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Investors can find more information of True Corporation Public Company Limited from the Annual Registration Statement (Report 56-1) posted on the Securities and Exchange Commission's website at [www.sec.or.th](http://www.sec.or.th) or on the company's website at [www.truecorp.co.th](http://www.truecorp.co.th)



# Glossary and Acronyms

Glossary and acronyms	
3G	3 <sup>rd</sup> Generation of Mobile Telecommunications Technology
AC	Access charge
ADC	Advance Datanetwork Communications Company Limited
Agreement for Joint Venture	Agreement for Joint Venture in the Membership Television between MCOT (the Mass Communications Organization of Thailand, at that time) and TrueVisions Cable (Thai Cable Vision Plc., at that time) dated June 6, 1994 with subsequent additions and/or amendments or the Agreement for Joint Venture in the Membership Television between MCOT (the Mass Communications Organization of Thailand, at that time) and TrueVisions (International Broadcasting Corporation Plc., at that time) dated April 17, 1989 with subsequent additions and/or amendments, whichever applies in the relevant context.
Agreement to Operate	Agreement to Operate and Provide Services under the Digital PCN 1800 System between CAT Telecom (Communication Authority of Thailand, at that time) and TrueMove (Wireless Communication Service, at that time) dated June 20, 1996.
AI or Asia Infonet	Asia Infonet Company Limited
AIS	Advanced Info Service Public Company Limited
AWC	Asia Wireless Communication Company Limited
BFKT	BFKT (Thailand) Limited
BITCO	Bangkok Inter Teletech Public Company Limited
BMA	Bangkok Metropolitan Area
BPL or EPL	Barclays Premier League (previously English Premier League)
Broadcasting Committee	Broadcasting Committee of the NBTC
CAT or CAT Telecom	CAT Telecom Public Company Limited
CDR	Call Detail Record



## Glossary and acronyms

DSI	Department of Special Investigation
DTAC	Total Access Communication Public Company Limited
Frequency Allocation Act	Act on Organization to Assign Radio Frequencies and to Regulate the Broadcasting and Telecommunications Services B.E. 2553
Frequency Allocation Act B.E. 2543	Act on Organization to Assign Radio Frequencies and to Regulate the Broadcasting and Telecommunications Services B.E. 2543
FTTH	Fiber to the Home
HD/ HDTV	high definition/ high-definition television
HSPA	High Speed Packet Access
HSPA wholesale agreement	A wholesale agreement for HSPA mobile services between CAT Telecom as a wholesale operator and Real Move as a reseller, dated 27 January 2011 with subsequent additions and/or amendments
HutchCAT	Hutchison CAT Wireless Multimedia Limited
IC	Interconnection
IC Regulation	Interconnection Regulation B.E. 2549
IFC	International Finance Corporation
IM	Information Memorandum
IMT	International Mobile Telecommunications
IMT 2.1 GHz spectrum license	License to operate international mobile telecommunications on the 2.1 GHz spectrum
JAS or Jasmine	Jasmine International Public Company Limited
Joint Operation Agreement	Agreement for Joint Operation and Joint Investment for Expansion of Telephone Service between TOT (previously Telephone Organization of Thailand) and the Company (CP Telecommunication, at the time) dated August 2, 1991 with subsequent additions and/or amendments
Joint-Venture Act	Public-Private Joint Venture Act B.E.2535
KfW	Kreditanstalt für Wiederaufbau
KSC	KSC Commercial Internet Company Limited
MKSC	MKSC World Dot Com Company Limited
MNP	Mobile Number Portability
MOA	Memorandum of Agreement
MOU	Memorandum of Understanding
MVNO	Mobile Virtual Network Operator
NACC	National Anti-corruption Commission
NBC	National Broadcasting Commission



## Glossary and acronyms

NBTC	National Broadcasting and Telecommunications Commission
NOC	Network Operation Center
NTC	National Telecommunications Commission
NVDR	Thai NVDR Company Limited
PCN	Personal Communication Network
PCT	Personal Communication Telephone
Real Future	Real Future Company Limited
Real Move	Real Move Company Limited
Telecom Committee	Telecom Committee of the NBTC
Telecom Business Act	Telecommunications Business Act B.E. 2544
The Company or True	True Corporation Public Company Limited
TI or True Internet	True Internet Company Limited
TIC	True International Communication Company Limited
TIG	True International Gateway Company Limited
TM or True Multimedia	True Multimedia Company Limited
TOT	TOT Corporation Public Company Limited
TPC	True Public Communication Company Limited
TRUEGIF, TRUEIF or TRUE Growth	TRUE Telecommunications Growth Infrastructure Fund
TrueMove	True Move Company Limited
TrueVisions or TVS	True Visions Public Company Limited
TrueVisions Cable or TVC	True Visions Cable Public Company Limited
TrueVisions Group or TVG	True Visions Group Company Limited
True Group or the Group	True Corporation Public Company Limited and its subsidiaries
TUC	True Universal Convergence Company Limited
UCOM	United Communication Industry Public Company Limited
UIH	United Information Highway Company Limited
USO	Universal Service Obligation
Verizon	Verizon Communications Inc.
VoIP	Voice over Internet Protocol
WCS	Wireless Communication Services Limited



# Financial Highlights

(Unit: Baht million)

	2013	2012	2011 (restated)
<b>Consolidated Financial Results</b>			
Service revenues <sup>1/</sup>	66,291	61,865	56,802
Total revenues	96,214	89,382	71,938
EBITDA	16,385	16,738	17,104
Operating profit	(3,343)	1,600	4,074
Results from ongoing operations	(13,069)	(6,632)	(5,399)
Results from ongoing operations before deferred income tax	(11,831)	(5,354)	(3,200)
Net profit (loss) to equity holders of the Company	(9,063)	(7,428)	(2,694)
<b>Consolidated Balance Sheets and Cash Flows</b>			
Total assets	205,852	180,363	150,116
Total liabilities	201,120	166,359	128,646
Total shareholders' equity	4,732	14,004	21,469
Cash flows from operations <sup>2/</sup>	22,678	7,312	6,757
Free cash flow <sup>2/, 3/</sup>	(2,946)	(19,814)	(6,391)
<b>Key Financial and Efficiency Ratios</b>			
EBITDA margin (on revenue excl. IC and network rental)	19.7%	21.8%	26.9%
Operating profit margin (on revenue excl. IC and network rental)	-4.0%	2.1%	6.4%
Asset turnover (times)	0.5	0.5	0.5
EBITDA / Interest coverage ratio (times) <sup>4/</sup>	1.9	2.4	2.4
Net debt / EBITDA (times) <sup>4/</sup>	4.0	5.0	3.9
<b>Per Share Data and Others</b>			
Profit (loss) per share (Baht)	(0.62)	(0.51)	(0.23)
Book value per share (Baht)	0.33	0.97	1.48
Share price at year end (Baht)	7.50	5.45	3.14
No. of outstanding shares at year end (million shares)	14,530	14,503	14,503
Market capitalization	108,977	79,042	45,540

<sup>1/</sup> Revenues from telephone and other services excluding interconnection (IC) revenue and network rental revenue

<sup>2/</sup> In 4Q12, True Group changed the presentations of FY2011 financial results (see "Note 3.2: Change in presentation" of the FY2012 financial statements). The reclassification of some items such as "advances to contractors" affected cash flows from operations and cash flows used in investing activities.

<sup>3/</sup> Cash flows from operations less capital expenditure

<sup>4/</sup> Excluding liabilities under finance leases



# Company Background and Business Overview

## Company Background and Business Overview

True Group, one of Thailand's strongest and most recognizable brands, is the only fully-integrated, nationwide telecom operator providing services to over 29 million subscribers.

True Group seeks to promote the development of the country through innovation and technology. True Group works to bridge the digital divide and build a sustainable knowledge-based society by delivering the possibilities and opportunities offered by the digital revolution to every household and especially the youth of Thailand. Four key brand values – credible, creative, caring and courageous – guide its work as True Group seeks to enhance value for shareholders, customers, the organization, society and employees alike.

True Group's strength is its ability to offer the convergence benefits of its products and services. True Group's convergence strategy is unique within the Thai market. Its value convergence packages that bundle products and services within the Group, fulfilling the demands of its subscribers' various lifestyles, have continued to receive excellent market response. The Group's convergence strategy not only underpins the strength of its core operations but also helps drive subscriber growth, retention and loyalty.

True Group's three core business segments are: **True Mobile Group**, which includes Real Future, Real Move, TrueMove and others. Real Future, which is wholly owned by True Group, and its subsidiaries operate 2G as well as 3G and 4G LTE mobile businesses under the brands TrueMove and TrueMove H. TrueMove H subscriber base continued to expand, reaching over 12.2 million at the end of 2013. This further fueled True Mobile Group's subscriber base up to 22.9 million, of which 19.7 million were prepaid subscribers and 3.2 million were postpaid subscribers. This accounted for 25 percent of Thailand's mobile market by subscribers (excluding CAT Telecom, TOT and its MVNOs) at the end of 2013; **TrueOnline**, the largest fixed-line phone provider in the BMA and the Broadband and WiFi operator with the most comprehensive nationwide network using FTTH, DOCSIS 3.0 cable modem and DSL technologies; and **TrueVisions**, the only nationwide pay TV and HD TV operator. At the end of 2013, TrueVisions had 2.4 million customers, of which 761,000 were premium and standard customers while the rest were FreeView and Free-to-air customers.

The Company is backed by the Charoen Pokphand Group ("CP Group") – Asia's largest agro-conglomerate – with a shareholding of 62.5% of the total registered and paid-up capital of Baht 145,302.2 million as at August 8, 2013. True Group's main operations are not directly and materially related to its major shareholder. It only has minor transactions in some occasions with its major shareholders such as advertising.

At the end of 2013, True Group had an annual turnover of Baht 96.2 billion, infrastructure investments of Baht 241.0 billion, and employed 16,430 permanent staff.



## Business background

True Group was incorporated in November 1990 as a fixed-line phone service provider and in the following year it signed a build-transfer-operate concession with TOT to build, install, jointly operate and maintain a 2.6 million-line wireline network in the BMA for a period of 25 years, ending in October 2017.

The Company was registered as a public limited company in 1993 under the name TelecomAsia Corporation Public Company Limited and was listed on the Stock Exchange of Thailand in December 1993 under the security symbol “TA”. The Company rebranded under the “True” name and adopted the security symbol “TRUE” in April 2004.

In addition to its traditional fixed-line phone, public phone, and WE PCT services, True Group started providing hi-speed data communication services, including ADSL and cable modems, in 2001, WiFi services in 2003, International Internet Gateway services in 2007, and International Data Gateway and International Direct Dialing services in 2008. During 2011, True Group’s cable modem network was expanded and upgraded using DOCSIS 3.0 technology. This not only enables True Group to offer the fastest consumer broadband service in Thailand but also facilitates the real triple-play offering, a combination of products and services within the Group through the same cable network. Meanwhile, True Group continued to expand its broadband network which already reached approximately 4.3 million households in 61 provinces by the end of 2013.

True Group extended its services into the mobile telecommunications segment through a subsidiary, BITCO (the parent company of TA Orange), by acquiring a 41.1% equity interest in BITCO in October 2001. TA Orange’s mobile services were fully launched in March 2002. TA Orange was subsequently rebranded “TrueMove” at the beginning of 2006. Currently, TrueMove operates on the 1800 MHz spectrum under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC. True Group gradually increased its stake in BITCO and as at December 31, 2013, its indirect shareholding in BITCO was 99.5%.

True Group further expanded its mobile business through the purchase of shares of four local companies – Hutchison Wireless Multimedia Holdings Company Limited, BFKT, Rosy Legend Limited, and Prospect Gain Limited – from Hutchison Group which was completed in January 2011 with a transaction size of around Baht 6.3 billion including the settlement of any liabilities of the acquired companies to the Hutchison Group. The transaction gave the Group a first-mover advantage in launching commercial 3G services nationwide using HSPA technology on CAT Telecom’s 850 MHz spectrum. Full commercial 3G+ services were officially launched by its subsidiary Real Move (as a reseller of CAT Telecom) under the TrueMove H brand on August 30, 2011 and will operate until at least 2025.

In October 2012, Real Future participated in the auction for IMT 2.1 GHz spectrum licenses and was granted the license by the NBTC in December 2012. This extends the Group’s mobile businesses at least until 2027. In May 2013, TrueMove H launched Thailand’s first 4G LTE services together with 3G services on the 2.1 GHz spectrum. The perfect combination and unique strengths of the 850 MHz and 2.1 GHz spectrums as well as ongoing network expansion enable True Mobile Group to offer superior mobile Internet services to its customers.

In January 2006, True Group purchased shares of the United Broadcasting Corporation (“UBC”) from MIH and completed the tender offer for UBC shares held by the public in March 2006, allowing the Company to own 91.8% (effective holding) of UBC. The pay TV operator was renamed “TrueVisions” at the beginning of 2007. After the restructuring of TrueVisions Group in the first half of 2010 and the repurchasing of shares from minority shareholders from November 2010 to February 2011, the Group’s effective holding in TrueVisions Group Company, which is a holding company for True Group’s pay TV business, was 100.0% while True Group’s indirect holding in TrueVisions Plc. and TrueVisions Cable Co., Ltd increased to 99.3% and 99.0% respectively at the end of 2013.



While TrueVisions' main revenue source comes from monthly subscription fees, MCOT in 2009 authorized the Company to carry advertising which presented a new opportunity to drive revenue growth and profitability at the business. Throughout 2011, TrueVisions also focused on combating piracy. TrueVisions in October 2011 launched a campaign to replace old set-top boxes with new boxes featuring MPEG-4 encryption and activated a new, enhanced, more secure broadcasting system in mid July 2012. This effectively prevents the illegal access of TrueVisions' premium content and enhances customers' viewing experience through an expanded HD offering which is currently the highest level in the country at 50 channels. In addition, subsidiaries under TrueVisions Group participated in the auction for the digital terrestrial TV licenses in December 2013 and successfully won the bidding for two licenses, comprising variety and news channels, which are expected to be awarded by the NBTC around mid March 2014. The acquisition of these two digital terrestrial TV licenses will facilitate TrueVisions' revenue growth through incremental revenues from advertising and sponsorship.

One of the key milestones for True Group in 2013 was its recapitalization plan, aiming to improve its capital structure and financial performance which will further facilitate future business growth opportunities. The Group successfully sold an investment in ordinary shares of eight non-core business companies to Thana Telecom Corporation Limited with a selling price of around Baht 5.4 billion, enabling it to recognize gain on sale of this investment while focusing more on the core businesses' operations. In addition, TRUEGIF, the first telecommunication infrastructure fund in Thailand, was successfully established and listed on the Stock Exchange of Thailand under the ticker "TRUEIF" in late December 2013. True Group subscribed for 33.29% of the investment units being offered in the initial offering with the total fund size of approximately Baht 58.1 billion. True Group agrees to dispose telecom infrastructure assets and to transfer rights to receive future benefits from telecom infrastructure assets of True Group to the Fund as well as to lease certain telecom infrastructure assets back from the Fund for its usual business operations. These telecom infrastructure assets include 11,845 telecommunications towers, over 1,037,545 core-km of FOC and related transmission equipment held by True Group's subsidiaries, namely TUC and BFKT, and an upcountry broadband system with a capacity of approximately 1.2 million ports. True Group mainly used the proceeds from TRUEGIF for debt repayment which strengthened its capital structure while also enhancing its investing capability.

## Major developments in 2013

### True Group

- February: True Group successfully received a Baht 21 billion loan agreement with four Thai banks to support nationwide expansion of its wireless network.
- March: True Group partnered with Nakhon Nayok under the "Smart Province" project in providing telecommunication network in the province, enabling a convenient access of information through an enhanced user experience of 3G+ and Wifi by TrueMove H.
- June: True Group initiated "True Incube", a technology incubation program, to support Thai technology startups and entrepreneurs to build a successful business and grow globally. This includes know-how and experience sharing from global leading partners such as 500 Startups and Gobi partners.
- October: The Extraordinary General Meeting of the Shareholders No. 1/2556 approved True and/or its subsidiaries to enter into transactions with an infrastructure fund as well as to sell the investment in ordinary shares of eight non-core business companies to Thana Telecom Corporation Limited. The sale of eight non-core companies which was completed in 4Q13 led to a clearer business structure for the Group, enabling it to focus on the core businesses' operations.



- December: True Group, in partnership with AOT, launched the “AOT Free WiFi by TrueMove H” service making it speedier and more convenient for passengers to access wireless online connections with the fastest speed of up to 10 Mbps via a 200 Mbps fiber optic network in all areas of Chiang Mai and Don Muang international airports.
- December: True Group successfully established “TRUEGIF”, Thailand’s first telecommunications infrastructure fund, with the total fund size of approximately Baht 58,080 million. This initiative supports infrastructure sharing while reducing operators’ redundant investments on telecom infrastructure. TRUEGIF later commenced trading on the Stock Exchange of Thailand on December 27, 2013 under the ticker “TRUEIF.”

## **True Mobile Group**

- March: TrueMove H launched new campaign targeting teachers, students, government officers, military and police to experience its superior 3G+ services with the iSmart 299 package at only Baht 199 per month. New TrueMove H customers who activate new SIM are eligible for free call time and mobile Internet usage worth Baht 1,200 or up to the handset price (for those who also purchase new device). New aircard and handset models under the “GO Live” brand were also introduced into the market.
- May: TrueMove H launched Thailand’s first 4G LTE services on the 2.1 GHz spectrum, offering three to five times higher connection speeds, covering main business areas in Bangkok including Siam Square, Silom and Sathorn. Meanwhile, it reinforced its 3G leadership with the best network via combined strengths of the 850 MHz and the 2.1 GHz spectrums, allowing seamless communication throughout the country.
- May: TrueMove H launched “True Beyond” world-class quality, True-branded smartphones, including the model that is 4G LTE and 3G enabled, and tablet at affordable prices. One of the world’s leading girl groups, GIRLS’ GENERATION from South Korea, was also announced as its new brand ambassador.
- June: TrueMove H expanded its collaboration with Samsung by launching the value-for-money “TrueMove H Galaxy Packages”. Customers who purchase any Samsung Galaxy smartphone or tablet and subscribe for a new TrueMove H number or transfer to TrueMove H with their existing mobile number will be eligible to receive a 50% discount on the regular monthly fee for as long as 18 months.
- July: TrueMove H announced a three-year strategic partnership with Manchester United, England’s leading football club, while introducing a range of exclusive products and services including the “TrueMove H Manchester United SIM”, the “True Beyond 4G Manchester United Limited Edition Smartphone” and the “Manchester United Limited Edition Aircards” as well as its exclusive content and applications.
- September: TrueMove H introduced the prepaid “AROUND THE WORLD SIM” for Baht 199, allowing travelers to connect and enjoy roaming services with the same rates for all outgoing and receiving calls, starting at Baht 20 per minute, as well as SMS for Baht 9 per message. Customers who activate this SIM are eligible for free call time and SMS worth Baht 150. Additionally, customers can subscribe to the Unlimited Data Roaming package starting at Baht 333 per day and use the roaming services through network of True Mobile Group’s alliance in over 20 countries.
- October: TrueMove H successfully launched iPhone 5s and 5c together with its most comprehensive voice and data packages. Subscribers can experience TrueMove H’s superior network quality via 4G LTE and 3G HSPA+ technologies for the fast performance and features of these smartphones.



## TrueOnline

- February: TrueOnline offered special privilege, a free usage of WiFi by TrueMove H for 30 hours a month, to its existing and new ULTRA hi-speed Internet (10-200 Mbps) subscribers.
- February: True Internet, Cisco and Hatari Wireless Co. Ltd, a leading digital signage company in Thailand, announced “Hatari AdNet”, an expansion of their collaboration for cloud-based digital signage. This will help customers deploy services more quickly, increase revenue generation, and expand sales and marketing opportunities.
- March: True Internet was the first service provider in Asia to upgrade its Internet backbone to 100 Gbps with the deployment of the world-class standard “Cisco Nexus 7000”. This enhanced its capability to support an expansive upward trend of customers’ Internet usage in the future while delivering a better experience to its customers.
- May: TrueOnline introduced the new, better-valued bundling campaign with TrueVisions called “SukX2” (or Happiness times two), combining 12 Mbps of ULTRA hi-speed Internet as well as TrueVisions’ 78 channels and 3 HD channels with an affordable price (Baht 699 per month).
- September: Given an excellent response to the SukX2 campaign via DOCSIS 3.0 cable network, TrueOnline further expanded the offering to include ADSL customers.

## TrueVisions

- January: TrueVisions redesigned True Knowledge package to include more quality content at affordable price of Baht 299 per month, together with free after-sale services throughout membership period.
- February: TrueVisions innovatively launched the Top-Up TV, allowing customers to watch TrueVisions and pay for the services according to their usage. Customers can enjoy 78 channels of world-class quality content, including movies, entertainment, sports, and documentary through TrueLife+/ TrueLife FreeView/ TrueVisions set-top box.
- April: TrueVisions launched TrueVisions Anywhere, the first mobile-Pay TV in Thailand, enabling customers to enjoy 65 channels of TrueVisions’ quality content and 55 Free-to-air channels anywhere, anytime via smartphone, tablet, computer and notebook.
- July: TrueVisions introduced “Super Family” package, the best-in-class package among other packages within the same price range, at Baht 899 per month. Customers can enjoy a full range of content up to 140 channels (32 HD channels), including entertainment, movies and sports.
- August: TrueVisions reinforced its leadership in live broadcasting leading sports content by securing the broadcasting rights of four major Thai soccer leagues, comprising Thai Premier League, Thai League One, FA Cup and League Cup for the next three seasons (2014-2016).
- August: TrueVisions affirmed its content leadership, paving way for the upcoming AEC (Asean Economic Community), through collaboration with Lao National Television in live broadcasting UEFA Champions League and Europa League 2013/2014 of over 30 matches as well as airing popular content from Korean channel “KMTV”.
- September: TrueVisions remained committed to adding value offering to its customers. The HD offering was further expanded to Thailand’s highest level of 50 channels, more than doubling from the previous 23 channels.



## Convergence

- January: TrueLife+ offered a free set-top box to customers of TrueMove H or TrueOnline's broadband Internet. Customers can upgrade to True Knowledge package while enjoying additional 13 quality channels with only Baht 199 per month or pay according to their demand at Baht 100 per 10 days or Baht 300 per 30 days.
- March: TrueLife+ launched campaign "More privileges with more usage" to True Group's customers. Customers who use one product of True Group are eligible for free set-top box while those who use two products of True Group are eligible for additional privileges such as unlimited free Wifi. Meanwhile, customers who use three products of True Group are eligible for a 10 percent discount on all services.
- November: True Group affirmed its convergence leadership by delivering more value offering, the "SukX3" convergence package, to its customers. The package offers TrueOnline's ULTRA hi-speed Internet with a download speed of 12 Mbps and free fixed-line telephone service for 12 months, TrueVisions' 78 regular and 3 HD TV quality channels, and TrueMove H's iSmart package (Baht 199 per month), which includes 100-minute bonus calls, 150 MB of 3G data and 5 hours of WiFi, starting from only Baht 799 per month.

## Awards received in 2013

### Frost & Sullivan Thailand Excellence Award

- True Group won three 2013 Frost & Sullivan Thailand Excellence Awards which were organized by business consulting firm, Frost & Sullivan. The three awards were "Thailand Mobile Service Provider of the Year" for TrueMove; "Thailand Broadband Service Provider of the Year" for TrueOnline and "Thailand Infrastructure as a Service Vendor of the Year" for True IDC.

### COPC Customer Service Provider (CSP) Standard

- True Group was the first business organization in Thailand to receive the certified COPC Customer Service Provider (CSP) Standard from Customer Operation Performance Center (COPC) Inc. for its TrueMove H and TrueOnline call centers. The US-based COPC is a global consulting, training and certification company on call center services serving more than 1,500 well-known enterprises in 60 countries.

### ICT – Do Good Deed for the Society Award

- The True Plookpanya Media and Autistic Application projects of True Group jointly received the "ICT – Do Good Deed for the Society Award" for using information and communications technology to create innovations that benefit society. The "ICT – Do Good Deed for the Society Award" is a part of the Thailand ICT Excellence Awards 2012 organized by the Thailand Management Association (TMA) in cooperation with the National Electronics and Computer Technology Center (NECTEC), Software Park Thailand and Thammasat University's College of Innovation.

### National Radio and Television Award

- The Trueplookpanya TV channel received the "Ganesha Award" at the 2nd National Radio and Television Awards 2013, organized by the Broadcaster and Journalist's Assembly of Thailand (BJ.AT). The TV channel's programs won awards in two categories: "Art and Music Award" and "Tourism Promotion Award."



#### Reader's Digest Trusted Brand Award

- True Group was presented with two awards at the Trusted Brand Awards 2013, organized by Reader's Digest magazine. The two awards comprise: Platinum Award "TrueOnline: Internet Service Provider" and Gold Award "TrueMove H: Mobile Phone Service Provider." The awards were based on results of consumer surveys on brand trust carried out across Asia.

#### Thailand Corporate Excellence Award

- For the 5th consecutive year, True Group received the HRH Princess Maha Chakri Sirindhorn award in the "Marketing Excellence" category at the Thailand Corporate Excellence Awards 2012 held by the Thailand Management in cooperation with Chulalongkorn University's Sasin Graduate Institute of Business Administration. At the same event, True Group also won the "Corporate Improvement Excellence" award which was judged by measuring an organization's development and improvement on management in all aspects.

#### Honorary Plaque from Office of Promotion and Protection of Children, Youth, the Elderly and Vulnerable Groups

- The Novice Monks Cultivate Dharma Wisdom Project of True Group was selected by the Office of Promotion and Protection of Children, Youth, the Elderly and Vulnerable Groups, Ministry of Social Development and Human Security, to receive an Honorary Plaque in recognition for the organization's contributions to youth development on the occasion of National Youth Day in 2013.

#### National Innovation Award

- True Corporation Plc was selected as the first runner-up for the "National Innovation Award 2013" in the Social Contribution Category. The company was recognized by the National Innovation Agency, Ministry of Science and Technology, for using communications technology to improve Thai youths' potentials with the innovative "Autistic Application", which was developed by True employees. The free application can be used as a teaching tool to support learning skills of autistic children.

#### Top 500 Asia Brand Award and Asia Brand Management Innovation Personality Award

- True Group was awarded "Top 500 Asia Brand" as one of the top 500 leading brands most recognized in Asia. True was the only Thai telecommunications company to qualify for this award. True Group also won the "Asia Brand Management Innovation Personality Award" which was given to Mr. Suphachai Chearavanont, President & CEO of True Corporation Plc for being a role model executive on brand management and supporting innovation. The 8th Asia Brand award presentation ceremony was held in Hong Kong and organized by the Asia Brand Association in cooperation with several leading enterprises and media in China.

#### Cannes Corporate Media & TV Award

- True Group won the "Cannes Corporate Media & TV Awards 2013" in the TV Documentaries and Reports Category (Education). True Group's award-winning "Novice Monks Cultivate Dharma Wisdom Year 2" which is broadcast on TrueVisions was the only educational TV program from Thailand and Asia to win this award, from a total of 719 entries across 40 countries. The awards presentation ceremony is held every year in Cannes, France and this is the first time that Thailand has been presented with this global award.



#### Honorable Plaque from Office of the National Anti-Corruption Commission (NACC)

- True Group received an Honorable Plaque in recognition for its support to the mission of the Office of the National Anti-Corruption Commission (NACC). True Group helped promote the NACC's activities through its media channels as well as sent True Academy Fantasia artists to join many of the NACC's events.

#### Catholic Media Award

- TrueMove H's "Giving is the best communication" TV commercial won Best Advertisement at the Catholic Media Awards organized by the non-profit organization Catholic Social Communications of Thailand. The TV commercial was lauded for its key message on the power of giving and humanity.

#### Honorary Plaque from the National Office for Empowerment of Persons with Disabilities and The Disabilities Thailand Association

- True Group received an Honorary Plaque in recognition for its outstanding support for disabled persons in the workplace. The plaque was presented by the National Office for Empowerment of Persons with Disabilities and the Disabilities Thailand Association on International Day of Persons with Disabilities.

#### Business Profile of the Company, Subsidiaries and Associated Companies

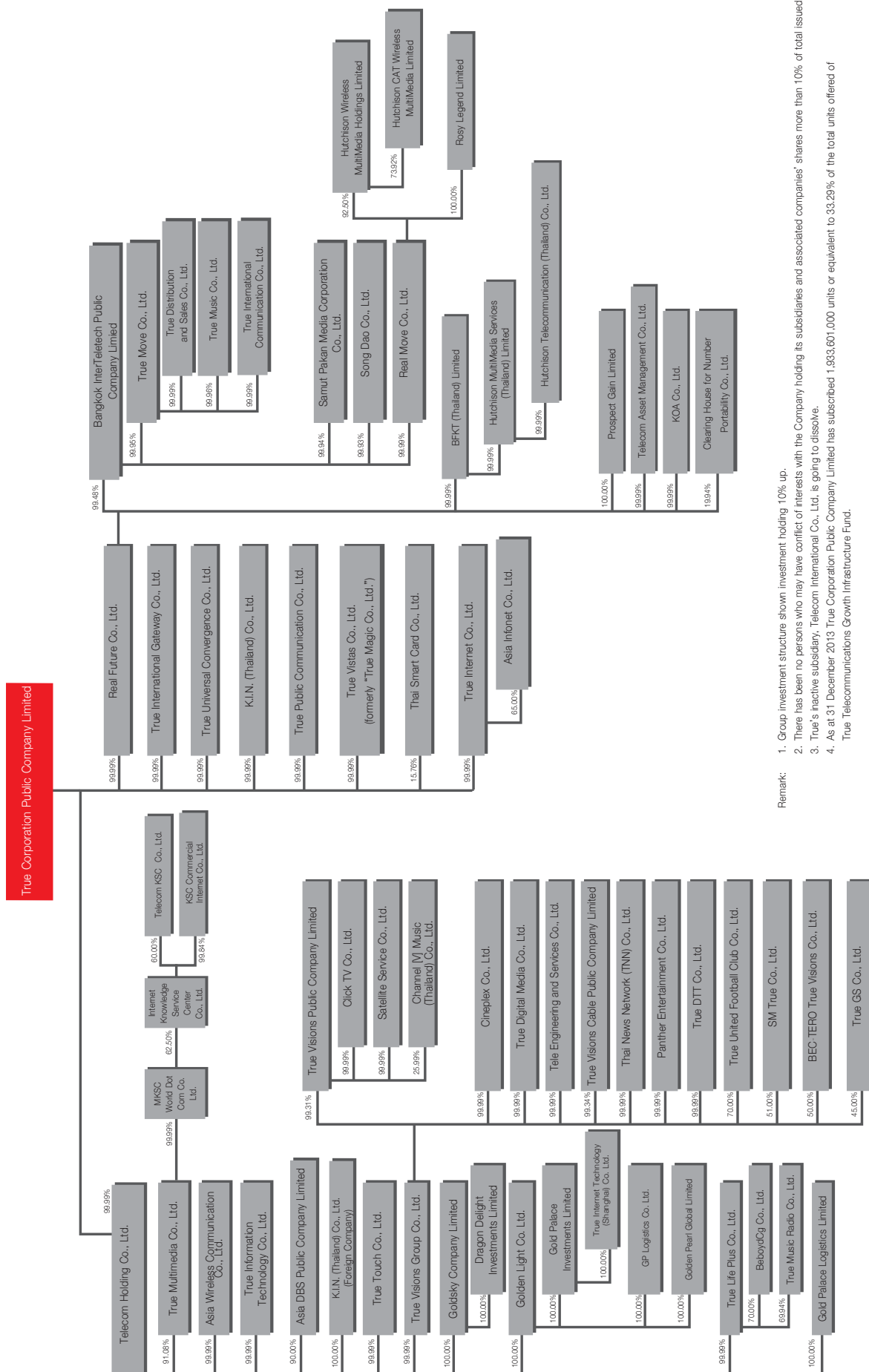
The Company group reports its financial results in three segments: TrueOnline, True Mobile Group and TrueVisions.

1. TrueOnline consists of the Company and its 26 active subsidiaries and 1 joint venture.
2. True Mobile Group consists of 10 active subsidiaries.
3. TrueVisions consists of 13 active subsidiaries, 1 joint venture and 2 Associates.



# Group Investment Structure

## As at 31<sup>st</sup> December 2013



Remark: 1. Group investment structure shown investment holding 10% up.

2. There has been no persons who may have conflict of interests with the Company holding its subsidiaries and associated companies' shares more than 10% of total issued shares.

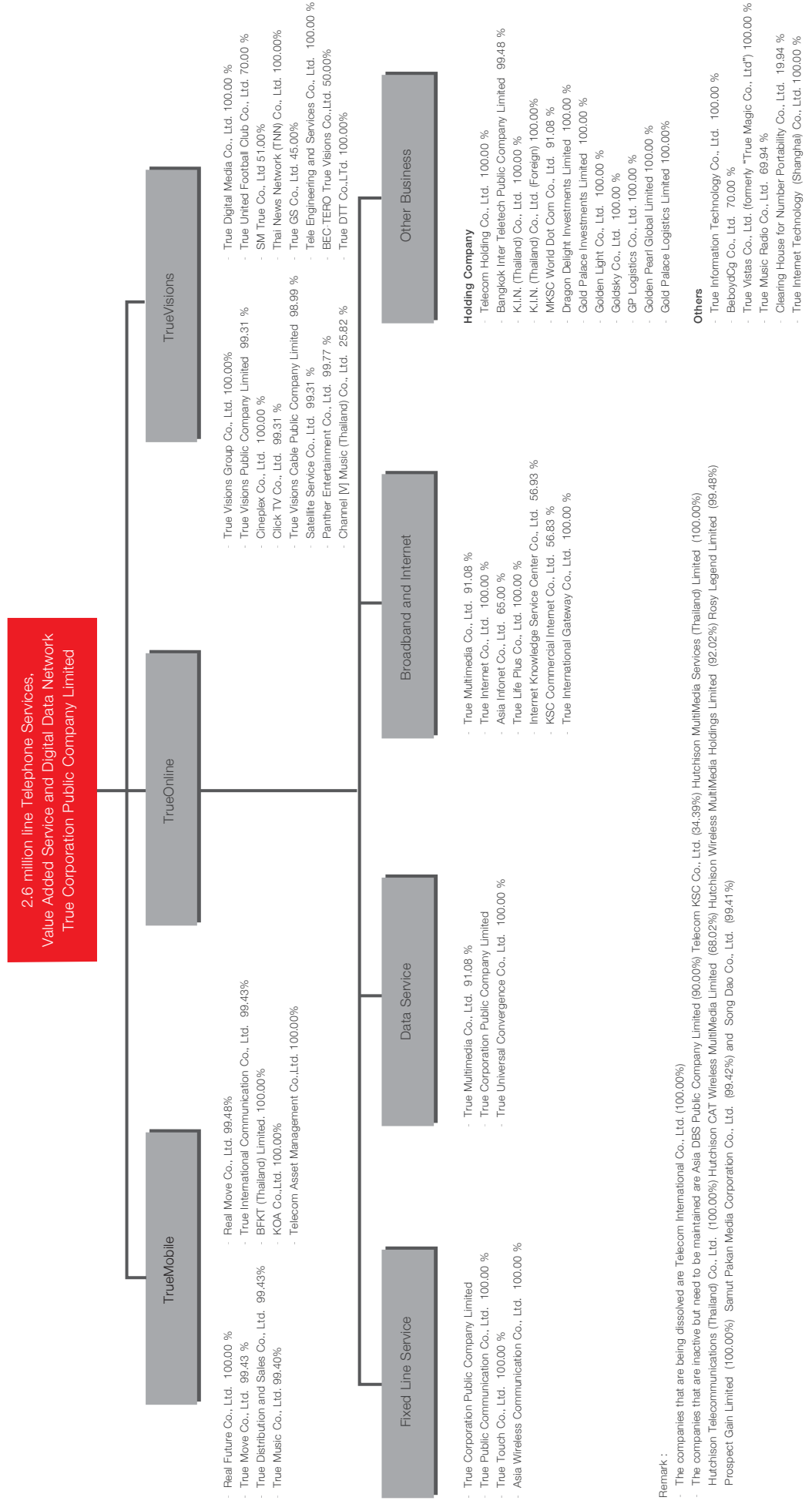
3. True's inactive subsidiary, Telecom International Co., Ltd. is going to dissolve.

4. As at 31 December 2013 True Corporation Public Company Limited has subscribed 1,933,601,000 units or equivalent to 33.29% of the total units offered of True Telecommunications Growth Infrastructure Fund.



# Group Investment Structure

Categorized by Products and Services as at 31<sup>st</sup> December 2013





# Revenues Breakdown

## Revenues Breakdown by Business Group

Business Group	2013		2012		2011	
	Baht Million	%	Baht Million	%	Baht Million	%
1. TrueOnline	23,086	24.0%	23,295	26.3%	22,440	31.2%
2. True Mobile Group	63,073	65.5%	56,124	62.6%	40,102	55.7%
3. TrueVisions	10,055	10.5%	9,963	11.1%	9,396	13.1%
Total Revenues	96,214	100.0%	89,382	100.0%	71,938	100.0%

## Revenues Breakdown by Company

Business Group/Operation by	2013		2012		2011	
	Baht Million	%	Baht Million	%	Baht Million	%
<b>1. TrueOnline</b>						
True Coporation Public Company Limited	6,380	6.6%	6,636	7.5%	7,216	10.0%
True Multimedia Co., Ltd.	52	0.1%	97	0.1%	127	0.2%
True Internet Co., Ltd.	10,012	10.4%	8,485	9.6%	7,186	10.0%
True Leasing Co., Ltd.	1,199	1.2%	1,669	1.9%	1,591	2.2%
True Life Plus Co., Ltd.	636	0.7%	1,196	1.3%	1,592	2.2%
KSC Commercial Internet Co., Ltd.	470	0.5%	418	0.5%	415	0.6%
Wire & Wireless Co., Ltd.	397	0.4%	775	0.9%	644	0.9%
Asia Wireless Communication Co., Ltd.	1	0.0%	1	0.0%	73	0.1%
True Public Communication Co., Ltd.	26	0.0%	46	0.1%	74	0.1%
True Touch Co., Ltd.	372	0.4%	291	0.3%	195	0.3%
True Digital Content & Media Co., Ltd.	283	0.3%	259	0.3%	230	0.3%
True International Gateway Co., Ltd.	297	0.3%	310	0.3%	302	0.4%
True Lifestyle Retail Co., Ltd.	168	0.2%	223	0.2%	188	0.3%
True Money Co., Ltd.	296	0.3%	326	0.4%	303	0.4%
True Universal Convergence Co., Ltd.	1,829	1.9%	1,682	2.0%	1,609	2.2%
True Internet Data Center Co., Ltd.	62	0.1%	88	0.1%	82	0.1%
True Digital Plus Co., Ltd.	303	0.3%	478	0.5%	546	0.9%
True Properties Co., Ltd.	31	0.0%	39	0.0%	32	0.0%
True Internet Technology (Shanghai) Co., Ltd.	242	0.3%	273	0.3%	21	0.0%
Others	30	0.0%	3	0.0%	14	0.0%
Total	23,086	24.0%	23,295	26.3%	22,440	31.2%
<b>2. True Mobile Group</b>						
BITCO Group of Companies	30,862	32.0%	39,336	43.9%	35,165	48.8%
BFKT (Thailand) Co., Ltd.	7,410	7.7%	5,394	6.0%	1,559	2.2%
Hutchinson CAT Wireless Multimedia Co., Ltd.	7	0.0%	546	0.6%	2,717	3.8%
Real Move Co., Ltd.	23,464	24.4%	10,848	12.1%	661	0.9%
Real Funture Co., Ltd.	1,326	1.4%	-	-	-	-
Telecom Asset Management Co., Ltd.	4	0.0%	-	-	-	-
Total	63,073	65.5%	56,124	62.6%	40,102	55.7%
<b>3. TrueVisions</b>						
True Visions Group of companies	10,055	10.5%	9,963	11.1%	9,396	13.1%
<b>Total Revenues</b>	<b>96,214</b>	<b>100.0%</b>	<b>89,382</b>	<b>100.0%</b>	<b>71,938</b>	<b>100.0%</b>



# Nature of Business

## Products and Services

True Group is Thailand's only integrated communications solutions provider. True Group facilitates subscriber lifestyles through the convergence of its voice (fixed-line and mobile), broadband Internet, pay TV, data and content. By offering a comprehensive selection of networks, services and content, True Group is also well placed to seize future growth opportunities.

True Group's convergence lifestyle strategy is unique within the Thai market. It focuses on providing customers with their preferred combinations of content and services from its integrated platform. This helps the Group differentiate itself from the competition, drive subscriber growth and customer loyalty as well as maximize the full potential of its services. True Group believes convergence enhances value for its customers and delivers significant benefits in the medium and long term.

True Group's core businesses have been organized into the three following categories:

- Online business under TrueOnline, consisting of fixed-line phone and value-added services, business data services, Internet and Broadband Internet services, WiFi and WE PCT;
- Cellular business under True Mobile Group, operating 2G as well as 3G and 4G LTE services under the brands TrueMove and TrueMove H. Its CDMA service was officially shut down in April 2013; and
- Pay TV business under TrueVisions.

The financial performance of the "Convergence and other businesses" segment, including a retail business for True Group's bundled packages, is reported under TrueOnline.

Following shareholders' approval at the EGM in October 2013, True Group successfully sold an investment in ordinary shares of eight non-core business subsidiaries, namely TLS, WW, TMN, TIDC, TLR, TP, TDP and TDCM to Thana Telecom Corporation Limited. This transaction enabled the Group to recognize gain from sale of investments totaling Baht 857.6 million in 4Q13. The financial performance of these subsidiaries was previously reported under TrueOnline.



The list of eight non-core subsidiaries is shown below.

Company	Nature of Business
1. True Leasing Co., Ltd. (TLS)	Car operating lease
2. Wire and Wireless Co., Ltd. (WW)	Communication and information technology engineering service
3. True Properties Co., Ltd. (TP)	Office space rental
4. True Internet Data Center Co., Ltd. (TIDC)	Internet data center service
5. True Lifestyle retail Co., Ltd. (TLR)	Operator of True Coffee
6. True Digital Plus Co., Ltd. (TDP)	Online game
7. True Money Co., Ltd. (TMN)	Payment service center and electronic card services
8. True Digital Content and Media Co., Ltd. (TDCM)	Digital content and E-commerce

## TrueOnline

TrueOnline comprises fixed-line telephone and its value-added services such as public phones and WE PCT, as well as broadband Internet, business data services, Internet, data gateways and International Direct Dialing which was successfully transferred to True Mobile Group at the beginning of 2011. The Group's broadband Internet businesses have continued to grow strongly and help to maintain overall revenue generated by TrueOnline.

### i) Fixed-line phone, WE PCT and public phone services

TrueOnline is the largest fixed-line telephone service provider in the BMA with a fixed-line capacity of 2.6 million lines, of which approximately 1.7 million lines are in commercial use. It also provides 26,000 public phones in the BMA under the approval of the Telephone Organization of Thailand (later renamed TOT).

