the Board the recommendations for improvement on the Corporate Governance of the Company as appropriate.

5) Nominating & Compensation Committee members as of December 31, 2012

- | | |
|------------------------------|--|
| 1. Dr. Tongchat Hongladaromp | Chairman of the Nominating & Compensation Committee (Independent Director) |
| 2. Mr. Pradang Prichayangkun | Member (Independent Director) |
| 3. Mr. Seri Suksathaporn | Member (Independent Director) |

Terms of positions

In every subsequent year, one-third of the Nominating & Compensation Committee's members, who have been longest in office, shall retire. The retired members are eligible to be re-elected for another term by obtaining majority vote from the Board of Directors. In case of vacancy, the Nominating & Compensation Committee will consider an appropriate person for the replacement and propose to the Board of Directors for further consideration.

Roles and Responsibilities of the Nominating & Compensation Committee

1. Recruit, select, and nominate appropriate candidates for independent directors, Chairman of the Boards and Board members proposed to consideration of Board of Directors and/or further approval of the shareholders when those positions are vacant due to termination of terms or other reasons;
2. Recruit, select, and nominate appropriate candidates for members of the committee, CEO, top management and Company Secretary proposed for consideration of the Board of Directors when such position is vacant as well as propose criteria for selecting candidates for the succession plan;
3. Propose to the Board of Directors the guidelines and reasonable remuneration packages for all members of the Boards, committee, CEO and executives of which must be complimented to their duties, conform to Company's operating performance and market's atmosphere;
4. Evaluate Company's performance for consideration of the annual bonus and merit increase;
5. Review the Company's salary structure and any other remuneration;
6. Screen and verify the list of the candidates proposed to the director with the relevant agencies to ensure that they are not blacklisted or have been revoked from the list of such agencies;
7. In case the director who is retired on rotation is proposed to be re-elected to resume the position, his/her contribution and track record on attendance of the Board of Directors' meeting and the Shareholders' meeting must also be taken into consideration.

6) Risk Management Committee members as of December 31, 2012

- | | |
|----------------------------------|---|
| 1. Mr. Charoenrath Vilailuck | Chairman of the Risk Management Committee |
| 2. Mr. Watchai Vilailuck | Chief Operating Member |
| 3. Mr. Sirichai Rasameechan | Member |
| 4. Mr. Lai Ki Tong | Member |
| 5. Mr. Sommai Damnoenkiat | Member |
| 6. Mrs. Sukanya Vanichjakvong | Member |
| 7. Mr. Thananan Vilailuck | Member |
| 8. Mr. Jong Diloksombat | Member |
| 9. Mr. Prasitchai Veerayuttwilai | Member |
| 10. Mr. Pracha Phathayakorn | Member |

Terms of positions

Term of members of the Risk Management Committee is one year. The Nominating & Compensation Committee will annually consider and select appropriate persons from the members of the Board of Directors and/or any qualified candidates propose for further consideration and approval of the Board of Directors for the appointment in its first meeting after the Annual General Meeting of Shareholders. However, the retired members are eligible to be re-elected for another term. The nominated committee's members will appoint the chairman of the Risk Management Committee from the committee's members.

Roles and Responsibilities of the Risk Management Committee

1. Establish clear business objectives, identify, analyze, assess significant risks and formulate risk strategies;
2. Develop risk management standards and practices in the areas for which they are accountable;
3. Ensure that the above standards and practices are fully communicated to and have active support of all employees;
4. Ensure that the management has regularly, continually and systematically identify and analyze risk exposures, which may have, to cover all processes of the business;
5. Support and develop to have the management and all employees to continually aware of risk management as well as to ensure the Company's Risk Management Policy is complied with the international standard.

Management of the Company as of December 31, 2012

- | | |
|------------------------------|---|
| 1. Mr. Charoenrath Vilailuck | Executive Chairman & CEO |
| 2. Mr. Watchai Vilailuck | President / Acting Chief Operating Officer of Technology Related Business LOB |
| 3. Mr. Sirichai Rasameechan | Executive Vice Chairman |
| 4. Mr. Jong Diloksombat | Executive Director / President of ICT Solutions & Services LOB |
| 5. Mr. Thananan Vilailuck | President of Mobile Multimedia LOB |
| 6. Mr. Pracha Phathayakorn | Executive Vice President (Accounting & Finance) |

Roles and Responsibilities of Chief Executive Officer

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company and/or the shareholders' meeting to be complied to regulations of SET/SEC or any related laws and regulations.



2. Nomination of Directors and Management

The Nominating & Compensation Committee has been appointed by the Board of Directors in order to select, and nominate appropriate candidates for positions of Chairman of the Board, members of the Board and other committees, CEO, other executives and Company Secretary as well as consider the appropriate remuneration for such directors and management. Whenever the position of directors are vacant, the Nominating & Compensation Committee will select and nominate the appropriate candidates for such position propose to the Board of Directors for approval and for further approval of the shareholders in case of vacancy by rotation or appointing of new director. The elected directors should obtain majority vote from shareholders who attend the meeting and have voting right. Each shareholder shall have one vote on each share. In voting, a shareholder shall vote in accordance with the number of votes each shareholder has for one or several directors. The said shareholder may not allot any number of his/her votes to any person. **In addition, the Company also allows the shareholders to vote for the individual director where the Company shall propose the name of each nominated director, so that the eligible shareholders can truly elect their preferred director.** For election of independent directors, the Nominating & Compensation Committee will nominate any person who is fully complied with the qualifications of Independent Directors under the Company's policy as well as complying to such requirements of SEC/SET as a minimum. Moreover, the Board of Directors of the Company has also appointed other committees to help the Board on its business either audit or consideration any significant matters. Such Committees are Executive Board, Audit Committee, Risk Management Committee, Corporate Governance Committee and Nominating & Compensation Committee. The nomination of members of the committee will be selected and nominated by the Nominating & Compensation Committee prior to propose for consideration of the Board of Directors and/or shareholders of the Company.

Executive Succession Plan

The Company is aware of the importance of executive succession plan when any executive position is vacant. In order to create confidence for investors, shareholders and employees on the continuity operation of the Company, an Executive Succession Plan has been considered. The potential candidate will be selected, trained and developed to be ready to accommodate the vacant position in the future.

3. Remuneration of Directors and Management

- **Directors' Remuneration**

Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The Shareholders in the Annual General Meeting 2012 approved remuneration for directors of the Company and Committees' members at the amount of not exceeding Bath 7.0 million. Details of remuneration are as follows:

Board of Directors and Audit Committee

- Chairman	Baht	30,000 per meeting
- Director	Baht	15,000 per meeting

Nominating & Compensation Committee and Corporate Governance Committee

- Chairman	Baht	20,000 per meeting
- Director	Baht	15,000 per meeting

- **Management's Remuneration**

Remuneration for the management will be determined in accordance with the principles and policy set by the Nominating & Compensation Committee which be related to the performances of the Company and each management.

1. Total Remuneration in 2012 : Total remuneration paid to directors and management in 2012 was as follows :

1.1) 2012 Cash & Non-Cash Remuneration for Directors and Committees' Members

- Remuneration for existing Directors and Committees' members of Samart Corporation Pcl. as of December 31, 2012.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	Warrants ⁽¹⁾ (Unit)
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Dr. Tongchat Hongladaromp Chairman / Independent Director	210,000	45,000	-	60,000	350,000	665,000	500,000
2. Mr. Pradang Prichayangkun Vice Chairman / Independent Director	105,000	120,000	30,000	45,000	300,000	600,000	500,000
3. Mr. Seri Suksathaporn Director / Independent Director	105,000	60,000	40,000	45,000	300,000	550,000	500,000
4. Mrs. Siripen Vilailuck ⁽²⁾ Director	75,000	-	-	-	300,000	375,000	500,000
5. Mr. Charoenrath Vilailuck Director	105,000	-	-	-	300,000	405,000	500,000
6. Mr. Watchai Vilailuck Director	105,000	-	-	-	300,000	405,000	500,000
7. Mr. Sirichai Rasameechan Director	105,000	-	30,000	-	300,000	435,000	500,000
8. Mr. Pairote Varophas Director	105,000	-	-	-	300,000	405,000	500,000
9. Mr. Prinya Waiwatana ⁽²⁾ Director / Independent Director	90,000	-	30,000	-	300,000	420,000	275,000 ⁽³⁾
Total	1,005,000	225,000	130,000	150,000	2,750,000	4,260,000	4,275,000

Remark: ⁽¹⁾ The Company had issued 30,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. Each director has been allocated 500,000 units of warrants totaling to 6,000,000 units of which equivalent to 20 percent of the total issued warrants. However, some directors who have been allocated the warrants have resigned. Warrants allocated to the current directors are representing to 14.25 percent of total issued warrants;

⁽²⁾ Different amount of meeting allowance for each director depended on number of participated meetings;

⁽³⁾ The Annual General Meeting of Shareholders 2012 held on April 27, 2012 has approved the allocation of 275,000 warrants (the unexercised warrant portion of the resigned director) to Mr. Prinya Waiwatana.

1.2) 2012 Cash & Non-Cash Remuneration of the Executive Board and Management

Remuneration	Number of Persons	Total Amount
Salary ⁽¹⁾	6	17,805,100 (Baht)
Bonus ⁽¹⁾	6	2,885,000 (Baht)
Provident Fund ⁽¹⁾	6	1,142,775 (Baht)
Warrants ⁽²⁾	6	10,850,000 (Units)

Remark : ⁽¹⁾ The figures presented Salary, Bonus and Provident Fund for executives and management paid by the Company only. There were total 6 executives and management in 2012 with payment for 2 executives paid by the Company while other 2 executives received from other listed subsidiaries under other line of businesses and the other 2 received partial from the Company and from other listed subsidiaries i.e. Mr. Watchai Vilailuck received partial payment from the Company, Samart I-Mobile Pcl. and Samart Telcoms Pcl; as well as Mr. Pracha Phathayakorn received partial payment from the Company and Samart I-Mobile Pcl.;

⁽²⁾ The Company had issued 30,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. The management have been allocated 10,850,000 units of which equivalent to 36.17 percent of the total issued warrants.

2. Total Remuneration of Major subsidiaries in 2012 :

2.1) 2012 Cash & Non-Cash Remuneration for Directors and Committees' Members of Samart I - Mobile Pcl.

- Remuneration for existing Directors and Committees' members of Samart I-Mobile Pcl. as of December 31, 2012

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	Warrants ⁽¹⁾ (Unit)
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Prof. Suphachai Phisitvanich Chairman / Independent Director	240,000	75,000	-	-	300,000	615,000	3,000,000
2. Dr. Chotivid Chayavadhanangkur Director / Independent Director	120,000	150,000	40,000	45,000	250,000	605,000	3,000,000
3. Mr. Kunthit Arunyananda Director / Independent Director	120,000	75,000	30,000	60,000	250,000	535,000	3,000,000
4. Mr. Charoenrath Vilailuck Director	120,000	-	-	-	250,000	370,000	3,000,000
5. Mr. Watchai Vilailuck Director	120,000	-	-	-	250,000	370,000	3,000,000
6. Mr. Thananan Vilailuck Director	120,000	-	-	-	250,000	370,000	3,000,000
7. Mr. Jong Diloksombat Director	120,000	-	30,000	-	250,000	400,000	3,000,000
8. Mr. Azwan Khan Bin Osman Khan Director	60,000	-	-	-	250,000	310,000	3,000,000
9. Mr. Donald James Rae ⁽²⁾ Director	90,000	-	-	15,000	250,000	355,000	- ⁽⁴⁾
10. Mr. Ausnis Bin Sheikh Mohamed ⁽³⁾ Director	-	-	-	-	-	-	-
11. Mr. Sirichai Rasameechan Committee member	-	-	-	45,000	250,000	295,000	-
12. Mr. Pairote Varophas Committee member	-	-	30,000	-	250,000	280,000	-
Total	1,110,000	300,000	130,000	165,000	2,800,000	4,505,000	24,000,000

Remark : ⁽¹⁾ The Company had issued 100,250,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. Each director has been allocated 3,000,000 units of warrants totaling to 33,000,000 units of which equivalent to 32.92 percent of the total issued warrants. However, some directors who have been allocated the warrants have resigned. Warrants allocated to the current directors are representing to 23.94 percent of total issued warrants;

⁽²⁾ Has resigned from directorship and a member of the Nominating & Compensation Committee on December 6, 2012. The Annual General Meeting of Shareholders 2012 held on April 27, 2012 has considered and approved the allocation of the unexercised warrants of the resigned director amounting to 750,000 units to Mr. Donald James Rae;



⁽³⁾ Has been appointed as a Company's Director and the member of the Nominating & Compensation Committee on December 17, 2012;

⁽⁴⁾ Since Mr. Donald James Rae has resigned from the director position, hence the remaining warrants of 750,000 units have been canceled. The Nominating & Compensation Committee shall consider the allocation of such warrants to the newly appointed director in the future before submission to the Shareholders' meeting for further consideration.

2.2) 2012 Cash & Non-Cash Remuneration of the Executive Board and Management of Samart I-Mobile Pcl.

Remuneration	Number of Persons	Total Amount
Salary	5	14,067,691.00 (Baht)
Bonus	5	1,721,917.50 (Baht)
Provident Fund	5	908,879.00 (Baht)
Warrants ⁽¹⁾	5	19,800,000 (Units)

Remark: ⁽¹⁾ The Company had issued 100,250,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. The management have been allocated 19,800,000 units of which equivalent to 19.75 percent of the total issued warrants.

2.3) 2012 Cash & Non-Cash Remuneration for Directors and Committees' Members of Samart Telcoms Pcl.

- Remuneration for existing Directors and Committees' members of Samart Telcoms Pcl. as of December 31, 2012.

Directors	Cash Remuneration						Non-Cash Remuneration
	Meeting Allowance (Baht)				Performance Bonus (Baht)	Total Amount (Baht)	Warrants ⁽¹⁾ (Unit)
	Board of Directors	Audit Committee	Corporate Governance Committee	Nominating & Compensation Committee			
1. Mr. Sombut Uthaisang ⁽²⁾ Chairman / Independent Director	270,000	-	20,000	-	350,000	640,000	500,000
2. General Sumpun Boonyanun Director / Independent Director	135,000	180,000	30,000	80,000	300,000	725,000	500,000
3. Mr. Vichai Pokasamrit ⁽³⁾ Director / Independent Director	135,000	90,000	20,000	60,000	300,000	605,000	225,000 ⁽⁴⁾
4. Ms. Rapeepan Luangaramrut Director / Independent Director	135,000	90,000	30,000	-	300,000	555,000	500,000
5. Mr. Kajornvut Tayanukorn Director	135,000	-	-	60,000	300,000	495,000	500,000
6. Mr. Charoenrath Vilailuck Director	135,000	-	-	-	300,000	435,000	500,000
7. Mr. Watchai Vilailuck Director	135,000	-	-	-	300,000	435,000	500,000
8. Mr. Sirichai Rasameechan Director	135,000	-	-	-	300,000	435,000	500,000
9. Mr. Pairote Varophas Director	135,000	-	30,000	-	300,000	465,000	500,000
10. Mr. Jong Diloksombat Director	120,000	-	30,000	-	-	150,000	125,000 ⁽⁴⁾
Total	1,470,000	360,000	160,000	200,000	2,750,000	4,940,000	4,350,000

Remark : ⁽¹⁾ The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. Each director has been allocated 500,000 units of warrants totaling to 4,500,000 units of which equivalent to 25 percent of the total issued warrants. However, some directors who have been allocated the warrants have resigned. Warrants allocated to the current directors are representing to 24.17 percent of total issued warrants;

⁽²⁾ Has resigned from the Chairman of The Corporate Government Committee on May 14, 2012;

⁽³⁾ Has been appointed the Chairman of The Corporate Government Committee on May 14, 2012;

⁽⁴⁾ The Annual General Meeting of Shareholders 2012 held on April 27, 2012 has approved the allocation of 350,000 warrants (the unexercised warrant portions of the resigned director) to Mr. Vichai Pokasamrit at the amount of 225,000 units and Mr. Jong Diloksombat at the amount of 125,000 units.

2.4) 2012 Cash & Non-Cash Remuneration of the Executive Board and Management of Samart Telcoms Pcl.

Remuneration	Number of Persons	Total Amount
Salary	5	17,496,666.67 (Baht)
Bonus	5	3,095,000.00 (Baht)
Provident Fund	5	1,479,666.67 (Baht)
Warrants ^(*)	5	3,700,000 (Units)

Remark: ^() The Company had issued 18,000,000 units of warrant offering to the Company's directors and the employees of the Company and its non-listed subsidiaries on May 29, 2009. The warrants have 5 years maturity period and can be exercised from the 1st - 5th year at 10, 15, 20, 25 and 30 percent respectively. The management have been allocated 3,700,000 units of which equivalent to 20.56 percent of the total issued warrants.*

4. Corporate Governance

The Board of Directors of the Company realized on the importance of the good Corporate Governance which will be the fundamental factor for improving standard of business operation to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. Thus written Corporate Governance Policy and Business Ethics, which complied with the 2006 and 2012 Corporate Governance Principles of SET, have been provided for practices of directors, management and employees of the Company. **The Company has the Corporate Secretary Division which is the compliance unit to supervise and oversee the operations of the Company, the directors and the executives to ensure that they have been correctly complied with the regulations of SET, SEC and the Public Company Limited Act including other relevant laws.** Corporate Governance Practices of the Company in 2012 are as follows:

1. Rights of Shareholders

The Company emphasizes and recognizes the importance of the rights of all shareholders equitably, no matter such shareholder is a minority shareholder, a major shareholder, an institute investor or a foreigner. All rights that the Company's shareholders obtained in 2012 were as follows:

- **Rights to get share certificate, sell, purchase or transfer the Company's shares**

Thailand Securities Depository Co., Ltd. ("TSD") has been appointed as the Company's registrar to provide all services for all transactions related to registration of the Company's shares.

- **Rights to propose agenda and enquiries for the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to the shareholders under the good corporate governance and to comply with laws. It's the Company policy to allow the shareholders to propose matter(s) for consideration of the Board of Directors as agenda of the shareholders' meeting starting from 2009 Annual General Meeting of shareholders. For the up coming 2011 Annual General Meeting, the shareholders are allow to submit any enquiries prior to the meeting date during the period that no rules or criteria from the Capital Market supervisory Board been announced. In 2013 Annual General Meeting of Shareholders, the Board of Directors has specified the shareholding proportion of the shareholders entitled to propose the agenda must

not be less than 4 percent of total number of the voting rights. Shareholders who would like to propose the agenda have to comply with the Company's procedures and criteria of the above matter. The Company has notified and disclosed contact channels and period for proposing agenda and enquiries via SET on December 17, 2012 and explain the detailed procedures on proposing the matter for consideration as agenda including an advance submission of the enquiries in the Company's website (www.samartcorp.com) in the section "Investor Relations" under the title of "Enquiries submission prior to the Annual General Meeting of Shareholders 2013" since December 19, 2012. However, on the Annual General Meeting of Shareholders 2014, the Company shall allow the minority shareholders to propose the matter for consideration as agenda and submit the enquiries at least 3 months in advance prior the ending date of the fiscal year.

- **Participation in the Shareholders' Meeting**

The Company is aware of the shareholders' rights and equitable treatment to participate in the shareholders' meeting, be informed conditions and procedures of meeting as well as having proxy to vote and comment in the meeting on behalf of the shareholder. There was only one meeting in 2012, an Annual General Meeting of Shareholders 2012 which held on April 27, 2012 at Miracle Grand Convention Hotel, Vibhavadee-Rangsit Road, Laksi, Donmuang, Bangkok where is convenience for transportation and capability to cover with number of shareholders.

Before the Meeting Date

In the Annual General Meeting of Shareholders 2012, the shareholders have been informed on the date and agenda of the meeting via SET's communication system 39 days prior to the meeting date. At the same time, the Company also disclosed the invitation letter as well as related documents in both languages, Thai and English, on the Company's website (www.samartcorp.com) in the section "Investor Relations" under the title of "the Annual General Meeting of Shareholders" 35 days before meeting date for the shareholders to have sufficient time for consideration. Same documents will be directly delivered to the shareholders by TSD, the Company's registrar, within 21 days before the meeting date of which better than what has been required by law. The invitation letter contained fact, rationale, and opinions from the Board of Directors for each agenda, conditions and procedures of meeting, annual report, proxy form and any other related document with sufficient information for shareholders' consideration. Moreover, the invitation letter has also been 3 days continually published on the newspaper 9 days prior to the meeting date to be in line with law.

On the Meeting Date

Meeting procedures has been set to conform to regulations and considering on shareholders' convenience. The Company is aware of the equitable of shareholders' right and their comfort to participate in the shareholders' meeting. Appropriated technology and equipments are sufficient for registration reviewed on required documents more than one hour prior to commencement of the meeting.

In the Annual General Meeting of Shareholders 2012, there were 8 directors. Chairman of all committees including the audit committee, the Company's management, external auditors and Investor Relation also presented in the meeting. Chairman of the Board of Directors who was Chairman of the meeting introduced all Board members to the shareholders and declared to the meeting that there were 377 shareholders with voting rights attended the



meeting for the Annual General Meeting of Shareholders 2012. The Chairman had declared to the shareholders how to exercise their right and vote before commencement conducted the meeting to be in line with the agenda without any additional topic from what have been expressed in the invitation letter. Voting cards were provided for significant agenda. Voting result in term of approval, disapproval or abstain for each agenda were transparently presented to the meeting. The shareholders were encouraged to express their opinions and raise any questions, either in the agenda or any other questions related to the Company's business, at the meeting. All questions had been answered and taken in the minutes of meeting as well as the opinions from the shareholders.

After the Shareholders' Meeting

Resolutions of the meeting were disclosed to SET with voting details, approved, disapproved and abstain, of each agenda on the next day after the meeting date. Full minutes of meeting of which contained the attendance record of the directors, summary of questions and answers during the meeting in both Thai and English had been sent to SET and related parties within 14 days after the meeting date as well as posted on the Company's website (www.samartcorp.com) for verification.

- **Appointment / Dismission of Directors of the Company and Approve their Remuneration**

According to the Company's Articles of Association, at the Annual General Meeting of Shareholders, one third (1/3) of the Directors has to be retired by rotation. Election for replacement is required. The retired directors are eligible to be re-elected for another term.

The election of the Board of Directors shall be in accordance with the rules and procedures as follows:

- (1) Each shareholder shall have one vote on each share;
- (2) In voting, a shareholder shall vote in accordance with the number of votes each shareholder has under (1) for one or several directors. The said shareholder may not allot any number of his votes to any person;
- (3) The person obtaining the highest and higher votes respectively shall be elected as directors equal to the number of directors required or ought to be elected at such a meeting. In the event that persons receiving votes in respective orders receive equal votes and the number of directors exceeds the positions required or ought to be, the chairman of the meeting shall have a casting vote.

Apart from the appointment of Directors, the shareholders also have rights to remove any director from the office before the expiration of his term of office by having votes of no less than three quarters (3/4) of the number of shareholders attending the meeting and having the rights to vote and the aggregate number of shares shall be no less than one half (1/2) of the shares held by all the shareholders attending the meeting and having the rights to vote.

In every Annual General Meeting of Shareholders, the shareholders have the rights to consider and approve the remuneration for all directors and members of sub-committees. Adequate Information of all candidates for being considered and appointed as directors or members of committees was also delivered for shareholders' consideration.

- **Appointment of Auditors and approval of their remuneration**

In every Annual General Meeting of Shareholders, one of the agenda is the appointment of Company's auditors and consideration of their remuneration. The Company will propose name of the auditors with sufficient details and remuneration for consideration of the shareholders.

- **Regularly and timely obtained adequate information, business performance and management policy**

The Company concerns on Shareholders' rights and not only disclosed Company's information via SET's communication system but also posted all significant and updated information on the Company's website (www.samartcorp.com).

- **Getting profit**

The Company has returned profit to its shareholders by way of dividend payment. Dividend for 2012 has been proposed for consideration of the shareholders at 0.60 Baht per share. Interim dividend for first six month performance was paid on September 2012 at Baht 0.20 per share. The balance of Baht 0.40 will be paid on May 2013 of which subject to the approval of the shareholders. Total dividend payment will be 55.46% of the consolidated net profit and conformed to the Company's dividend policy that dividend payment will be no less than 50% of the consolidated net profit.

In addition, apart from such shareholders' rights, the Company does not prevent or obstruct any opportunities to allow the shareholders to communicate with each other.

2. Equitable Treatment of Shareholders

The Company realizes to protect and due care for the interests of all major and minor shareholders as fairly basis. In addition, the Company sets policy for equitably treatment to all shareholders for attending and vote in the shareholders' meeting, sharing in profits, regularly and timely obtained adequate information, business performance and management policy. In the shareholders' meeting, each shareholder shall have one vote on each share. Proxy form requiring documents were delivered together with the invitation letter for shareholders who would like to appoint a proxy. Proxy form, which contains detail of voting as approve, disapprove or abstain, as well as details of 4 independent directors also are attached for shareholders consideration as alternative proxy including identify the document, evidence and proxy method in the meeting invitation which has been prepared in Thai and English for convenience of the shareholders. In the Annual General Meeting of Shareholders 2012, there were 134 proxies to the Company's independent directors. In addition, voting cards were provided for each agenda, especially, the agenda of appointment of directors of which been appointed by individual. In every shareholders' meeting, the meetings were conducted to be in line with the agenda without any additional topic from what have been expressed in the invitation letter otherwise rights of the shareholders who could not participate in the meeting by themselves will be deprived.

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. It was also set forth **in the Company's Corporate Governance Policy to refuse directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of the Company securities within 1 month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited** and to ensure that such policy has been



acknowledged and complied, the Company has prepared the notice informing the securities trading prohibited period for the whole year before disclosing the financial statement to the directors and the management in advance. **The Company shall also send such notice to the directors and the management for their acknowledgement once again every quarter. However during the past year, the Company did not encounter the case where its directors or executives traded their securities by using inside information.** Such matter has been disseminated to the Company's employees via e-mail in the means of weekly corporate governance tips and poster has also been posted at the public relations board of the Company. More over the Directors and Executive managements of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to SEC within 3 days from the transaction date according to the Securities and Exchange Act B.E. 2535. Any change in securities holdings, such directors and Executive managements have to report the Company Secretary for coordination and preparing report submit to SEC. In addition, the Company has set as a policy to report on securities holdings of directors and Executive managements in every meeting of the Board of Directors.

In case of conflict of interest, it is the Company's Policy to have the directors, management, employees and related parties to disclose such interests to the Audit Committee for consideration of the transaction to be complied to SET's regulations and any governing laws and regulations prior to further submit for consideration of either the Board of Directors or the shareholders. **The director who has conflict of interests shall not present in the meeting to consider and vote, both in the Board of Directors' meeting and the Shareholders' meeting.** Moreover, any conflict of interest transactions with the connected persons will be disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under "The Connected Transactions".

General practices for conflict of interest protection have been set not only in the Company's Business Ethics but also in the Roles and Responsibilities of the Board of Directors under "The Conflict of Interest". Such practices have been delivered to all directors, management and employees. The Corporate Governance Committee will monitor and ensure that Company's regulations, Corporate Governance Policy and Business Ethics have been strictly and continually complied.

3. Roles of Stakeholders

The Company is aware of the support from each stakeholder should increase the competitiveness and ability to generate more benefit for long-term succession and realized the importance of all stakeholders i.e. shareholders, employees of the Company and its subsidiaries, customers, competitors, lenders, societies and environment. Thus, general rules and practices have been set for directors, management and employees in the Company's Business Ethics to cover rights and equitable benefits to all stakeholders and posted on the Company's website (www.samartcorp.com) which be summarized as follows:

1. Treatment of Main Stakeholders

Shareholders : The Company aware of its role to protect and due care for the interests of all major and minor shareholders by granting rights to every shareholders to attend, vote and have comments in the shareholders' meeting, to share in profits, to propose agenda and enquiries for the Shareholder's meeting, regularly and timely obtained adequate information, business performance and management policy. Details of shareholders' rights are described under "Rights of Shareholders".

Employees : The Company highly regards all of the employees as valuable resources and is a major factor to drive the business performance to achieve its goals. As a result, it is the Company's policy to treat employees fairly in all respects, employment opportunity, reasonable remuneration, promotion, welfare i.e. There is always be the nurse(s) stationed in the infirmary everyday at the Company's office building and the doctor shall visit and treat sick employees twice a week. The company also has the medical treatment welfare for the employees (in case of out-patient) who are treated at the government and private hospitals. The employees shall be entitled to the annual medical treatment fee pursuant to their level. In 2012, total amount of medical treatment fee reimbursed by the employees of the Company and its subsidiaries amounted to 2,170,050 Baht. Moreover, the Company also has group health insurance (in case of in-patient) for the Company's employees which is made with the American International Assurance Company Limited (AIA) as well as group life insurance which covers all kinds of death, annual medical check-up and provident fund to secure their working life security under the name of "The Registered Samart Group Provident Fund". The Company also has the social security fund and provision of loan in case of the accident or sickness to the employees as well, loan for employees, fitness center and special discount for Company's products etc. Development programs, both internal and external training courses, are continually provided for all levels of employees. (Please see more details about the employees under the topic "Personnel"). In addition, the Company has provided educational support by awarding scholarship to employees with aims to enhance their knowledge and skills. Furthermore, in 2012, the Company has awarded 2 scholarships at master degree levels to the employees, i.e. on Department of Computer Science, King Mongkut's University of Technology North Bangkok, and Community Psychology, Kasetsart University etc.

In addition, the Company emphasizes on the safety of life and health of the employees as the following policies:

1. The Company is committed to developing and creating safety and health of employees in accordance with the requirements of the law.
2. Company has implemented all kinds of safety operations for the sake of safety of life and health of the employees.
3. Company has issued to control and prevent loss due to accident, fire and occupational illness. Security equipments and fire drill as well as promoting and raising awareness of health care workers.
4. The Company will support adequate and appropriate resources in accordance with the requirements of the law and commit to develop human resources with knowledge and awareness of safety and health of employees.
5. The Company is aware that a safety and health of employees is very important, it was the duties and responsibilities of executive, supervisors at all levels and employee to comply with the rules and the requirements of the law.



Furthermore, the Company also followed such practical guidelines concretely as follows:

1. To appoint the safety officers and the relevant persons in all levels to take responsibility, supervise and monitor the strictly compliance with safety, occupational health and working environmental policy.
2. To fortify the employees at all levels with knowledge, consciousness and joint responsibility, for instance, to arrange for the training and cultivate consciousness on safety, occupational health and working environment for the employees, as well as to arrange for the training on health by arranging the Healthy Week and the Safety Week and etc.
3. To conduct the annual evacuation drill in case of fire as well as to designate the assembly points of all offices.
4. To use the fingerprint scanning system so only the eligible persons can enter and exit the office building for safety of life and properties of the employees and the Company.
5. To provide the medical treatment, modern medicine provision service and basic medical service in all offices.
6. To arrange for the medical checkup every year.
7. To arrange for the fitness center and to encourage for the sport competition, both inside and outside the Company to promote health of the employees.

The Company trained and informed the prudent operating guidelines standards with regards to good manner and ethics of the employees via the orientation of the new employees, Employee Manual and HR website (www.samarthre.com). Such ethics have been written in the working regulations of the Company for the employee's adherence. The Company has posted **Ethics of the Employees** on the Company's website (www.samartcorp.com).

Customers : The Company believes in values on the creation of satisfaction and confidence on continued basis to the Company's valued customers by determining to procure, develop and manufacture the qualified and modern products and services at the reasonable prices to respond to their needs as well as to procure the products and equipment which have been manufactured from the factories which have been certified by the international standards, new products and services have been developed by the subsidiaries and also having control the quality prior release for satisfaction in goods and services of customers. Samart I-Mobile Pcl. whose business is a provider and distributor of mobile phones has launched many models of mobile phones with variety functions to serve customers' needs in all levels. After sales services were also improved by providing a total solution of i-mobile Service Centers for the complete mobile phone sales and repair services. The technicians have been stationed at the repair center to oversee the repair work, software upgrade and other services, as well as having the guarantee on replacement of new device immediately if there is a problem within 7 days. The Company also has the authorized service centers. At present, the Company has the service and repair centers nationwide. However, Call Center Service for consultation and complaint of customers also provided and ensures that customers' information will be strictly treated as confidential without any using for personal benefits.

Furthermore, in 2012, the Company subsidiaries, Samart Communication Services Co., Ltd. and Samart Comtech Co., Ltd. can maintain their service standards pursuant to the ISO 9001:2008 Standards, which made the customer gain more confidence in their work system. Samart Ed -Tech Co., Ltd. has developed digital magazine and e-book for the Thaimagbook e-bookstore of which its outstanding feature is that it can be presented in the multi-media format that the user can access from iOS and Android system.

Trade partners : The Company has the policy to equitably and fairly treat its trade partners by taking into consideration of the Company's interest and on mutual benefits basis. Clearly define in evaluation and selection of trade partners as well as developing and maintaining good relationship between all partners with trust and confidence. Moreover, the Company has strictly complied with the business partner treatment policy by selecting the qualified business partner to enter into the Approved Vendor List and prices have been compared before the purchase order has been made. The business partner has been evaluated by using the auditable standard criteria pursuant to the international standards of ISO 9001 and CMMI. The Company also has the policy not to corrupt, extort, embezzle or not tolerate such action. The business partner must not propose or take bribery or any illegal reward from the Company and the business partner must not give the reward or propose personal benefit in whatsoever form to the employee as a result of business undertaking. Such policy has been inspected by the management under the document and the supporting particulars and it also has been audited by the neutral auditor both from the inside and outside the organization.

Creditors : The Company is conforming to its Principle of Business Operation in order to the respect and admission of the Creditors and strictly complied with all the terms and conditions agreed upon in a transaction. In the event that any particular condition could not be met, the Company will prior inform the Creditors and seeking mutual accepted solution.

Competitors : The Company conducts all business affairs under just rules and competitions without fraudulently or inappropriately seeking confidential information of its competitors, or damage competitor's reputation by abusive accusation.

Societies and : The Company recognizes that it can survive and grow in a society that is vigorous Communities and prosperous. Therefore to bring about societal progress the Company participated in societal improvements with financial support to all activities that aim to maintain beneficial cultures, customs and rituals. Moreover, the Company will involve in religious activities regularly. The Company also participated in many activities for development of social, education, vocation, athletic ability as well as sanction for outreach people and victims. In addition, the Company has strengthened the closed relationship with the surrounding and nearby communities by building up good relationship with the private and public organizations as well as the community leaders in many levels, so that the cooperation



from all parties can be smoothly coordinated for sustainable and concreted development of the communities. The latest development was that the Company has become a part of the Corporate Social Responsibility Projects in Nonthaburi province. In 2012, Samart Group has also specified the guidelines on promoting the “Qualified People and Virtue Society” campaign via many projects and activities which were beneficial to the societies, such as

Creation of quality people

- Samart Innovation Award 2012 or The Young Technopreneur Project is a project for technology innovation contest with expectation to enhance technopreneurs’ capabilities and experience to become professionals. Through the project, opportunities are provided, income is earned and profession is given for the Thai thinkers and developers. The contest has been continually arranged for 10 years from 2003 - 2012 etc.

Provided the following educational supports

- Provided research support by Samart Infonet Co., Ltd. to King Mongkut’s University of Technology Thonburi’s Robotics and Automation;
- Provided the Master Program scholarships, through Mahidol University’s graduate alumni, for competent and poor persons and one scholarship for continued study for Suan Sunandha Rajabhat University. The scholarships, with a combined value of Baht 100,000, we’re provided by “Samart Foundation”.

Development of sport capability

- Provided support for football matches, i.e. Muangthong United Football Club, Buriram United Football Club, Songkhla Football Club (Wuachon), Chonburi Football Club, Phrae United Football Club, Ratchaburi Football Club, TOT SC Football Club, Chiangrai United Football Club, Nakhon Ratchasima Football Club and TTM Football Club;
- Provided financial support Baht of 10,000 by Samart Corporation Pcl. for organizing The football matches for youth and people 2012. The football matches were held by Nonthaburi Provincial Office of Tourism and Sports;
- Provided financial awards and two sets of i-Mobile Hitz104B phones, worth totaling Baht 62,780, by Samart Corporation pcl. and Samart i-Mobile Pcl. for the annual boxing games at Panitaram Temple;
- “i-Mobile Kids Soccer 2012” provided opportunities to poor Thai youth skills to join the national football club for learning and practices.

Promotion of the moral society

- The “Samart D Club”, Club’ project mobilises employees to do public services and participate in social contribution activities;
- Such promotion was provided Baht 17,900 support for Ministry of Foreign Affairs for the Red Cross Fair 2012 and support of 100 honored wrist bands of the Thai Red Cross Society were provided;

- Promoted the financing project of Baht 300,000 for taking a walk for celebration of the King's 84th birthday. The purpose was to participate with the Bangkok Metropolitan Foundation for construction of a hospital for aging people;
- Teamed up with "BE Magazine" to provide support for One by One project, allowing the underprivileged to have professions and earn income through a "BE Magazine" booth. The company pays the rent for the booth area on a monthly basis;
- Baht 350,000 support for an organization of TU Eung Luang Fair;
- Baht 50,000 support of the national academic meeting (DRS 2012 Bangkok) at Chulalongkorn University;
- Baht 20,000 support for "Beginning of the Flow for Happiness" art exhibition.

Promotion of generosity to the surrounding communities

- Provided Baht 100,000 for refurbishing a room to make Braille codes at The Educational Technology Center for the Blind, the one unit of the Foundation for the Blind in Thailand under the patronage of H.M. the Queen, Tiwanond Road, Nonthaburi province. This was to upgrade media production quality for libraries or the blind across the country;
- Provided raincoats and safety vests for traffic police in the areas of Pakkret and Pak Klong Rangsit on an annual basis. This was to help facilitate their work;
- Made donation and necessary items for the poor in communities by "Samart Foundation". This was to provide assistance for the underprivileged, children, aging people and handicapped;
- Raised fund and provided necessary items for the flood victims. Examples were arrangement of boats for public agencies to help relieve troubles for the flood-affected people, etc.

Environment : The Company conducts business with recognition of environmental conservation and standard management of safety. It is also the Company's policy to become a responsible corporate citizen to comply with all relevant laws and regulations and be responsible for utilizing natural resources in prudent manners. The Company has a policy to strengthen and provide knowledge and training on environment to the employees in the organization, in order to be aware of environmental responsibility when they perform their work by arranging campaign to cultivate conscious mind on environment and natural resources through employee participation activities as well as disseminating news and information on environment in order to build up good understanding on environmental management of the Company. For motivation of the employees to continually conform to the Company's policy, announcement via Company's PR boards, e-mail and internal radio are provided. In 2012, the Company were committed to develop products and services with regard to conservation of the environment and its safety standards. Environmentally friendly telecommunication services were offered and the optimal use of energy was promoted for public agencies and enterprises with similar vision were included for joint projects such as AMR Project (Automatic Meter Reader) of the Provincial Electricity Authority, etc. Moreover the stimulation of their consciousness to pay attention on the environment and use resources through the annual energy-saving campaign. In addition, the Company's subsidiary which performs business on waste management has conducted trainings to the



employees in various levels, i.e. high level environmental management system for the management and primary level for the operation level employees. Such subsidiary has been certified for Environmental Management Systems (ISO 14001:2004).

2. Non-violation of human rights

The Company adheres to human rights principle as a mutual operating principle. All employees shall not undertake any action or shall by no means support any action to violate any human rights. All employees shall be treated equally and there shall not be any discrimination against nationality, race, language, religion, gender, age and education. The employees shall value and respect each other and shall behave oneself appropriated with his/her duty pursuant to the regulations of the Company and the tradition and shall not damage the Company's image. The Company allows the employees to express their potentials fully and shall fix appropriated remuneration pursuant to the Company's regulations and also provide opportunity to the employees to further their education both in university level as well as short term and long term training course.