True Group operates WE PCT through its subsidiary, AWC, in which it holds a 100.0 percent equity interest. Together with AWC, the Group officially launched its PCT service in November 1999 as a value-added service of its traditional fixed-line services.

WE PCT is a cordless fixed-line phone service. A subscriber's PCT phone number is the same as his or her fixed-line number. Up to nine PCT handsets can be used with one fixed-line number.

In August 1991, True Group signed a 25-year Joint Operation Agreement under Build-Transfer-Operate terms with the Telephone Organization of Thailand (later renamed TOT) to construct, install, maintain and jointly operate a 2-million-line wireline network in the BMA, which will expire in 2017. The agreement was subsequently extended to cover an additional 600,000 lines. True Group transferred its fixed-line network to TOT which collects revenues from subscribers and makes payment to the Group of its proportion as stipulated by the Joint Operation Agreement at the rate of 84.0 percent for two million lines and 79.0 percent for 600,000 lines. True Group receives an 82.0 percent share of revenue from each value-added service and 76.5 percent from the public phone service.



As for the WE PCT service, the Group is entitled to 82.0 percent of the revenue generated from such service and AWC is entitled to approximately 70.0 percent of this amount. The PCT service is also available to TOT subscribers. TOT shares with True Group approximately 80.0 percent of revenue received from its subscribers as a PCT network rental fee.

### **Value-Added Services**

In addition to fixed-line phone and public phone services, True Group offers a range of value-added services to meet customers' needs, including:

- Voice Mailbox, Call Waiting, Conference Calling, Call Forwarding, Hot Line, Abbreviated Dialing, Automatic Call Repetition, Outgoing Call Barring, and Caller ID.

The Group also provides services for corporate customers requiring a large number of telephone lines and provides a range of value-added services including:

- Direct Inward Dialing or DID;
- Hunting Lines service, which bundles two or more telephone lines at one location into a single number;
- Integrated Service Digital Network or ISDN, which can carry all forms of voice, data and image communications simultaneously on the same telephone line;
- Televoting;
- Free Phone 1-800, allowing businesses to provide their customers with a free contact call service;
- Voice Conferencing; and
- VoIP service, called NetTalk by True.

### **Fixed-line network and WE PCT service area**

True Group's core fixed-line network is modern and fiber-rich, enabling the Group to minimize the use of copper cables and provide high-quality voice and data communications services.

At the end of 2013, True Group had 1,696,155 fixed-line subscribers comprising 1,122,071 residential subscribers and 574,084 business customers. This reflected a 4.0 percent decline from the same period last year. The decline in fixed-line subscribers and revenue is in line with the global trend. The average revenue per user (ARPU) for 2013 was Baht 255 per month, a 3.6 percent decline from 2012. The majority of revenue (59.8 percent) came from business customers.

The WE PCT service covers 1,500 square kilometers of the inner area of the BMA. In line with global trend, subscribers to the PCT service have continued to decline due to increased popularity of mobile phone usage as well as a new tariff scheme aimed at mitigating risks associated with the PCT service having to pay IC charges in the same manner as mobile operators. Some WE PCT customers have migrated to other services within the Group such as TrueMove H. At the end of 2013, WE PCT had 17,966 subscribers down from 28,885 at the end of 2012.



## ii) Broadband Internet, other Internet services and VAS

### Broadband Internet

True Group is Thailand's leading broadband or hi-speed Internet operator with an estimated 36.8 percent share of the broadband market in Thailand as of 4Q13 (source: True Group's estimate). The Group provides the service using FTTx, DOCSIS cable modem and DSL (Digital Subscriber Line) technologies. By consistently expanding coverage, bringing in new technologies and higher speeds with an increased focus on customer service, TrueOnline continues to lead the broadband market in terms of innovation and service quality.

In 2003, True Group and certain other service providers started offering WiFi services. The Group's extensive WiFi network is one of the key differentiators for products and services under True Group and helps drive broadband growth. At present, True Group's WiFi network features over 100,000 hotspots with Thailand's fastest download speed of up to 200 Mbps.

True Group's subsidiary, TUC, was granted a Type Three license from the NTC to provide fixed-line telephone, broadband and data services nationwide. TUC provides data and broadband circuits as well as data network services to the Group's subsidiaries including True Internet and True Multimedia. These provide hi-speed Internet and data services to end customers and non-voice services to consumers and business customers, respectively.

True Group's modern network allows it to provide a faster, more stable broadband service and to realize efficient operations and maintenance. The network not only provides ADSL, but also ADSL2+, VDSL2, G.SHDSL, Gigabit Ethernet, DOCSIS and fiber services, and is well positioned for the eventual evolution into an IP-based NGN. The Group also offers rich content catering for consumer lifestyles, including music, gaming, sports and e-books, as well as a variety of value-added services, such as White Net filtering (allowing parents to control their children's Internet access).

In August 2010, TrueOnline became the first operator to upgrade standard speeds (for the Baht 599 per month package) from 4 Mbps to 6 Mbps on a mass scale. This fueled subscriber growth, resulting in net subscriber additions more than doubling during the year. The standard speeds of its ULTRA hi-speed Internet was further upgraded to 7 Mbps in June 2011 and to 10 Mbps in October 2012.

TrueOnline soft-launched its new cable modem technology, DOCSIS 3.0, in December 2010, offering 10 Mbps to 100 Mbps download speeds starting from Baht 699 per month. The service was officially launched in March 2011 together with the launch of the 8 Mbps WiFi service. DOCSIS technology not only can support download speeds of over 1 Gbps but also makes triple-play, a combination of high-speed Internet, pay TV, and voice services through the same router and cable network, a reality.

TrueOnline also targets the hi-end segment. In 2009, it launched the "ULTRA Broadband" service, which offered a connection speed of up to 50 Mbps via VDSL. In September 2011, the ULTRA hi-speed Internet premium offering was expanded to incorporate FTTH (Fiber to the home) technology for ultra-premium customers with the download speeds of 50 Mbps to 100 Mbps. The offering was later expanded to a connection speed of 200 Mbps via both DOCSIS 3.0 and FTTH technologies. These hi-end services provide stable connections for downloading and uploading high-definition content as well as supporting audio-visual streaming.

TrueOnline's broadband Internet offerings, ranging from 10 Mbps to Thailand's fastest consumer download speed of 200 Mbps, are the most extensive consumer broadband services available in Thailand which cater to all market segments, from light- to high-end users.

TrueOnline has continued to bring greater value to subscribers with more attractive offerings. In May 2013, it introduced a value convergence package called "SukX2 (or Happiness Times Two)", combining 12 Mbps of ULTRA hi-speed Internet



and TrueVisions' 78 channels plus three HD channels through the same DOCSIS 3.0 cable network at an affordable price (Baht 699 per month). Due to its high popularity, True Group further introduced the "SukX3 (or Happiness Times Three)" campaign, comprising all three core products of True Group, in November 2013 (Please see details in the "Bundled Packages" section).

These unique and competitive offerings cemented the Group's position as Thailand's only lifestyle convergence operator offering fully integrated services that meet the requirements of customers' lifestyles while maintaining True Group's leadership in terms of speed, service quality and innovation.

Successful expansion of broadband Internet to new territories, especially via DOCSIS technology, and positive response to its localized marketing activities saw TrueOnline secure its broadband leadership while achieving robust broadband net adds of 240,000 subscribers in 2013. This drove its subscriber base up to 1,809,600. Meanwhile, TrueOnline continued to expand its broadband network which already reached 4.3 million homepasses in 61 key provinces by the end of 2013.

For the enterprise segment, True Group offers converged data and voice communication solutions, and managed services to business customers through various technologies. These include: Digital Data Network or Leased-Line; Multiprotocol Label-Switching; Metro Ethernet (a fiber-to-the-building technology designed specifically for business customers); and IP-Lease Line (a hybrid between an IP-based data service and a lease line service which improves the quality of connection beyond standard IP-based services). In addition, True Group offers a Managed Network Service (a combination of three network operation services: network performance management, fault management and configuration management). Furthermore, its service infrastructure is built on modern IP technology that supports cloud computing.

Beside large corporate clients, True Group aims to expand its business customer base more aggressively into the SME segment. Significant growth opportunity exists in the provinces where overall penetration and the Group's market share remain relatively low. True Group plans to utilize its wide selection of products and services to secure and expand its provincial market share through convergence and bundling strategies.

True Group is one of the major players in the data transmission business in Thailand while its modern network gives it a competitive advantage. The Group seeks to differentiate itself from competitors through a focus on service quality and by meeting customer needs. The Group also benefits from combining various products and services (e.g. content, VoIP and Internet) as well as by providing services with its business partners (e.g. the collaboration with Cisco to roll out a high quality IP network). As a result, True Group does not have to compete solely on price.

In 2011, True Group launched True Ethernet Fiber service, an advanced IP network which enables the secure transferring of large multi-format files over fiber-optic cables with download speeds of 2 Mbps to 10 Gbps. It is the first in Thailand to have attained global service quality assurance from the Metro Ethernet Forum.

In 2012, the Group further launched a new data communication solution, using Multiprotocol Label Switching technology, to better respond to specific needs of online game stores across the country. This solution gives a competitive advantage to these stores by highlighting its strengths on stability, high speed with the same upload and download speed as well as an automatic backup.

In addition, True Group's focus on the fiber market presents high growth opportunities. It has invested in the fiber-optic network via Gigabit-capable Passive Optical Network (GPON) technology which reaches corporate clients located in buildings on key roads in the BMA as well as several provincial industrial estates and tourist destinations.

Furthermore, in 2013, True Internet was the first service provider in Asia to upgrade its Internet backbone to 100 Gbps with the deployment of the world-class standard "Cisco Nexus 7000". This enhanced its capability to support an expansive upward trend of customers' Internet usage in the future while delivering a better experience to its customers.



At the end of 2013, there were 27,241 circuits in operation with average revenue per circuit of Baht 8,775 a month.

### **Other Internet services and VAS**

True Group provides Internet (including content and applications) services through:

(1) True Internet, in which True Group has a 100.0 percent equity interest, is the Group's main subsidiary which operates high-speed Internet or broadband and additional broadband services. In August 2009, True Internet's Type One ISP license, granted by the NTC, was extended for another five years to expire on August 17, 2014. The license is renewable every five years;

(2) KSC, in which True Group has a 56.8 percent equity interest, is an ISP which provides services to the Group's corporate customers. In June 2009, KSC's Type One ISP license, granted by the NTC, was extended for another five years to expire on June 22, 2014. The license is renewable every five years; and

(3) Asia Infonet, in which True Group has a 65.0 percent equity interest, under an Agreement to Operate whereby CAT Telecom (previously the Communications Authority of Thailand) granted a non-exclusive right to provide commercial Internet services to users throughout Thailand until 2006 over facilities leased from CAT Telecom or any entity approved by CAT Telecom. In February 2010, Asia Infonet's Type One ISP license, granted by the NTC, was extended for another five years and will expire on February 4, 2015. The license is renewable every five years.

True Group is Thailand's No.1 Internet Service Provider ("ISP") offering Internet access to both consumers and business customers, along with a range of value-added services, including an Internet Data Center, and the provision of security services for corporate customers.

In addition, the Group's Internet and broadband services took full advantage of the international Internet gateway license granted to one of its subsidiaries, True International Gateway, in 2006 which has allowed True Group to provide a better quality and less costly service to its customers.

### **iii) International Gateway services**

TIG, previously known as True Internet Gateway, a subsidiary of True Corp, received an International Internet Gateway and Domestic Internet Exchange License (Type Two with Network) from the NBTC on May 19, 2011, and an International Private Leased Circuit (Type Three) on November 11, 2009.

The aforementioned licenses allow TIG to provide international Internet and international data services. TIG has Points of Presence in Bangkok, Singapore, Hong Kong, Netherlands, the UK and the US which enhance the efficiency of international connections and service quality.

Since its launch, TIG has considerably expanded its capacity to support the growth of Internet and international data services which have grown annually. At the end of 2013, TIG's backbone capacity reached approximately 70 GB while it aims to increase to 180 GB by the end of 2014. Most of TIG's international Internet bandwidth capacity is utilized within True Group with the rest utilized by external customers including local ISPs, local and multinational corporations, and international telecom operators.



TIG offers three types of international data services – International Private Leased Circuit (“IPLC”), Internet Protocol Virtual Private Network (“IP VPN”) and Virtual Nodes. Currently, TIG is focusing on serving major international carriers who have a presence in the Asia-Pacific region and demand a large amount of international connectivity as well as a reliable network and high quality of services. To facilitate corporate customers requiring a variety of bandwidth sizes and international destinations, TIG continues to partner with global international carriers to reach countries beyond Singapore and Hong Kong where TIG already has connectivity.

TIG signed a number of contracts to provide Virtual Node services coverage for leading international carriers from the US, Germany, Taiwan, Japan, India, Singapore, the UK, and China. True Group also continued to expand its Internet and data gateway operations into Laos, Cambodia, Vietnam and Myanmar as part of a new focus to develop its business in neighboring countries. These developments not only help generate more revenue but also facilitate continual growth for the Group.

## **True Mobile Group**

True Mobile Group operates 2G as well as 3G and 4G LTE mobile businesses under the brands TrueMove and TrueMove H, respectively. True Group holds 100.0 percent of the shares in Real Future, which is the Group’s holding company and a type-3 telecom operator, and indirectly holds an equity interest in TrueMove (previously TA Orange) and Real Move (a CAT Telecom’s 3G+ reseller under the flagship brand, TrueMove H) through a subsidiary, BITCO. True Group’s shareholding in BITCO was 99.5 percent at the end of 2013.

TrueMove operated under the Agreement to Operate, dated June 20, 1996, granted by CAT Telecom. This allowed for the provision of services under the Digital PCN 1800 system until September 2013. Under the Agreement to Operate, TrueMove shared 25 percent of its revenue, after deducting access charge payments and other deductible expenses (e.g. content), with CAT Telecom until September 2011, after which the proportion of revenue shared with CAT Telecom was increased to 30 percent until the end of the agreement. Currently, TrueMove operates and provides services under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC.

In January 2011, True Group completed the purchase of shares of four local companies from Hutchison Group which increased its business scale through the acquisition of approximately 800,000 subscribers. In April 2011, under the reseller agreement between Real Move and CAT Telecom, which is effective until 2025, the TrueMove H brand was established to facilitate the launch of nationwide commercial 3G+ services using HSPA technology on the 850 MHz spectrum. The official launch of TrueMove H in the BMA and 16 provinces under the FREEYOU campaign, offering 3G+ services with speeds of up to 42 Mbps and WiFi connectivity of up to 8 Mbps, on August 30, 2011 effectively gave the Group’s 3G services a nationwide first-mover advantage.

In the Year 2011, TRUE Group restructured its mobile business to be under the umbrella of the “True Mobile Group”, the entirety of which comes under Real Future, a Group subsidiary, to improve operational efficiency and facilitate future funding opportunities.

Real Future participated in the auction of the 2.1 GHz IMT Spectrum License and was later granted the aforementioned license as well as the Type Three Telecommunication Business License by the NBTC in December 2012. This extends the Group’s mobile business until at least 2027. In addition to its ongoing 3G service expansion on both the 2.1 GHz and CAT Telecom’s 850 MHz spectrums, TrueMove H was the first operator in Thailand to launch 4G LTE services on the 2.1 GHz spectrum in May 2013, covering important business areas in Bangkok such as Siam Square, Silom, and Sathorn. The perfect combination of the 2.1 GHz and CAT Telecom’s 850 MHz spectrums strengthens the Group’s mobile portfolio as well as reinforces its leadership in providing Thailand’s best-quality 3G and 4G LTE services.



## Subscribers

TrueMove H has grown strongly since its commercial launch in 3Q11. At the end of 2013, its subscriber base expanded to over 12.2 million. This further fueled True Mobile Group's subscriber base up to 22.9 million, accounting for 25.0 percent of Thailand's mobile market by subscribers (excluding CAT Telecom, TOT and its MVNOs), by year end. Meanwhile, given the successful expansion of its 3G business, the proportion of high-value postpaid subscribers continued to grow which further drove True Mobile Group's blended ARPU up to Baht 123 per month in 2012 and Baht 124 per month in 2013, compared to Baht 113 per month in 2011.

## Services

### Pre Pay

True Mobile Group's revenue is partly derived from sales of prepaid airtime, which does not require a monthly subscription fee. Subscribers purchase a SIM card with an initial credit balance and can top-up their credit balance through various means, including cash cards, top-up cards, ATMs, the transfer of credit from other True Mobile Group phone accounts, and "over-the-air" top-ups.

TrueMove and TrueMove H prepaid subscribers can top-up as little as Baht 10 at approximately 30,000 phone booths. True Mobile Group also provides subscribers with a mobile payment channel via TrueMoney to meet a new generation of lifestyle needs.

### Post Pay

True Mobile Group's postpaid service allows customers to choose a monthly service plan comprising voice-only, data-only or voice and data services to match their lifestyles. Top-up packages allow subscribers to purchase voice or non-voice services on top of their monthly package at a better-value rate. Subscribers are billed monthly for subscription fees, airtime and the use of other voice and non-voice services.

### Voice Services

True Mobile Group's subscribers have access to local, domestic and international long-distance dialing. In addition, it offers a variety of value-added services in different combinations according to the airtime package selected. These services include call waiting, call forwarding, call conferencing and caller ID. True Mobile Group also offers its voice subscribers international roaming services, enabling them to make and receive calls when they are outside of Thailand.

### Non-Voice Services

True Mobile Group provides a range of non-voice services to enhance customer lifestyles. Content is delivered through various channels covering all mobile-accessible channels and web-based services through the [www.truelife.com](http://www.truelife.com) portal. Non-voice services comprise a variety of popular content, including photo-based communication, financial information services, games, cartoons, screen savers, ring tones, music and sports. True Mobile Group subscribers are increasingly using its non-voice services, in particular downloadable and uploadable pictures, video, as well as the accessing of social networks, through mobile Internet services.

### True Mobile Group currently groups non-voice services into three main categories:

*Messaging*, which includes Short Messaging Service ("SMS"), allowing subscribers to send short text messages; Voice SMS whereby subscribers send audio messages to fixed-line and mobile handsets; and Multimedia Messaging Service ("MMS"), allowing the sending of pictures, text and sound/voice in a single-packet message.



*Mobile Internet service* via 4G LTE, 3G+/HSPA, EDGE/GPRS and WiFi technologies which provide subscribers access to a range of data services from their handsets, including email, Internet, VoIP, audio and video services. Additional services include Mobile Chat, a WAP-based instant-messaging service that allows subscribers to engage in online and mobile chat; and Blackberry and iPhone services.

*Content*, which includes Ring-back Tones (personalized ring-back tones and exclusive song selections); Voicemail; and Multimedia Content Services, which allow subscribers to access content such as music, sports, news and finance. True Mobile Group is able to use content as a growth driver by leveraging the exclusive content assets of TrueMusic, TrueLife, TrueOnline and TrueVisions.

The rising popularity of smart devices and social networking as well as True Mobile Group's attractive promotions contributed to the solid growth of mobile Internet revenue which grew strongly at 68.6 percent Y-on-Y to Baht 11.0 billion in 2013. This robust growth in mobile Internet arena further drove non-voice revenue up by 49.0 percent from a year earlier, accounting for 38.2 percent of True Mobile Group's service revenue (excluding IC and network rental). Service revenue from mobile Internet, messaging and content contributed 81.5 percent, 5.7 percent and 12.8 percent of total non-voice revenue, respectively.

### **Mobile Handsets and Accessories Sales**

The Group offers a broad range of mobile handsets and related accessories. Its key handset products are high-quality smartphones including iPhone, Samsung, and others. True Group also offers affordable 3G phone as well as smart devices under the Group's House brand "True Beyond", including both the 3G and 4G capable models, to facilitate accessibility to 3G and 4G LTE services among a wider range of Thai consumers. In addition, the Group leads the sales of other smart devices, such as tablets and aircards. Handsets are either sold outright (untied to any service) or tied with True Mobile Group's monthly (postpaid) packages.

### **International Roaming Services**

International Roaming Services are value-added services that enable True Mobile Group subscribers to use the networks of international operators with whom it has entered into international roaming agreements (Outbound Roaming Service). The roaming services True Mobile Group offers include voicemail, SMS, MMS, mobile Internet (via EDGE/GPRS/3G/ 4G LTE), Email, Caller Identification, Missed Call Alerts, Short Code service, BlackBerry roaming and WiFi. These services ensure True Mobile Group customers to stay in touch with both business and personal contacts in more than 230 destinations worldwide.

In addition, visitors to Thailand whose network operators have international roaming agreements with True Mobile Group can use its cellular network when traveling in Thailand (Inbound Roaming Service).

True Mobile Group joined the Conexus Mobile Alliance in 2008 and partnered with Vodafone in 2012. The Conexus Mobile Alliance and Vodafone has a combined customer base of approximately 690 million at present. As a result, these subscribers can use roaming services in Thailand on True Mobile Group's network. True Mobile Group subscribers also have more options on the roaming services, both voice and non-voice, when traveling in the Asia, Europe, North America and Oceania regions. True Mobile Group, the Conexus Mobile Alliance and Vodafone also rolled out a mobile data roaming plan for smartphones among their members. This offers a high mobile-data-access ceiling in most markets, allowing corporate email access and convenient wireless Internet access as well as providing cost benefits to active business travelers who use the alliance's and Vodafone's services.

In 2009, True Group launched the "Data Roaming Flat Rate" promotion, where True Mobile Group subscribers pay up to a maximum charge of Baht 399 per day for their mobile data roaming on the Conexus Mobile Alliance networks. Due to its popular demand, this promotion has been continued. True Mobile Group re-launched the promotion, offering a maximum charge of Baht 499 per day for data usage, receiving and outgoing call rate of Baht 25 per minute, and SMS rate of Baht



11 per message for customers who travel to Europe, North America and Oceania regions. In addition, True Mobile Group subscribers who travel within Asia can enjoy its data roaming package with a maximum charge of only Baht 333 per day for data usage, receiving and outgoing call rate of Baht 33 per minute, and SMS rate of Baht 11 per message. Currently, True Mobile Group subscribers can benefit from the Data Roaming Flat Rate on 99 mobile networks in 51 countries worldwide.

### **International Direct Dialing service**

IDD was originally introduced, operated and reported under TrueOnline. At the 2010 AGM, shareholders approved the transfer of TIC to be under TrueMove. TIC was granted a Type Three license from the NTC to provide overseas call services. The IDD service uses Time Division Multiplexing (TDM) technology with the “006” dialing prefix. Currently, True Group’s IDD services are available only to subscribers to its fixed-line and True Mobile Group services. TIC is currently negotiating with other mobile and fixed-line operators in order to expand the international calling service to wider users. True Group also introduced the “Inter SIM” promotion with two alternatives for customers to choose from. Its premium service, the “006” dialing prefix via Time Division Multiplexing technology, offers excellent voice quality and fast connection with no dropped call during conversation. Meanwhile, another IDD service via VoIP technology with the “00600” dialing prefix offers customers with more affordable and competitive rates. Currently, Inter SIM can be used to call 230 destinations worldwide via True Mobile Group’s International Roaming Service.

Since its inception, True Group’s IDD service has grown well. It also facilitated an expansion of True Mobile Group’s subscriber base. TIC has continued to promote its IDD services in major communities, such as J-Avenue and along the BTS Sukhumvit. In addition, TIC focused on improving its offerings to better respond to customers’ lifestyles. By reaping the benefit of smartphone’s rising popularity, in August 2012, TIC introduced “NetTalk by True” application, offering customers with greater value and convenience. The service can be used on both iOS (iPhone and iPad) and Android platforms.

### **Network**

True Mobile Group was the last of the three major Thai mobile operators to launch commercial operations, and as such has been able to take advantage of the latest technical developments for its network rollout. True Mobile Group’s 2G network coverage is now on par with other major mobile operators. However, its 3G+ service coverage is the most extensive in Thailand, covering over 95 percent of the Thai population.

True Mobile Group has consistently sought to develop and market innovative non-voice products and services. For example, it was the first in Thailand to offer voice SMS, remixable ring tones (through the IRemix service), and “over-the-air” top-ups to its subscribers. In addition, True Mobile Group was the first in Thailand to commercially launch the 3G HSPA services on the 850 MHz spectrum nationwide and the first to offer 4G LTE services on the 2.1 GHz spectrum to consumers in Thailand. It also provides other multimedia content-based services, along with comprehensive wireless Internet services using WiFi technology. True Mobile Group also launched the world’s first Touch SIM using RFID (radio-frequency identification) technology. This allows for payments to be made from the E-wallet and E-Purse payment services with a single swipe of any mobile handset. In addition, it launched iSim, an innovative data-only package for tablets and aircards, to attract data-centric customers as well as innovative applications, including “H TV”, a new mobile application for TrueMove H subscribers to access world-class TV content from more than 90 TrueVisions channels, and “H MUSIC”, a warehouse of all kinds of digital music content enabling subscribers to enjoy exclusive and latest hits by world-class artists.

Following the successful launch of the iPhone 3G in the Thai market, True Mobile Group performed extremely well on the launches of other iPhone models and various smart devices, especially the iPhone 5s in October 2013. True Mobile Group also tapped the entry-level 3G and smartphone users by launching campaigns with affordable 3G phone and smartphones under the GO Live series as well as with popular smartphone manufacturers and distributors such as Samsung and HTC. In 2013, TrueMove H further introduced world-class quality devices, including smartphones and a tablet, all at affordable prices under the “True Beyond” brand to ensure that customers get the best experience of its best 3G and 4G LTE services.



TrueMove H's most extensive service coverage in Thailand, attractive device-bundling campaigns and innovative applications and content across True Group continue to provide TrueMove H with a competitive edge and help position it as the mobile Internet leader in Thailand.

## TrueVisions

TrueVisions is Thailand's leading nationwide pay TV provider, offering its service via digital direct-to-home satellite (DStv) and digital HFC (hybrid-fiber-coaxial) cable network platforms.

TrueVisions was formed in 1998 by a merger of UBC (formerly IBC) and UBC Cable (formerly UTV). TrueVisions operates pay TV services under a 25-year Agreement for Joint Venture in the Membership Television (and Cable Television) Services with MCOT which is due to end on September 30, 2014 for services via satellite and on December 31, 2019 for services via cable. In addition, in January 2013, TrueVisions Group successfully secured the Broadcasting and Television Network licenses from NBTC, which further extends the Group's pay TV business until at least January 2028.

TrueVisions provides its DStv service using Ku-band and C-band transmission and MPEG-2 and MPEG 4 video compression. This enables TrueVisions to increase the number of channels, improve sound and picture quality, control access to its signal, and distribute its service everywhere in Thailand. This service is now transmitted via the Thaicom 5 satellite. TrueVisions provides its cable TV services, both digital and analog, using the HFC network of True Multimedia (True Group's subsidiary) in the BMA.

At the beginning of 2006, TrueVisions was successfully integrated into the Group following the acquisition of TrueVisions shares which increased True Group's effective shareholding to 91.8 percent. In 2010, TrueVisions was restructured into TrueVisions Group. This was aimed at facilitating operations, especially the obtaining of pay TV licenses from the regulator, and business growth opportunities. True Group's effective holding in TrueVisions Group Company, which is a holding company for the Group's pay TV business, was 100.0 percent. True Group indirectly held 99.3 percent in True Visions Public Company Limited and 99.0 percent in True Visions Cable Public Company Limited, as at December 31, 2013.

Following the entry into force of the Broadcasting Act in March 2008, TrueVisions commenced negotiations with MCOT to carry advertising similar to other pay TV operators. On October 8, 2009, the MCOT Board of Directors approved for TrueVisions to air advertising subject to revenue sharing of 6.5 percent. Following this decision, TrueVisions began gradually introducing paid advertising while ensuring the viewer experience was not impacted. TrueVisions' advertising revenue continued to grow, reaching Baht 934 million in 2013 given positive response to its better-valued advertising packages launched during the year as well as an expanding audience base, especially in the free-to-air segment, and an increase in the number of channels carrying advertising. By the end of 2013, 31 of the total 180 channels in TrueVisions' portfolio carried advertising. Furthermore, in late December 2013, subsidiaries under TrueVisions Group successfully won the bidding for two digital terrestrial TV licenses, which are expected to be granted by the NBTC in mid March 2014. This paves way for an expanded advertising revenue while facilitating TrueVisions' opportunity to market its content through a much larger viewer base.

TrueVisions conducted various strategies to facilitate future business opportunities as well as to pave way for an expanding customer base. In May 2010, TrueVisions became the first cable or satellite operator in Thailand to offer HD-format channels targeting premium subscribers with the enhanced viewing experience. In October 2011, TrueVisions launched early-bird incentives for premium subscribers to replace their set-top boxes with a new hybrid model, which not only supports high-definition content with greater viewing experience but is also equipped with MPEG-4 encryption and secured silicon technology. The new, more secure MPEG-4 broadcasting system, which was successfully activated in mid-July 2012, effectively eradicated the unauthorized access of TrueVisions' premium content.



TrueVisions continued to differentiate and strengthen its portfolio with a wide array of world-class quality content as well as exclusive partnership with several world's leading content providers. In addition, its HD content offering was almost tripled from 17 channels in the previous year to 50 channels, a level that is unmatched by any other offers in the market. New premium value-added-services such as Thailand's first 3D service as well as TrueVisions Anywhere, allowing access to TrueVisions' content anywhere, anytime via multiple platforms, were also introduced in 2013.

Meanwhile, TrueVisions further strengthened its mass-market strategy by introducing the redesigned True Knowledge package to include more great quality channels at an affordable price, launching bundled packages with TrueOnline, as well as collaborating with leading local companies, such as PSI and several cable TV operators. These should further increase its customer base, enhance advertising revenue and create opportunity to market TrueVisions' content through its partners' large viewer base. TrueVisions also advanced into the untapped segments by launching various attractive customized packages with its exclusive content to match consumers' diverse lifestyles and preferences, including Super Family, Super Knowledge and Super Sports.

The aforementioned developments as well as TrueVisions' fully-diversified platform with superior quality content and improved customer services will see TrueVisions continue to secure pay TV leadership.

At the end of 2013, TrueVisions had 2,370,972 customers, of which 761,274 subscribed to normal (premium and standard) packages while the rest were FreeView and Free-to-Air box customers.

TrueVisions offers a variety of top local and international channels including movies (e.g., HBO, Cinemax and Fox); sports (e.g., Star Sports and TrueVisions' own sports channels), infotainment (e.g., Discovery Channel, National Geographic), and news (e.g., CNN, CNBC, Bloomberg, BBC World, Phoenix InfoNews), in addition to free TV channels and pay-per-view.

TrueVisions' six packages along with the number of non-standard channels (standard channels include six free TV channels and 21 educational channels) included in each package are presented below.

Package:	No. of channels	Monthly fee (Baht)
Platinum HD	177	2,155.15
Gold HD	151	1,568.12
Super Family	145	1,054.15
Super Knowledge	129	590.00
Super Sports	110	495.15
True Knowledge	97	299.00

In addition to the above packages, TrueVisions provides A-La-Carte packages with a maximum of 14 channels where customers can choose according to their subscribed packages.

#### Other key products/services include:

- High Definition Personal Video Recorder (HD PVR), providing advanced features (e.g, recording, zooming, instant-replay) that enhance the viewing experience;



- DStv dish as part of the Satellite Selling Kit or SSK promotion, allowing subscribers to watch 59 TrueVisions channels with no monthly fee
- TrueVisions Anywhere, enabling customers to enjoy TrueVisions' and free-to-air channels anywhere at anytime via multiple platforms, including smartphone, tablet, computer and notebook. This application comes with special features such as 2 hours time-shift and 2 days catch-up; and
- The popular reality TV show, Academy Fantasia, which runs annually (normally from May to September). The show has helped retain subscribers during the low-season while generating key content for other parts of True Group.

## TrueLife+

TrueLife+ was launched in 2010 as the umbrella under which True Group bundles its products and services. TrueLife+ offers customers greater value through packages that suit their lifestyles.

### Bundled Packages

- The TrueLife FreeView promotion which offers free airtime for TrueMove/ TrueMove H subscribers, depending on the monthly fee and length of service contract. FreeView customers can upgrade to the Knowledge package which has 13 additional channels;
- A single set-top box that can receive both Ku- and C-band signals, priced at Baht 1,290 with no additional monthly charge (for online shopping via [www.weloveshopping.com](http://www.weloveshopping.com)). This provided up to 240 quality TV shows from TrueVisions and free-TV channels with a better signal quality, even during rain, plus a special offer of an additional 12 TrueVisions channels for TrueMove/TrueMove H customers;
- Customers who use two products of True Group are eligible for additional privileges such as, unlimited free Wifi, free HD PVR service, and free HD channels;
- Customers who use three products of True Group for at least Baht 599 per month per service are eligible for a 10 percent discount on all services;
- The "SukX2" convergence package, offering TrueOnline's ULTRA hi-speed Internet subscribers via DOCSIS technology with a minimum speed of 12 Mbps as well as free viewing of TrueVisions' 78 and 3 HD TV channels, starting from only Baht 699 per month; and
- The "SukX3" convergence package, offering TrueOnline's ULTRA hi-speed Internet with a download speed of 12 Mbps and free fixed-line telephone service for 12 months, TrueVisions' 78 regular and 3 HD TV quality channels, and TrueMove H's iSmart package (Baht 199 per month), which includes 100-minute bonus calls, 150 MB of 3G data and 5 hours of Wifi, starting from only Baht 799 per month.

True Group is focusing on convergence as its key long-term strategy for driving sustainable growth across all ranges of products and services.



## Marketing Strategy

True Group is Thailand's leading lifestyle brand with an aim to provide tailored solutions and a range of bundled telecommunications services across its voice, video and data platforms that match with all customer lifestyles. The Group believes that demand has been shifting towards convergence services that can fulfill all lifestyle needs. These marketing strategies differentiate the Group from its competitors while facilitating a greater market share and lowering churn rates. Given rising competition in True Group's core businesses, retention marketing is also its key strategy.

## Distribution and Sales

To reach the consumer segment, True Group offers all of its services through shops in the BMA and the provinces. Each of these outlets is staffed by its personnel and is equipped for one-stop shopping, offering a range of wireline, wireless communications services, pay TV services, handsets, accessories, modems and other telecommunications equipment, as well as, in the case of the larger True stores, Internet access. True Group also sells its products and services throughout Thailand through accredited dealer shops, independent distributors and dealers who work on a commission basis.

Our conventional distribution channels include:

- Wholesale partners who purchase deactivated SIM cards and top-up cards, mobile devices and accessories from the Group for distribution onto sub-dealers, manage sub-dealers and provide logistical support. Wholesale partners primarily sell True Group's prepaid SIM cards and top-up cards. Sub-dealers also provide other services such as mobile handset repairs as well as music and games downloads;
- The direct sales channel markets True Group's services to SME and corporate clients. It also plays an important role in customer acquisitions for True Mobile Group. The Group further categorizes the direct sales channel into direct sales teams, direct sales agents, and freelances;
- Multi-retailers located in hypermarkets, specialty stores, and convenience store chains;
- Retail shops, which refer to True shops, True Group partners' shops and kiosks, located in high visibility and high traffic locations, such as shopping malls, hypermarkets, office buildings, etc. TrueLife shops and TrueCoffee also fall into this category; and
- Retail channel partners who comprise retail partners and mobile sales vans, or "Move Up Vans", which are mobile sales points for True Group sales agents nationwide.
- True Group's prepaid services (mainly mobile telecommunications services) are normally sold through the first three channels – wholesale partners, direct sales and multi-retailers – while retail shops (both our own and our partners') serve as a sales channel for True Group's convergence products and services as well as an after-sales service channel.
- For top-up services (to refill TrueMove/TrueMove H prepaid airtime, TrueMoney credit, or topping up TrueLife FreeView packages), the Group offers several electronic channels in addition to using physical cards (i.e., Cash card and Top-up card) as follows:



- ATM – Subscribers can transfer funds directly from their bank account to top up either a TrueMove/TrueMove H or TrueMoney account;
- TrueMoney – Mobile payment services;
- E-cash card – Airtime purchases can also be made over the counter at our partners such as Kasikornbank and 7-Eleven;
- Direct top up – Customers can use a device installed at several of the Group's own locations as well as its partners, such as 7-Eleven, to directly top-up their accounts (an online top up transaction is also categorized as a direct top-up); and
- Public phone booths – True Mobile Group prepaid subscribers can top-up by as little as Baht 10 at over 30,000 public phone booths in the BMA.

In addition, TrueMove/TrueMove H airtime can be sold through independent non-mobile agents or “over-the-air” airtime resellers such as individuals or small shops who are provided with a special SIM card to allow airtime transfer to end-users. These agents can refill their airtime credit through several means (e.g., Cash card, Top up card and ATM). Approximately 100,000 resellers were registered on True Group's system at the end of 2013.

Although physical cards make the greatest contribution to the Group's top-up revenues, electronic channels have become increasingly popular among its customers due to the variety of payment methods and the increased number of electronic top-up locations. Since 2009, True Group has boosted profitability by pushing top-up sales through electronic channels to save costs associated with physical cards (production, logistics and warehousing, etc.). It also continued to manage its sales mix so that revenues are generated through channels that are subject to low commission (i.e., via ATM).

The Group arranges account executives dedicated to both the SME and the corporate segments, and sales managers and sales executives servicing the various SME and corporate subscribers.

## **Procurement of Products and Services**

### **Network Capacity for Services**

True Group believes that its extensive fiber-optic wireline network covering the whole of the BMA gives it a key competitive advantage. Voice and data travel through the fiber-optic cable network at a higher speed than through copper wire or via radio waves. In addition, the network architecture can eliminate call failures due to accidental interruption or any other causes. The network has a spider web design covering the entire service area, which enables True Group to utilize other routes should one suffer any malfunction.

### **Network Acquisition**

True Group primarily imports network equipment directly from leading telecommunications technology suppliers from around the world. The Group has also employed a number of suppliers to assist in network acquisition and installation to expand its service coverage, and, as such, is not dependent upon any specific distributor or supplier.



## Technical and Management Support

In the past True Group and its subsidiaries acquired technical and management support from strategic partners: Verizon Communications Inc for True, Orange SA for TrueMove and MIH for TrueVisions. No further support has been provided since its strategic partners sold or reduced their shareholdings. These strategic partners all transferred substantial telecommunications expertise to True Group during the time when they were its shareholders and its management team is capable of operating without their support.

## Thai Telecom Industry

### Mobile Business

Thailand's mobile market has continued to grow, reaching approximately 91.7 million at the end of 2013, excluding TOT, CAT Telecom and the Mobile Virtual Network Operators (MVNOs) using TOT's network. This increased Thailand's mobile penetration rate to about 133.3 percent at the end of 2013 (based on a 2013 population of 68.8 million as estimated by the National Economic and Social Development Board). This high penetration rate was led by the increasing trend of mobile users carrying more than one handset and/or having Internet-ready devices such as feature phones, smartphones, tablets and netbooks.

This is comparatively low when compared to other countries in the region with high mobile penetration such as Hong Kong (230 percent of the population) and Singapore (159 percent of the population); (source: BuddeComm's estimation)

The Group's two largest competitors, AIS (together with its majority-owned subsidiary, DPC) and DTAC held a 44.5 percent and 30.5 percent market share of subscribers (excluding subscribers of CAT Telecom, TOT and its MVNOs), respectively, while True Mobile Group had 22.9 million subscribers, accounting for 25.0 percent of the market, at the end of 2013.

The progression into a more liberalized industry landscape through the NBTC's license issuances and the successful establishment of TRUEGIF in December 2013 mark new era for the Thai Telecommunications industry. These developments facilitate growth and fair competition in the industry.

In 2013, the level of competition in the Thai mobile industry has increased especially after all three major operators launched their mobile services on the 2.1 GHz spectrum. Non-voice segment remained the major driver for the industry's growth given rising popularity of social networking, higher adoption and more affordability of smartphones and smart devices as well as continued development of content and applications. Mobile service providers competed for market share through enhanced network and service quality as well as more choices of competitive mobile packages. Several campaigns and new services, bundling devices with a various selection of data and voice packages, were launched to match all usage habits of both data-centric and voice-centric users. In addition, more varieties of smartphones and smart devices were introduced to the Thai market, especially affordable smartphones targeting entry-level smartphone users. Meanwhile, voice revenues further declined as the voice market approached its saturation point while a reduction of IC rate from Baht 1 per minute to Baht 0.45 per minute in July 2013 allowed operators to offer lower voice tariff. True Mobile Group, in particular, promoted competitive on-net promotions mainly to facilitate subscriber migration from TrueMove to TrueMove H following TrueMove's concession expiration in September 2013.



## **Fixed-line Telephone Business**

The fixed-line market in Thailand is currently serviced by three companies. TOT, the state-owned enterprise that formerly regulated the provision of fixed-line telephone services, is still the only nationwide provider of local and domestic long-distance fixed-line telephone services in Thailand. Two other operators, True and TT&T Public Company Limited or TT&T are providing fixed-line telephone services under agreements to operate granted by TOT. While the Group's service coverage concentrates in the BMA, TT&T covers certain provinces of Thailand.

At the end of 2013, fixed-line subscribers in Thailand further declined to 6.1 million subscribers (source: NBTC), representing approximately 9 percent of the Thai population. The decline was mainly due to ongoing popularity of wireless and mobile Internet services. True Group was the largest fixed-line operator in the BMA with approximately 1.7 million subscribers, accounting for 28.0 percent of the market.

True Group's fixed-line telephone business has been mostly affected by the continuing migration of traffic to mobile, which is a global trend. In addition, its fixed-line telephone business faces growing competition from VoIP services whose tariffs are lower than those of traditional fixed-line operators. Rising Internet usage and the growing availability of personal computers and smart devices also contributed to the increasing usage of these devices by Thai consumers for making VoIP calls.

## **Business Data Services**

The business data market in Thailand continues to grow at about 7 percent a year due to the popularity of online data transmission and an increase in Internet users. The competition between the large number of operators and suppliers of alternatives remains high. The major players in the data communications market in Thailand currently include TOT, CAT Telecom, UIH and UCOM, ADC under Intouch (formerly Shin Corporation Group), TT&T and True Group. The Group's principal competitors are TOT (which has the widest coverage throughout Thailand) and UCOM (which has broader coverage outside of the BMA than True Group). In addition, another market player like Symphony also grew strongly as it targets the very high-end fiber segment.

At the end of 2013, True Group was the second largest business data provider with a 24 percent share of the nationwide market value of approximately Baht 18.1 billion. TOT remained the market leader with a 26 percent share and UIH ranked 3rd with a 21 percent share. (Source: True Group's estimation)

## **Broadband Business**

The broadband subscriber base in Thailand is relatively small with a household penetration rate of about 22.1 percent of some 22.8 million households (source: broadband subscribers from NBTC and Department of Provincial Administration's estimation on households), compared to rates in other countries in the region such as Hong Kong (85 percent) and South Korea (39.3 percent) (source: BuddeComm's estimation). There are several operators in the Thai broadband market, including TOT, CAT Telecom, JAS operating under the "3BB" brand, CS Loxinfo Public Company Limited, ADC, and True Group.

True Group has continued to experience solid growth in its broadband subscriber base, expanding to 1.81 million at the end of 2013. The Group is the largest broadband service provider in Thailand based on the number of subscribers, having approximately a 36.8 percent share of Thailand market (Source: True Group's estimation) as of 2013.



There are several reasons for the continued increase in the number of broadband subscribers, including the decrease in the cost of modems, more competitive broadband offerings introduced to the market and the increased popularity of online content, such as games and social networks. Meanwhile, TrueOnline has been able to reap the benefit of True Group's strong convergence platform by bundling its broadband service with other services within the group; these attractive bundling offerings have received excellent response from the market.

In November 2010, the Cabinet approved the Information and Communication Technology Ministry's National Broadband Plan, which aims to spend Baht 20 billion over the next five years to provide hi-speed Internet coverage to 80 percent of the population with a targeted top download speed of 100 Mbps. The policy aims to provide free hi-speed Internet to selected schools, hospitals and low-income earners. TrueMove joined five other operators, including TOT and CAT Telecom, in signing a Memorandum of Understanding to support the policy which is in-line with True Group's mission to help reduce the digital divide in Thailand and transform the kingdom into a knowledge-based society. This initiative, when fully implemented, would support the mission of the Asean Economic Community (AEC), due to be formed in 2015, to promote wider coverage and increased access to broadband. In addition, the Smart Thailand project launched by the Thai Government, aiming to increase broadband coverage to 95% of the population by 2020, should further boost broadband penetration in Thailand. True Group therefore believes that growth in the Thai broadband market will continue to grow strongly.

### **Pay TV Business**

Thailand had roughly 4.8 million pay TV subscribers at the end of 2013, representing a household penetration rate of approximately 21.1 percent. Including satellite and free-to-air subscribers, total subscriber numbers at the end of 2013 were around 16.1 million households with a household penetration rate of approximately 70.6 percent (Source: True Group's estimate). This is relatively low when compared with other Asian countries: Hong Kong 86 percent, and Taiwan 97 percent (Source: CASBAA). This presents growth potential of the industry.

TrueVisions is the only nationwide pay TV provider. However, its position as the principal provider is not secured by regulation and it continues to face the threat of new entrants as well as intensifying competition.

Following the enactment of the Radio and Television Broadcasting Act on March 5, 2008, pay TV operators are allowed to advertise, creating opportunities to generate additional revenues from existing content. This adds value to TrueVisions' business; however, it could also strengthen the financial position of small pay TV operators and help them compete more aggressively. Nevertheless, TrueVisions' superior content provides it with a strong advantage.

After receiving approval from MCOT to advertise, TrueVisions sees itself as a highly attractive choice for advertisers mainly because of its unique audience profile. This comprises both premium subscribers with high purchasing power and growing numbers of mass and free-to-air market customers. Furthermore, the nature of TrueVisions content allows it to clearly define the viewer characteristics for each channel to the benefit of advertisers.

Starting in 2010, TrueVisions strategically expanded into the mass and free-to-air market to tap its lucrative, high-margin advertising revenue. Increasing the number of eyeballs or audience size is crucial to the business' success in the mass and free-to-air market, which is highly competitive. The overall TV advertising market was valued at about Baht 69.2 billion in 2013 (Source: AGB Nielsen). The pay TV segment accounts for a relatively small percentage of the overall TV advertising market. This relatively low penetration provides long-term growth opportunities for the industry.



Unauthorized access of TrueVisions' programming signals had pressured its financial performance for the past years. Meanwhile, TrueVisions had worked toward the rolling out of initiatives to protect the intellectual property rights relating to content deployed on its platforms. In October 2011, TrueVisions started replacing old set-top boxes with the new ones which support an enhanced/more secure broadcasting system (using MPEG-4 encryption). Given the strong response from its customers, TrueVisions activated the system in July 2012, earlier than initial target of October 2012. Once activated, the new broadcasting system effectively eradicated the piracy of TrueVisions' premium content. Although competition over the broadcasting rights of popular content has increased, TrueVisions' solid platform as well as its strong relationship with leading content providers give it a competitive advantage.

The completed establishment of NBTC in October 2011, led to the draft of regulations governing TV broadcasting operators including terrestrial TV, satellite TV and cable TV operators. Once these regulations become effective, all operators will come under the same supervision of NBTC as TrueVisions. Meanwhile, in January 2013, the Broadcasting Committee approved the issuance of satellite TV licenses to a number of operators including TrueVisions, enabling all operators to compete in a more level-playing field while operating according to the same regulatory standards as TrueVisions.

In addition, the 24 digital terrestrial TV licenses, two of which are under TrueVisions Group's subsidiaries, should be awarded to the winning bidders in mid March 2014. This will mark a new era for television industry in Thailand. The shift to digital TV brings newcomers into the industry which will eventually result in a greater variety of content offerings and higher competition for advertising. TrueVisions, however, is very well placed to capture growth opportunity in the digital TV market given its strong and fully-diversified platform with a wide range of exclusive and own produced content. Entering into the digital TV market complements TrueVisions' existing Pay TV business while also facilitating growth in its advertising and sponsorship revenues.

## **Regulatory Update**

The regulatory landscape continues to evolve through the commencement of the NBTC in October 2011 as well as the progression into a more liberalized landscape of the Thai telecommunications industry. These resulted in various issuances of regulations and licenses, including the 2.1 GHz spectrum licenses in December 2012 and the broadcasting and television services licenses, by the NBTC.

In addition, NBTC successfully held an auction for the digital terrestrial TV licenses in December 2013. Meanwhile, it aims to issue the aforementioned licenses to the winning bidders, including subsidiaries under True Group, in mid March 2014 and to start the digital terrestrial TV broadcasting in April 2014.

However, there are several pending regulatory issues in which True Group hopes to see progress, including the re-farming of frequencies that are utilized by operators under the temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC.

The list of all licenses obtained by True Group's subsidiaries and associates is shown below.



True's subsidiaries/ associates		Type	Business	Validity	Date of Board approval	Expiry date
<b>Internet Service Provider (ISP) license</b>						
1	KSC Commercial Internet (KSC)	1	ISP	5 years	23 Jun 2009	22 Jun 2014
2	True Internet (TI)	1	ISP	5 years	18 Aug 2009	17 Aug 2014
3	Asia Infonet (AI)	1	ISP	5 years	5 Feb 2010	4 Feb 2015
4	True International Gateway (TIG)	2	International Internet Gateway & Internet Exchange (IIG & IX)	5 years	19 May 2011	18 May 2016
5	TrueMove (TMV)	1	ISP	5 years	25 Aug 2009	24 Aug 2014
<b>Telecommunications license</b>						
6	True Life Plus (formerly, True Digital Entertainment)	1	Resale Internet & mobile* services	5 years	2 Aug 2009	1 Aug 2014
7	True Internet (TI)	1	International Calling Card (ICC)	5 years	11 Oct 2009	10 Oct 2014
8	True Public Communication (TPC)	1	Public Phone Service	5 years	29 Jun 2009	28 Jun 2014
9	True International Gateway (TIG)	3	International Private Leased Circuit (IPLC)	15 years	11 Nov 2009	10 Nov 2024
10	True International Communication (TIC)	3	International Direct Dialing (IDD)	20 years	25 Jan 2007	24 Jan 2027
11	True Universal Convergence (TUC)	3	Fixed Line Service	20 years	8 Dec 2006	7 Dec 2026
12	True Universal Convergence (TUC)	1	Resale PSTN (GPRS, DSL) & leased circuit/channel services	5 years	26 Aug 2009	25 Aug 2014
13	KSC Commercial Internet (KSC)	3	Resale IPLC	5 years	11 Nov 2009	10 Nov 2014
14	Real Move (RMV)	1	Resale mobile services	5 years	16 Dec 2010	15 Dec 2015
15	Real Future	3	Wireless network service	15 years	7 Dec 2012	6 Dec 2027

<b>Broadcasting and Television license</b>						
16	Cineplex Co., Ltd.	Broadcasting and Television Service	Subscription Television Service	2 year	21 Jan 2014	20 Jan 2016
17	Panther Entertainment Co., Ltd.	Broadcasting and Television Service	Subscription Television Service	2 year	21 Jan 2014	20 Jan 2016
18	True Visions Group Co., Ltd.	Broadcasting and Television Service	Subscription Television Service	2 year	21 Jan 2014	20 Jan 2016
19	True Visions Group Co., Ltd.	Broadcasting and Television Network	Subscription Television Network Service	15 years	21 Jan 2013	20 Jan 2028



# Risk Factors

True Group sees substantial growth opportunities in year 2014 for each of its core business segments especially the mobile business after being granted a 2.1GHz telecom license, which enabled it to launch Thailand's first 4G LTE services in May 2013, while marking a new era toward a more liberalized landscape following an expiration of TrueMove's Agreement to Operate with CAT in September 2013. In addition, True Group's broadband services, via FTTx, DOCSIS 3.0 and xDSL technologies, were expanded to cover 4.3 million households in 61 provinces at the end of 2013 while TrueVisions continued to strengthen its portfolio through its leadership position in terms of content and technology. Meanwhile, subsidiaries under TrueVisions Group successfully won the bidding for the two digital terrestrial TV licenses held in December 2013. As such, True Group is now well positioned to pursue its sustainable growth. The foregoing notwithstanding, True Group and/or its subsidiaries could possibly face a variety of risks that may impact on operations as follows:

## Risks related to business operations

### Risks related to market competition

The Company and its subsidiaries will continue to face intensifying competition in the telecommunications market especially after the progression into a more liberalized landscape.

The competition in the cellular market, particularly in the non-voice segment, continued to increase especially after the NBTC issued Type-3 telecom licenses and IMT 2.1GHz spectrum licenses to Real Future, a True Group subsidiary, as well as to DTAC Network Co., Ltd and Advanced Wireless Network Co., Ltd, which are subsidiaries of DTAC and AIS, respectively in December 2012. This brought new mobile operators, providing mainly 3G 2.1GHz services, in the market since May 2013. Given the rising popularity of social networking as well as more affordable smart devices, mobile operators introduced various mobile packages and bundled with a wide selection of smart devices, including affordable ones, to facilitate subscriber acquisition and migration from 2G to 3G services. True Group has a competitive edge over other 3G operators as TrueMove H's 3G+ services on CAT Telecom's 850 MHz frequency, the country's largest 3G network, already reached over 95 percent of the Thai population by the end of 2013. Meanwhile, True Group aims to expand its service coverage on the 2.1GHz frequency, using 3G and 4G LTE technologies, to meet NBTC's requirement of 50 percent population coverage by 2014 while complementing TrueMove H's existing 3G+ services on CAT Telecom's 850 MHz frequency. This enables True Group to offer services with full-nationwide coverage and great efficiency by combining services on the 2.1GHz spectrum, which offers relatively higher capacity per area, best supports customers in cities and business areas, and the 850 MHz spectrum, which offers greater geographic coverage. This also gives True Group a competitive advantage in terms of savings on investment.

The Company's fixed-line business unit, which provides fixed-line telephone network under Joint Operation Agreement with TOT, faces growing competition from mobile phone businesses and VoIP services as service fees for those businesses are lower than service fees for traditional fixed-line services although the fixed-line services may have better quality.

In the broadband Internet market, True Group's major competitors are TOT and 3BB which have continued to expand their services in the BMA, which is TrueOnline's core market. However, all high-speed Internet providers are primarily serving



customers using ADSL technology which is now nearing the limits of its capacity. True Group foresaw that new technologies such as DOCSIS 3.0 and FTTH would help meet the rising demands for higher connection speeds and that it had an opportunity to significantly increase its revenue growth and market share. True Group's main investment focus was on DOCSIS 3.0 technology. Meanwhile, it continued to expand network coverage further into provincial areas which represent a larger market and greater potential for revenue growth than the BMA alone. DOCSIS 3.0 technology also supports cable TV services, potentially enabling True Group to generate a higher return on investment than its competitors. In 2013, broadband operators in Thailand introduced more FTTH packages in response to the rising demand of Internet usage with higher speeds. True Group, in particular, offered FTTH services to ultra-premium customers in key residential projects to better meet the demand of this hi-end segment.

While True Group expects overall competition across all of its businesses to remain intense, True Group has a competitive advantage given the strength of its brand and its ability to provide fully-integrated services and diverse content via its convergence strategy. True Group's businesses include mobile, broadband, rolling-out fixed-line network for TOT to provide fixed-line telephone services, pay TV as well as WiFi services. This differentiates True Group from other operators. In addition, True Group will maintain and enhance the quality of its customer services and network by continuing to expand network coverage and capacity. Moreover, True Group's subsidiaries have applied for additional licenses to take advantage of new opportunities offered by regulatory liberalization and to compete fairly with other operators.

### **Risks unique to TrueVisions**

Key risks relating to TrueVisions' operations include relying on third-party suppliers for international content, and the unauthorized access to its programming signals, or piracy. If TrueVisions is unable to obtain attractive programming or if the cost of this programming substantially increases in the future, its performance would be adversely affected. Subscribers who are interested in overseas programs typically subscribe to premium packages. At the end of 2013, there were 342,535 subscribers to these packages, representing 14.4 percent of TrueVisions' customer base. Meanwhile, TrueVisions' cost of international content in 2013 was approximately 19.8 percent of its service revenue (compared with 21.1 percent in 2012).

Moreover, the Frequency Allocation Act has enabled more operators to enter the market and increased competition in the pay TV business as new players moved to attain their market share. The competition to acquire the right to broadcast major international content, especially sports content, has become increasingly intense and may result in higher content-acquisition expenses for TrueVisions.

Meanwhile, in an auction held in November 2012, TrueVisions did not win the bidding for rights to broadcast the Barclays Premier League season 2013/2014 through 2015/2016. This puts TrueVisions at risk of losing some customers who subscribe to TrueVisions for the primary purpose of viewing the BPL. However, TrueVisions has dedicated to bring greater value offerings to its customers by continuing to develop and aggregate world class quality content, offering a total of 180 channels at the end of 2013. Meanwhile, it continued to acquire more sports content which was expanded to 29 channels, representing 16 percent of overall content. In addition, TrueVisions further increased its HD offering to 50 channels, the highest level in the country, in 2013. These developments softened an impact from losing the rights to broadcast the Barclays Premier League. Subscription and installation revenues were relatively flat in 2013, increasing slightly at 0.2% Y-on-Y.

True Group believes that TrueVisions' superior-quality content, most of which is exclusive, is its key competitive advantage. TrueVisions' large customer base and its extensive experience in the pay TV industry assure content providers that it can provide a stable revenue stream. This has kept the business relationships content providers have established with TrueVisions attractive and reliable.



Unauthorized access to TrueVisions' programming signals is difficult to prevent and it adversely affects the business's operational results, cash flow and programming arrangements. However, the establishment of the NBTC, which was completed in October 2011, led to the drafting of regulations governing TV broadcasting operators including terrestrial TV, satellite TV and cable TV operators. Once those regulations become effective, all operators will come under the supervision of the NBTC and will have to engage in business under the same regulatory framework as TrueVisions. They will all be required to purchase content legally, which will reduce the competitiveness of many. Meanwhile, in January 2013, the Broadcasting Committee approved the issuance of satellite TV licenses to a number of operators including TrueVisions Group. These matters provide more clarity towards the regulatory environment of the TV industry.

To mitigate risks relating to the unauthorized accessing of TrueVisions' signal, in October 2011 the business started its initiative to upgrade to a more secure broadcasting system. This began with a campaign to incentivize premium subscribers to replace their existing set-top box for a hybrid set-top box which includes MPEG-4 compression. The new system was activated in mid July 2012, a move which not only enhances customers' viewing experience by offering HD content and supporting various value-added services such as on-demand and pre-programmed recording of content broadcast on TrueVisions, but also helps to subdue the piracy threat as all premium content is now encoded in the MPEG-4 format.

TrueVisions has invested more than Baht 2 billion to replace approximately 500,000 existing set-top boxes with HD-quality, hybrid set-top boxes to combat the piracy issue. The investment affects TrueVisions' cash flow. However, the new encryption and MPEG-4 technology have proven to effectively prevent the unauthorized accessing of TrueVisions' signal and encourage illegitimate viewers to subscribe to the services. The fact that the NBTC announced a plan to issue 24 digital terrestrial TV licenses, aiming to start broadcasting in April 2014, should result in new free TV operators while creating more competition in the free-to-air segment, including content acquisition. TrueVisions, however, has a competitive edge and requires lesser investment compared to other new operators given its fully-diversified platform with a wide range of quality content.

### **Risks of TrueVisions relating to the potential collection of royalty fees for broadcasting content with musical work**

It is TrueVisions' policy to broadcast (video and/or audio) content that was produced in-house or for which it has obtained the broadcasting rights from the original publishers. It is TrueVisions' understanding that when granted broadcasting rights to any content, it also obtains rights to the accompanying musical work published as part of that content. Although TrueVisions has been notified by the Royalty Collection Organization, claiming TrueVisions' broadcasting rights did not include the separate right to broadcast musical work accompanying the content, and thus TrueVisions is liable to pay royalties totaling approximately Baht 6 million for musical work which was broadcasted with TrueVisions' content, Truevisions has successfully negotiated with the organization to settle the dispute, resulting in the organization withdrawing a case from the court on December 27, 2013.

### **Risks from technological change**

The communications industry is characterized by rapid changes in technology, evolving customer needs which are driven by the evolution of new products and services, and regulatory changes. These changes have contributed to the opening up of the market and the introduction of new technologies. These aforementioned factors are expected to continue to affect Thailand's communications industry in the future. Due to the need to respond to new technological trends, True Group may experience significant increases in investment and operating expenses. Failing to invest in new technology may result in a decline in the Group's competitiveness and lower levels of customer satisfaction.

However, True Group believes that with diversified services, products, revenue and customer bases it is in a better position to cope with these changes and retain revenues within the Group than operators that only provide a single service.



## Risks related to the regulatory environment

### Mobile Number Portability risks and limitation

In December 2010, operators launched Mobile Number Portability or MNP services, allowing customers to change their mobile carriers without changing their phone numbers. Since the MNP launch, True Mobile Group has been attracting high-ARPU postpaid subscribers who are smartphone users interested in accessing its 3G+ services, as the coverage of True Mobile Group's 3G+ services is greater than those provided by other operators.

The limitation of daily MNP transaction quotas at the MNP Clearing House places the cap on the rate at which True Mobile Group can acquire customers who are currently subscribing to services of other operators. Nevertheless, on November 30, 2012, the Telecom Committee announced its policy to the press that it was ready to push forward to improve the MNP services to accommodate the industry-wide launch of 3G services by carrying out the following operations:

1. Expanding the capacity of the MNP Clearing House to be able to sufficiently and efficiently accommodate consumer demands for MNP services.
2. Increasing the number of MNP service points, improving the MNP procedures to shorten the execution time (from 3 working days, currently) and adding more channels such as online applications or via SMS to enable customers to apply to the MNP service without having to visit the service point.
3. Reviewing the MNP fee, from the current Baht 99 per number, to lower the fee customers have to pay when porting.

On December 19, 2012, the Telecom Committee invited representatives from all mobile operators – AIS, DTAC, TrueMove, CAT Telecom and TOT and from the Clearing House to discuss on the 3 aforementioned issues. All the operators and the Clearing House fully support the Telecom Committee's policy and agreed to jointly draft an action plan to present to the Telecom Committee within January 2013. AIS, DTAC and TrueMove already submitted their respective revised drafts of MNP porting manuals to the NBTC's secretary-general in January 2013. On June 5, 2013, the Office of the NBTC notified the resolution of the NTC meeting No. 19/2556 held on 21 May 2013 that the committee approved the fee for MNP services at Baht 29 per number (inclusive of VAT) and all mobile operators must implement the rate by June 30, 2013. On June 10, 2013, the NTC passed a resolution at the meeting No. 22/2556 that the SMS service shall be used for the registration pre-register to verify the identity of the subscribers and approved methods for the MNP which are: 1. the service center of the new operator; 2. the website of the new operator; and the call center of the new operator in order to enhance the MNP.

In addition, on June 24, 2013, the board of directors meeting No. 8/2556 of the Clearing House has passed a resolution approving the expansion of the MNP capability to be able to handle up to 300,000 transactions a day effective from July 1, 2013. The expanded capacity will be divided into five for all groups of operators equally i.e. 60,000 transactions each.

Nevertheless, the increase in the daily MNP transaction quotas may cause True Mobile Group to lose some prepaid customers, especially in the provinces, where its 2G network coverage was not as extensive as that provided by other key operators.



## **Risks from changes in the regulatory environment which will create risks for operators**

In accordance with Thailand's commitment to the World Trade Organization to liberalize its telecommunications sector by 2006, the Thai government embarked on a reform of the country's telecommunications regulatory regime with the passage of two major legislative acts: the Frequency Allocation Act B.E. 2543 on March 7, 2000; and the Telecom Business Act, on November 16, 2001.

Under the Frequency Allocation Act B.E. 2543 two regulatory bodies were to be established – the NTC and the NBC – to regulate the telecommunications and broadcasting industries, respectively. The NTC was established in October 2004 as the independent regulator of the telecommunications industry, assuming the regulatory functions previously exercised by the Telephone Organization of Thailand (transformed into TOT on July 31, 2002); the Communications Authority of Thailand (transformed into CAT Telecom on August 14, 2003), and The Post and Telegraph Department (currently, Thailand Post Co., Ltd.).

However, due to political and legal wrangling, two rounds of efforts (in 2001 and 2005) to establish the NBC failed. This led to increased regulatory confusion and delays within the telecommunications and broadcasting sectors.

In December 2010, the Frequency Allocation Act came into force. This paved the way for the establishment of the NBTC to replace the NTC to regulate the radio, television and telecommunication sectors. The process was completed with the formation of the NBTC on October 7, 2011. To perform duties, the law stated that there shall be 2 sub-committees – the Broadcasting Committee and the Telecom Committee – to act on behalf of the NBTC. From the date that the NBTC assumed duty, the Broadcasting Committee and the Telecom Committee have been pushing forward for the setting up of the regulatory framework to govern the broadcasting and telecommunications industries. The Telecom Committee has also amended various regulations to be up-to-date and more conforming with current issues. However, it remains to be seen whether the new body and its 11 commissioners will be effective in driving forward the efficient liberalization and regulation of the telecommunications and broadcasting industries.

True Group will continue to play an active role in discussions with the NBTC, the Ministry of ICT, and the Ministry of Finance (CAT Telecom's and TOT's shareholder) regarding the telecommunications industry's regulatory environment and to advocate free-and-fair competition on a level playing field.

## **Risks from the allocation of frequencies for operating mobile businesses**

On October 16, 2012, Real Future, a True Group subsidiary, participated in the auction for IMT 2.1GHz spectrum licenses, under Notification of NBTC Re: Criteria and Procedures for Spectrum Licensing for International Mobile Telecommunications (IMT) in the Frequency Band of 2.1GHz, B.E. 2555 and on October 18, 2012, Real Future was notified that it was one of the winning bidders for the aforementioned spectrum licensees.

In November 2012, the Ombudsman's Office filed a lawsuit against the NBTC at the Central Administrative Court seeking an injunction against the auction results and to halt the issuing of the IMT 2.1GHz spectrum licenses. It also requested that the court review whether or not the auction was conducted in a free and fair manner under Section 47 of the Constitution and Section 45, in conjunction with Paragraph 1 and 7 of the Frequency Allocation Act. On December 3, 2012, the Central Administrative Court rejected the Ombudsman's petition, on the basis that the Ombudsman lacks authority to sue and, consequently, the court dismissed the case. The NBTC, therefore, proceeded to issue the IMT 2.1GHz spectrum licenses to Real Future and other winning bidders on December 7, 2012. However, the Ombudsman later appealed the Central Administrative Court's ruling to the Supreme Administrative Court. The case is now before the Supreme Administrative Court, which has yet to decide whether to accept the appeal or not.



The issuance of the IMT 2.1GHz spectrum licenses is a significant step towards the liberalization of the telecommunications and broadcasting industries that will likely result in intensifying market competition. Moreover, True Group will require additional capital expenditure to acquire the license, and to build and expand its network to support services on 2.1GHz, in addition to the capital required for the budget for the expansion of 850 MHz 3G services. Meanwhile, if Real Future is not able to expand its 2.1 GHz network in accordance with the conditions and requirements attached to the license, it might be subject to a daily fine of 0.05 percent of the highest bidding price until it can meet those requirements. Nevertheless, as mentioned in “Risks related to market competition”, True Group believes that obtaining the 2.1GHz spectrum license will benefit True Group by complementing its business development and marketing plans as well as expanding its mobile subscriber base.

**Risks related to the expiry of TrueMove’s Agreement to Operate with CAT and the Joint Operation Agreement to operate a fixed-line service with TOT, which may result in an increase in ongoing operating expenses for the business.**

To ensure the continuity of True Mobile Group’s business which could be affected by the expiry of TrueMove’s Agreement to Operate with CAT on the 1800MHz frequency in September 2013, on December 30, 2010, True Group signed a Share Purchase Agreement with Hutchison Group and, as a result, on January 27, 2011, True Group and CAT reached an agreement to allow Real Move to become a reseller, under the TrueMove H brand, of CAT’s 3G HSPA (3G+) services nationwide until 2025. On October 16, 2012, Real Future, a True Group subsidiary, participated in the auction for IMT 2.1GHz spectrum licenses and the NBTC issued telecom licenses and IMT 2.1GHz spectrum licenses to allow Real Future to operate until 2027. This has allowed True Group to extend the period during which it is permitted to carry out its mobile business operation.

On May 16, 2013, a sub-committee set up by the Telecom Committee invited all operators to discuss necessary procedures to prevent any service interruption (which would then affect the end-users) at the expiration of the Agreement to Operate. TrueMove stands ready to take any necessary steps to ensure service continuity for its subscribers. On August 14, 2013, the NBTC subsequently approved a notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate. This notification, being effective on August 30, 2013, stipulates that CAT and TrueMove need to ensure that subscribers will have continued services during the transition period until the NBTC allocates the frequency to the license holders who win the auction which shall not exceed one year from the expiration of concession agreements or the Agreement to Operate. Under this notification, CAT and TrueMove have a duty to submit a subscriber protection plan detailing a plan to communicate to all subscribers about the concession expiration, a plan to inform subscribers of their right to use MNP services and operating expenses to be used in maintaining network quality while a number of subscribers will continuously decline. In addition, the notification bars CAT and TrueMove from registering new subscribers and stipulates that CAT and TrueMove shall receive revenues for the provision of services on behalf of the state and must specifically segregate the received amount into an account; then, CAT and TrueMove must report the amount of revenues and interest after deducting network-related expense, numbering fees, administrative expenses and other costs relating to the provision of services. The remainder must be delivered to the Office of the NBTC for its verification prior to converting the remainder into public revenue. There are uncertainties on whether NBTC will complete the auction process and award a license to a winning bidder in one year. This might result in a service interruption to TrueMove’s remaining subscribers. However, True Group believes that with the notification put in place and its subsidiaries, such as Real Move and Real Future, as mobile operators will help ensure True Group’s ability to continue providing service to TrueMove’s subscribers after the concession expires.

The Joint Operation Agreement between the Company and TOT for fixed-line and value-added services will expire in October 2017. After the Joint Operation Agreement has expired the Company may face risks from losses of revenue shared from TOT. However, TUC, which is a True Group’s subsidiary (in which the Company holds a stake of 100.0 percent), has been granted a license for nationwide fixed-line and broadband Internet services. To lower True Group’s risks, TUC has continuously expanded its network. Moreover, the new broadband network, which utilizes DOCSIS 3.0 cable modem technology, can also be utilized for providing high-quality, cost-efficient voice services.



Meanwhile, the Thai government invited a certain group of telecommunications operators to discuss on the potential transformation of the Joint Operation Agreement or the Agreement to Operate to licenses or other kinds of agreements, a move toward a more liberalized telecommunications landscape. However, True Group cannot predict the outcome of this effort and cannot be assured that the conditions attached to the transformed Joint Operation Agreement or Agreement to Operate will benefit True Group more than its existing one or its competitors'. True Group will be in a disadvantage if other telecommunications operators can negotiate for better conditions, which should negatively impact its business, financial performance, ongoing operations and growth opportunities.

**Risks from the dispute with TOT regarding TOT's call for TrueMove and CAT to pay access charges, which may result in an increase in future expenses**

The Agreement to Operate with CAT allowed TrueMove to operate and provide wireless telecommunications services until its expiration on September 15, 2013. Currently, TrueMove provides services under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC. In addition, TrueMove was a signatory to an AC agreement with CAT and TOT, under which TrueMove and CAT agreed to pay Baht 200 per mobile phone number per month and half of the benefits that CAT receives from TrueMove, with respect to postpaid subscribers, and 18 percent of revenue with respect to prepaid subscribers. TrueMove also agreed to make benefit payments of 25 or 30 percent (depending upon the time frame specified in the agreement) of net revenue, after the access charge payment, to CAT.

In May 2006, the NTC announced its IC regulation which stipulated that telecommunications operators who have telecommunications networks must allow other operators to access their networks on an equal basis. Should any conflicting agreement exist prior to such regulation, the IC regulation shall prevail. The regulation established a new IC system whereby IC charges would reflect actual network usage by each operator. Under the regulation, operators are also required to enter into agreements with one another to establish IC rates, based on each operator's cost. On November 17, 2006 TrueMove signed an IC agreement with DTAC with the contract taking immediate effect. On January 16, 2007 TrueMove signed an IC agreement with AIS.

Following the entry into the IC agreement with DTAC, and in compliance with said IC regulations, TrueMove ceased paying AC under the AC agreement with CAT and TOT which conflicted with the IC Regulation in terms of equal treatment of AC payment (TOT being the only beneficiary of AC). TrueMove and CAT believe that this is in line with the law and the adoption of the new IC regime stipulated in the IC Regulation introduced by the NTC. In addition, TrueMove has notified TOT of the cancellation of the AC agreement, therefore it is no longer bound by, or legally permitted to make payments under, the AC agreements.

On November 17, 2006 TrueMove notified TOT and CAT that it would cease paying AC on the basis that the rate and collection of AC under the agreement were contrary to various aspects of the law. TrueMove also asked TOT to comply with the NTC's regulations and enter an IC contract in compliance with the law, or to temporarily apply the provisional rate announced by the NTC while negotiations on an IC agreement with TOT proceeded.

On November 23, 2006, TOT issued a letter stating that TrueMove was not entitled under the new law to use or connect its network with TOT's because TrueMove was not a telecommunications licensee, as granted by the NTC, and did not have its own telecommunications network. TOT also disputed that the AC agreement violated any law and that the rate and collection of AC under the previous AC agreement continued to apply. TrueMove considers TOT's claim contrary to the Telecommunications Business Act.

In addition, TOT threatened not to integrate TrueMove's 1.5 million new phone numbers, allocated by the NTC to its system because TrueMove did not pay the AC, which would have meant that TOT subscribers would be unable to call TrueMove subscribers who had been allocated those new phone numbers. However, TrueMove filed a lawsuit with the



Central Administrative Court requesting an injunction and on January 26, 2007 the Court granted an injunction ordering TOT to include new TrueMove numbers on its network so that all subscribers of TrueMove and TOT could communicate with each other. This was in line with the NTC's regulation and public interest. On January 30, 2007, TOT appealed the injunction at the Supreme Administrative Court, which later confirmed the Central Administrative Court's ruling. Since March 2, 2007, following the Central Administrative Court's injunction, TOT has made a permanent connection to all new TrueMove numbers. In addition, on February 26, 2009 the Central Administrative Court issued a final ruling that TOT must make the connection allowing those numbers to be used to full capacity and compensate TrueMove Baht 1 million. TOT appealed this decision to the Supreme Administrative Court with the verdict still pending as at the time of writing. In addition, on October 9, 2009, the Central Administrative Court ruled against TOT in its dispute with the NTC which ordered TOT to allow 1.5 million new DTAC and TrueMove numbers to connect to its network. TOT also appealed this ruling at the Supreme Administrative Court. On March 2, 2010, TrueMove submitted information to the Supreme Administrative Court in support of the NTC's order. Likewise, the court has not yet rendered a decision on this appeal by TOT.

In June 2007, TrueMove brought the said issue of TOT's refusal to enter into an IC contract before the NTC's Dispute Resolution Committee. On November 28, 2007 the NTC issued its final decision, confirming that TrueMove has the same rights, duties and responsibilities in relation to the IC regime as the licensee. The NTC unanimously ruled on the dispute ordering TOT to negotiate with TrueMove on the IC contract. On June 23, 2008 TOT agreed to negotiate with TrueMove concerning the IC contract on the condition that the contract will only cover new numbers issued by the NTC and TrueMove agreed with this proposal. With regards to the old numbers, TrueMove is still in dispute with TOT and is awaiting the court's ruling on the matter.

On November 16, 2007 TOT filed a lawsuit against TrueMove with the Civil Court, claiming violation of the AC agreement and requesting AC payments of Baht 4,508.1 million with related interest and value-added tax. On September 16, 2009, it was ruled that the case did not fall under the Civil Court's jurisdiction and it was thus dismissed. On May 9, 2011 TOT filed a lawsuit against CAT and TrueMove with the Central Administrative Court requesting AC payment of Baht 41,540.27 million. The case is currently in the Central Administrative Court's process, and, at the time of writing, the case has not been decided.

If True Group is not successful in resolving this AC payment in its favor, in addition to a penalty equal to 100 percent of any AC that CAT may have paid to TOT on True Group's account and interest thereon, the Group may be required to pay both new IC as well as existing AC, which would result in a material increase in costs.

If a final decision requires TrueMove to pay AC, TrueMove would record additional expenses and be liable to accrue additional AC of Baht 32,344.56 million (or Baht 23,762.55 million, net of benefits paid to CAT) for the period from November 18, 2006 to September 15, 2013. Meanwhile, a provision for this item has not been set.

#### **TrueMove may have risks from a CAT's dispute requesting TrueMove to hand over and transfer the ownership of 4,546 towers and tower equipment to CAT**

On January 29, 2009, CAT filed a plea with the arbitration panel asking TrueMove to hand over and transfer to CAT the ownership rights to 4,546 towers and tower equipment (of which book value cannot be assessed as CAT has not specified to which towers it is claiming rights). It also asked that if TrueMove does not do so then, TrueMove would have to compensate CAT for damages of Baht 2,766.16 million. However, in True Group's opinion, TrueMove is not required by the Agreement to Operate, which already expired on September 15, 2013 while it currently provides services under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC, to hand over and transfer its ownership rights for towers and tower equipment as requested by CAT. On September 3, 2009, TrueMove submitted a petition to the arbitration panel. In August 2013, the arbitration panel issued a unanimous decision dismissing CAT's plea on the grounds that under the Agreement to Operate with CAT, True Move is only required to deliver the possession right to CAT on the site, construction or any



building in which telecommunications equipment was installed, if at all, within 60 days of the expiry or termination of the Agreement to Operate with CAT, and, as the Agreement to Operate with CAT had not expired or been terminated at the time CAT filed its plea on January 29, 2009, CAT Telecom had no legal right to file a claim for ownership of the towers. On September 12, 2013, CAT brought this to the Central Administrative Court to revoke the aforementioned ruling of the arbitrator panel. The case is currently in the Central Administrative Court's process, and, at the time of writing, the case has not been decided. True Group believes that the arbitration panel's decision is in favor of TrueMove although CAT could still file another plea with the same claim after November 14, 2013.

On November 12, 2013, CAT filed a plea with the arbitration panel of the Alternative Dispute Resolution Office, Office of the Judiciary, asking TrueMove to hand over and transfer to CAT the ownership rights to 59 stations of generator and equipment. It also asked that in case TrueMove fails to do so for whatever reasons, TrueMove will be obliged to pay CAT the total compensation of Baht 39.57 million. This case is currently being considered by the arbitration panel.

### **Risks from disputes over excise tax and revenue sharing**

In January 2007, the Cabinet approved the zero-rate excise tax, ending the 2003 resolution that imposed an excise tax of 2 percent and 10 percent for fixed-line phones and mobile phones, respectively. The resolution stated that state enterprises, namely TOT and CAT, were responsible for the excise tax in order to avoid a negative impact on consumers. According to the 2003 Cabinet resolution, private telecom operators were instructed to deduct of the amount of the excise tax from the revenue sharing or benefits payable to TOT and CAT and to pay said deducted amount directly to the Ministry of Finance before remitting the remainder to the state counterparties. This resulted in a decrease in revenue sharing or benefits during that period payable to, and as agreed by, related state enterprises in line with the Cabinet resolution. Following changes in the government in 2007, the zero-rate excise tax was implemented allowing TOT and CAT to receive full revenue share or benefits. During the implementation of the excise tax regime the total amount paid by the private operators to government agencies (Ministry of Finance and TOT/CAT) remained the same. There are currently a number of disputes between private telecom firms and state counterparties relating to this issue including the shortfall in benefits payable to TOT and CAT. On a number of occasions, CAT has requested TrueMove to reimburse the shortfall in revenue sharing. In January 2008, CAT submitted a dispute against TrueMove to the arbitration panel claiming (as at the submission date) approximately Baht 9.0 billion, including interest. On September 16, 2011 the arbitrator rejected CAT's claim against TrueMove, so TrueMove will not have to pay CAT's claim. On November 25, 2011 CAT filed a dispute to the Central Administrative Court to revoke the arbitration ruling. The case is currently pending.

Moreover, in March 2012, CAT also asked TrueMove for indemnification of value added tax relating to the excise tax's part of the benefits, penalty fees and additional payments evaluated by the Excise Department, claims for which CAT had already lost the case in the tax court as well as the cost of litigation and the fees which were the damages for not performing according to the Agreement, totaling Baht 1,302.8 million (calculated till the end of March 2012) and for which CAT may bring before the arbitration panel.

On September 1, 2011, CAT filed another arbitration case against TrueMove, requesting revenue shortfalls as a result of TrueMove deducting IC cost from the gross revenue before sharing to CAT for the 10th – 14th years of operation in the amount of Baht 11,946.15 million. On February 28, 2013, CAT filed additional arbitration case claiming for revenue shortfalls for the 15th year of operation in the amount of Baht 1,571.60 million. Both cases are currently in arbitration.

On January 22, 2008, TOT filed an arbitration case claiming shared revenue from the fixed line business from which the Company received more than its right, of Baht 1,479.6 million, including interest. The Company later on April 18, 2008 filed an appeal. The case is currently in arbitration. On February 9, 2011, TOT demanded that the money TOT provided to the Company from January, 2003 through December, 2006, to pay excise tax and additional tax to the Ministry of Interior on behalf of TOT, in the amount of Baht 1,479.6 million, including a 7.5-percent interest and value-added tax as required by law, be returned within February 15, 2011. In this case, the Company asserts that it is not bound to return the money to



TOT because it had paid excise tax and additional tax to the Ministry of Interior per the direction of TOT. The Excise Department has already issued a tax invoice under TOT's tax ID. Hence, True Group neither breached the contract nor broke the law and therefore is not bound to return the money to TOT. In addition, the claim requests the same money TOT seeks in the arbitration.

### **Risks related to ongoing disputes between CAT and an acquired subsidiary from Hutchison Group**

Hutchison CAT Wireless Multimedia Limited which was one of the companies that True Group acquired from the Hutchison Group has ongoing disputes with CAT that may result in True Group booking expenses of Baht 1,445.0 million and could have further negative impacts on other business relationships between True Group and CAT.

In late 2008 and 2009, CAT filed for arbitration against HutchCAT claiming under the Agreement for Marketing Services of Cellular Digital AMPS 800 Band A system minimum revenue assurance and excise tax together with value added tax, license fees, numbering fees, service revenue subjected to bad debt provision, litigation costs, penalties relating to the late payment of both monthly service revenue and other fees totaling Baht 1,445.0 million. While arbitration was commenced, the proceedings were temporarily suspended and removed from the case list before being reopened. The case is now in arbitration. In addition, on January 10, 2013, CAT sent a letter to the bank asking for a payment of Baht 63,002,000.00 in accordance with the bank guarantee, citing that the Hutchison Group breached the Agreement for Marketing Services of Cellular Digital AMPS 800 Band A system, the Agreement for Marketing International Roaming Services and the Agreement related to care taking of CDMA services customers. Although the Hutchison Group believes it does not breach the contracts and CAT's petition has not been ruled by the arbitration or the court yet, there is a risk that bank will have to pay CAT in accordance with the bank guarantee, resulting in True Group paying that money back to the bank.

### **Risks from the dispute on collection of customer identification and records**

On September 14, 2011, a True Group subsidiary, TrueMove, filed a lawsuit against the NTC, acting on behalf of the NBTC and the NBTC's secretary-general, at the Central Administrative Court on the disputes relating to the collection of data and details of prepaid customers under the NTC's Notification Re: Rules on the allocation and management of telecommunications number B.E. 2551. TrueMove requested revocation of Clause 38 and Clause 96 of the notification and of the resolution and ruling by the NTC, acting on behalf of the NBTC, to enforce the regulation against TrueMove. However, the Central Administrative Court rejected TrueMove's request for revocation of the notification on the ground that the submission of the case was made not within the statute of limitations and that the case was not considered as benefiting the public interest, given that such notification does not affect the mobile customers. Subsequently, TrueMove submitted an appeal to the Supreme Administrative Court for the charges that were dismissed in the lower court. The Supreme Court is now considering whether to accept the appeal. In regard to the other disputes that were accepted by the Central Administrative Court, the case is proceeding.

On January 25, 2012, the NBTC's secretary-general delivered to TrueMove a warning letter and on May 30, 2012, a notification letter stating that TrueMove continued to breach, or was not in compliance with, the NBTC's secretary-general's order, the NTC's decision to uphold secretary-general's order and the warning letter. By virtue of Section 66 of the Telecom Business Act, the NBTC's secretary-general took an administrative enforcement measure to impose a fine on TrueMove of Baht 80,000 per day, starting the thirtieth day after receiving the notification letter. TrueMove, therefore, requested a stay of execution from the Central Administrative Court.

On September 19, 2012, the Central Administrative Court rejected TrueMove's request to suspend the execution of the administrative orders for TrueMove to collect customer data and usage details. This was on the ground that if the court granted the suspension of the administrative orders only with respect to TrueMove, it might create an unlevel playing field amongst telecom operators which could obstruct state operations or public services. Pursuant to the court's ruling, TrueMove has continued collecting customer data and usage details. However, the Central Administrative Court issued a



before-judgment injunction which temporarily suspended the enforcement measure of the NBTC's secretary general. The court's ruling relieved TrueMove of its obligation to pay the Baht 80,000 per-day fine until ruled otherwise by the court. Nevertheless, on October 17, 2012, the NBTC and the NBTC's secretary-general submitted an appeal against the ruling by the Central Administrative Court at the Supreme Administrative Court. Whereas, subsequently, on November 21, 2013, the Supreme Administrative Court overruled the ruling of the Central Administrative Court and rejected TrueMove's request, resulting in the administrative fine being implemented, whereupon TrueMove will be obliged to pay the fine.

Furthermore, if the Supreme Court decides that the disputed notification, order, resolution and ruling were indeed lawful, TrueMove might be subject to fines and have to follow the orders of the NBTC's secretary-general. If TrueMove continues to ignore or incurs substantial risk to the public interest, the NBTC could consider suspending or confiscating TrueMove's Agreement to Operate; currently, TrueMove operates and provides services under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC given its Agreement to Operate already expired on September 15, 2013. However, Section 66 of the Telecom Business Act stipulates that any wrongdoings which could lead to the suspension or the confiscation of a license would have to be as defined under the NBTC's regulation although such regulation has not yet been enacted. Nevertheless, if the Supreme Court issues a final judgment in favor of TrueMove, TrueMove will be entitled to claim a refund of the administrative fine paid to the NBTC accordingly.