3. Operating policy on non-infringement of intellectual property or copyright

The Company has an operating policy on non-infringement of intellectual property or copyright. The method employed by the Company regarding this matter is that all employees are required to sign their names in memorandum of understanding to not commit any computer crime and to not infringe any intellectual property. The Company has specified the policy on usage of information technology system of Samart Group of Companies and software program of the employee shall be inspected to prevent any usage of piracy software and software which is unrelated to work.

4. Policy on Corruption

Since the giving of the inappropriate present, asset, gift or any other benefits shall cause the patronage image or joint obligations, which may impact the decision making towards the performance of duties and eventually may cause the damages to the Company, so such actions have not been supported by the Company. Therefore, the Company has specified the policy on receiving and giving present, property or other benefits policies in the business ethics as the practical guidelines. During the past year, the Company's activities concerning the corruption were as follows:

- There was no misconduct on corruption or wrong ethical behavior;
- No director has resigned due to an act concerning the Company's corporate governance principles.
- There was no case of the Company's negative reputation due to failure to oversee the operations of the Board of Directors.

Moreover, the Company is also aware of the importance on anti-corruption, hence, it sent its representatives to attend various meetings on corruption, for instance, the national meeting on anti-corruption, the training course on Practical Fraud Awareness, Fraud Detection & Fraud Prevention Strategies and the principle on detecting the corruption and etc.

5. Filing of Complaints

In addition, the Board of Directors are respect the importance of all stakeholders in participation of the Company's success, thus feed back channels for all stakeholders to return their complaints, comments or recommendations are provided for improvement. Those channels consist of direct mail to the following address, via Company's website at www.samartcorp.com under "Contact Us".

Mailing Address : Secretary to the Audit Committee
 Samart Corporation Public Company Limited
 99/10 Moo 4, Software Park, 26th Fl., Chaengwattana Rd.,
 Klong Gluar, Park-kred, Nontaburi 11120.

The Audit Committee Secretary will collect the information, and proposes the Audit Committee to consider and summarize for further report to the Board of Directors. In addition, the Company has the policy to defend the appellant by keeping appellants' information as secret. During the past year, no stakeholder has filed a complaint against the Company.

6. Procedures and methods on "Notifying the information on misconduct and the protection of the informant"

The Company adheres to good corporate governance principles and encourages its employees to examine and oversee any action which is against the corporate governance principles, ethics, rules and regulations of the Company, laws or any action which might cause damages to the Company. If such action is found, the employee can notify the clue on misconduct behavior to the Company by sending document and/or evidence to Chairman of the Audit Committee. Such document and/or evidence may be sent by the employees themselves or via the postal service, however name and surname of the sender must also be notified for convenience on enquiry and/or contact for more information.

Chairman of the Audit Committee shall then investigate and analyze such matter and if it is found that it has factual basis, it shall be sent to the Company's Audit Committee for further consideration.

The Company shall protect the employee who notifies such information (the informant or whistle blower) by not disclosing the name of the informant to any person. Only Chairman of the Audit Committee and the Audit Committee shall know such information. (If the name has not been identified, this matter shall not be considered).

The employee can find the method on informing the clue and the protection of the informant at the public relations media of the Company, i.e. the Company's website (www.samartcorp.com) and HR's website (www.samarthre.com) and etc.

4. Disclosure and Transparency

The Company has strong determination to reveal accurate complete, consistent and updated information, both financial and general information that related to Company's business. The Complete, consistent and updated information will truly reflect Company's financial performance and future business direction. The Company has a



disclosure policy to disclose information of any significant and future business operation directions, so that the shareholders and the stakeholders to access information conveniently and speedily for

- To submit the financial report to the Stock Exchange of Thailand (“SET”) and the Securities and Exchange Commission Thailand (“SEC”) within the specified timeframe. The financial report did not have any transactions where the auditor opined with qualified, the financial statement has also never been revised under the order of the SET and SEC. In order to make the investors are more well informed and understand the changes occurred to the financial position and operating results of the Company in each quarter, **the Company started to prepare the Management Discussion and Analysis (MD&A) for the financial statement every quarter and post it on the Company’s website, starting from the financial quarter of 3/ 2012 onwards.**
- Criteria on provision of remuneration to the directors and the executives have been clearly disclosed.
- Shareholding information of the directors and the executives has been disclosed in the Annual Report and the Annual Disclosure information. In addition, the Company has a policy requiring the directors and the executives to report a change in their securities holding within 3 business days from the date the securities have been purchased, sold, transferred or accepted transfer. The Company Secretary’s unit shall coordinate on submission of such report to SET and SEC. Moreover, it is also specified that any change of such securities holding of the directors and the executives shall be reported to the Board of Directors’ meeting every time.

The 2012 securities holding information of the directors and the executives

Number of shares held in Company ⁽¹⁾

Directors / Executives		Befor acquisition / disposition	Acquisition in 2012 ⁽²⁾	Disposition in 2012	31 Dec. 2012	Variance
1.	Dr. Tongchat Hongladaromp	-	125,000	125,000	-	-
2.	Mr. Pradang Prichayangkun	225,000	125,000	-	350,000	125,000
3.	Mr. Seri Suksathaporn	652,750	125,000	-	777,750	125,000
4.	Mrs. Siripen Vilailuck	5,460,250	-	-	5,460,250	-
5.	Mr. Charoenrath Vilailuck	139,293,360	-	-	139,293,360	-
6.	Mr. Watchai Vilailuck	139,596,035	400,000	-	139,996,035	400,000
7.	Mr. Sirichai Rasameechan	1,363,400	500,000	1,863,400	-	(1,363,400)
8.	Mr. Pairote Varophas	300,000	375,000	675,000	-	(300,000)
9.	Mr. Prinya Waiwatana	-	125,000	-	125,000	125,000
10.	Mr. Thananan Vilailuck	15,113,150	-	-	15,113,150	-
11.	Mr. Jong Diloksombat	-	-	-	-	-
12.	Mr. Pracha Phathayakorn	-	140,000	-	140,000	140,000
13.	Ms. Numthip Burapapongsanon	116,000	145,000	261,000	-	(116,000)

Remark: ⁽¹⁾ includes holding by spouse.

⁽²⁾ Received from conversion of warrants.

- Details on connected transactions have been clearly disclosed to prevent a conflict of interest (see more details in “Section 2. The Equitable Treatment of Shareholders” and “Item 5.6 Conflict of Interest”).

Furthermore, the Company also has a policy on the report of transaction which has conflict of interest of the directors and the executives as follows:

- 1) The director and the executive shall submit the first report on transaction with interest within 30 days from the date he/she is appointed to be the director or the executive pursuant to the specified report form.
- 2) The Director and the executive shall report a change of transaction with interest within 30 days from the date of such change pursuant to the specified report form.
- 3) Report on transaction with interest shall be kept at the Company Secretary and the Company secretary shall arrange to submit a copy of such report to the Chairman of the Board and the Chairman of the Audit Committee within 7 business days from the date the Company received such report.

The Company were disclosed to shareholders, investors and any related parties via SET's Communication system, Company's website (www.samartcorp.com), press release and Company's Annual Report and Form 56-1 as well as participated in the "Opportunity Day" which arranged by SET.

The Board of Directors has to ensure that the Company's disclosures are transparency and strictly complied by laws, Company's and any related regulations. The Company has never been notified any offense by SEC/SET on such matter. The Board has Major concerned on transparency and disclosure in the following area:

- **Provide multi channels for disclosure of information apart from SET's Communication system**

Annual Report and Form 56-1

The Board of Directors has to ensure that Annual Report / Form 56-1 contained adequate information with accuracy, clarity and could create understanding to the shareholders and related parties on the Company's operation and its performance for the previous year as well as the management structure, performance of the Board of Directors and all Committees.

Company's website

The Board of Directors is aware of the efficiency of website disclosure to the shareholders and related persons as well as equitably and easily of getting information. The Board of Directors therefore ensures the Company not only provides all significant information of the Company in the Company's Annual Report but also on the Company's website (www.samartcorp.com) in both languages, Thai and English. The disclosed information comprised of Corporate Governance Policy, Business Ethics, General News, Financial Statement as well as Annual Report and the Annual Disclosure Information (56-1), etc.

Investor Relations

The Company has also set up an Investors Relations section to provide Company's information and activities for investors, shareholders, analysts and general public via Company's website, Road Shows, analysts meetings and conference calls etc. The Company's Investor Relations could be contacted at phone number 0-2502-6583 or via www.samartcorp.com or the e-mail address at Pongthep.V@samartcorp.com The investor relations ethics prescribed by the Company are as follows:

The investor relations ethics

1. Conduct duties with integrity;
2. Disclose necessary information completely and fairly to all relevant groups equally;



3. Allow all relevant groups to access and enquire the information;
4. Perform duties by mainly adhering to benefits of the shareholders and the stakeholders;
5. Preserve confidential information of the Company and must not use inside information for personal gain;
6. Perform duties at his/her best and professionally;
7. Keep on studying to develop efficiency of the work;
8. Observe the principle on not accepting the appointment during the period close to financial statement announcement and the practical guidelines on securities trading specified by the Company.

In addition to above, the announcements on the Company's financial performance have been arranged for public, investors and analysts by quarterly basis with participation of the executives.

Meetings with investors and analysts in 2012 were summarized as follows:

- One on One Meeting with Analyst & Investors	51	Times
- Announcement of Company's Performance	4	Times
- Road Show	8	Times

As the Company has earnestly conducted the investor relations activities and complied with the good investor relations ethics specified by the Company, such efforts made the Company receive the SET Awards in 2012 in the category of the Outstanding Investor Relations of the listed companies under the group of companies with a market capitalization below Baht 10,000 million, Group 2.

- **Disclosure of Information of the Board of Directors and Committees**

- Structure, Roles and Responsibilities of the Board as well as performance of the Board and each Committee;
- Directors and Management's Remunerations: Policy of Directors' Remuneration has been clearly and transparently set to be comparable to the general practice in same industry and be appealing enough to attract and retain qualified directors. The directors who also be appointed to be the member of any Committees will be paid appropriately more in accordance with the extra work. The Nominating & Compensation Committee will consider the remuneration and propose for consideration of the Board of Directors prior to further approval from the shareholders. The remuneration of the Board of Directors and the Management has been disclosed in the Company's Annual Report and the Annual Information Disclosure (56-1) under "The Management".

- **Accountability to the Financial Statements**

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's Annual Report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements. The financial statements have been audited and commented independently by the authorized auditors of SEC.

The Board of Directors also set out and maintained for the efficiency of the Company's internal control system to ensure that the financial information had been correctly and accurately booked and sufficient to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error. The Board of Directors had appointed the Audit Committee of which comprised independent directors to be

responsible for the quality of the financial statements and the internal control system and disclosed such opinion in the Annual Report under the Report of the Audit Committee. The opinion of the Audit Committee has already been disclosed in the Annual Report. Moreover, Report of the Board of Directors' responsibility on the Company's Financial Statements was also attached in the Company's Annual Report.

5. Roles and Responsibilities of the Board

5.1) Directors' Qualifications

The Board consists of directors who have various knowledge, experience, and specific skill that suitable and benefit to the Company. The Board will also have leadership and vision to carry on the Company's business and achieve its objectives. The Company has 9 directors who complied with the qualification that been described in the Company's "Management Structure". All of the Directors have contributed their best to the Company which may concern from their participation in the meeting that been described under the "Board of Directors' Meeting".

5.2) The Independent of the Board of Directors

- **Separation of CEO and Chairman**

For best benefit of the shareholders and to strike a balance of power within the Company, the positions of Chairman of the Board of Directors and CEO must not be attained by the same person. The Company's Chairman of the Board of Directors is an independent director who has the qualifications of independent director in accordance with SET's notification and has no business relation with any management of the Company. Chairman of the Board and CEO have Roles and Responsibilities as follows:

Duties and responsibilities of the Chairman of the Board

1. To be responsible as the leader of the Board of Directors to oversee, monitor and supervise the operations of the Executive Board and other committees to make them achieve the objectives pursuant to the specified plan;
2. To act as the Chairman of the Board of Directors' meeting and the Shareholders' meeting;
3. To have a casting vote in case the Board of Directors' meeting has a tie vote.

Roles and Responsibilities of Chief Executive Officer

1. General operation management and control in business of the Company to comply with its objectives, policy and the Articles of Association;
2. Consideration in business investment plans prior to propose for the Executive Board and the Board of Directors for further approval;
3. Entering into any transaction binding the Company conforming to the Company's Delegation of Authorities;
4. Carry out any assignment from the Board of Directors and/or the shareholders of the Company.

The delegation authorities of the Chief Executive Officer should not be delegated or further assigned that authorize the CEO or its attorney to approve any connected transactions between themselves or any persons who may have conflict of interest (according to the concept of conflict of interest of the SEC's notification) with the Company or subsidiaries except such transactions are handled in line with the connected transaction procedure or policy which been approved by the Board of Directors of the Company shareholders' meeting to be complied to regulations of SET/SEC or any related laws and regulations.



- **Balance of Power**

The Board of Directors of the Company comprised of 9 members with various qualifications, skills, experience and expertise. Composition of the members is as follow:

- 4 Independent directors (one-third of the Board of Directors)
- 3 Executive Directors
- 2 Non-Executive Directors (1 director representative from major shareholders).

In addition, the Company also has one Non-Executive Director (Mr. Pairote Varophas) who has direct experiences concerning the businesses the Company currently operates.

The shareholders could have confidence that the directors as representatives of the shareholders could perform their duty without any influence or control by management of the Company by the above structure.

- **Separate Roles and Responsibilities of the Board of Directors and CEO**

The Company has clearly set the separate roles and responsibilities of the Board of Directors and CEO. The Board of Directors will focus and ensure that the Company's business will achieve its target and in the direction that create value and best benefit to the shareholders as well as all stakeholders. Any conflict of interest with the Company and its subsidiaries will be prohibited. The Board will also comply with the Company's Ethics to ensure all Company's businesses are run under Company's objectives, Articles of Association, laws and regulations of SEC/SET and other related laws. At the same time, CEO who is the management's leader will focus on general management of the Company. The details of Roles and Responsibilities of the Board of Directors and CEO are described under "Management Structure".

5.3) Being Director in other Listed Companies

- **Policy for directors on being director in other listed companies**

For efficiency of being the director, the Board of Directors of the Company has set the "Policy" for all directors to be the director in any listed companies not exceeding 3 companies. However, there is not any of the existing directors of the Company is being the director in listed companies over than 3 companies and also could participate and contribute to the Company with efficiency.

- **Policy for executives management on being director in other listed companies**

Moreover, the management of the Company will also be obtained approval from the Executive Board prior to be a director in any companies of which are not have either similar business or being the Company's competitors.

5.4) Transparency of Nomination

The Board ensures the Company to provide transparency process of nomination of directors and management of the Company of which the details are disclosed under clause 2. "The Nomination of Directors and the Management".

5.5) Board of Directors' Activities in 2012

5.5.1) Set Policy and Business Direction

The Board of Directors has clearly established the Company's Vision & Mission as follows:

Vision:

Be the most recognized company for advance technology that enrich lives.

Mission:

- Offer value solutions to best serve customers' needs.
- Enrich relationship with partners.
- Deliver beyond shareholders expectation.
- Be a company of choice for customers & employees.

Core Strategies:

- Foresee the changes and plan well for the future.
- Meet every customer's need & demand.
- Develop advance & differentiate technology solutions.
- Strengthen financial performance.
- Work closely and effectively with key alliances.
- Expand market base & brand preference within the country and overseas.
- Expand our business portfolio in valuable technology-related area.
- Drive "SAMART" to be a learning organization and a center of excellence.

Corporate Governance Policy

The Board of Directors is aware of the importance of good Corporate Governance. Therefore, the written Policy of Corporate Governance both in Thai and English have been set and approved by the Board since 2005 to create more transparency, competitiveness and strengthen the confidence of all shareholders, investors and other related parties. The Corporate Governance Policy had also been posted on the Company's website for information of the Company's employees and for public. Internal audit and Internal control system have been emphasized to monitor the management to follow the Company's policy with more efficiency in order to increase long-term benefit to the shareholder under the law and Business Ethics. The Corporate Governance Committee will monitor and have the employees to strictly comply with such policy. The CG Policy will be annually reviewed and revised to comply with new regulations. The latest revision has been resolved by the Board of Directors of the Company on February 27, 2013.

Corporate Governance Policy covers the following area:

1. Rights of Shareholders
2. Equitable Treatment of Shareholders
3. Role of Stakeholders
4. Disclosure and Transparency
5. Roles and Responsibilities of the Board of Directors

Business Ethics

The Company is conducting the business with great awareness in ethical and moral issues. The handbook concerning business ethics for all members of the Board of Directors, managerial team and our employees has been provided in both Thai and English since 2005 as a guideline to continue his/her duty with honesty, integrity, morality, and, of course, highest quality. It also reminds the Company to bring fair treatment in accordance with legal restrictions, to maximize shareholder value, and to prevent plausible conflicts of interest. The Business Ethics had also been posted on the Company's website for information of the



Company's employees and for public acknowledgement. The Business Ethics will be annually revised. The latest revision has been reviewed by the Board of Directors of the Company on February 27, 2013 for compliance with the revised Corporate Governance Policy.

Business Ethics covers the following area:

1. Conflicts of Interest
2. Responsibilities to shareholder
3. Employee policies
4. Customer policies
5. Trade partners policies
6. Creditor policies
7. Counterpart/Competitor policies
8. Receiving and giving present property and other benefits policies
9. Responsibility to society as a whole
10. Responsibility to community
11. Responsibility to environment
12. Corporate Social Responsibility Report / Sustainable Development Report
13. Non-violation of human rights policy
14. Opinion or suggestion
15. Procedures and methods on "Notifying the information on misconduct and the protection of the informant"

In addition, the Company has publicized vision, mission and policy on good corporate governance including business ethics on website of the Company (www.samartcorp.com). Corporate governance policy and business ethics has been delivered to the management and the employees via e-mail and in the form of weekly corporate governance tips as well as in a poster posted at the public relations board of the Company. Moreover, the Company also assigns the Corporate Governance Committee to oversee the directors, the management and the employees to ensure that they strictly adhere to this principle.

Monitoring on Business Ethics

The Company conveyed business ethics practices via various channels and the Company also specified that all directors, executives and employees have responsibility to acknowledge and comply with the Company's policies and regulations. The supervisors or the superior officers at all level have to monitor the compliance with the business ethics as well as to give recommendation and advise in case there is a problem on making decision or performing the works concerning the business ethics which have not been specified elsewhere. However, such recommendation must be based on the legal rules and it must not against the policy or business ethics of the Company, must not have negative impact to the Company's image including must not cause negative effect to the Company's stakeholders. The Company shall revise and improve its business ethics policy continually to make it always appropriate and up-to-date.

In the event that it is found that there is a violation of the business ethics, the supervisor shall undertake the necessary measures to solve or make good of such action or may issue a warning notice, as the case may be. The wrongdoer shall be subject to disciplinary penalty and may also be faced with legal penalty, if such action is against the law.

Moreover, the Company also has one more channel to receive the misconduct information or complaint or opinion on violation of law or ethics including on the behavior which may lead to the corruption or inequality treatment, the details on procedures and methods on informing such information, as well as the protection of the informant can be found in the Subject of “Request for Complaint”.

5.5.2) Leadership and Vision

The Board of Directors involved and agreed on set out the Company’s vision, mission, strategies, business plan and budget as well as to govern the management to follow such business plan and budget with efficiency and profitability for economic value to the Company and the best stability to the shareholders. In addition to the above, the Board of Directors has not only ensure the Company and its management to oversee the value of all stakeholders, neither derive personal benefit nor create any rivalry with the Company and its subsidiaries, but also conducted the business with great awareness in ethical, moral and compliance to the Company’s Articles of Associations, Notifications of SEC/SET and other related laws and regulations.

Internal Control system, internal audit as well as efficiency risk management had been set by the Board of Directors. Monitoring and evaluation were made by the Audit Committee and regularly reported to the Board of Directors.

5.5.3) Set up of Committees

For governing the management to comply with the approved policies and having better efficiency, the Board of Directors appointed the following committees to help the Board for consideration in significant matters.

- Audit Committee
- Executive Board
- Corporate Governance Committee
- Nominating & Compensation Committee
- Risk Management Committee

Roles and responsibilities of each committee were disclosed under section 1. “Management Structure”. In addition, Committees’ Charters have also been set and disclosed on the Company’s website (www.samartcorp.com).

5.5.4) Board & Committees’ Meeting

1) Board of Directors’ Meeting

The Board of Directors’ Meeting schedule has been set as quarterly basis with certain agenda. The annual meeting schedule will be sent to each director by the Company Secretary for preparation and arrangement for meeting participation. However, additional unscheduled Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The operating results will be regularly reviewed. The invitation letter as well as meeting materials will be delivered by the Company Secretary to all directors prior to the meeting date for consideration. The average length of the meeting is approximately 2 hours. Details of directors’ attendance for 2012 with total 7 meetings, were as follows:



Directors	Directorship in the Company	Term of Directorship (Year-month)	Number of Attendance /Total Number of Meeting	Summary of consideration
1. Dr. Tongchat Hongladaromp	Apr. 2008	4-8	7/7	<ul style="list-style-type: none">- Considered the Company Operating Performance and Financial Statements for 2011 as well as quarterly performance of 2012;- Considered the sufficiency of the Company's Internal Control System;- Acknowledged the 2011 Committees' activities;- Acknowledged the 2011 Board Self-Assessment and CEO Assessment Result as well as consider the criteria of the Board Self Assessment, CEO and Company Secretary Assessment Form for 2012,- Considered the interim payment for six months of 2012;- Considered the dividend payment for year 2011;- Considered matters concerning to 2012 AGM agenda and provide opinions to shareholders for consideration;- Considered the appointment of Committees' members;- Considered Annual Salary increase for 2013, 2012 Bonus and 2013 Bonus Payment Policy;- Considered the Directors & Officer Liabilities and Corporate Reimbursement Insurance;- Reviewed and revised the Company's Corporate Governance Policy, Business Ethics and Committee Charter;- Considered the Company's 2013 business plan;- Considered to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2013;- Considered the investment in new business;- To Acknowledge the securities holding report of the Company's directors and the executives which has been changed from the previous meeting;- Acknowledged the summary reporting share repurchases Project;- Considered the appointment of the Executive Director to replace the retired Director.
2. Mr. Pradang Prichayangkun	Apr. 2008	4-8	7/7	
3. Mr. Seri Suksathaporn	Feb. 1999	13-11	7/7	
4. Mrs. Siripen Vilailuck	Feb. 1993	19-10	5/7 ^(*)	
5. Mr. Charoenrath Vilailuck	Feb. 1993	19-10	7/7	
6. Mr. Watchai Vilailuck	Feb. 1993	19-10	7/7	
7. Mr. Sirichai Rasameechan	Feb. 1996	16-10	7/7	
8. Mr. Pairote Varophas	Apr. 2003	9-8	7/7	
9. Mr. Prinya Waiwatana	Apr. 2010	2-8	6/7	

Remark : ^(*) Went for business trip.

The minutes for all meetings had been taken, kept and been ready for verification by the directors or any related parties.

2) Audit Committee

In 2012, the committee conducted 4 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Pradang Prichayangkun 2. Dr. Tongchat Hongladaromp 3. Mr. Seri Suksathaporn	4/4 3/4 4/4	<ul style="list-style-type: none"> - Reviewed the financial statement and the consolidated financial statement of the Company and its subsidiaries to ensure that their financial reports are accurately & completely and the information is adequately disclosed; - Considered the connected transactions or the transaction which may have conflicts of interest by complying with the laws and regulations specified by the Stock Exchange of Thailand to ensure that such transaction are reasonable and have maximum benefits to the Company; - Reviewed the Company's operations to make sure that they are in line with the laws on securities and stock exchange including the laws concerning business operations of the Company and evaluation results on internal control system and risk management pursuant to the international standard; - Reviewed the Company's internal control systems to make them appropriated, transparent and effective by considering from results of annual internal audit report for 2012; - Supervised the internal audit operation to ensure that the internal audit activities are efficiently and effectively and for the maximum benefits of the Company and the shareholders as well as approving the internal audit plan for 2013 which conformed to type and level of the Company's risks; - Considered the nomination and appointment of the external auditor of the Company and appropriate remuneration to propose to the Board of Directors and the shareholders for further consideration; - Conducted its self-assessment performance concerning authority, independence, auditing performance and the expression of opinions or recommendations which should benefit the Company, according to the guidelines from the SEC and the Audit Committee Charter.

3) Executive Board

In 2012, the committee conducted 14 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck 3. Mr. Sirichai Rasameechan 4. Mr. Jong Diloksombat 5. Mr. Thananan Vilailuck	14/14 14/14 14/14 12/14 ⁽¹⁾ 14/14	<ul style="list-style-type: none"> - Quarterly consider business operation plan and solutions of each LOB ; - Monthly review and monitor business operations to be in line with the plan; - Considered the followings prior to submit for further approval from the Board of Directors : <ul style="list-style-type: none"> • Investments/Dispose of investments; • The Company's 2013 Strategic Implementation Plan; - Considered Annual Salary increase for 2013, 2012 Bonus and 2013 Bonus Payment Policy for the employees and the management of the Company proposed for further consideration to the Nominating & Compensation Committee; - Considered new hire and promotion of manpower;

Remark : ⁽¹⁾ Has been appointed as Executive Director of the company on March 19, 2012.



4) Corporate Governance Committee

In 2012, the committee conducted 2 meetings, were as follows:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Seri Suksathaporn 2. Mr. Pradang Prichayangkun 3. Mr. Sirichai Rasameechan 4. Mr. Prinya Waiwattana	2/2 2/2 2/2 2/2	<ul style="list-style-type: none">- Reviewed Acknowledged to allow the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2012;- Acknowledged the Board Self-Assessment and the CEO Assessment Evaluation for 2011;- Reviewed and considered the amendment of Company's Corporate Governance Policy Business Ethics and Committee Charter in line with the international corporate governance criteria;- Considered the Board Self-Assessment, the CEO and Company Secretary Assessment form for 2012;- Considered the minority shareholders to propose matter in the agenda and enquiries prior to the meeting date of AGM 2013;- Arranged the meetings between the Company's Independent Directors without the participation of the Company's Management to discuss the management problems of the Company.

5) Nominating & Compensation Committee

In 2012, the committee conducted 3 meetings, were as follow:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Dr. Tongchat Hongladaromp 2. Mr. Pradang Prichayangkun 3. Mr. Seri Suksathaporn	3/3 3/3 3/3	<ul style="list-style-type: none">- Selected, and nominated appropriate candidates to be the Directors for replacement;- Selected, and nominated appropriate candidates to be the Committee Member;- Considered remuneration of Board members and Committees members;- Considered Annual Salary increase for 2013, 2012 Bonus and 2013 Bonus Payment Policy;- Considered the appointment of the Executive Director to replace the retired Director;- Considered and approved the allocation of warrants to the Company's director prior to propose for consideration of the Shareholders.

6) Risk Management Committee

In 2012, the committee conducted 4 meetings, were as follow:

Directors	Number of Attendance/ Total Number of Meeting	Summary of consideration
1. Mr. Charoenrath Vilailuck	4/4	<ul style="list-style-type: none">- Studied, reviewed and evaluated risks which might be incurred, including tendency of its impacts against the organization.- Set up policy to make the management of all companies conduct the strategic risk management plans which covered strategic risks, financial operations.- Reviewed and monitored the Internal control on continued basis so that the Company can operate business with efficient risk management system.- Monitored all companies, in line with good corporate governance as well as fully and correctly compliance with the relevant laws, rules and regulations.
2. Mr. Watchai Vilailuck	4/4	
3. Mr. Sirichai Rasameechan	4/4	
4. Mr. Lai Ki Tong	4/4	
5. Mr. Sommai Damneonkiat	4/4	
6. Mrs. Sukanya Vanichjakvong	4/4	
7. Mr. Thananan Vilailuck	4/4	
8. Mr. Jong Diloksombat	4/4	
9. Mr. Prasitchai Veerayuttwilai	4/4	
10. Mr. Pracha Pattayakorn	4/4	

All the Committees have regular meetings and reported to the Board of Directors of the Company for consideration.

Meeting among members of the Independent Directors In 2012, the Company has arranged the meeting among only members of the Independent Directors of the Company prior to the Board of Directors' Meeting every time without any participation of the management team, in order to have discussion on management issues of the Company freely.

5.6) Conflict of Interest

To prevent conflicts of interest, the Company has drawn out guidelines for directors and employees as follows:

1. Avoid all actions that may cause conflicts of interest with the Company;
2. In case that directors or employees commit any transaction related to the Company, the particular director and employee will be treated like an outsider, and will play no part in decision-making process;
3. Refuse to use Company's information obtained in their posts for an opportunity to derive personal benefits by creating rivalry with the Company or involving in related businesses;
4. Refuse to use Company's information for securities purchase for personal benefits or to leak Company's information to outsiders for their benefits;
5. Refuse to reveal Company's classified information (e.g. electronic information, financial situation, work's plans, business information and Company's future plans) during and after their posts.

On any conflict of interest transaction, before entering into the transaction, the Company specified that the Board of directors, Management, Employees and relevant parties must disclose the transactions with interest to the Audit Committee to consider the appropriateness of such transactions. The Audit Committee will carefully review prior to submit with opinion either on such conflict or connection to the Board of Directors for further review and to ensure



that the transaction has to be complied with SET's regulations, information of the transaction i.e. value of transaction, party involved and necessity etc., has been disclosed in the Company's Annual Report, Form 56-1 and the auditor's note in the financial statements. Any consideration of the connected transaction, the directors who may have conflict of interest will neither participate nor vote in such meeting both in the Board of Director's and the Shareholders' Meeting. Details of the transactions which may have any conflict of interest were disclosed under the "Connected Transactions".

5.7) Internal Control System and Internal Audit

The Company has an effective management system which can link to and integrate with important sections throughout the organization, i.e. governance, risk management and compliance by using essential mechanisms, such as strategy, process, people, technology as well as appropriated structure to help drive to the target and for maximum efficiency including the sustainable development.

Internal control system and risk management is another important instrument to make the operations achieve the target, success and add value to the stakeholders. All employees of the Company have been assigned to have joint roles and responsibilities. In addition, power of authority at the management and the operation levels has been clearly specified in writing which cover financial control, operations, management and supervision to ensure that they are compliance with the related laws and regulations, both internally and externally. Furthermore, the Control Self-Assessment (CSA) measure has also been implemented to make the employees be able to identify risks by themselves in time and can improve work system to reduce risks in acceptable level. CSA can encourage the employees to be responsible for risk assessment and to develop internal control by themselves continually which consequently can strengthen internal control system and make risk management tasks effectively. All of these can reasonably assure that work results can achieve the Company's objectives which are as follows:

1. Strategies and targets must be clearly specified and they must be practical, consistent with and can support the Company's mission.
2. Performance results must be efficiently achieved as per the specified targets. Resources of the Company must be worthily managed.
3. The report must contain important information on finance, management and operations and they must be accurate, reliable and can be used for making well-informed decision in timely manner.
4. The operations and performances must be as per the policies, rules and regulations which are in line with the applicable laws related to the business operations of the Company.
5. There must be suitable systems to protect and control assets, personnel including information in the information technology system.
6. There must be close supervisory system at all times including the qualified and efficient management system.
7. Operational quality of the personnel, assets, equipment and operating system must be improved on continued basis.
8. There must be suitable control self-assessment system to control important work systems throughout the organization.

The Company has efficient internal control system and risk management by complying with the internal control and risk management framework which are referred to the international standard of The Committee of Sponsoring Organization of the Treadway Commission-Enterprise Risk Management (COSO-ERM). This system is related to 8 components of business operations and management processes of the Company as follows:

1. Organization and its environmental conditions

The Company supports good working environmental conditions by setting up the appropriated policies, plans, operations, controls and monitoring measures with good management structure that is suitable to size and business operations of the Company. The operations must be complied with and adhere to good corporate governance and code of business ethics where the requirements and practical guidelines have been made in writing. The Corporate Governance Committee has been appointed to supervise the Company on compliance with the corporate governance policies and the senior management must be good role models on honesty and ethics. All stakeholders have been fairly treated. The authorities and responsibilities in each level have been clearly prescribed. The Risk Management Committee has been appointed in writing and roles including risk management guidelines as well as risk management have been specified systematically and continually. The communication has been conveyed to the employees at all levels to make them thoroughly understand such roles and guidelines. Acceptable risk levels which can be linked to the Company's strategies have been specified to ensure that the Company has good internal control system and risk management that can prevent or reduce possible damages, which consequently make the Company be able to achieve the targets set effectively and efficiently.

2. Objectives Setting

The Company set up objectives or targets of work performance in each level clearly, which included strategy on operations, reports as well as compliance with the written policies, rules and regulations and they must be in line with the main targets or overall missions as well as the acceptable risk levels. Moreover, the Company also adjusted plans, strategy and objectives to make them correspond to the changing situations and risk factors regularly.

3. Identify Incidents

The Company identified incident indicators or risk factors which can cause negative impact to the objectives at organizational level and operational level appropriately and systematically including identified potential incidents which may have positive impact as well. This work has been done by considering external and internal risk sources and by constantly monitoring the results to ensure that risks identified by the Company cover changes in each level. Furthermore, the management or the related persons must have been reported for their acknowledgement on regular basis.

4. Risk Assessment

The Company has systematic tools and methods on risk assessment and has prescribed the appropriated criteria in each level, i.e. at organizational and operational level. Qualitative and quantitative assessments have also been conducted by considering from the acceptable risk levels of the organization and from 2 aspects, i.e. impact for damages and risk likelihood to consider risk levels, such as high, middle or low and the methods have been sought to manage those risks.



5. Risk Response

The Company has risk management process systematically and continually. Risk response strategy has been clearly specified in each level and in overall level, such as avoidance, reduction, transfer to others and risk acceptance to ensure that the Company has considered the most worthy and most effective alternative by handling high risk as its first priority to reduce opportunity and overall impact which might occur from such incident. The Company also has good internal control measures which are suitable for the changing risks.

6. Control Activities

The Company has clearly prescribed policies and operational practices as well as important control activities in each level appropriately by emphasizing on preventive control activity. Assessment and results must be regularly reported to make sure that such risk management or control activity was qualified, practical performed, fulfilled the objectives set and in timely manner. In addition, the senior management also reviewed policies, practical guidelines and control activities from time to time to make certain that they can correspond to the changing circumstances or risks and can achieve the objectives set.

7. Information Technology System and Information Communication

The Company has the information technology system and information which can be linked throughout the organization to be used in risk management or to make well-informed decision making in time. The Company also has adequate and effective security system for information technology system and information as well as emergency contingency plan in case there is severe incident that can prevent the system from fully functioning and the practice for such emergency contingency plan has already been conducted. The Company has data storage system that can be audited backdated (audit trail) including the information system which can analyze or identify the point which is likely to cause risks in terms of statistically and systematically. This system can assess and manage risks as well as record or report the results completely.

8. Monitoring System

The Company has appropriated procedures to monitor and supervise work performances by comparing them with the targets or indicators (KPI) in each level regularly. In addition, it also has good assessment, analysis and monitoring system, for instance, it specified that the employees at supervisor level must monitor work performances and reports of their subordinates closely and then report to higher supervisor level to ensure that internal control system and measures are efficiently and can respond to risk factors and changes appropriately and in time. Work performance must be audited by the Internal Control Department which is an independent unit, the auditor and the external appraiser.

Internal Audit

The internal audit unit has independence and righteousness and it shall directly report to the Audit Committee who prescribed vision, mission, strategy, scope, objective and responsibility as well as audit performing rights clearly. The audit manual has been prepared and updated continually to be used as referenced criteria for equal operational guidelines and to ensure that the operations of internal audit unit are qualified and complied with the international standard on internal audit professions to promote and improve the organization so that it shall have good corporate governance, increase values to the stakeholders and can lead to sustainable development.

The internal audit unit must audit and assess efficiency of the internal control system, risk management system, compliance of the Company in accordance with the annual audit plan by considering from objectives, strategies, overall missions, risk based audit approach including key control point and additional comments from the management. Such audit plan has been approved by the Audit Committee and it also included recommendations in various aspects, i.e. the preparation of internal control measures and risk management. This method can help the Company be confident that the operations shall be achieved as per the set strategies and objectives. The results were also monitored and assessed regularly to ensure that the planned system can be performed continually and it has been revised and updated regularly.

With regard to the assessment of efficiency of risk management system, the internal audit unit has reviewed the incident indicators or risk factors which impacted objectives and risk management guidelines of the operators. The objectives were to ensure that risks have been identified and assessed correctly and risk management was systematically implemented so that it can manage risks to be in acceptable level. There must be a complete and prompt report and risks must be regularly monitored and reviewed.

With regard to the risk assessment on corruption from outside and inside the organization, the internal audit unit has assessed by identifying indication and possibility of corruption from outside and inside the organization and then considered the preventive and control measures for maximum efficiency to ensure that the Company can prevent and control this matter, so that it can achieve the objectives planned.

In addition, the head of internal audit unit also acts as the secretary of the Audit Committee and his/her duties are to support workloads and shall be responsible for all duties of the Audit Committee which have been assigned from the Company's Board of Directors. He/she shall arrange the Audit Committee meeting every quarter and shall also provide recommendations and suggestions in various aspects which are beneficial to the organization.

Moreover, the internal audit unit also emphasized quality and development of internal audit task and also encouraged the internal audit personnel to develop themselves on continued and regular basis.

Based on the above assessment, the meeting of Board of Directors No. 1/2013 on February 27, 2013, concluded that the Company has a sufficient internal control system. Furthermore, the Company's auditor, Miss Kamontip Lertwitworatep, as auditor license no. 4377 and Miss Siriwan Suratepin, an auditor license no. 4604, audited the Company's financial statement for period ending December 31, 2012 without any comment on the Company's internal control system as significant error.

5.8) Risk Management

The Company has a good system to monitor risk management results including an alarming system to make sure that risk management and administration was adequately and effectively and risks have been in acceptable levels. Results have been regularly reported to the supervisors at all levels and the high management. The meetings of the Company's Board of Directors have been held to consider and monitor the operating results of the management to ensure that they were managed as per the objectives and within the specified period of time.

At present, the situations are changing quickly so risk management is very important to help the Company achieve the objectives when the unforeseen circumstances arise. Hence, it is very essential that the Company must have the management mechanism to strengthen and prepare well-rounded readiness in advance, so that it can manage risks and can sustain its business for a long time.



The Company put emphasis on risk management of the organization by appointing the Risk Management Committee which comprised of the Company's Executive Chairman & CEO as the Chairman of the Risk Management Committee and the high management as the Committee members. In 2012, the Committee has conducted 4 meetings to consider the overall organizational risks, classify risk levels, prescribe risk management guidelines and assign the responsible persons to carry out risks control measures to make them in acceptable level with aims to make the Company achieve the set objectives and strategies and enhance the shareholders' and the stakeholders' confidence. The Company also reviewed the Company's risks regularly to check which risk has increased or changed.

The Risk Management Committee monitored successes of risk management by considering from the work plan of the management who was responsible for risk factors and results of the credible measurement on compliance with the work plan as well as considered whether risk level has been decreased or not, so that risk management can be truly effectively.

The Company disclosed risk management policy on the Company's website (www.samartcorp.com).

5.9) Board, CEO, Audit Committee and Company Secretary Assessment

5.9.1 Board Self-Assessment

The Corporate Governance Committee has initiated the Self Assessment form for Board members to review and evaluate their performance for 2012 as a whole. The assessment form, which has been approved by the Board of Directors in its meeting No. 7/2012 on December 17, 2012, was sent to all directors for assessment. The questionnaire covers the following area:

- Board Composition
- Strategic Guidance
- Monitoring & Evaluation
- Accountability

From the assessment which been completed by the Board members individually, total number of directors (9) agreed that for the above area, the Board of Directors of the Company has an excellent evaluation by obtaining average score **95.17%**.