### **Risks from disputes on mobile prepaid services**

On February 7, 2012, the NBTC's secretary-general sent a notification letter, requesting that TrueMove revise the terms and conditions of its existing prepaid promotions – so as to no longer force customers to use up their credit within the validity period – and to no longer create any promotion with a fixed validity period. On May 8, 2012, TrueMove filed a lawsuit against the NBTC and the NBTC's secretary-general with the Central Administrative Court requesting for revocation of the NBTC's order and the resolution as well as of the NBTC's secretary-general's order which prohibits cellular operators to set any marketing promotions for prepaid services in the way that require customers to exhaust their credit within the validity period. TrueMove also requested that the court issue an injunction, which is now pending. On May 31, 2012, the NBTC's secretary-general sent TrueMove a letter requesting that TrueMove pay an administrative fine of Baht 100,000 per day starting May 30, 2012. TrueMove then filed a petition with the Central Administrative Court asking for a stay of execution or an injunction. The court, however, rejected TrueMove's petition, placing TrueMove under an obligation to settle the fine. Subsequently, the Telecom Committee issued a resolution that upheld the order of the NBTC's secretary-general to impose fines on TrueMove. TrueMove, therefore, lodged a case against the Telecom Committee's resolution at the Administrative Court, seeking an injunction.

Later, the Office of the NBTC sent out letters, dated January 7, 2013, inviting all mobile operators to discuss on the matter. It notified all mobile operators to follow its administrative order by, starting from January 18, 2013, terminating all fixed validity periods until the NBTC finalizes on the appropriate validity periods.

On January 18, 2013, TrueMove notified the Telecom Committee that as of January 18, 2013 it had begun to allow new customers and existing customers who top-up their prepaid services in any amount to continue receiving TrueMove services without discontinuation until the NBTC finalizes the matter of validity periods. On February 13, 2013, TrueMove received a letter from the NBTC notifying that the Telecom Committee agreed with TrueMove's proposed terms and conditions for prepaid services with fixed validity period. However, on January 29, 2013, the NBTC notified TrueMove that because TrueMove had been using validity periods for its services prior to January 18, 2013, TrueMove is considered to have been in breach of its order. Therefore, the Office of the NBTC requested that TrueMove settle the Baht 100,000 per day fine for the period from May 30, 2012 until January 17, 2013, totaling Baht 23,300,000. If TrueMove does not settle such fine, the NBTC's secretary-general may consider heightening the enforcement measures such as increasing the amount of daily fines. TrueMove is currently seeking revocation of the NBTC's secretary-general order by the Central Administrative Court. If the court rules that such order is legitimate, TrueMove may have to pay or settle the fines.



## **Risks from interconnection charges for the fixed-line business**

In April 2010, the NTC approved the temporary IC rate for fixed line at Baht 0.36 per minute. This placed the Company at risk of being charged IC from other mobile operators because the number of calls from fixed-line subscribers to mobile subscribers is normally higher than the number of calls from mobile subscribers to fixed-line subscribers. In terms of the Company's fixed line business, this also means the Company may incur increased expenses in the future. A certain operator has petitioned the NTC to force the Company to enter an IC agreement for fixed-line business and later petitioned for the collection of IC revenue from True Group's fixed line business. However, the Company believes it is not bound to pay the IC charges because the Joint Operation Agreement for fixed line businesses between the Company and TOT required that the Company invest, provide, install and maintain the equipment and for TOT to collect revenues from customers and share the revenues with the Company at the rate stipulated in the Joint Operation Agreement. On August 3, 2010, the Company filed an appeal with the Central Administrative Court opposing the NTC's notification of the temporary IC rate. The Central Administrative Court later overruled on December, 2012. The appeal process is ongoing.

On February 4, 2011, DTAC filed a petition with the Central Administrative Court asking the Company and TOT to pay network usage and telecommunications connection fees of Baht 3.28 billion. However, in the Company's opinion, DTAC has no right to charge the Company the telecommunications connection fee, and furthermore, this case should come under the jurisdiction of the Court of Justice. The Company has filed a dispute on the jurisdiction according to the Act on the Adjudication the Power and Duty of Courts B.E. 2542. The Central Administrative Court and the Civil Court are currently deciding which court has jurisdiction over the case.

## **Risks from a possible investigation into contracts related to the purchase of shares in Hutchison Group companies and the 3G HSPA agreements between CAT and True Group**

On December 30, 2010, True Group signed a Share Purchase Agreement with Hutchison Group companies, and on January 27, 2011, True Group reached an agreement with CAT authorizing Real Move as a reseller of mobile phone services on CAT's HSPA nationwide network until 2025. In addition, BFKT, one of the companies purchased by True Group under this deal, signed a contract with CAT to be the lessor of telecommunications network equipment and accessories to CAT, and to provide maintenance services for said telecommunications network equipment and accessories with a focus on the 3G HSPA equipment for CAT's nationwide network. Subsequently, certain government agencies, such as the NBTC, the Auditor General of Thailand and the NACC, have investigated certain aspects of the deal including whether the deal falls under the Joint Venture Act and whether the deal violated Article 46 of the Frequency Allocation Act. Apart from the resolution of the NBTC's Telecom Committee which will be discussed in the following paragraph, other parties are currently investigating this matter.

True Group believes that all parties have been in compliance with the relevant laws. On February 3, 2011, CAT reported the findings of its investigation into the recent mobile business transaction between CAT and True Group to the ICT Ministry, explaining that the transaction was made in accordance with all related laws and was in line with guidance issued by the Attorney General. On February 11, 2011, the ICT Ministry discussed with the Attorney General whether CAT's report was accurate, complete and in compliance with its contractual procedures and to establish if any additional legal issues needed to be considered. On July 8, 2011, the Attorney General submitted a letter in response to a request by the ICT Minister to investigate whether or not the agreements between CAT and True Group's subsidiaries, Real Move and BFKT (one of the four companies acquired by True Group from Hutchison Group Thailand in late 2010), were lawful. In the letter, the Attorney General clearly stated that the True-CAT transaction neither falls under the Joint Venture Act nor does it violate Article 46 of the Frequency Allocation Act. Rather, the contract between Real Move and CAT is a wholesaling and reselling contract which is in line with the NTC's regulation on wholesaling/reselling effective from December 29, 2006. As the reseller of the telecommunications services, Real Move purchases part of the packaged telecommunications services from CAT, by minutes for voice service and by megabytes for data service, to resell to customers without using properties



or rights which belong to the state. The frequency and mobile phone network remain the property of CAT. BFKT, meanwhile, is the lessor of electronic telecommunications equipment to CAT. As part of its normal business operations, CAT is allowed to rent properties or equipment from other operators in accordance with CAT's procurement regulations. In June 2013, the Council of State issued a legal opinion No. 774/2556 to CAT stating that the agreements made between CAT and True Group's subsidiaries are not subject to the Joint Venture Act.

DTAC filed a lawsuit against CAT and CAT's Board of Directors at the Central Administration Court in April 2011, claiming it was unlawful for the CAT's Board to have issued a resolution for CAT to sign the contracts with True Group for new mobile business using 3G HSPA technology and also that CAT had failed to perform its duty in accordance with the law by unlawfully signing the contract. DTAC asked the Administrative Court to withdraw the resolution of the CAT Board and suspend the entire 3G HSPA project. In addition, DTAC sought an injunction along with the petitions. However, the court rejected the claim that CAT had failed to perform its legal duties and, therefore, denied DTAC's injunction request. True Group acknowledges that the result of this case may have an impact on True Group as a CAT-contract-party to the project; therefore it has requested the Administrative Court to add BFKT and Real Move as co-parties to the case. Later on, DTAC requested to withdraw the case and on October 28, 2012, the Central Administrative Court granted permission to withdraw and disposed of the proceedings from its database reasoning that it related to the protection of the plaintiff's civil rights rather than public interest protection-related disputes or the case which would benefit the public.

On October 7, 2011 the NBTC via its secretary-general sent a letter to the Company and Real Move to inform them of the resolution of the NTC, acting on behalf of the NBTC, asking that amendments be made to parts of the contract related to the merger and acquisition of shares in Hutchison Group in order to conform to the NTC's Notification on Criteria and Procedures for Mergers and Cross-holdings in Telecommunications B.E. 2553, as well as amending the parts related to the agreement with CAT regarding the provision of CDMA and HSPA mobile businesses in order to conform to the Committee's notification on Measures to Prevent Some Certain Acts which lead to Monopolies or Cause Unfair Competition in Telecommunications Business B.E. 2549 and the Frequency Allocation Act. However, it is the opinions of the Company and Real Move that the resolution of the NTC, acting on behalf of the NBTC, is unclear and unlikely to be lawful. Therefore, the Company and Real Move have appealed against the actions of the NBTC and the NBTC's secretary-general to the Central Administrative Court, asking the court to revoke the resolution and order. The case is pending before the Central Administrative Court.

Currently, certain government agencies and relevant bodies such as the Senate Standing Committee on Corruption and the Promotion of Good Governance, NACC, the ICT Ministry and the Finance Ministry are investigating the transaction. On March 26, 2012, the ICT Ministry released the findings from its investigative committee's review of the CAT-True 3G HSPA transaction. The five major claims are as follows:

1. Prior to CAT's attempts to acquire the CDMA business from Hutchison Group, efforts were made by an unnamed related party to instruct CAT that the purchase price should not exceed Baht 4 billion, which resulted in unsuccessful negotiations with Hutchison Group.
2. CAT terminated two contracts related to the CDMA project without conducting a full financial analysis of the business and assessing cost/benefits for the state prior to terminating those contracts.
3. Submission of information to the Cabinet relating to the project involved a conspiracy by outside parties to target particular individuals to utilize certain relevant steps and procedures in order to justify why the project should be presented to the Cabinet. This involved the providing of false evidence and expediting of relevant procedures in an urgent manner even though the matter was itself not urgent. All these actions were viewed as contravening governmental regulations and laws.
4. CAT terminated two contracts under the CDMA project without consulting the Office of the National Economic and Social Development Board and the Office of the Council of State.



5. CAT ignored standard codes of practice according to Article 12 (2) and Article 13 of the National Economic and Social Development Act B.E. 2521 and No. 5 of the Office of the Prime Minister's Regulation on State Enterprises Budgets B.E. 2550.

However, True Group believes that the investigation was a preliminary investigation conducted by an internal investigative committee and the investigation has not yet been concluded. The findings of the investigation apportioned blame with government officers who are not involved with the Company's subsidiaries which are CAT's contract counterparties. True Group believes that all parties (related to the True-CAT contracts) have operated within the law and that the contracts have been endorsed by the Office of the Attorney General which has direct authority to perform such an investigation. Therefore, the above investigation should not have a negative impact on True Mobile Group's 3G business operations.

On June 25, 2012, the DSI sent letters to Hutchison Multimedia Service Thailand Limited, Hutchison Telecommunications (Thailand) Limited, Hutchison CAT Wireless Multimedia Limited and BFKT (which are the four subsidiaries True Group acquired from the Hutchison Group) referring to the letter from the ICT minister to the DSI asking the department to investigate the 3G HSPA mobile business between CAT and True Group. In the letter from the DSI to the four subsidiaries, the department asked the subsidiaries to send copies of all relevant documents (including documents relating to the sale and purchase of the subsidiaries where CAT was the buyer) to the DSI as supporting evidence in the investigation. On July 4, 2012 the Company's subsidiaries sent copies of the documents and a letter of clarification to the DSI. In True Group's understanding, the DSI is investigating an issue relating to CAT's obligation under its sale and purchase agreement concerning four Hutchison Group subsidiaries, which issue arose prior to True Group's acquisition of the four subsidiaries from Hutchison Group in December 2011. True Group has checked with Hutchison Group, which was the seller, and was informed that any obligation between CAT and Hutchison Group had expired prior to the acquisition. True Group believes that the investigation by the DSI will have no significant negative impact to True Mobile Group's 3G business.

On June 20, 2012, the NBTC's Telecom Committee in the meeting No. 23/2555 reviewed a sub-committee's report on the investigation of the True-CAT transaction regarding the new mobile phone service on the 800 MHz spectrum. After considering the contracts, associated legal matters and related regulations, the Telecom Committee endorsed the findings of the sub-committee's investigation report. On June 28, 2012, the Office of the NBTC sent a letter to CAT informing it of the Telecom Committee's resolution, a summary of which is as follows:

1. The contract between CAT and the companies under True Group was an "administrative contract" and the telecommunications regulator has to take "public interest" into consideration. Therefore the NBTC ordered CAT (who is the spectrum grantee) to operate in accordance with Article 46 of the Frequency Allocation Act by amending six areas in the relevant contracts and also asked CAT to report the results back to the Telecom Committee within 30 days upon receiving the order. The six areas to be amended are:
  - 1.1 CAT shall be able to use the 800 MHz frequency band (Band V) with its own equipment or that belonging to any other third parties.
  - 1.2 CAT shall have a full control and management of the network through the NOC and must have full access to equipment installed at BFKT premises.
  - 1.3 CAT shall have full access to the CDR on its network.
  - 1.4 It must be made clear that CAT shall be able to manage its frequency via the Operation Supervision Committee.
  - 1.5 CAT shall have full control of its frequency management via BFKT's process of building and procuring capacity, especially in terms of frequency planning, network roll-out and operations. At the same time, the definition of "capacity according to the contract" in Item no. 1 of the HSPA wholesale agreement should be amended so that it would be driven by market mechanisms.



- 1.6 CAT shall hold the full rights to manage its frequency through negotiations on inbound domestic roaming and IC agreements with other operators.

On December 4, 2012, BFKT and Real Move, which are members of True Group, and CAT executed two MOUs containing the following key provisions: 1) BFKT and CAT agree on the revised terms and conditions to be made to the HSPA network equipment leasing as directed by the Telecom Committee; 2) Real Move and CAT Telecom agree on the revised terms and conditions to be made to the HSPA wholesale agreement as directed by the Telecom Committee. The counterparties also agreed to leave other remaining issues to be discussed separately in order to get the key issues quickly resolved. On the same date, BFKT and Real Move submitted the MOUs to the Telecom Committee. The counterparties will proceed to make the amendments that have been mutually agreed to the contracts after receiving an approval from relevant authorities. True Group believes that the contractual amendments will have no significant negative impact on True Mobile Group's 3G business because of the following reasons:

- (1) CAT has always been able to manage its 800 MHz frequency band (Band V). So amendment no. 1.1 above will only serve to clarify this in the contract. Meanwhile, the amendment to clarify the contract may lead to higher competition because it is now known to all parties/public that CAT is performing this function. Nevertheless, True Group is confident that the strength of its business plan and service quality will enable it to retain customers.
- (2) Currently, CAT can fully control and manage the network via 3 sets of NOCs which were installed specifically for CAT. In addition, CAT already has full access to equipment installed at BFKT. Therefore, amendment no. 1.2 above will have no negative impact on BFKT's operations.
- (3) CAT already has full access to customer CDRs (on its network). Amendment no. 1.3 above will therefore have no negative impact on BFKT's operations.
- (4) CAT already has the ability to manage its frequency. Amendment no. 1.4 above will only make this matter clearer in the contract by specifying that the management of the frequency is done via the Operations Supervision Committee, which is part of CAT's operations. Therefore, this amendment will have no negative impact on BFKT's operations.
- (5) CAT already controls its frequency management via BFKT's process of building and procuring capacity especially in terms of frequency planning, network roll-out and operations. So amendment no. 1.5 above will serve to make it clearer in the contract and will have no negative impact on BFKT's operations. On the conditions to purchase capacity according to the HSPA wholesale agreement, the parties have already met and amended some parts of the contract. In addition, the definition of "capacity according to the contract" in Item no. 1 of the HSPA wholesale agreement may be changed from "will not exceed 80 percent of the initial (target) capacity and capacity expansion" to "according to the market mechanisms" to make it clearer that other service providers can purchase network capacity from CAT without any impact on Real Move's right to purchase capacity from CAT. Because CAT has the right to order capacity to serve all service providers' demands at all time, the negotiation to amend the contract is to make the contract clearer according to the Committee's resolution.

Currently Real Move and CAT are obligated in terms of the wholesaling and purchasing of capacity according to the HSPA wholesale agreement which already covers the target specified in the business plan. Therefore, these contract amendments will not reduce True Group's competitiveness and neither will they impact on the future expansion of numbering nor future operation plans.

- (6) CAT currently manages its frequency in terms of negotiating inbound domestic roaming and IC with other operators, therefore amendment no. 1.6 above serves to make this clearer in the contract. While the amendment to clarify the contract may lead to higher competition, because it will be known to all parties/public that CAT is managing its frequency on the above matters, True Group is confident that the strength of its business plan and service quality will enable it to retain customers.



On April 23, 2013, the Office of the NBTC issued a letter to CAT notifying a resolution of the NTC meeting No. 12/2556 held on April 3, 2013 that, having considered terms and conditions of the agreements to amend in compliance with the MOUs, the NTC had comments on two points only and ordered CAT to deliver drafts of the amended HSPA network equipment leasing and the amended HSPA wholesale agreement in place of the MOUs. On July 16, 2013, both parties prepared the drafts of the two amended agreements and submitted to the NTC for consideration. On October 16, 2013, the NTC has resolved the approval of both draft amended agreements that the drafts are in compliance with Article 46 of the Frequency Allocation Act, and has informed CAT to execute both of the amended agreements. Accordingly, the parties have entered into both amended agreements and submitted the signed agreements to the NTC on December 12, 2013.

2. On the issue of whether the contracts for the 3G HSPA project are considered to be in line with other relevant telecommunications laws, the NBTC's Telecom Committee would not issue additional resolutions on this issue as it sees that the NTC, which has performed the duty on behalf of the NBTC, has already resolved this matter (according to the resolution from meeting no. 30/2554). Moreover, the Company and Real Move have already submitted an appeal with the NBTC and its secretary-general to withdraw the NTC's said resolution. The case is now before the Central Administrative Court.

3. On the issue of whether BFKT had violated Article 67 of Telecommunications Business Act B.E. 2544 by operating a telecommunications business without a telecom license, after the working team of the Office of the NBTC was assigned by the Telecom Committee to scrutinize whether BFKT has breached the law and submitted its report to the Telecom Committee, on July 26, 2012, BFKT's representative met the working team of the Office of the NBTC to clarify on the issue and to confirm that BFKT has not breached any laws.

On April 5, 2013 The Telecom Committee had convened a meeting No. 13/2556 to consider the finding of the Office of the NBTC's working team. Having considered the finding, the Telecom Committee had reached its resolution that BFKT had neither violated the law with regard to operating a telecommunications business without a license, nor that it failed to obtain a license to use the spectrum, which otherwise would be deemed unlawful according to Article 67 of Telecommunications Business Act B.E. 2544. As BFKT leases telecom equipment to CAT exclusively, BFKT does not fall under the scope of Article 4 that requires a telecom license for a company operating telecom business to public in general. In addition, there is no concrete evidence to prove that BFKT had violated Article 67; therefore, BFKT can continue leasing telecom equipment to CAT. However, the Telecom Committee opined that since a company leasing telecom equipment can potentially become a telecom operator if such company leases a telecom equipment to the extent that it comprises a whole telecom network element and being able to provide service to public in general, it is necessary for the Telecom Committee to regulate these companies if their telecom equipment is deemed to be part of the country's communication backbone or public service as it may significantly affect free and fair competition, and consumer benefits when it causes a temporary shutdown or a technical glitch. The Telecom Committee has assigned the Office of the NBTC to draft a rule to regulate a telecom equipment-leasing company and submit the draft rule to the Telecom Committee to consider within 30 days.

True Group believes that, if the rule were to become effective, BFKT would not be subject to the rule as BFKT only leases certain parts of telecom equipment, not an entire telecom network element. However, if the rule does apply to BFKT, it may cause BFKT to incur some regulatory fees. As it remains unclear, we are currently unable to predict the amount of such fees.

### **Risks of additional expenses from the delay in True-CAT's 3G HSPA project**

CAT is required to follow relevant procedures such as submitting the draft contract amendments to the Attorney General and proposing the 3G HSPA project to the Cabinet for approval. During the period that CAT's budget relating to the 3G HSPA project has not been approved, CAT has maintained that it will not make payments or receive payments to settle any liabilities with BFKT or Real Move under the 3G HSPA contracts (As of December 31, 2013, accrued income related to



equipment-lease contract between BFKT and CAT was Baht 14.1 billion) even if the liabilities have been incurred between CAT and True Group's subsidiaries or other operators. These include making or receiving IC payments from the traffic between TrueMove's or other operators' network and CAT's 3G HSPA network. This is despite the clear intention of True Group's subsidiaries to honor its obligations under the contracts. Nevertheless, on October 8, 2013, the Cabinet has approved the 3G HSPA project and the project's network investment budget, including the budget associated with the lease payment and other related expenses under the 3G HSPA contracts.

However, prior to the approval of the budget, CAT may be liable to other operators for the interest charges applied to its accrued IC charges. And, there is a risk that CAT will seek reimbursement from Real Move for those aforementioned interest charges. However, True Group cannot estimate the amount of this potential interest burden upon CAT because the relevant IC agreements are between CAT and other operators. Also, True Group cannot predict when CAT will decide to settle the IC charges with other operators.

After the Cabinet's approval of the 3G HSPA project, CAT requested Real Move to pay the wholesale fee, for the period starting from July 28, 2011 onward. Real Move has hold the payment as it is currently investigating an accuracy of the wholesale fee amount. Thus, there is a risk that CAT will request Real Move to pay the interest associated with the late payment of the wholesale fee.

**Risks related to the fact that True Group compete with TOT and CAT who are the grantors of the Joint Operation Agreement and the Agreement to Operate, respectively, a factor which has led to and could continue to lead to disputes with the grantors, which could affect True Group's operations**

The Company and its subsidiary TrueMove operate under the Joint Operation Agreement and the Agreement to Operate, granted by TOT and CAT, respectively. TrueMove's Agreement to Operate with CAT already expired on September 15, 2013; TrueMove currently operates and provides services under temporary measure or notification concerning protection for subscribers upon the expirations of concession agreements or the Agreement to Operate mandated by the NBTC. A dispute with either TOT or CAT over compliance and the interpretation of the law concerning either of the Joint Operation Agreement and the Agreement to Operate, or the NBTC's announcements, rules and regulations could affect the ability of the Company and its subsidiaries to conduct business. The Joint Operation Agreement could also be terminated. In the case of the Joint Operation Agreement for the Company's fixed-line service, TOT has to submit a dispute to the arbitration panel and request an arbitration panel for adjudication should it wish to terminate the agreement. TOT can terminate the agreement only if True Group violates certain laws, is placed under receivership by a court in a bankruptcy case, or willfully and continually breaches the agreements in any material respect.

Under the revenue-sharing provisions of the Joint Operation Agreement, TOT collects all fixed-line revenues from subscribers within the network and makes payment to True Group of its proportion stipulated by the Joint Operation Agreement. TOT may withhold or delay payments of revenues to the Company to offset any obligations it believes it is legally owed by the Company (although this has not occurred to date). There is a very low chance that the Company will breach the agreements in any material respect that causes TOT to terminate the Joint Operation Agreement.

As well as TOT and CAT being a party to the Joint Operation Agreement and the Agreement to Operate, respectively, with True Group, they are also competitors of True Group. This has led, and could continue to lead, to disputes between the Company and TOT or between TrueMove and CAT. Previously certain disputes among these entities have been brought to the courts and the Arbitration Tribunal for resolution. True Group may not be able to successfully resolve all of these disputes in its favor, and if it is unsuccessful, its business and financial situation could be affected. To date, decisions have been issued both in favor of and against cases brought by True Group, most of which have not yet been concluded.



## **Risks from licensing the operations of the television and/or telecommunications businesses**

In December 2010 the Frequency Allocation Act was enacted resulting in the formation of the NBTC which was completed in October 2011. The NBTC is responsible for regulating the radio, television and telecommunication sectors. Currently, the NBTC has revised and improved the rules and regulations for the telecommunications sector issued and enacted by the former regulator, the NTC. At the same time, the NBTC is also preparing to issue new rules and regulations as well as underlying principles and guidelines for regulating the telecommunications sector in a clearer way. True Group may face risks concerning the application or the renewal of licenses for the operation of television and/or telecommunications businesses, or be exposed to risks from case where there may be different interpretations of laws which currently have no clear definition. If the NBTC makes a decision on not to issue the licenses or not to renew the related licenses to True Group's subsidiaries, the subsidiaries who have not received all licenses or whose licenses are expired will have to pay penalties or face legal action. Although a part of True Group's pay TV business operates under concession, which the law stipulates NBTC to issue license to the Company, currently, it is still unclear to what extent and form NBTC will consider issuing the license to True Group. True Group believes that it will be granted license in the same extent as its existing concession agreement given the protection from both constitution and related laws.

In addition, the NBTC's regulatory policy affects changes in overall business structure, resulting in an even more intensifying competitive landscape. The Company may be put at risk from inequality of the NBTC's regulation policy between the previous concessionaires that shift to become the licensees and the new licensees, resulting in an advantage and disadvantage among players in the same or related markets. Furthermore, True Group might incur incremental costs of providing services from regulations that might be imposed in the future such as must carry rules which related to broadcasting (video and/or audio) copyrighted content in all platforms. This will result in higher content cost for the Group as the rights to broadcast the content will need to cover broadcasting in all platforms.

## **Risks relating to the financial situation**

### **Risks related to True Group's highly-leveraged position and restrictions from financial agreements**

The Company and its subsidiaries had long-term borrowing (including the current portion of long-term borrowing) totaling Baht 86.2 billion as of December 31, 2013, declining from 96.3 at the end of 2012. The successful establishment of TRUEGIF in late 2013 enabled True Group to bring down its debt level. However, due to its highly leveraged position, True Group may be at risk of not being able to obtain reasonable funding for principal repayments and/or interest payments and its business expansion plan could be affected. However, the Company and/or its subsidiaries should be able to negotiate with their creditors or raise new loans to repay existing loans and adjust their principal repayments to be in line with their cash flows.

True Group may face operational limitations from some debt covenants under various credit facility agreements. These limitations could become obstacles to True Group in realizing business opportunities or lead to accelerated debt repayments if some of the debt ratios are not in compliance with those in the agreements, or if a contract party (e.g., TOT) under a major contract (e.g., the Joint Operation Agreement) which is vital to True Group's business operations terminates the contract. However, any termination of a contract must be done according to the terms and conditions of the contract. For example, TOT must seek an arbitration decision in order to cancel the Joint Operation Agreement and a court must render a final decision accordingly.

The Company has complied with the financial covenants imposed by the financial institution creditors. If the Company is unable to comply with the financial covenants, it may be required to seek a waiver and consent from said creditors. If the Company, as an issuer, is unable to obtain the waiver and consent and an event of default occurs, the financial institution creditors would be able to redeem all outstanding bonds, which may result in other financial creditors of the Company



(including the bondholders holding some of the Company's bonds) having the right to redeem all outstanding bonds or their investment (as applicable) before the due date.

### **Risks related to the establishment of TRUEGIF**

By entering into transactions with TRUEGIF, True Group will incur additional financial burden of approximately Baht 5 billion per year from leasing certain telecommunications assets under the leasing agreements with TRUEGIF and transferring the right of net revenues from certain telecommunications assets to the fund. This might impact the Company's ability to repay debt or might result in a breach of certain clauses/ conditions promised to creditors, including financial institutions and/or bondholders.

Under the Assets and Revenue Sale Agreements between True Group and TRUEGIF, True Group is obliged to transfer the ownership of 6,000 telecommunications towers, of which the Company will deliver or procure the delivery of 3,000 towers by December 31, 2014 and the remaining 3,000 towers by December 31, 2015. Meanwhile, True Group has until December 31, 2020 to deliver any late delivery of 6,000 towers with penalty. In case of the late delivery, True is liable to pay TRUEGIF in an amount equal to the amount that TRUEGIF is required to refund to Real Future under the Real Future Master Lease Agreement for any unavailable New Tower Assets in relation to such year (the "Annual Rental Shortfall"), plus 15 percent per annum, calculating on December 31 of year 2015 to 2020. As Real Future, the Group's subsidiary, will receive the aforementioned refund from TRUEGIF for the reason that Real Future is unable to use area on the 6,000 towers that True is obliged to transfer to TRUEGIF, impact to True Group should be considered from net penalty that True Group will have to pay TRUEGIF, excluding the "Annual Rental Shortfall" that TRUEGIF will have to pay Real Future.

Financial impact to True Group for late delivery of 6,000 towers is a net penalty of 15 percent per annum on top of the Annual Rental Shortfall which, from estimation, shall not, on average, exceed Baht 200 million per year, starting from year 2015 to 2020. However, True Group believes that there is a very low chance or it is almost impossible that True Group will deliver all 6,000 towers late given the Group's long experience in the telecommunications business. True Group is confident that it will be able to deliver all 6,000 towers to TRUEGIF in accordance with the agreements.

Meanwhile, True Group used majority of the proceeds from the sales of telecommunications infrastructure assets and rights to receive future benefits from telecommunications infrastructure assets to TRUEGIF for debt prepayment. This reduces the Group's yearly debt burden as well as its associated interest expenses.

### **Risks from foreign exchange rate and interest rate movements**

Past financial performance of True Group was subject to significant exchange rate fluctuations, mainly because a large proportion of the Group's liabilities were denominated in foreign currencies. However, this foreign exchange exposure was significantly reduced during 2011 with the early repayment of TrueMove's secured loans from IFC and the scheduled prepayment of a loan from KfW in 2Q11, followed by the tender offer for all of its US Dollar bonds in September 2011. In October 2011, approximately 99 percent of the outstanding 2013 tranche and 95 percent of the 2014 tranche of US Dollar bonds were tendered and True Group settled all relevant transactions on October 12, 2011. The repurchase of US Dollar bonds has significantly reduced the Group's foreign exchange exposure and refinancing risk.

As at December 31, 2013, approximately 2.9 percent of True Group's consolidated non-current borrowings (excluding finance leases) were denominated in foreign currencies, compared to 5.3 percent as at the end of 2012, partly from the repayment of JPY deferred payment notes and USD denominated bonds during the year. Moreover, new debts that have been incurred since 2008 were from local financial institutions or Baht bond issuances. Meanwhile, the portion of True Group's debt denominated in foreign currencies substantially declined from 41.0 percent as at December 31, 2010 following the repurchase of TrueMove's US Dollar bonds in 2011.



As of December 31, 2013, approximately 54.0 percent or around Baht 47.2 billion of True Group's consolidated debt (excluding the unamortized debt issuance cost) was subject to floating interest rates. Should there arise any increment in the interest rate, True Group will have the burden of higher interest expenses. However, interest rates on part of True Mobile Group's debts will reduce over time if it is able to achieve the conditions set out in loan agreements.

### **Risks from having majority shareholders holding more than a 50-percent stake in the Company**

As at August 8, 2013, the group of majority shareholders in True Group comprises CP Group and affiliated companies which hold combined shares of 62.53 percent of the total allocated shares. In this regard, investors may be exposed to a risk from the circumstance in which majority shareholders hold more than a 50-percent stake in True Group. This is because the group of majority shareholders may control agendas which require majority votes, such as appointments of directors. Therefore, retail shareholders may not be able to accumulate sufficient votes to check and balance agendas proposed by the majority shareholders. However, the Board of Directors focuses on operating the business guided by the principles of corporate governance. The Company has provided the opportunity for minority shareholders to propose the Annual General Meeting's agenda and nominate candidates to be selected as directors of the Board prior to the Annual General Meeting. In regard to matters related to major shareholders and transactions that may result in a conflict of interest with the Company, the Company processes the matter in accordance with procedures set forth in the "Connected Transaction Regulation" which strictly follows the legal framework.



# Corporate and Other Significant Information

## Information of True Corporation Public Company Limited

True Corporation Public Company Limited (“the Company”), with the security symbol “TRUE” on the Stock Exchange of Thailand, was established on 13<sup>th</sup> November 1990 initially under the name of CP Telecommunication Co., Ltd. with authorized capital of Baht 1,000 million to undertake a major telecommunication infrastructure project, and registered as a public company limited on 11<sup>th</sup> February 1993. The Public Company Registration No. 0107536000081

As at 31<sup>st</sup> December 2013, the Company’s authorized capital is Baht 153,332,070,330, divided into 15,333,207,033 ordinary shares with a par value of Baht 10 per share. The Company’s paid-up capital is Baht 145,302,152,660 divided into 14,530,215,266 ordinary shares with a par value of Baht 10 per share.

The Company’s head office is located at:

18 True Tower, Ratchadapisek Road,  
Huai Khwang, Bangkok 10310  
Telephone: (662) 643-1111 Fax: (662) 643-1651  
Website: www.truecorp.co.th

## Information of the Company’s subsidiaries, associated companies and other investments

Company Name	Address	Type of Business	Paid-up Capital	% of investment
Asia DBS Public Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	DBS system operator	THB 100 million divided into 10 million ordinary shares with a par value of Baht 10 each and fully paid up.	90.00
Asia Wireless Communication Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	PCT operator	THB 11,441.85 million divided into 1,144.18 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
Bangkok Inter Teletech Public Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 172,828.29 million divided into 69,131 million ordinary shares with a par value of Baht 2.50 each and fully paid up.	99.48
BeboydCg Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Production of animation	THB 16.52 million divided into 1.65 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00
BFKT (Thailand) Limited	1768 Thai Summit Tower, 14 <sup>th</sup> Floor, New Petchburi Road, Bangkapi, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Mobile equipment Lessor, both active and passive	THB 12,458.32 million divided into 124.58 million ordinary shares with a par value of Baht 100 each and fully paid up	100.00
Cineplex Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Program production	THB 1,283.43 million divided into 128.34 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
Click TV Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Interactive TV business	THB 46 million divided into 4.6 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.31
Hutchison CAT Wireless MultiMedia Ltd.	1768 Thai Summit Tower, 23 <sup>rd</sup> Floor, New Petchburi Road, Bangkapi, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Reseller of cellular Digital AMPS 800 Band A	THB 950 million divided into 95 million ordinary shares with a par value of Baht 10 each and fully paid up	68.02



Company Name	Address	Type of Business	Paid-up Capital	% of investment
Hutchison MultiMedia Services (Thailand) Limited	539/2 Gypsum Metropolitan Tower, 18 <sup>th</sup> Floor, Sri-Ayudhya Road, Thanon Phayathai, Rajdhavee, Bangkok 10400 Tel. (662) 643-1111 Fax. (662) 643-1651	Dormant	THB 230 million divided into 23 million ordinary shares with a par value of Baht 10 each and fully paid up	100.00
Hutchison Telecommunications (Thailand) Company Limited	539/2 Gypsum Metropolitan Tower, 18 <sup>th</sup> Floor, Sri-Ayudhya Road, Thanon Phayathai, Rajdhavee, Bangkok 10400 Tel. (662) 643-1111 Fax. (662) 643-1651	Dormant	THB 54 million divided into 3.6 million ordinary shares with a par value of Baht 15 each and fully paid up	100.00
Hutchison Wireless MultiMedia Holdings Limited	1768 Thai Summit Tower, New Petchburi Road, Bangkok, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 10 million divided into 590,000 ordinary shares and 410,000 preference shares with a par value of Baht 10 each and fully paid up	92.02
Internet Knowledge Service Center Co., Ltd.	2/4 Siam Commercial Samaggi Insurance Tower, 10 <sup>th</sup> Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000 Fax. (662) 979-7111	Non-government telecommuni- cation	THB 50 million divided into 12 million ordinary shares with a par value of Baht 10 each, 2.67 million ordinary shares fully paid up and 9.33 million ordinary shares call-up Baht 2.50 each	56.93
K.I.N. (Thailand) Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 192.70 million divided into 11.75 million ordinary shares with a par value of Baht 16.40 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
KOA Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Assets Management	THB 2.5 million divided into 1 million ordinary shares with a par value of Baht 10 each and call-up Baht 2.50 each.	100.00
KSC Commercial Internet Co., Ltd.	2/4 Siam Commercial Samaggi Insurance Tower, 10 <sup>th</sup> Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000 Fax. (662) 979-7111	Telecommuni- cation and Internet services provider	THB 153.04 million divided into 15.30 million ordinary shares with a par value of Baht 10 each and fully paid up.	56.83
MKSC World Dot Com Co., Ltd.	2/4 Siam Commercial Samaggi Insurance Tower, 10 <sup>th</sup> Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000 Fax. (662) 979-7111	Internet services and distributor	THB 139.64 million divided into 13.95 million ordinary shares and 0.01 million preference shares with a par value of Baht 10 each and fully paid up.	91.08
Panther Entertainment Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 725-7400 Fax. (662) 725-7401	Artist management and related business	THB 75 million divided into 7.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.77
Real Future Co., Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Wireless Telecommuni- cation services	THB 46,244.39 million divided into 4,624.44 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
Real Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Reseller of mobile phone service	THB 7,000 million divided into 70 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.48



Company Name	Address	Type of Business	Paid-up Capital	% of investment
Samut Pakan Media Corporation Co., Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Dormant	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	99.42
Sattellite Service Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Sales and rental of equipment related to Pay Television	THB 1,338 million divided into 223 million ordinary shares with a par value of Baht 6 each and fully paid up.	99.31
SM True Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Artist management and related business	THB 20 million divided into 0.2 million ordinary shares with a par value of Baht 100 each and fully paid up.	51.00
Song Dao Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Dormant	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	99.41
Tele Engineering and Services Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Content provider	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
Telecom Asset Management Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Marketing Management	THB 2.5 million divided into 1 million ordinary shares with a par value of Baht 10 each and call-up Baht 2.50 each.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
Telecom Holding Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 25,733.82 million divided into 3,332.62 million ordinary shares with a par value of Baht 10 each, 2,007.72 million ordinary shares fully paid up and 124.90 million ordinary shares call-up Baht 9.26 each and 1,200 million ordinary shares call-up Baht 3.75 each.	100.00
Telecom International Company Limited	1252 True Tower 2, Phatthanakan road, Suan Luang, Bangkok 10250 Tel. (662) 643-1111 Fax. (662) 643-1651	Holding Company	THB 300 million divided into 30 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
Telecom KSC Co. Ltd.	2/4 Siam Commercial Samaggi Insurance Tower, 10 <sup>th</sup> Floor, Vibhavadee-Rangsit Road, Thungsonghong, Laksi, Bangkok 10210 Tel. (662) 979-7000 Fax. (662) 979-7111	Dormant	THB 250,000 divided into 100,000 ordinary shares with a par value of Baht 10 each and call-up Baht 2.50 each	34.39
Thai News Network (TNN) Co., Ltd.	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	News Channel	THB 240 million divided into 2.4 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
True Digital Media Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Advertising sale and agency	THB 25 million divided into 2.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Distribution & Sales Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Distribution Center Services	THB 1,501 million divided into 15.01 million ordinary shares with a par value of Baht 100 each and fully paid up.	99.43
True DTT Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Television and related business	THB 5 million divided into 100,000 ordinary shares with a par value of Baht 100 each and call-up Baht 50 each.	100.00
True Information Technology Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	IT services and training	THB 688.22 million divided into 84.7 million ordinary shares with a par value of Baht 10 each, 38 million ordinary shares fully paid up and 46.7 million ordinary shares call-up Baht 6.6 each.	100.00
True International Communication Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommuni- cation services	THB 22 million divided into 850,000 ordinary shares with a par value of Baht 100 each, 10,000 ordinary shares fully paid up and 840,000 ordinary shares call-up Baht 25 each.	99.43
True International Gateway Co. Ltd.	1 Fortune Town Building, 15 <sup>th</sup> Floor, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Telecommuni- cation and internet service	THB 436 million divided into 4.36 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
True Internet Company Limited	1 Fortune Town, 14 <sup>th</sup> , 27 <sup>th</sup> Floors, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet solution provider	THB 752.80 million divided into 75.28 million ordinary shares with a par value of Baht 10 each, and fully paid	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
True Life Plus Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommuni- cation services reseller	THB 1,775 million divided into 257.5 million ordinary shares with a par value of Baht 10 each, 97.5 million ordinary shares fully paid up and 160 million ordinary shares call-up Baht 5 each	100.00
True Move Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Cellular operator	THB 65,181.30 million divided into 6,518.13 million ordinary shares with a par value of Baht 10 each and fully paid up.	99.43
True Multimedia Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	NON-POTS and multimedia services	THB 6,562 million divided into 656.2 million ordinary shares with a par value of Baht 10 each and fully paid up.	91.08
True Music Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Content provider	THB 200,000 divided into 20,000 ordinary shares with a par value of Baht 10 each and fully paid up.	99.40
True Music Radio Company Limited	23/6-7, 2 <sup>nd</sup> - 4 <sup>th</sup> Floor, Soi Soonwijai, Rama 9 Road, Bangkapi, Bangkok Tel. (662) 641-4838-9 Fax. (662) 641-4840	Trading and production of advertising media	THB 1 million divided into 10,000 ordinary shares with a par value of Baht 100 each and fully paid up.	69.94
True Public Communication Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Telecommuni- cation services	THB 86 million divided into 860,000 ordinary shares with a par value of Baht 100 each and fully paid up.	100.00
True Touch Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Call centre services	THB 193 million divided into 1.93 million ordinary shares with a par value of Baht 100 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
True United Football Club Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Football Club and related activities management	THB 20 million divided into 2 million ordinary shares with a par value of Baht 10 each and fully paid up.	70.00
True Universal Convergence Co. Ltd.	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Online telecommuni- cation services	THB 7,000 million divided into 100 million ordinary shares with a par value of Baht 100 each, 40 million ordinary shares fully paid up and 60 million ordinary shares call-up Baht 50 each.	100.00
True Visions Public Company Limited	118/1 Tipco Building, Rama VI Road, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Pay Television	THB 2,266.72 million divided into 755.57 million ordinary shares with a par value of Baht 3 each and fully paid up.	99.31
True Visions Cable Public Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Pay television via cable system	THB 7,608.65 million divided into 760.86 million ordinary shares with a par value of Baht 10 each and fully paid up.	98.99
True Visions Group Company Limited	118/1 Tipco Tower, Rama VI Road, Samsen Nai, Phayathai, Bangkok 10400 Tel. (662) 615-9000 Fax. (662) 615-9900	Holding Company	THB 3,107.6 million divided into 75.176 million ordinary shares with a par value of Baht 100 each, 15.176 million ordinary shares fully paid up and 60 million ordinary shares call-up Baht 25 each.	100.00
True Vistas Company Limited (formerly "True Magic Company Limited")	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Production and distribution of movies films	THB 3.5 million divided into 350,000 ordinary shares with a par value of Baht 10 each and fully paid up.	100.00
K.I.N. (Thailand) Company Limited	P.O. Box 957, Offshore Incorporation Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
Gold Palace Logistics Limited	P.O. Box 71, Craigmuir Chambers, Road Town, Tortola, British Virgin Islands	Holding Company	USD 8,000 divided into 8,000 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Dragon Delight Investments Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 4.97 divided into 4.97 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Gold Palace Investments Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 12.7 million divided into 12.7 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Golden Light Company Limited	Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 15.2 million divided into 15.2 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Goldsky Company Limited	Suite 308, St James Court, St Denis Street, Port Louis, Republic of Mauritius	Holding Company	USD 4.97 divided into 4.97 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Golden Pearl Global Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 50,000 divided into 50,000 ordinary shares with a par value of USD 1 each and fully paid up.	100.00
Rosy Legend Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	99.48
Prospect Gain Limited	P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	100.00
True Internet Technology (Shanghai) Company Limited	Room 2202-05, Johnson Building, No. 145 Pujian Road, Shanghai 200127, P.R.China Tel. (86)21 5889 0800 - 8049 Fax.(86)21 5889 0800 - 8033	Developing, designing, producing and sale of software products	USD 11.7 million divided into 11.7 million ordinary shares with a par value of USD 1 each and fully paid up.	100.00



Company Name	Address	Type of Business	Paid-up Capital	% of investment
GP Logistics Company Limited	P.O.Box71, Craigmuir Chambers, Road Town, Tortola, British Virgin Island	Holding Company	USD 1 divided into 1 ordinary share with a par value of USD 1 each and fully paid up.	100.00
Asia Infonet Company Limited	1 Fortune Town, 14 <sup>th</sup> , 17 <sup>th</sup> Floors, Ratchadapisek Road, Din Dang, Bangkok 10400 Tel. (662) 641-1800	Internet services provider	THB 15 million divided into 1.5 million ordinary shares with a par value of Baht 10 each and fully paid up.	65.00
BEC-TERO True Visions Company Limited	3199 Maleenont Tower, 28 <sup>th</sup> Floor, Rama 4 Rd., Klongton, Klongtoey, Bangkok 10110 Tel. (662) 204-3333 Fax.(662) 204-1384	Sport and Entertainment	THB 50 million divided into 0.5 million ordinary shares with a par value of Baht 100 each and fully paid up	50.00
Channel [V] Music (Thailand) Com- pany Limited	6 <sup>th</sup> Floor, Siam Discovery, Unit No. 608-609, 989 Rama I Road, Pathumwan, Bangkok 10330 Tel. (662) 207-6788 Fax. (662) 207-6789	Music and sound	THB 84.70 million divided into 1.1 million ordinary shares with a par value of Baht 77 each and fully paid up.	25.82
True GS Company Limited	18 True Tower, Ratchadapisek Road, Huai Khwang, Bangkok 10310 Tel. (662) 643-1111 Fax. (662) 643-1651	Home shopping	THB 240 million divided into 2.4 million ordinary shares with a par value of Baht 100 each and fully paid up.	45.00
NEC Corporation (Thailand) Com- pany Limited	159 Sermmit Tower, 2 <sup>nd</sup> and 24 <sup>th</sup> Floor, Sukumvit 21, Klongtoey Nua, Wattana, Bangkok 10110	Telecommuni- cation equipment manufacturer	THB 343 million divided into 343,000 ordinary shares with a par value of Baht 1,000 each and fully paid up.	9.62
Thai Smart Card Company Limited	191 Silom Complex Building, 27 <sup>th</sup> Floor, Room No. 2, Silom Road, Bangrak, Bangkok 10500	Central Service Bureau for clearing elec- tronic payment transactions	THB 1,600 million divided into 160 million ordinary shares with a par value of Baht 10 each and fully paid up.	15.76
Clearing House for Number Portability Co., Ltd.	598, 6 <sup>th</sup> Floor, Q House Ploenchit, Ploenchit, Lumpine, Pathumwan, Bangkok 10330	provide mobile number portability service	THB 2 million divided into 20,000 ordinary shares with a par value of Baht 100 each and fully paid up.	19.94



## References

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<b>Auditor</b>	:	Mr. Kajornkiet Aroonpirodkul Certified Public Accountant (Thailand) No. 3445 PricewaterhouseCoopers ABAS Limited 179/74-80 Bangkok City Tower, 15 <sup>th</sup> Floor, South Sathorn Road, Sathorn, Bangkok 10120 Telephone: (662) 286-9999, (662) 344-1000 Fax: (662) 286-5050
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## Other Significant Information

### 1. The acquisition and disposal of assets in connection with the entry into transaction with the Infrastructure Fund

The Extraordinary General Meeting of the Shareholders No. 1/2556 held on 7<sup>th</sup> October 2013 passed the resolution to approve the entry into transaction with the Infrastructure Fund (the “IFF Transactions”) for the purpose of raising fund. The relevant IFF Transactions could be summarized as follows (a) The Asset and Revenue Sale Transaction (b) The Lease Operation and Management Transaction and (c) The Investment Unit Subscription Transaction. Subsequently, on 23<sup>rd</sup> December 2013, the Office of the Securities and Exchange Commission approved the registration of the assets pool pursuant to the Fund Scheme of TRUE Telecommunications Growth Infrastructure Fund as an infrastructure fund, namely “TRUE Telecommunications Growth Infrastructure Fund”. The investment units of the Fund consist of an aggregate of 5,808,000,000 units. The offering price per unit and the par value per unit is Baht 10.00. The total value of the Fund based on the offering of the total investment units is Baht 58,080,000,000. The trading of the investment units of the Fund on the SET commenced on 27<sup>th</sup> December 2013. The ticker symbol is “TRUEIF”.