5.9.2 CEO Assessment

The Corporate Governance Committee has initiated the Assessment for CEO. The form has been approved by the Board of Directors in its meeting No. 7/2012 on December 17, 2012 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Leadership
- Formulation and compliance with the strategic plan
- Planning and the financial performance
- Board Relations
- Risk Management and Internal Control
- Administration and relationship with the personnel
- Succession of the position

- Knowledge on products and services
- Good Corporate Governance and Code of Business Conduct

From the assessment which been completed by 8 directors, the directors agreed that the CEO has an **excellent** evaluation by obtaining average score **95.12%**.

5.9.3 Audit Committee Self-Assessment

In order to make the Audit Committee to be able to evaluate its own performance during the previous year with regards to the compliance with prudent practices and the effectiveness, so the evaluation which covered the following topics has been conducted:

- Component of the Audit Committee
- Authority, duty and responsibility
- Training and resources
- Meeting
- Activities of the Audit Committee
- Relationship with the Director of Internal Audit Department, the auditor and the executives
- Roles of the Internal Audit Committee in the future

From the assessment which been completed by 3 Audit Committee Members, the members agreed that the Audit Committee has an **excellent** evaluation by obtaining average score **96.37%**.

5.9.4 Company Secretary Assessment

In order to develop the working efficiency of the Company Secretary, the Company has also been assessed by using the assessment form which has been approved by the Board of Directors in its meeting No. 7/2012 on December 17, 2012 and sent to all directors for assessment. Assessment result will be considered for remuneration adjustment. The questionnaire covers the following area:

- Skill, Knowledge and Capacity of Company Secretary
- Compliance
- Contact and Coordination
- Documentation
- Meeting Arrangement
- Corporate Governance

From the assessment which been completed by 9 directors, the directors agreed that the Company Secretary has an **excellent** evaluation by obtaining average score **95.05%**.

5.10) Development of Directors and Management

The Company specified that whenever there is a change of director, there shall be an orientation for a new director every time. In addition, director's manual, document and useful information which shall be beneficial to the duty operation of the new director shall be provided, in order that such new director can be ready to conduct his/her duty. The Company Secretary shall be a coordinator for the orientation with following matters:

- Matters that should be known: Nature of business, business structure, directors' structure, scope of power and duty, related laws as well as policies and practical guidelines for supervising the Company's business;



- General knowledge of the business: Business operation guidelines to enhance knowledge and understanding on business and various operations of the Company;
- Arrange to have a meeting with the Chairman and the Executive Chairman /CEO to enquire in-depth information about business operation of the Company.

In addition, to support and increase knowledgeable of the directors, periodical training will be provided especially the Director Accreditation Program (DAP) and Director Certification Program (DCP) arranged by the Thai Institute of Directors (IOD). Seven of the existing directors had joined DCP program and two directors joined DAP program. Each year, the Company shall submit the training courses arranged by various institutes to the Committee members for their consideration on attendance pursuant to their needs. In 2012, the directors have attended the additional training courses as follows:

Director	Course
1. Mr. Pradang Prichayangkun	- Seminar on “New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability”, The Stock Exchange of Thailand.
2. Mr. Charoenrath Vilailuck	- Chief Executive Course for Urban Development Management, Class 1, Urban Green Development Institute Bangkok.
3. Mr. Sirichai Rasameechan	- Seminar on “New Change in Board Responsibility Practices: A Step Forward to Value and Sustainability”, The Stock Exchange of Thailand. - Seminar on Taxation Measures, “United Power for Education and Sport” of the Revenue Department.

5.11) Company Secretary

The Nominating & Compensation Committee considered and appointed a potential and experienced person as the Company Secretary proposed for further approval of the Board of Directors. The Board of Directors has appointed Mrs. Vorapin Isaradharm as the Company Secretary. Roles and responsibilities of the appointed Company Secretary are as follows:

1. Perform her duty with responsibility, due care and loyalty as well as has to comply by laws and any other related regulation;
2. Support the Board of Directors for their activities including provide consultation with related to Company’s Articles of Association, and any other regulations from related authorities;
3. Arrange meetings for Board of Directors, Committees and Shareholders as well as coordinate to ensure all resolutions have been implemented complying with Company’s Objectives, Articles of Association, laws and related regulations;
4. Preparing and keeping important documents of the Company, i.e. a register of directors, notices calling directors’ and shareholders’ meetings as well as the reports of such meeting and the annual report, etc.;
5. Keeping the report on interest filed by Directors and executives as well as submit a copy of such report to the Chairman and the Chairman of Audit Committee within 7 business days from the date on which the Company has received the report.

In case where the Company Secretary vacates her position or is incapable of performing her duty, the Nominating & Compensation Committee shall select a new Company Secretary to propose for consideration and approval of the Board of Directors to appoint the new Company Secretary within 90 days from the date on which the Company

Secretary has vacated her position or has been incapable of performing her duty; in this regards the Board of Director shall be empowered to assign any director to perform the duty as the substitutes during such period.

The Company has specified the qualifications of the Company Secretary as follows:

1. Having well-rounded knowledge and understanding of the Company's businesses.
2. Understand roles and duties of the Company Secretary.
3. Having knowledge and understanding concerning legal matters, regulations of the Office of SEC and the Stock Exchange of Thailand.
4. Do not exploit the Company's business opportunity for personal benefits as well as preserve the confidential information of the Company.
5. Having good human relationship and can coordinate and contact with other agencies inside and outside the Company.
6. Possess English proficiency.
7. Having working experiences on the Company Secretary at least 3-5 years.

Profile of Mrs. Vorapin Isaradharm, the Company Secretary

Education : Master of Economics Law, Chulalongkorn University
Bachelor Degree in Monetary Economics, Chulalongkorn University
Mini MBA, Thammasart University

Training : Training courses from Thai Institute of Directors Association (IOD)
- Director Certification Program (DCP)
- Company Secretary Program (CSP)
Internal Auditing Certificate Program (IACP), Federation of Accounting Professions
Accounting / Finance for Executive

Work Experience :

1999-Present	Company Secretary Samart Corporation Pcl.
2011-Present	Vice President - Internal Audit Samart Corporation Pcl.
1993-1998	Company Secretary and Investor Relations The Cogeneration Pcl.

During the past year, the Company Secretary has attended the training courses and seminars to strengthen knowledge as follows:

- Asian Business Dialogue on Corporate Governance 2012
- Guidelines on preparation of good corporate governance report for the listed companies in 2012



- Clarification on good corporate governance principles of the listed companies in 2012
- Taxation laws concerning the merger and acquisition and the Draft Merger and Acquisition Act
- Debt instrument: Fund raising option of the medium and small companies
- Improvement of criteria of SEC on the part concerning the listed companies and REIT
- Amendment of the criteria of the holding company
- M&A - the Leap growth strategy of the listed companies
- CSR Thailand 2012 “Change for real : License to operate in the new age”
- Direction of CSR & Sustainability in 2012: Reinforcing your CSR
- CSR Day Forum: In-depth GRI Reporting v3.1
- Project on preparation of CSR Best Practices of the companies in technology related group
- Corporate Social Responsibility Management for Sustainable Development

In addition, apart from being appointed from the Board of Directors to be the Company Secretary, Mrs. Vorapin Isaradham has also appointed to be the Secretary of all Committees, such as Audit Committee, Executive Board, Corporate Governance Committee, Nominating & Compensation Committee and Risk Management Committee.

5. Inside Information

The Company will inspect to ensure no inside information of which is material, undisclosed and confidential leak to public or be used from unauthorized for personal benefit. IT system has been implemented for a secure access for all users inside and outside the firewall in conjunction with the Company's own user authentication and security system. **It was also set forth in the Company's Corporate Governance Policy refuse the directors, management and employees of the Company to use Company's inside information for personal benefits. Any trading of Samart Group's securities within one month prior to disclosure of either Company's financial performance or any other information that may affect securities' price is prohibited.** In addition, it is specified that the directors and the executives must disclose information on the interested transactions of their own and their relevant persons for the Board of Directors' acknowledgement when the connected transaction has been made with the Company. These practical guidelines have been specified in the business ethics manual under the topic of the “Conflict of Interest” and they have been notified to everybody in the organization for compliance and adherence.

The Directors and executive managements of the Company had been informed on their duties and punishment regarding to report on securities holdings of themselves, their spouse and any minor children to SET within 3 business days from the transaction date according to the Securities and Exchange Act B.E. 2535. The Directors and executive managements have to report such information to the Company Secretary for further handling and report to SEC. In addition, the Company has set as a policy to report on securities holdings of directors and executive managements in every meeting of the Board of Directors.

Moreover, the Corporate Governance Committee has been established to ensure that good corporate governance is being conducted continuity at all levels in accordance to legal requirement and the Company's Articles of Associations.

6. Human Resource

Number of employees of the Company and its subsidiaries classified by line of business for the past 3 years are as follow:

Line of business	Number of Employees (persons)		
	2010	2011	2012
1. Mobile Multimedia	1,082	971	837
2. ICT Solutions & Services	1,096	1,139	1,246
3. Technology Related Business	2,484	3,617	3,438
Total	4,662	5,727	5,521

The remuneration of employees of the Company and the subsidiaries which comprises of salary, bonus, contribution to provident fund and other compensation during the past 3 years are as follows:

(Unit : Million Bath)

Remuneration	Total Amount		
	2010	2011	2012
Salary	917.89	1,087.34	1,079.78
Bonus	70.38	89.03	123.59
Provident Fund	30.50	32.62	35.65
Other remuneration (over time, special subsidy and commission)	90.52	100.20	95.90

Human Resource Management and Development

To support SAMART business direction by corporate human resources management and development for sustainable achievement, SAMART group practically creates HRM&HRD policy emphasizing on increasing performance efficiency, improving working reprocess to cope with business working environmental as well as performance and potential assessment, individual capabilities, and manpower planning to prepare for business extension and competition, and any changes. Indeed, These might be compatible to Samart group's business vision, missions, operation, and corporate culture as synergy in consideration of SAMART believes that human resources is the most valuable resource in leading business to achieve and accomplish company's vision and missions. In 2012, Human Resources Management and Development focused on HRM&HRD policies including of:

1. Human Resources Management Policy

For responding to Corporate HR Policy, Human Resources Management Policy has mainly been concentrated on:

- **Recruitment and Selection Policy:** To acquire and attract qualified candidates to join SAMART group, Company therefore increase a variety of proactive recruitment and selection strategies more than existence i.e., searching and attracting new graduated candidate by not only launching Campus Tour and Activities Programs in leading universities but coordinating with business advertising agency and leading companies to build SAMART group's branding and recognizing company career opportunity in joining SAMART group for experienced or professional candidate as well.



- **Performance Development Policy:** To enable all levels of employee more clarified and appropriate working direction responding to all SAMART lines of business, Corporate Human Resources policy therefore emphasizes at business performance management by applying Key Performance Indicators (KPIs) and Competency methodologies and effective monitoring at all levels of employees supporting to their performance improvement for not only team but also individual level. The KPIs and Competency approaches applied to Performance Management could ensure the business objectives and missions entirely cascading (Goal cascade) to all SAMART Group units at all levels by applying goal alignment throughout company.
- **Human Resources Management and Development Information Systems Policy:** Company has developed Human Resources Information Systems to support both HRM & HRD functions by increasing speed of work and employee data accuracy, and reducing operational workload as well as supporting employee information to managerial decision making or creating corporate HR strategies i.e., HRIS Portal services, Man-hour & Workload monitoring systems, and Training & Benefit services etc. through Information Technology platform. These have relevantly ensured all spectrums of corporate HRM & HRD function being implemented in the organization more efficiency and effectiveness.
- **Compensation & Benefit Policy:** Regarding to employee motivation, internal impartiality and compensation standards, and job value to Company, Company essentially determines corporate compensation, benefit and welfare policy being compatible to position accountability, knowledge, and competence with business operation and up-to-date compare to leading companies in industrial competition. In the other hand, Company certainly ensures compensation, benefit and welfare policy aligned to new wage of legal regulation and preparing to AEC in 2015.
- **Employee Relation & Engagement Policy:** Since Company concentrates on the employee relation and engagement at all levels of employees and also implants them into corporate value along with corporate culture by building synergy working-style. Hence, these initiate the best cooperation among individual level through company level. In 2012, there were a various ER&EE programs and activities to build them among employees, executives and organization i.e., SAMART athletic activities, Build to Build program and activities (focused on Employee Relation) of company, Employee Assistance Program (Moral Support program), and D-Club (CSR program) etc.

2. Human Resources Development Policy

To ensure all SAMART executives and employees at all levels for continuous learning, excellent operating, and high competence and performance in generating ROI to shareholder definitely, Company significantly recognizes Human Resources Development Policy including of:

- **Career Development Policy:** Individual career path development plan for both managerial and operational level has been established for employees who could perceive their own career development by competencies assessment between actual and expected competency analysis. These have relatively been divided into 3 competency levels including of Generic competency, Managerial Competency, and Functional Competency and prepared IDP for individual competency development analyzing and planning in diversified development tools at all employee levels.
- **Employee Training & Development Policy:** All SAMART executives and employees would continuously be fully developed to increase their owned knowledge, skill, operational potential and experience, and employee attitude development throughout preparing position promotion readiness and capability enhancement. Corporate Human Resources Development designedly diversifies a variety of development program (Both

internal and external) including of on the job learning, coaching, knowledge sharing throughout knowledge management (Knowledge society) etc.

- **Talent Management Policy:** SAMART has designed special programs and tools to prepare their succession planning i.e., Job Rotation, Job Assignment, Talent Monitoring for excellent performance and potential employees in fast-track program. These would motivate them by full utilizing their own knowledge, competence, and potential in addition to dedicate with employee engagement to perform all missions efficiently for the organization to achieve SAMART's goals.
- **Executive Development Policy:** SAMART has developed managerial management training curriculums to strengthen their leadership and management skills providing new and useful knowledge to apply in their operational work such as Executive Development Program, Young Executive Development Program, Modern Manager etc. This would elaborately lead management executives to improve their skills to prepare their own career advancement and promotion supporting to organization's business growth at present and in the future.

Summary of Training to management and employees of the Company and its subsidiaries in 2012

Training	Frequency	Number of Participants
In-House Training		
Managements	39	1,000
Employees	44	1,250
Sub-Total	83	2,250
External Training		
Managements	117	147
Employees	149	230
Sub-Total	266	377

Training Expenses in 2012

In 2012, total expenses concerning the employees' participation in the trainings domestically and abroad of the Company and its subsidiaries were Baht 7.896 million. Total employees' training hours were 21,031 hours per year or averagely 8.01 hours/person/year which is more than the standard hours specified by the Department of Skill Development which equaled to 6 hours/person/year. Example of training courses internally, externally and abroad were as follows:

Internal Training Courses

- | | |
|--|------------------------------------|
| - The Power to Success in CHAGE | - Effective English Communication |
| - Project Management | - Team Work & Team Building |
| - Effective Writing Letter & Memo for Business English | - Working Together |
| - Excellent Service & Well Done Attitude | - The Defensive Driving Techniques |
| - Cross Cultural Management | - and Knowledge of insurance |
| - The Power of Presentation | - Project Modern Supervisory Skill |
| - Effective Communication Skill for Collaboration | - Introduction to ABAP Programming |
| - Technical contracting business with a useful tax tip | - Introduction to CMMI V1.3 |
| - The Power of Relationship | - Open Office |



- Enterprise Risk Management
- Smart Partner Program
- Provide Standard to Deferred Tax
- Job on film for Competency

External and international Courses

- Thailand Green Competitiveness
- Thailand : AEC and Beyond
- 2012 Key Challenges for CFO
- Building 2015 Capability
- Audit Committee Effective Seminar
- The Government Negotiating and Drafting Contracts
- Principles of Fraud Auditing
- Marketing Strategy to Build Competitive Advantage
- Creative and Sustainable Reward Strategies
- Executive Financial Management Certificate Program
- Customer Service and Complaint Handling Workshop
- Customer Centric : Service Excellence & Customer Service Attitude for Culture
- Employee Engagement : Survey & Development Methods
- Management Occupational Safety, Health and Environment ACT
- Asian Business Dialogue on Corporate Government 2012
- Report by International Standard
- SPEED = Saving Paper with Efficient Electronic Document System
- Systems Applications Products (SAP)
- Professional Leader of Sales
- Techniques and Problems to Compute Taxes for Businesses that have been Promoted
- Approach to build Thai Personnel Telecommunications and ICT
- Knowledge Management & Corporate Learning Innovation 2012
- ICT Management for ICT Manager
- ASEAN Economic Community
- The 7 Habits of Highly Effective People
- Strategic Proactive Procurement Management
- Development Organizations a Happy Workplace

During the past year, the Company has strongly observed the corporate governance principles and from the evaluation results of the corporate governance operations of the listed companies for 2012, the Company has been evaluated as **“Excellence”** (5 stars) and was ranked in **Top Quartile** of the group of companies with a market capitalization of Baht 3,000-9,999 million from a total of 513 listed companies surveyed by the Thai Institute of Directors Association in cooperation with the Office of Securities and Exchange Commission (SEC) and the Stock Exchange of Thailand. However, the Company still determines to keep on improving the corporate governance operations on continued basis.

7. Internal Control System

(See details in the “5.7 Internal Control System and Internal Audit”)

8. Dividend Policy

On dividend payment, the Company has policy to pay dividend to the shareholders of no less than 50% of its consolidated net profit after deduction of all reserves as stated in the Company’s Articles of Association and related laws, subject to need for future investment and business plan, future necessity and appropriation. The Company’s subsidiary and associated companies have policy to pay dividend no less than 50% of their net profit after deduction of all reserves as stated in the Company’s Articles of Association and related laws, and consideration of Company’s financial position.

Connected Transactions

1. Related transactions which might have conflicts of interest in 2012

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
<p>1. Vilailuck International Holdings Co., Ltd. (VIH) The major shareholder of Samart Corporation PCL. (SC) with 17.53% stake owner.</p> <p><u>Director of VIH</u> (related person)</p> <p>1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck</p>	<p>SC rented office space at Software Park Building via 30-year lease agreement from VIH : The building owner.</p> <p>- Rental, Services charge for public utilities and property tax. (Monthly rental and service charge of Baht 2,592,593.14 and Yearly property tax of Baht 782,643.75)</p> <p>Remarks : The rate of Service Fee will be increased 5% annually in accordance with the service conditions in the Services Agreement</p>	31.894	<p>Such transaction was complied with the Rental and Services Agreement dated May 1, 1999 (The 30-year lease agreement for 11,926 sq. meters was approved by the Company's shareholders in the meeting no. 1/1997 on August 24, 1997, and Audit Committee had opinion that such Service charge was in line with condition of services agreement).</p> <p>(No. 1/2013 on February 26, 2013)</p>
	<p>- Rental, Service charge and Property Tax for SC (for the period during August 1, 2012 – July 31, 2015 with monthly rental and service charge of Baht 914,831.34)</p>	10.414	<p>The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (rent area was 1,614 sq. meters).</p> <p>The Audit Committee in its meeting No. 1/2013 on February 26, 2013, resolved that such rental has the same rate charged to other customers.</p>
	<p>- Rental, Service charge and Property tax: (mezzanine floor) for SC (for the period during August 1, 2012-July 31, 2015 with monthly rental and service charge of Baht 262,053.27)</p>	2.983	<p>The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (existing agreement with area of 462.33 sq. meters).</p> <p>The Audit Committee in its meeting No. 1/2013 on February 26, 2013, resolved that such rental has the same rate charged to other customers.</p>
	<p>- Rental, Service charge and Property Tax for SC (for the period during August 1, 2012 – July 31, 2015 with monthly rental and service charge of Baht 138,794.76)</p>	1.960	<p>The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (rent area was 244.87 sq. meters).</p> <p>The Audit Committee in its meeting No. 1/2013 on February 26, 2013, resolved that such rental has the same rate charged to other customers.</p>



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	- Telephone preventive-maintenance (Total outstanding as of December 31, 2012 was Baht 460.10)	0.005	It was a normal business transaction, which been charged in proportion of actual usage. The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was the same rate charged to other customers.
	- Advanced payment by SC for Telephone expenses and Property tax to VIH (Total outstanding as of December 31, 2012 was Baht 3,360.43)	0.029	Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis). The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was the real advanced expense.
	- Miscellaneous expenses paid for entertain to Vilailuck International Holding Co., Ltd. (VIH) by SC (Total outstanding as of December 31, 2012 was Baht 20,807)	0.302	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, which been charged in proportion of actual usage.
	Miscellaneous transactions of SC and its subsidiaries paid to VIH during Jan. – Dec. 2012. Actual miscellaneous payments i.e. service charge for public utilities, overtime air condition and parking lots were as follows:		The Audit Committee in its meeting No. 1/2013 on February 26, 2013, resolved that Such service charge was the actual payment, which was the same rate charged to other customers.
	- Samart Corporation PCL. (SC)	0.356	
	- Samart Engineering Co., Ltd. (Subsidiary of SC)	0.022	
	- One To One Contacts Co., Ltd. (Subsidiary of SC)	8.982	
	- Vision and Security System Co., Ltd. (Subsidiary of SC)	0.029	
	- Samart Raditech Co., Ltd. (Subsidiary of SC)	0.007	
	- Samart Telcoms PCL. (STC) (SC is a major shareholder)	4.944	
	- Samart Communication services Co., Ltd. (Subsidiary of STC)	5.628	
	- Thai Trade Net Co., Ltd. (Subsidiary of STC)	0.042	

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> - Samart Infonet Co., Ltd. (Subsidiary of STC) - Samart Comtech Co., Ltd. (Subsidiary of STC) - Smarterware Co., Ltd. (Subsidiary of STC) - IT Gen Co., Ltd. (Subsidiary of STC) - IT Absolute Co., Ltd. (Subsidiary of STC) - Samart Ed-Tech Co., Ltd. (Subsidiary of STC) - Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) - I-Mobile International Co., Ltd. (Subsidiary of SIM) - Samart Multimedia Co., Ltd. (Subsidiary of SIM) - Samart Interactive Media Co., Ltd. (Subsidiary of SIM) - I-Mobile Plus Co., Ltd. (Subsidiary of SIM) - I-Sport Co., Ltd. (Subsidiary of SIM) - Brain Source Co., Ltd. (Subsidiary of SIM) <p>(Total outstanding as of December 31, 2012 was Baht 8,649,344)</p>	<ul style="list-style-type: none"> 2.615 8.746 0.178 0.002 0.014 1.709 2.127 0.013 5.472 0.088 3.597 0.010 0.001 	
	<ul style="list-style-type: none"> - Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) sold the mobile telephone to VIH (Total outstanding as of December 31, 2012 was Baht 8,170) 	0.020	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods according to the general trade conditions.
<p>2. Vilailuck Property Co., Ltd. (VPP) whose major shareholder of 12.50% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.</p> <p>Director of VIH (related person)</p> <p>1. Mrs. Siripen Vilailuck</p>	<p>Payments of Vilailuck Property Co., Ltd. paid in advance by SC were as follows:</p> <ul style="list-style-type: none"> - Miscellaneous expenses for example; telephone, copy and training. (Total outstanding as of December 31, 2012 was Baht 155,236) - Samart Corporation PCL. (SC) Telephone preventive-maintenance (Total outstanding as of December 31, 2012 was Baht 3,531) 	<ul style="list-style-type: none"> 0.016 0.001 	<p>Advanced payment for normal business of which repayment.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was the real advanced.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, which charged in proportion of actual usage and prices.</p>



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> - Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) sold DTH satellite dish to VPP (Total outstanding as of December 31, 2012 was Baht 24,663) - Samart Engineering Co., Ltd. (SE) (Subsidiary of SC) Advanced payment by SE for officer's salary working to VPP (Total outstanding as of December 31, 2012 was Baht 470,044) - Samart I-Mobile PCL. (SIM) (SC is the major shareholder of SIM) sold mobile phone to VPP (Total outstanding as of December 31, 2012 was Baht 38,570) 	- - -	<p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.</p> <p>Advanced payment for normal business of which repayment.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was the real advanced expense.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods according to the general trade conditions.</p>
<p>3. Vilailuck Development Co., Ltd. (VLX) whose major shareholder of 42.38% is VIH and VIH is the major shareholder of SC.</p> <p><u>Director of VIH</u> (related person)</p> <p>1. Mrs. Siripen Vilailuck 2. Mr. Charoenrath Vilailuck 3. Mr. Watchai Vilailuck</p>	<p>Advance payment of VLX paid by SC as follows:</p> <ul style="list-style-type: none"> - Miscellaneous expense such as telephone and training. (Total outstanding as of December 31, 2012 was Baht 2,938.51) - Smarterware Co., Ltd. (Subsidiary of STC) provided System Development service to VLX (Total outstanding as of December 31, 2012 was Baht 100,537) - Samart I-Mobile PCL. (SIM) (SC is the major shareholder of SIM) sold mobile phone to VLX - Vision and Security System Co., Ltd. (VSS) (Subsidiary of SC) sold CCTV to VLX 	<p>0.025</p> <p>-</p> <p>0.024</p> <p>0.053</p>	<p>Advanced payment for normal business of which repayment will be settled from time to time (monthly/quarterly basis).</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was the real advanced expense.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal service business transaction, according to the general trade conditions.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods according to the general trade conditions.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.</p>

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
	<ul style="list-style-type: none"> - Samart Multimedia Co., Ltd. (Subsidiary of SIM) sold EDT Guild Book to VLX 	0.004	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.
	<ul style="list-style-type: none"> - Thai Trade Net Co., Ltd. (Subsidiary of STC) service Web Hosting to VLX (Total outstanding as of December 31, 2012 was Baht 1,070) 	0.001	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal service business transaction, according to the general trade conditions.
<p>4. Phupa Tara Co., Ltd. whose indirect shareholder of 42.38% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.</p> <p><u>Director of VIH</u> (related person)</p> <p>1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck</p>	<ul style="list-style-type: none"> - Vision and Security System Co., Ltd. (VSS) (Subsidiary of SC) sold CCTV to Phupa Tara Co., Ltd. - Samart Engineering Co., Ltd. (Subsidiary of SC) sold satellite dish to Phupa Tara Co., Ltd. - Thai Trade Net Co., Ltd. (Subsidiary of STC) service Web Hosting to VLX (Total outstanding as of December 31, 2012 was Baht 535) 	<p>3.487</p> <p>0.293</p> <p>0.001</p>	<p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal service business transaction, according to the general trade conditions.</p>
<p>5. Phupa Tara Khao Yai Co., Ltd. whose indirect shareholder of 21.19% is Vilailuck International Holding Co., Ltd. (VIH) and VIH is the major shareholder of SC.</p> <p><u>Director of Phupa Tara Khao Yai</u> (related person)</p> <p>1. Mr. Watchai Vilailuck</p>	<ul style="list-style-type: none"> - Vision and Security System Co., Ltd. (VSS) (Subsidiary of SC) sold CCTV to Phupa Tara Khao Yai Co., Ltd. 	0.096	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.



Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
<p>6. Best Cellar Co., Ltd. has Executive Director of SC is a related person.</p> <p><u>Director of Best Cellar</u></p> <p>1. Mr. Thananan Vilailuck</p>	<p>Sale and purchase of goods (wine) of SC and its subsidiaries paid to Best Cellar during Jan. – Dec. 2012. Actual payments were as follows;</p> <ul style="list-style-type: none"> - Samart Corporation PCL. (SC) - One To One Contacts Co., Ltd. (Subsidiary of SC) - Vision and Security System Co., Ltd. (Subsidiary of SC) - Samart Telcoms PCL. (STC) (SC is a major shareholder) - Samart Communication services Co., Ltd. (Subsidiary of STC) - Samart Comtech Co., Ltd. (Subsidiary of STC) - Samart I-Mobile PCL. (SIM) (SC is a Major shareholder) <p>(Total outstanding as of December 31, 2012 was Baht 495,525)</p> <ul style="list-style-type: none"> - Samart Communication services Co., Ltd. (Subsidiary of STC) buy a car from Best Cellar Co., Ltd. - Best Cellar Co., Ltd. rented office space at Smart One Building from SC (for the period during December 1, 2012 – December 31, 2014 with monthly rental and service charge of Baht 27,948.80) <p>(Total outstanding as of December 31, 2012 was Baht 116,491)</p>	<p>0.657</p> <p>0.180</p> <p>0.078</p> <p>0.027</p> <p>0.447</p> <p>0.357</p> <p>2.152</p> <p>2.710</p> <p>0.028</p>	<p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.</p> <p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a asset trading which for used in the company's to market price.</p> <p>The rental and service charge for public utilities were reasonable compared to market price in nearby area and the same price compared with other renters (rent area was 70 sq. meters).</p> <p>The Audit Committee in its meeting No. 1/2013 on February 26, 2013, resolved that such rental has the same rate charged to other customers.</p>
<p>7. The Museum Co., Ltd. whose major shareholder of 33.33% is VIH and VIH is the major shareholder of SC.</p> <p><u>Director of The Museum</u> (related person)</p> <p>1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck</p>	<ul style="list-style-type: none"> - Thai Trade Net Co., Ltd. (Subsidiary of STC) service Web Hosting to The Museum Co., Ltd. 	<p>0.010</p>	<p>The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal service business transaction, according to the general trade conditions.</p>

Related Parties	Transaction Type	Value of Transaction (Million Baht)	Necessity of Transactions
8. Ascon Construction PCL. has Director of SC is a major shareholder. <u>Director of SC</u> (related person) 1. Mr. Charoenrath Vilailuck 2. Mr. Watchai Vilailuck 3. Mr. Sirichai Rasameechan	- Samart Engineering Co., Ltd. (Subsidiary of SC) sold DTH satellite dish and Antenna to Ascon Construction PCL. (Total outstanding as of December 31, 2012 was Baht 309,111.78)	-	The Audit Committee in its meeting No.1/2013 on February 26, 2013, resolved that it was a normal business transaction, for sale and purchase of goods, according to the general trade conditions.

2. Summary of guidelines for considering on the related transactions which might have conflicts of interest.

2.1 Necessity and Rationale of transactions

The Audit Committee had the opinion that the inter-company transactions above were reasonable and necessary for the Company's operations. The conditions were set according to the general trade conditions.

2.2 Measures and Steps of Approval for Connected Transactions

The connected transactions were verified by the Audit Committee to protect and avoid conflict of interest then proposed for consideration and approval in the Board of Directors' and shareholders' meetings respectively depended on conditions and values of transactions according to the SET's regulation. Meanwhile, the directors, management and the stakeholders who had conflict of interest would not participate in the such connected transactions. The approval on the connected transaction would be complied with the regulations and notifications of the Stock Exchange of Thailand (SET).

2.3 Policy and Trend in Future Connected Transactions

The Company may have any connected transaction as appropriate based on normal business conditions and can be referred the same transaction made with outside parties with the necessity and the maximized benefit to the Company. However, the Company will strictly comply with SET's regulations and notifications. In case of any conflict of interest transaction occurred in the future, opinion from the Audit Committee on its necessity and appropriateness will be required and disclosed in the Company's audited noted of financial statement.



Financial Analysis

Operation Overview

2012, Samart Corporation Public Company Limited or “SAMART” recorded the total revenues of Baht 17,100 million compared to Baht 19,964 million in the previous year, or decreased by 14% YoY. The total revenues from sales and services were Baht 16,733 million compared to Baht 19,767 million in the previous year, dropped by 15% YoY mainly from the delayed in revenue recognition in TOT’s 3G network installation project from ICT Solutions and Services Business which will recognize the rest of revenue in 2013. Moreover, the other income increased from Baht 197 million in 2011 to Baht 367 million in 2012, or increased by 86% YoY due to the increased in revenues from sales support, gain on exchange rate and gain on sales of investments.

The Company reported total expenses of Baht 15,051 million in 2012 compared to Baht 18,167 million in 2011, or dropped by 17%. The total expenses are classified into cost of sales and services, selling and administrative expenses and other expenses. For cost of sales and services in 2012, the Company recorded of Baht 13,041 million compared to Baht 15,987 million in the previous year, or fell significantly by 18% YoY mainly from the better cost control in ICT Solutions and Services, and Call Center Business. Besides, the Company recorded selling and administrative expenses of Baht 1,917 million, dropped from Baht 2,132 million or dropped by 10% YoY due to the better control in selling and administrative expenses.

The consolidated financing cost was Baht 486 million compared to Baht 391 million in the previous year. The increase in financing cost mainly came from ICT Solutions and Services Business which rose from Baht 190 million to Baht 295 million in 2012 for funding the acquisition of a subsidiary company in order to strengthen the business, expand customer base and also support the existing business. Besides, the acquisition also enhanced the Company’s recurring revenue as well as widens the business opportunity in this area.

The consolidated income tax expenses were Baht 202 million in 2012 compared to Baht 295 million in 2011, a decrease by 32%. A part of the decrease in corporate income tax was resulted from the new government policy to reduce the tax rate from 30% in 2011 to 23% in 2012.

The consolidated net profit attributable to equity holders of the Company were Baht 1,071 million compared to Baht 836 million in the previous year, or rose by 28% mainly from the turnaround in handset business under Mobile Multimedia Group and the increase in net profit from Technology Related Business.

Consolidated Operating Results

Revenue from sales and services were Baht 16,733 million in 2012. The revenues contribution from Mobile Multimedia Business accounted for 41%, ICT Solutions and Services Group accounted for 45% and the rest of 14% came from Technology Related Business.

Revenue Contribution (to SMART) Breakdown:

Line of Business	Revenue from Sales & Services 2012 (Million Baht)	Growth Rate
1. Mobile Multimedia	6,873	-0.6%
2. ICT Solutions & Services	7,513	-26%
3. Technology Related Business	2,347	-15%
Total	16,733	-15%

Mobile Multimedia

The sales and services revenues from Mobile Multimedia Business were Baht 6,873 million in 2012 compared to Baht 6,912 million in 2011. The Mobile Multimedia Group recorded gross profit margin of 19%. Mobile Multimedia Business comprises of three business lines:

- **Handset Business:**

The handset business was turnaround by the third quarter of 2012. The recorded revenue from handset sale dropped softly by 0.3% YoY mainly from the closing down of mobile international business. On the other hand, for domestic business, there was a significant increase in handset sale by 17%. The i-Mobile average selling price rose dramatically from Baht 1,326 in 2011 to Baht 1,529 in 2012 or grew by 15% YoY as a result of changing business strategy from feature phone-focused to smart phone-focused which resulted in better profit margin. The total of 4,079,444 i-Mobile's handsets were sold in 2012, a slice decrease by 1% YoY. However, the proportion of smart phone unit sold to feature phone unit sold climbed dramatically from 0.02% in first quarter of 2012 to 36% in last quarter which resulted in better gross profit margin from 13% in the first quarter to 21% in the last quarter of 2012.

- **Content Business:**

Revenue from Content Business was Baht 1,047 million in 2012 compared to Baht 973 million in a year earlier, or increased by 8% YoY. In 2012, a various kinds of new content services were introduced such as Entertainment Tree's, Thai Drama Tour and True You's Privilege Management for capturing the new business opportunity.

- **MVNO Business:**

MVNO is the potential growth business for Mobile Multimedia Group. Currently, we are the largest TOT's MVNO. The aggressive plan for TOT network rollout will benefit to our MVNO business in the coming year. The re-launch of the MVNO service is expected to be in the first half of 2013.

ICT Solutions and Services

The sales and services revenues from ICT Solutions and Services were Baht 7,513 million, a decrease by 23% YoY due largely to the massive flood in 2011, the government concentrated on the flood prevention projects therefore many projects bidding were postponed. Moreover, part of the revenue recognition in TOT's 3G network installation project had been shifted to 2013 which affected to the decrease in revenue recognition on this project in the previous year. However, the Company attempts to control cost of sales and services which resulted in better gross profit margin from 15% in a year earlier to 20% in 2012. Additionally, the ICT Solutions and Services' recurring revenues was increased from Baht 1,980 million in 2011 to Baht 2,256 million in 2012 and the backlog by year-end of 2012 was Baht 9,694 million.



Technology Related Business

For Technology Related Business, it comprises of International and Domestic business. In 2012, the Company recorded the total revenues of Baht 2,347 million compared to Baht 2,768 million in 2011, dropped by 15% YoY.

- International Business

International business comprises of Cambodia Air Traffic Services Company or “CATS” and Kampot Power Plant Company or “KPP” in Cambodia. The Company reported the total revenues from International business of Baht 1,133 million, up by 7% YoY owing largely to the increase in number of flights from 58,555 flights in 2011 to 60,828 flights in 2012, or an increase by 4% YoY.

- Domestic Business

The consolidated revenues from domestic business were Baht 1,210 million compared to Baht 1,712 million in 2011, dropped by 29% mainly from the decreased in revenue from Samart Engineering Co., Ltd. (“SE”). Since, SE got a special Set-Top-Box order in 2011, which led to the higher than usual revenue in the previous year. Another factor was the delayed in security projects bidding which caused a decrease in revenue for Vision and Security System Co., Ltd. However, the gross profit margin from domestic business increased dramatically from 15% in 2011 to 19% in 2012 due to the better margin of Call Center Business under One To One Contacts Co., Ltd., in which grows consistency over a couple of years.

Financial Statement

Assets

As of 31 December 2012, the total assets grew by 15% YoY from Baht 18,352 million in 2011 to Baht 21,118 million in 2012. Total current assets rose from Baht 13,053 million to Baht 14,577 million in 2012, or rose by 12% mainly from the increase in accrued income from Baht 4,203 million in 2011 to Baht 5,296 million in 2012, which resulted from the rise in accrued income from various projects in ICT Solutions and Services Business. In addition, total non-current asset increased 23% YoY from Baht 5,299 million to Baht 6,540 million in 2012 as a result of the increase in property, plant and equipment, which grew from Baht 4,164 million to Baht 5,194 million, mainly from the growth in ICT Solutions and Services Group.

As of 31 December 2012, the Company recorded cash and cash equivalents of Baht 1,235 million compared to Baht 1,069 million in the previous year.

Trade Account Receivable and Inventory

Company’s total account receivable increased 14% from Baht 5,146 million to Baht 5,867 million in 2012, of which 57% or Baht 3,326 million was contributed from Mobile Multimedia Business and 38% or Baht 2,228 million was contributed from ICT Solutions and Services Group. Overall provision for doubtful account decreased from Baht 143 million to Baht 114 million in 2012. Receivables over twelve months rose from Baht 189 million to Baht 282 million in 2012 mainly from the receivables from the government and state enterprise related projects.

According to the Company's policy to maintain sustainable inventories, in 2012 net inventories decreased 21% YoY. Inventories under ICT Solutions and Services Business decreased from Baht 622 million to Baht 401 million in 2012, while inventories under Mobile Multimedia Group decreased from Baht 722 million to Baht 682 million in 2012. Overall, Company's net inventories in 2012 accounts for 6% of total assets or Baht 1,194 million, compared to 8% of total assets or Baht 1,519 million in 2011.

D/E Ratio

On a consolidated basis, D/E ratio (total liabilities over total equity) slightly increased from 2.06 times to 2.07 times in 2012. The interest bearing D/E ratio (total interest bearing debts to total equity) fell from 1.43 times to 1.39 times in 2012. Most of the Company's debt came from ICT Solutions and Services Business for supporting various projects, particularly the TOT's 3G network installation project, which is worth over Baht 10,000 million. Consequently, the debt ratio will significantly drop when the installation of the project is completed and the Company receives the payment. However, the long-term D/E is subjected to winning new projects that might require additional borrowing to finance new investments.

Liquidity

On a consolidated basis, current ratio (current assets over current liabilities) as of 2012 year end stood at 1.16 times, compared to 1.21 in 2011. This indicated an acceptable level of liquidity.

On a consolidated basis, the Company reported net cash flow from operating activities of Baht 1,859 million, compared to net cash used in operating activities of Baht 772 million. For investing activities, the Company used Baht 2,144 million in 2012 for supporting growth and ongoing business, compared to Baht 1,047 million used in 2011. In terms of financing activities, the Company had net cash from financing activities of Baht 478 million as compared to net cash from financing activities of Baht 2,141 million a year earlier to support the government and state enterprise related projects. As a result, cash and cash equivalents increased from Baht 1,069 million to Baht 1,235 million as of December 2012.