In this regard, the Company and/or its subsidiaries entered into the IFF Transactions in accordance with the resolutions of the Extraordinary General Meeting of the Shareholders No. 1/2556 as follows:

**(1) The Asset and Revenue Sale Transaction:** Each of the Company and its subsidiaries, True Universal Convergence Company Limited (“TUC”), BFKT (Thailand) Limited (“BFKT”) and Asia Wireless Communication Company Limited (“AWC”), has entered into separate Asset and Revenue Sale and Transfer Agreements with the Fund, each dated 24<sup>th</sup> December 2013, to dispose of the ownership of assets and the right to the net revenues as follows:

- (1.1) the ownership of 6,000 telecommunications towers and other related passive telecommunications infrastructure for mobile telecommunications services of which the Company will deliver, or procure the delivery of, 3,000 towers by 31<sup>st</sup> December 2014 and the remaining 3,000 towers by 31<sup>st</sup> December 2015;
- (1.2) the ownership of a core fiber optic cable grid (the “core FOC grid”), related transmission equipment and an upcountry broadband system of TUC; and
- (1.3) the right to the net revenues (including all claims, awards, judgments, suits and any other rights of BFKT and AWC arising out of or in connection with such revenues and any agreement under which such revenues would be derived (except for BFKT’s and AWC’s rights and claims with respect to such revenues or arising out of or in connection with such agreements which BFKT or AWC is or has been entitled to prior to the Commencement Date regardless of whether BFKT or AWC makes or has made a claim or receives payment from such rights and claims before or after the Commencement Date)) to be generated on and from the Commencement Date until the Expiry Date from the rental of:
  - (1.3.1) certain telecommunications towers and other related passive telecommunications infrastructure comprising the BFKT Towers and AWC Towers; and
  - (1.3.2) a fiber optic cable transmission grid comprising the BFKT FOC Transmission Grid,

including rights to ownership of certain assets of BFKT and AWC following the Expiry Date. As of 31<sup>th</sup> December 2013, the Expiry Date is 3<sup>rd</sup> August 2025, which is the expiration of the HSPA Network-Equipment Leasing Agreement dated 27<sup>th</sup> January 2011 between BFKT and CAT Telecom Public Company Limited.

The total selling price of the ownership of assets and the right to the net revenues is approximately Baht 58,080 million.



(2) **The Lease Operation and Management Transaction:** Each of the subsidiaries of the Company, TUC and Real Future Company Limited (“Real Future”), has entered into separate Master Lease, Operation, Maintenance and Management Agreements with the Fund, each dated 24<sup>th</sup> December 2013, to lease, operate, perform maintenance of, and manage the following assets:

- (2.1) the property that Real Future leases, operates, performs maintenance of, and manages consists of:
  - (2.1.1) slots on telecommunications towers; and
  - (2.1.2) passive facilities in relation to certain towers; and
- (2.2) the property that TUC leases, operates, performs maintenance of, and manages, consists of:
  - (2.2.1) approximately 5,112 km of core FOC grid;
  - (2.2.2) transmission equipment related to the core FOC grid;
  - (2.2.3) upcountry broadband system which comprises passive telecommunications equipment (for exclusive use by TUC unless agreed otherwise by TUC after the initial 5 years); and
  - (2.2.4) upcountry broadband system which comprises active telecommunications equipment (forexclusive use by TUC).

(3) **The Investment Unit Subscription Transaction:** The Company has subscribed for, and has been a unitholder of, 1,930,601,000 units, with the subscription price set at Baht 10.00 per unit (Baht 19,306.01 million in aggregate), or equivalent to 33.24% of the investment units being offered in the initial offering.

In addition, the Company and its subsidiaries, Real Future and Telecom Asset Management Company Limited, also entered into other agreements in relation to, or in respect of, the entry into the IFF Transactions, which were contemplated under the contracts and agreements relating to the IFF Transactions described above.

## 2. Summary of Agreements in Relation to the Businesses Operation of the Group

(1) **The Joint Operation and Investment Agreement (the “Agreement”), entered into by TOT Public Company Limited (then the Telephone Organization of Thailand) and True Corporation Public Company Limited (then C.P. Telecommunications Company Limited) on 2<sup>nd</sup> August 1991, and amended on 8<sup>th</sup> September 1995. Such Agreement has a term of 25 years, commencing from 31<sup>st</sup> December 1992, or the date TOT received the first delivery of system equipment from the Company, whichever is earlier (29<sup>th</sup> October 1992 - 29<sup>th</sup> October 2017)**

The Agreement’s objective is to expand the fixed-line telephone service within the metropolitan telephone area by two million numbers and 600,000 numbers (respectively in accordance with the consequences of the aforementioned Agreement). The nature of the Agreement is Build-Transfer-Operate (BTO), where True Corporation Public Company Limited (the “Company”) has a duty to provide and transfer the ownership of the equipment in the system to TOT Public Company Limited (“TOT”). Such equipment in the system under the Agreement is defined in the definitions under clause 1 therein as “System Equipment,” *which means any equipment in the Company network which is part of the telecommunications systems and other equipment used jointly in the system, such as telephone exchange equipment, outside plant, local area network, which the Company will provide and will transfer the ownership of to TOT in accordance with appendix 5 and the parties’ agreement to amend it from time to time*. The Company must deliver the system equipment which has been completely installed to TOT and cause the ownership of such system equipment to be vested in TOT immediately. In addition, during the term of this Agreement, the Company shall maintain the system equipment which had been vested in TOT to be in good operable condition at all times at a standard no lower than the standard used by TOT in its network.



Under such Agreement, the Company has the following rights:

- the right to use, possess, and maintain the system equipment, land, buildings and other properties which the Company has supplied and transferred the ownership thereof to TOT or transferred the leasehold right to TOT, as the case may be, and the right to seek benefits from the system equipment, land, buildings and other properties under the Agreement;
- the right to receive the benefits as agreed upon by the Company and TOT where a third-party uses a special service through the network of the Company;
- the right to receive the benefits as agreed upon by the Company and TOT, where TOT uses a special service through the network of the Company;
- the right to receive damages or compensation where TOT restricts the rights of the Company; and
- the right to use the land, buildings, materials and equipment of TOT to the extent authorized by TOT without any charges.

Based on the operations under the Agreement, TOT shall be responsible for collecting charges from lessees (service users). With regard to the service charges with respect to the two million telephone numbers, TOT will share the revenue actually received before deducting the costs to the Company at the rate of 84%; and with regard to the services charged with respect to the 600,000 telephone numbers, TOT will share the revenue actually received before deducting the costs to the Company at the rate of 79%.

#### The Right to Terminate the Joint Operation and Investment Agreement

- TOT is entitled to terminate the Agreement in the cases described below. Before exercising the right to termination, TOT will give one-month's prior written notice to the Company, but if it is a case that can be rectified, TOT will give the Company a written notice to take appropriate action or make improvement within the period as specified by TOT, which shall not be less than six months. If the Company is unable to make improvement within such period, TOT is entitled to terminate the Agreement.
  - The Company violates the law on public disaster prevention or the law on state security.
  - The Company is placed under absolute receivership by a court's order in a bankruptcy case.
  - The Company willfully and continuously breaches the Agreement in any material respects.
- The Company is not entitled to terminate the Agreement, except in the cases described below. Before exercising the right to termination, the Company shall give TOT written notice to take remedial or appropriate action within the period specified by the Company, which shall not be less than six months. If TOT is unable to make improvement or correction, the Company will give TOT written notice of termination.
  - TOT willfully and continuously breaches the Agreement in any material respects, causing the Company to be unable to comply with the Agreement.
  - The government, any state agency or TOT revokes the right or undertakes any act which prejudices the right of the Company, considerably affecting the operations of the Company to the extent that it is unable to operate the business under the Agreement.
  - The Company did not receive the relevant revenue share or other money as specified in the Agreement.



- (2) **The Agreement for the Operation of a Service Business of Leasing High-Speed Signal Transmission Circuits via a Multimedia Network (the “Agreement”), entered into between TOT Public Company Limited (then the Telephone Organization of Thailand) and True Multimedia Company Limited (then Asia Multimedia Company Limited). This Agreement was entered into on 20<sup>th</sup> October 1997, with a term of 20 years, effective from the date of execution of the Agreement.**

The objective of this Agreement is to operate a service business of leasing high-speed signal transmission circuits, both in digital and analog systems, to provide services to general users or entitled persons and/or persons granted the right to be a provider of services through the multimedia network. The nature of the Agreement is Build-Transfer-Operate (BTO), where True Multimedia Company Limited (the “Company”) has a duty to transfer the ownership of the equipment and accessories in the system, which the Company installed in addition to the multimedia network used in the provision of services under the Agreement, to TOT. The Company must provide maintenance for all system equipment and accessories which are owned by TOT to ensure they are in good and functional condition at all times. If any equipment or part is lost or damaged to the extent it is not functional, the Company shall replace or repair the same to its functional state. In operating under this Agreement, the Company has allocated its 18,525,000 shares to TOT, which does not have to pay for such shares.

Under the Agreement, the Company has the following right:

- the exclusive right to possess the assets of which the title is vested in TOT;
- the right to use TOT’s indoor space where a high-speed circuit will be installed;
- the right to lease TOT’s network at the rate specified by TOT in order to use such network for provision of services; and
- the right to connect the network to TOT’s exchange and telecommunications network.

With regard to the right to termination, under the Agreement, TOT is entitled to terminate the Agreement if the Company is unable to habitually operate the business under the Agreement or breaches any of the provisions of the Agreement.

- (3) **The Joint Operation Agreement for the Provision of Subscription Cable Television Services (the “Agreement”), entered into between MCOT Public Company Limited (then the Mass Communication Organization of Thailand) and True Visions Cable Public Company Limited (then Thai Cable Vision Public Company Limited), with a term of 25 years, commencing from 1<sup>st</sup> January 1995 to 31<sup>st</sup> December 2019, with the first amendment on 7<sup>th</sup> September 1994, second amendment on 9<sup>th</sup> November 1994, third amendment on 17<sup>th</sup> April 1998, and fourth amendment on 8<sup>th</sup> October 2009, and the Memorandum of Agreement between MCOT Public Company Limited and True Visions Cable Public Company Limited, dated 8<sup>th</sup> October 2009**

The objective of this Agreement is to jointly operate a business providing subscription cable television services, where True Visions Cable Public Company Limited (the “Company”) is granted the right to operate a business of providing subscription cable television services.

The Company has a duty to comply with the Agreement by delivering all assets and delivering all receiver equipment to MCOT Public Company Limited (“MCOT”), namely the transmission equipment such as the head-end equipment and broadcast studio equipment. The delivery of such equipment, which is worth no less than Baht 50 million, shall be made to MCOT by 1<sup>st</sup> January 1995, and the equipment, which is worth no less than Baht 120 million, shall be delivered to MCOT within five years from the date of the second amendment (9<sup>th</sup> November 1994). The ownership of the receiver equipment, namely the Set-Top Converter system of the members, shall be vested in MCOT upon the expiry of the Agreement. In this regard, the Company shall invest a



total of no less than Baht 100 million for use in the business operation, which are expenses in relation to the supply of equipment and accessories. The Company has a duty to maintain the equipment and tools to ensure they are in good functional condition at all times. In operating under this Agreement, the Company agrees to pay consideration for the joint operation in the amount of 6.5% of gross revenue in each year before the deduction of any expenses.

With regard to the termination of the Agreement, it is specified that if the Company fails to comply with any of the provisions therein, MCOT shall give written notice to the Company to comply with the Agreement within a reasonable time. Should the Company fail to take appropriate action in the specified period, the Company must give written clarification to MCOT. Upon considering the clarification, MCOT shall once again notify the Company to take appropriate action within a reasonable time. If the Company fails to comply within this specified time, MCOT is entitled to demand damages or order the suspension of the provision of services and/or is entitled to immediately terminate the Agreement. Where the Cabinet resolved that termination is necessary for state security, MCOT is entitled to terminate the Agreement in whole or in part by giving at least 180-days' prior notice to the Company.

- (4) **The Joint Operation Agreement for the Provision of Subscription Television Services (the “Agreement”), entered into between MCOT Public Company Limited (then the Mass Communication Organization of Thailand) and True Visions Public Company Limited (then International Broadcasting Corporation Public Company Limited), with a term of 25 years, commencing from 1<sup>st</sup> October 1989 to 30<sup>th</sup> September 2014, with the first amendment on 19<sup>th</sup> May 1994, second amendment on 17<sup>th</sup> April 1998, and third amendment on 8<sup>th</sup> October 2009, and the Memorandum of Agreement between MCOT Public Company Limited and True Visions Public Company Limited, dated 8<sup>th</sup> October 2009.**

The objective of this Agreement is to jointly operate a business providing subscription television services. True Visions Public Company Limited (the “Company”) is granted the right to operate a business of providing subscription television services with the duty to make an investment for the operation of the business in a total of no less than Baht 50 million, which are expenses for procuring equipment and accessories. The Company shall deliver all assets, including all the receiver equipment, to MCOT, namely the transmission equipment, such as transmitters, broadcast studio equipment and transmission antennas for the operation of the MMDS system. Such delivery, with a total value of no less than Baht 50 million, shall be made to MCOT within 180 days from the date of the Agreement execution (17<sup>th</sup> April 1989). The Company shall deliver equipment from the expansion of services under the first amendment to the Agreement, with a total value of no less than Baht 120 million, to MCOT within three years from the date of execution (19<sup>th</sup> May 1994), and the receiver equipment, such as the members antenna subsystem (Down Converter), including the equipment to prevent non-members from receiving the signal, shall be delivered to be under the ownership of MCOT upon the expiry of the Agreement. In addition, the Company has a duty to assign the right in the 2507-2517 MHz and 2521-2528 MHz frequencies granted to the Company by the National Radio Frequency Management Board and another frequency granted by the Frequency Allocation and Management Board to MCOT within 180 days (from 17<sup>th</sup> April 1989). With regard to the operation under this Agreement, the Company agrees to pay consideration for the joint operation in the amount of 6.5% of gross revenue in each year before the deduction of any expenses.

With regard to the termination of the Agreement, it is specified that if the Company fails to comply with any of the provisions therein, MCOT shall give written notice to the Company to comply with the Agreement within a



reasonable time. Should the Company fail to take appropriate action in the specified period, the Company must give written clarification to MCOT. Upon considering the clarification, MCOT shall once again notify the Company to take appropriate action within a reasonable time. If the Company fails to comply within this specified time, MCOT is entitled to demand damages or order the suspension of the provision of services and/or is entitled to immediately terminate the Agreement. Where there is a Cabinet resolution that termination is necessary for state security, MCOT is entitled to terminate the Agreement in whole or in part by giving at least 180-days' prior notice to the Company.

- (5) HSPA Equipment-leasing agreement to provide mobile service (the “HSPA Equipment-Leasing Agreement”) between CAT Telecom as the Lesser and BFKT as the Lessor dated 27<sup>th</sup> January 2011, for the period of 14.5 years (27<sup>th</sup> January 2011 - 3<sup>rd</sup> August 2025) and the attached MOU dated 27<sup>th</sup> January 2011 and dated 17<sup>th</sup> February 2011.**

The Objective of HSPA Equipment-Leasing Agreement is for CAT Telecom to lease HSPA equipment from BFKT and BFKT will also install the equipment on CAT Telecom Network and telecommunication tower in central and provincial area. BFKT agrees to rent out and agree to manage, change, fix and maintain the leasing HSPA equipment around the country for 14.5 years (in accordance with the duration of CAT Telecom's type 3 license). BFKT receives the rental fee in return from CAT Telecom calculated based on the number of the sites ready for the commercial service and in accordance with the criteria and calculation method stated in the Agreement. However, BFKT or CAT Telecom may adjust or make change to the rental fee from time to time as per the terms and conditions specified in the HSPA Equipment-Leasing Agreement.

- (6) The Wholesaling of Mobile Service Agreement (HSPA) (the “Agreement”) between CAT Telecom as the wholesaler and Real Move as a reseller for the period of 14.5 years (27<sup>th</sup> January 2011 - 3<sup>rd</sup> August 2025) and the attached MOU dated 27<sup>th</sup> January 2011 and dated 17<sup>th</sup> February 2011.**

The agreement is made in accordance with the NTC's Rule on the Operation of Telecommunication Business by Wholesaling and Reselling which is announced in the Royal Gazette, number 123 special part 136 NG, dated December 29, 2006 including other rules relating to the reselling of mobile service to be announced in the future. By the above mentioned wholesale of mobile service, CAT Telecom agrees to wholesale its mobile service to Real Move or other resellers obtaining a license to resale from the NBTC.

Real Move has agreed to buy mobile capacity from CAT Telecom as stipulated in the Agreement and the volume of the wholesale capacity can be mutually agreed from time to time. At present, the purchased mobile capacity can support approximately 13.3 million nominal subscribers within 31<sup>st</sup> December 2012. By this, the conditions and terms of the Agreement will be used as a standard wholesaling agreement and apply to every reseller. CAT Telecom has the right to utilize capacity by wholesaling to other resellers. Furthermore, CAT Telecom will inquire Real Move or other resellers their need of buying additional capacity every year so that CAT Telecom can extend its network capacity accordingly in the future.

**(7) Asset Sale and Transfer Agreement**

- (7.1) Asset and Revenue Sale and Transfer Agreement between BFKT (Thailand) Limited (“BFKT”) as a seller and TRUE Telecommunications Growth Infrastructure Fund (“TRUEGIF”) as a purchaser (“BFKT Asset and Revenue Sale and Transfer Agreement”) for the period of 12 years (24<sup>th</sup> December 2013 - 3<sup>rd</sup> August 2025)**



The objective of BFKT Asset and Revenue Sale and Transfer Agreement is to sell and transfer to TRUEGIF

- (i) the rental of the BFKT Telecom Assets being 1,485 telecommunications towers and 9,169 links of FOC grid and transmission equipment pursuant to the HSPA Equipment-Leasing Agreement, (including all claims and other rights arising out such revenue as specified in the relevant Asset and Revenue Sale and Transfer Agreement) from the Commencement Date until the Expiry Date; and
- (ii) the rental of up to 50 telecommunications towers of BFKT from the date following the earlier of the Expiry Date and the date on which the HSPA Equipment-Leasing Agreement is terminated prior to its term or extended term (the “HSPA Termination Date”), until the 10<sup>th</sup> anniversary of such date

In each case less certain costs and expenses for operation and maintenance, rental payments under land leases (including property tax) insurance premiums and costs associated with securing rights of way (the “BFKT Relevant Costs”), provided that the BFKT Relevant Costs will be subject to applicable annual escalation, (collectively, the “BFKT Sale Revenue”).

BFKT irrevocably grants to TRUEGIF the option to purchase certain BFKT Telecom Assets (the “BFKT Main Specified Assets”) at Baht 10 million (the “Option Price”) exercisable upon the earlier of the Expiry Date and the HSPA Termination Date (the “Option”) consisting of 1,435 telecommunications towers and 9,169 links of FOC grid and transmission equipment comprising 47,250 km of FOC.

Upon TRUEGIF exercising the Option and making payment of the Option Price, if there are any BFKT Main Specified Assets that cannot be transferred and delivered to TRUEGIF on the closing of the transfer of the BFKT Main Specified Assets (the “BFKT Main Specified Asset Closing Date”), BFKT shall pay to TRUEGIF the terminal value of such BFKT Main Specified Assets. Upon the payment of such terminal value in full, BFKT shall be relieved from its obligation to deliver and transfer the relevant BFKT Main Specified Assets to TRUEGIF.

The terminal value in relation to any BFKT Main Specified Assets shall be an amount equal to 18 times the aggregate amount of the BFKT Monthly Sale Revenue (as defined below) for the 12 months preceding the month in which the BFKT Main Specified Asset Closing Date occurs (the “BFKT Terminal Value”).

On or prior to the earlier of the Expiry Date and the HSPA Termination Date, BFKT shall enter into a lease agreement to lease to any True Group entity one slot on the remaining BFKT Towers that are not the BFKT Main Specified Assets (the “BFKT Remaining Specified Asset Leasing Agreement”), having a term of at least ten years from the date following the earlier of the Expiry Date and the HSPA Termination Date, (the “BFKT Final Long Stop Date”) and shall procure and deliver to TRUEGIF the monthly net revenue generated from the rental of the BFKT Remaining Specified Assets until the BFKT Final Long Stop Date or, if earlier, the transfer of the BFKT Remaining Specified Asset to TRUEGIF, each in accordance with the terms and conditions of the BFKT Asset and Revenue Sale and Transfer Agreement.

Subject to the terms and conditions set out in the BFKT Asset and Revenue Sale and Transfer Agreement, BFKT shall, at any time during the term of the BFKT Remaining Specified Asset Leasing Agreement and upon it obtaining evidence of the legal and valid land rights and/or leases in relation to the sites where any BFKT Remaining Specified Assets are located or operated, sell and transfer to TRUEGIF and TRUEGIF shall purchase and accept such BFKT Remaining Specified Assets at a price (the “BFKT Remaining Specified Asset Purchase Price”) to be agreed between TRUEGIF and BFKT in accordance with the BFKT Asset and Revenue Sale and Transfer Agreement.



Title and risk of loss or damage to the BFKT Sale Revenue, BFKT Main Specified Assets and BFKT Remaining Specified Assets shall pass to TRUEGIF upon the relevant closing, except as otherwise provided in the BFKT Asset and Revenue Sale and Transfer Agreement.

Prior to the BFKT Main Specified Asset Closing Date, if a trigger event as specified in the BFKT Asset and Revenue Sale and Transfer Agreement occurs, TRUEGIF may demand BFKT to make payment of the net present value of all remaining BFKT Sale Revenue owed under the BFKT Asset and Revenue Sale and Transfer Agreement plus the BFKT Terminal Value of the BFKT Main Specified Assets (the “BFKT Outstanding Sale Revenue”) and exercise or enforce all or any part of the rights of TRUEGIF available under the BFKT Asset and Revenue Sale and Transfer Agreement.

BFKT shall be liable in respect of any claim in relation to the BFKT Transferred Specified Assets if a notice of such claim is given by TRUEGIF within two years from the relevant BFKT Asset Closing Date, except for claims arising out of certain material matters as set out in the BFKT Asset and Revenue Sale and Transfer Agreement for which there shall be no time limitation for giving notice of claims (other than pursuant to applicable law). Such matters include, among others, BFKT’s warranties on its authority and capacity, ownership of the BFKT Transferred Specified Assets and breach of material undertakings.

The aggregate liability of BFKT in respect of (i) the BFKT Sale Revenue in relation to the HSPA Equipment-Leasing Agreement shall not exceed the BFKT Outstanding Sale Revenue; (ii) the BFKT Main Specified Assets transferred to TRUEGIF shall not exceed their BFKT Terminal Value; (iii) the BFKT Remaining Specified Assets transferred to TRUEGIF shall not exceed the purchase price of the BFKT Remaining Specified Assets paid by TRUEGIF; (iv) the BFKT Sale Revenue in relation to the BFKT Remaining Specified Assets Leasing Agreement shall not exceed the net present value of all remaining net rental revenue owed; and (v) all other breaches the aggregate liabilities shall not exceed 50 per cent of the BFKT Purchase Price. BFKT shall be liable for any actual damages, losses, claims, taxes (other than VAT), stamp duty, liabilities and related costs and expenses, arising out of or resulting from the entry into, exercise and enforcement under the BFKT Asset and Revenue Sale and Transfer Agreement.

Insurance: BFKT undertakes (a) to procure that, within 45 days from the BFKT Revenue Closing Date, TRUEGIF shall be named as co-insured and co-beneficiary under all True Group’s insurance policies in relation to the BFKT Telecom Assets; (b) to procure that all True Group’s insurance policies in relation to the BFKT Telecom Assets are maintained in accordance with the terms set out in the BFKT Asset and Revenue Sale and Transfer Agreement; (c) upon the relevant BFKT Asset Closing Date, to arrange for an insurance policy for the BFKT Transferred Specified Assets under the name of TRUEGIF, provided that TRUEGIF shall be responsible for the insurance premiums with respect to such insurance policy; (d) not to modify any term of True Group’s insurance policies in relation to the BFKT Transferred Specified Assets without the prior written consent of TRUEGIF, which shall not be unreasonably withheld; and (e) to ensure that all insurance proceeds are used to repair, reinstate or otherwise replace the assets which are the subject of an insurance claim giving rise to such insurance proceeds.

**(7.2) Asset and Revenue Sale and Transfer Agreement between Asia Wireless Communication Company Limited (“AWC”) as a seller and TRUEGIF (“AWC Asset and Revenue Sale and Transfer Agreement”) as a purchaser for the period of 12 years (24<sup>th</sup> December 2013 - 3<sup>rd</sup> August 2025)**

The objective of AWC Asset and Revenue Sale and Transfer Agreement is to sell and transfer to TRUEGIF

- (i) the rental of the AWC Towers being 4,360 telecommunications towers pursuant to the AWC Leasing Agreement, (including all claims and other rights arising out of such revenue as specified in the relevant



- Asset and Revenue Sale and Transfer Agreement) from the Commencement Date until the date on which the AWC Leasing Agreement expires (the “AWC Expiry Date”); and
- (ii) the rental of up to 392 telecommunications towers of AWC from the date following the earlier of the AWC Expiry Date and the date on which the AWC Leasing Agreement is terminated prior to its term or extended term (the “AWC Termination Date”), until the 10<sup>th</sup> anniversary of such date,

In each case less certain costs and expenses for operation and maintenance, rental payments under land leases (including property tax) and insurance premiums (the “AWC Relevant Costs”), provided the AWC Relevant Costs will be subject to applicable annual escalation, (collectively, the “AWC Sale Revenue”) and

Upon the earlier of the AWC Expiry Date and the AWC Termination Date, AWC shall transfer to TRUEGIF, and TRUEGIF shall accept, certain AWC Towers being 3,968 telecommunications towers (the “AWC Main Specified Assets”) on the date which is scheduled to be the closing date for the transfer and delivery of the AWC Main Specified Assets (the “AWC Main Specified Asset Closing Date”), (the AWC Sale Revenue and the AWC Main Specified Assets are collectively, the “AWC Sale Assets”).

For the AWC Main Specified Assets that cannot be transferred and delivered on the AWC Main Specified Asset Closing Date, AWC shall pay TRUEGIF the terminal value of the relevant AWC Main Specified Assets on the AWC Main Specified Asset Closing Date. Upon the payment of such terminal value in full, AWC shall be relieved from its obligations to deliver and transfer the relevant AWC Main Specified Assets to TRUEGIF. The terminal value in relation to any AWC Main Specified Assets shall be an amount equal to 14 times the aggregate amount of the AWC Monthly Sale Revenue (as defined below) for the 12 months preceding the month in which the AWC Main Specified Assets Closing Date occurs (the “AWC Terminal Value”).

AWC undertakes that it shall enter into a lease agreement to lease to any True Group entity one slot on the remaining AWC Towers that are not the AWC Main Specified Assets (the “AWC Remaining Specified Asset Leasing Agreement”) which include up to 392 telecommunications towers (the “AWC Remaining Specified Assets”), having a term of at least ten years from the earlier of the date following the AWC Expiry Date and the AWC Termination Date, (the “AWC Final Long Stop Date”) and shall procure and deliver to TRUEGIF the monthly net revenue generated from the rental of the AWC Remaining Specified Assets until the AWC Final Long Stop Date or, if earlier, the transfer of the AWC Remaining Specified Asset to TRUEGIF, each, in accordance with the terms and conditions of the AWC Asset and Revenue Sale and Transfer Agreement.

AWC undertakes that it shall enter into a lease agreement to lease to any True Group entity one slot on the remaining AWC Towers that are not the AWC Main Specified Assets (the “AWC Remaining Specified Asset Leasing Agreement”) which include up to 392 telecommunications towers (the “AWC Remaining Specified Assets”), having a term of at least ten years from the earlier of the date following the AWC Expiry Date and the AWC Termination Date, (the “AWC Final Long Stop Date”) and shall procure and deliver to TRUEGIF the monthly net revenue generated from the rental of the AWC Remaining Specified Assets until the AWC Final Long Stop Date or, if earlier, the transfer of the AWC Remaining Specified Asset to TRUEGIF, each, in accordance with the terms and conditions of the AWC Asset and Revenue Sale and Transfer Agreement.

Subject to the terms and conditions set out in the AWC Asset and Revenue Sale and Transfer Agreement, AWC shall, at any time during the term of the AWC Remaining Specified Asset Leasing Agreement and upon it obtaining evidence of the legal and valid land rights and/or leases in relation to the sites where any AWC Remaining Specified Assets are located, sell and transfer to TRUEGIF and TRUEGIF shall purchase and accept such AWC Remaining Specified Assets at a price to be agreed between TRUEGIF and AWC in accordance with the AWC Asset and Revenue Sale and Transfer Agreement.



Title and risk of loss or damage to the AWC Sale Revenue, AWC Main Specified Assets and AWC Remaining Specified Assets shall pass to TRUEGIF upon the relevant closing, except as otherwise provided in the AWC Asset and Revenue Sale and Transfer Agreement.

The aggregate liability of AWC in respect of (i) the AWC Sale Revenue in relation to the AWC Leasing Agreement shall not exceed the AWC Outstanding Sale Revenue; (ii) the AWC Main Specified Assets transferred to TRUEGIF shall not exceed their AWC Terminal Value; (iii) the AWC Remaining Specified Assets transferred to TRUEGIF shall not exceed the purchase price of the AWC Remaining Specified Assets paid by TRUEGIF; (iv) the AWC Sale Revenue in relation to the AWC Remaining Specified Assets Leasing Agreement shall not exceed the net present value of all remaining net rental revenue owed; and (v) all other breaches the aggregate liabilities shall not exceed 50 per cent. of the AWC Purchase Price. AWC shall be liable for any actual damages, losses, claims, taxes (other than VAT), stamp duty, liabilities and related costs and expenses, arising out of or resulting from the entry into, exercise and enforcement under the AWC Asset and Revenue Sale and Transfer Agreement.

Insurance: AWC undertakes: (a) to procure that, within 45 days from the AWC Revenue Closing Date, TRUEGIF shall be named co-insured and co-beneficiary under all True Group's insurance policies in relation to the AWC Towers; (b) to procure that all True Group's insurance policies in relation to the AWC Towers are maintained in accordance with the terms set out in the AWC Asset and Revenue Sale and Transfer Agreement; (c) upon the relevant AWC Asset Closing Date, to arrange for an insurance policy for the AWC Transferred Specified Assets under the name of TRUEGIF, provided that TRUEGIF shall be responsible for the insurance premiums with respect to such insurance policy; (d) not to modify any term of True Group's insurance policies in relation to the AWC Towers without the prior written consent of TRUEGIF, which shall not be unreasonably withheld; and (e) to ensure that all insurance proceeds are used to repair, reinstate or otherwise replace the assets which are the subject of an insurance claim giving rise to such insurance proceeds.

## **(8) Asset Sale and Transfer Agreement**

### **(8.1) Asset Sale and Transfer Agreement between True Corporation Public Company Limited ("True") as a seller and TRUEGIF as a purchaser ("True Asset Sale and Transfer Agreement")**

The objective of True Asset Sale and Transfer Agreement is to sell and transfer to TRUEGIF, and TRUEGIF shall purchase the following New Tower Assets:

3,000 towers by 31<sup>st</sup> December 2014; and

3,000 towers by 31<sup>st</sup> December 2015

(each, the "Scheduled Delivery Date")

From the date following each Scheduled Delivery Date until 31<sup>st</sup> December 2020 (the "True Final Long Stop Date"), if, on 31<sup>st</sup> December of each year, there are any New Tower Assets which cannot be delivered to TRUEGIF, True shall pay delay damages to TRUEGIF in an amount equal to the amount that TRUEGIF is required to refund to Real Future under the Real Future Master Lease Agreement for any unavailable New Tower Assets in relation to such year (the "Annual Rental Shortfall"), plus 15 per cent per annum.

On the True Final Long Stop Date, if there are any New Tower Assets which cannot be delivered to TRUEGIF, True shall pay to TRUEGIF an amount equal to 12 times the Annual Rental Shortfall for the year 2020 in accordance with the terms and conditions of the True Asset Sale and Transfer Agreement.



Upon the earlier of the date True delivers all New Tower Assets to TRUEGIF and the True Final Long Stop Date, if any New Tower Asset delivered by True to TRUEGIF is not in accordance with the applicable specifications in the True Asset Sale and Transfer Agreement, the applicable party will be entitled to receive compensation from the other party for any difference in such specifications, subject to the terms of the True Asset Sale and Transfer Agreement.

Title to and risk of loss or damage to the New Tower Assets shall pass to TRUEGIF upon each delivery of the relevant New Tower Assets (a "Delivery") which shall be in accordance with the process specified in the True Asset Sale and Transfer Agreement.

Prior to each relevant Delivery, True shall warrant and represent to the Purchaser that, among others, the New Tower Assets to be delivered shall be legally and beneficially owned by True and shall be free from all encumbrances.

Key obligation of True from each relevant Delivery and in respect of the delivered New Tower Assets, True shall at its own expense in relation to any land and/or property leases which cannot be assigned or novated to TRUEGIF, procure that each of TRUEGIF, the lessees of the New Tower Assets, the Telecom Asset Manager and their designated persons has the right to access and to use the relevant sites;

The aggregate liability of True in respect of all breaches under the True Asset Sale and Transfer Agreement shall not exceed the True Purchase Price. True shall be liable for any actual damages, losses, claims, taxes (other than VAT), stamp duty, liabilities and related costs and expenses, arising out of or resulting from the entry into, exercise and enforcement under the True Asset Sale and Transfer Agreement.

True undertakes from the relevant Delivery: (a) to procure that, until TRUEGIF's relevant insurances are put in place, all True Group's insurance policies in relation to the True Transferred Specified Assets are maintained in accordance with the terms set out in the True Asset Sale and Transfer Agreement; (b) to arrange a policy for the True Transferred Specified Assets under the name of TRUEGIF, provided that TRUEGIF shall be responsible for the insurance premiums with respect to such insurance policy; (c) not to modify any term of True Group's insurance policies in relation to the True Transferred Specified Assets without the prior written consent of TRUEGIF, which shall not be unreasonably withheld; and (d) to ensure that all insurance proceeds are used to repair, reinstate or otherwise replace the assets which are the subject of an insurance claim giving rise to such insurance proceeds.

True shall be liable in respect of any claim in relation to the True Transferred Specified Assets if a notice of such claim is given by TRUEGIF within two years from the relevant Delivery, except for claims arising out of certain material matters as set out in the True Asset Sale and Transfer Agreement for which there shall be no time limitation for giving notice of claims. Such matters include, among others (other than pursuant to applicable law), True's warranties on its authority and capacity, ownership of the New Tower Assets and breach of material undertakings;

The obligation of True in relation to the relocation and repurchase of the True Affected Assets on the site (or part of a site) which has been assigned or novated to TRUEGIF, in relation to any True Transferred Specified Asset being seized, taken into custody or otherwise rendered unusable by any tenant due to any illegality to access or to use such site or any part thereof shall be limited to five years after the date of the assignment or novation of such site to TRUEGIF.



**(8.2) Asset Sale and Transfer Agreement between True Universal Convergence Company Limited (“TUC”) as a seller and TRUEGIF as a purchaser (“TUC Asset Sale and Transfer Agreement”)**

The objective of TUC Asset Sale and Transfer Agreement is to sell and transfer (i) 5,112 km of core FOC grid (including transmission equipment) located in the upcountry region of Thailand; and (ii) the upcountry broadband system with a capacity of approximately 1.2 million ports (the “TUC Sale Assets”).

Title and risk of loss or damage to the TUC Sale Assets shall pass to TRUEGIF upon the closing of the sale and transfer, except as otherwise provided in the TUC Asset Sale and Transfer Agreement, provided that the risk of loss or damage to the TUC Sale Assets that are under construction shall pass to TRUEGIF upon the delivery of such under construction assets which shall be in accordance with the process specified in the TUC Asset Sale and Transfer Agreement.

From the Asset Closing Date, TUC shall at its own expense, procure that each of TRUEGIF, the lessees of the TUC Sale Assets, the Telecom Asset Manager and their designated persons has the right to access and to use the relevant right of way with respect to such assets in accordance with the terms and conditions of the TUC Asset Sale and Transfer Agreement.

In relation to any contracts with respect to the TUC Sale Assets which cannot be assigned or novated to TRUEGIF, procure that TRUEGIF can enjoy the rights and benefits of TUC under such contracts.

From the Asset Closing Date, TUC shall be liable in respect of any claim in relation to the TUC Transferred Specified Assets if a notice of such claim is given by TRUEGIF within two years from the Asset Closing Date, except for claims arising out of certain material matters as set out in the TUC Asset Sale and Transfer Agreement for which there shall be no time limitation for giving notice of claims (other than pursuant to applicable law). Such matters include, among others, TUC’s warranties on its authority and capacity, ownership of the TUC Sale Assets and breach of relevant material undertakings.

The aggregate liability of TUC in respect of all breaches under the TUC Asset Sale and Transfer Agreement shall not exceed the TUC Purchase Price. TUC shall be liable for any actual damages, losses, claims, taxes (other than VAT), stamp duty, liabilities and related costs and expenses, arising out of or resulting from the entry into, exercise and enforcement under the TUC Asset Sale and Transfer Agreement.

TUC undertakes to procure that: (a) until TRUEGIF’s relevant insurances are put in place, all True Group’s insurance policies in relation to the TUC Sale Assets are maintained in accordance with the terms set out in the TUC Asset Sale and Transfer Agreement; (b) to arrange relevant insurance policies in relation to the TUC Sale Assets under the name of TRUEGIF, provided that TRUEGIF shall be responsible for the insurance premiums with respect to such insurance policies; and (C) not to modify any term of True Group’s relevant insurance policies for the TUC Sale Assets without the prior written consent of TRUEGIF, which shall not be unreasonably withheld and delayed.



## **(9) Master Lease, Operation and Management Agreements**

### **(9.1) Master Lease, Operation and Management Agreement between Real Future Company Limited (“Real Future”) as a lessee and TRUEGIF as a lessor (“Real Future Master Lease, Operation and Management Agreement”) for the period of 14 years (24<sup>th</sup> December 2013 - 31<sup>st</sup> December 2027)**

The objective of Real Future Master Lease, Operation and Management Agreement is to lease slots on telecommunications towers and lease passive facilities in relation to certain towers, (collectively, the “Leased Properties”) including operates and manages Leased Properties until 31<sup>st</sup> December 2027.