Sources of Fund

As of December 2012, consolidated shareholders equity was Baht 6,874 million as compared to Baht 5,995 million as of December 2011. On a Company level, equity attributable to Company's shareholders increased from Baht 3,322 million a year earlier to Baht 3,475 million as of December 2012. Consolidated inappropriate retained earnings jumped from Baht 2,933 million in 2011 to Baht 3,601 million in 2012.

Issued and fully capital marginally rose from Baht 986 million to Baht 991 million due to exercise of employee stock options (warrant).

Consolidated total liabilities increased from Baht 12,356 million to Baht 14,244 million mainly due to the increase in current portion of long term borrowing from financial institutions from Baht 629 million to Baht 1,535 million to support the business growth in 2012. However, the Company always closely monitors the level of debts for limiting any risks that might incur.



Report of the Board of Directors' Responsibility on the Company's Financial Statements

The Board of Directors is responsible for the Company's consolidated financial statements and any financial information which been disclosed in the Company's annual report. Such financial statements were prepared in accordance with the general acceptance-accounting standard in Thailand with appropriated financial policy. The reports were carefully considered and prepared with sufficient information in the notes to the financial statements and been generally practiced.

The Board of Directors also set out and maintained for the efficiency internal control system to obtain reasonable assurance that the financial information had been correctly booked in proper way and completely enough to maintain the Company's assets and be aware of weak point in order to prevent whether from any dishonesty or significant error.

The Board of Directors had appointed the Audit Committee of which comprised 3 independent directors with qualification according to SET/SEC regulations and notification for being the audit committee's members to responsible for the quality of the financial statements and the internal control system. The opinion of the Audit Committee has already been disclosed in the annual report.

The Company's consolidated financial statements have been audited by Ernst & Young Office Limited with full support from the Board of Directors in order to have the auditor to audit and provide their opinion in accordance with the accounting standard and such opinion has been disclosed in the Company's Annual Report.

The Board of Directors satisfied the Company's internal control system that was sufficient to obtain reasonable assurance in the Company's consolidated financial statements as of December 31, 2012, which was accurate and complied to the accounting standard and related law and regulations.

(Dr. Tongchat Hongladaromp)

Chairman

Samart Corporation Public Company Limited

(Mr. Charoenrath Vilailuck)

Executive Chairman & CEO

Samart Corporation Public Company Limited

Independent Auditor's Report

To the Shareholders of Samart Corporation Public Company Limited

I have audited the accompanying consolidated financial statements of Samart Corporation Public Company Limited and its subsidiaries, which comprise the consolidated statement of financial position as at 31 December 2012, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, and have also audited the separate financial statements of Samart Corporation Public Company Limited for the same period.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Samart Corporation Public Company Limited and its subsidiaries and of Samart Corporation Public Company Limited as at 31 December 2012, and their financial performance and cash flows for the year then ended, in accordance with Thai Financial Reporting Standards.

Emphasis of matters

I draw attention to Note 43.3 g) and Note 11 to the financial statements as the following. My opinion is not qualified in respect of these matters.

- a) As discussed in Note 43.3 g) to the financial statements, on 26 October 2006, a subsidiary company entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary's work. However, as at 22 February 2007 the subsidiary could not make the network available at 1,000 sites because such subsidiary has not yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary's management and legal counsel are of the opinion that the subsidiary is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary's fault. In addition the management believes that the negotiation with the counterparty will be successful therefore as at 31 December 2012 the subsidiary has not set up provision for fine from the project delay.
- b) As discussed in Note 11 to the financial statements, Samart Corporation Public Company Limited and its subsidiaries had significant business transactions with related parties, relating to the purchase and sales of goods, services, investments and loans. Such transactions have been concluded on the terms and basis mutually agreed by Samart Corporation Public Company Limited and those related parties.

Other matter

The consolidated financial statements of Samart Corporation Public Company Limited and its subsidiaries and the separate financial statements of Samart Corporation Public Company Limited for the year ended 31 December 2011 were audited by another auditor of our firm who expressed an unqualified opinion on those statements but drew attention to provision for fine from the project delay of a subsidiary, the adoption of revised and new accounting standards and the change in accounting policy related to the recording of forward exchange contracts, and significant business transactions with related parties, under her report dated 23 February 2012.



Kamontip Lertwitworatep

Certified Public Accountant (Thailand) No. 4377

Ernst & Young Office Limited
Bangkok: 22 February 2013

Statement of financial position

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Assets					
Current assets					
Cash and cash equivalents	6	1,235,114,121	1,069,103,744	48,178,618	31,148,515
Short-term investments in trading securities	8	26,884,533	2,927,698	9,220,902	614,882
Trade and other receivables	9	5,867,362,783	5,146,170,049	106,620,862	95,101,451
Accrued income		5,295,965,365	4,202,920,896	1,579,051	1,399,010
Short-term loans	10	234,871	18,951,117	177,502,825	181,170,533
Inventories - net	12	1,193,696,366	1,519,036,229	-	-
Current portion of long-term finance leases receivable	13	16,522,583	47,879,487	-	-
Other current assets	14	941,409,268	1,046,014,937	16,978,211	29,561,153
Total current assets		14,577,189,890	13,053,004,157	360,080,469	338,995,544
Non-current assets					
Restricted bank deposits	7	128,641,381	128,792,599	-	-
Investments in subsidiaries	15	-	-	4,174,298,909	3,653,430,862
Other long-term investments	16	195,799,589	88,456,496	-	-
Long-term finance leases receivable - net					
of current portion	13	-	9,460,583	-	-
Property, plant and equipment	17	5,194,052,485	4,164,133,037	334,715,815	378,461,232
Prepaid rental to a related company	18	204,530,900	217,053,200	204,530,900	217,053,200
Goodwill		324,313,581	217,907,888	-	-
Intangible assets	19	276,226,242	311,457,218	-	-
Assets held for future projects	20	62,213,396	62,459,541	43,513,396	43,759,541
Other non-current assets					
Withholding tax deducted at source		3,317,955	3,689,271	2,161,628	3,140,316
Deposits		72,974,747	60,733,949	4,283,408	3,610,223
Others		78,320,481	34,432,395	6,859,687	6,311,189
Total other non-current assets		154,613,183	98,855,615	13,304,723	13,061,728
Total non-current assets		6,540,390,757	5,298,576,177	4,770,363,743	4,305,766,563
Total assets		21,117,580,647	18,351,580,334	5,130,444,212	4,644,762,107

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

Statement of financial position (continued)

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
Liabilities and shareholders' equity					
Current liabilities					
Bank overdrafts and short-term loans from					
financial institutions	21	6,376,180,598	6,445,834,218	129,000,000	165,000,000
Trade and other payables	22	3,345,905,467	2,994,161,011	75,480,864	62,468,995
Short-term loans	11, 23	495,000	495,000	364,526,852	99,376,852
Current portion of long-term loans from					
financial institutions	24	1,534,939,423	629,259,111	1,248,817	1,148,855
Current portion of liabilities under finance lease					
agreements	25	7,842,296	7,665,722	1,566,555	1,374,118
Corporate income tax payable		39,285,273	91,846,483	-	-
Accrued project cost		927,455,754	332,318,103	-	-
Other current liabilities	26	283,006,605	269,377,817	2,959,752	3,985,645
Total current liabilities		12,515,110,416	10,770,957,465	574,782,840	333,354,465
Non-current liabilities					
Long-term loans from subsidiary company	11	-	-	628,000,000	534,775,920
Long-term loans from financial institutions - net					
of current portion	24	1,576,994,944	1,464,002,965	410,797,325	412,061,873
Long-term liabilities under finance lease					
agreements - net of current portion	25	36,188,150	26,910,471	7,846,831	8,374,261
Provision for long-term employee benefits	27	91,661,716	89,819,208	19,371,536	20,216,889
Other non-current liabilities					
Deposits		20,316,934	3,673,866	14,346,090	14,185,517
Others		3,628,604	843,755	1,100	2,300
Total other non-current liabilities		23,945,538	4,517,621	14,347,190	14,187,817
Total non-current liabilities		1,728,790,348	1,585,250,265	1,080,362,882	989,616,760
Total liabilities		14,243,900,764	12,356,207,730	1,655,145,722	1,322,971,225

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

Statement of financial position (continued)

Samart Corporation Public Company Limited and its subsidiaries

As at 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities and shareholders' equity (continued)				
Shareholders' equity				
Share capital 28				
Registered				
1,006,503,910 ordinary shares of Baht 1 each (2011: 1,006,601,830 ordinary shares of Baht 1 each)	1,006,503,910	1,006,601,830	1,006,503,910	1,006,601,830
Issued and fully paid up				
990,647,410 ordinary shares of Baht 1 each (2011: 985,629,410 ordinary shares of Baht 1 each)	990,647,410	985,629,410	990,647,410	985,629,410
Share premium	172,842,586	90,427,113	172,842,586	90,427,113
Share premium of subsidiary companies	1,219,907,414	1,204,123,948	-	-
Retained earnings				
Appropriated - statutory reserve 32	100,660,183	100,660,183	100,660,183	100,660,183
- treasury shares reserve 30	-	88,260,052	-	88,260,052
Unappropriated	3,600,751,944	2,932,654,327	2,046,884,807	1,976,419,883
Other components of shareholders' equity	(679,378,037)	(619,806,969)	164,263,504	168,654,293
Total shareholders' equity	5,405,431,500	4,781,948,064	3,475,298,490	3,410,050,934
Less: Treasury shares 30	-	(88,260,052)	-	(88,260,052)
Equity attributable to owners of the Company	5,405,431,500	4,693,688,012	3,475,298,490	3,321,790,882
Non-controlling interests of the subsidiaries	1,468,248,383	1,301,684,592	-	-
Total shareholders' equity	6,873,679,883	5,995,372,604	3,475,298,490	3,321,790,882
Total liabilities and shareholders' equity	21,117,580,647	18,351,580,334	5,130,444,212	4,644,762,107

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

Income statement

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Revenues				
Sales income	11,182,692,300	14,395,186,684	-	-
Service income	5,550,203,092	5,371,689,779	16,211,504	15,845,103
Other income 34.1	366,675,230	197,399,086	890,178,106	815,213,123
Total revenues	17,099,570,622	19,964,275,549	906,389,610	831,058,226
Expenses				
Cost of sales 35	9,115,066,908	12,188,690,634	-	-
Cost of services	3,925,730,845	3,798,182,915	15,723,227	15,336,332
Selling expenses	900,453,855	1,018,491,789	-	-
Administrative expenses	1,016,092,869	1,113,586,946	307,594,419	352,107,560
Other expenses 36.1	94,064,020	47,562,939	14,215,308	37,974,449
Total expenses	15,051,408,497	18,166,515,223	337,532,954	405,418,341
Profit before finance cost and income tax expenses	2,048,162,125	1,797,760,326	568,856,656	425,639,885
Finance cost 36.2	(485,990,941)	(390,940,662)	(52,117,584)	(60,050,168)
Profit before income tax expenses	1,562,171,184	1,406,819,664	516,739,072	365,589,717
Income tax expenses 38	(201,832,999)	(294,994,805)	(44,765,978)	(28,434,271)
Profit for the year	1,360,338,185	1,111,824,859	471,973,094	337,155,446
Profit attributable to:				
Equity holders of the Company	1,071,289,831	835,784,919	471,973,094	337,155,446
Non-controlling interests of the subsidiaries	289,048,354	276,039,940		
	1,360,338,185	1,111,824,859		
Earnings per share				
Basic earnings per share				
Profit attributable to equity holders of the Company	1.09	0.86	0.48	0.35
Diluted earnings per share				
Profit attributable to equity holders of the Company	1.08	0.86	0.48	0.35

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

Statement of comprehensive income

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Profit for the year	1,360,338,185	1,111,824,859	471,973,094	337,155,446
Other comprehensive income:				
Exchange differences on translation of financial statements in foreign currencies	(16,071,130)	40,883,265	-	-
Gain on changes in value of available-for-sale investments	(5,132,309)	4,644,227	-	-
Net actuarial loss on defined benefit plan	(3,386,949)	-	(665,936)	-
Other comprehensive income for the year	(24,590,388)	45,527,492	(665,936)	-
Total comprehensive income for the year	1,335,747,797	1,157,352,351	471,307,158	337,155,446
Total comprehensive income attributable to:				
Equity holders of the Company	1,041,417,959	880,208,801	471,307,158	337,155,446
Non-controlling interests of the subsidiaries	294,329,838	277,143,550		
	1,335,747,797	1,157,352,351		

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

Samart Corporation Public Company Limited and its subsidiaries

(Unit: Baht)

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

Statement of changes in shareholders' equity (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Consolidated financial statements															
Equity attributable to owners of the Company															
	Issued and fully paid-up share capital	Share premium	Share premium of subsidiary companies	Retained earnings			Other components of shareholders' equity					Total equity attributable to shareholders of the Company	Treasury shares	Non-controlling interest of the subsidiaries	Total shareholders' equity
				Appropriated	Statutory reserve	Treasury shares reserve	Other comprehensive income		Surplus on revaluation of land, building and improvement of subsidiary companies	Difference on investments in subsidiary companies arising as a result of acquisition and disposals of shares at a price higher than the net book value at the acquisition and disposal date	Total other components of shareholders' equity				
							Exchange differences on translation of financial statements in foreign currencies	Loss on change in value of available-for-sale investments							
Balance as at 31 December 2011	985,629,410	90,427,113	1,204,123,948	100,660,183	88,260,052	2,932,654,327	2,334,653	188,654,293	201,839,839	(823,127,130)	(619,806,969)	4,781,948,064	(88,260,052)	1,301,684,592	5,995,372,604
Total comprehensive income for the year	-	-	-	-	-	1,068,939,851	(2,580,012)	-	-	-	(27,521,892)	1,041,417,959	-	294,329,838	1,335,747,797
Dividend paid (Note 33)	-	-	-	-	-	(493,493,075)	-	-	-	-	-	(493,493,075)	-	-	(493,493,075)
Increase share capital and share premium from warrant exercised (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Treasury shares sold during the period (Note 30)	5,018,000	22,330,100	-	-	-	-	-	-	-	-	-	27,348,100	-	-	27,348,100
Increase in share premium of subsidiary companies	-	60,085,373	-	-	(88,260,052)	88,260,052	-	-	-	-	-	60,085,373	88,260,052	-	148,345,425
Difference on investments in subsidiary companies arising as a result of acquisition and disposals of shares at a price higher than the net book value at the acquisition and disposal date	-	-	15,783,466	-	-	-	-	-	-	-	-	15,783,466	-	-	15,783,466
Transferred surplus on property, plant and equipments to retained earnings (Note 29)	-	-	-	-	-	4,390,789	-	(4,390,789)	-	(26,007,376)	(26,007,376)	(26,007,376)	-	-	(26,007,376)
Transferred surplus on property, plant and equipments of subsidiaries to retained earning (Note 29)	-	-	-	-	-	-	-	-	(1,651,011)	-	(4,390,789)	(1,651,011)	-	(6,891)	(1,657,902)
Decrease in non-controlling interests of the subsidiaries from dividend payment of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	(124,119,030)	(124,119,030)
Increase in non-controlling interests of the subsidiaries from establishment of a new subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	2,750,000	2,750,000
Decrease in non-controlling interest in subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	(6,390,126)	(6,390,126)
Balance as at 31 December 2012	990,647,410	172,842,586	1,219,907,414	100,660,183	-	3,600,751,944	(194,450,504)	164,263,504	200,188,828	(849,134,506)	(679,378,037)	5,405,431,500	-	1,488,248,383	6,873,679,883

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

Statement of changes in shareholders' equity (continued)

Smart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements							
	Issued and fully paid-up share capital	Share premium	Retained earnings			Other components of shareholders' equity	Total shareholders' equity	
			Appropriated		Unappropriated			
			Statutory reserve	Treasury stock reserve		Surplus on property, plant and equipment revaluation		Treasury stock
Balance as at 31 December 2010	980,306,410	66,739,763	100,660,183	88,260,052	2,089,117,086	173,431,235	(88,260,052)	3,410,254,677
Total comprehensive income for the year	-	-	-	-	337,155,446	-	-	337,155,446
Dividend paid (Note 33)	-	-	-	-	(454,243,438)	-	-	(454,243,438)
Increase share capital and share premium from warrant exercised	5,323,000	23,687,350	-	-	-	-	-	29,010,350
Amortise revaluation surplus on land disposed (Note 29)	-	-	-	-	-	(386,153)	-	(386,153)
Transferred surplus on property, plant and equipment revaluation to retained earnings (Note 29)	-	-	-	-	4,390,789	(4,390,789)	-	-
Balance as at 31 December 2011	985,629,410	90,427,113	100,660,183	88,260,052	1,976,419,883	168,654,293	(88,260,052)	3,321,790,882

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

Statement of changes in shareholders' equity (continued)

Smart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Separate financial statements							
	Issued and fully paid-up share capital	Share premium	Retained earnings			Other components of shareholders' equity	Total shareholders' equity	
			Appropriated		Unappropriated			
			Statutory reserve	Treasury stock reserve		Surplus on property, plant and equipment revaluation		
			Treasury stock					
Balance as at 31 December 2011	985,629,410	90,427,113	100,660,183	88,260,052	1,976,419,883	168,654,293	(88,260,052)	3,321,790,882
Total comprehensive income for the year	-	-	-	-	471,307,158	-	-	471,307,158
Dividend paid (Note 33)	-	-	-	-	(493,493,075)	-	-	(493,493,075)
Increase share capital and share premium from warrant exercised (Note 28)	5,018,000	22,330,100	-	-	-	-	-	27,348,100
Treasury shares sold during the period (Note 30)	-	60,085,373	-	(88,260,052)	88,260,052	-	88,260,052	148,345,425
Transferred surplus on property, plant and equipment revaluation to retained earnings (Note 29)	-	-	-	-	4,390,789	(4,390,789)	-	-
Balance as at 31 December 2012	990,647,410	172,842,586	100,660,183	-	2,046,884,807	164,263,504	-	3,475,298,490

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

Cash flow statement

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities				
Profit before tax	1,562,171,184	1,406,819,664	516,739,072	365,589,717
Adjustments to reconcile net income before tax to net cash provided by (paid from) operating activities				
Gain on disposal of investments in related parties	(59,606,554)	(700,589)	(32,694,080)	-
(Gain) loss on disposal of short-term investment in trading securities	8 (9,377,281)	1,088,084	(6,168,499)	(10,282)
Gain on disposal of other long-term investment	16 (1,423,049)	-	-	-
Amortization of deferred income on sale and lease back-	(3,927,318)	-	-	-
Gain on sales and write-offs of property, plant and equipment, intangible assets and assets held for future projects	34 (7,164,016)	(13,867,104)	(796,188)	(5,366,073)
Income from debt reduction from supplier	34 (68,342,140)	-	-	-
(Gain) loss on change in value of short-term investment in trading securities	8 (10,273,434)	18,925,494	(3,432,839)	1,357,659
Unrealised (gain) loss on exchange	(35,439,240)	(30,183,622)	244,154	25,777,749
Bad debts and doubtful accounts (reversal)	34,625,063	(11,632,216)	-	-
Allowance for diminution in value of advance for purchase of inventories (reversal)	355,987	(224,536)	-	-
Allowance for diminution in value of sales promotion receivables (reversal)	1,081,380	(6,759,366)	-	-
Allowance for withholding tax deducted at source and refundable value added tax	21,198,368	11,523,790	14,215,308	4,270,465
Provision for employee benefit	10,903,921	25,936,465	2,122,067	7,027,389
Reduction of inventories to net realisable value (reversal)	(39,762,839)	18,944,431	-	-
Loss on inventories shrinkage	-	1,896,063	-	-
Depreciation and amortisation	1,185,700,524	1,080,710,128	62,730,119	109,818,015
Allowance for impairment loss of investment in subsidiaries (reversal)	-	-	(37,767,132)	12,976,493

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

Cash flow statement (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from operating activities (continued)				
Allowance for impairment of assets (reversal)	(3,853,110)	15,858,284	-	-
Amortisation of excess of cost of investments over the net book value of the subsidiaries	28,060,000	6,810,928	-	-
Amortisation of advance receive for IT service fee from subsidiaries	-	-	-	(2,280,289)
Transfer equipment to expense	6,342,494	4,140,789	-	-
Gain on compensation receipt from insurance	(26,562,409)	(369,212)	(4,066,413)	-
Share of loss from joint ventures	-	700,589	-	-
Amortisation of deferred interest expense under finance lease	36.2 4,772,142	1,531,886	438,254	204,702
Interest income	34 (10,893,066)	(11,173,101)	(13,423,772)	(25,160,098)
Interest expense	36.2 451,524,099	366,498,908	51,443,319	58,992,834
Income from operating activities before changes in operating assets and liabilities	3,034,038,024	2,882,548,439	549,583,370	553,198,281
Operating assets (increase) decrease				
Trade and other receivables	(280,009,890)	(1,056,774,048)	(12,082,765)	(52,374,735)
Inventories	(38,186,473)	(277,753,308)	-	-
Accrued income	(1,057,077,306)	(2,879,620,635)	(180,041)	(699,506)
Other current assets	53,755,436	(351,127,684)	347,963	(2,514,837)
Other non-current assets	(27,984,652)	(4,019,313)	(1,448,123)	4,543,705
Operating liabilities increase (decrease)				
Trade and other payables	759,300,883	1,525,819,648	16,867,904	17,382,949
Other current liabilities	(13,427,617)	3,615,124	(989,249)	(1,290,594)
Other non-current liabilities	19,427,917	78,670	159,373	1,724,335
Cash flows from (used in) operating activities	2,449,836,322	(157,233,107)	552,258,432	519,969,598

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

Cash flow statement (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements		
	2012	2011	2012	2011	
Cash flows from operating activities (continued)					
Proceed from sale of short-term investment in trading securities	8	65,099,842	19,143,101	36,508,595	8,343,152
Cash paid for purchase of short-term investments in trading securities	8	(69,600,424)	(18,940,936)	(35,707,739)	(9,495,529)
Cash paid for employee retirement benefit	27	(7,618,019)	(12,574,126)	(3,670,000)	(8,263,297)
Cash received from repayment from short-term loans to employees		6,851,897	-	779,708	-
Cash paid to provide short-term loans to employees		(2,135,650)	(4,951,117)	(262,000)	(519,200)
Cash received from insurance claims for inventories and equipment		88,594,238	373,962	4,066,413	-
Cash paid for interest expenses		(451,948,936)	(349,278,710)	(55,129,273)	(54,321,360)
Cash paid for corporate income tax		(384,801,454)	(299,920,007)	(45,955,659)	(41,670,891)
Cash received from refundable income tax		164,647,093	51,064,509	-	-
Net cash flows from (used in) operating activities		1,858,924,909	(772,316,431)	452,888,477	414,042,473
Cash flows from investing activities					
Cash received for interest income		9,324,676	7,656,303	14,143,287	24,671,983
Decrease in fixed deposit		-	100,742,500	-	-
Decrease (increase) in restricted bank deposits		151,218	(1,120,689)	-	-
Cash paid to provide short-term loans to unrelated parties-		(5,000,000)	-	-	-
Cash paid to provide short-term loans to related parties	11	-	-	(28,800,000)	(39,200,000)
Cash received from repayment from short-term loans to related parties	11	-	-	31,950,000	174,200,000
Cash received from repayment from short-term loans to unrelated parties		14,000,000	-	-	-
Cash received from finance lease receivables		42,372,000	38,841,000	-	-
Net cash inflow from disposal of investments in subsidiaries		59,893,769	-	42,662,559	-
Net cash outflow from purchase of investments in subsidiaries		(1,689,220,201)	(126,393,576)	(493,069,394)	(220,053,083)
Proceeds from sales of investments in joint ventures		-	49,999,800	-	49,999,800
Cash paid for acquisition of investments in joint ventures		-	(49,999,800)	-	(49,999,800)
Proceeds from sales of other long-term investments	16	5,788,098	-	-	-
Cash paid for acquisition of other long-term investments	16	(116,840,451)	-	-	-
Proceeds from sales of property, plant and equipment, intangible assets and assets hold for future projects		22,244,665	17,055,017	1,094,147	6,720,757

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

Cash flow statement (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

Note	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash flows from investing activities (continued)				
Cash paid for property, plant and equipment	(458,150,316)	(1,025,720,129)	(5,408,572)	(18,878,661)
Cash paid for intangible assets	(42,756,944)	(48,849,870)	-	-
Cash received from non-controlling interest of the subsidiaries from establishment of a new subsidiary	2,750,000	-	-	-
Increase in surplus on investment over book value in subsidiary company	(53,264,840)	(87,524,102)	-	-
Increase in non-controlling interests of subsidiaries	59,920,859	83,709,471	-	-
Net cash flows used in investing activities	(2,143,787,467)	(1,046,604,075)	(437,427,973)	(72,539,004)
Cash flows from financing activities				
(Decrease) increase in bank overdrafts	(60,982,631)	52,549,079	-	(17,213,131)
Proceeds from short-term loans from financial institutions	12,637,519,115	11,596,299,778	940,400,000	841,820,000
Cash paid to settle short-term loans from financial institutions	(13,108,294,059)	(10,405,048,936)	(926,400,000)	(1,166,820,000)
Proceeds from bill of exchange	553,672,878	796,163,921	50,000,000	-
Cash paid to settle bill of exchange	(233,131,108)	(219,595,524)	(100,000,000)	-
Increase in trust receipts	145,147,478	118,479,624	-	-
Proceeds from long-term loans from financial institutions	1,634,500,000	1,420,891,406	-	400,000,000
Cash paid to settle long-term loans from financial institutions	(599,158,146)	(494,577,758)	(1,164,586)	(221,660,591)
Cash paid for repayment of loans from unrelated parties	(68,787,355)	-	-	-
Cash received from short-term loans from related parties 11	-	-	523,427,400	93,750,000
Cash paid to settle short-term loans from related parties 11	-	-	(258,277,400)	(5,000,000)
Cash received from long-term loans from related parties 11	-	-	628,000,000	175,477,840
Cash paid to settle long-term loans from related parties 11	-	-	(534,775,920)	-
Cash paid to settle liabilities under finance lease agreements	(13,161,789)	(28,568,328)	(1,840,345)	(911,717)
Cash received from sale treasury share	148,345,425	-	148,345,425	-
Dividend paid 33	(617,612,106)	(742,919,832)	(493,493,075)	(598,850,909)
Cash received from additional ordinary shares from warrants exercised of the Company and subsidiaries	60,062,850	47,343,350	27,348,100	29,010,350
Net cash flows from (used in) financing activities	478,120,552	2,141,016,780	1,569,599	(470,398,158)
Increase (decrease) in translation adjustments	(27,247,617)	22,629,050	-	-
Net increase (decrease) in cash and cash equivalents	166,010,377	344,725,324	17,030,103	(128,894,689)
Cash and cash equivalents at beginning of the year	1,069,103,744	724,378,420	31,148,515	160,043,204
Cash and cash equivalents at end of the year	1,235,114,121	1,069,103,744	48,178,618	31,148,515

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

Cash flow statement (continued)

Samart Corporation Public Company Limited and its subsidiaries

For the year ended 31 December 2012

(Unit: Baht)

	Note	Consolidated financial statements		Separate financial statements	
		2012	2011	2012	2011
Supplement disclosures of cash flows information					
Non-cash items					
Increase in account receivable for sale of short-term investments in trading securities during the year	8	194,462	-	194,462	-
Transfer inventories to equipment		375,595,488	479,206,947	-	-
Transfer equipment to intangible assets		3,448,066	33,054,845	-	-
Transfer equipment to other current assets		-	735,801	-	735,801
Transfer advance for purchase of equipment to equipment		56,259,137	-	-	-
Acquisitions of equipment under finance leases agreements		18,804,924	31,917,136	1,067,098	10,240,000
Increase (decrease) in fixed asset payable		5,262,004	(38,017,887)	17,960	(151,095)
Surplus on revaluation of property, plant and equipment	29	6,041,800	6,037,289	4,390,789	4,390,789
Actuarial loss on defined benefit plan	27	3,388,953	-	665,936	-
Transfer short-term loan from related party to long-term loan from related party		-	-	-	136,333,350
Transfer short-term investments to other long-term investments		-	83,812,269	-	-
Transfer short-term loan to long-term loan		-	64,255,000	-	-
Transfer from deferred right to the use of communication equipment to intangible asset - license		-	235,498,666	-	-

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

Notes to consolidated financial statements

Samart Corporation Public Company Limited and its subsidiaries

For the years ended 31 December 2012

1. General information

Samart Corporation Public Company Limited (“the Company”) is a public company incorporated and domiciled in Thailand. The Company is principally engaged in the design, implementation and installation of telecommunications systems, and the sale and distribution of telecommunications equipment. The registered office of the Company is at 99/1 Moo 4, Software Park Building 35th Floor, Chaengwattana Road, Klong Glur, Pak-Kred, Nonthaburi.

2. Basis of preparation

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

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

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

2.2 Basis of consolidation

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

Company's name	Percentage shareholding		Country of incorporation	Nature of business
	2012 Percent	2011 Percent		
Subsidiaries directly held by the Company				
1. The Samart Engineering Co., Ltd.	100	100	Thailand	Manufacture and distribution of television and radio antenna and satellite antenna dishes
2. Samart U-Trans Co., Ltd.	100	100	Thailand	Distribution of telecommunications products in international market
3. Samart Research & Development Co., Ltd.	100	100	Thailand	Research and development of telecommunications products
4. Samart Telcoms Public Co., Ltd.	70.89	71.02	Thailand	Provision of data, voice and image communications services via satellite
5. Samart I-Mobile Public Co., Ltd.	60.41	60.15	Thailand	Distribution of communication and electronic equipment
6. One to One Contacts Co., Ltd.	98.42	99.13	Thailand	Call center
7. Vision and Security System Co., Ltd.	70	70	Thailand	Provide services, sale, installation if security system, audio and video conference, wire and wireless communication system
8. Suvarnabhumi Environment Services Co., Ltd.	90	90	Thailand	Provision of waste management services in vicinity of Suvarnabhumi Airport
9. Suvarnabhumi Environment Care Co., Ltd.	90	90	Thailand	Provision of waste management services in vicinity of Suvarnabhumi Airport
10. Samart RadiTech Co., Ltd.	100	100	Thailand	The development of nuclear technology services and use of radiation for commercial purposes



Company's name	Percentage shareholding		Country of incorporation	Nature of business
	2012 Percent	2011 Percent		
11. Newly established company	65	65	Thailand	Not yet started operation
12. Samart Digital TV Co., Ltd.	100	-	Thailand	Provide services of audio and video system
13. Cambodia Samart Co., Ltd. (The Company has control over this company's operations)	49	49	Cambodia	Distribution of communication and electronic equipment in Cambodia
14. Samart Inter Holding Co., Ltd.	100	100	Hong Kong	The holding company for investing in public utilities in the Indochina region
Subsidiary directly held by One to One Contacts Co., Ltd.				
1. One to One Professional Co., Ltd.	98.42	99.13	Thailand	Provide company personnel to perform work regarding providing information, news and information center on-site and off-site
Subsidiary held by Samart Inter Holding Co., Ltd.				
1. Cambodia Air Traffic Services Co., Ltd.	100	100	Cambodia	Provision of air traffic control services in Cambodia
2. Kampot Power Plant Co., Ltd.	100	100	Cambodia	Production and sale of electricity to Kampot Cement Co., Ltd. which produces cement for Siam Cement Public Co., Ltd. in Cambodia
Subsidiary held by The Samart Engineering Co., Ltd.				
1. Contact-In-One Co., Ltd.	100	100	Thailand	Institute of telecommunication mechanic
Subsidiaries held by Samart Telcoms Public Co., Ltd.				
1. Samart Communication Services Co., Ltd.	70.89	71.02	Thailand	Design and installation of communication network, public rural telephone project
2. Posnet Co., Ltd.	70.89	71.02	Thailand	Electronic fund transfer
3. Thai Trade Net Co., Ltd.	70.89	71.02	Thailand	Electronic data interchange
4. Samart Broadband Services Co., Ltd.	70.89	71.02	Thailand	Broadband data interchange services through the copper wire network
5. Samart Comtech Co., Ltd.	70.89	71.02	Thailand	Design and installation of telecommunications networks
6. Oasis Consulting Co., Ltd.	-	49.71	Thailand	Computer systems consultation and installation of SAP
7. Smarterware Co., Ltd.	70.89	71.02	Thailand	Manufacture production of software packages and provision of software development services
8. Samart Telecommunication (Cambodia) Co., Ltd.	70.89	71.02	Cambodia	Ceased business in 2010, currently is in processing of liquidation
9. Samart Infonet Co., Ltd.	70.89	71.02	Thailand	Provision for internet services
10. IT Gen Co., Ltd.	-	71.02	Thailand	Distribution of information system and communications equipment
11. Samart eD Tech Co., Ltd.	70.89	71.02	Thailand	E-learning courseware development consultation
12. Net Media Co., Ltd.	70.89	71.02	Thailand	Distribution of Information system and communications equipment
13. Portalnet Co., Ltd.	70.89	-	Thailand	Design and installation of Enterprise Resource Planning (ERP) system and fully integrate ERP solution for government and public sectors

Company's name	Percentage shareholding		Country of incorporation	Nature of business
	2012 Percent	2011 Percent		
Subsidiary held by Samart Broadband Services Co., Ltd.				
1. IT Absolute Co., Ltd.	70.89	-	Thailand	Distribution of information system and communications equipment

In addition, these consolidated financial statements include transactions of the following consortium, in which Portalnet Co., Ltd is a participant:

<u>Name</u>	<u>Objective</u>	<u>Consortium Type</u>	<u>Country</u>
Consortium SPIES	The leasing of an application software for core business operations to the Provincial Electricity Authority	Joint control	Thailand

Company's name	Percentage shareholding		Country of incorporation	Nature of business
	2012 Percent	2011 Percent		
Subsidiaries held by Samart I-Mobile Public Co., Ltd.				
1. Samart Multimedia Co., Ltd.	60.41	60.15	Thailand	Provision of audiotext services
2. Samart Mobile Services Co., Ltd.	58.84	58.59	Thailand	Distribution of information technology devices
3. I-Mobile International Co., Ltd.	60.41	60.15	Thailand	General management business including business planning and business coordination
4. Brain Sources Co., Ltd.	60.41	60.15	Thailand	Research and development of mobile phone applications
5. I-Mobile Plus Co., Ltd.	60.41	60.15	Thailand	Provision of wireless telecommunications services
Subsidiaries held by Samart Multimedia Co., Ltd.				
1. Take A Look Co., Ltd.	40.47	40.30	Thailand	Provision of advertising and billboard advertisement services, and preparation
2. Samart Interactive Media Co., Ltd.	60.41	60.15	Thailand	Distribution of goods and provision of services related to horoscopes and astrology
3. I-Sport Co., Ltd.	30.21	30.08	Thailand	Provider of information of sports via full option interactive multimedia
4. Entertainment tree Co., Ltd. (Samart I-Mobile Public Co., Ltd. has control and sets policies for operation and financial management over this company)	27.18	-	Thailand	Production, sale and provision of all kinds of entertainment related control through multiple channels
Subsidiaries held by I-Mobile International Co., Ltd.				
1. Samart I-Mobile (Malaysia) Sdn. Bhd.	60.41	60.15	Malaysia	Distributor of mobile phones and provider of entertainment content
2. I-Mobile (Cambodia) Co., Ltd.	-	-	Cambodia	Ceased business in 2006, currently is in process of liquidation
3. Pt. Samart I-Mobile Indonesia	60.41	60.15	Indonesia	Distributor of mobile phones and accessories
4. Samart I-Mobile (Hong Kong) Ltd.	60.41	60.15	Hong Kong	Distributor of mobile phones and accessories
5. I-Mobile Inter Trade Co., Ltd.	60.41	60.15	Thailand	Export I-Mobile products
Subsidiary held by Samart I-Mobile (Malaysia) Sdn. Bhd.				
1. Pemata Benar Sdn. Bhd.	60.41	60.15	Malaysia	Not operational



- b) Subsidiaries are fully consolidated being the date on which the Company obtains control, and continue to be consolidated until the date when such control ceases.
- c) The financial statements of the subsidiaries are prepared using the same significant accounting policies as the Company.
- d) The assets and liabilities in the financial statements of overseas subsidiary companies are translated to Baht using the exchange rate prevailing on the end of reporting period, and revenues and expenses translated using monthly average exchange rates. The resulting differences are shown under the caption of “Exchange differences on translation of financial statements in foreign currency” in the statements of changes in shareholders’ equity.
- e) Material balances and transactions between the Company and its subsidiary companies have been eliminated from the consolidated financial statements.
- f) Non-controlling interests represent the portion of profit or loss and net assets of the subsidiaries that are not held by the Company and are presented separately in the consolidated profit and loss and within equity in the consolidated statements of financial position.
- g) In recording the acquisition of additional shares of subsidiaries (repurchase of shares from minority shareholders) when the fair value of the net assets acquired is lower than the cost of the investment the difference has been presented in other components of shareholders’ equity in the statement of financial position under the caption of “Surplus on investments in subsidiary companies arising as a result of acquisition of additional shares at a price higher than net book value at the acquisition date”. When the fair value of the net assets acquired is higher than the cost of the investment the difference has been presented in other components of shareholders’ equity in the statement of financial position under the caption of “Lower of investment in subsidiary companies arising as a result of acquisition of additional shares at a price lower than net book value at the acquisition date”.

2.3 The separate financial statements, which present investments in subsidiaries presented under the cost method, have been prepared solely for the benefit of the public.

3. New accounting standards not yet effective

- a) The Federation of Accounting Professions issued the following new/revised accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting standards:

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

Financial Reporting Standard:

TFRS 8	Operating Segments
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Accounting Standard Interpretations:

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

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

TAS 12 Income Taxes

This accounting standard requires an entity to identify temporary differences, which are differences between the carrying amount of an asset or liability in the accounting records and its tax base, and to recognize deferred tax assets and liabilities under the stipulated guidelines. The management of the Company expects the adoption of this accounting standard to have the effect of increasing and decreasing the Company and its subsidiaries' brought-forward retained earnings and other components of shareholders' equity of the year 2013, respectively, as below.

(Unit: Million Baht)

	Consolidated financial statement	Separate financial statement
Increasing in brought - forward retained earnings of the year 2013	187.4	28.4
Decreasing in brought - forward other components of shareholders' equity of the year 2013	(77.8)	(32.9)

- b) In addition, the Federation of Accounting Professions has issued Notification No. 30/2555 - 34/2555, published in the Royal Gazette on 17 January 2013, mandating the use of accounting treatment guidance and accounting standard interpretations as follows.

	<u>Effective date</u>
Accounting Treatment Guidance for Transfers of Financial Assets	1 January 2013
Accounting Standard Interpretation:	
SIC 29 Service Concession Arrangements: Disclosures	1 January 2014
Financial Reporting Standard Interpretations:	
TFRIC 4 Determining whether an Arrangement contains a Lease	1 January 2014
TFRIC 12 Service Concession Arrangements	1 January 2014
TFRIC 13 Customer Loyalty Programmes	1 January 2014

The management of the Company has assessed the effect of these standards and believes that Accounting Treatment Guidance for Transfers of Financial Assets, and SIC 29 are not relevant to the business of the Company. Management is still evaluating the first-year impact to the financial statements of the adoption of TFRIC 4, TFRIC 12 and TFRIC 13 and has yet to reach a conclusion.

4. Significant accounting policies

4.1 Revenue recognition

a) Sales and services

Sales of goods are recognised when the Company and its subsidiaries, the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.



Service revenue is recognised when services have been rendered taking into account the stage of completion.

b) Transponder rental income

Transponder rental income is recognised as revenue on a monthly accrual basis, in accordance with the payments due under the agreement.

c) Sales of equipment including designation and installation.

Sales of equipment including designation and installation are recognised as income by reference to the stage of completion.

d) Selling support income, commission and interest income

Selling support income, commission are recognised as income on an accrual basis.

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

e) Interconnection fees

Interconnection fees are recognised as revenue or expenses when a subsidiary and other parties, such as the Ministry of Post and Telecommunications in Cambodia ("MPTC") or other operators, agree and approve the transactions with one another in writing. This is done in view of the uncertainty surrounding these transactions, which are dependent on confirmation from MPTC or other operators.

f) Entrance fee on franchise agreement

Entrance fee on franchise agreement is recognised on the term of agreement.

g) Unearned revenue from telephone service of prepaid phone cards

Unearned revenue from telephone service of prepaid system represents the unused portion of the face value of prepaid phone cards. It is deferred and recognised based on the actual usage or upon expiration of the usage as stated on card, depending on which comes first.

h) Revenue from telephone services

Revenue related to domestic calls, international calls and roaming service calls is recognised when the telephone services have been rendered.

i) Revenue from sales of telephone sets and starter kits

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

In case of revenue arrangements with multiple deliverable, the revenue elements are recognised in proportion to the fair value of delivered items. The subsequent services are recorded at the normal selling price or at a discounted value, depending on the facts and circumstances.

j) Revenue from sales under finance leases agreements

Finance leases receivables have been recorded based on the contractual value. The difference between the contractual value and the value equivalent to the cash price of the asset is recognised as unearned interest income. Interest income on finance leases is recognised over the term of the lease using the annuity method.

k) Royalty and technical assistance fee

Royalty and technical assistance fee are recognised as income on an accrual basis.

l) Dividends

Dividends are recognised when the right to receive the dividends is established.

4.2 Cash and cash equivalents

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

4.3 Trade accounts receivable

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

4.4 Inventories

Inventories are valued at the lower of average cost and net realisable value.

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

Reduce cost of inventories to net realisable value will be set up for old, obsolete, slow moving or deteriorated inventories.

4.5 Investments

- a) Investments in securities held for trading are stated at fair value. Changes in the fair value of these securities are recorded in profit or loss.
- b) Investments in subsidiaries are accounted for in separate financial statements using the cost method.
- c) Other long-term investments are investments in available-for-sale securities which are stated at fair value. Changes in the fair value of these securities are recorded in other comprehensive income and will be recorded in profit or loss when the securities are sold.
- d) Investments in non-marketable equity securities, which the subsidiary company classified as other long-term investments, are stated at cost.

The fair value of marketable securities is based on the latest bid price of the last working day of the year as quoted on the Stock Exchange of Thailand. If the last bid price of the last working day of the year as quoted on the Stock Exchange of Thailand is not available, the basis used by the Company to determine the fair value of marketable securities is the amount for which an asset can be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction.

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

In the event the Company reclassifies investments from one type to another, such investments will be readjusted to their fair value as at the reclassification date. The difference between the carrying amount of the investments and the fair value on the date of reclassification are recorded in profit or loss or recorded as other components of shareholders' equity, depending as the type of investment that is reclassified.

On disposal of an investment, the difference between net disposal proceeds and the carrying amount of the investment is recognised in profit or loss.

4.6 Property, plant and equipment and depreciation/Assets held for future projects

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



All items of property, plant and equipment are initially recorded at cost on the acquisition date, and subsequently revalued by an independent professional appraiser, to their fair values. Revaluations are made with sufficient regularity to ensure that their carrying amount does not differ materially from their fair value at the end of reporting period.

The differences arising from revaluation are dealt with in the financial statements as follows:

- When an asset's carrying amount is increased as a result of the revaluation of the Company and subsidiaries' assets, the increase is credited directly to the other comprehensive income and the cumulative increase is recognised other other components of shareholder's equity under the heading of "Surplus on revaluation". However, a revaluation increase is recognised as income to the extent that it reverses a revaluation decrease in respect of the same asset previously recognised as an expense.
- When an asset's carrying amount is decreased as a result of a revaluation of the Company and subsidiaries' assets, the decrease is recognised as an expense in profit or loss. However, the revaluation decrease is charged directly to the other other components of shareholder's equity against the related "Revaluation surplus" to the extent that the decrease does not exceed the amount held in the revaluation surplus in respect of that same asset.

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

Building	-	20 years
Machine and equipment	-	2 - 5 years

No depreciation is provided for land and land revaluation and assets in progress.

Depreciation is included in determining income.

Revaluation surpluses are recognised as a deduction against depreciation in the retained earnings over the estimated useful lives of the related assets.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on disposal of an asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss when the asset is derecognised.

4.7 Intangible assets

Intangible assets are initially recognised at cost. Following the initial recognitions, the intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses (if any).

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

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

	Useful lives
Right under the advertising agreement	2 and 3 years but not exceeding the number of hours granted with such right in each month
Computer software	5, 10 years
Right under the distribution agreement	2 years
License	5 years
Right under license agreement for audio-visual of football match	3 years

4.8 Deferred rights to use of communication equipments and amortization

The deferred rights to use of communication equipment are stated at cost less accumulated amortization. Amortization of deferred rights to use of communication equipments is amortized on a straight-line basis over the estimated useful lives of the transferred assets (5, 10, 15, 20 and 30 years) but for no longer than the remaining period of the concessions. For the concessions of a subsidiary company in Cambodia the deferred right is amortized on a straight-line basis over 3 - 10 years.

4.9 Goodwill

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

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

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

4.10 Long-term leases

a) Finance leases

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

b) Operating leases

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor or and classified as operating leases. Operation lease payments are recognised as an expense in profit or loss on a straight line basis over the lease term.



c) Sale and leaseback

In cases where assets are sold and then leased back, whereby the transaction is a kind of finance lease, any excess of sales proceeds over the carrying amount of the assets is recorded as deferred revenue and amortised over the lease term.

4.11 Treasury share

Treasury share is stated at cost and is presented as a reduction from shareholders' equity. Gains on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share, losses on disposal of treasury share are determined by reference to its carrying amount and are taken to premium on treasury share and retained earnings, consecutively.

4.12 Business combinations

Business combinations are accounted for using the acquisition method with the cost of the acquisition being the fair value at the acquisition date of consideration transferred, and the amount of any non-controlling interest in the acquiree. For each business combination, the acquirer measures the non-controlling interest, if any, in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related cost are accounted for as expenses in the periods in which the costs are incurred and the services are received.

4.13 Related party transactions

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

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

4.14 Foreign currencies

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

Gains and losses on exchange are included in determining income.

4.15 Impairment of assets

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

An impairment loss is recognised in profit or loss. However in cases where property, plant and equipment was previously revalued and the revaluation was taken to equity, a part of such impairment is recognised in equity up to the amount of the previous revaluation.

In the assessment of asset impairment if there is any indication that previously recognised impairment losses may no longer exist or may have decreased, the Company estimates the asset's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The increased carrying amount of the asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss unless the asset is carried at a revalued amount, in which case the reversal, which exceeds the carrying amount that would have been determined, is treated as a revaluation increase.

4.16 Employee benefits

Short-term employee benefits

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

Post-employment benefits

Deferred contribution plans

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

Defined benefit plans

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

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

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

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

For the first-time adoption of TAS 19 Employee Benefits in 2011, the Company elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, retrospectively as though the Company initially recorded these employee benefit expenses.

4.17 Provisions

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



4.18 Income tax

Income tax of the Company and subsidiaries in Thailand is provided in the accounts at the amount expected to be paid to the taxation authorities, based on taxable profits determined in accordance with tax legislation. It has been calculated on the Company's income after adding back provision and expenses which are disallowed for tax computation purposes and less the amount of tax losses brought forward from previous year (if any).

Overseas subsidiaries calculate income tax in accordance with tax rate regulated in tax law of those countries.

4.19 Derivatives

Forward exchange contracts

Forward exchange contracts are stated at fair value, which is calculated by reliable financial institutions. Gains or losses arising from changes in the fair value of the contracts are recognised in profit or loss.

Currency option agreements

Currency option agreements are contracts between two parties whereby the seller grants the buyer a future option to buy (call option) or to sell (put option) foreign currency at an exchange rate stipulated in the agreement. The subsidiary company enters into such agreements in order to manage foreign exchange risk.

The notional amounts of cross currency option agreements utilised by the subsidiary company to manage foreign exchange risk are not recognised as assets or liabilities upon inception of the agreement, but fees paid by the subsidiary company in respect of such agreements (if any) are amortised on a straight line basis over the term of the agreement.

5. Significant accounting judgments and estimates

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

Construction contracts

The Company and its subsidiaries recognise contract revenue by reference to the stage of completion of the contract activity, when the outcome of a construction contract can be estimated reliably. The stage of completion is measured by reference to the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Significant assumptions are required to estimate the total contract cost and the recoverable variation works that will affect the stage of completion. The management is required to make judgment and estimates based on past experience and knowledge of the project engineers.

Leases

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

Allowance for doubtful accounts

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

Reduction of inventories to net realisable value

Determining the reduction cost of inventories to net realisable value requires management to exercise judgment in estimating losses on outstanding inventories, based on the selling price expected in the ordinary course of business; less the estimated additional cost to be incurred in preparing the inventory for sale, and reduction cost of inventories for obsolete, slow-moving and deteriorated inventories, and taking into account the approximate useful life of each type of inventory and current changes in technology.

Allowance for diminution in value of withholding tax deducted at sources

The Company and its subsidiaries regard withholding tax deducted at sources as an asset since they have the right to claim for a refund of it. The net realisable value of tax depends on the exercise of the right to claim it, and the results of any tax audit by the Revenue officials. However, the management has used judgment to assess the outcome of the refund claim and believes that no loss will result. Therefore, no allowance for diminution in value of withholding tax deducted at sources is recorded as at the end of reporting period.

Impairment of equity investments

Its subsidiaries treat available-for-sale investments as impaired when there has been a significant or prolonged decline in the fair value below their cost or where other objective evidence of impairment exists. The determination of what is “significant” or “prolonged” requires judgment of the management.

Property, plant and equipment/Depreciation

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

The Company and its subsidiaries measure land and buildings at revalued amounts. Such amounts are determined by the independent valuer using the market approach for land and the income approach for buildings. The valuation involves certain assumptions and estimates.

In addition, the management is required to review property, plant and equipment for impairment on a periodical basis and record impairment losses in the period when it is determined that their recoverable amount is lower than the carrying cost. This requires judgments regarding forecast of future revenues and expenses relating to the assets subject to the review.

Goodwill and intangible assets

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

Post-employment benefits under defined benefit plans

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

Litigation

The Company and subsidiary companies have contingent liabilities as a result of litigation. The management has used judgment to assess of the results of the litigation and believes that no loss will result. Therefore no contingent liabilities are recorded as at the end of reporting period.

6. Cash and cash equivalents

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Cash	7,485	13,851	20	20
Bank deposits	1,356,270	1,184,045	48,159	31,129
Restricted bank deposit	(128,641)	(128,792)	-	-
Total	1,235,114	1,069,104	48,179	31,149

As at 31 December 2012, bank deposits in savings accounts and fixed deposits carried interests at the rate between 0.01 and 2.50 percent per annum (2011: between 0.01 and 2.70 percent per annum).

7. Restricted bank deposits

These represent savings and fixed deposits pledged by the subsidiaries with the banks to secure credit facilities obtained from the banks.

8. Short-term investment in trading securities

As at 31 December 2012 and 2011, the Company and its subsidiary companies invested in short-term investment in trading securities as follows:

Common stock	Consolidated financial statements					
	2012			2011		
	Shares	Cost	Fair value	Shares	Cost	Fair value
	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)
Siam Inter Multimedia Plc.	350	851	777	-	-	-
Diamond Building Products Plc.	3,086	22,568	22,680	-	-	-
Ascon Construction Plc.	6,478	40,745	-	6,478	40,745	-
Rich Asia Steel Plc.	-	-	-	2,000	7,019	1,020
Living Land Capital Plc.	2,010	2,438	623	2,010	2,438	483
Thaicom Plc.	100	771	2,310	100	771	1,020
S.E.C. Auto Sales and Services Plc.	1,290	4,058	-	1,290	4,058	-
Warrant No. 3 of Siam Sport Syndicate Plc.	372	565	495	372	562	405
Total short-term investment in trading securities		71,996	26,885		55,593	2,928
Less: Change in value		(45,111)			(52,665)	
Total short-term investment in trading securities - net		26,885			2,928	

Common stock	Separate financial statements					
	2012			2011		
	Shares	Cost	Fair value	Shares	Cost	Fair value
	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Baht)	(Thousand Baht)
Rich Asia Steel Plc.	-	-	-	500	902	255
Diamond Building Products Plc.	1,195	8,793	8,782	-	-	-
Warrant No. 3 of Siam Sport Syndicate Plc.	330	502	439	330	502	360
Total short-term investment in trading securities		9,295	9,221		1,404	615
Less: Change in value		(74)			(789)	
Total short-term investment in trading securities - net		9,221			615	

Movement of the short-term investments in trading securities account during the year ended 31 December 2012 and 2011 are summarised below

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Balance at beginning of the year	2,928	106,956	615	810
Purchase during the year	69,600	18,941	35,708	9,496
Disposals during the year				
Increase in account receivable for sales of short-term investments in trading securities during the year	(194)	-	(194)	-
Proceed from sales	(65,100)	(19,143)	(36,509)	(8,343)
Gain (loss) on disposals (Note 34)	9,377	(1,088)	6,168	10
Total	(55,917)	(20,231)	(30,535)	(8,333)
Gain (loss) on change in value (Note 34)	10,274	(18,926)	3,433	(1,358)
Reclassification of investment (Note 16)	-	(83,812)	-	-
Balance end of the year	26,885	2,928	9,221	615

9. Trade and other receivables

The balances of trade accounts receivable as at 31 December 2012 and 2011, aged on the basis of due dates, are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
<u>Trade accounts receivable - related parties</u>				
Aged on the basis of due dates				
Not yet due	-	8	-	-
Past due				
Up to 3 months	10	-	-	-
3 - 6 months	-	-	-	-
6 - 12 months	-	10	-	-
Over 12 months	473	517	-	-
Total trade accounts receivable - related parties	483	535	-	-
Less: Allowance for doubtful debts	(309)	-	-	-
Total trade accounts receivable - related parties - net	174	535	-	-
<u>Trade accounts receivable - unrelated parties</u>				
Aged on the basis of due dates				
Not yet due	2,028,021	1,945,371	1,407	1,294
Past due				
Up to 3 months	2,075,476	1,627,604	4,279	4,054
3 - 6 months	1,504,570	1,066,976	4,292	3,938
6 - 12 months	43,021	424,467	8,535	8,504
Over 12 months	282,019	188,936	24,889	8,392
Total trade accounts receivable - unrelated parties	5,933,107	5,253,354	43,402	26,182
Less: Allowance for doubtful debts	(114,430)	(143,484)	(588)	(588)
Total trade accounts receivable - unrelated parties - net	5,818,677	5,109,870	42,814	25,594
Total trade accounts receivable - net	5,818,851	5,110,405	42,814	25,594
<u>Other receivables</u>				
Other receivables and advance to related parties	752	672	60,915	66,291
Accrued interest receivable from related parties	-	-	2,385	3,118
Securities business receivables	1,022,626	-	-	-
Other receivables - unrelated parties	51,664	37,257	507	98
Total other receivables	1,075,042	37,929	63,807	69,507
Less: Allowance for doubtful debts	(1,026,530)	(2,164)	-	-
Total other receivables - net	48,512	35,765	63,807	69,507
Total trade and other receivables - net	5,867,363	5,146,170	106,621	95,101

- a) The Company and four subsidiary companies as, Samart Telcoms Public Co., Ltd., Samart Communication Services Co., Ltd., Samart Comtech Co., Ltd. and One to One Contacts Co., Ltd., have transferred their collection rights from projects to banks and bank guarantee as collateral for loans from banks and bank guarantee as described in Note 21, 24 and 41 to the financial statements. As at 31 December 2012, the balance of the above accounts receivable included the receivables that were transferred their collection rights to banks totaling Baht 658 million (2011: Baht 993 million) (separate financial statements: Baht 43 million (2011: Baht 25 million)).
- b) As at 31 December 2012, trade accounts receivable of Samart Telcoms Public Co., Ltd., a subsidiary company included amounts of Baht 4.0 million (2011: Baht 4.0 million) receivable from financial institutions which were ordered to cease their operations by the authorities. The subsidiary company has already provided full allowance for doubtful accounts for these amounts.
- c) **Securities business receivables**
As at 31 December 2012, IT Absolute Co., Ltd., a subsidiary company (formerly operate securities business) had securities business receivables which are under legal proceedings, undergoing restructuring or being settled in installments, to Baht 1,022.6 million, on which the subsidiary already fully set up allowance for doubtful account.

In addition during the year 2009, the subsidiary company has filed lawsuits with the Civil Court and the Bankruptcy Court, seeking to have the 7 customers settled their total outstanding debts of Baht 978.4 million to the subsidiary company. The 7 debtors are under absolute receivership by the Central Bankruptcy Court and these are being carried out in accordance with the process laid down under bankruptcy laws. The Civil Court dismissed the lawsuits of 7 debtors so that the subsidiary company could receive settlement in the bankruptcy cases.

The share purchase agreement of shares in IT Absolute Co., Ltd., on 3 February 2012, states that if the company receives any repayment or benefit subsequent to share transfer date (all together called "repayment") arising from obligation before or at share transfer date, the subsidiary (buyer) shall order the company to transfer the repayment to the previous shareholder (a bank) at the rate of 99.7888 percent as formula which was described in the agreement.

10. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term loans to related parties (note 11)	-	-	177,501	180,651
Short-term loans to unrelated party	-	14,000	-	-
Short-term loans to employees	235	4,951	2	520
Total short-term loans	235	18,951	177,503	181,171

Short-term loans to unrelated party

During the year 2012, I-Sport Co., Ltd., a subsidiary company, received short-term loans repayment of Baht 14 million from Siam Sport Syndicate Public Co., Ltd. which the loan was carried interest at fixed deposit rate (3 months) plus 0.25 percent per annum.



Short-term loans to employees

These represent short-term loans to their employees who were effected by flooding. The loans are interest-free and repayable monthly over one year.

11. Related party transactions

During the years, the Company and its subsidiaries had significant business transactions with related individual and related parties. Such transactions, arose in the ordinary course of business and were concluded on commercial terms and bases agreed upon between the Company and those related parties. The pricing policies for these related party transactions are summarised as follows:

1. Sales prices are determined at market price, if market price not known sales price are determined at cost plus a margin not over 15 percent. However, the pricing policy is subject to change depending on the type of business and market competition when the transaction occurs.
2. Management fees and rental income are charged at the amount stated in the agreement.
3. Advances receive for IT service fee from subsidiary companies are based on cost plus a margin of not over than 5 percent.
4. Other services income and expenses are charged at a determined price.
5. Interest on loans to and from related parties are charged at cost plus margin as follow:
 - 5.1 The Minimum Loan Rate (MLR) of a local commercial bank plus 0.5 percent to 1 percent per annum.
 - 5.2 The Minimum Loan Rate (MLR) of a local commercial bank minus 1 percent per annum.
 - 5.3 Fixed deposit rate (3 months) of a local commercial bank plus 0.25 percent and 1 percent per annum.
 - 5.4 Average savings deposit rate of 5 largest commercial banks plus 0.25 percent per annum and 0.50 percent per annum.
 - 5.5 The London Interbank Offered rate (LIBOR 3 month) plus 2 percent per annum.
 - 5.6 Cost of fund plus 0.25 percent per annum.
6. Fixed assets are sold and purchased at market price or their net book value plus a margin, depending on the condition of the fixed assets.
7. Investments are sold and purchased with reference to their fair value.
8. Royalty and technical assistance fees are charged at a rate of 0.5 percent and 0.75 percent of sales according to the conditions stipulated in agreements.
9. Guarantee fee is charged between the parties at a rate of 0.3 percent per annum.
10. Dividend income is recognised when declared and the right to receive the dividend is established.
11. Directors and management's benefit expenses are charged as approved by the shareholders' meeting or contractually agreed price.

Significant business transactions between the Company, its subsidiaries and related companies are summarised below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Transactions with subsidiary companies <u>(eliminated in the consolidation)</u>				
IT Service fee income	-	-	96	96
Dividend income	-	-	289	311
Management fee income	-	-	316	281
Guarantee fee income	-	-	2	4
Interest income	-	-	13	25
Other income	-	-	69	86
Purchase of goods and services	-	-	16	14
Other expenses	-	-	4	4
Interest expense	-	-	19	13
Transactions with related companies				
Sales and service income	4	1	-	-
Purchase of goods and service	17	16	-	-
Other expenses	79	70	49	45

As at 31 December 2012 and 2011, the outstanding balances of the above transactions have been separately shown in the statements of financial position and consist of the following:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current assets				
<u>Trade accounts receivable - related parties</u>				
Related companies	174	535	-	-
Total trade accounts receivable - related parties	174	535	-	-
<u>Other receivables and accrued interest income - related parties</u>				
Subsidiary companies	-	-	63,018	69,207
Related companies	752	672	282	202
Total other receivables and accrued interest income - related parties	752	672	63,300	69,409
Total trade and other receivables - related parties	926	1,207	63,300	69,409



(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current liabilities				
<u>Trade accounts payable - related parties</u>				
Subsidiary company	-	-	41,530	24,827
Related company	-	13	-	-
Total trade accounts payable - related parties	-	13	41,530	24,827
<u>Other payables and accrued interest expenses</u>				
- related parties				
Subsidiary companies	-	-	2,887	6,906
Related companies	9,183	11,342	148	51
Total other payables and accrued interest expenses				
- related parties	9,183	11,342	3,035	6,957
Total trade and other payables - related parties	9,183	11,355	44,565	31,784

Short-term loans to subsidiary companies

As at 31 December 2012 and 2011, the balance of short-term loans to subsidiary companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2011	During the year		Balance as at 31 December 2012
		Increase	Decrease	
Samart Telcoms Public Co., Ltd.	93,000	-	-	93,000
Suvarnabhumi Environment Care Co., Ltd.	51,501	25,500	-	77,001
The Samart Engineering Co., Ltd.	31,650	-	(31,650)	-
Samart Digital TV Co., Ltd.	-	3,000	-	3,000
Samart RadiTech Co., Ltd.	4,500	300	(300)	4,500
Total short-term loans to subsidiary companies	180,651	28,800	(31,950)	177,501

Short-term loans from subsidiary companies

As at 31 December 2012 and 2011, the balance of short-term loans from subsidiary companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2011	During the period		Balance as at 31 December 2012
		Increase	Decrease	
Short-term loans from subsidiary companies				
Samart U-Trans Co., Ltd.	88,750	400,000	(150,750)	338,000
Samart Research and Development Co., Ltd.	10,627	-	-	10,627
The Samart Engineering Co., Ltd.	-	8,500	-	8,500
Newly Established Company	-	7,400	-	7,400
Cambodia Air Traffic Services Co., Ltd.	-	76,837	(76,837)	-
Kampot Power Plant Co., Ltd.	-	30,690	(30,690)	-
Total short-term loans from subsidiary companies	99,377	523,427	(258,277)	364,527

Long-term loans from subsidiary companies

As at 31 December 2012 and 2011, the balance of long-term loans from subsidiary companies and the movement are as follows:

(Unit: Thousand Baht)

	Separate financial statements			
	Balance as at 31 December 2011	During the year		Balance as at 31 December 2012
		Increase	Decrease	
Cambodia Air Traffic Services Co., Ltd.	375,616	442,000	(375,616)	442,000
Kampot Power Plant Co., Ltd.	159,160	186,000	(159,160)	186,000
Total long-term loans from subsidiary companies	534,776	628,000	(534,776)	628,000

- a) The Company obtained long-term loan facility of USD 6.5 million from Cambodia Air Traffic Services Co., Ltd., a subsidiary company. The loan carries interests at the LIBOR plus 2.00 percent per annum. Their loan will be mature in the fifth year from the date of the first drawdown or the memorandum date as following.

Amount (Million USD)		Date of maturity
1.5	First drawdown on 16 November 2009	16 November 2014
3.0	First drawdown on 5 August 2010	5 August 2015
2.0	Memorandum date 16 September 2010	16 September 2015

In addition, during the year 2011, the Company received additional loan from such company amounting to USD 5.3 million with an interest rate of LIBOR plus 2.00 percent per annum and which will be mature in the fifth year from the date of the first drawdown as following.

Amount (Million USD)	Date of the first drawdown	Date of maturity
4.0	13 January 2011	13 January 2016
1.3	8 June 2011	8 June 2016

The Company fully repaid the loan amounting to USD 11.8 million on 13 November 2012.

Subsequently on 27 November 2012, the company received a Baht loan from Cambodia Air Traffic Services Co., Ltd., amounting to Baht 442 million which bears interest at the average savings deposit rate of 5 largest commercial banks in Thailand plus 0.25 percent per annum and will be mature in full in the fifth year from the date of first drawdown (27 November 2012). Therefore as at 31 December 2012, the Company has the outstanding long-term loans of Baht 442 million (2010: USD 11.8 million).

- b) During the year 2011, the Company obtained a long term loan facility of USD 0.5 million from Kampot Power Plant Co., Ltd., a subsidiary company, a loan carries interest at the LIBOR plus 2.00 percent per annum. The loan will be mature in full in the fifth year from the date of first drawdown (dated 11 January 2011). Moreover, the Company and a subsidiary company entered into a debt convertible memorandum, whereby both parties agreed to convert the short-term loan to long-term loan of USD 4.5 million. The loan will be mature in full in the fifth year from the memorandum date (1 May 2011). Subsequently, the Company fully repaid the loan on 28 November 2012.

Subsequently on 7 December 2012, the Company received a Baht loan from Kampot Power Plant Co., Ltd., amounting to Baht 186 million which bears interest at the average savings deposit rate of 5 largest commercial banks in Thailand plus 0.25 percent per annum and will be mature in full in the fifth year from the date of first drawdown (7 December 2012). Therefore as at 31 December 2012, the Company has outstanding balance of long-term loan amounting to Baht 186 million (2011: USD 5 million).

Directors and management's remuneration

During the year 2012 and 2011, the Company and its subsidiaries had employee benefits expenses payable to their directors and management as below.

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term employee benefits	77.4	77.6	23.4	22.4
Post-employment benefits	0.7	2.3	0.3	0.6
Total	78.1	79.9	23.7	23.0

Long-term rental agreement and service fee with related party

The Company and its subsidiary companies entered into the 1 - 3 years sub-office rental agreement and facility with Vilailuck International Holding Co., Ltd. a related company for using in their operation. The Company and its subsidiary companies have to pay a monthly rental fee approximately Baht 6 million per month (Separate financial statements: Baht 3 million per month).

Guarantee obligations with related parties

The Company has outstanding guarantee obligations with its related parties, as described in Note 42 to the financial statements.

12. Inventories

(Unit: Thousand Baht)

	Consolidated financial statements					
	Cost		Reduce cost to net realisable value		Inventory-net	
	2012	2011	2012	2011	2012	2011
Finished goods	737,251	930,879	(70,441)	(105,171)	666,810	825,708
Work in process	227,063	557,113	(6,876)	(6,534)	220,187	550,579
Raw materials and supplies	66,349	91,899	(4,025)	(9,027)	62,324	82,872
Goods in transit	244,375	59,877	-	-	244,375	59,877
Total	1,275,038	1,639,768	(81,342)	(120,732)	1,193,696	1,519,036

13. Finance leases receivables/Current portion of long-term finance leases receivables

Finance leases receivables as at 31 December 2012 and 2011 consisted of the following:

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Finance leases receivables (contractual value)	127,116	127,116
Less: Receipts	(110,520)	(68,148)
Finance leases receivables	16,596	58,968
Less: Unearned interest income	(73)	(1,628)
Finance leases receivable net of unearned interest income	16,523	57,340
Less: Current portion of finance leases receivables	(16,523)	(47,879)
Long-term finance leases receivables - net of current portion	-	9,461

Finance leases receivables consists of the following:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		Thereafter 1 year		Total	
	2012	2011	2012	2011	2012	2011
Finance leases receivables (contractual value)	16,596	49,434	-	9,534	16,596	58,968
Less: Unearned interest income	(73)	(1,555)	-	(73)	(73)	(1,628)
Finance leases receivables	16,523	47,879	-	9,461	16,523	57,340

Vision and Security System Co., Ltd., a subsidiary company, entered into the finance leases agreement with Airports of Thailand Public Co., Ltd. (Suvarnabhumi Airport Branch) regarding rental of CCTV system for Baggage Handling System (BHS) operations, whereby it is entitled to receive rental on a monthly basis. The term of the agreement is 3 years and ended within March 2013. The subsidiary has assigned the right to receive collection from such finance leases to a bank as a loan guarantee, as described in Note 24. As at 31 December 2012, the balance of the above account receivable included the receivable that were transferred their collection rights to bank totaling Baht 7.9 million (2011: Baht 43.7 million).

14. Other current assets

Other current assets as at 31 December 2012 and 2011 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Prepaid expenses	174,088	92,811	11,444	12,772
Refundable value added tax	281,495	273,905	-	-
Withholding tax and prepaid tax	207,966	265,194	1,190	13,237
Advance for purchase of inventory and equipment	142,316	301,059	-	-
Advance payments	30,582	20,631	3	55
Others	104,962	92,415	4,341	3,497
Total	941,409	1,046,015	16,978	29,561

15. Investments in subsidiaries

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

Company's name	Paid-up capital		Shareholding percentage		Cost		Dividend received during the year	
	2012	2011	2012	2011	2012	2011	2012	2011
	Million Baht	Million Baht	Percent	Percent	Thousand Baht	Thousand Baht	Thousand Baht	Thousand Baht
The Samart Engineering Co., Ltd.	250	250	100	100	287,258	287,258	-	-
Samart U-Trans Co., Ltd.	500	100	100	100	500,135	100,135	-	-
Samart Research and Development Co., Ltd.	20	20	100	100	20,936	20,936	-	-
Samart Telcoms Public Co., Ltd.	610	606	70.89	71.02	1,522,351	1,465,380	263,477	253,154
Samart I-Mobile Public Co., Ltd.	430	430	60.41	60.15	1,104,776	1,079,646	25,139	50,156
One to One Contacts Co., Ltd. (The Company holds 96% and held by the three subsidiaries altogether 98.42%)	100	100	96	96	94,286	94,286	-	-
Samart RadiTech Co., Ltd.	40	40	100	100	40,000	40,000	-	-
Vision and Security System Co., Ltd.	20	20	70	70	14,000	14,000	-	8,050
Cambodia Samart Co., Ltd. (The Company has control over this company's operation)	USD 25,000	USD 25,000	49	49	24,244	24,244	-	-
Suvarnabhumi Environment Care Co., Ltd.	50	50	90	90	44,990	44,990	-	-
Suvarnabhumi Environment Services Co., Ltd.	0.25	0.25	90	90	225	225	-	-
Samart Inter Holding Co., Ltd.	USD 17 million	USD 17 million	100	100	583,829	583,829	-	-
Newly established company	10	10	65	65	6,500	6,500	-	-
Samart Digital TV Co., Ltd.	1	-	100	-	1,000	-	-	-
Total investments in subsidiaries					4,244,530	3,761,429	288,616	311,360
Less: Allowance for diminution in value of investments					(70,231)	(107,998)		
Total investments in subsidiaries - net					4,174,299	3,653,431		

15.1 Change in investments in subsidiaries held by the Company

15.1.1 Acquisition and disposal investments

During the year 2012 and 2011, the Company had purchase and disposal transactions of investment in related parties are as follow:

Addition of investment of the Company

Share's name	Number of shares		Purchase price	
	2012 (Million shares)	2011 (Million shares)	2012 (Million Baht)	2011 (Million Baht)
Samart Telcoms Public Co., Ltd.	5.1	11.3	66.9	117.3
Samart I-Mobile Public Co., Ltd.	12.8	-	25.1	-

Addition of investment of the subsidiary

Share's name	Number of shares		Purchase price	
	2012 (Million shares)	2011 (Million shares)	2012 (Million Baht)	2011 (Million Baht)
Samart I-Mobile Public Co., Ltd.	-	7.8	-	14.7

Disposal of investment of the Company

Share's name	Number of shares		Sell price	
	2012 (Million shares)	2011 (Million shares)	2012 (Million Baht)	2011 (Million Baht)
Samart Telcoms Public Co., Ltd.	2.9	-	42.7	-

As a result of such addition and disposal of ordinary shares, the percentage of shareholding of the Company, both directly and indirectly, in Samart Telcoms Public Co., Ltd. and Samart I-Mobile Public Co., Ltd. as at 31 December 2012 were 70.89 percent and 60.41 percent, respectively (2011: 71.02 percent and 60.15 percent, respectively), and excess of investments in subsidiary company arising as a result of difference on investments in subsidiary companies arising as a result of acquisition and disposals of shares at a price higher than the net book value at the acquisition and disposal date has increased approximately Baht 26 million (2011: decreased approximately Baht 87.5 million).

15.1.2 Establishment of new company - appointment of bidding partner

- On 11 January 2012, a meeting of the Board of Directors of Samart U-Trans Co., Ltd., a subsidiary company, passed a resolution to approve the subsidiary company and a private company to establish SW Consortium as a partnership for bidding projects of the procurement and installation road blockers of the State Railway of Thailand, namely Kaeng Khoi Project (LX-12) for 11 sites and Lam Chi Project (LX-13) for 8 sites. On 12 January 2012, a memorandum of establishment the partnership had been made. Subsequently, on 10 April 2012, the Consortium had been proceeded the awarding of Lam Chi Project (LX-13) for 8 sites. SW Consortium entered into an agreement with



State Railway of Thailand on 23 April 2012. Currently, the SW Consortium has fulfilled the service contract and has already delivered the work in September 2012. Therefore the SW Consortium is no longer valid.

- b) On 12 November 2012, a meeting of the Board of Directors of the Company passed a resolution approving the establishment of a new company named Samart Digital TV Co., Ltd. The business operations of the new company is to provide services of audio and video system. The Company has a 100 percent shareholding. It registered the establishment of such new company with the Ministry of Commerce on 12 November 2012.

15.1.3 Change in share capital of subsidiary

On 22 June 2012, the extraordinary general meeting of Shareholders of Samart U-Trans Company Limited, a subsidiary company, passed a special resolution approving the increase in registered capital from Baht 100 million (20 million ordinary shares of Baht 5 each) to Baht 500 million (100 million ordinary shares of Baht 5 each), through the issuance of 80 million additional ordinary shares with a par value of Baht 5 each. The subsidiary registered the increase of its capital with the Ministry of Commerce on 25 June 2012. The Company paid the increase of subsidiary's share capital in June 2012.

15.2 Change in investments in subsidiaries held by Samart Telcoms Public Co., Ltd. (subsidiary)

15.2.1 Acquisition and disposal of investment

- a) On 27 April 2012, the Annual General Meeting of Shareholders of Samart Telcoms Public Co., Ltd., a subsidiary company, passed resolutions to approve the purchase of the business of Portalnet Co., Ltd., with the subsidiary company to acquire all of the shares of that company in issue and provide financing to enable Portalnet to settle its various liabilities. On 15 May 2012, the subsidiary company entered into a business acquisition agreement with a listed company, which was the parent company of Portalnet (seller company), whereby the purchase price was Baht 1,552 million (divided into Baht 478 million for the ordinary shares and a loan to Portalnet Co., Ltd. of Baht 1,074 million).

In addition, on 24 August 2012 (the purchase date) the subsidiary company received the transfer of 33,699,940 shares, which represented 99.99 percent of the registered and issued capital of that company. During the current year, the subsidiary company paid two installments to the seller company, totaling Baht 1,252 million, and the third (final) installment of Baht 300 million was paid on 24 October 2012 in accordance with the conditions in the business acquisition agreement.

Under the equity method, the subsidiary company recorded the goodwill amounting to approximately Baht 108.1 million resulting from this investment as non-current assets in the consolidated financial statements.

The fair value of the assets and liabilities acquired as at the acquisition date can be summarised as follows:

(Unit: Thousand Baht)

Cash and cash equivalents	12,133
Trade and other receivables	472,470
Accrued income	39,471
Other current assets	93,358
Equipment - net	1,220,857
Trade and other payables	(188,235)
Short-term loans	(1,155,691)
Accrued project cost	(103,767)
Other current liabilities	(32,631)
Provision for long-term employee benefits	(965)
Net assets from acquisition of subsidiary company	357,000
Add: Received loan transfer of subsidiary company	1,074,000
Debt reduction from the seller company	12,904
Assets and liabilities acquired as at the acquisition date	1,443,904
Cash used in purchase of investment in subsidiary company	1,552,000
Goodwill	108,096

Net cash outflows from purchase of ordinary shares and debts of Portalnet Co., Ltd.

(Unit: Thousand Baht)

	Consolidated financial statements
Cash used in purchase of investment in subsidiary company	1,552,000
Less: Cash and cash equivalents of the subsidiary company	(12,133)
Net cash outflows from purchase of ordinary shares and debts in subsidiary	1,539,867

In addition, these consolidated financial statements include transactions of the following consortium, in which Portalnet Co., Ltd is a participant and signed the consortium contract.

Portalnet Co., Ltd., a subsidiary company, signed the “Consortium SPIES” contract on 22 August 2003, establishing a consortium in the name of “Consortium SPIES”, drawn up among Portalnet, Siemens Co., Ltd., Siemens AG, and IBM Thailand Co., Ltd (Consortium SPIES). The parties to the contract have mutually agreed responsibilities and interests thereunder, and the objective of the consortium establishment is to tender a bid with the Provincial Electricity Authority (PEA) for the lease of computer software for core business operations. The consortium contract terminates when rights and obligations under the contract are fulfilled. On 17 March 2004, the Consortium SPIES signed a contract with the Provincial Electricity Authority to lease computer software for core business operations. The total value of the lease is Baht 3,192 million, with an installation period of up to 3 years and a lease term of 5 years (with rental charge of Baht 53.2 million per month). The term of the lease can be extended, with the Provincial Electricity Authority in that case to notify the lessor in writing not less than 30 days prior to the end of the lease term per the contract.



Under the conditions of the contract, Consortium SPIES had to complete installation within 16 March 2007, but was unable to do so. Consortium SPIES therefore requested several extensions and the final extension granted by Provincial Electricity Authority was until 30 March 2010.

On 21 November 2011, the Provincial Electricity Authority received the system from the Consortium SPIES, which is therefore liable for daily fines from the end of the last extension period to the date before the delivery date (31 March 2010 - 20 November 2011), or a total of 600 days. Consortium SPIES notified the Provincial Electricity Authority of the causes of it being unable to complete the work within the contracted period, and requested that the Provincial Electricity Authority waive the fines. The Provincial Electricity Authority considered the request and decided that it was appropriate to extend the contract period by 579 days. As a result, Consortium SPIES has to pay fines for 21 days at a rate of 0.15% of the rental charge under the contract, or a total of Baht 100.5 million. Subsequently, on 27 September 2012, the Provincial Electricity Authority charged this penalty and the Consortium SPIES recorded the full amount in the income statement for the year ended 31 December 2012. The fine was paid in full in October 2012.

- b) On 16 December 2011, a meeting of the Board of Directors Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to approve the purchase by Samart Broadband Services Co., Ltd., another subsidiary company, of approximately 22.5 million ordinary shares of IT Absolute Co., Ltd. from existing shareholders (a private company), representing 99.94 percent of the issued and paid up share capital of this company. The purchase price will be Baht 2.65 per share, or a total of approximately Baht 59.6 million (as stipulated in the purchase and sale of share agreement). This company will be a distributor of IT and telecommunication equipment.

Subsequently, on 3 February 2012, Samart Broadband Services Co., Ltd., entered into a share purchase and sale of share agreement of this company. As a result of the purchase of investment in the subsidiary, under the equity method, Samart Broadband Services Co., Ltd., recorded the excess of the cost of acquisition of the ordinary shares in the subsidiary over the fair value, amounting to approximately Baht 56.1 million in non-current assets in the consolidated financial statements.

Their fair value of purchased assets and liabilities are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements
Net acquired assets	3,526
Add: Excess of cost of investment over the book value of the subsidiary	56,060
Cash used in purchase of investment in subsidiary company	59,586
Less: Cash and cash equivalents of the subsidiary company	(2,304)
Net cash outflows from purchase of investment in subsidiary company	57,282

According to share purchase and transfer agreement, the former shareholder (a seller company) shall assign rights and responsibilities and/or benefits in whole or part of the seller liable with the previous shareholder (a bank) to Samart Broadband Services Co., Ltd., whereby Samart Broadband Services Co., Ltd. commits and receives the assignment of rights and responsibilities of the seller and is obliged to, just like the seller, comply with all requirements under the share purchase agreement.