The Leased Properties will consist of at least (the “Minimum Leased Properties”):

- (a) 6,619 slots on 3,000 towers commencing from 1<sup>st</sup> January 2015;
- (b) 13,993 slots on 6,000 towers commencing from 1<sup>st</sup> January 2016; and
- (c) 15,249 slots on 6,000 towers commencing from 1<sup>st</sup> January 2017

The rental rates for the Leased Property are divided into 3 types as listed below and are subject to applicable discounts and/or adjustments as described below:

Type I: ground-based towers: Baht 25,400 per month per slot;

Type II: rooftop-based towers: Baht 23,200 per month per slot; and

Type III: IBC/DAS: Baht 39,400 per month per slot

The following adjustments/discounts to the rental rate apply under the conditions described below:

- (a) founder tenant discount: 32%
- (b) volume discount (regardless of which type):
  - 1 - 3,000 slots: no discount;
  - 3,001 - 5,000 slots: 30% discount;
  - 5,001 - 10,000 slots: 35% discount; and
  - 10,001 slots and more: 40% discount

If Real Future or other founder tenants, at any time during the terms of the lease, wishes to lease, operate and manage additional slots, Real Future/or other founder tenants will be entitled to both founder tenant discount and volume discount for the rental rates.

Annual escalation at a fixed rate of 2.7% per annum applies from January 2015.

Real Future will make net rental payments for the lease, operation and management of the Leased Properties in advance on the 7<sup>th</sup> (or the next business day) of each month starting from January 2014. Real Future will make the net rental payments to TRUEGIF in advance on a monthly basis for the Minimum Leased Properties – one year in advance for slots on the first batch of 3,000 towers to be delivered by 31<sup>st</sup> December 2014 and two years in advance for slots on the second batch of 3,000 towers to be delivered by 31<sup>st</sup> December 2015.



At the end of each year starting from 2015 until 2020, TRUEGIF will return to Real Future the respective part of the advance payment proceeds should the number of towers available for Real Future to lease, operate and manage falls below the respective Minimum Leased Properties in relation to such year. TRUEGIF shall return such advance payment proceeds to Real Future within the next Business Day from the date True has made payment in respect of the delay damages for late and/or non delivery of the relevant New Tower Assets to TRUEGIF pursuant to the terms of True Asset Sale and Transfer Agreement.

Upon the earlier of the date True delivers all New Tower Assets to TRUEGIF and 31<sup>st</sup> December 2020, if any New Tower Asset delivered by True to TRUEGIF does not satisfy the specifications in the True Asset Sale and Transfer Agreement causing the advance rental payments made by Real Future to be different from the actual rental payments Real Future is obligated to pay to TRUEGIF for the lease of the Leased Properties, such differences will be paid to the applicable party by the other party in accordance with the terms of the Real Future Master Lease, Operation and Management Agreement.

TRUEGIF shall be responsible for the rental payments under the land leases in respect of the site where the Leased Properties are located whereby (a) during the term of the lease, Real Future shall be the person making the rental payments under the land leases in respect of the site where the Leased Properties are located which such method has been reflected in the amount of the net advance annual rental payments in the table attached to the summary of the Real Future Master Lease, Operation and Management Agreement and (b) for the renewal term, TRUEGIF shall be the person making the rental payments under the land leases in respect of the site where the Leased Properties are located.

TRUEGIF shall be responsible for obtaining and maintaining, in respect of any Leased Properties, adequate insurance (including third party liability insurance and any other coverage) customary for the Leased Properties, and paying for relevant insurance premiums and Real Future shall be responsible for obtaining and maintaining, in respect of any telecommunications equipment that Real Future installs or places on any Leased Property, adequate insurance, including third party liability insurance and any other coverage, customary for such telecommunications equipment.

Each of TRUEGIF and Real Future agrees to indemnify each other for all losses and damages arising from breaches of their respective representations, warranties and covenants under the Real Future Master Lease, Operation and Management Agreement, subject to customary carve-outs.

Real Future is allowed to sublease the slots that it leases, operates and manages under the Real Future Master Lease, Operation and Management Agreement, without prior consent of TRUEGIF, as follows:

- (i) the Minimum Leased Properties to any third party;
- (ii) any slots (in addition to the Minimum Leased Properties) to (a) any other founder tenants, (b) True or any of its existing or future subsidiaries and/or any non-True entity awarded to operate telecommunications business using 1800 MHz frequency, (c) CAT, (d) TOT and (e) other telecommunications operators by exchanging for use of other telecommunications operator's slots without consideration; and
- (iii) any slots (in addition to the Minimum Leased Properties) to any third party other than those listed in (ii) above whereby the rental rate that Real Future pays to TRUEGIF for such slots shall be calculated by applying the discount that is applicable to the sub-lessee if such sub-lessee were to directly lease, operate and manage the Leased Properties from TRUEGIF without the founder tenant discount; provided that TRUEGIF may agree to give additional discounts to Real Future in case Real Future leases such slots for the purpose of subleasing to other third party.



If any reinforcement or enhancement of any towers that TRUEGIF acquired from Real Future or True and/or its subsidiaries which are subject to the lease, operation and management under the Real Future Master Lease, Operation and Management Agreement, is required or necessary (either due to Real Future's and/or third party tenant's request), Real Future will perform such reinforcement or enhancement in all cases but at TRUEGIF's cost plus a reasonable margin. If TRUEGIF lacks funding for such reinforcement or enhancement, Real Future will advance the costs of such reinforcement or enhancement. TRUEGIF will reimburse Real Future for such costs together with the applicable margin within 30 days from the date of invoice by Real Future. If it fails to do so, TRUEGIF agrees to pay Real Future interest on the outstanding but unpaid amount at the rate of 7.5% per annum from the due date until such payment is made in full. If TRUEGIF fails to reimburse Real Future within the specified period, Real Future is permitted to off-set such costs together with the applicable margin and interest against the monthly rental payment due and payable by Real Future to TRUEGIF.

**(9.2) Master Lease, Operation Maintenance and Management Agreement between TUC as a lessee and TRUEGIF as a lessor ("TUC Master Lease Agreement") for the period of 13 years and 5 years, as the case may be, starting from 24<sup>th</sup> December 2013**

The objective of TUC Master Lease Agreement is to lease, operates, and manages (i) approximately 5,112 km of core FOC grid, whereby TUC will lease, operate and manage, for each year, at least the minimum as shown in the table attached to the summary of the TUC Master Lease, Operation and Management Agreement; (ii) transmission equipment related to the core FOC grid; (iii) upcountry broadband system which comprises passive telecommunications equipment (for exclusive use by TUC unless agreed otherwise by TUC after the initial 5 years); and (iv) upcountry broadband system which comprises active telecommunications equipment (for exclusive use by TUC), (collectively, the "Leased Properties"). The term of the lease, operation and management is:

- (1) until 2026, for core FOC grid and upcountry broadband system which are passive telecommunications equipment; and
- (2) until 2018, for transmission equipment that is related to the core FOC grid and upcountry broadband system which are active telecommunications equipment.

The rental rates for the leased property are equal to:

- (a) Core FOC grid:
  - (1) up to 76% of the core FOC grid (i.e. 93,370 core km): Baht 350 per month per core km; and
  - (2) in excess of 76% to 100% of the core FOC grid: Baht 1,100 per month per core km,

whereby, the annual net rental revenue for the core FOC grid that TRUEGIF will receive will be calculated based on the above rate less operation and maintenance fee for core FOC grid at the rate of Baht 186 million per annum.

- (b) Transmission equipment related to the core FOC grid: Baht 38 million per annum.
- (c) Upcountry broadband system which comprises passive telecommunications equipment: Baht 791 million per annum (subject to future rate adjustments to be agreed, in case TUC agrees to release its right to exclusive use after year 5).
- (d) Upcountry broadband system which comprises active telecommunications equipment: Baht 317 million per annum.



The following adjustments/discounts to the rental rate apply under the conditions described below:

- (1) annual escalation for rental rate of upcountry broadband system (both active and passive telecommunications equipment) at 5% in 2015; and
- (2) at the rate equal to the Consumer Price Index (CPI) announced by the Ministry of Commerce of Thailand for the previous year and beginning from January 2016, such rate shall not exceed 3.5%; and
- (3) no escalation for rental rate of core FOC grid and transmission equipment.

TRUEGIF shall be responsible for obtaining and maintaining third party liability insurance for the Leased Property, and paying for relevant insurance premiums.

If any upgrade of any Leased Properties or relevant assets that TRUEGIF acquired from TUC or True or any of its subsidiaries which are subject to lease, operation and management under the TUC Master Lease, Operation and Management Agreement, is required or necessary, TUC will perform such upgrade at its own cost, whereby such upgrades shall become additional assets which if TUC wishes to sell to any person, TUC must first offer to sell such assets to TRUEGIF.



# Shareholders

## True Corporation Public Company Limited

### Major Shareholders<sup>1/</sup>

(as of 8<sup>th</sup> August 2013)

NAME	No. of Shares (Million Shares)	% of Total Issued Shares
1. CP Group <sup>2/</sup>	9,085.32	62.53
2. THAI NVDR COMPANY LIMITED <sup>3/</sup>	628.79	4.33
3. UBS AG LONDON BRANCH <sup>4/</sup>	354.39	2.44
4. MR. WICHAI WACHIRAPONG	284.98	1.96
5. CORE PACIFIC - YAMAICHI INTERNATIONAL (H.K.) LIMITED - CLIENT <sup>5/</sup>	238.48	1.64
6. UOB KAY HIAN (HONG KONG) LIMITED - Client Account <sup>5/</sup>	166.03	1.14
7. MRS. WORAPHAN JUNGSAAPPAISARN	126.00	0.87
8. STATE STREET BANK EUROPE LIMITED <sup>6/</sup>	77.61	0.53
9. MR. SIRISAK SONSOPON	76.00	0.52
10. MR. JAKAPHAN WACHIRAPONG	71.20	0.49

1/ There is no cross-shareholding between the Company and its major shareholders.

2/ Consisting of

- (1) Charoen Pokphand Group Company Limited ("CPG") which operates businesses in investment, chemical products import and distribution, and providing technical services, where the Chearavanont Family is a major shareholder by holding 91.65% of the shares (The first ten shareholders are Mr. Sumet Jiaravanon 12.96%, Mr. Dhanin Chearavanont 12.96%, Mr. Jaran Chiaravanont 12.75%, Mr. Montri Jiaravanont 12.63%, Mr. Kiat Chiaravanont 5.76%, and Mr. Phongthep Chiaravanont 3.65% with the following shareholders each holding 3.62%: Mrs. Yupa Chearavanont, Mr. Prathip Chiaravanond, Mrs. Phatanee Leksisompong, Mr. Watcharachai Chiaravanond, Mr. Manu Chiaravanond and Mr. Manas Chiaravanond), held 36.08% of TRUE's shares
- (2) Unique Network Company Limited which operates business in investment (41.06% held by Thana Holding Company Limited and 58.94% held by Art Telecom Service Company Limited), held 9.21% of TRUE's shares
- (3) Wide Broad Cast Company Limited which operates business in investment (58.55% held by Thana Holding Company Limited and 41.45% held by Telecommunication Network Company Limited), held 6.99% of TRUE's shares
- (4) C.P. Interfood (Thailand) Company Limited which operates businesses in production and wholesale of ready-made meat products (99.99% held by CPG), held 4.12% of TRUE's shares
- (5) Bangkok Telecom Holding Company Limited which operates business in investment (99.99% held by Charoen Pokphand Holding Company Limited), held 2.22% of TRUE's shares
- (6) Bangkok Produce Merchandising Public Company Limited which operates business in buying and selling of animal feed raw materials (99.44% held by Charoen Pokphand Foods Public Company Limited ("CPF"), held 1.75% of TRUE's shares
- (7) Kasetphand Industry Company Limited which operates businesses in production and distribution of livestock farming equipment products (99.99% held by CPG), held 1.23% of TRUE's shares
- (8) Charoen Pokphand Holding Company Limited which operates business in investment (99.99% held by CPG), held 0.61% of TRUE's shares and
- (9) Charoen Pokphand International Company Limited which operates business in investment (99.99% held by Charoen Pokphand Holding Company Limited), held 0.32% of TRUE's shares

(All 9 companies do not undertake the same business and compete with TRUE GROUP)

- 3/ A subsidiary wholly owned by the SET. The NVDR is a security as specified by the SET and is automatically regarded as a listed security on the SET. By investing in NVDRs, the investor will receive all financial benefits, as if they invest in a company's ordinary shares. The only difference between investing in the NVDR and the company's ordinary shares is that NVDR holders have no rights to vote.
- 4/ The company is registered in Switzerland and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.
- 5/ The company is registered in Hong Kong and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.
- 6/ The company is registered in Britain and invests in the SET without disclosing that the investment is neither for itself nor for others. True has no authority to request that company for the afore-mentioned disclosure.



# Dividend Policy

The Company has a policy to declare an annual dividend equal to at least 50% of its net profits from the Company's Financial Statement for that year, after statutory reserves and subject to availability of cash, according to the regulations indicated in related laws and conditions of its credit facilities.

However, there has been no dividend payment since the establishment of the Company because the Company still has accumulated loss. Pursuant to the law, the Company cannot declare dividend payment to the shareholders.

For the dividend policy of subsidiary companies, each subsidiary company's Board of Directors will consider the payment of dividends from the balance of cash flows taking into account the capital expenditure requirements of the subsidiary company. Subject to the availability of cash flows at the subsidiary company and only if it has set aside a legal reserve, the Board of Directors of each subsidiary company shall consider the payment of dividends on a case-by-case basis.



# M<sup>a</sup>anagement Structure

## 1. The Board of Directors

Pursuant to the Company's Articles of Association, it is stipulated that the Board of Directors shall consist of not less than 5 directors and that not less than one half of all directors shall have residence in the Kingdom. The qualifications of the Company's directors shall be as prescribed by law.

As of 31<sup>st</sup> December 2013, the Company's Board of Directors consists of 15 members as follows:

- 1) 4 Executive Directors
- 2) 11 Non-Executive Directors consisted of:
  - 5 Independent Directors accounting for one-third of the total numbers of the board which is in compliance with the regulation of the Capital Market Supervisory Board.
  - 6 Directors from various organizations irrelevant to the Company's business management, including representatives of the major shareholders.

### Definitions:

#### **Executive Director** means

A director who holds a management position and engages in the Company's business management.

#### **Non-Executive Director** means

A director who does not hold a management position and does not engage in the Company's business management, whether or not he or she is an Independent Director.

#### **Independent Director** means

A director who is independent of any major shareholder, the group of major shareholders and the management of any juristic person who is the major shareholder of the Company including free from any other relationship that would interfere with the exercise of independent judgment and holds qualifications defined in the regulations of Capital Market Supervisory Board and the Corporate Governance Policy of the Company.



The Board of Directors of the Company (as of 31<sup>st</sup> December 2013) is as follows:

Name	Position	Board of Directors Meeting	
		Number of Meeting <sup>1/</sup>	Number of Attendance
1. Mr. Vitthya Vejjajiva	Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance Committee	9	8
2. Dr. Kosol Petchsuwan	Independent Director, Member of the Audit Committee and Chairman of the Corporate Governance Committee	9	9
3. Mr. Joti Bhokavanij	Independent Director, Member of the Audit Committee, Member of the Finance Committee and Member of the Compensation and Nominating Committee	9	9
4. Mr. Harald Link	Independent Director	9	7
5. Prof. Rawat Chamchalerm	Independent Director	9	9
6. Mr. Dhanin Chearavanont	Chairman of the Board and Chairman of the Compensation and Nominating Committee	9	4
7. Dr. Ajva Taulananda	Vice Chairman of the Board, Chairman of the Finance Committee and Member of the Corporate Governance Committee	9	9
8. Prof. Athueck Asvanund	Vice Chairman of the Board and Group General Counsel	9	8
9. Prof. Dr. Warapatr Todhanakasem	Director and Member of the Finance Committee	9	9
10. Mr. Umroong Sanphasitvong	Director, Member of the Finance Committee and Member of the Compensation and Nominating Committee	9	9
11. Mr. Vichaow Rakphongphairoj	Director and Group Chief Operating Officer - Network Quality and Operation & Maintenance <sup>2/</sup>	9	8
12. Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment	9	5
13. Mr. Soopakij Chearavanont	Director and Member of the Compensation and Nominating Committee	9	5
14. Mr. Narong Chearavanont	Director	9	5
15. Mr. Suphachai Chearavanont	Director, President and Chief Executive Officer	9	7

Remark: <sup>1/</sup> In the year 2013, the Board of Directors totally held 9 meetings.

Furthermore, the Company has stated in its Policy on Corporate Governance that the Company allows non-executive directors to hold meetings amongst themselves without participation from executive directors and management, if they would like to have a discussion on management issues or any issues they are interested in. In 2013, non-executive directors had such meetings, in an unofficial form, after finishing the Board Meetings.

<sup>2/</sup> On 21<sup>st</sup> January 2014, the Company had re-organized its organization structure and appointed new executives. As a result, the management position for Mr. Vichaow Rakphongphairoj was changed to "Group Chief Operating Officer - Network Quality and Operation & Maintenance Broadband, Mobile, CATV".



All Directors have qualifications as prescribed by law. None are prohibited persons under the laws and shall not possess any untrustworthy characteristics under regulations of the Securities and Exchange Commission (“SEC”).

All Directors take their responsibilities very seriously. They cooperate on all decisions affecting the Company, entailing major work and responsibility. They attend all meetings except in unavoidable circumstances. Directors unable to attend meetings notify the Board of their absence in advance while providing their comments on the major agenda items. In addition, the Board of Directors gives priority to attend training courses organized by the Thai Institute of Directors Association (“IOD”).

### **Authorized Directors**

Any two of five directors, namely Mr. Soopakij Chearavanont, Mr. Suphachai Chearavanont, Mr. Chatchaval Jiaravanon, Prof. Athueck Asvanund, Mr. Vichaow Rakphongphairoj, jointly sign with the Company’s seal affixed. In case of signing the Financial Statements, certified letter of Financial Statements and other documents relating thereto, anyone of the above-mentioned five directors signs with the Company’s seal affixed.

### **Authority and Responsibilities of the Board of Directors**

- Oversee compliance of the conducting of the Company’s business with the applicable laws, objectives and Articles of Association of the Company and resolutions of shareholders’ meetings. In this regard, the Board shall perform their duty with prudence, due care, in good faith to preserve the interests of the Company and shareholders, and disclose information to the shareholders in an accurate, adequate, transparent and timely manner;
- approves visions, strategic, missions, business plans and financial target;
- evaluates the performance of the Company and the Chief Executive Officer (the “CEO”);
- ensures senior management succession;
- adopts policies regarding business ethics and codes of conduct, disclosure, related party transactions and insider trading, and monitors compliance with those policies adhering to moderation, reasonableness and self-immunity system;
- oversees compliance with accounting, risk management, financial and other controls and applicable laws;
- provides the process on receiving any complaints and information concerning fraud
- recommends to shareholders Board nominees.

With regard to the management of the Company, the Board of Directors has the authority to make any decision related to the Company’s regular operations except for matters that require the approval of the shareholder meeting as specified by law. In addition, the Board of Directors may grant authorization to one or more directors, or any other person, to perform any acts on its behalf. However, for any decision on major operations such as a major investment or a major loan procurement, the management team shall propose the said transactions to the Board of Directors for approval.



## 2. The Executive Officers

As of 31<sup>st</sup> December 2013, the Executive Officers<sup>1/</sup> of the Company are as follows:

Name		Position
1.	Mr. Suphachai Chearavanont	Director, President and Chief Executive Officer
2.	Prof. Athueck Asvanund	Vice Chairman and Group General Counsel
3.	Mr. Vichaow Rakphongphairoj <sup>2/</sup>	Director and Group Chief Operating Officer - Network Quality and Operation & Maintenance
4.	Mr. Chatchaval Jiaravanon	Director and Managing Director - Group Investment
5.	Mr. Noppadol Dej-Udom	Group Chief Financial Officer
6.	Mr. William Harris	Executive Director - International Business Development and Assistant to CEO
7.	Mr. Kachorn Chiaravanont	Group Executive Director - Corporate Affairs
8.	Mr. Thiti Nantapatsiri	Group Executive Director - Regulatory
9.	Mr. Adhiruth Thothaveesansuk <sup>2/</sup>	Managing Director - Mobile Business
10.	Mr. Songtham Phianpattanawit	Group Executive Director - Enterprise / Business Sector & International Services
11.	Mr. Anat Mekpaiboonvatana <sup>2/</sup>	Managing Director - Pay TV Business
12.	Mr. Chareon Limkangwanmongkol <sup>2/</sup>	Managing Director - Online Business
13.	Dr. Papon Ratanachaikanont <sup>2/</sup>	Group Chief Commercial - Sales & Retail
14.	Mr. Carl Goodier	Group Chief Customer Service Officer

Remark: <sup>1/</sup> The term “Executive Officers” refers to the notification of the Securities and Exchange Commission (the “SEC”) means the President; persons with managerial authority who are among the top four ranked individuals in the Company, after the President; and all other persons who occupy a position equivalent to a top four ranking.

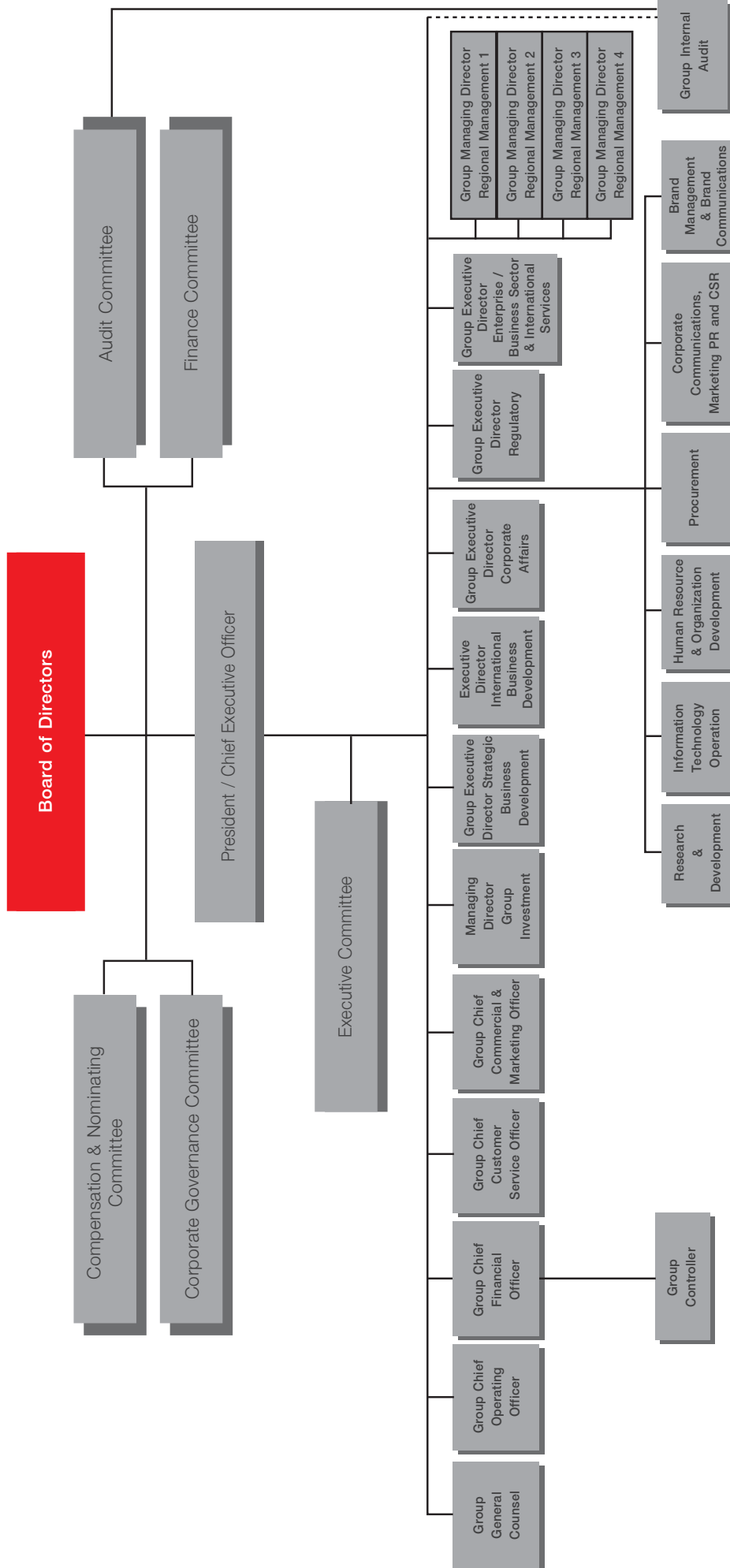
<sup>2/</sup> On 21<sup>st</sup> January 2014, the Company had re-organized its organization structure and appointed new executives. As a result, the management positions for five existing executives were changed as per the following details:

- |                                  |   |
|----------------------------------|---|
| 1. Mr. Vichaow Rakphongphairoj   | Director, Group Chief Operating Officer - Network Quality and Operation & Maintenance Broadband, Mobile, CATV |
| 2. Mr. Adhiruth Thothaveesansuk  | Group Managing Director - Regional Management 2   |
| 3. Mr. Anat Mekpaiboonvatana     | Group Managing Director - Regional Management 4   |
| 4. Mr. Charoen Limkangwanmongkol | Group Managing Director - Regional Management 3   |
| 5. Dr. Papon Ratanachaikanont    | Group Executive Director - Strategic Business Development and Executive Assistant to CEO                      |
- Moreover, there is one new appointed executive who is considered as an executive officer according to the notification of SEC
- |                          |   |
|--------------------------|---|
| Mr. Siripoj Kunakornphan | Group Managing Director - Regional Management 1 |
|--------------------------|---|

In this regard, all the Executive Officers have qualifications as prescribed by law and the Officers themselves are not forbidden individuals under the laws and shall not possess any untrustworthy characteristics under regulations of the SEC.



## Management Structure





## Authority and Responsibility of the CEO and President

The Chief Executive Officer (“CEO”) and President is the highest management position of the Company and appointed by the Board of Directors.

The relationship between the Board of Directors and the management is in the form of collaboration. The Board of Directors act as the regulator in terms of providing consultation, comments and suggestions to the management, as well as providing support to the operation of the Company’s business, and monitoring the management and the Company’s performance without interfering with the operation of the Company’s business. The CEO and President is responsible for implementing the Board of Directors’ policy, and managing and supervising the operation of the Company’s business in accordance with the Articles of Association of the Company, the shareholder’s resolutions, the Board of Directors’ resolutions, the Company’s business direction and relevant legislations.

The authority and responsibility of the CEO and President are as follows:

- Establish the business direction, mission, business plan and budget of the Company and submit to the Board of Directors for approval.
- Formulate business strategies and action plans for the Company according to the Company’s business direction and mission as approved by the Board of Directors.
- Ensure the strategic alignment of the Company and the effective implementation of the Company’s business plan.
- Direct, control and monitor the Company’s day-to-day business and risk management according to the Company’s business direction, business plan and budget as approved by the Board of Directors.
- Ensure that the Company conducts its business in accordance with relevant laws and regulations.
- Submit reports on the Company’s business activities and operating performance to the Board of Directors on a regular basis. If the Board of Directors provides comments or suggestions to management, the CEO and President will be responsible for executing those comments or suggestions in order to achieve an effective outcome.
- Has the power to engage in any contract or agreement and to approve any expenses as a delegation of authority as defined in the Company’s policy and guideline on Signing Authority. However, in the case of entering into any related party transaction or transaction which may have conflicts of interest with the Company or its subsidiaries, such transaction must be carried out according to relevant laws and regulations.
- Execute any other tasks assigned by the Board of Directors

## 3. Company Secretary

The Board of Directors appointed Mrs. Rangsinee Sujaritsunchai as a Company Secretary since 27<sup>th</sup> February 2009. The Company Secretary is responsible for providing advice on laws and regulations related to the Board, helping organize the Board’s activities, monitoring compliance with the Board’s resolutions and undertaking duties as prescribed in the Securities and Exchange Act B.E. 2535 and its amendment. The Company also disclosed information regarding the Company Secretary in the “Information of the Company Secretary”.

## 4. Remuneration of the Company’s Directors and the Executive Officers

### (1) Remuneration

#### (1.1) Remuneration of Directors

During 1<sup>st</sup> January - 31<sup>st</sup> December 2013, the 15 directors of the Company were remunerated Baht 27,600,000 details are as follows:



	Remuneration per person (Baht)	Total (Baht)
Group 1		
- Chairman Mr. Dhanin Chearavanont	3,600,000	
- Independent Directors who are also the Chairman of the Committee Mr. Vitthya Vejjajiva and Dr. Kosol Petchsuwan	3,600,000	
Total		10,800,000
Group 2		
- Independent Directors who are also Committee members Mr. Joti Bhokavanij	2,400,000	
Total		2,400,000
Group 3		
- Vice Chairman Dr. Ajva Taulananda and Professor Athueck Asvanund	1,800,000	
Total		3,600,000
Group 4		
- Independent Directors Mr. Harald Link and Professor Rawat Chamchalern	1,200,000	
- Directors Mr. Suphachai Chearavanont, Mr. Soopakij Chearavanont, Mr. Chatchaval Jiaravanon, Mr. Vichaow Rakphongphairoj, Mr. Umroong Sanphasitvong, Mr. Narong Chearavanont and Prof. Dr. Warapatr Todhanakasem	1,200,000	
Total		10,800,000
<b>Grand Total</b>		<b>27,600,000</b>

In addition, Mr. Joti Bhokavanij, Independent Director and Member of the Audit Committee of the Company, also holds a position of Director in two subsidiaries of the Company, as a representative of the Company's Audit Committee. He received remuneration from the Company's subsidiaries in 2013 as follows:

	Total remuneration (1 <sup>st</sup> Jan - 31 <sup>st</sup> Dec 2013)
1) Director of Bangkok Inter Teletech Public Company Limited	- Baht
2) Director of True Move Company Limited	<u>600,000</u> Baht
Total remuneration	<u>600,000</u> Baht

## (1.2) Remuneration of Executive Officers

The top 14 executives received remuneration totaling Baht 187.25 million for the year 2013 (January to December) comprising of salary, performance pay and other benefits.



## (2) Other Compensation

### (2.1) Provident Fund

The Company provides provident fund plan for its executives which requires the Company to make monthly contribution to the fund at 3-7% of the executives' salary. For 2013, the Company made contributions for 14 executive officers in the aggregate amount of Baht 9.64 million.

### (2.2) Employee Joint Investment Program Year 2014 - 2017 ("EJIP")

The Company has implemented the EJIP which is a long-term incentive plan with a period of 4 years (including Silent Period), starting from 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2017. Eligible executives must have working period until the initial contribution date of not less than 3 years. The Company will deduct from payroll of eligible employees who voluntarily joins the program at the rate of 5% of the employee base salary and the Company will contribute 10% of the employee base salary.

## 5. Personnel

As of 31<sup>st</sup> December 2013, the total number of employees was as follows:

Work Group and Classification	No. of Employees
Management	91
Service Area & Network Operation	1,122
Marketing & Sales	416
Information Technology	94
Customer Services	181
Finance & Accounting	110
Support	520
<b>Total</b>	<b>2,534</b>

Source: The Company

## Remuneration and Employee Benefits

### (1) Remuneration

- Monthly Salary
- Annual Performance Pay: between zero and 4 times the monthly salary, subject to the Company's performance and financial status.
- Retirement: the employee must be aged 60 years or can take early retirement with agreement between the Company and the employee. Severance pay will be paid accord to the labor law.

Since 1<sup>st</sup> January - 31<sup>st</sup> December 2013, the total remuneration for employees was approximately Baht 2,212.12 million comprising wages, salaries, social security fund, provident fund and other benefits.



## (2) Benefits

### ● Health Plans and Employee Welfare

- In-house clinic
- Annual Medical Check-up
- New Employees' Medical Check-up
- Group Health Insurance
- Group Accident Insurance
- Group Life Insurance
- Social Security Fund
- Provident Fund

### ● Annual Leave

The employee shall be entitled to paid annual leave of 10, 12 or 15 working days per calendar year dependent on the seniority of their position or their number of years of service as follows:

- Assistant Director or equivalent level and upwards: 15 working days
- Below Assistant Director or equivalent level:
  - a) Past probation to less than 3 years 10 working days
  - b) 3 years upwards to less than 5 years 12 working days
  - c) 5 years upwards 15 working days

## Employee Training and Development

The Company's focus on employee training and employee development led to the establishment of the "Learning & Development Center". The main objective of the Learning & Development Center is to build the employees' competence, which will be the cornerstone of individual and professional development and career opportunities for employees. The Learning & Development Center provides various learning options for the continual development of employees to help them fulfill their current assignments and achieve their career goals. People development will ultimately strengthen organizational performance.

The other major roles of the Learning & Development Center, beyond being an employee training and development programs provider, are those of change agent and business partner for every department.

The Learning & Development Center acts as the change agent by being the change facilitator, who supports the Company's new strategies and directions and encourages all employees to prepare themselves for more complicated challenges.

At the same time, the Learning & Development Center is a business partner for every department which works closely with them, designing and developing appropriate training and development programs to match each department's business roadmap and providing all necessary support.

Currently, the Learning & Development Center has developed Distance Learning via MPLS for employees who work outside Bangkok in order to add more learning channels to facilitate their sustainable and continual career development.

There are approximately 300 in-house training programs per year. In 2013, the total training manday is 36,000, with a budget of Baht 135 million. The core competency program includes courses such as the 4Cs, Corporate Culture, Effective Communication, Planning to Increase Work Efficiency and Effective Self Development.



In 2013, the Company emphasizes on Customer Centric Organization & High Productivity and leadership development according to the Leader Developing Leader Cascade Program with more than 3,500 participants. The executive development program includes courses such as Successful Communication, Problem Solving and Decision Making, Negotiation, Project Management, Risk Management, Financial Management and Sales & Service Management (Operation Management), etc. The core business, business and product development and new technologies program includes courses such as 3G, 4G Technology, GPRS & EDGE, Broadband Network, NGN Network & Application. Also, we provide a safety program for technicians and engineers. In the part of the commercial and customer service program for sales, customer service officers and technicians, there are courses such as True Product and Services, Professional Service Skill, Managing Your Image, Business Presentation, True Dialogue and Information Technology Training, both customer service systems and all supporting systems for the company including data communication network systems and information technology security systems.

Furthermore, the Learning & Development Center cooperates with the both public and private universities / academic institutes to provide courses in ICT and related technology, such as Master of Engineering in Enterprise Architecture with Mahidol University, Master of Business Administration in Retail Management with Assumption University, Master of Business Administration in Content Management and Value Creation with Bangkok University, and Bachelor of Business Administration in Customer Management with Suan Dusit Rajabhat University. In addition, the Learning & Development Center also arranges training for students, which we consider as a part of our Corporate Social Responsibility and Social Enterprise, in order to be a good model for the large enterprises to create value for our society and our country.



**Details of Directors, Executive Officers, Controlling Parties and Company Secretary (As of 31<sup>st</sup> December 2013)**

Name	Mr. Vitthya Vejjajiva
<b>Position</b>	Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance Committee
<b>Date of the First Appointment as a Director</b>	4 <sup>th</sup> January 1999
<b>Age (year)</b>	77
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	–
<b>Family Relationship</b>	–
<b>Education</b>	Master Degree of Laws, Harvard University, USA Master Degree of Arts, University of Cambridge, England Bachelor of Laws, University of Cambridge, England Barrister-at-law, Gray's Inn
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP)</li> <li>- Audit Committee Program (ACP)</li> <li>- Chairman 2000</li> </ul>
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1998-Present    Independent Director and Chairman of the Audit Committee, True Corporation Public Company Limited</p> <p>Present        Member of the Corporate Governance Committee, True Corporation Public Company Limited Independent Director and Member of the Audit Committee, Glow Energy Public Company Limited</p> <p>2002-Present   Independent Director and Chairman of the Audit Committee, Finansa Public Company Limited</p> <p><u>Non-listed Companies</u></p> <p>1998-Present   Chairman, K Line (Thailand) Company Limited and its subsidiaries</p> <p>1991-1992      Permanent Secretary of the Ministry of Foreign Affairs</p> <p>1988            Ambassador Extraordinary and Plenipotentiary of the United States of America</p> <p>1984            Ambassador Extraordinary and Plenipotentiary of Belgium and the European Community</p> <p>1981            Ambassador Extraordinary and Plenipotentiary of Canada</p> <p>1979            Director - General of Department of International Economic Affairs</p>



Name	Dr. Kosol Petchsuwan
<b>Position</b>	Independent Director, Member of the Audit Committee and Chairman of the Corporate Governance Committee
<b>Date of the First Appointment as a Director</b>	11 <sup>th</sup> February 1993
<b>Age (year)</b>	74
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	–
<b>Family Relationship</b>	–
<b>Education</b>	Doctor of Philosophy (Engineering), Imperial College London Bachelor of Engineering, Imperial College London
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP)</li> <li>- Director Certification Program (DCP)</li> <li>- Audit Committee Program (ACP)</li> <li>- Role of the Chairman Program (RCP)</li> </ul>
<b>Major Experience</b>	<ul style="list-style-type: none"> <li>- Financial Institutions Governance Program (FGP)</li> <li>- Finance for Non-Finance Directors (FND)</li> <li>- Monitoring Fraud Risk Management (MFM)</li> <li>- Monitoring of the Quality of Financial Reporting (MFR)</li> <li>- Monitoring the internal Audit Function (MIA)</li> <li>- Monitoring the system of Internal Control and Risk Management (MIR)</li> <li>- Chartered Director Class (R-CDC)</li> <li>- Audit Committee Effectiveness Seminar: What Works Best – Global Practices vs. Practices in Thailand</li> <li>- 2012 Theme: Innovative Approaches to Create Value for Business and Society</li> <li>- IOD Director Briefing 1/2013 Thailand's Economic Outlook 2013</li> <li>- IOD Tea Talk : “Effective Regulation and Corporate Governance in Asia”</li> <li>- The 2nd National Director Conference 2013 “Board Leadership Evolution”</li> </ul>
	<u>Companies Listed on the Stock Exchange of Thailand</u> Present Independent Director and Member of the Audit Committee, True Corporation Public Company Limited 2011-Present Chairman of the Corporate Governance Committee, True Corporation Public Company Limited
	<u>Non- listed Companies</u> 2004-Present Independent Director and Chairman of the Audit Committee, Industrial and Commercial Bank of China (Thai) Public Company Limited (Formerly named ACL Bank Public Company Limited) 2001-2009 Director, Mahidol Wittayanusorn School (Public Organization) 2001-2005 President, The Telecommunications Association of Thailand under Royal Patronage 2000-2001 Chairman, The Aeronautical Radio of Thailand Limited 1986-1992 Rector, King Mongkut's Institute of Technology Ladkrabang



Name	Mr. Joti Bhokavanij																								
Position	Independent Director, Member of the Audit Committee, Member of the Finance Committee and Member of the Compensation and Nominating Committee																								
Date of the First Appointment as a Director	22 <sup>nd</sup> December 1999																								
Age (year)	71																								
True Share Ownership 31 <sup>st</sup> December 2013	–																								
Family Relationship	–																								
Education	Fellow of the Association of Chartered Certified Accountants, England Programme for Management Development, Harvard Business School, USA Marketing Management Programme, Stanford University, Graduate School of Business, USA																								
Related training programs held by the Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP)</li> <li>- Chairman 2000</li> <li>- Director Certification Program (DCP)</li> <li>- IOD National Director Conference 2012 - Moving Corporate Governance Forward : Challenge for Thai Directors</li> </ul>																								
Major Experience	<ul style="list-style-type: none"> <li>- Monitoring the Quality of Financial Reporting (MFR)</li> <li>- Successful Formulation &amp; Execution of Strategy (SFE)</li> <li>- How to Measure the Success of Corporate Strategy (HMS)</li> <li>- Monitoring Fraud Risk Management (MFM)</li> <li>- Monitoring the Internal Audit Function (MIA)</li> <li>- Monitoring the System of Internal Control and Risk Management (MIR)</li> </ul> <p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td>1999-Present</td><td>Independent Director and Member of the Audit Committee, True Corporation Public Company Limited</td></tr> <tr> <td>Present</td><td>Member of the Finance Committee and Member of the Compensation and Nominating Committee, True Corporation Public Company Limited</td></tr> <tr> <td>2013-Present</td><td>Independent Director and Member of the Audit Committee, Siam Makro Public Company Limited</td></tr> <tr> <td>2012-Present</td><td>Independent Director and Member of the Audit Committee, Loxley Public Company Limited</td></tr> <tr> <td>2000-2001</td><td>Executive Chairman, TISCO Finance Public Company Limited (Presently known as TISCO Bank Public Company Limited)</td></tr> <tr> <td>1994-1997</td><td>President &amp; CEO, Thai Wah Group of Companies</td></tr> <tr> <td>1992-1994</td><td>Managing Director and Consul-General of Denmark for Bangkok, The East Asiatic (Thailand) Public Company Limited</td></tr> </table> <p><u>Non- listed Companies</u></p> <table> <tr> <td>2013-Present</td><td>Chairman, Bangkok Ranch Public Company Limited</td></tr> <tr> <td>2002-Present</td><td>Director, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited</td></tr> <tr> <td>1999-Present</td><td>Director, Kingfisher Holdings Limited</td></tr> <tr> <td>2009-Present</td><td>Director, Thai Smart Card Company Limited</td></tr> <tr> <td>2004-2006</td><td>Chief Executive Officer, ACL Bank Public Company Limited (Presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited)</td></tr> </table>	1999-Present	Independent Director and Member of the Audit Committee, True Corporation Public Company Limited	Present	Member of the Finance Committee and Member of the Compensation and Nominating Committee, True Corporation Public Company Limited	2013-Present	Independent Director and Member of the Audit Committee, Siam Makro Public Company Limited	2012-Present	Independent Director and Member of the Audit Committee, Loxley Public Company Limited	2000-2001	Executive Chairman, TISCO Finance Public Company Limited (Presently known as TISCO Bank Public Company Limited)	1994-1997	President & CEO, Thai Wah Group of Companies	1992-1994	Managing Director and Consul-General of Denmark for Bangkok, The East Asiatic (Thailand) Public Company Limited	2013-Present	Chairman, Bangkok Ranch Public Company Limited	2002-Present	Director, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited	1999-Present	Director, Kingfisher Holdings Limited	2009-Present	Director, Thai Smart Card Company Limited	2004-2006	Chief Executive Officer, ACL Bank Public Company Limited (Presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited)
1999-Present	Independent Director and Member of the Audit Committee, True Corporation Public Company Limited																								
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2009-Present	Director, Thai Smart Card Company Limited																								
2004-2006	Chief Executive Officer, ACL Bank Public Company Limited (Presently known as Industrial and Commercial Bank of China (Thai) Public Company Limited)																								