15.2.2 Establishment of new companies

On 9 March 2006, a meeting of Board of Directors of Samart Telcoms Public Co., Ltd., subsidiary company, passed a resolution to establish a new subsidiary named Telecom Clearing House Co., Ltd. to conduct telecommunications including network maintenance and satellite communications both domestically and overseas. This new subsidiary has an initial registered capital comprising 500,000 shares of Baht 100 per share, or a total of Baht 50 million which is 25 percent called up, with the subsidiary company to hold 99.99 percent. The new subsidiary may increase its capital or sell the shares held by the subsidiary company to other investors, but the subsidiary company must retain a holding of at least 40 percent.

As at 31 December 2012, the subsidiary company had not established such new subsidiary.

15.2.3 Disposal of investment

- a) On 24 February 2012, the meeting of the Board of Directors of Samart Telcoms Public Co., Ltd., a subsidiary company passed a resolution approving the disposal of investment of 0.62 million ordinary shares of IT Gen Co., Ltd., another subsidiary company, to third party at a price of Baht 25.5 per share, or for a total of Baht 15.9 million. Samart Telcom Public Co., Ltd. signed the shares transfer agreement on 1 March 2012.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements
Proceeds from disposal of investment in subsidiary company	15,921
Less: Cash and cash equivalents of subsidiary company at disposal date	(15,017)
Net cash flow from disposal of investment in subsidiary company	904
Less: Net assets of subsidiary company at disposal date	(1,513)
Add: Realised gain on sale of inventory and fixed assets	40,728
Gain on disposal of investment in subsidiary company	40,119

- b) Samart Telcoms Public Co., Ltd., a subsidiary company, disposed of investment of 70,000 ordinary shares of Oasis Consulting Co., Ltd., another subsidiary company, to third party at a price of Baht 243 per share, or for a total of Baht 17 million. Samart Telcoms Public Co., Ltd. signed the shares transfer agreement on 18 June 2012.

Net cash flows from the disposal of investment in this subsidiary company were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements
Proceeds from disposal of investment in subsidiary company	17,010
Less: Cash and cash equivalents of subsidiary company at disposal date	(683)
Net cash flow from disposal of investment in subsidiary company	16,327
Add: Net assets of subsidiary company at disposal date	8,333
Less: Losses on excess of investment over book value of subsidiary at the date of acquisition (goodwill)	(2,878)
Adjustment of non-controlling interests of the subsidiary	(2,296)
Gain on disposal of investment in subsidiary company	19,486



15.2.4 Change in share capital

On 24 May 2012, an Extraordinary General Meeting of the shareholders of Net Media Co., Ltd., a subsidiary company, passed a special resolution to decrease its registered share capital from Baht 41.25 million (0.41 million ordinary shares of Baht 100 each) to newly share capital Baht 10.32 million (0.10 million ordinary shares of Baht 100 each); by decreasing the ordinary shares of 0.31 million shares of Baht 100 each totaling Baht 30.9 million. The subsidiary company registered the decrease in share capital with the Ministry of Commerce on 26 June 2012.

15.2.5 Liquidation

On 21 December 2009, a meeting of the Board of Directors of Samart Telecommunication (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to dissolve the company. According to the subsidiary company had been established since 9 August 2007 and has not yet commenced its operation. In addition, the management considered that there would not be business opportunity in the near future. However, as at 31 December 2012, the process of deregistration and liquidation of the Company is in progress.

15.3 Change in investments in subsidiaries held by Samart I-Mobile Public Co., Ltd. (subsidiary)

15.3.1 Establishment of new company

On 1 June 2012, a meeting of the Board of Directors of Samart Multimedia Co., Ltd., a subsidiary company, passed a resolution approving the establishment of a new company named Entertainment Tree Co., Ltd. with a registered share capital of Baht 5 million. The business operations of the new company will comprise production, sale and provision of all kinds of entertainment-related content through multiple channels; television, telephone, internet, satellite and various means of communication, for both domestic and international markets. It also provide equipment and network installation services, together with a full range of facilities and other related services. The subsidiary company has a 45 percent shareholding. It registered the establishment of such new company with the Ministry of Commerce on 14 June 2012.

Samart Multimedia Co., Ltd. treats its investment in Entertainment Tree Co., Ltd. as investment in a subsidiary since it has control and set policies for operation and financial management over such company.

15.3.2 Cancellation the establishment of new companies

a) On 9 August 2007, a meeting of the Board of Directors of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution approving the establishment of new companies in Thailand and overseas in order to provide international call services.

Subsequently, on 16 December 2011, Board of Directors of the subsidiary company passed a resolution approving the cancellation of the establishment of such companies due to changes in key factors affecting the investment.

b) On 13 November 2008, a meeting of Board of Directors of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution authorising I-Mobile International Co., Ltd., another subsidiary company, to establish representative office in India to support business expansion by providing sales and marketing support and appointing a mobile phone representative to distribute mobile phones and provide mobile content.

Subsequently, on 16 December 2011, Board of Directors of Samart I-Mobile Public Co., Ltd. passed a resolution approving the cancellation of the establishment of such company due to changes in key factors affecting the investment.

15.3.3 Liquidation

- a) On 11 October 2006, an extraordinary meeting of the shareholders of I-Mobile (Cambodia) Co., Ltd., a subsidiary company, passed a resolution to liquidate the company. The process of registering that company's dissolution and its subsequent liquidation are in progress.
- b) On 22 February 2011, an extraordinary meeting of the shareholders of I-Mobile International Co., Ltd. and I-Mobile Inter trade Co., Ltd., the subsidiary companies, passed a resolution approving the liquidation of Samart I-Mobile (Middle East) FZCO, another subsidiary company. The subsidiary company registered its dissolution with Jebel Ali Free Zone of United Arab Emirates on 10 March 2011.

15.4 The offering of warrants of subsidiary companies

15.4.1 The offering of warrants of Samart Telcoms Public Co., Ltd.

On 24 April 2008, the Annual General Meeting of Samart Telcoms Public Co., Ltd., a subsidiary company, passed a resolution to issue 18 million warrants, the offering price per unit is Baht 0 to the directors and the employee of Samart Telcoms Public Co., Ltd. and its subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 7.50 per 1 ordinary share. Warrants to be allocated to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

- | | |
|-------------------|--|
| Certificate No. 1 | will represent 10% of total number of warrants allocated which is entitled to exercise since the first day of the exercise period until the expired date of warrants. |
| Certificate No. 2 | will represent 15% of total number of warrants allocated which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants. |
| Certificate No. 3 | will represent 20% of total number of warrants allocated which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants. |
| Certificate No. 4 | will represent 25% of total number of warrants allocated which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants. |
| Certificate No. 5 | will represent 30% of total number of warrants allocated which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants. |

On 27 April 2009, the Annual General Meeting of Samart Telcoms Public Co., Ltd., passed a resolution approve the revision of the exercise price of the warrants offering to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries from Baht 7.5 per share to be Baht 6.75 per share.



On 29 May 2009, Samart Telcoms Public Co., Ltd., has issued and offered 18,000,000 warrants to the directors of Samart Telcoms Public Co., Ltd., and the employees of Samart Telcoms Public Co., Ltd., and its subsidiaries at Baht 0 per unit. The exercise ratio is 1:1 and exercisable at a price of Baht 6.75 per share. The warrants have five years period as from the issuance date which will be expired on 28 May 2014. The warrants are exercisable on every 15th of the last month of each quarter throughout the terms of the warrants commencing 15 June 2009 to 28 May 2014.

Movement of warrants for the year ended 31 December 2012 are summarized as below.

(Number of unit: Thousand Units)

Warrants issuance to	Balance as at 1 January 2012	Exercised during the year	Balance as at 31 December 2012
Directors	3,575	(1,300)	2,275
Employees	8,385	(2,883)	5,502
Total	11,960	(4,183)	7,777

15.4.2 The offering of warrants of Samart I-Mobile Public Co., Ltd.

On 24 April 2008, the Annual General Meeting of Samart I-Mobile Public Co., Ltd., a subsidiary company, passed a resolution to issue 140 million warrants, the offering price per unit is Baht 0, to the directors of Samart I-Mobile Public Co., Ltd., and the employees of Samart I-Mobile Public Co., Ltd., and its subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 2 per 1 ordinary share. Warrants to be allocated to the directors of Samart I-Mobile Public Co., Ltd., and the employee of Samart I-Mobile Public Co., Ltd., and its subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

- Certificate No. 1 will represent 10% of total number of allocated warrants which is entitled to exercise since the first day of the exercise period until the expired date of warrants.
- Certificate No. 2 will represent 15% of total number of warrants allocated which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.
- Certificate No. 3 will represent 20% of total number of warrants allocated which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.
- Certificate No. 4 will represent 25% of total number of warrants allocated which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.
- Certificate No. 5 will represent 30% of total number of warrants allocated which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of shareholders of Samart I-Mobile Public Co., Ltd., passed a resolution to approve the revision of the exercise price of the warrants offering to directors of Samart I-Mobile Public Co., Ltd. and the employees of Samart I-Mobile Public Co., Ltd. and its subsidiaries from Baht 2 per share to be Baht 1.7 per share.

On 29 May 2009, Samart I-Mobile Public Co., Ltd. issued 100,250,000 warrants to directors of Samart I-Mobile Public Co., Ltd. and the employees of Samart I-Mobile Public Co., Ltd. and its subsidiaries at Baht 0 per unit, 39,750,000 warrants being cancelled as conditions of the warrant issue. The warrants have an exercise ratio of 1:1, are exercisable at a price of Baht 1.7 per share and have exercise period of five years period from the issue date, expiring on 28 May 2014. The warrants are exercisable on every 15th of the last month of each quarter throughout the terms from 15 June 2009 to 28 May 2014.

Movement of warrants for the year ended 31 December 2012 are summarised below.

(Number of unit: Thousand units)

Warrants issuance to	Balance as at 1 January 2012	Exercised during the year	Balance as at 31 December 2012
Directors	48,050	-	48,050
Employees	50,900	(2,635)	48,265
Total	98,950	(2,635)	96,315

16. Other long-term investments

Movements of other long-term investments account during the year ended 31 December 2012 and 2011 were summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Net book value at beginning of the year	88,456	-
Reclassification of investments (fair value as reclassification date) (Note 8)	-	83,812
Purchase during the year	116,840	-
Disposals during the year:		
Proceed from sales	(5,788)	-
Less: Gain on sales (Note 34)	1,423	-
Total	(4,365)	-
Gain (loss) on changes in value of available-for-sale investments	(5,132)	4,644
Net book value at end of the year	195,799	88,456

- a) On 9 September 2011, a meeting of the Board of Directors of Samart Multimedia Co., Ltd., a subsidiary company, passed a resolution approving the reclassification of investment in Siam Sport Syndicate Public Co., Ltd. from trading investments to other long-term investments. The reclassification was made because the subsidiary company intends to invest for the long-term as business partnership and for commercial benefit.



Therefore, the subsidiary recorded the value of other long-term investments of fair value as at the reclassification date.

- b) On 27 September 2012, the Board of Director's meeting of Samart U-Trans Company Limited, a subsidiary, passed the resolution to approve the investment in Teda Co., Ltd. totaling approximately Baht 300 million. The subsidiary will hold 80 percent of all issued ordinary shares of Teda Co., Ltd. The purchasing price of the shares will be according to the calculation formula as stated in the sale and purchase of shares agreement. On 2 December, 2012 the subsidiary signed an agreement with the shareholders (sellers) of such company and on 7 December 2012, the subsidiary transferred the first installment of 50 percent of the investment, or Baht 116.84 million to the escrow bank account. According to the sale and purchase of shares agreement, the seller must manage and comply under the conditions that had been agreed upon by both parties such as increasing the proportion of shares in the subsidiary.

Therefore, as at 31 December 2012, the Company has not included the financial statements of Teda Co, Ltd. in its consolidated financial statements, as the Company still does not have control over Teda Co, Ltd.

Later in February 2013, the Company's directors was appointed as the authorised directors of Teda Co, Ltd. which was registered with the Ministry of Commerce on 4 February 2013 and on 7 February 2013, the subsidiary transferred the second installment of Baht 48.90 million to the seller in accordance with the conditions in the sale and purchase of shares agreement.

17. Property, plant and equipment

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2011	518,109	600,472	2,145,582	6,965,597	194,009	170,120	10,593,889
Additions	-	17,835	36,222	220,809	31,621	175,730	482,217
Transfer in/(transfer out)	-	(495)	13,926	518,139	1,941	(117,327)	416,184
Disposals	-	-	(22,656)	(126,105)	(36,114)	(2,805)	(187,680)
Increase from acquisitions of subsidiaries during the year	-	-	3,584	4,071,886	-	-	4,075,470
Decrease from disposal of subsidiaries during the year	-	-	(4,070)	-	(1,277)	-	(5,347)
Translation adjustment	(102)	(5,612)	(4,669)	(43,870)	(407)	(347)	55,007
As at 31 December 2012	518,007	612,200	2,167,919	11,606,456	189,773	225,371	15,319,726

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Accumulated depreciation:							
As at 31 December 2011	-	327,180	1,635,444	4,178,863	126,691	-	6,268,178
Depreciation for the year	-	32,063	171,733	836,638	23,449	-	1,063,883
Transfer in/(transfer out)	-	(1,328)	(4,700)	(4,588)	(322)	-	(10,938)
Accumulated depreciation on disposals	-	-	(19,402)	(124,979)	(28,277)	-	(172,658)
Increase from acquisitions of subsidiaries during the year	-	-	3,037	316,883	-	-	319,920
Decrease from disposal of subsidiaries during the year	-	-	(4,035)	-	(1,185)	-	(5,220)
Translation adjustments	-	(808)	(3,377)	(25,394)	(329)	-	(29,908)
As at 31 December 2012	-	357,107	1,778,700	5,177,423	120,027	-	7,433,257
Allowance for impairment loss:							
As at 31 December 2011	-	7,680	8,717	128,260	-	16,921	161,578
Acquisition of subsidiaries during the year	-	-	-	2,534,692	-	-	2,534,692
Decrease during the year	-	-	-	-	-	(3,853)	(3,853)
As at 31 December 2012	-	7,680	8,717	2,662,952	-	13,068	2,692,417
Net book value:							
As at 31 December 2011	518,109	265,612	501,421	2,658,474	67,318	153,199	4,164,133
As at 31 December 2012	518,007	247,413	380,502	3,766,081	69,746	212,303	5,194,052
Depreciation for the years:							
2011 (Baht 711 million included in cost of sales and services, and the balance in selling and administrative expenses)							968,348
2012 (Baht 866 million included in cost of sales and services, and the balance in selling and administrative expenses)							1,063,883

(Unit: Thousand Baht)

	Consolidated financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2010	517,960	588,913	1,861,014	5,485,009	192,701	485,111	9,130,708
Additions	-	3,403	72,942	779,664	38,551	125,060	1,019,620
Transfer in/(transfer out)	-	-	225,497	638,548	2,579	(440,741)	425,883
Disposals	-	-	(26,797)	(223)	(40,318)	-	(67,338)
Increase from acquisitions of subsidiaries during the year	-	-	6,844	-	-	-	6,844
Translation adjustment	149	8,156	6,082	62,599	496	690	78,172
As at 31 December 2011	518,109	600,472	2,145,582	6,965,597	194,009	170,120	10,593,889
Accumulated depreciation:							
As at 31 December 2010	-	293,708	1,427,118	3,473,073	140,408	-	5,334,307
Depreciation for the year	-	31,244	231,194	681,895	24,015	-	968,348
Transfer in/(transfer out)	-	-	(6,929)	(8,437)	(23)	-	(15,389)
Accumulated depreciation on disposals	-	-	(26,706)	(202)	(38,108)	-	(65,016)
Increase from acquisitions of subsidiaries during the year	-	-	6,350	-	-	-	6,350
Translation adjustments	-	2,228	4,417	32,534	399	-	39,578
As at 31 December 2011	-	327,180	1,635,444	4,178,863	126,691	-	6,268,178
Allowance for impairment loss:							
As at 31 December 2010	-	7,680	8,717	120,842	-	17,469	154,708
Increase (decrease) during the year	-	-	-	7,418	-	(548)	6,870
As at 31 December 2011	-	7,680	8,717	128,260	-	16,921	161,578
Net book value:							
As at 31 December 2010	517,960	287,525	425,179	1,891,094	52,293	467,642	3,641,693
As at 31 December 2011	518,109	265,612	501,421	2,658,474	67,318	153,199	4,164,133
Depreciation for the years:							
2010 (Baht 655 million included in cost of sales and services, and the balance in selling and administrative expenses)							872,578
2011 (Baht 711 million included in cost of sales and services, and the balance in selling and administrative expenses)							968,348

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2011	193,983	286,147	499,687	114,553	34,947	-	1,129,317
Additions	-	210	972	1,322	2,267	1,723	6,494
Transfer in/(transfer out)	-	1,723	-	-	-	(1,723)	-
Disposals	-	-	(609)	(3,077)	(2,676)	-	(6,362)
As at 31 December 2012	193,983	288,080	500,050	112,798	34,538	-	1,129,449
Accumulated depreciation:							
As at 31 December 2011	-	200,179	416,751	112,795	21,131	-	750,856
Depreciation for the year	-	17,708	27,927	721	3,605	-	49,961
Depreciation on disposals	-	-	(353)	(3,056)	(2,675)	-	(6,084)
As at 31 December 2012	-	217,887	444,325	110,460	22,061	-	794,733
Net book value:							
As at 31 December 2011	193,983	85,968	82,936	1,758	13,816	-	378,461
As at 31 December 2012	193,983	70,193	55,723	2,338	12,477	-	334,716
Depreciation for the years:							
2011 (All depreciation included in administrative expenses)							97,049
2012 (All depreciation included in administrative expenses)							49,961

(Unit: Thousand Baht)

	Separate financial statements						
	Revaluation basis		Cost basis				Total
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Cost/Revalued amount:							
As at 31 December 2010	193,983	285,424	439,820	113,707	34,303	47,041	1,114,278
Additions	-	723	1,212	728	11,010	15,294	28,967
Transfer in/(transfer out)	-	-	61,471	128	-	(62,335)	(736)
Disposals	-	-	(2,816)	(10)	(10,366)	-	(13,192)
As at 31 December 2011	193,983	286,147	499,687	114,553	34,947	-	1,129,317
Accumulated depreciation:							
As at 31 December 2010	-	182,476	345,408	111,722	26,885	-	666,491
Depreciation for the year	-	17,703	74,159	1,083	4,104	-	97,049
Depreciation on disposals	-	-	(2,816)	(10)	(9,858)	-	(12,684)
As at 31 December 2011	-	200,179	416,751	112,795	21,131	-	750,856

(Unit: Thousand Baht)

	Separate financial statements						Total
	Revaluation basis		Cost basis				
	Land	Building and improvement	Office equipment	Machinery and equipment	Vehicles	Assets in progress	
Net book value:							
As at 31 December 2010	193,983	102,948	94,412	1,985	7,418	47,041	447,787
As at 31 December 2011	193,983	85,968	82,936	1,758	13,816	-	378,461
Depreciation for the years:							
2010 (All depreciation included in administrative expenses)							88,570
2011 (All depreciation included in administrative expenses)							97,049

- As at 31 December 2012, the Company and its subsidiaries had machinery and vehicles and equipment under finance lease agreements with net book values amounting to Baht 41 million and the Company Only: Baht 8.2 million (2011: Baht 42 million and the Company Only: Baht 9.5 million).
- As at 31 December 2012, some building and equipment items of the Company and its subsidiaries have been fully depreciated but are still in use. The original cost of those assets amounted to approximately Baht 4,370 million and the Company Only: Baht 561 million (2011: Baht 3,415 million and the Company Only: Baht 258 million).
- The Company and two subsidiaries hired independent professional valuers to appraise the value of their land and buildings during the second quarter of 2009, on the basis of the market comparison approach for land and cost approach/replacement cost for building. As a result of the reappraisal, the carrying amounts of total assets and surplus on revaluation of property, plant and equipment increased by approximately Baht 88.9 million in the consolidated financial statement (the Company only: Baht 42.3 million).

The Company and the subsidiaries had presented their assets at cost, the net book value as at 31 December 2012 and 2011 would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	Land	Building and improvement	Land	Building and improvement
Net book value (presented at cost)				
As at 31 December 2012	97,738	81,869	62,701	54,484
As at 31 December 2011	97,738	82,269	62,701	65,906

- Cambodia Air Traffic Services Co., Ltd., a subsidiary company, received some of the equipment transferred from The Cambodian State Secretariat of Civil Aviation ("SSCA") under a Build Cooperate and Transfer contract with Government of Cambodia. The subsidiary company must return all equipment to SSCA at the end of the contract, as described in Note 43.3 a) to the financial statements.
- On 26 October 2006, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement with a company (formerly a state enterprise), whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary

company is obliged to make the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary company is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary company's work. However, as at 22 February 2007 the subsidiary company could not make the network available at 1,000 sites because such subsidiary company has yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Subsequently, on 27 October 2010, the subsidiary company shutdown all systems in all places. However, during the year 2012, the subsidiary company has sold its partial asset under installation to third party and transferred some of the asset under installation to others projects totaling Baht 3.9 million. Therefore, the subsidiary company also reversed allowance for impairment of asset under installation amounting to Baht 3.9 million. As at 31 December 2012, the subsidiary company has fully provision for impairment of the remaining balance of Baht 12.9 million (2011: Baht 16.8 million) and has the net outstanding balance of asset and asset under installation under such agreement amounting to approximately Baht 0.1 million (2011: Baht 15.5 million) which is presented as a part of property, plant and equipment in the statements of financial position. In addition, the subsidiary company has not recognised the service income from this project since 1 February 2009. The subsidiary company has already invoiced a total of Baht 31.7 million for services provided to this project and is in the process of negotiating collection of service fees with the counterparty. Since the subsidiary company could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary company's management and legal counsel are of the opinion that the subsidiary company is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary company's fault. In addition, the subsidiary company's management believes that the negotiation with the counterparty will be successful and the service fee can be collected from the counterparty. Furthermore, the subsidiary company's management considers that all equipment used in this project is general equipment which can be used in the subsidiary company's other projects therefore as at 31 December 2012 the subsidiary company has not set up provision for fine from the project delay and believes that recorded provision for impairment for the asset of such project is adequate.

- f) The Company and its subsidiary companies have pledged partial of assets as collateral against credit facilities received from financial institutions.

18. Prepaid rental to a related companies

(Unit: Thousand Baht)

	Consolidated financial statements/ Separate financial statements	
	2012	2011
Prepaid rental	375,669	375,669
Less: Accumulated amortisation	(171,138)	(158,616)
Prepaid rental - net	204,531	217,053

The Company has leased an office building from a related company for a period of 30 years, for which it paid full rental in advance. The payment was recorded as prepaid rental in the statement of financial position and amortised over the rental period.

19. Intangible assets

The net book value of intangible assets as at 31 December 2012 and 2011 is presented below.

(Unit: Thousand Baht)

	Consolidated financial statements					
	Rights under the advertising agreement	Software computer	Right under the distribution agreement	Right under license agreement for audio-visual of football match	Right under license for provide communications via satellite	Total
Cost						
31 December 2010	27,500	18,396	4,530	-	-	50,426
Addition	-	40,263	-	8,587	-	48,850
Transfer in	-	33,055	-	-	235,499	268,554
31 December 2011	27,500	91,714	4,530	8,587	235,499	367,830
Addition	-	42,757	-	-	-	42,757
Transfer in	-	3,448	-	-	-	3,448
Disposals	-	(108)	-	-	-	(108)
31 December 2012	27,500	137,811	4,530	8,587	235,499	413,927
Allowance for impairment						
31 December 2010	(11,650)	(2,128)	(229)	-	-	(14,007)
Amortisation and depreciation	(11,650)	(11,470)	(2,266)	(2,862)	(14,448)	(42,696)
Translation adjustment	-	330	-	-	-	330
31 December 2011	(23,300)	(13,268)	(2,495)	(2,862)	(14,448)	(56,373)
Amortisation and depreciation	(4,200)	(24,125)	(2,035)	(2,863)	(48,072)	(81,295)
Depreciation on disposals	-	49	-	-	-	49
Translation adjustment	-	(82)	-	-	-	(82)
31 December 2012	(27,500)	(37,426)	(4,530)	(5,725)	(62,520)	(137,701)
Net book value						
31 December 2011	4,200	78,446	2,035	5,725	221,051	311,457
31 December 2012	-	100,385	-	2,862	172,979	276,226

Rights under the advertising agreement

During the year 2009, Take A Look Co., Ltd., a subsidiary company, entered into an agreement with a company to sell LED Screen. The installation and transfer had already been completed and such company had to make cash payment of Baht 19.5 million and granted the right to advertise on the LED Screen with the value of Baht 27.5 million. Thus the total sales value of the equipment was Baht 47 million. In addition, the subsidiary company was obliged to comply with the conditions in the agreement, such as provision of equipment repair and maintenance, for a period of three years.

Subsequently, on 28 December 2009, the subsidiary company entered into a memorandum with Samart Multimedia Co., Ltd., another subsidiary company, to transfer the rights and obligations under the LED Screen sales and advertising agreements. Therefore, all rights and obligations under such agreements had fallen upon Samart Multimedia Co., Ltd. since the date of entry into the memorandum of agreement which were consist of:

- 1) Samart Multimedia Co., Ltd. received the airing right to promote and advertise products and services for the Company and other two unrelated companies.
- 2) Samart Multimedia Co., Ltd. was obliged to comply with the conditions in the agreements, such as provision of equipment repair and maintenance, for a period of three years.

As a result, Samart Multimedia Co., Ltd. was required to make a payment of Baht 25.3 million to Take A Look Co., Ltd. so Samart Multimedia Co., Ltd. recorded the Right under the advertising agreement in the consolidated financial statements under the caption of intangible asset with the value of Baht 27.5 million.

Moreover, Take A Look Co., Ltd. and Samart Multimedia Co., Ltd. entered into a memorandum of agreement with other shareholder of Take A Look Co., Ltd. to jointly assume responsibility for the rights, duties, and obligations arising from Take A Look Co., Ltd. entering into the screen sales agreement. If any claim is made or any action taken that causes Take A Look Co., Ltd. or Samart Multimedia Co., Ltd. to pay compensation or be held responsible, the other shareholding company of Take A Look Co., Ltd. shall be jointly responsible for the damages in proportion to its shareholding. Such contractual liability ceased on 31 December 2012.

Right under distribution agreement

During the year 2010, I-Mobile Plus Co., Ltd. a subsidiary company, entered into a distributor agreement with a company. Under the conditions of the agreement, the subsidiary company is to pay a fee to be a distributor for 2 years period and is to pay a fixed fee based on sale volume and comply with conditions stipulated in the agreement. Samart I-Mobile Public Co., Ltd., another subsidiary company, has guaranteed the I-Mobile Plus Co., Ltd.'s compliance with the agreement.

Right under license agreement for audio-visual of football match

On 4 January 2011, I-Sport Co., Ltd., a subsidiary company, entered into an agreement with an overseas company to acquire a football broadcast license for a period of 3 years, commencing on 4 January 2011. The subsidiary company is obliged to comply with conditions as stated in the agreement.

Intangible assets - License

On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission passed a resolution approving the issue to Samart Telcoms Public Co., Ltd., a subsidiary company, of a 5-year, Type two telecommunication business license without own telecommunications network (Very Small Aperture Terminal (VSAT) service). The license is effective from the date of termination of the old contract to provide local audio and visual data communications via satellite services (13 September 2011). The subsidiary company is obliged to comply with various conditions, which included a commitment to hand over the telecommunications equipment used in provision of the data communication via satellite service to the National Broadcasting and Telecommunications Commission within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2012, the subsidiary company is still in the process of handing over the telecommunications equipment, the subsidiary company's management believes that no penalty will be charged for late delivery, and so no provision for such a penalty has been recorded in the books of account. In addition, the subsidiary company is negotiating to purchase back equipment after completing of hand over the above equipment.



The subsidiary company assessed the impairment of licenses by determining the present value of projected future cash inflows on the basis of certain assumptions and operations plans prepared by the subsidiary company's management. Based on such information, as at 31 December 2012, such assets have not been impairment. However, future changes in market competition and changing technology in the industry are significant factors that could further reduce the value of projected future cash inflows below the book values as stated in the statements of financial position.

20. Assets held for future projects

Assets held for future projects in the consolidated and separate financial statements as at 31 December 2012 and 2011, consists of:

(Unit: Thousand Baht)

	Consolidated financial statements			
	Revaluation basis		Cost basis	Total
	Land	Building and improvement	Machinery and equipment	
Cost/Revalued amount:				
31 December 2010	61,948	4,923	21,479	88,350
Disposal	(1,252)	-	-	(1,252)
31 December 2011	60,696	4,923	21,479	87,098
Disposals	-	(10,001)	(10,001)	-
31 December 2012	60,696	4,923	11,478	77,097
Accumulated depreciation:				
31 December 2010	-	2,913	12,491	15,404
Depreciation for the year	-	246	-	246
31 December 2011	-	3,159	12,491	15,650
Depreciation for the year	-	246	-	246
Depreciation on disposals	-	-	(1,013)	(1,013)
31 December 2012	-	3,405	11,478	14,883
Allowance for impairment				
31 December 2011	-	-	8,988	8,988
Decrease	-	-	(8,988)	(8,988)
31 December 2012	-	-	-	-
Net book value:				
31 December 2011	60,696	1,764	-	62,460
31 December 2012	60,696	1,518	-	62,214
Depreciation for the years :				
2011 (All depreciation included in administrative expenses)			246	
2012 (All depreciation included in administrative expenses)			246	

(Unit: Thousand Baht)

	Separate financial statements			
	Revaluation basis		Cost basis	Total
	Land	Building and improvement	Machinery and equipment	
Cost/Revalued amount:				
31 December 2010	43,248	4,923	12,491	60,662
Disposal	(866)	-	-	(866)
Transfer out	(386)	-	-	(386)
31 December 2011	41,996	4,923	12,491	59,410
Disposal	-	-	(1,013)	(1,013)
31 December 2012	41,996	4,923	11,478	58,397
Accumulated depreciation:				
31 December 2010	-	2,913	12,491	15,404
Depreciation for the year	-	246	-	246
31 December 2011	-	3,159	12,491	15,650
Depreciation for the year	-	246	-	246
Depreciation on disposals	-	-	(1,013)	(1,013)
31 December 2012	-	3,405	11,478	14,883
Net book value:				
31 December 2011	41,996	1,764	-	43,760
31 December 2012	41,996	1,518	-	43,514
Depreciation for the years:				
2011 (All depreciation included in administrative expenses)			246	
2012 (All depreciation included in administrative expenses)			246	

The Company and two subsidiaries hired independent professional valuers to appraise the value of their land and buildings during the second quarter of 2009, on the basis of the market comparison approach for land and cost approach/replacement cost for building. As a result of the reappraisal, the carrying amounts of total assets and surplus on revaluation of property, plant and equipment decreased by approximately Baht 60 million in the consolidated financial statement (the Company only: increase Baht 0.3 million). The Company and the subsidiaries had presented their assets at cost, the net book value as at 31 December 2012 and 2011 on a cost basis would have been as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	Land	Building and improvement	Land	Building and improvement
Net book value (presented at cost)				
As at 31 December 2012	73,823	1,293	24,948	1,293
As at 31 December 2011	73,823	1,503	24,948	1,503

21. Bank overdrafts and short-term loans from financial institutions

Bank overdrafts and short-term loans from financial institutions as at 31 December 2012 and 2011, consists of:

(Unit: Thousand Baht)

	Interest rate (percent per annum)		Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011	2012	2011
Bank overdrafts	6.25 - 7.90	6.125 - 7.90	62,862	123,844	-	-
Short-term loans from financial institutions	3.90 - 7.13	4.15 - 8.25	3,809,512	4,280,287	129,000	115,000
Bill of exchange	4.30 - 4.60	4.15 - 5.35	1,000,000	679,458	-	50,000
Trust receipts	1.69 - 6.88	1.62 - 7.00	1,503,807	1,362,245	-	-
Total			6,376,181	6,445,834	129,000	165,000

Bank overdrafts and short-term loan obtained from a financial institution of the Company are guaranteed by the mortgage of the Company's shares in some of its subsidiaries. These shares are the ones that the Company has previously put into mortgage in order to provide guarantee for its long-term loan. In 2012, the Company had already cancelled the shares mortgage.

Bank overdrafts and short-term loans from financial institutions of subsidiaries are secured by the pledge of the subsidiaries's bank deposits, cross-guarantee by the Company and subsidiaries, transfer and assign of right over collection of any contract/project as specified in loan agreements, and is guaranteed by the Company and subsidiaries.

In addition, short-term loan agreements with banks contain certain conditions as specified in the agreements that require the Company and its subsidiaries to comply.

22. Trade and other payable

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Trade accounts payable - related parties	-	13	41,530	24,827
Trade accounts payable - unrelated parties	2,711,961	2,433,728	-	-
Advance received from related parties	9,183	11,342	727	942
Other payable - unrelated parties	326,919	345,468	9,053	7,418
Accrued interest expenses to related parties	-	-	2,308	6,015
Accrued interest expenses to unrelated parties	21,414	22,027	326	493
Other payables for purchase of machineries and equipments	5,874	246	29	
Accrued expenses	270,554	181,337	21,488	22,745
total trade and other payable	3,345,905	2,994,161	75,481	62,469

23. Short-term loans

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Short-term loans from related parties (Note 11)	-	-	364,527	99,377
Short-term loan from unrelated party	495	495	-	-
Total short-term loans	495	495	364,527	99,377

Short-term loan from unrelated party

As at 31 December 2012, Take A Look Co., Ltd., a subsidiary company, had obtained short-term loan of Baht 0.5 million (2011: Baht 0.5 million) from Master Ad Public Co., Ltd. which carries interest at Minimum Loan Rate (MLR) plus 1 percent per annum. This loan is due at call.

24. Long-term loans from financial institutions/current portion of long-term loans from financial institutions

The detail of long-term loans from financial institutions as at 31 December 2012 and 2011 are summarised below:

(Unit: Thousand Baht)

No.	Lender	Credit facilities	Significant terms and conditions of loan agreements				Consolidated financial statements		Separate financial statements	
			Repayment term	Collateral	Interest rate		2012	2011	2012	2011
		(Million Baht)			(percent per annum)					
The Company										
1.	Bank	15	Monthly installment within 10 years (from April 2010 to March 2020)	Mortgage the construction and acquire insurance for it. Assign the beneficiary rights under such insurance policy	MLR-1.25	12,046	13,211	12,046	13,211	
2.	Bank	400	Monthly installment within 7 years and 9 months, from June 2014 to September 2018 with a grace period of 3 years and 5 months	Some of subsidiaries' shares hold by the Company	MLR-1	400,000	400,000	400,000	400,000	

(Unit: Thousand Baht)

No.	Lender	Credit facilities (Million Baht)	Significant terms and conditions of loan agreements			Consolidated financial statements 2012	Consolidated financial statements 2011	Separate financial statements 2012	Separate financial statements 2011
			Repayment term	Collateral	Interest rate (percent per annum)				
Subsidiaries									
One to One Contacts Co., Ltd.									
1.	Bank	29	Monthly installment within 2 year and 8 months, from August 2010 to January 2012 with a grace period of 6 months.	The Company	MLR-0.5	-	1,330	-	-
2.	Bank	178	Monthly installment within 2 years and 9 months, from June 2011 to June 2013 with a grace period of 8 months	Assign the right over service fee collection from the Social Security Office under service contract regarding call center.	MLR-0.75	38,000	136,000	-	-

(Unit: Thousand Baht)

No.	Lender	Credit facilities (Million Baht)	Significant terms and conditions of loan agreements			Consolidated financial statements		Separate financial statements		
			Repayment term	Collateral	Interest rate (percent per annum)	2012	2011	2012	2011	
Suvarnabhumi Environment Care Co., Ltd.										
3.	Bank	160	Monthly installment within 6 year and 6 months, from April 2011 to June 2013 with a grace period of 15 months.	Assign the right over collection of service fees from provision of waste management services in Suvarnabhumi Air port and it shall be guaranteed by the Company, Professional Waste Technology (1999) Co., Ltd. and Siam Waste Management Consultants Co., Ltd.	MLR-1	35,058	38,458	-	-	
Kampot Power Plant Co., Ltd.										
4.	Bank	USD 17 million	Quarterly installment within 8 years (from on May 2008 to February 2015)	Assign the right to receive the payment for electricity and guaranteed by the Company. On 1 June 2012, the Company cancelled the guarantee in accordance with the conditions in the loan agreement.	LIBOR+1	202,027	285,074	-	-	
Cambodia Air Traffic Services Co., Ltd.										
5.	Bank	USD 14 million	Quarterly installment within 5 years and 3 months, from August 2008 to August 2013	An assignment of right under the Contract to Build Cooperate and Transfer of Air Traffic Control System between the Royal Government of Cambodia and is guaranteed by the Company until the loan outstanding reduces by more than 60 percent of total loan amount. Prepare a letter to confirm that assets of subsidiaries will not be pledged with other financial institutions to secure loans. On 30 November 2011, the Company cancelled the pledge made by the Company.	LIBOR+1.25 (before 27 May 2010) and LIBOR+1.50 (since 27 May 2010)	204,305	262,078	-	-	

(Unit: Thousand Baht)

No.	Lender	Credit facilities	Significant terms and conditions of loan agreements				Consolidated financial statements		Separate financial statements	
			Repayment term	Collateral	Interest rate		2012	2011	2012	2011
		(Million Baht)			(percent per annum)					
Vision and Security System Co., Ltd.										
6.	Bank	86	Monthly installment within 3 years and 2 months, from August 2010 to March 2013, with a grace period of 6 months	Assign the right over collection of CCTV rental fees. It shall be guaranteed by the Company and the subsidiary's shareholders	MLR-0.75		7,888	43,688	-	-
Samart Telcoms Public Co., Ltd.										
7.	Financial institution	15	Monthly installments of Baht 0.2 million from April 2010 to April 2020. Full loan repayment must be made within 10 years.	Land with structures thereon	MLR-1.25		9,832	11,062	-	-
8.	Financial institution	21	Monthly installments of Baht 0.6 million from October 2010 to September 2012. Full loan repayment must be made within 3 years.	-	Effective rate		-	5,564	-	-
9.	Bank	1,552	For the loan facility amount of Baht 600 million Quarterly installments of Baht 150 million. Full loan repayment must be made within 18 months. The first installment will be paid on 31 March 2013 For the loan facility amount of Baht 952 million Monthly installments of Baht 17.6 million. The first installment will be paid on 31 January 2013.	Samart Communication Services Co., Ltd. and share capital of Portalnet Co., Ltd.	MLR-1.75		1,552,000	-	-	-
Samart Comtech Co., Ltd.										
10.	Bank	45	Monthly installment within 3 years and 8 months as stated in the agreement from February 2009 to February 2012	Samart Telcoms Public Co., Ltd.	MLR		-	1,405	-	-

(Unit: Thousand Baht)

		Significant terms and conditions of loan agreements				Consolidated financial statements		Separate financial statements	
No.	Lender	Credit facilities	Repayment term	Collateral	Interest rate	2012	2011	2012	2011
		(Million Baht)			(percent per annum)				
Samart Communications Services Co., Ltd.									
11.	Bank	755	Monthly installments of Baht 23.7 million, from March 2011 to February 2016 with a grace period of 3 months. Full loan repayment must be made within 5 years.	Assign the right over collection of 60% of services fee but not less than Baht 19 million under a service agreement regarding the efficiency enhancement of MOENet project and it shall be guaranteed by Samart Telcoms Plc.	MLR-1.25	479,685	731,314	-	-
12.	Bank	190	Monthly installments of Baht 3.4 million from November 2010 to February 2016. Full loan repayment must be made within 5 years and 3 months.	Assign the right over collection of 70% of service fee under a lease agreement regarding safety network system of Mabtapud Industrial Estate and it shall be guaranteed by Samart Telcoms Plc.	MLR-1	106,137	154,307	-	-
13.	Bank	75	Monthly installments of Baht 1.8 million from June 2012. Full loan repayment must be made within 42 months	Assign the right over collection of Baht 1.8 million of monthly service fee under a lease agreement a hotline news distribution center and it shall be guaranteed by Samart Telcoms Plc.	MLR-1	56,200	-	-	-
Samart I-Mobile Public Co., Ltd.									
14.	Bank	12	Monthly installment within 120 months, from April 2010 to March 2020.	Mortgage a condominium and acquire insurance policy for mortgaged construction and assign the beneficiary right under insurance policy to the bank	MLR-1.25	8,756	9,771	-	-
Total loans from financial institutions						3,111,934	2,093,262	412,046	413,211
Less : current portion						(1,534,939)	(629,259)	(1,249)	(1,149)
Long term loans - net of current portion						1,576,995	1,464,003	410,797	412,062



25. Liabilities under finance lease/current portion of liabilities under finance lease

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Liabilities under finance lease agreements	49,208	38,947	10,539	11,180
Less: Deferred interest expense	(5,178)	(4,371)	(1,126)	(1,432)
	44,030	34,576	9,413	9,748
Less: Portion due within one year	(7,842)	(7,666)	(1,566)	(1,374)
Liabilities under finance lease agreements - net of current portion	36,188	26,910	7,847	8,374

The Company and subsidiaries have entered into the finance lease agreements with leasing companies for rental of equipment and motor vehicles for use in their operation, whereby it is committed to pay rental on a monthly basis. The terms of the agreements are generally between 1 and 5 years. Partially such agreement is guaranteed by the Company and subsidiaries.