Name	Mr. Harald Link
Position	Independent Director
Date of the First Appointment as a Director	1 <sup>st</sup> March 2010
Age (year)	59
True Share Ownership 31 <sup>st</sup> December 2013	50,000 shares (0.00%)
Family Relationship	–
Education	MBA, St. Gallen University, Switzerland
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Mar 2010-Present    Independent Director, True Corporation Public Company Limited</p> <p>2000-Feb 2010      Director, True Corporation Public Company Limited</p> <p>1998-Present        Independent Director, Siam City Cement Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>2010-Present        Director, G&amp;L Beijer AB (Listed in the Stock Market of Sweden)</p> <p>1987-Present        Chairman, B. Grimm Group of Companies</p>



Name	Prof. Rawat Chamchalerm												
Position	Independent Director												
Date of the First Appointment as a Director	1 <sup>st</sup> March 2010												
Age (year)	69												
True Share Ownership 31 <sup>st</sup> December 2013	54,435 shares (0.00%)												
Family Relationship	–												
Education	Master Degree of Laws, Chulalongkorn University Bachelor of Laws, Thammasat University Barrister at Law, Thai Bar Association Special Certificate: National Defence College, Joint Public-Private Course (Class 1)												
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP)												
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td>Mar 2010-Present</td><td>Independent Director, True Corporation Public Company Limited</td></tr> <tr> <td>Present</td><td>Independent Director, Serm Suk Public Company Limited Chairman of the Board, Sino-Thai Engineering and Construction Public Company Limited</td></tr> <tr> <td>2004-2006</td><td>Chairman and Independent Director, MCOT Public Company Limited</td></tr> <tr> <td>2003-2005</td><td>Director, Krung Thai Bank Public Company Limited Legal Counsel, Thai Airways International Public Company Limited</td></tr> </table> <p><u>Non- listed Companies</u></p> <table> <tr> <td>Present</td><td>Vice Chairman, Don Muang Tollway Public Company Limited Vice Chairman, Siam City Leasing Factoring Public Company Limited Adjunct Professor, Faculty of Law, Chulalongkorn University Adjunct Professor, Institute of Legal Education Thai Bar Association Adjunct Professor, Master Degree, Mahidol University Adjunct Professor, Doctoral, Bangkokthonburi University Adjunct Professor, Faculty of Law, Mae Fah Luang University</td></tr> <tr> <td>2002-Present</td><td>Expert Member, Board of Special Case, Department of Special Investigation (DSI) Director, The Officer of Board of Royal Thai Police Expert Director, Ministry of Public Health Expert Director, Ministry of Agriculture and Cooperatives</td></tr> </table>	Mar 2010-Present	Independent Director, True Corporation Public Company Limited	Present	Independent Director, Serm Suk Public Company Limited Chairman of the Board, Sino-Thai Engineering and Construction Public Company Limited	2004-2006	Chairman and Independent Director, MCOT Public Company Limited	2003-2005	Director, Krung Thai Bank Public Company Limited Legal Counsel, Thai Airways International Public Company Limited	Present	Vice Chairman, Don Muang Tollway Public Company Limited Vice Chairman, Siam City Leasing Factoring Public Company Limited Adjunct Professor, Faculty of Law, Chulalongkorn University Adjunct Professor, Institute of Legal Education Thai Bar Association Adjunct Professor, Master Degree, Mahidol University Adjunct Professor, Doctoral, Bangkokthonburi University Adjunct Professor, Faculty of Law, Mae Fah Luang University	2002-Present	Expert Member, Board of Special Case, Department of Special Investigation (DSI) Director, The Officer of Board of Royal Thai Police Expert Director, Ministry of Public Health Expert Director, Ministry of Agriculture and Cooperatives
Mar 2010-Present	Independent Director, True Corporation Public Company Limited												
Present	Independent Director, Serm Suk Public Company Limited Chairman of the Board, Sino-Thai Engineering and Construction Public Company Limited												
2004-2006	Chairman and Independent Director, MCOT Public Company Limited												
2003-2005	Director, Krung Thai Bank Public Company Limited Legal Counsel, Thai Airways International Public Company Limited												
Present	Vice Chairman, Don Muang Tollway Public Company Limited Vice Chairman, Siam City Leasing Factoring Public Company Limited Adjunct Professor, Faculty of Law, Chulalongkorn University Adjunct Professor, Institute of Legal Education Thai Bar Association Adjunct Professor, Master Degree, Mahidol University Adjunct Professor, Doctoral, Bangkokthonburi University Adjunct Professor, Faculty of Law, Mae Fah Luang University												
2002-Present	Expert Member, Board of Special Case, Department of Special Investigation (DSI) Director, The Officer of Board of Royal Thai Police Expert Director, Ministry of Public Health Expert Director, Ministry of Agriculture and Cooperatives												



## Prof. Rawat Chamchalerm (Continued)

2002-Present	Director, Thai National Food Commission Executive Director, National Science and Technology Development Agency Chairman of the Ethics Committee, National Bureau of Agricultural Commodity and Food Standards
2001-Present	Director, Board of Directors on Disclosure of Information Member of the Council of State, Office of the Council of State
1995-Present	Director, National Olympic Committee of Thailand
2003-2004	Vice Chairman, Thai Bar Association Attorney General, Office of the Attorney General
2001-2004	Director, Government Pension Fund
2000-2003	Deputy Attorney General, Office of the Attorney General
2002-2004	Chairman and Independent Director, The Mass Communication Organization of Thailand
2000-2002	Board of Director, The Mass Communication Organization of Thailand
1996-2000	Director General, Technical Affairs Department, Office of the Attorney General
2000-2006	Director, Provincial Waterworks Authority
1996-2009	Director, Saengchai Sunthornwat Foundation
1987-1993	Legal Adviser, Commander of the Royal Thai Army Legal Adviser, Supreme Commander
1993-1996	Director, The Communications Authority of Thailand (Presently known as CAT Telecom Public Company Limited)
1985-1997	Director, Metropolitan Waterworks Authority



Name	Mr. Dhanin Chearavanont
Position	Chairman of the Board and Chairman of the Compensation and Nominating Committee
Date of the First Appointment as a Director	11 <sup>th</sup> February 1993
Age (year)	74
True Share Ownership 31 <sup>st</sup> December 2013	–
Family Relationship	Mr. Soopakij's, Mr. Narong's and Mr. Suphachai's father
Education	Commercial School Hong Kong Shantou Secondary School The People's Republic of China The National Defence College of Thailand
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present      Chairman of the Board and Chairman of the Compensation and Nominating Committee, True Corporation Public Company Limited Chairman, Charoen Pokphand Foods Public Company Limited Chairman, CP All Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present      Honorary Chairman, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited Director, Telecom Holding Company Limited Chairman and Chief Executive Officer, Charoen Pokphand Group Company Limited and its subsidiaries</p>



Name	Dr. Ajva Taulananda												
<b>Position</b>	Vice Chairman, Chairman of the Finance Committee and Member of the Corporate Governance Committee												
<b>Date of the First Appointment as a Director</b>	11 <sup>th</sup> February 1993												
<b>Age (year)</b>	75												
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	–												
<b>Family Relationship</b>	–												
<b>Education</b>	Honorary Doctorate of Management, The University of Thai Chamber of Commerce Honorary Doctorate of Engineering, Ramkhamhaeng University Honorary Doctorate of Engineering, Chulalongkorn University Doctorate of Industrial Engineering and System, Illinois Institute of Technology, USA Master Degree of Industrial Engineering, Iowa State of University, USA Bachelor of Industrial Engineering, Chulalongkorn University Special Certificate: Public – Private joint defence curriculum, Class 1, The National Defence College of Thailand												
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	<ul style="list-style-type: none"> <li>- Director Accreditation Program (DAP)</li> <li>- Chairman 2000</li> <li>- Director Certification Program (DCP)</li> </ul>												
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td data-bbox="569 1279 740 1308">Present</td><td data-bbox="740 1279 1445 1420">Vice Chairman, True Corporation Public Company Limited Chairman of the Finance Committee and Member of the Corporate Governance Committee, True Corporation Public Company Limited</td></tr> <tr> <td data-bbox="569 1420 740 1449">1993-1999</td><td data-bbox="740 1420 1445 1449">Director and President, True Corporation Public Company Limited</td></tr> </table> <p><u>Non- listed Companies</u></p> <table> <tr> <td data-bbox="569 1532 740 1561">1992-Present</td><td data-bbox="740 1532 1445 1561">Vice Chairman, Charoen Pokphand Group</td></tr> <tr> <td data-bbox="569 1561 740 1590">2001-2004</td><td data-bbox="740 1561 1445 1635">Chairman, Thai Chamber of Commerce and Board of Trade of Thailand</td></tr> <tr> <td data-bbox="569 1635 740 1664">1991-1992</td><td data-bbox="740 1635 1445 1664">Deputy Minister, Ministry of Agriculture and Cooperatives</td></tr> <tr> <td data-bbox="569 1664 740 1693">Present</td><td data-bbox="740 1664 1445 1868">Director, Subsidiaries of True Corporation Public Company Limited Chairman, Board of Trustee of Thailand Management Association Director, Office of the National Economic and Social Development Board</td></tr> </table>	Present	Vice Chairman, True Corporation Public Company Limited Chairman of the Finance Committee and Member of the Corporate Governance Committee, True Corporation Public Company Limited	1993-1999	Director and President, True Corporation Public Company Limited	1992-Present	Vice Chairman, Charoen Pokphand Group	2001-2004	Chairman, Thai Chamber of Commerce and Board of Trade of Thailand	1991-1992	Deputy Minister, Ministry of Agriculture and Cooperatives	Present	Director, Subsidiaries of True Corporation Public Company Limited Chairman, Board of Trustee of Thailand Management Association Director, Office of the National Economic and Social Development Board
Present	Vice Chairman, True Corporation Public Company Limited Chairman of the Finance Committee and Member of the Corporate Governance Committee, True Corporation Public Company Limited												
1993-1999	Director and President, True Corporation Public Company Limited												
1992-Present	Vice Chairman, Charoen Pokphand Group												
2001-2004	Chairman, Thai Chamber of Commerce and Board of Trade of Thailand												
1991-1992	Deputy Minister, Ministry of Agriculture and Cooperatives												
Present	Director, Subsidiaries of True Corporation Public Company Limited Chairman, Board of Trustee of Thailand Management Association Director, Office of the National Economic and Social Development Board												



Name	Prof. Athueck Asvanund*
Position	Vice Chairman and Group General Counsel
Date of the First Appointment as a Director	22 <sup>nd</sup> August 1997
Age (year)	62
True Share Ownership 31 <sup>st</sup> December 2013	1,875,000 shares (0.01%)
Family Relationship	–
Education	Master Degree of Laws, specialized in International Legal Studies, New York University, USA Bachelor of Laws (Honours), Thammasat University
Training	Capital Market Academy Leader Program
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1997-Present Vice Chairman and Group General Counsel, True Corporation Public Company Limited Advisor to the Board of Directors, CP All Public Company Limited</p> <p>Aug-Dec 2011 Independent Director, Thoresen Thai Agencies Public Company Limited</p> <p>2008-Feb 2009 Company Secretary, True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>1997-Present Vice Chairman and Group General Counsel, Subsidiaries of True Corporation Public Company Limited Group General Counsel, Charoen Pokphand Group Company Limited and its subsidiaries Director, True Visions Public Company Limited and its subsidiaries</p> <p>2002-Present Director, True Move Company Limited</p> <p>2001-2006 Associate Judge, Central Intellectual Property and International Trade Court</p> <p>1978-1997 Baker &amp; McKenzie</p> <p>Present Part-time Lecturer, Business Law, Faculty of Law, Chulalongkorn University</p>

\* Authorized Signatory



Name	Prof. Dr. Warapatr Todhanakasem														
<b>Position</b>	Director and Member of the Finance Committee														
<b>Date of the First Appointment as a Director</b>	1 <sup>st</sup> March 2012														
<b>Age (year)</b>	64														
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	–														
<b>Family Relationship</b>	–														
<b>Education</b>	<p>Ph.D. in Business Economics, University of Illinois, Urbana-Champaign, USA  M.S. in Economics, University of Illinois, Urbana-Champaign, USA  M.B.A. in Finance, Kellogg School of Management, Northwestern University, Evanston, Illinois, USA  B.Econ. (1<sup>st</sup> Class Honor), Thammasat University  LL.B., Thammasat University</p>														
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP)</li> <li>- Director Accreditation Program (DAP)</li> <li>- The Role of Chairman (RCM)</li> <li>- Role of the Compensation Committee (RCC)</li> </ul>														
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td>2012-Present</td><td>Director, True Corporation Public Company Limited</td></tr> <tr> <td>2010-Present</td><td>Independent Director, Khon Kaen Sugar Industry Public Company Limited</td></tr> <tr> <td>2009-Present</td><td>Management Consultants, Amata Corporation Public Company Limited Chairman and Independent Director, Prinsiri Public Company Limited</td></tr> </table> <p><u>Non-listed Companies</u></p> <table> <tr> <td>June 2012 - Present</td><td>Director, Institute of Research and Development for Public Enterprises of Thailand (IRDP)</td></tr> <tr> <td>2012-Present</td><td>Member of Sub-Committee on Performance Assessment of Electricity Development Funds, The Office of the Energy Regulatory Commission of Thailand</td></tr> <tr> <td>2010-Present</td><td>Chairman, Pantavanij Company Limited Member of the Audit Committee, Ministry of Transportation Arbitrator, The Securities and Exchange Commission Expert Director, Faculty of Commerce and Accountancy, Thammasat University</td></tr> <tr> <td>2007-Present</td><td>Arbitrator, The Securities and Exchange Commission</td></tr> </table>	2012-Present	Director, True Corporation Public Company Limited	2010-Present	Independent Director, Khon Kaen Sugar Industry Public Company Limited	2009-Present	Management Consultants, Amata Corporation Public Company Limited Chairman and Independent Director, Prinsiri Public Company Limited	June 2012 - Present	Director, Institute of Research and Development for Public Enterprises of Thailand (IRDP)	2012-Present	Member of Sub-Committee on Performance Assessment of Electricity Development Funds, The Office of the Energy Regulatory Commission of Thailand	2010-Present	Chairman, Pantavanij Company Limited Member of the Audit Committee, Ministry of Transportation Arbitrator, The Securities and Exchange Commission Expert Director, Faculty of Commerce and Accountancy, Thammasat University	2007-Present	Arbitrator, The Securities and Exchange Commission
2012-Present	Director, True Corporation Public Company Limited														
2010-Present	Independent Director, Khon Kaen Sugar Industry Public Company Limited														
2009-Present	Management Consultants, Amata Corporation Public Company Limited Chairman and Independent Director, Prinsiri Public Company Limited														
June 2012 - Present	Director, Institute of Research and Development for Public Enterprises of Thailand (IRDP)														
2012-Present	Member of Sub-Committee on Performance Assessment of Electricity Development Funds, The Office of the Energy Regulatory Commission of Thailand														
2010-Present	Chairman, Pantavanij Company Limited Member of the Audit Committee, Ministry of Transportation Arbitrator, The Securities and Exchange Commission Expert Director, Faculty of Commerce and Accountancy, Thammasat University														
2007-Present	Arbitrator, The Securities and Exchange Commission														



Experience

- President, TRIS Corporation Limited (TRIS)
- President, TRIS Rating Company Limited
- First Senior Vice President, Kasikorn Bank Public Company Limited
- Member of Committee on Drafting Securitization Act, Ministry of Finance
- Member of Committee on Independent Supervisory Agencies Bureau of State Enterprises and Government Securities, Ministry of Finance
- Member of Search Committee for Managing Director, The Stock Exchange of Thailand
- Member of Corporate Governance Promotion Sub-Committee, The Stock Exchange of Thailand
- Member of Committee on Manpower Management in Public Sector, The Office of the Civil Service Commission
- External Quality Assessor, The Office for National Education Standards and Quality Assessment (Public Organization)
- Chairman of Executive MBA Program, Thammasat University
- Member of Committee on Development of Corporate Governance Course, Faculty of Commerce and Accountancy, Thammasat University
- Expert Member, Education Quality Assurance National Institute of Development Administration



Name	Mr. Umroong Sanphasitvong
<b>Position</b>	Director, Member of the Finance Committee and Member of the Compensation and Nominating Committee
<b>Date of the First Appointment as a Director</b>	16 <sup>th</sup> November 2001
<b>Age (year)</b>	61
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	718,800 shares (0.00%)
<b>Family Relationship</b>	–
<b>Education</b>	Master Degree of Accounting, Thammasat University Bachelor of Accounting, Thammasat University
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP)</li> <li>- IOD National Director Conference 2012 – Moving Corporate Governance Forward : Challenge for Thai Directors</li> </ul>
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2001-Present    Director, True Corporation Public Company Limited</p> <p>Present        Member of the Finance Committee and Member of the Compensation and Nominating Committee, True Corporation Public Company Limited</p> <p>Director, CP All Public Company Limited</p> <p>Director, Allianz C.P. General Insurance Public Company Limited</p> <p>Director, Siam Makro Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present        Deputy Group CFO, Charoen Pokphand Group Company Limited</p> <p>Director, CPPC Public Company Limited</p> <p>Director, VinaSiam Bank</p> <p>Director, C.P. Lotus Corporation</p> <p>Director, Thai Smart Card Company Limited</p> <p>Director, Grand River Place Corporation Company Limited</p> <p>Director, Grand River Front Corporation Company Limited</p> <p>Director, Grand River Park Corporation Company Limited</p> <p>Director, True Leasing Company Limited</p> <p>Director, Wire &amp; Wireless Company Limited</p> <p>Director, True Money Company Limited</p> <p>Director, True Lifestyle Retail Company Limited</p> <p>Director, True Properties Company Limited</p> <p>Director, True Digital Content and Media Company Limited</p> <p>Director, True Digital Plus Company Limited</p>



Name	Mr. Vichaow Rakphongphairoj*
Position	Director and Group Chief Operating Officer Network Quality and Operation & Maintenance
Date of the First Appointment as a Director	30 <sup>th</sup> November 2000
Age (year)	56
True Share Ownership 31 <sup>st</sup> December 2013	303,000 shares (0.00%)
Family Relationship	–
Education	Master Degree of Business Administration Pepperdine University, USA Master Degree of Electrical Engineering University of Wisconsin, USA Bachelor of Electrical Engineering Arizona State University, USA
Training	Senior Executives on Justice Administration Program (No. 15) Capital Market Academy Leader Program (No. 14)
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Certification Program (DCP No. 16)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>True Corporation Public Company Limited</p> <p>2012-Present     Director and Group Chief Operating Officer – Network Quality and Operation and Maintenance</p> <p>2000-2012     Director, Managing Director and Group Chief Operating Officer - Network Quality and Operation &amp; Maintenance</p> <p>1998-2000     E.V.P., Business &amp; Enterprise</p> <p>1997-1998     E.V.P., Central Operation &amp; Information Technology</p> <p>1996-1997     Region Director, Bangkok-Southeast Region</p> <p>1995-1996     Region Director, Bangkok-West Region</p> <p><u>Non-listed Companies</u></p> <p>Present     Chairman of Executive Committee, Pantavanij Company Limited</p> <p>Chairman of Executive Committee, Freewill Solutions Company Limited</p> <p>President, True Universal Convergence Company Limited</p> <p>President, Asia Infonet Company Limited</p> <p>Director, Telecom Holding Company Limited</p> <p>Director, K.I.N. (Thailand) Company Limited</p> <p>Director, True Information Technology Company Limited</p> <p>Director, True Touch Company Limited</p> <p>Director, Asia DBS Public Company Limited</p> <p>Director, Bangkok Inter Teletech Public Company Limited</p> <p>Director, True Move Company Limited</p> <p>Director, Thai Smart Card Company Limited</p> <p>Director, Cineplex Company Limited</p> <p>Director, Real Future Company Limited</p> <p>Director, True Visions Group Company Limited</p> <p>Director, Telecom Asset Management Company Limited</p>

\* Authorized Signatory



Name	Mr. Chatchaval Jiaravanon*
Position	Director and Managing Director – Group Investment
Date of the First Appointment as a Director	11 <sup>th</sup> February 1993
Age (year)	51
True Share Ownership 31 <sup>st</sup> December 2013	–
Family Relationship	–
Education	Bachelor of Business Administration University of Southern California, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>1993-Present    Director and Managing Director-Group Investment, True Corporation Public Company Limited</p> <p>2013-Present    Director, SVI Public Company Limited</p> <p>2001-Present    Independent Director and Member of the Audit Committee, Ticon Industrial Connection Public Company Limited</p> <p>2007-Present    Chairman of Board and Chairman of the Executive Board, Finansia Syrus Securities Public Company Limited</p> <p>2005-2013       Director, Amanah Leasing Public Company Limited</p> <p>2000-Present    Director, AEON Thana Sinsap (Thailand) Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>2000-Present    President and CEO, Telecom Holding Company Limited</p> <p>1997-Present    CEO, True Multimedia Company Limited, True Internet Company Limited and Asia Infonet Company Limited</p> <p>2006-Present    Chairman, Thai Kodama Company Limited</p> <p>1992-2005       Director, Thai Kodama Company Limited</p> <p>1990-Present    Director, Metro Machinery Company Limited</p> <p>Present          Director, Subsidiaries of True Corporation Public Company Limited</p>

\* Authorized Signatory



Name	Mr. Soopakij Chearavanont*
Position	Director and Member of the Compensation and Nominating Committee
Date of the First Appointment as a Director	11 <sup>th</sup> February 1993
Age (year)	50
True Share Ownership 31 <sup>st</sup> December 2013	1,403,000 shares (0.01%)
Family Relationship	Mr. Dhanin's son, Mr. Narong's and Mr. Suphachai's elder brother
Education	Bachelor of Science Degree in the College of Business and Public Administration of New York University, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP) 92/2011
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present      Director and Member of the Compensation and Nominating Committee, True Corporation Public Company Limited  Director, C.P. All Public Company Limited  Director, Siam Makro Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present      Chief Executive Officer, UTV Cable Network Public Company Limited  Executive Vice Chairman, Charoen Pokphand Group Company Limited  Chairman, True Visions Public Company Limited  Chairman, True Visions Cable Public Company Limited  Executive Chairman, Telecom Holding Company Limited  Chairman, Chia Tai Land Holding Company Limited  Chairman, Chia Tai Land Property Management Company Limited  Chairman, Chia Tai Real Estate Group Company Limited  Chairman, Chia Tai Lotus (Shanghai) Company Limited  Chairman, Fortune Leasing Company Limited  Chairman, Mass Gain Investment Limited  Chairman, Beijing Lotus Supermarket Chain Store Company Limited  Chairman, SM True Company Limited  Co-Chairman, Shanghai Kinghill Limited – Super Brand Mall  Chief Executive Officer &amp; Executive Vice Chairman, Marketing and Distribution Business (China), Charoen Pokphand Group Company Limited  Chief Executive Officer, Real Estate &amp; Land Development Business (China), Charoen Pokphand Group Company Limited  Executive Chairman &amp; Chief Executive Officer, C.P. Lotus Corporation  Executive Vice Chairman &amp; Chief Executive Officer, Shanghai Lotus Supermarket Chain Store Company Limited  Vice Chairman, Marketing and Distribution Business (Thailand), Charoen Pokphand Group Company Limited  Vice Chairman, Real Estate and Land Development Business (Thailand), Charoen Pokphand Group Company Limited  Vice Chairman, Telecommunication Business, Charoen Pokphand Group Company Limited</p>

\* Authorized Signatory



Vice Chairman, Automotive Industrial Business (China), Charoen Pokphand Group Company Limited  
 Vice Chairman, Chia Tai Trading (Beijing) Company Limited  
 Vice Chairman, Chia Tai Vision Limited  
 Vice Chairman, Chia Tai International Finance Company Limited  
 Vice Chairman, Shanghai Fortune World Development Company Limited  
 Director, Chia Tai Development Investment Company Limited  
 Director, Chia Tai Group Company Limited  
 Director, CP Pokphand Company Limited  
 Director, True Move Company Limited  
 Director, Fortune Shanghai Limited  
 Director, Lotus-CPF (PRC) Investment Company Limited  
 Director, Ping An Insurance (Group) Company of China Limited

Community Service

2013 Advisor to Minister of Culture  
 Advisor to the Deputy Minister of Defence  
 2012 Expert to the Committee on Labour and Social Welfare Group  
 2011 Vice Chairman of Youth Committee of China Overseas Chinese Investment Enterprises Association  
 2010 Chairman of China Thailand Chamber of Commerce  
 2009 Committee Members of The Build Foundation  
 Advisor to the Committee on Education, The House of Representatives  
 Advisor to Minister of Culture  
 2008 Honorary Consul of the Russian Federation for the provinces of Phuket, Krabi and Phang-nga  
 Committeeman of Chinese People's Government Consultant Committee - Wuhan Province No. 10th  
 2006 Award of Bai Yu Lan from Shanghai Government  
 Member of Fudan Incentive Management Fund Committee of Fudan University  
 Management Committee of Chia Tai International Center of Peking University  
 Advisor of the Standing Committee on Public Health, The House of Representatives  
 2005 Member of Young Thai Entrepreneurs Association (YTEA)  
 Vice President of Thai-Chinese Promotion of Investment and Trade Association  
 2004 Committee on Cultural Promotion Fund of Office of The National Cultural Commission  
 Vice President of Thailand Equestrian Federation  
 2002 Member of Young Thai Entrepreneurs Assembly  
 Vice Chairman of Thailand-China Business Council  
 1995 Honorary Advisor to the Senate Standing Committee on Sports, The House of Representatives  
 1993 Member of Thai-Chinese Culture And Economy Association  
 Committee on Children Youth, Women and The Elderly

Royal Decorations

2012 Companion (Fourth Class) of the Most Exalted Order of the White Elephant  
 2010 Companion (Fourth Class) of the Most Noble Order of the Crown of Thailand  
 2008 Companion (Fifth Class) of the Most Exalted Order of the White Elephant

\* Authorized Signatory



Name	Mr. Narong Chearavanont
Position	Director
Date of the First Appointment as a Director	29 <sup>th</sup> April 2008
Age (year)	49
True Share Ownership 31 <sup>st</sup> December 2013	161,577 shares (0.00%)
Family Relationship	Mr. Dhanin's son, Mr. Soopakij's younger brother and Mr. Suphachai's elder brother
Education	Honorary Doctor of Business Administration Program, Ramkhamhaeng University Bachelor of Science, Major Business Administration, New York University, USA Advance Management Program: Transforming Proven Leaders into Global Executives, Harvard Business School, Harvard University
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP) (2550)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2008-Present      Director, True Corporation Public Company Limited</p> <p>2013-Present      Director, Siam Makro Public Company Limited</p> <p>1999-Present      Director, CP All Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>2013-Present      Director, Shanghai Yilian Supermarket Company Limited Director, Shanghai Ailian Supermarket Company Limited Director, Shanghai Songlian Supermarket Company Limited Director, Wenzhou Yichu Ailian Supermarket Company Limited</p> <p>2012-Present      Director, Shanghai Cailian Supermarket Company Limited Director, Nantung Tonglian Supermarket Company Limited Director, Kunshan Tailian Supermarket Company Limited Director, C.P. Zonglian (Shanghai) Management Company Limited Chief Executive Officer, Shanghai Litai Logistics Company Limited Director, Shantou Lotus Supermarket Chain Store Co., Ltd. Director, Guangzhou Lotus Supermarket Chain Store Co., Ltd. Director, Beijing Lotus Supermarket Chain Store Co., Ltd Vice Chairman, CP Food Product (Shanghai) Co., Ltd.</p> <p>2011-Present      Director, Chia Tai Qingdao Holdings (Hongkong) Limited Director, Chia Tai Xiangyang Holdings (Hongkong) Limited Director, Chia Tai Qingdao Holdings Limited Director, Chia Tai Xiangyang Holdings Limited Director, Grand River Park Company Limited Director, Grand River Place Company Limited Director, Grand River Front Company Limited Vice Chairman, SM True Company Limited Senior Executive Assistant to Chairman, Charoen Pokphand Group "Global Talent Recruitment"</p>



Mr. Narong Chearavanont (Continued)

2010-Present	President, CP Corporate University Vice Chairman, Panther Entertainment Company Limited Vice Chairman, Marketing and Distribution Business (Thailand) Vice Chairman, Marketing and Distribution Business (China) Vice Chairman, Real Estate & Land Development Business (China) Vice Chairman, Shanghai Kinghill Limited Vice Chairman, CP Lotus Corporate Management Company Limited
2009-Present	Director, True Visions Cable Public Company Limited Director, Cineplex Company Limited Director, Satellite Service Company Limited Director, Wuxi Ailian Supermarket Chain Store Company Limited Director, Wuxi Yilian Supermarket Company Limited Director, Taizhou Yilian Supermarket Company Limited Director, Hefei Ailian Supermarket Company Limited Director, Changsha Chulian Supermarket Co., Ltd. Director, Wuhan Yichu Ailian Supermarket Co., Ltd. Director, Changsha Ailian Supermarket Company Limited Director, Guangzhou Lotus Supermarket Chain Store Company Limited
2008-Present	Director, CPPC Company Limited Director, True Visions Public Company Limited Director, Beston Action Utility Wear (Lianyungang) Company Limited Director, Jiangsu CP Lotus Supermarket Chain Store Company Limited Director, Beijing CP Lotus Supermarket Chain Store Company Limited Director, Zhejiang CP Trading Company Limited Director, Foshan C.P. Lotus Management Consulting Company Limited
2007-Present	Executive Vice Chairman, CP Lotus Corporation Company Limited Executive Vice Chairman, Chia Tai (China) Investment Company Limited
2007-2010	Executive Director, C.P. Pokphand Company Limited
2005-Present	Director, Qingdao Lotus Supermarket Company Limited
2004-Present	Director, Xi'an Lotus Supermarket Chain Store Company Limited Director, Shantou Lotus Supermarket Chain Store Company Limited
2003-Present	Director, Tai'an Lotus Supermarket Chain Store Company Limited Director, Beijing Lotus Supermarket Chain Store Company Limited
2002-Present	Director, Business Development Bank
2001-Present	Director, Yangtze Supermarket Investment Company Limited Director, Wuhan Lotus Supermarket Chain Store Company Limited
2000-Present	Director, Shanghai Lotus Supermarket Chain Store Company Limited
1997	President, Ek-Chor Trading (Shanghai) Co., Ltd.
1995-1997	President, Ek-Chor Distribution (Thailand) Co., Ltd.



Name	Mr. Suphachai Chearavanont*
Position	Director, President and Chief Executive Officer
Date of the First Appointment as a Director	11 <sup>th</sup> February 1993
Age (year)	46
True Share Ownership 31 <sup>st</sup> December 2013	4,279,439 shares (0.03%)
Family Relationship	Mr. Dhanin's son, Mr. Soopakij's and Mr. Narong's younger brother
Education	Bachelor of Business Administration in Financial Management Boston University, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Accreditation Program (DAP) 92/2011
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>True Corporation Public Company Limited</p> <p>1999-Present    President and Chief Executive Officer</p> <p>1997              Senior Executive Vice President</p> <p>1996              Executive Vice President, Business Operations</p> <p>1995              General Manager, East Region</p> <p>1994              Senior Vice President, Planning and Project Coordination &amp; Support</p> <p>1993              Vice President, the Operation Room</p> <p>1992              Senior Officer, the President's Office</p> <p><u>Non-listed Companies</u></p> <p>2006-Present    Chief Executive Officer, True Visions Public Company Limited</p> <p>2002-Present    Chief Executive Officer, True Move Company Limited</p> <p>2000-Present    Chairman, Freewill Solutions Company Limited</p> <p>1999-Present    Chairman, Wire &amp; Wireless Company Limited</p> <p>2001-2010       Chairman, Pantavanij Company Limited</p> <p>1996              President, Asia Multimedia Company Limited</p> <p>1995              Chief Operating Officer, True Visions Cable Public Company Limited</p> <p>                     Managing Director, Wire &amp; Wireless Company Limited</p> <p>1991              2 Years with Vinythai Company Limited</p> <p>1990              1 Year with Soltex Federal Credit Union, USA</p> <p>1989              1 Year with Siam Makro Company Limited</p> <p><u>Directorships</u></p> <ul style="list-style-type: none"> <li>- True Corporation Public Company Limited</li> <li>- True Move Company Limited</li> <li>- True Visions Public Company Limited</li> <li>- Other subsidiaries of True Corporation Public Company Limited</li> <li>- Pantavanij Company Limited</li> </ul>

\* Authorized Signatory



Mr. Suphachai Chearavanont\* (Continued)

Directorships

- CPPC Public Company Limited
- C.P. Lotus Corporation
- Asia Freewill Company Limited
- Freewill Solutions Company Limited
- C.P. Pokphand Company Limited

Social Contributions & Other Experience

2010-Present	Director and Advisor of Master of Science Program and Doctor of Philosophy Program in Technopreneurship and Innovation Management (TIP), Chulalongkorn University
2010-2011	Director of The National Electronics and Computer Technology Center
2010-Present	Advisor to Executive Chairman of Rajaprajanugroh Foundation Director of Ramathibodi Foundation The Bangkok Art and Culture Centre Foundation Committee
2009-Present	Board Member of Board of Trustees, Bangkok University
2008-2009	Member of Fund Raising and Public Relations Committee for the Construction of a Medical Facility in Honor of HM the King and the Purchase of Medical Equipments
2008-Present	Member of Management Committee on Nation-wide Strategic Approach Eye Provisioning Project
2006-Present	Chairman of the Sub Committee for Fund Raising Thai Red Cross Eye Bank Member of the Thai Red Cross Eye Bank Committee
1999-Present	Director & Advisor of the Telecommunications Association of Thailand under the Royal Patronage (TCT)
2005-2007	Member of the Listed Companies Association (LCA)

\* Authorized Signatory



Name	Mr. Noppadol Dej-Udom
Position	Group Chief Financial Officer
Date of Appointment	1 <sup>st</sup> January 2008
Age (year)	46
True Share Ownership 31 <sup>st</sup> December 2013	756,773 shares (0.00%)
Family Relationship	–
Education	Master Degree in Business Administration, Sasin Graduate Institute of Business Administration of Chulalongkorn University Bachelor Degree in Mechanical Engineering, Rensselaer Polytechnic Institute, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Certification Program 101/2008
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>True Corporation Public Company Limited</p> <p>2007-Present    Group Chief Financial Officer</p> <p>2003-2007      Director &amp; General Manager - Online</p> <p>2000-2003      Senior Vice President - Corporate Finance</p> <p><u>Non- listed Companies</u></p> <p>Present          Director, True Internet Company Limited</p> <p>                      Director, True International Communication Company Limited</p> <p>                      Director, True Music Company Limited</p> <p>                      Director, Real Move Company Limited</p> <p>                      Director, Real Future Company Limited</p> <p>                      Director, True Visions Group Company Limited</p> <p>                      Director, Telecom Holding Company Limited</p> <p>                      Director, Telecom Asset Management Company Limited</p> <p>                      Director, True DTT Company Limited</p> <p>                      Director, Gold Palace Investment Limited</p> <p>                      Director, Golden Light Company Limited</p> <p>                      Director, True Internet Technology (Shanghai) Company Limited</p> <p>                      Director, Goldsky Company Limited</p> <p>                      Director, Gold Palace Logistics Limited</p> <p>                      Director, GP Logistics Limited</p> <p>                      Director, Golden Pearl Global Limited</p> <p>2009-Present    Director, True Information Technology Company Limited</p> <p>2004-Present    Director, Asia DBS Public Company Limited</p>



Name	Mr. William Harris
<b>Position</b>	Executive Director, International Business Development and Assistant to CEO
<b>Date of Appointment</b>	7 <sup>th</sup> October 2009
<b>Age (year)</b>	52
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	625,067 shares (0.00%)
<b>Family Relationship</b>	–
<b>Education</b>	Master Degree of Business Administration, Major in Finance and Marketing, Wharton School of the University of Pennsylvania Bachelor of Science in Economics, Wharton School of the University of Pennsylvania
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	–
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2009-Present    Executive Director, International Business Development and Assistant to CEO, True Corporation Public Company Limited</p> <p>2001-2007      Chief Financial Officer True Corporation Public Company Limited</p> <p>1999-2000      Executive Vice President - Corporate Finance True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>2013-Present    Director, Golden Pearl Global Limited</p> <p>2012-Present    Director, GP Logistics Company Limited</p> <p>2011-Present    Director, Rosy Legend Limited Director, Prospect Gain Limited Director, True Internet Technology (Shanghai) Company Limited</p> <p>2010-Present    Director, True Visions Group Company Limited Director, Dragon Delight Investments Limited Director, Gold Palace Investments Limited Director, Golden Light Company Limited Director, Gold Palace Logistics Limited</p> <p>2006-Present    Director, True Visions Public Company Limited Director, True Move Company Limited Director, Bangkok Inter Teletech Public Company Limited</p> <p>1993-1999      Director, Credit Policy, Verizon Communications, Philadelphia</p>



Name	Mr. Kachorn Chiaravanont
Position	Group Executive Director Corporate Affairs
Date of Appointment	21 <sup>st</sup> February 2012
Age (year)	47
True Share Ownership 31 <sup>st</sup> December 2013	160,000 shares (0.00%)
Family Relationship	–
Education	Bachelor Degree in Management, Fairleigh Dickinson University in New Jersey, USA
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<u>Companies Listed on the Stock Exchange of Thailand</u> Present      Group Executive Director - Corporate Affairs True Corporation Public Company Limited
	<u>Non- listed Companies</u> Present      Director, Allianz C.P. General Insurance Company Limited Director, CPPC Public Company Limited Director, Pokphand Enterprise Company Limited Director, Bangkok Inter Teletech Public Company Limited Director, True Information Technology Company Limited Director, True Move Company Limited Director, True Visions Public Company Limited Director, True Distribution & Sales Company Limited Director, Song Dao Company Limited Director, True Universal Convergence Company Limited Director, Cineplex Company Limited Director, Click TV Company Limited Director, True Digital Media Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, Panther Entertainment Company Limited Director, Telecom Holding Company Limited Director, True Leasing Company Limited Director, True Properties Company Limited Director Siam Land Flying Company Limited Director SAIC Motor-CP Company Limited Director MG Sales (Thailand) Company Limited Director Echo Autoparts (Thailand) Company Limited



Name	Mr. Thiti Nantapatsiri
Position	Group Executive Director Regulatory
Date of Appointment	1 <sup>st</sup> June 2003
Age (year)	59
True Share Ownership 31 <sup>st</sup> December 2013	233,332 shares (0.00%)
Family Relationship	–
Education	Bachelor Degree of Engineering (Electrical), King Mongkut's Institute of Technology, Ladkrabang Campus
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present                      Group Executive Director - Regulatory, True Corporation Public Company Limited</p> <p>1999-2003                  Executive Vice President, Loxley Public Company Limited</p> <p>1997-1999                  First Senior Vice President, Loxley Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present                      Director, Telecom Holding Company Limited Director, Tele Engineering and Services Company Limited Director, BFKT (Thailand) Limited Director, SM True Company Limited Director, GP Logistics Limited</p> <p>2008-Present              Director, Panther Entertainment Company Limited</p> <p>2007-Present              Director, True Music Radio Company Limited</p> <p>2006-Present              Director, True Visions Public Company Limited Director, True Internet Company Limited Director, Samutpakan Media Corporation Company Limited Director, Cineplex Company Limited Director, Click TV Company Limited Director, True Digital Media Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, True Music Company Limited Director, BeBoydCG Company Limited</p> <p>2001-2002                  President &amp; CEO, Hutchison CAT Wireless Multimedia Company Limited</p> <p>1992-2000                  President &amp; CEO, Hutchison Telecommunications (Thailand) Company Limited</p>



Name	Mr. Adhiruth Thothaveesansuk																
Position	Managing Director Mobile Business																
Date of Appointment	13 <sup>th</sup> January 1998																
Age (year)	50																
True Share Ownership 31 <sup>st</sup> December 2013	1,969,129 shares (0.01%)																
Family Relationship	–																
Education	Master Degree of Finance & Marketing, Indiana University of Pennsylvania, USA Bachelor of Industrial Management, Thammasat University																
Training	Capital Market Academy Leader Program (2013)																
Related training programs held by the Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>- Director Certification Program (DCP)</li> <li>- Director Diploma of Australian Institution of Director 2005</li> </ul>																
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <table> <tr> <td>Present</td><td>Managing Director - Mobile Business True Corporation Public Company Limited</td></tr> <tr> <td>2001</td><td>Executive Vice President, True Corporation Public Company Limited</td></tr> </table> <p><u>Non- listed Companies</u></p> <table> <tr> <td>Present</td><td>           President, True Life Plus Company Limited            Director, BFKT (Thailand) Limited            Director, True Visions Public Company Limited            Director, True United Football Club Company Limited            Director, Gold Palace Investments Limited            Director, True Visions Cable Public Company Limited            Director, Satellite Service Company Limited            Director, Panther Entertainment Company Limited            Director, True Music Company Limited            Director, Bangkok Inter Teletech Public Company Limited            Director, Telecom Holding Company Limited            Director, True Move Company Limited            Director, Golden Light Company Limited            Director, Gold Palace Logistics Limited            Director, True Internet Technology (Shanghai) Company Limited         </td></tr> <tr> <td>2006-Present</td><td>Director, True Public Communication Company Limited</td></tr> <tr> <td>2003-Present</td><td>President, Asia Wireless Communication Company Limited</td></tr> <tr> <td>2002</td><td>Chief Commercial Officer, True Move Company Limited</td></tr> <tr> <td>1998-2002</td><td>General Manager, Wire &amp; Wireless Company Limited</td></tr> <tr> <td>1998-2001</td><td>President, Asia Wireless Communication Company Limited</td></tr> </table>	Present	Managing Director - Mobile Business True Corporation Public Company Limited	2001	Executive Vice President, True Corporation Public Company Limited	Present	President, True Life Plus Company Limited Director, BFKT (Thailand) Limited Director, True Visions Public Company Limited Director, True United Football Club Company Limited Director, Gold Palace Investments Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, Panther Entertainment Company Limited Director, True Music Company Limited Director, Bangkok Inter Teletech Public Company Limited Director, Telecom Holding Company Limited Director, True Move Company Limited Director, Golden Light Company Limited Director, Gold Palace Logistics Limited Director, True Internet Technology (Shanghai) Company Limited	2006-Present	Director, True Public Communication Company Limited	2003-Present	President, Asia Wireless Communication Company Limited	2002	Chief Commercial Officer, True Move Company Limited	1998-2002	General Manager, Wire & Wireless Company Limited	1998-2001	President, Asia Wireless Communication Company Limited
Present	Managing Director - Mobile Business True Corporation Public Company Limited																
2001	Executive Vice President, True Corporation Public Company Limited																
Present	President, True Life Plus Company Limited Director, BFKT (Thailand) Limited Director, True Visions Public Company Limited Director, True United Football Club Company Limited Director, Gold Palace Investments Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, Panther Entertainment Company Limited Director, True Music Company Limited Director, Bangkok Inter Teletech Public Company Limited Director, Telecom Holding Company Limited Director, True Move Company Limited Director, Golden Light Company Limited Director, Gold Palace Logistics Limited Director, True Internet Technology (Shanghai) Company Limited																
2006-Present	Director, True Public Communication Company Limited																
2003-Present	President, Asia Wireless Communication Company Limited																
2002	Chief Commercial Officer, True Move Company Limited																
1998-2002	General Manager, Wire & Wireless Company Limited																
1998-2001	President, Asia Wireless Communication Company Limited																