As at 31 December 2012 and 2011, Future minimum lease payments required under the finance lease agreements were as follows:

(Unit: Thousand Baht)

	Consolidated financial statements					
	Less than 1 year		1-5 years		Total	
	2012	2011	2012	2011	2012	2011
Future minimum lease payments	9,696	9,157	39,512	29,790	49,208	38,947
Deferred interest expenses	(1,854)	(1,491)	(3,324)	(2,880)	(5,178)	(4,371)
Present value of future minimum lease payments	7,842	7,666	36,188	26,910	44,030	34,576

(Unit: Thousand Baht)

	Separate financial statements					
	Less than 1 year		1-5 years		Total	
	2012	2011	2012	2011	2012	2011
Future minimum lease payments	1,977	1,804	8,562	9,376	10,539	11,180
Deferred interest expenses	(411)	(430)	(715)	(1,002)	(1,126)	(1,432)
Present value of future minimum lease payments	1,566	1,374	7,847	8,374	9,413	9,748

26. Other current liabilities

Other current liabilities as at 31 December 2012 and 2011 consist of:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
VAT payables	13,242	17,293	1,054	2,144
Deposits	26,804	28,930	143	140
Others	242,961	223,155	1,763	1,702
Total	283,007	269,378	2,960	3,986

27. Provision for long-term employee benefits

Movement in the provision for long-term employee benefits for the years ended 31 December 2012 and 2011 are summarised below.

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Provision for long-term employee benefits at beginning of year	89,819	81,716	20,217	22,126
Current service cost	7,374	14,700	1,424	4,161
Interest cost	3,300	5,977	735	2,193
Cash paid for long-term employee benefits	(7,618)	(12,574)	(3,670)	(8,263)
Actuarial loss	3,387	-	666	-
Decrease in provision for long-term employee benefit from disposal of subsidiaries	(5,565)	-	-	-
Increase in provision for long-term employee benefit from acquisition of subsidiaries	965	-	-	-
Provision for long-term employee benefits at end of year	91,662	89,819	20,217	22,126

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

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Current service cost	7,374	14,700	1,424	4,161
Interest cost	3,300	5,977	735	2,193
Decrease in long-term employee benefit expenses from disposal of subsidiaries	(322)	-	-	-
Total expense recognised in profit or loss	10,352	20,677	2,159	6,354
Line items under which such expenses are included in profit or loss				
Cost of services	1,614	6,927	-	-
Selling expenses	2,229	2,287	-	-
Administrative expenses	6,509	11,463	2,159	6,354

Total actuarial losses recognised in the other comprehensive income of the Company and its subsidiaries as at 31 December 2012 amounted to Baht 3.4 million (2011: Nil) (Separate financial statements: Baht 0.7 million (2011: Nil)).

Principal actuarial assumptions at the valuation date were as follows:

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
	(% per annum)	(% per annum)	(% per annum)	(% per annum)
Discount rate	4.1	4.1	4.1	4.1
Future salary increase rate (depending on age of employees)	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0	4.0 - 6.0
Staff turnover rate	0 - 20	0 - 20	0 - 20	0 - 20

Amounts of defined benefit obligation for the current and previous two years are as follows:

(Unit: Thousand Baht)

	Defined benefit obligation	
	Consolidated financial statements	Separate financial statements
Year 2012	91,660	19,372
Year 2011	89,819	20,217
Year 2010	81,716	22,126

28. Share capital and warrants

28.1 Share capital

On 27 April 2012, the Annual General Meeting of the Company passed a resolution to decrease of the Company's registered capital. Due to the expiry of the first project of warrants offered to Company's directors and employees of the Company and its subsidiaries, there were 9,792 units of unexercised warrants had been cancelled. The Board of Directors has approved the decrease of the Company's registered capital of Baht 97,920 from Baht 1,006,601,830 to Baht 1,006,503,910 by reduction of 97,920 ordinary shares with par value of Baht 1. The Company has reserved the ordinary shares for exercise of such warrants for the whole project. Thus, 97,920 shares have also to be cancelled. Therefore, the Company required to decrease its registered capital by cancellation of the unused reserved shares.

28.2 The offering of warrants / The revision of the exercise price of the warrants/The exercised warrants of the second project

On 24 April 2008, the Annual General Meeting of the Company passed a resolution to issue 30 million warrants, the offering price per unit is Baht 0, to the Company's directors and the employee of the Company and its non-listed direct subsidiaries. The exercise ratio is 1:1 and the exercise price is Baht 7.75 per 1 ordinary share. Warrants to be allocated to the Company's directors and the employee of the Company and its non-listed direct subsidiaries will be divided into 5 certificates with 5 years maturity from the issuance date. Each certificate will have the same date of issuance, offering and expiration with different exercise period as shown in the following detail. Each warrant holders can split exercise or fully exercise their right of the amount allocated for each certificate.

- Certificate No. 1 will represent 10% of total number of allocated warrants which is entitled to exercise since the first day of the exercise period until the expired date of warrants.
- Certificate No. 2 will represent 15% of total number of allocated warrants which is entitled to exercise after the end of the first year that the warrants are issued until the expired date of warrants.
- Certificate No. 3 will represent 20% of total number of allocated warrants which is entitled to exercise after the end of the second year that the warrants are issued until the expired date of warrants.
- Certificate No. 4 will represent 25% of total number of allocated warrants which is entitled to exercise after the end of the third year that the warrants are issued until the expired date of warrants.
- Certificate No. 5 will represent 30% of total number of allocated warrants which is entitled to exercise after the end of the fourth year that the warrants are issued until the expired date of warrants.

On 27 April 2009, the Annual General Meeting of the Company passed a resolution to approve the revision of the exercise price of the warrants offering to the Company's directors and the employees of the Company and its subsidiaries from Baht 7.75 per share to be Baht 5.45 per share.

On 29 May 2009, the Company has issued and offered 30 million warrants of the second project to the Company's directors and the employees of the Company and its non-listed direct subsidiaries. The warrants will be expired on 28 May 2014. The warrants are exercisable on every 15th of the last month of each quarter throughout the terms of the warrants commencing 15 June 2009 to 28 May 2014.



Up to 31 December 2012, the Company's directors, the Company and subsidiaries' employees had exercised their rights of the second project to convert 14,144,350 warrants (2011: 9,125,000 warrants) with the exercise ratio of 1 warrant for 1 ordinary share, and exercisable at a price of Baht 5.45 per share as summarised below.

Exercise date	Number of exercised warrants	Ordinary shares from exercise of warrants		Premium on share capital from exercise of warrants	Cash receipts from warrants exercised	Registration date with the Ministry of Commerce
	(Thousand Units)	(Thousand Units)	(Thousand Baht)	(Thousand Baht)	(Thousand Baht)	
Total for the second quarter of 2009 to the fourth quarter of 2011	9,126	9,126	9,126	40,608	49,734	19 March 2012 19 June 2012 19 July 2012 19 December 2012
The first quarter of 2012	24	24	24	107	131	
The second quarter of 2012	3,772	3,772	3,772	16,785	20,557	
The third quarter of 2012	395	395	395	1,756	2,151	
The fourth quarter of 2012	827	827	827	3,682	4,509	
Total	14,144	14,144	14,144	62,938	77,082	

Movements of warrants for the year ended 31 December 2012 are summarised below.

(Number of unit: Thousand units)

Warrants issuance to	Balance as at 31 December 2011	Exercised during the year	Balance as at 31 December 2012
Directors	11,875	(1,775)	10,100
Employees	9,000	(3,243)	5,757
Total	20,875	(5,018)	15,857

29. Surplus on revaluation of property, plant and equipment

Surplus arising from revaluation of property, plant and equipment is amortised to retained earnings on a straight-line basis over the remaining life of the related assets.

(Unit: Thousand Baht)

	Consolidated/ Separate financial statements	
	2012	2011
Surplus on revaluation of property, plant and equipment of the Company		
Balance beginning of the year	168,654	173,431
Less: Transfer surplus on disposed property	-	(386)
Amortise to transfer to retained earnings for the year	(4,391)	(4,391)
Balance end of the year	164,263	168,654

(Unit: Thousand Baht)

	Consolidated financial statements	
	2012	2011
Surplus on revaluation of land, building and improvement of subsidiaries		
Balance beginning of the year	201,840	203,486
Less: Adjustment of surplus on revaluation according to the portion of shareholding	(1,651)	(1,646)
Balance end of the year	200,189	201,840

The revaluation surplus cannot be used to offset deficit or for dividend payment.

30. Treasury shares

By the resolution of the meeting of the Company's Board of Directors held on 16 October 2008, the Company was approved to repurchase its shares in order to manage its excess cash, under the share repurchase scheme, with the investment not to exceed Baht 250 million or in term of shares repurchased not to exceed 48.8 million shares, equivalent to 5 percent of the total issued and paid-up shares of the Company. The period for the repurchase of the shares was from 31 October 2008 to 30 April 2009 and the resale period is 6 months after the completion date of the share repurchase and not later than 3 years from this time. In the event that the Company does not or is unable to dispose of all repurchased shares within the set period, when the due date has passed the Company is to reduce its paid-up capital by writing-off the remaining unsold repurchased shares.

	Consolidated/ Separate financial statements	
	2012	2011
Cost of treasury shares (Thousand Baht)	-	88,260
Number of treasury shares (Thousand shares)	-	16,066
Average price per share (Baht)	-	5.49
Percentage of treasury shares to the Company's shares in issue	-	1.63

During the year 2012, the Company had set aside approximately Baht 88.3 million to a treasury shares reserve account according to the Securities and Exchange Commission's requirement.

By the resolution of the meeting of the Company's Board of Directors held on 14 August 2009, the Company was approved to resell its shares. The reselling of shares will require approval from the Board of Directors at least 14 days prior to the process. The period for the reselling of the shares was from 30 September 2009 to 29 March 2012.

Up to 29 March 2012, the Company disposed of 38.2 million treasury shares as summarised below.

Period	Number of treasury shares	Market price at the disposal date	Share premium
	(Million share)	(Million Baht)	(Million Baht)
The third quarters of 2010	22.1	152.7	31.3
The first quarters of 2012	16.1	148.3	60.1
	38.2	301.0	91.4

The Company included the excess of the resale price over the carrying amount of treasury share in “Share premium” in the other components of shareholders’ equity and reversed the retained earnings - reserve for treasury shares of Baht 88.3 million, during the year 2012.

31. Earnings per share

31.1 Basic earnings per shares

Basic earnings per share is calculated by dividing profit for the year attributable to equity holders of the Company (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the year.

Weighted average number of ordinary shares

As at 31 December 2012 and 2011, the weighted average number of ordinary shares in the consolidated and separate financial statements are calculated as follow:

(Unit: Thousand Shares)

	Consolidated/ Separate financial statements	
	2012	2011
Balance brought forward (net of treasury shares)	969,563	964,241
Add: Weighted average number of treasure shares re-issued during the year	12,949	-
Add: Weighted average number of ordinary shares in issue during the year	2,229	2,882
Weighted average number of ordinary shares	984,741	967,123

31.2 Diluted earnings per share

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

Reconciliation of diluted earnings per share

	Consolidated financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	1,071,290	835,785	984,741	967,123	1.09	0.86
Effect of dilutive potential ordinary shares						
Warrants to the directors and employees of the Company and subsidiaries 15,857,760 warrants (2011: 20,874,500 warrants)			8,146	8,491		
Diluted earnings per share						
Profit of ordinary shareholders assuming the conversion of warrants to ordinary shares	1,071,290	835,785	992,887	975,614	1.08	0.86

	Separate financial statements					
	Profit for the year		Weighted average number of ordinary shares		Earnings per share	
	2012	2011	2012	2011	2012	2011
	(Thousand Baht)	(Thousand Baht)	(Thousand Shares)	(Thousand Shares)	(Baht)	(Baht)
Basic earnings per share						
Profit attributable to equity holders of the Company	471,973	337,155	984,741	967,123	0.48	0.35
Effect of dilutive potential ordinary shares						
Warrants to the directors and employees of the Company and subsidiaries 15,857,760 warrants (2011: 20,874,500 warrants)			8,146	8,491		
Diluted earnings per share						
Net income of ordinary shareholders assuming the conversion of dilutive potential ordinary shares	471,973	337,155	992,887	975,614	0.48	0.35

32. Statutory reserve

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

33. Dividend payment

	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2012				
Dividends declared on 2011 operating result	Annual General Meeting of the shareholders on 27 April 2012	509	0.52	
Less: Interim dividend on earnings for the period as from January to June 2011	A meeting of Board of Directors on 15 August 2011	(213)	(0.22)	14 September 2011
Dividends 2011 earnings paid in 2012		296	0.30	11 May 2012
Interim dividend on earnings for the period as from January to June 2012	A meeting of Board of Directors on 14 August 2012	198	0.20	12 September 2012
Total dividend paid for the year 2012		494	0.50	



	Approved by	Total dividends	Dividend per share	Paid on
		(Million Baht)	(Baht)	
2011				
Dividends declared on 2010 operating result	Annual General Meeting of the shareholders on 21 April 2011	385	0.40	
Less: Interim dividend on earnings for the period as from January to September 2010	A meeting of Board of Directors on 24 December 2010	(144)	(0.15)	21 January 2011
Dividends from 2010 earnings paid in 2011		241	0.25	12 May 2011
Interim dividend on earnings for the period as from January to June 2011	A meeting of Board of Directors on 15 August 2011	213	0.22	14 September 2011
Total dividend paid for the year 2011		454	0.47	

34. Other income

34.1 Details of other income for the year ended 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Management fee income	-	-	315,647	281,338
Income from debt reduction from supplier	68,342	-	-	-
Selling support income	44,747	24,421	-	-
Interest income	10,893	11,173	13,424	25,160
Gain on exchange rate	49,970	22,513	16,125	-
Gain on disposal of property, plant and equipment, intangible assets and assets held for future projects	7,164	13,867	796	5,366
Gain on change in value of short-term investment in trading securities (Note 8)	10,274	-	3,433	-
Reversal on allowance of impairment of asset	12,841	-	-	-
Gain on disposal of investment in subsidiaries	59,607	701	32,694	-
Gain on disposal of investment in trading securities (Note 8)	9,377	6,168	10	-
Gain on disposal of other long-term investment (Note 16)	1,423	-	-	-
Income from reversal of provision for doubtful accounts and bad debt	-	18,697	-	-
Dividend income	-	252	288,616	311,612
Income from reversal of provision for diminution in value of investment in subsidiaries	-	-	37,767	-
IT service fee from subsidiary companies	-	-	96,404	95,688
Others	92,037	105,775	79,104	96,039
Total	366,675	197,399	890,178	815,213

During the year 2012, the Company and a subsidiary company have received compensation for the damage to inventories and assets from flood situation of Baht 88.5 million (Separate financial statements: Baht 4.1 million). The compensation in excess of the cost of inventories and assets amounting to Baht 26.6 million (Separate financial statements: Baht 4.1 million) was recognised as other income in the statement of income for the year 2012.

In addition, during the current year, Portalnet Co., Ltd., a subsidiary company, has negotiated reductions of debts arising from purchase of goods, services and fines for late payment with two creditors. The two creditors agreed to give debt reductions totaling Baht 68.3 million. The subsidiary company recorded these as "Income from debt reduction from suppliers". The Company included this account in other income in the consolidated income statement for the year ended 31 December 2012.

35. Expenses by nature

Significant expenses by nature are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Salaries, wages and other employee benefits	1,606,279	1,591,075	138,061	136,830
Promotion and advertising expenses	735,042	576,459	11,421	6,520
Changes in inventories of finished goods and work in progress	523,678	211,149	-	-
Depreciation	1,064,129	968,594	50,207	97,295
Rental expenses	180,233	196,882	44,696	42,102
Raw materials and consumables used	37,458	52,619	-	-
Loss on change in value of short-term investments in trading securities	-	18,926	-	1,358
Amortisation expenses	110,502	112,116	12,522	12,522
Raw materials, equipment and cost of projects used	4,250,475	6,939,631	-	-
Purchase finished goods for sales	5,063,133	3,979,647	-	-

In addition, the Company and its subsidiaries have expenses that are other expenses by nature, but which are not included in the above; such as training expenses and other expenses.

36. Other expenses and finance cost

36.1 Other expenses

Details of other expenses for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Loss on exchange	-	-	-	19,370
Loss on disposal of investments in trading securities (Note 8)-	1,088	-	-	-
Loss on change in value of short-term investments in trading securities (Note 8)	-	18,926	-	1,358
Loss on impairment of investments in subsidiary companies	-	-	-	12,976
Allowance for doubtful debt	35,797	-	-	-
Others	58,267	27,549	14,215	4,270
Total	94,064	47,563	14,215	37,974

36.2 Finance cost

Details of finance cost for the years ended 31 December 2012 and 2011 are as follows:

(Unit: Thousand Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Interest expense on:				
Bank loans, overdrafts and trust receipts	451,524	366,499	32,196	45,925
Loans from related parties	-	-	19,248	13,067
Liabilities under finance leases	4,772	1,532	438	205
Total interest expenses	456,296	368,031	51,882	59,197
Bank charges	29,695	22,910	236	853
Total finance cost	485,991	390,941	52,118	60,050

37. Provident fund

The Company, subsidiaries companies and their employees have jointly established a provident fund in accordance with the Provident Fund Act B.E. 2530. The Company subsidiary companies and their employees contributed to the fund monthly at the rate of 3 percent to 10 percent of basic salary. The fund, which is managed by Bangkok Bank Public Company Limited, will be paid to the employees upon termination in accordance with the fund rules.

During the year 2012 and 2011, the Company and its subsidiary companies contributed amounted to approximately Baht 40 million and Baht 36 million (The Company only: Baht 6 million and Baht 6 million), respectively.

38. Corporate income tax

Income tax of the Company and the subsidiaries in Thailand are provided for in the accounts based on the taxable profits at the rate of 23 percent (2011: 30 percent) determined in accordance with tax legislation, after had added back disallowable expenses and provisions and has deducted the portion of dividend income which is exempted from income tax.

The subsidiaries have been granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520. Subject to certain imposed condition, the privileges include an exemption from corporate income tax on net income from promoted operations for a period 8 years commencing as from the date of first earning operating income.

Overseas subsidiary companies calculate corporate income tax in accordance with tax rate regulated in tax law of those countries.

39. Promotional privileges

39.1 Brain Sources Co., Ltd., a subsidiary company, has been granted promotional privileges approved by the Board of Investment under the Thai Investment Promotion Act B.E. 2520, for research and development of software, under certificate No. 1690(7)/2550 dated 20 July 2007. Subject to certain imposed conditions, the main privileges include the following:

- a) Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income (1 August 2007 until 31 July 2015). Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary company is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.
- b) Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.
- c) Exemption from import duty on imported machinery for use in production as approved by the Board until 20 January 2010.

The subsidiary company has to comply with certain conditions and restrictions specified under the promotion certificate.

Services income of the subsidiary company amounting to approximately Baht 266 million for the year ended 31 December 2012 (2011: Baht 239 million) were revenues from BOI promoted activities.

39.2 Subsidiaries have been granted promotional privileges under the Investment Promotion Act B.E. 2520 by the Board of Investment under certain significant conditions. Significant privileges of Samart Telcom Public Co., Ltd. are as follows:



Details	Smarterware Co., Ltd.	Samart eD Tech Co., Ltd.
1. Certificate No.	1152(7)/2551	1713(7)/2553
2. Promotional privileges for	Software	Software
3. The significant privileges are:		
3.1 Exemption from corporate income tax on net income from promoted operations for a period of 8 years commencing as from the date of first earning operating income. Furthermore, accumulated losses incurred during the corporate income tax exemption period, the subsidiary is allowed to utilise the losses as a deduction against net income for a period of 5 years after the expiry of the tax exemption period, whether from any one year or from several years.	Commencing until 29 April 2017	Commencing until 21 June 2019
3.2 Exemption from income tax on dividends paid from the income of the promoted operations for which corporate income tax is exempted, throughout the corporate income tax exemption.	Granted	Granted
3.3 Exemption from import duty on imported machinery for use in production as approved by the Board.	Ended on 19 August 2010	Throughout the period of promoted
4. Date of first earning operating income	2 July 2009	22 June 2011

Revenues of Smarterware Co., Ltd. and Samart eD Tech Co., Ltd. for the years are software development services which could be divided between BOI promoted activities and Non-BOI promoted activities.

(Unit: Thousand Baht)

	2012	2011
BOI promoted	74,875	89,487
Non-BOI promoted	8,630	7,678
Total service income	83,505	97,165

40. Segment information

The Company and its subsidiaries operate in four principal segments which are (1) International (Overseas operation consist of Cambodia and Hong Kong) (2) Local-Portfolio, (3) I-Mobile Multimedia and (4) Samart Solution and two geographical areas which are domestic and overseas. Below is the consolidated financial information of the Company and its subsidiaries for the year ended 31 December 2012 and 2011.

[illegible]

40.2 Assets separated by business segment are as follows:

(Unit: Million Baht)

	As at 31 December											
	Overseas				Thailand							
	International		International		Local -Portfolio		I-Mobile Multimedia		Samart Solution		Eliminated	
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Assets												
Trade accounts receivable	124	114	5	-	370	615	3,184	3,307	2,203	1,263	(67)	(189)
Inventories - net	2	2	-	-	109	173	682	722	401	622	-	-
Property, plant and equipment	691	780	-	-	875	972	602	547	3,026	1,865	-	-
Intangible assets	-	-	-	-	28	32	71	52	177	227	-	-
Others	885	781	610	97	7,258	6,455	904	1,072	6,422	4,778	(7,444)	(5,936)
Total assets	1,702	1,677	615	97	8,640	8,247	5,443	5,700	12,229	8,755	(7,511)	(6,125)
											21,118	18,351

Transfer prices between business segments are as set out in Note 11 to the financial statements.



41. Bank guarantees

As at 31 December 2012 and 2011, there were outstanding bank guarantees issued by the banks on behalf of the Company and its subsidiaries, in respect of certain performance bonds as required in the normal course of business. The details of bank guarantees are as follows:

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Performance guarantees	3,206	3,157	-	-
Guarantee electricity use, and others	136	24	1	1
	3,342	3,181	1	1

42. Related parties guarantees

Generally, these guarantees are effective for guarantor as long as the underlying obligations have not been discharged by the guaranteed party. Guarantee fees are charged by the Company and subsidiaries. Related parties guarantees are summarised below.

42.1 As at 31 December 2012 and 2011, the Company has contingent liabilities in respect of the guarantees of subsidiaries' loans and credit facilities provided to banks and financial institutions, as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2012	2011
Subsidiary companies		
The Samart Engineering Co., Ltd.	832	665
Vision and Security System Co., Ltd.	572	532
One to One Contacts Co., Ltd.	494	358
Samart U-Trans Co., Ltd.	1	-
Kampot Power Plant Co., Ltd.	-	286
Suvarnabhumi Environment Care Co., Ltd.	189	192
Samart RadiTech Co., Ltd.	95	95
	2,183	2,128

These guarantees are effective for the Company as long as the underlying obligations have not been discharged by those subsidiaries.

42.2 As at 31 December 2012 and 2011, Samart Telcoms Public Co., Ltd. and its subsidiaries have the following commitment to banks and a leasing company as a result of their guarantees of credit facilities and rental of equipment.

42.2.1 Samart Telcoms Public Co., Ltd. was guarantor of credit facilities of its subsidiary companies from banks and a leasing companies amounting to Baht 22,218.1 million (2011: Baht 22,233.4 million).

42.2.2 Loans and credit facilities of Samart Telcoms Public Co., Ltd. amounting to Baht 400 million are cross guaranteed by Samart Telcoms Public Co., Ltd. and four subsidiary companies, comprising Samart Communication Services Co., Ltd., Samart Broadband Services Co., Ltd., Posnet Co., Ltd. and Thai



Trade Net Co., Ltd. The amounts of such guarantees are proportionate to the amount of credit used but capped at Baht 80 million (2011: Baht 80 million) for each company.

42.2.3 Samart Communication Services Co., Ltd. is guarantor of credit facilities of Samart Telcoms Public Co., Ltd. from banks amounting to Baht 1,552 million (2011: Nil).

Generally, the guarantees are effective for as long as the underlying obligations have not been discharged by Samart Telcoms Public Co., Ltd. and its subsidiary companies. Guarantee fees are charged by Samart Telcoms Public Co., Ltd. and its subsidiary companies.

42.3 As at 31 December 2012 and 2011, Samart I-Mobile Public Co., Ltd., a subsidiary company, has contingent liabilities in respect of the guarantees of subsidiaries' credit facilities provided to banks as follows:

(Unit: Million Baht)

	Guaranteed facilities	
	2012	2011
Samart I-Mobile (Malaysia) Sdn. Bhd.	102	152
Samart Mobile Services Co., Ltd.	55	55
Samart Multimedia Co., Ltd.	115	117
I-Mobile Inter trade Co., Ltd.	20	20
Pt. Samart I-Mobile Indonesia	154	159
Samart Multimedia Co., Ltd. and Samart Interactive Media Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	10	10
Samart Mobile Services Co., Ltd., I-Mobile International Co., Ltd., I-Mobile Inter trade Co., Ltd. and Samart I-Mobile (Hong Kong) Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	1,739	1,766
Samart I-Mobile (Hong Kong) Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	2,985	2,985
Samart I-Mobile (Hong Kong) Ltd., Samart Mobile Services Co., Ltd. and I-Mobile Plus Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd. which Samart I-Mobile Public Co., Ltd. guarantees credit facilities to I-Mobile Plus Co., Ltd. of Baht 200 million)	700	-
Samart I-Mobile (Hong Kong) Ltd., Samart Mobile Services Co., Ltd. and I-Mobile International Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	-	495
Brain Source Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	150	150
Samart Multimedia Co., Ltd. (joint use the same facilities with Samart I-Mobile Public Co., Ltd.)	140	140
I-Moblile Plus Co., Ltd.	10	10
I-Sport Co., Ltd.	5	5

These guarantees are effective for Samart I-Mobile Public Co., Ltd. as long as the underlying obligations have not been discharged by those subsidiaries.

- 42.4 As at 31 December 2012 and 2011, Samart I-Mobile Public Co., Ltd., and its subsidiaries have cross-guaranteed credit facilities granted by the commercial banks to Samart I-Mobile Public Co., Ltd., and its subsidiaries as follows:

(Unit: Million Baht)

Cross - guaranteed by	Cross - guaranteed credit facilities		Facilities used	
	2012	2011	2012	2011
Samart I-Mobile Public Co., Ltd., I-Mobile International Co., Ltd. and Samart Mobile Services Co., Ltd.	2,985	2,985	982	1,157
Samart I-Mobile Public Co., Ltd. and I-Mobile Inter trade Co., Ltd. (This is part of the credit facilities of Baht 2,985 million)	2,000	2,000	-	34
Samart I-Mobile Public Co., Ltd., I-Mobile International Co., Ltd., Samart Mobile Services Co., Ltd., and Samart I-Mobile (Hong Kong) Ltd.,	1,000	1,000	498	197
Samart I-Mobile Public Co., Ltd. and I-Mobile Plus Co., Ltd.	6	6	6	6

The credit facility of Baht 2,985 million mentioned above in Note 42.3, which Samart I-Mobile Public Co., Ltd., has guaranteed for its subsidiaries, is part of the credit facilities of Baht 2,985 million, jointly used by Samart I-Mobile Public Co., Ltd. and its subsidiaries.

- 42.5 As at 31 December 2012, the Company and two subsidiary companies, One to One Contacts Co., Ltd. and The Samart Engineering Co., Ltd., have cross-guaranteed credit facilities of Baht 30 million (2011: Baht 30 million) granted by a commercial bank to the Company and these two subsidiaries. In addition, the Company and another subsidiaries, Vision and Security System Co., Ltd. and Samart U-Trans Co., Ltd. also have cross-guaranteed credit facilities of Baht 20 million and Baht 10 million, respectively (2011: Baht 20 million and Baht 10 million, respectively).
- 42.6 As at 31 December 2012, the Company and The Samart Engineering Co., Ltd., have cross-guaranteed the credit facility of Baht 65 million (2011: Baht 65 million) granted by a commercial bank to the Company and such subsidiary.
- 42.7 As at 31 December 2012, the Company and Suvarnabhumi Environment Care Co., Ltd., have cross-guaranteed the credit facility of Baht 20 million (2011: Baht 20 million) granted by a commercial bank to such subsidiary.

43. Commitments and contingent liabilities

As at 31 December 2012 and 2011, the Company and its subsidiaries have commitments and contingent liabilities other than those disclosed in other notes as follows:

43.1 Operating lease commitments

The Company and its subsidiaries have entered into several lease agreements in respect of the lease of office building space and motor vehicles. The terms of the agreements are generally between 1 and 5 years.

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

(Unit: Million)

Currency	Consolidated financial statements		Separate financial statements	
	2012	2011	2012	2011
Baht				
Payable:				
In up to 1 year	207	165	12	9
In over 1 and up to 5 years	113	79	40	52
Malaysian Ringgit				
Payable:				
In up to 1 year	-	1	-	-
In over 1 and up to 3 years	-	1	-	-
Hong Kong Dollars				
Payable:				
In up to 1 year	-	1	-	-
In over 1 and up to 2 years	-	1	-	-

43.2 Commitments in uncalled portions of investments

As at 31 December 2012 and 2011, the Company and its subsidiaries have outstanding commitment totaling in respect of uncalled portions of their investments as follows:

	Amount			
	2012		2011	
The local subsidiary companies	Baht	318 million	Baht	318 million
The overseas subsidiary companies	Malaysian Ringgit	3 million	Malaysian Ringgit	3 million
	USD	3 million	USD	3 million

43.3 Other commitments

- a) The Company has entered into the Contract to build, cooperate and transfer an air traffic control system ("BCT Contract") with the Royal Government of the Kingdom of Cambodia. Under this agreement, the Company has had to establish a limited liability company under the laws of the Kingdom of Cambodia to be responsible for development and sole operation of the civil air traffic control and navigation system of Cambodia for a period of 15 years with an option to extend for another 7 years in consideration of The State Secretariat of Civil Aviation of Cambodia ("SSCA") granting the air traffic license to the Company. The Company initially had to invest approximately USD 17.5 million in this project and is to pay license fees to the Cambodian government on a revenue sharing basis. Under the agreement, the Company is obliged to comply with certain conditions, including that the ownership of the civil air traffic control and navigation system and all equipment is to be transferred to the Kingdom of Cambodia at the end of concession period, without charge. On 18 May 2001, the Company entered into the assignment of "BCT Contract" with Cambodia Air Traffic Services Co., Ltd., a subsidiary company, to transfer of all the Company's rights and obligations under the "BCT Contract" to that subsidiary company pursuant to Article 2.2 of "BCT Contract" without charge. On 27 September 2007, the subsidiary requested extension to another 10 years commencing from the year 2024 to expire in the year 2033 whereby the subsidiary has to invest approximately USD 7 million, USD 6.91 million has been executed and remaining USD 0.09 million.

- b) On 11 May 2006, the Company has entered into SPS Consortium Agreement with Professional Waste Technology (1999) Plc. And Siam Waste Management Consultant Co., Ltd. ("SPS Group") with percentage of investment at 60 percent, 30 percent and 10 percent, respectively. Total Waste Management Solution in the area of Suvarnabhumi Airport will be managed by SPS Group for the period of 10 years from commencement date on 15 September 2006 as stipulated in contract signing on 11 September 2006 for Total Waste Management Solution in Suvarnabhumi Airport with Airports of Thailand Plc. ("AOT"). The management has been arranged under Suvarnabhumi Environment Care Co., Ltd. Under the agreement, SPS Group is obliged to comply with certain conditions, including that the ownership of building, premise and equipment for waste management process will be transferred to AOT after the expiry date of contract, without charge.
- c) The Samart Engineering Co., Ltd, a subsidiary company, has entered into 10 satellite channels rental service agreements with two private companies. The 10 agreements will expire in the year 2017. As at 31 December 2012, the subsidiary company is obliged to pay the service fee of USD 0.8 million and Baht 137.3 million (2011: USD 0.1 million and Baht 12 million).

Other commitment of Samart Telcoms Public Co., Ltd.

- d) Samart Telcoms Public Co., Ltd., a subsidiary company, entered into transponder lease agreements with domestic and foreign contractual partners. Under the agreements, the subsidiary company had commitment to pay rental fees to its contractual partners in monthly installments, totally approximately USD 0.5 million per month (2011: USD 0.5 million per month). The agreements are expiring during 2013 to 2015.
- e) On 10 August 2011, the Board of the National Broadcasting and Telecommunications Commission passed a resolution approving the issue to the subsidiary company of a 5-year, Type two telecommunication business license without own telecommunications network (Very Small Aperture Terminal (VSAT) service). The license is effective from the date of termination of the old contract to provide local audio and visual data communications via satellite services (13 September 2011). The subsidiary company is obliged to comply with various conditions, which included a commitment to hand over the telecommunications equipment used in provision of the data communication via satellite service to the National Broadcasting and Telecommunications Commission within 11 December 2011, and to pay an annual service fee. Although, as at 31 December 2012, the subsidiary company is still in the process of handing over the telecommunications equipment, the subsidiary company's management believes that no penalty will be charged for late delivery, and so no provision for such a penalty has been recorded in the books of account. However, the subsidiary company is still in the process of purchase back of the telecommunications equipment.
- f) Samart Broadband Services Co., Ltd., a subsidiary company, has entered into a 15-year agreement with TOT Public Co., Ltd., (TOT) in respect of the provision of network services. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and has to pay an annual interconnection charge of Baht 1 million together with an additional fee, which are determined based on bandwidth usage at rates stipulated in the agreement. Subsequently, on 31 March 2003, the subsidiary company entered into an agreement with TOT Public Co., Ltd. and Samart Communication Services Co., Ltd., another subsidiary company, to transfer its rights and obligations under this agreement to Samart Communication Services Co., Ltd. In this regard, the recipient of the rights and obligations is responsible for compliance with the provisions of this agreement.
- g) On 26 October 2006, Samart Communication Services Co., Ltd., a subsidiary company, entered into an agreement with a company whereby they would provide an information technology network to The Department of Local Administration for a period of 1 year. The subsidiary company is obliged to make



the network available at not less than 1,000 sites within 120 days from the contract date and guarantee this minimum number of users throughout the contract period. If the subsidiary company is unable to do so within the delivery period (22 February 2007), the counterparty will charge a penalty for any delays in the subsidiary company's work. However, as at 22 February 2007 the subsidiary company could not make the network available at 1,000 sites because such subsidiary company has yet to receive the equipment from the counterparty and Bandwidth received is not adequate for actual usage. Since the subsidiary company could not accomplish the number of guaranteed users. The counterparty therefore could charge a penalty for delay work. However, the subsidiary company's management and legal counsel are of the opinion that the subsidiary company is not obligated to pay any fine to the counterparty as the delay of such project is not the subsidiary company's fault. In addition the subsidiary company's management believes that the negotiation with the counterparty will be successful therefore as at 31 December 2012 the subsidiary company has not set up provision for fine from the project delay.

- h) Samart Communication Services Co. Ltd., a subsidiary company, entered into equipment and service purchase agreement with many local companies for TOT 3G nationwide Network project. The subsidiary company is obligated to comply with the conditions and pay for equipment and service fee totaling approximately Baht 1,095.2 million (2011: Euro 0.6 million and Baht 2,832.0 million).
- i) On 30 August 2004, Samart Infonet Co., Ltd., a subsidiary company, entered into an agreement with the Communications Authority of Thailand whereby the subsidiary was provided with circuit services connecting it to an electronic data interchange via the internet, for a period of 3 years, to end on September 2007. The subsidiary company is to follow the conditions and to pay the monthly service fee as stipulated in the agreement. However, the subsidiary company has continuous requested to extend the expiry period and service fee with the requirement of service fee of approximately Baht 0.4 million per month (2011: Baht 0.6 million per month). Under the agreement the subsidiary company can continue to utilise the service for an indefinite time, therefore all conditions as stipulated in the agreement shall be applied until the subsidiary notifies that it is ceasing use of the service.
- j) Samart Infonet Co. Ltd., a subsidiary company, entered into a one-year contract with True Internet Gateway Co. Ltd. related to the provision of services to an internet exchange center. This contract will expire on 31 March 2013. The subsidiary company is obliged to comply with the conditions stipulated in the contract and pay a service fee totaling approximately Baht 0.3 million per month (2011: Baht 0.4 million per month).
- k) Portalnet Company Limited, a subsidiary company company, entered into a contract to use computer software application services with SAP (Thailand) Co., Ltd, effective until terminated by the subsidiary company. The subsidiary company is obligated to comply with the conditions stipulated in the contract and pay a service fee of approximately Baht 4.7 million per month.
- l) On 3 November 2009, Samart Comtech Co., Ltd., a subsidiary company, entered into an agreement with government agency, whereby to provide development of information systems. The subsidiary is obliged to install and deliver of hardware equipments and application software within 1,095 days from the contract date. If the subsidiary is unable to do so within the delivery period (2 November 2012), the government contractor will charge a penalty for any delays in each period of delivery or the date that has been extended until entire of work delivered and completed workability. Subsequently, 7 November 2012, the counterparty issued letter to extended delivered period to the subsidiary for another 180 days. Resulted scheduled of delivery period 5, 6 and 7, which is the final period, extended to January 16, 2012, January 22, 2012 and May 1, 2013, respectively. However, until the expiration of the extended delivery period of 5 and 6, the subsidiary could not deliver for some parts of application software to complete the contract.

However, the subsidiary set up a provision for penalty from the project delay of Baht 5.0 million in the subsidiary's books of account as at 31 December 2012.

- m) Portalnet Company Limited, a subsidiary company, has entered into a contract with Siemens Co., Ltd, Siemens AG and SAP (Thailand) Co., Ltd. to provide system maintenance services for computer software applications for core business operations. The subsidiary company is obligated to comply with the conditions stipulated in the contract and pay service fee totaling approximately Baht 0.3 million, Euro 0.05 million per month and Euro 0.75 million per year, respectively.

Other commitment of Samart I-Mobile Public Co., Ltd.

- n) On 27 November 2009, Samart I-Mobile Public Co., Ltd., a subsidiary company, entered into a memorandum of understanding relating to the project for 3G mobile phone network services testing with TOT Public Co., Ltd. in support of the objective of providing wholesale and retail 3G mobile phone network services through the Wideband Code-Division Multiple Access (WCDMA) system.

In addition, during the year 2011 the subsidiary company transferred the right and duties under a memorandum of understanding to I-Mobile Plus Co., Ltd., another subsidiary company. I-Mobile Plus Co., Ltd. is obliged to comply with certain conditions and pay fees for the testing project as stated in the memorandum of understanding.

- o) On 20 December 2011, Samart I-Mobile Public Co., Ltd., a subsidiary company entered into an agreement with Dialog Axiata Public Co., Ltd. to together provide International Roaming services to TOT's 3G network for a period of 3 years, with the term of the agreement to begin when the service is ready to be launched (at present, the service has yet to be launched). The subsidiary company is obliged to comply with certain conditions as stated in the agreement and to pay fees at the rates stated in the agreement.

On 4 May 2012, Samart I-Mobile Public Co., Ltd. entered into an agreement with TOT Public Co. Ltd. to together provide International Roaming service on TOT's 3G network for a period of 2 years and 10 months, with the term of the agreement to begin on the date that the service is ready to be launched (at present the service has yet to be launched). The subsidiary company is obliged to comply with certain conditions as stated in the agreement and to pay fees at the rates stated in the agreement.

- p) Samart Multimedia Co., Ltd., a subsidiary company, entered into an agreement with the TOT Public Company Limited to provide an Audiotext System for a period of 15 years, commencing 29 September 1999. The subsidiary company is obliged to comply with certain conditions as stated in the agreement and has to pay a network connection fee of Baht 1 million per annum.

43.4 Litigation

- a) In the third quarter of 2009, The Samart Engineering Co., Ltd., a subsidiary company, had entered into sale and purchase agreement with Super Cheng Co., Ltd. ("the buyer"), to sell satellite receivers with the total contract value of Baht 40.0 million. The subsidiary company acknowledged the revenue and received the amount of Baht 26.0 million from the sale of aforementioned product of this agreement. Subsequently, in the fourth quarter of 2009. The authorized lawyer of the buyer gave a written notice to terminate such agreement and request a refund of the paid amount of Baht 26.0 million. Legal department of the subsidiary company found that entered into this agreement was not the intention by mistake in the essence of the agreement as claimed and the subsidiary company did not breach any provision which cause the termination. The agreement dated 22 July 2009 is still valid and binding the parties and the buyer has no right to terminate such agreement. The management of subsidiary company believes that



the subsidiary company has not obliged to refund the amount of Baht 26.0 million to buyer and no contingent liabilities to be occurred in the future. Therefore, there is no provision has been made against the contingent liabilities in the financial statements.

On 19 March 2010, the subsidiary filed a case with a court against a buyer relating to cheques amounting to Baht 14 million. Subsequently, on 24 October 2012 the Court of First Instance found Super Cheng Co., Ltd. and associates, as the buyer, guilty according to the Offence Arising from the Use of Cheque Act. Subsequently, on 14 January 2013, Supercheng Co., Ltd. and associates lodged an appeal with the Appeal Court. The case is currently being considered by the Appeal Court.

- b) The Company had been involved in provision of financial support and installation of telecommunication network system to the 13th the Bangkok - Asian Games Organizing Committee (BAGOC) in 1997, for instance by supporting on installation design of telecommunication network system including its equipment and providing financial support at Baht 190 million. However, the Company had encountered with financial difficulties during the massive economic downturn of the country in 1997 which had long term and continuous impacts to the Company. Therefore, the Company has negotiated to cancel such financial support because the Company has waived its rights to use many benefits made under the agreements during the competition games and the Committee further provided such benefits to other sponsors already. Hence, the Company was not liable for such financial support any longer.

During the fourth quarter of 2010, BAGOC has submitted the matter in dispute to the Arbitration Institute requesting the Company to make payment of approximately Baht 332 million (Baht 190 million plus interest).

Kanung & Partners Law Offices, hired by the Company to be a legal consultant and responsible for this case, is of the opinion that the Company shall not be responsible for this claim for damages since the claimant has submitted the matter in dispute to the Arbitration Institution after the dispute period has passed 10 years, so the statute of limitations has already been expired. Therefore, no provision has been made against the contingent liabilities in the account.

As at 31 December 2012, the Arbitrator took evidence from 4 witnesses of BAGOC, and there remain another 4 witness to be engaged in the taking of evidence. The Arbitrator has not determined a date to take evidence from witnesses of the Company, which is expected be from late February 2013 onwards.

- c) In 2010, One To One Contacts Co., Ltd., a subsidiary company, was sued by a private company for a payment of equipment and call center system installation fee amounting to approximately Baht 1.3 million with interest at the rate of 7.5% per annum. Subsequently on 11 August 2011, the court ruled that the Company shall make such payment and pay for charges and lawyer fee to that company. The Company however lodged an appeal with the Court of Appeal. The case is under consideration of the Supreme Court. The Company has set up a full provision for the said payments.
- d) On 5 January 2004 a civil lawsuit was filed against IT Absolute Co., Ltd., a subsidiary company, with the plaintiff lodging a claim for the return of assets and compensation totaling Baht 15.6 million. The subsidiary company was accused of failure to comply with the terms and conditions of a share sale agreement executed with a customer (the plaintiff). The alleged failure occurred while the subsidiary company was operating under its previous name, Yuanta Securities (Thailand) Company Limited.

The share purchase and sale agreement dated 7 January 2003 between the subsidiary company's former shareholders (the seller) and a bank (the purchaser), states that if any liabilities attributable to the activities of the seller occurred within two years after the shares were transferred to the purchaser and

were not presented in the statement of financial position as at 31 December 2002, the seller would, if the case was finalised and the Court ordered the subsidiary company to settle such liabilities, pay compensation to the subsidiary company at a rate of 92.7329 percent of such liabilities.

On 29 September 2005, the Civil Court ordered the subsidiary company to return the securities to the plaintiff or pay Baht 8.4 million if the subsidiary company was unable to do so. Subsequently, the subsidiary company lodged an appeal with the Appeal Court, and on 16 March 2011 the Appeal Court affirmed the judgment of the Court of First Instance. The subsidiary company then lodged an appeal with the Supreme Court on 12 May 2011 and this case is in the process of being considered by the Supreme Court. However, as at 31 December 2012, the subsidiary company estimated its contingent liabilities at Baht 0.6 million and recorded this under the caption of “other non-current liabilities” in the statement of financial position.

- e) On 13 September 2007, a lawsuit was filed against IT Absolute Co., Ltd., a subsidiary company, by an employee, claiming Baht 4.3 million (damages together with interest and surcharges up to the date of filing the lawsuit) for alleged breach of an employment contract. Subsequently, on 24 April 2008, the Central Labour Court ordered the subsidiary company to pay the employee Baht 27,363 plus interest at 15 percent per annum counting from the date of the lawsuit until full settlement is made. The subsidiary company deposited such amount with the Central Labour Court and recorded it under the caption of “other assets” in the statement of financial position. Subsequently, on 30 July 2008, the subsidiary company lodged an appeal with the Central Labour Court, with the plaintiff having also lodged an appeal on 24 July 2008. The case is being considered by the Supreme Court. Subsequently, on 25 December 2012, the subsidiary company paid compensation of Baht 2.7 million to the plaintiff and the Court allowed the plaintiff to withdraw the case, which has already been struck out. Such amount of damages claim was paid by existing shareholder (a bank) according to Note 9 to the financial statements.
- f) On 28 June 2011, a civil suit was filed against IT Absolute Co., Ltd., a subsidiary company, by a customer, claiming damages of Baht 12.8 million for breach of contract and breach of an agency agreement, seeking a return of funds and compensation for losses resulting from the opening of a securities trading account. On 31 October 2012, the Court announced the verdict and ruled in favor of the plaintiff by ordering the subsidiary company to transfer all of its shares back to the customer (the plaintiff) and on 29 November 2012, the subsidiary company transferred all of its shares back to the customer (the plaintiff) and such amount of damages claim was paid by existing shareholder (a bank) according to Note 9 to the financial statements.
- g) On 28 November 2012, a civil suit was filed against Samart Communication Services Co., Ltd., a subsidiary company, by a supplier, claiming damages of Baht 37.5 million for breach of contract and breach of an agency agreement, acknowledgment of debt and compensation for losses resulting from the defaulting on a debt. However, as at 31 December 2012, the subsidiary company had not set aside provision for contingent liabilities in respect of the lawsuit because the management of the subsidiary company did not record for any contingent liabilities in respect of the lawsuit because the management of the subsidiary company believes that the subsidiary company will eventually win the case and no significant losses will be incurred.



44. Financial instruments

44.1 Financial risk management

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

Credit risk

The Company and its subsidiaries are exposed to credit risk primarily with respect to trade accounts receivable, loans and other accounts receivable. 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 majority of sales and services of the Company and its subsidiaries are supplied to creditworthy customers such as state enterprises and government agencies. In addition, they have a large customer base. The Company and its subsidiaries do not anticipate material losses from their debt collection. The maximum exposure to credit risk is limited to the carrying amount of receivables, loans and other receivables as stated in the statement of financial position.

Interest rate risk

The Company and its subsidiaries' exposure to interest rate risk related primarily to its cash at banks, bank overdrafts, short-term loans and long-term borrowings. 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 31 December 2012 and 2011 classified by type of interest rates are summarized in the table below, with those financial assets and liabilities that carry fixed interest rates further classified based on the maturity date or the repricing date if this occurs before the maturity date.

Consolidated financial statements											
Fixed interest rates				Floating interest rate		Non-interest bearing		Total		Effective interest rate (% p.a.)	
Within 1 year		Over 1 - 5 years									
2012	2011	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
Financial Assets											
1	-	-	-	1,157	1,055	77	14	1,235	1,069	0.01 - 2.50	0.01 - 2.70
-	-	-	-	-	-	27	3	27	3	-	-
-	-	-	-	-	-	5,867	5,146	5,867	5,146	-	-
-	-	-	-	-	14	-	5	-	19	-	2.35
17	48	-	9	-	-	-	-	17	57	5.25	5.25
105	-	-	-	24	129	-	-	129	129	0.10 - 2.10	0.10 - 2.10
123	48	-	9	1,181	1,198	5,971	5,168	7,275	6,423		
Financial liabilities											
-	-	-	-	63	124	-	-	63	124	6.25 - 7.90	6.125 - 7.900
600	278	-	-	3,210	4,002	-	-	3,810	4,280	3.90 - 7.13	4.80 - 8.25
-	50	-	-	1,000	630	-	-	1,000	680	4.30 - 4.60	4.15 - 5.35
1,286	955	-	-	208	259	-	-	1,494	1,214	2.55 - 6.88	1.93 - 7.00
10	123	-	-	-	25	-	-	10	148	1.69 - 1.70	1.62 - 7.00
-	-	-	-	-	-	3,346	2,994	3,346	2,994	-	-
-	-	-	-	3,112	2,093	-	-	3,112	2,093	1.625 - 6.250	1.7959 - 7.250
8	8	36	27	-	-	-	-	44	35	4.50 - 6.35	2.950 - 7.375
1,904	1,414	36	27	7,593	7,133	3,346	2,994	12,879	11,568		

(Units: Million Baht)

	Separate financial statements										
	Fixed interest rates			Floating interest rate		Non-interest bearing		Total		Effective interest rate (% p.a.)	
	Within 1 year		Over 1 - 5 years	2012		2011	2012		2011	2012	2011
	2012	2011	2012	2012	2011	2011	2012	2011	2012	2011	2011
Financial Assets											
Cash and cash equivalents	-	-	-	34	31	-	14	-	48	31	0.10 - 1.50
Short-term investments - trading securities	-	-	-	-	-	1	9	1	9	1	0.05 - 1.50
Trade and other accounts receivable	-	-	-	-	-	95	107	95	107	95	
Short-term loans	-	-	-	178	181	-	-	-	178	181	8.25
Total	-	-	-	212	212	96	130	96	342	308	
Financial liabilities											
Short-term loans from financial institution	129	115	-	-	-	-	-	-	129	115	5.625 - 6.250
Bill of exchange	-	50	-	-	-	-	-	-	-	50	5.35
Trade and other accounts payable	-	-	-	-	-	62	76	62	76	62	
Short-term loans	-	-	-	364	99	-	-	-	364	99	0.869, 7.0644
Long-term loans from related parties	-	-	-	628	535	-	-	-	628	535	3.10 - 3.20
Long-term loans from financial institutions	-	-	-	412	413	-	-	-	412	413	2.33303-2.44705
Liabilities under finance lease agreements	2	1	7	-	-	-	-	-	9	10	6.250 - 6.375
Total	131	166	7	1,404	1,047	62	76	62	1,618	1,284	2.95 - 4.75

Foreign currency risk

The Company and its subsidiaries' exposure to foreign currency risk arise mainly from trading transactions and borrowings that are denominated in foreign currencies. The Company and its subsidiaries seek to reduce this risk by entering into forward exchange contracts and currency option contracts when they consider appropriate. Generally, the forward contracts and currency option contracts mature within one year.

As at 31 December 2012 and 2011, the Company and its subsidiaries have significant foreign currency assets and liabilities that were unhedged against foreign exchange risk, as summarised below.

Foreign currency	Consolidated financial statements		Separate financial statements		Exchange rate as at 31 December	
	2012	2011	2012	2011	2012	2011
	(Million)		(Million)		(Baht per 1 foreign currency unit)	
Financial assets						
US dollar	18	9	-	-	30.4857	31.5505
Financial liabilities						
US dollar	47	61	-	-	30.7775	31.8319
Euro	11	12	-	-	40.8603	41.3397

The Company and its subsidiaries had the following outstanding forward exchange contracts and currency option contracts:

Forward exchange contracts

Subsidiaries in Thailand

Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Baht per 1 foreign currency unit)	
As at 31 December 2012			
Bought amount			
US dollar	14	30.6425 - 31.2540	January - July 2013
Sold amount			
US dollar	11	30.6412 - 32.1800	January - July 2013
As at 31 December 2011			
Bought amount			
US dollar	5	31.3449 - 31.9299	January - July 2012
Euro	8	41.1330 - 41.4678	January - May 2012
Sold amount			
US dollar	16	30.1100 - 31.3800	January - June 2012

Subsidiary in Malaysia

Foreign currency	Amount	Contractual exchange rate	Contractual maturity date
	(Million)	(Malaysian ringgit per 1 foreign currency unit)	
As at 31 December 2012 No outstanding forward exchange contract			
As at 31 December 2011 Bought amount US dollar	2	3.1752	March 2012

Currency option contracts

	Currency	Bought amount (Million)	Strike rate (Baht per unit of foreign currency)	Delivery date
Sell put option As at 31 December 2012	No outstanding currency option contract			
As at 31 December 2011	US dollar	5	30.90 - 31.05	April - June 2012

If, on the maturity date, the reference exchange rate is lower than strike rate, the subsidiary company is obligated to buy US dollars at strike rate.

As at 31 December 2012, the subsidiary company has no outstanding currency option contract (2011: Fair value of sell put option contracts are lower than trade date of Baht 0.27 million).

44.2 Fair values of financial instruments

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

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 market price of the financial instrument or by using an appropriate valuation technique, depending on the nature of the instrument.

45. Capital management

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

The Group manages its capital position with reference to its debt-to-equity ratio.

As at 31 December 2012, the Group's debt-to-equity ratio was 2.07:1 (2011: 2.06:1) and the Company's debt-to-equity ratio was 0.48:1 (2011: 0.40:1).

46. Approval of financial statements

These financial statements were authorized for issue by the authorized Directors on 22 February 2013.

Remuneration of the Auditors

1) Audit Fee

Audit Fee in 2012 comprised of following details:

- Audit Fee for accounting period ended December 31, 2012 of the Company was Baht 2,200,000 of which excluded other miscellaneous payment of Baht 75,505 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit Fee for accounting period ended December 31, 2012 of the subsidiaries that has the same auditor as the Company were Baht 3,220,000 of which excluded other miscellaneous payment of Baht 164,178 (i.e. auditors' traveling expenses, photo copy expenses).
- Audit fee for accounting period ended December 31, 2012 of the subsidiaries pay to audit firm or other persons or firms that related to the audit firm were Baht 7,035,000 of which excluded other miscellaneous payment of Baht 279,111 (i.e. auditors' traveling expenses, photo copy expenses).

2) Non-Audit Fee

Non-Audit Fee in 2012 comprised of following details:

- Brain Source Co., Ltd., an indirect subsidiary with stakeholding 59.85%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2012 at Baht 120,000.
- Smarterware Co., Ltd., an indirect subsidiary with stakeholding 70.89%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2012 at Baht 70,000.
- Samart Ed-Tech Co., Ltd., an indirect subsidiary with stakeholding 70.89%, paid professional fee to Ernst & Young Office Limited for the review of compliance conditions stipulated in the investment promotion certificate submitted to BOI for the period ended December 31, 2012 at Baht 70,000.

The Board of Directors and Management of Samart Corporation Public Company Limited

● The Board of Directors of Samart Corporation Public Company Limited as of December 31, 2012

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
1. Dr. Tongchat Hongladaromp - Chairman - Independent Director - Audit Committee Member - Chairman of the Nominating & Compensation Committee	74	- Ph.D (Civil Eng.), Northwestern University, Chicago, USA - M.Eng. (Civil), Asian Institute of Technology Bangkok - B.Eng.(Civil), Chulalongkorn University, Bangkok - National Defence course (Class 32), National Defence College of Thailand Training courses from Thai Institute of Directors Association (IOD) : - Director Accreditation Program (DAP) - Finance for Non-Finance Director	-	-	2008-Present	Chairman / Independent Director / Audit Committee Member	Samart Corporation Pcl.
					2008-Present	Chairman of the Nominating & Compensation Committee	Samart Corporation Pcl.
					2007-Present	Chairman	Linde (Thailand) Plc.
					2007-Present	Chairman	Chuchawal-Royal has Koning Co., Ltd.
					2006-Present	Chairman	C. T. Land Co., Ltd.
					2002-Present	Chairman	The University Council King Mongkut's University of Technology Thonburi
					1999-Present	Director	West Coast Engineering Co., Ltd.
					1994-Present	Independent Director	Sahaviriya Steel Industries Pcl.
					2003-Present	Advisor	PTT Pcl.
					Present	Advisor	PTT Global Chemical Pcl.
2. Mr. Pradang Prichayangkun - Vice Chairman - Independent Director - Chairman of the Audit Committee - Corporate Governance Committee Member - Nominating & Compensation Committee Member	78	- Bachelor Degree in Law, Thammasat University - National Defence course (Class 31), National Defence College of Thailand - Financial reporting to comply with new accounting standard, The Stock Exchange of Thailand Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Audit Certification Program (ACP)	0.04% 350,000 shares	-	2005-2011	Director, Assessment Committee	PTT Exploration and Production Pcl.
					2004-2010	Independent Director	The Comptroller General's Department, Ministry of Finance
					2006-2008	Director	Bangkok Polyethylene Pcl.
					2005-2008	Director	PTT Exploration and Production Pcl.
					2005-2008	Director/Audit Committee Member	PTT Chemical Pcl.
					1997-2008	Chairman	Vinythai Pcl.
					2008-Present	Vice Chairman/Independent Director /Chairman of the Audit Committee	TMB Asset Management Co., Ltd.
					2008-Present	Corporate Governance Committee Member	Samart Corporation Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart Corporation Pcl.
					2007-Present 1997-2008	Director Chairman / Chairman of the Audit Committee	Carpas Information Services Co., Ltd. Samart Telcoms Pcl.
					2005-2008	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2005-2008	Nominating & Compensation Committee Member	Samart Telcoms Pcl.

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
3. Mr. Seri Suksathaporn - Independent Director - Audit Committee Member - Nominating & Compensation Committee Member - Chairman of the Corporate Governance Committee	76	- Master of Public Finance Administration (MPA), University of Southern California, USA - Bachelor Degree in Political Science, Chulalongkorn University - Director Certification Program (DCP), Thai Institute of Directors Association (IOD)	0.08% 777,750 shares	-	1999-Present	Independent Director/ Audit Committee Member	Samart Corporation Pcl.
					2008- Present	Nominating & Compensation Committee Member	Samart Corporation Pcl.
					2008-Present	Chairman of the Corporate Governance Committee	Samart Corporation Pcl.
					2005-2008	Chairman of the Nominating & Compensation Committee/ Corporate Governance Committee Member	Samart Corporation Pcl.
					2005-2008	Chairman of the Nominating & Compensation Committee	Samart Telecoms Pcl.
4. Mr. Prinya Waiwatana - Independent Director - Corporate Governance Committee Member	65	- Bachelor Degree in Accounting, Chulalongkorn University Training courses from Thai Institute of Directors Association (IOD) : - Director Accreditation Program (DAP) - Audit Committee Program (ACP) - Director Certification Program (DCP) - Monitoring the System of Internal Control and Risk Management (MIR) - Role of Compensation Committee (RCC)	0.01% 125,000 shares	-	Former	Budget Director Level 11	Bureau of the Budget Thailand
					Former	Budget Director for Security Affairs	Bureau of the Budget Thailand
					Former	Budget Analyst Level 7	Bureau of the Budget Thailand
					Former	First Grade Budget Officer Public Service Division	Bureau of the Budget Thailand
					2010-Present	Independent Director/Corporate Governance Committee Member	Samart Corporation Pcl.
					2010-Present	Independent Director/Investment Committee Member/Chairman of the Nominating & Compensation Committee	Ira Capital Pcl.
					2006-Present	Partner and Manager	P & Associates Office
					2005-Present	Independent Director/Audit Committee Member/Compensation Committee Member	Thai Steel Cable Pcl.

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
5. Mrs. Siripen Vilailuck - Director	73	- Director Certification Program (DCP), Thai Institute of Directors Association (IOD)	0.55% 5,460,250 shares	Mr. Charoenrath's son and Mr. Watchai's and Mr. Thananan's mother	1993-Present 1975-Present 1993-Present 2008-May 2008	Director Director Director Nominating & Compensation Committee Member	Samart Corporation Pcl. Samart Engineering Co., Ltd. Vilailuck International Holding Co., Ltd. Samart Corporation Pcl.
6. Mr. Charoenrath Vilailuck - Authorized Director - Executive Chairman & CEO - Chairman of the Risk Management Committee	53	- Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Director Accreditation Program (DAP)	14.06% 139,293,360 shares	Mrs. Siripen's son and Mr. Watchai's and Mr. Thananan's elder brother	1995-Present 1993-Present 2008-Present 2006-2008 2003-Present 1996-Present 1993-Present Present	Executive Chairman & CEO Director Chairman of the Risk Management Committee Vice Chairman of the Risk Management Committee Director Director Director Director	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart Telcoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)
7. Mr. Watchai Vilailuck - Authorized Director - President - Chief Operating Member of the Risk Management Committee	50	- Bachelor Degree in Accounting, Thammasat University - Certificate of Strategic Planning & Implementation, University of Michigan Business School, USA - Certificate of Management Program, United Kingdom - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defence course for the joint State-Private Sectors (Class 21), National Defence College of Thailand - Leadership Program (Class 11), Capital Market Academy (CMA) - The Programme for Senior Executives on Justice Administration Batch 15, National Justice Academy	14.13% 139,996,035 shares	Mrs. Siripen's son and Mr. Charoenrath's son and Mr. Thananan's elder brother	2000-Present 1993-Present 2004-Present 2003-Present 2005-Present 2000-Present 1996-Present 1993-Present Present	President Director Chief Operating Member of the Risk Management Committee Director / Executive Chairman & CEO Chairman of the Risk Management Committee Executive Chairman & CEO Director Director Director	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart I-Mobile Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
8. Mr. Sirichai Rasameechan - Authorized Director - Executive Vice Chairman - Risk Management Committee Member - Corporate Governance Committee Member	62	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Finance for Non-Finance Directors Program	-	-	2000-Present	Executive Vice Chairman	Samart Corporation Pcl.
					1996-Present	Director	Samart Corporation Pcl.
					2005-Present	Corporate Governance Committee Member	Samart Corporation Pcl.
					2004-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2005-Present	Risk Management Committee Member	Samart I-Mobile Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart I-Mobile Pcl.
					1998-Present	Director	Samart Telcoms Pcl.
					Present	Speaker	Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)
							Thai Institute of Directors Association (IOD)
					2005-2008	Corporate Governance Committee Member	Samart I-Mobile Pcl.
9. Mr. Pairote Varophas - Director	61	- Master of Management, Northwestern University, USA - BA (Hons.) Accounting, Thammasat University - Certificate of Advanced Management Program : ISMP, Harvard Business School, USA Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Audit Certification Program (ACP) - Improving the Quality of Financial Reporting - Chartered Director Class - Accounting Amendments that Directors Should Know - Corporate Governance of Thai Listed Companies	-	-	2003-Present	Director	Samart Corporation Pcl.
					2003-Present	Director	Samart Telcoms Pcl.
					2008-Present	Corporate Governance Committee Member	Samart I-Mobile Pcl.
					2008-Present	Corporate Governance Committee Member	Samart Telcoms Pcl.
					2005-Present	Chairman	Siam Appraisal and services Co., Ltd.
					2002-Present	Independent Director and Audit Committee Member	Trinity Wattana Pcl.
					2004-2011	Risk Management Committee Member	Samart Corporation Pcl.
					2004-2011	Acting Chief Operating Officer-ICT Solutions & Services LOB	Samart Corporation Pcl.
					2003-2011	Executive Vice Chairman	Samart Corporation Pcl.
					2005-2011	Chairman of the Risk Management Committee	Samart Telcoms Pcl.
					2003-2011	Executive Vice Chairman	Samart Telcoms Pcl.
					2005-2008	Nominating & Compensation Committee Member	Samart Telcoms Pcl.

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

● Executives & Management of Samart Corporation Public Company Limited as of December 31, 2012

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
1. Mr. Charoenrath Vilailuck - Authorized Director - Executive Chairman & CEO - Chairman of the Risk Management Committee	53	- Bachelor Degree in Engineering (Electrical Engineering), The University of Newcastle, Australia - National Defence course for the joint State-Private Sectors (Class 18), National Defence College of Thailand Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DOP) - Director Accreditation Program (DAP)	14.06% 139,293,360 shares	Mrs. Siripen's son and Mr. Watchai's and Mr. Thananan's elder brother	1995-Present 1993-Present 2008-Present 2006-2008 2003-Present 1996-Present 1993-Present Present	Executive Chairman & CEO Director Chairman of the Risk Management Committee Vice Chairman of the Risk Management Committee Director Director Director Director	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart Telcoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)
2. Mr. Watchai Vilailuck - Authorized Director - President - Chief Operating Member of the Risk Management Committee	50	- Bachelor Degree in Accounting, Thammasat University - Certificate of Strategic Planning & Implementation, University of Michigan Business School, USA - Certificate of Management Program, United Kingdom - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defence course for the joint State-Private Sectors (Class 21), National Defence College of Thailand - Leadership Program (Class 11), Capital Market Academy (CMA) - The Programme for Senior Executives on Justice Administration Batch 15, National Justice Academy	14.13% 139,996,035 shares	Mrs. Siripen's son and Mr. Charoenrath's younger brother and Mr. Thananan's elder brother	2000-Present 1993-Present 2004-Present 2003-Present 2005-Present 2000-Present 1996-Present 1993-Present Present	President Director Chief Operating Member of the Risk Management Committee Director/Executive Chairman & CEO Chairman of the Risk Management Committee Executive Chairman & CEO Director Director Director	Samart Corporation Pcl. Samart Corporation Pcl. Samart Corporation Pcl. Samart I-Mobile Pcl. Samart I-Mobile Pcl. Samart Telcoms Pcl. Samart Telcoms Pcl. Vilailuck International Holding Co., Ltd. Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
3. Mr. Sirichai Rasameechan - Authorized Director - Executive Vice Chairman - Risk Management Committee Member - Corporate Governance Committee Member	62	- Master of Accounting, Thammasat University - Bachelor Degree in Accounting, Thammasat University Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Finance for Non-Finance Directors Program	-	-	2000-Present	Executive Vice Chairman	Samart Corporation Pcl.
					1996-Present	Director	Samart Corporation Pcl.
					2005-Present	Corporate Governance Committee Member	Samart Corporation Pcl.
					2004-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2005-Present	Risk Management Committee Member	Samart I-Mobile Pcl.
					2008-Present	Nominating & Compensation Committee Member	Samart I-Mobile Pcl.
					1998-Present	Director	Samart Telcoms Pcl.
					Present	Director	Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)
					Present	Speaker	Thai Institute of Directors Association (IOD)
					2005-2008	Corporate Governance Committee Member	Samart I-Mobile Pcl.
4. Mr. Thananan Vialluck - Executive Director - Risk Management Committee Member - President of Mobile Multimedia LOB	46	- Master of Engineering, University of Florida, USA - Bachelor Degree in Engineering, Kasetsart University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)	1.53% 15,113,150 shares	Mrs. Sirpen's son and Mr. Charoenrath's and Mr. Watchai's younger brother	2007-Present	Executive Director	Samart Corporation Pcl.
					2009-Present	Risk Management Committee Member	Samart Corporation Pcl.
					2006-Present	President of Mobile Multimedia LOB	Samart Corporation Pcl.
					2006-Present	President	Samart I-Mobile Pcl.
					2003-Present	Director/Executive Director	Samart I-Mobile Pcl.
					2005-Present	Risk Management Committee Member	Samart I-Mobile Pcl.
					1993-Present	Director	Vialluck International Holding Co., Ltd.
					2011-Present	Director	Siam Sport Syndicate Pcl.
					Present	Director	Subsidiaries and Affiliated Companies (as details in Directors and Management in subsidiaries and affiliated companies)

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Name-Surname/Position	Age	Education	Shareholding in Company* (%)	Relationship	Working Experience last 5 years		
					During	Position	Company/Department
5. Mr. Jong Diloksoombat - Executive Director - Risk Management Committee Member - President of ICT Solutions & Services LOB	53	- Master of System Science, University of Louisville, USA - Bachelor Degree in Electrical Engineering, Chulalongkorn University - Certificate of Strategic Planning & Implementation, University of Michigan Business School (Executive Education Center), USA - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD)	-	-	2012-Present 2009-Present 2012-Present 2012-Present 2005-Present 2003-Present 2003-Jan. 2012 2006-2008	Executive Director Risk Management Committee Member Director/Executive Director/ President/Corporate Governance Committee Member Chairman of the Risk Management Committee Corporate Governance Committee Member/Risk Management Committee Member Director/Executive Director Chief Operating Officer Nominating & Compensation Committee Member	Smart Corporation Pcl. Smart Corporation Pcl. Smart Telcoms Pcl. Smart Telcoms Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl. Smart I-Mobile Pcl.
6. Mr. Pracha Phathayakorn - Executive Vice President (Finance and Accounting) - Risk Management Committee Member	49	- Master of Business Administration with major in Finance and International Business, Sasin Graduate Institute of Business Administration, Chulalongkorn University - Bachelor Degree in Accounting, Chulalongkorn University - Investment Banking License, Association of Securities Companies Training courses from Thai Institute of Directors Association (IOD) : - Director Certification Program (DCP) - Monitoring the System of Internal Control and Risk Management (MIR) - Monitoring the Internal Audit Function (MIA) - Monitoring the Quality of Financial Reporting (MFR) - Audit Committee Program (ACP) - Director Accreditation Program (DAP)	0.01% 140,000 shares	-	May 2012-Present 2011-Present 2012-Present 2005-2011 2005-2011	Risk Management Committee Member Executive Vice President (Finance and Accounting) Executive Vice President Independent Director and Audit Committee Member President	Smart Corporation Pcl. Smart Corporation Pcl. Smart I-Mobile Pcl. Eternity Grand Logistics Pcl. Paresa Corporation Co., Ltd.

Remark : * Includes holding by spouse and minor children
% of total number of voting rights

Directors and Managements in Subsidiaries, Affiliated Companies and Related Company as of December 31, 2012

	Company	Subsidiaries																																Affiliated Companies				Related Company								
		1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36		37	38	39					
Directors and Managements	SC		SIM	SMS ⁽¹⁾	BUG ⁽¹⁾	SIAM ⁽²⁾	IMI ⁽³⁾	SIMI ⁽³⁾	SIMI ⁽³⁾	SIMH ⁽³⁾	BS ⁽⁴⁾	IMP ⁽⁴⁾	IMIT ⁽³⁾	STC	SCS ⁽⁴⁾	SCT ⁽⁴⁾	SR&D	SBS ⁽⁴⁾	TTN ⁽⁴⁾	PN ⁽⁴⁾	SIF ⁽⁴⁾	STW ⁽⁴⁾	SAET ⁽⁴⁾	PTN ⁽⁴⁾	CATS ⁽⁶⁾	KPP ⁽⁶⁾	SUT	SEC	OTO	VSS	SE	CIO ⁽⁵⁾	SIH	SRT	OTOPRO ⁽⁷⁾	SDT	I-SPORT ⁽²⁾	TAL ⁽²⁾	CS	ENT ⁽²⁾	VIH	40				
		x																																												
	1. Dr. Tongchat Hongladramp	/																																												
	2. Mr. Pradang Pichayangkun	/																																												
3. Mr. Seri Suksathaporn	/																																													
4. Mrs. Siripen Vilailuck	/																																										/			
5. Mr. Charoenrath Vilailuck	//	/	x			x					x	x	//	x	x	x	x	x	x	x	x	x	x	/	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x	x			
6. Mr. Watchai Vilailuck	//	//	/	x	x	/	/	x	x	x	/	/	/	//	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		
7. Mr. Sirichai Rasameechan	//		/	/	/	/			/			//					/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/			
8. Mr. Pairete Varophas	/											/																																		
9. Mr. Prinya Waiwatana	/																																													
10. Mr. Thananan Vilailuck	///	//	/	/	/	/	/	/	/	/	/	/	/			/										/							/	/				/				/				
11. Mr. Jong Dloksombat	///	//	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/	/		
12. Mr. Pracha Phathayakorn	///																																													

Remark : 1) x = Chairman, / = Director, // = Executive Director, /// = Managements

2) Companies Symbol:

1. SC = Smart Corporation Pcl.
 5. SIAM = Smart Interactive Media Co., Ltd.
 9. SIMH = Smart I-Mobile (Hong Kong) Limited
 13. STC = Smart Telecoms Pcl.
 17. SBS = Smart Broadband Services Co., Ltd.
 21. STW = Smartware Co., Ltd.
 25. KPP = Kampot Power Plant Co., Ltd.
 29. VSS = Vision and Security System Co., Ltd.
 33. SRT = Smart Raditech Co., Ltd.
 37. TAL = Take A Look Co., Ltd.
2. SIM = Smart I-Mobile Pcl.
 6. IMI = I-Mobile International Co., Ltd.
 10. BS = Brain Source Co., Ltd.
 14. SCS = Smart Communication Services Co., Ltd.
 18. TTN = Thai Trade Net Co., Ltd.
 22. SAET = Smart Ed-Tech Co., Ltd.
 26. SUT = Smart U-Trans Co., Ltd.
 30. SE = Smart Engineering Co., Ltd.
 34. OTOPRO = One To One Professional Co., Ltd.
 38. CS = Cambodia Smart Co., Ltd.
3. SMS = Smart Mobile Services Co., Ltd.
 7. SIMM = Smart I-Mobile (Malaysia) Sdn. Bhd.
 11. IMP = I-Mobile Plus Co., Ltd.
 15. SCT = Smart Comtech Co., Ltd.
 19. PN = Posnet Co., Ltd.
 23. PTN = Portanet Co., Ltd.
 27. SEC = Suvarabhumi Environment Care Co., Ltd.
 31. CIO = Contact-In-One Co., Ltd.
 35. SDT = Smart Digital TV Co., Ltd.
 39. ENT = Entertainment Tree Co., Ltd.
4. BUG = Smart Multimedia Co., Ltd.
 8. SIMI = PT. Smart I-Mobile Indonesia
 12. IMIT = I-Mobile Inter Trade Co., Ltd.
 16. SR&D = Smart Research and Development Co., Ltd.
 20. SIF = Smart Infonet Co., Ltd.
 24. CATS = Cambodia Air Traffic Services Co., Ltd.
 28. OTO = One To One Contacts Co., Ltd.
 32. SIH = Smart Inter Holding Co., Ltd.
 36. I-SPORT = I-Sport Co., Ltd.
 40. VIH = Vialuck International Holding Co., Ltd.

3) (1) Held by SIM

(2) Held by BUG

(6) Held by SE

(6) Held by SIH

(3) Held by IMI

(7) Held by OTO

(4) Held by STC



Board of Directors & Committees

Directors of Sub-Committees	Board of Director	Executive Board	Audit Committee	Risk Management Committee	Corporate Governance Committee	Nominating and Compensation Committee
1. Dr. Tongchat Hongladaromp	x		/			x
2. Mr. Pradang Prichayangkun	/		x		/	/
3. Mr. Seri Suksathaporn	/		/		x	/
4. Mrs. Siripen Vilailuck	/					
5. Mr. Charoenrath Vilailuck	/	x		x		
6. Mr. Watchai Vilailuck	/	/		/		
7. Mr. Sirichai Rasameechan	/	/		/	/	
8. Mr. Pairote Varophas	/					
9. Mr. Prinya Waiwatana	/				/	
10. Mr. Lai Ki Tong				/		
11. Mr. Thananan Vilailuck		/		/		
12. Mr. Sommai Damnoenkiat				/		
13. Mrs. Sukanya Vanichjakvong				/		
14. Mr. Jong Diloksombat		/		/		
15. Mr. Prasitchai Veerayuttwilai				/		
16. Mr. Pracha Phathayakorn				/		

Remark : x = Chairman, / = Director, Committee Member

Major Subsidiaries' Directors

Name of Directors	Subsidiaries		
	Samart I-Mobile Pcl.	Samart Telcoms Pcl.	Samart Communication Services Co., Ltd.
1. Mr. Charoenrath Vilailuck	/	//	x
2. Mr. Watchai Vilailuck	//	//	/
3. Mr. Sirichai Rasameechan		//	
4. Mr. Pairote Varophas		/	
5. Prof. Suphachai Phisitvanich	x		
6. Dr. Chotivid Chayavadhanangkur	/		
7. Mr. Kunthit Arunyananda	/		
8. Mr. Sombut Uthaisang		x	
9. General Sumpun Boonyanun		/	
10. Ms. Rapeepan Luangaramrut		/	
11. Mr. Vichai Pokasamrit		/	
12. Mr. Kajornvut Tayanukorn		/	
13. Mr. Thananan Vilailuck	//		
14. Mr. Jong Diloksombat	//	//	/
15. Mr. Pornchai Krivichian			/
16. Mr. Azwan Khan Bin Osman Khan	/		
17. Mr. Donald James Rae	/		
18. Mr. Annis bin Sheikh Mohamed	/		

Remark : x = Chairman, / = Director, // = Executive Director

Samart Corporation Public Company Limited

Company	:	Samart Corporation Public Company Limited
Head Office	:	99/1 Moo 4 Software Park, 35 th Fl., Chaengwattana Rd., Klong Gluar, Pak-kred, Nonthaburi 11120 Thailand
Registration No.	:	0107536000188
Home Page	:	http://www.samartcorp.com
Telephone	:	0-2502-6000
Fax.	:	0-2502-6186
Registered Capital	:	Baht 1,006,503,910
Number of shares sold	:	990,647,410 shares
Par Value	:	Baht 1 per share

Other References

Company registrar	:	Thailand Securities and Depository Co., Ltd.
Head Office	:	62, The Stock Exchange of Thailand Building, 7 th floor, Ratchadaphisek Road, Klongtoey, Bangkok 10110
Telephone	:	0-2229-2800, 0-2229-2000 ext. 2877
Fax.	:	0-2264-5642, 0-2654-5645
Auditors	:	Ms. Siriwan Suratepin Certified Public Accountant (C.P.A.) license No. 4604 Ms. Kamontip Lertwitworatep Certified Public Accountant (C.P.A.) license No. 4377
Head Office	:	Ernst & Young Office Limited. 33 rd Floor, Lake Rajada Office Complex 193/136-137 Rajadapisek road, Klongtoey, Bangkok 10110
Telephone	:	0-2264-0777
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