Name	Mr. Songtham Phianpattanawit
Position	Group Executive Director–Enterprise/Business Sector and International Services
Date of Appointment	1 <sup>st</sup> April 2003
Age (year)	55
True Share Ownership 31 <sup>st</sup> December 2013	100 shares (0.00%)
Family Relationship	–
Education	Bachelor of Science (Computer Science), University of South Alabama, USA
Training	Capital Market Academy Leader Program (CMA 15)
Related training programs held by the Thai Institute of Directors Association (IOD)	- Director Certification Program (DCP no. 54)
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present                      Group Executive Director - Enterprise /Business Sector &amp; International Services, True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present                      Director, Hutchison Telecommunications (Thailand) Company Limited President, True Information Technology Company Limited Director and Executive Director - Corporate Solution, True Move Company Limited Executive Committee, Pantavanij Company Limited Director, Freewill Solutions Company Limited Director, Telecom Holding Company Limited Director, Wire &amp; Wireless Company Limited</p> <p>2006-Present              President, True International Gateway Company Limited Director, Bangkok Inter Teletech Public Company Limited</p> <p>2003-2008                  Director, True Multimedia Company Limited</p> <p>2001-2003                  Country General Manager / MD, IBM Thailand Company Limited Chairman, IBM Solution Delivery Company Limited</p> <p>2001-2002                  Director, IBM Storage Product Thailand Company Limited</p> <p>2000                          Director, Sales &amp; Marketing, IBM Thailand Company Limited Country Manager System Sales, IBM Thailand Company Limited</p> <p>1998                          Country Manager Finance &amp; Administration and CFO, IBM Thailand Company Limited</p> <p>1997                          Service Business Executive, IBM Thailand Company Limited</p>



Name	Mr. Anat Mekpaiboonvatana
Position	Managing Director Pay TV Business
Date of Appointment	21 <sup>st</sup> February 2012
Age (year)	53
True Share Ownership 31 <sup>st</sup> December 2013	400,000 shares (0.00%)
Family Relationship	–
Education	Master Degree of Marketing Management, West Coast University, USA Bachelor of Mechanical Engineering, King Mongkut's University of Technology Thonburi
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present Managing Director - Pay TV Business, True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present Managing Director, True Visions Public Company Limited Director, True Distribution &amp; Sales Company Limited Director, Samut Pakan Media Corporation Company Limited Director, True United Football Club Company Limited Director, Hutchison MultiMedia Services (Thailand) Limited Director, Tele Engineering and Services Company Limited Director, Cineplex Company Limited Director, True Digital Media Company Limited Director, True Visions Cable Public Company Limited Director, Satellite Service Company Limited Director, Panther Entertainment Company Limited Director, True GS Company Limited Director, Telecom Holding Company Limited</p> <p>2009-2012 Deputy Group Chief Commercial Officer, True Corporation Public Company Limited</p> <p>2002-2009 Director &amp; General Manager, True Corporation Public Company Limited</p> <p>1998-2002 President, Wire &amp; Wireless Company Limited</p> <p>1997-1998 General Manager, Tele Engineering and Services Company Limited</p> <p>1996-1997 Vice President, Asia Multimedia Company Limited</p> <p>1995-1996 General Manager, Unet Company Limited</p> <p>1995 Vice President, UBC Cable TV Network Company Limited</p> <p>1994 Vice President, Telecom Holding Company Limited</p>



Name	Mr. Charoen Limkangwanmongkol
<b>Position</b>	Managing Director Online Business
<b>Date of Appointment</b>	26 <sup>th</sup> October 2012
<b>Age (year)</b>	50
<b>True Share Ownership 31<sup>st</sup> December 2013</b>	200,000 shares (0.00%)
<b>Family Relationship</b>	–
<b>Education</b>	Mini MBA, Chulalongkorn University Bachelor Degree Business Administration, Assumption University
<b>Related training programs held by the Thai Institute of Directors Association (IOD)</b>	–
<b>Major Experience</b>	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>Present                      Managing Director - Online Business, True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present                      Managing Director, True Multimedia Company Limited Director, True Life Plus Company Limited</p> <p>2003-2006                      Marketing Director, Yum Restaurant Company Limited</p> <p>1992-2003                      Sales and Marketing Director, Hutchison Telecommunication Company Limited</p> <p>1989-1992                      Brand Manager, Unilever (Thailand) Company Limited</p> <p>1986-1989                      Account Supervisor, Lintas (Thailand) Company Limited</p>



Name	Dr. Papon Ratanachaikanont
Position	Group Chief Commercial Officer Sales & Retail
Date of Appointment	21 <sup>st</sup> February 2012
Age (year)	47
True Share Ownership 31 <sup>st</sup> December 2013	200,000 shares (0.00%)
Family Relationship	–
Education	<p>Doctor Degree    Doctor of Philosophy Program in Organization Development (International Program)</p> <p>Master Degree    Communication Advertising and Public Relations, Emerson College, Boston, Massachusetts, USA</p> <p>Bachelor Degree    Management, Assumption University of Thailand</p> <p>Occupation    Advertising of Public Relations and</p> <p>Certificate    Print Production, The Advertising Club of Greater Boston</p>
Related training programs held by the Thai Institute of Directors Association (IOD)	–
Major Experience	<p><u>Companies Listed on the Stock Exchange of Thailand</u></p> <p>2012-Present    Group Chief Commercial Officer - Sales &amp; Retail, True Corporation Public Company Limited</p> <p>2005-2012    Assistant to President/CEO, Deputy Group Chief Commercial Officer, True Corporation Public Company Limited</p> <p><u>Non- listed Companies</u></p> <p>Present    Director, Samut Pakan Media Corporation Company Limited  Director, True Vista s Company Limited  Director, True Music Radio Company Limited  Director, Dragon Delight Investment Limited  Director, Hutchison Multimedia Services (Thailand) Limited  Director, True Lifestyle Retail Company Limited</p> <p>2000-2005    Marketing and Sales Director, Mazda Sales (Thailand) Company</p> <p>1999-2000    Chief Operating Officer, Bakery Music Group Company</p> <p>1998-1999    Group Account Director and General Manager, Grey Advertising Thailand and WhizzbangArts</p> <p>1993-1998    Managing Director, The Print International Co.,Ltd. and Design Arts Co.,Ltd</p> <p>1991-1992    Project Manager (IMC), Ammirati Puris Lintas (Thailand) Company</p>







Name	Mrs. Rangsinee Sujaritsunchai
Position	Company Secretary
Date of Appointment	27 <sup>th</sup> February 2009
Age (year)	49
True Share Ownership 31 <sup>st</sup> December 2013	9,584 shares (0.00%)
Family Relationship	–
Education	<p>Master Degree of Science (Accounting), Major in Finance, Thammasat University</p> <p>Bachelor's Degree in Accounting, Major in Accounting, Chulalongkorn University</p>
Training	<ul style="list-style-type: none"> <li>- Revision of Listed Companies' Regulations</li> <li>- Corporate Governance Report Workshop</li> <li>- Smart Disclosure Program (SDP)</li> <li>- Moving Corporate Governance Forward: Challenge for Thai Directors</li> <li>- SEC 20th Anniversary International Symposium - "Asia: The Dynamic Capital Market Frontier" and SEC 20th Anniversary Gala Dinner</li> <li>- "ASEAN CG Scorecard" – Company Secretary Roles in AEC</li> <li>- Listed Companies' Disclosure Against Corruption and Corporate Social Responsibilities and Gatekeepers</li> <li>- Capital Market Research Forum No. 2/2556 – Employee Joint Investment Plan (EJIP)</li> <li>- Reporting on Anti-Corruption Policy of Listed Company</li> <li>- Listed Companies' Regulations about Committee Meeting and Shareholders Meeting</li> <li>- Revision of Annual Registration Statements (Form 56-1)</li> <li>- Guideline for Corporate Governance Report 2013</li> </ul>
Related training programs held by the Thai Institute of Directors Association (IOD)	<ul style="list-style-type: none"> <li>- Company Secretary Program 19/2006 (CSP)</li> <li>- Effective Minute Taking 5/2006 (EMT)</li> <li>- Corporate Governance and Social Responsibilities 1/2007 (CSR)</li> <li>- Anti-Corruption : The Practical Guide (APCG5/2013)</li> </ul>
Major Experience	<p><u>True Corporation Public Company Limited</u></p> <p>2009-Present      Company Secretary</p> <p>2001-Present      Secretary to the Audit Committee</p> <p>                         Secretary to the Compensation and Nominating Committee</p> <p>                         Secretary to the Corporate Governance Committee</p> <p>                         Assistant to the Secretary of the Finance Committee</p> <p>2001-2009      Deputy Company Secretary</p> <p>2000-2001      Assistant General Counsel – SEC &amp; SET Compliance</p> <p><u>Charoen Pokphand Foods Public Company Limited</u></p> <p>1991-2000      Manager – Accounting and SEC &amp; SET Compliance</p> <p>1990-1991      Senior Analyst – Office of the Economic Advisor</p>



# Report of Changes in Securities Holding of the Company's Directors and Executives as at 31<sup>st</sup> December 2013

Name	Ordinary shares (shares)				Debentures (units)			
	As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013		As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013	
			Number of Shares	%			Number of Shares	%
1. Mr. Vitthya Vejajiva	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
2. Dr. Kosol Petchsuwan	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
3. Mr. Joti Bhokavanij	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
4. Mr. Harald Link	50,000	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
5. Prof. Rawat Chamchaleram	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	54,435	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
6. Mr. Dhanin Chearavanont	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
7. Dr. Ajva Taulananda	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
8. Prof. Athueck Asvanund	-	Acquisition	1,875,000	0.01	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
9. Prof. Dr. Warapatr Todhanakasem	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
10. Mr. Umroong Sanphasitvong	716,000	Acquisition	-	-	-	-	-	-
		Disposition	-	-				
Spouse and minor children	2,800	Acquisition	-	-	-	-	-	-
		Disposition	-	-				



Name	Ordinary shares (shares)				Debentures (units)			
	As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013		As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013	
			Number of Shares	%			Number of Shares	%
11. Mr. Vichaow Rakphongphairoj	1,000,000	Acquisition 1,875,000	303,000	0.00	-	-	-	-
		Disposition 2,572,000						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
12. Mr. Chatchaval Jiaravanon	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
13. Mr. Soopakij Chearavanont	-	Acquisition 1,400,000	1,400,000	0.01	-	-	-	-
		Disposition -						
Spouse and minor children	3,000	Acquisition -	3,000	0.00	-	-	-	-
		Disposition -						
14. Mr. Narong Chearavanont	161,577	Acquisition -	161,577	0.00	-	-	-	-
		Disposition -						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
15. Mr. Suphachai Chearavanont	2,385,205	Acquisition 1,875,000	2,385,205	0.02	-	-	-	-
		Disposition 1,875,000						
Spouse and minor children	19,234	Acquisition 1,875,000	1,894,234	0.01	-	-	-	-
		Disposition -						
16. Mr. Noppadol Dej-Udom	606,773	Acquisition 1,150,000	756,773	0.01	-	-	-	-
		Disposition 1,000,000						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
17. Mr. William Harris	1,165,767	Acquisition 1,875,000	625,067	0.00	-	-	-	-
		Disposition 2,415,700						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
18. Mr. Kachorn Chiaravanont	-	Acquisition 1,000,000	-	-	-	-	-	-
		Disposition 1,000,000						
Spouse and minor children	-	Acquisition 160,000	160,000	0.00	-	-	-	-
		Disposition -						
19. Mr. Thiti Nantapatsiri	-	Acquisition 933,332	233,332	0.00	-	-	-	-
		Disposition 700,000						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
20. Mr. Adhiruth Thothaveesansuk	1,635,797	Acquisition 933,332	1,969,129	0.01	-	-	-	-
		Disposition 600,000						
Spouse and minor children	-	Acquisition -	-	-	-	-	-	-
		Disposition -						
		Disposition -						



Name	Ordinary shares (shares)				Debentures (units)			
	As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013		As at 31 Dec 2012	Changes in 2013	As at 31 Dec 2013	
			Number of Shares	%			Number of Shares	%
21. Mr. Songtham Phianpattanawit	-	Acquisition	3,840,000	100	0.00	-	-	-
		Disposition	3,839,000					
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-					
22. Mr. Anat Mekpaiboonvatana	-	Acquisition	1,071,600	400,000	0.00	-	-	-
		Disposition	671,600					
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-					
23. Mr. Charoen Limkangwanmongkol	-	Acquisition	-	-	-	-	-	-
		Disposition	-					
Spouse and minor children	200,000	Acquisition	-	200,000	0.00	-	-	-
		Disposition	-					
24. Dr. Papon Ratanachaikanont	-	Acquisition	903,565	200,000	0.00	-	-	-
		Disposition	703,565					
Spouse and minor children	-	Acquisition	545,263	-	-	-	-	-
		Disposition	545,263					
25. Mr. Carl Goodier	100,000*	Acquisition	288,569	-	-	-	-	-
		Disposition	388,569					
Spouse and minor children	-	Acquisition	-	-	-	-	-	-
		Disposition	-					

Remark: Mr. Carl Goodier was appointed as an Executive Officer since 1<sup>st</sup> February 2013. He held 100,000 of the Company's shares as at his appointment date.



## Report on the Directors' Shareholding of the Company's Subsidiaries as of 31<sup>st</sup> December 2013

Director  Company	Mr. Dhanin Chearavanont		Dr. Ajva Taulananda		Mr. Chatchaval Jiaravanon		Mr. Soopakij Chearavanont		Mr. Suphachai Chearavanont		Mr. Vichaow Rakphongphairoj	
	Change in 2013	Outstanding Share(s)	Change in 2013	Outstanding Share(s)	Change in 2013	Outstanding Share(s)	Change in 2013	Outstanding Share(s)	Change in 2013	Outstanding Share(s)	Change in 2013	Outstanding Share(s)
Telecom Holding Co., Ltd.	-	1	-	-	-	-	-	-	-	1	-	-
Bangkok Inter Teletech Public Company Limited	-	1	-	-	-	-	-	-	-	1	-	1
Telecom International Co., Ltd.	-	-	-	1	-	1	-	1	-	1	-	1
True Information Technology Co., Ltd.	-	-	-	1	-	-	-	-	-	1	-	1
True Touch Co., Ltd.	-	-	-	1	-	1	-	1	-	1	-	1
True Multimedia Co., Ltd.	-	-	-	1	-	1	-	1	-	1	-	1
Asia DBS Public Company Limited	-	-	-	1	-	1	-	1	-	1	-	1
Asia Infonet Co., Ltd.	-	-	-	1	-	1	-	1	-	1	-	1
Asia Wireless Communication Co., Ltd.	-	-	-	1	-	1	-	1	-	1	-	1
True Internet Co., Ltd.	-	-	-	1	-	1	-	1	-	1	1	2
Real Move Co., Ltd.	-	-	-	-	-	-	-	1	-	1	-	1
True Distribution and Sales Co., Ltd.	-	-	-	-	-	-	-	-	-	1	-	-
BFKT (Thailand) Limited	-	-	-	-	-	-	-	-	-	1	-	-
K.I.N. (Thailand) Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	1
True Magic Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	1
True Visions Group Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	1
Real Future Co., Ltd.	-	-	-	-	-	-	-	-	-	-	-	1
Telecom Asset Management Co., Ltd.	-	-	-	-	-	-	-	-	-	-	1	1
KOA Co., Ltd.	-	-	-	-	-	-	-	-	-	-	1	1



[illegible]

E = Executive Director



Remark:

Abbreviation	Full Name	Abbreviation	Full Name
TRUE	True Corporation Public Company Limited		
AI	Asia Infonet Co., Ltd.	Asia DBS	Asia DBS Public Company Limited
Beboyd	BeboydCo Co., Ltd.	BFKT	BFKT (Thailand) Limited
BITCO	Bangkok Inter Teletech Public Company Limited	CNP	Cinplex Co., Ltd.
CTV	Click TV Co., Ltd.	DDI	Dragon Delight Investment Limited (Registered in foreign)
Gold Palace Logistics <BVI>	Gold Palace Logistics Limited (Registered in foreign)	Golden Light	Golden Light Company Limited (Registered in foreign)
Goldsky	Goldsky Company Limited (Registered in foreign)	GP Logistics <BVI>	GP Logistics Company Limited (Registered in foreign)
GPG <BVI>	Golden Pearl Global Limited (Registered in foreign)	GPI <BVI>	Gold Palace Investments Limited (Registered in foreign)
HIMSTL	Hutchison MultiMedia Services (Thailand) Limited	HTCL	Hutchison Telecommunications (Thailand) Co., Ltd.
K.I.N.	K.I.N. (Thailand) Co., Ltd.	K.I.N. <BVI>	K.I.N. (Thailand) Co., Ltd. (Registered in foreign)
NEC	NEC Corporation (Thailand) Co., Ltd.	Prospect Gain	Prospect Gain Limited (Registered in foreign)
PTE	Panther Entertainment Co., Ltd.	RFT	Real Future Co., Ltd.
RMV	Real Move Co., Ltd.	Rosy Legend	Rosy Legend Limited (Registered in foreign)
SD	Song Dao Company Limited	SM	Samut Pakan Media Corporation Co., Ltd.
SMT	SM True Co., Ltd.	SSV	Satellite Service Co., Ltd.
TAM	Telecom Asset Management Co., Ltd.	TDM	True Digital Media Co., Ltd.
TDS	True Distribution & Sales Co., Ltd.	TE	Tele Engineering and Services Co., Ltd.
TGS	True GS Co., Ltd.	TH	Telecom Holding Co., Ltd.
TIC	True International Communication Co., Ltd.	TIG	True International Gateway Co., Ltd.
TIT	True Information Technology Co., Ltd.	TITS	True Internet Technology (Shanghai) Company Limited (Registered in foreign)
TLP	True Life Plus Co., Ltd.	TM	True Multimedia Co., Ltd.
TMR	True Music Radio Co., Ltd.	TMS	True Music Co., Ltd.
TMW	True Move Co., Ltd.	TPC	True Public Communication Co., Ltd.
True DTT	True DTT Co., Ltd.	True Internet	True Internet Co., Ltd.
TVT	True Vistas Company Limited (formerly "True Magic Company Limited")	TSC	Thal Smart Card Co., Ltd.
TT	True Touch Co., Ltd.	TUC	True Universal Convergence Co., Ltd.
TUFC	True United Football Club Co., Ltd.	TVG	True Visions Group Co., Ltd.
TVS	True Visions Public Company Limited	TVSC	True Visions Cable Public Company Limited



# C Corporate Governance

## 1. Corporate Governance Policy

The Company fully recognizes the importance of corporate governance and established its “Policy on Corporate Governance” in 2002. This is regularly modified to take account of changes in the Company’s business. It is also kept in line with the corporate governance related laws and regulations issued by the Stock Exchange of Thailand (“SET”) to international standards. The details of Policy on Corporate Governance are posted on the Company’s website at [www.truecorp.co.th](http://www.truecorp.co.th)

## 2. The Board’s Committees

The Committees of the Board of Directors consists of 4 committees as follows:

- 1) Audit Committee
- 2) Compensation and Nominating Committee
- 3) Finance Committee
- 4) Corporate Governance Committee

### 1) Audit Committee

The Audit Committee of the Company has three years and four months term consisting of 3 persons as follows:

Name		Position	the Audit Committee Meeting	
			Number of Meeting	Number of Attendance
1. Mr. Vitthya	Vejjajiva	Chairman of the Audit Committee	7	7
2. Dr. Kosol	Petchsuwan	Member of the Audit Committee	7	7
3. Mr. Joti	Bhokavanij	Member of the Audit Committee	7	7

Remark: 1) In the year 2013, the Audit Committee held 7 meetings, one of which was a meeting with the external auditor without the presence of management.  
2) Mr. Joti Bhokavanij is knowledgeable and experienced in reviewing the Company’s financial statements. Details about his education and working experiences are as appeared in the annual report and the Annual Registration Statement for the Year 2013 (“Report 56-1”).



## The scope of duty and responsibilities of the Audit Committee:

1. To review the Company's financial reporting process to ensure that it is accurate and adequate;
2. To review the Company's internal control system and internal audit system to ensure that they are suitable and effective, to determine an internal audit unit's independence, as well as to approve the appointment, transfer and dismissal of the chief of an internal audit unit or any other unit in charge of an internal audit;
3. To review the Company's compliance with the law on securities and exchange, the regulations of SET, and the laws relating to the Company's business;
4. To consider, select and nominate an independent person to be the Company's auditor, and to propose such person's remuneration, as well as to attend a non-management meeting with an auditor at least once a year;
5. To review the Connected Transactions, or the transactions that may lead to conflicts of interest, to ensure that they are in compliance with the laws and the regulations of SET, and are reasonable and for the highest benefit of the Company;
6. To prepare, and to disclose in the Company's annual report, an Audit Committee's Report which will be signed by the Audit Committee's Chairman and consist of at least the following information:
  - a) an opinion on the accuracy, completeness and creditability of the Company's financial report,
  - b) an opinion on the adequacy of the Company's internal control system,
  - c) an opinion on the compliance with the law on securities and exchange, the regulations of SET, or the laws relating to the Company's business,
  - d) an opinion on the suitability of an auditor,
  - e) an opinion on the transactions that may lead to conflicts of interests,
  - f) the number of Audit Committee meetings, and the attendance of such meetings by each committee member,
  - g) an opinion or overview comment received by the Audit Committee from its performance of duties in accordance with the charter, and
  - h) other transactions which, according to the Audit Committee's opinion, should be known to the shareholders and general investors, subject to the scope of duties and responsibilities assigned by the Company's Board of Directors; and
7. To perform any other acts as required by law or as delegated by the Board of Directors.

In this regards, the Company has disclosed the Report of the Audit Committee for the Year 2013 in the annual report and Report 56-1.



## 2) Compensation and Nominating Committee

The Compensation and Nominating Committee is responsible for making recommendations to the Board of Directors regarding the compensation of directors and CEO; and the nomination of directors of the Company. The Committee consists of the following members:

Name		the Compensation and Nominating Committee Meeting	
		Number of Meeting	Number of Attendance
1. Mr. Dhanin	Chearavanont	2	1
2. Mr. Soopakij	Chearavanont	2	-
3. Mr. Umroong	Sanphasitvong	2	2
4. Mr. Joti	Bhokavanij	2	2

## 3) Finance Committee

The Finance Committee assists the Board of Directors in reviewing the financial management of the Company. The Committee consists of the following members:

Name		the Finance Committee Meeting	
		Number of Meeting	Number of Attendance
1. Dr. Ajva	Taulananda	8	8
2. Prof. Dr. Warapatr	Todhanakasem	8	6
3. Mr. Umroong	Sanphasitvong	8	8
4. Mr. Joti	Bhokavanij	8	8

## 4) Corporate Governance Committee

The Corporate Governance Committee assists the Board of Directors in setting and reviewing the Company's corporate governance policy as well as oversees that the Company has a sound and appropriate corporate governance practice. The Committee consists of the following members:

Name		the Corporate Governance Committee Meeting	
		Number of Meeting	Number of Attendance
1. Dr. Kosol	Petchsuwan	4	4
2. Mr. Vitthya	Vejmjajiva	4	4
3. Dr. Ajva	Taulananda	4	3

## 3. Nomination and Appointment of Directors and CEO

### 1) Independent Director

The procedure for nominating an Independent Director of the Company is the same as the nomination of other directors of the Company, details of which are summarized in Item 2). Nonetheless, a person who will served as the Company's independent director must be independent of any major shareholder, the group of major shareholders and the management of any juristic person who is the major shareholder of the Company including free from any other relationship that would interfere with the exercise of independent judgment and holds qualifications defined



in the Corporate Governance Policy of the Company (which are more rigorous than that defined by the Capital Market Supervisory Board in area of shareholding percentage). Details are as follows:

- (1) holding shares *not* exceeding 0.75 percent of the total number of voting rights of the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the independent director;
- (2) *neither* being *nor* having been an executive director, employee, staff, or advisor who receives salary, or a controlling person of the Company, its parent company, subsidiary, affiliate, same-level subsidiary, principal shareholder or controlling person of the Company unless the foregoing status has ended *not* less than two years prior to the date of appointment;
- (3) *not* being a person related by blood or registration under laws i.e. father, mother, spouse, sibling, and child, including spouse of the children; of other directors, executives, major shareholders, controlling persons, or persons to be nominated as director executive or controlling persons of the Company or its subsidiary;
- (4) *not* having a business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, in the manner which may interfere with his or her independent judgement, and *neither* being *nor* having been a principal shareholder or controlling person of any person having business relationship with the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company unless the foregoing relationship has ended *not* less than two years prior to the date of appointment.

The term 'business relationship' aforementioned under paragraph one includes any normal business transaction, rental or lease of immovable property, transaction relating to assets or services or grant or receipt of financial assistance through receiving or extending loans, guarantee, providing assets as collateral, including any other similar actions, which result in the Company or its counterparty being subject to indebtedness payable to the other party in the amount of three percent or more of the net tangible assets of the Company or twenty million Baht or more, whichever is lower. The amount of such indebtedness shall be calculated according to the calculation method for value of connected transactions under the Notification of the Capital Market Supervisory Board concerning rules on connected transactions *mutatis mutandis*. The combination of such indebtedness shall include indebtedness taking place during the course of one year prior to the date on which the business relationship with the person commences;

- (5) *neither* being *nor* having been an auditor of the Company, its parent company, subsidiary, affiliate, major shareholder or controlling person of the Company, and *not* being a principal shareholder or controlling person, or partner of an audit firm which employs auditors of the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company unless the foregoing relationship has ended *not* less than two years from the date of appointment;
- (6) *neither* being *nor* having been any professional advisor including legal advisor or financial advisor who receives an annual service fee exceeding two million Baht from the Company, its parent company, subsidiary, affiliate, major shareholders or controlling person of the Company, and *neither* being *nor* having been a principal shareholder, controlling person or partner of the professional advisor unless the foregoing relationship has ended *not* less than two years from the date of appointment;
- (7) *not* being a director who has been appointed as a representative of the Company's director, major shareholder or shareholders who are related to the major shareholder;



- (8) *not* operate any business which has the same nature as and is in significant competition with the business of the Company or subsidiary, or not being a principal partner in any partnership, or not being an executive director, employee, staff, or advisor who receives salary; or holding shares *not* exceeding one per cent of the total number of voting rights of any other company operating business which has the same nature as and is in significant competition with the business of the Company or subsidiary;
- (9) not having any characteristics which make him/her incapable of expressing independent opinions with regard to the Company's business affairs;
- (10) After having been appointed as independent director with qualifications complying with the criteria under the above (1) to (9), the independent director may be assigned by the Board of Directors to take part in the business decision of the Company, its parent company, subsidiary, affiliate, same level subsidiary, major shareholder or controlling person of the Company on the condition that such decision must be a collective one;
- (11) In case of any person either having or having had a business relationship or professional service exceeding the amount under the above (4) or (6), such person shall be waived from the prohibition concerning neither having nor having had a business relationship or professional service by the Board of Directors' approval only if the Company provides the opinion of the Board of Directors which perform duty under Section 89/7 of the Securities and Exchange Act B.E. 2535 that the appointment of such person does not impact his or her independent judgement and the Company shall disclose the information required by the Capital Market Supervisory Board in the notice of shareholders' meeting in the agenda for election of such independent director.

All Independent Directors of the Company are genuinely independent and are not authorized signatories binding the Company. All Independent Directors are qualified according to the regulations of the Capital Market Supervisory Board and the Policy on Corporate Governance of the Company.

## **2) Directors**

The Company allows minority shareholders to submit nominations for directors before the Annual General Meeting of the Shareholders by using the form provided by the Company and sending it by registered mail to the Company within the specified period.

The Compensation and Nominating Committee is responsible for appraising the qualifications of persons proposed as directors (including independent directors) of the Company in light of the significant prestige and experience required to fill the role. The Committee's deliberations are presented to the Board of Directors for consideration and approval in case of replacement. In case of proposing additional Directors, the Board of Directors will present the relevant information, together with the Compensation and Nominating Committee's opinion, to the Shareholders' Meeting for consideration and approval.

Directors are appointed by shareholders by majority vote. All shareholders have the right to appoint directors. Each shareholder is entitled to one vote for each share held and shall exercise all the votes he or she holds to appoint one or several person(s) to be director(s), provided that he or she cannot divide his or her votes to any person to any extent.



### 3) Top executives

The Compensation and Nominating Committee shall consider qualifications of individuals to be nominated for election to be the President and Chief Executive Officer (the “CEO”), which is the top executive of the Company, taking into consideration their qualifications and experiences to find individuals appropriate to the business of the Company, and present the nomination and recommendations to the Board of Directors for consideration and approval.

### 4. Supervision of business operation of subsidiaries and associated companies

The Company has the following mechanisms to supervise business operation of subsidiaries and associated companies.

- Sending individuals to represent the Company as directors and executives in subsidiaries and associated companies in accordance with shareholding proportion. The Board of Directors assigned the CEO to consider sending the Company’s representatives for such purpose.
- Directors and executives of subsidiaries and associated companies are required to ensure that policies significant to the business operation of subsidiaries and associated companies are determined in harmony with the Company’s business policies.
- Subsidiaries are supervised to comply with requirements of the SET where such requirements are applicable to the subsidiaries, i.e. preparation of financial information, entering into related party transactions, acquisition or disposal of significant assets or any other significant transactions of such companies.
- Ensuring that subsidiaries have appropriate and adequate internal control system and prepare financial information for the Company to enable the Company to prepare consolidated financial statement properly in accordance with Thai financial reporting standards.
- Preparing summarized business operation result reports of subsidiaries by their business categories for presentation to the Board of Directors meeting regularly on a quarterly basis to monitor the business operation results of subsidiaries.

### 5. Insider Trading Policy

The Board of Directors is aware of the importance of protecting the Company from personal insider trading. The Company has a code of conduct regarding inside information and insider trading, as well as the use of applicable laws to monitor and prevent the personal use of confidential Company information by management and related persons. In addition, the Company has a policy of strict compliance to its requirement that Directors and senior management who have gained inside information on the Company by virtue of their positions do not use that information in any way that violates their responsibilities to the Company and its Shareholders. Material information which has not yet been disclosed is kept confidential, apart from disclosure to the relevant Director and senior management of the Company. Directors and senior management must report purchases, sales, transfers and assignments of securities issued by the Company to the Securities and Exchange Commission (“SEC”) within three working days of the transaction’s execution, and provide a copy of this report to the Company for its records and incorporation in its regular report to the Board of Directors. In this regard, Directors and senior management are required to submit an accurate report on the securities holding within the required period. This will be deemed one of the material obligations which senior management of the Company need to be aware of and need to meet. This gives confidence to Directors and senior management that the business is being managed and developed in a manner which is trustworthy, transparent, and consistent with the Corporate Governance Policy of the Company. It also provides shareholders, including general investors, with confidence in the Company’s Directors and senior management.



## 6. Audit Fee

### 1) Audit fee

The Company and subsidiaries paid the firm to which the auditors belong in the past 2013 fiscal year audit fee in the total amount of Baht 31.01 million, comprising Baht 6.20 million audit fee in respect of the Company and Baht 24.81 million audit fee in respect of subsidiaries.

### 2) Non-audit fee

The audit firm appointed by the Company provided services other than auditing to the Company and subsidiaries, i.e. examination by an agreed method and provision of consultations on taxes etc. during 2013, with remuneration of Baht 4.47 million, of which Baht 0.61 million was paid by the Company and subsidiaries during the year, and the remaining Baht 3.86 million would be paid in the following year.

## 7. Other Corporate Governance Practices

The Company has two levels of corporate governance oversight, by the Board of Directors and by management. The Board of Directors has established the Corporate Governance Committee which comprises Dr. Kosol Petchsuwan, Mr. Vitthya Vejjajiva and Dr. Ajva Taulananda. Corporate governance at management level is overseen by the CEO and other senior executives.

In 2013 the Company complied with good corporate governance principles which could be summarized as follows.

## Section 1 Rights of Shareholders

### 1. Shareholder meetings

- 1.1 The Board of Directors realizes and places importance on rights of shareholders as well as equitable and fair treatment to shareholders, and, therefore, prescribed a policy relating to shareholders as a part of the Policy on Corporate Governance of the Company, taking into consideration rights of shareholders of all groups as much as possible, not limited only to the rights prescribed by law.
- 1.2 In 2013 the Company organized 2 shareholder meetings, i.e. the 2013 Annual General Meeting of the Shareholders (the “AGM”) on 23 April 2013 and the Extraordinary General Meeting of the Shareholders (the “EGM”) No. 1/2556 on 7 October 2013. All shareholder meetings of the Company were organized on such dates, at such time and venue by taking into account convenience of shareholders attending the meetings, by having organized the meetings on working days and hours, i.e. 14.00 hours at the Head Office of the Company, located in Bangkok where access thereto is convenient. Moreover, map and information on travel thereto were prepared as a document attached to the letters of invitation to the meetings and sent to all shareholders eligible to attend the meetings.
- 1.3 In all shareholder meetings, including the 2013 AGM and the EGM No. 1/2556, the Company informed shareholders, in the letters of invitation to the meetings including relevant documents, of the dates, times, venues, meeting agendas, all information relating to the matters to be decided in the meetings, as well as causes and backgrounds of the matters to be decided, by clearly specifying facts and reasons including comments of the Board of Directors



in each agenda, emphasizing on details for those who have not been aware thereof to comprehend the matter easily. In addition, the Company also provided information on votes of shareholders in resolving to grant approval in each agenda proposed in the letters of invitation to the meetings, rules adopted in the meetings, classes of shares and voting rights as well as voting procedures.

- 1.4 In all previous shareholder meetings, including the 2013 AGM and the EGM No. 1/2556, the shareholder meetings have considered the matters in accordance with the agendas prescribed in the letters of invitation to the meetings delivered by the Company to shareholders in advance, without changing the sequence of the meeting agendas and without adding other agendas not specified in the letters of invitation to the meetings.
- 1.5 Remunerations of directors of the Company are in one format only, i.e. regular monthly remuneration determined on individual positions basis. The Company proposed the agenda on remunerations of directors to the AGM regularly on annual basis. As for 2013, the Compensation and Nominating Committee reviewed the appropriateness of the remunerations of directors, taking into consideration the performance standards of the same industry, as well as the experience, duties and responsibilities of directors, and recommended to the Board of Directors meeting that the same rate of remunerations as that previously approved by resolution of the 2012 AGM, which has never been changed since 2002, should be presented to the 2013 AGM for approval.
- 1.6 The Board of Directors concurred with the Audit Committee's recommendation to propose the appointment of the Company's auditor and the determination of the auditor's remuneration for the Year 2013 to the 2013 AGM for approval as the Company has done annually. To provide auditor information for shareholders prior to the AGM Day, the Company disclosed the following auditor information in the AGM invitation letter: name of the auditor, age, company name, educational background, working experience, experience in conducting the audit and expressing an opinion on the financial statements, family relationship with the Company's management, any relationship or conflicts of interests, which would affect the independence of their performing as well as the audit remuneration proposed for the year 2013 and its remuneration in the previous year.
- 1.7 The Company disclosed the dividend distribution policy of the Company and subsidiaries in the annual report and Report 56-1 and also presented it to the AGM for consideration regularly on annual basis, with clear information and supporting reasons for the 2013 AGM.
- 1.8 Regarding the agenda to consider the election of the directors, the Company provided details of the nominees proposed in the AGM invitation letter. The details of the nominees proposed for the election of the directors consisted of director's name and surname, current position, type of director to be elected, nomination criteria and procedure, family relationship (to the Company's management or major shareholders), period of directorship, no. of board or committee meetings attended during the year (if applicable), age, nationality, educational background, director training programs attended, working experience, positions in other organizations (listed and non-listed company) that may have any conflicts of interests to the Company and no. of the Company's shares holding by the director.
- 1.9 The Company clearly determined shareholder meeting agendas on individual matters, e.g. in the agenda relating to directors, the Company divided the matter on director election and that on consideration for approval of remunerations of directors into separate agendas.
- 1.10 In case several matters were proposed for consideration by the shareholder meeting in the same agenda, which had no related legal effect, the Company would require resolution be made on each matter, for example, in respect of the director election agenda, the Company gave shareholders opportunity to vote for election of directors on individual basis by nominating one individual at a time for election as director by shareholders to give shareholders opportunity to elect directors of their real choices.



- 1.11 The Company facilitated all groups of shareholders, both natural persons and institutions, to exercise their rights to participate and cast their votes in meetings at no cost and without complicated procedures, and refrained from committing any act which limited shareholders' meeting attendance, provided spots where list of shareholders and number of shares held by them could be examined by their categories, which helped facilitating and expediting the registration on the meeting date.
  - 1.12 In all shareholder meetings, including the 2013 AGM and the EGM No. 1/2556, the Company provided a channel for shareholders to send questions to the Company 7 days in advance of the meeting date through the e-mail address: [ir\\_office@truecorp.co.th](mailto:ir_office@truecorp.co.th) or via registered mail to the Investor Relations Department, True Corporation Public Company Limited, 18<sup>th</sup> Floor, True Tower, No. 18, Ratchadapisek Road, Huai Khwang, Bangkok 10310, 15 days in advance of the shareholder meeting. The Company publicized the matter for information of shareholders through the Company's website and in the letter of invitation to the meeting delivered to all shareholders eligible to attend the shareholder meeting.
2. Procedures on the shareholder meeting date
    - 2.1 The chairman of the meeting ensures there is appropriate time set aside for discussion and encourages shareholders to express their opinions and ask questions related to the Company's operations.
    - 2.2 Technology has been used during the shareholders meeting registration, vote counting and vote result announcement so the meeting is done promptly and accurately.
    - 2.3 For the sake of transparency and historical record, the Company encourages the use of voting cards for every agenda that need to be voted. The Company also arranges an independent law office to verify the vote counting where the name of the independent law office and its representatives are introduced to shareholders before starting the agenda session. The voting cards will be kept as evidence if there is any dispute over the results after the meeting.
  3. Preparation of minutes of the meeting and disclosure of shareholder meeting resolutions
    - 3.1 The AGM's resolutions which consisted of the number of approving, objecting and abstaining votes in each agenda item are notified to the SET on the AGM Day and posted on the Company's website on the next business day to provide shareholders and investors a chance to review the AGM's resolutions in a timely manner.
    - 3.2 The Company also recorded details the following matters in the minutes of the shareholder meetings: (1) Voting and vote counting method, which was explained by the Secretary of the Meeting prior to convening the meeting in accordance with the agendas, (2) votes of shareholders, by clearly specifying either voting for, against or abstaining, and the number and proportion of votes in each agenda, (3) list of directors, senior executives of the Company, auditors, legal advisor and vote counting supervisor participated in the meeting, (4) summarized essence of inquiries, comments and recommendations of shareholders and explanations of directors and executives in response to inquiries of shareholders in each agenda.
  4. The Company distributed shareholding of minor shareholders in accordance with requirements of SET, i.e. as at 15 March 2013, which was the shareholder register closing date to determine the rights to attend the 2013 AGM, the Company had minor shareholders' shareholding proportion (free float) of 36.59%, institution investors' shareholding proportion of 10.53% and the shareholding proportion of the Board of Directors including related parties of 0.08%.



## **Section 2**

### **Equitable Treatment of Shareholders**

1. The Company has only one class of shares, i.e. ordinary shares, with equitable voting right, i.e. one share per one vote.
2. Provision of information prior to shareholder meetings
  - 2.1 The Company prepares letter of invitation to the meeting together with relevant documents in the Thai language for Thai shareholders and in the English language for foreign shareholders and delivered to all shareholders at the same time in advance of every meeting date. As for the 2013 AGM and the EGM No. 1/2556, the Company delivered the letters of invitation to the meetings together with relevant documents to shareholders 29 days and 17 days, respectively, in advance of the meetings.
  - 2.2 The Company publicized the letters of invitation to the meetings and relevant documents, both in the Thai and the English languages, on the Company's website at the same time in advance of all meeting dates. As for the 2013 AGM and the EGM No. 1/2556, the Company publicized them on the Company's website 39 days and 17 days, respectively, in advance of the meeting dates to provide shareholders with sufficient time to study the meeting supporting information before receiving the information in hard copy format from the Company, and also publicized the information via electronic means of SET for information of shareholders.
  - 2.3 Prior to the AGM's agenda session, the secretary of the meeting will notify shareholders regarding meeting rules, type of shares, voting rights, voting method, vote counting and vote result announcement. This process has regularly been done in the past years.
3. Protection of rights of minor shareholders
  - 3.1 The Company allows shareholders who cannot attend meetings to cast a proxy vote, without any conditions that will make it difficult for shareholders to appoint their proxy. Moreover, the Company allows shareholders to submit their proxy form to the Company Secretary and Securities Department in advance of the meeting date for verification to save the shareholders' time on the meeting date
  - 3.2 The Company encourages the use of proxy forms on which shareholders can specify their voting preferences. The proxy forms are attached together with the invitation letter to the shareholder meeting. The Company provides options for shareholders to appoint 2 independent directors as their proxy (with their background information provided).

The Company has notified the shareholders of documents or other evidence needed to identify themselves in order to participate at the meeting as well as providing clear guidelines and advice on proxy voting in the invitation letter in all shareholder meetings.
  - 3.3 The Company provided opportunities and clearly prescribed rules to enable minor shareholders to propose matters to be included as meeting agendas and to nominate individuals for election as directors at least 3 months in advance of a AGM. Such practice has been adopted regularly every year up to present, and shareholders could submit information in accordance with such rules and in such format as prescribed and publicized by the Company on its website.

At the 2013 AGM, proposed issues were sent via registered mail to the Company from 1 October 2012 to 31 December 2012. The Company posted the above proposals on its website and through the SET's electronic system. Nevertheless, shareholders did not propose any issues or nominations for directors.



4. Prevention of the use of inside information

The Company's code of conduct covers inside information and insider trading, as well as the use of applicable laws to monitor and prevent the personal use of confidential Company information by management and related persons. Material information which has not yet been disclosed is kept confidential, apart from disclosure to the relevant senior management of the Company. Directors and senior management must report purchases, sales, transfers and assignments of securities issued by the Company to the Securities and Exchange Commission (SEC) within three working days of the transaction's execution, and provide a copy of this report to the Company for its records and incorporation in its regular report to the Board of Directors. In 2013, there were no Board members or executives violating this practice.

5. Conflicts of interests by directors

The Board of Directors formally prescribed "The Criteria and Procedures for Reporting the Interests of Directors and Executives", with which all directors and executives properly complied.

In addition, in a Board of Directors meeting, any director with material interest which could prevent the director from commenting freely would refrain from participating in the consideration of that agenda.

6. In 2013, the Company did not conduct transactions which provided financial assistance to companies which were not subsidiaries of the Company.

7. The Company adopted measures and steps for granting approvals of related transactions as prescribed by law and in accordance with standards prescribed in the requirements of the Capital Market Supervisory Board and SET by implementing the "Rules of Entering into Related Party Transactions", which were approved by the Board of Directors. The Company strictly complied with laws, requirements as well as regulations on related party transactions. Up to present, the Company has never made any connected transaction by violating or failing to comply with relevant laws and requirements.

In 2013 the Company made connected transactions which required approval from shareholder meeting prior thereto, which the Company presented said matter to the EGM No. 1/2556 for approval. The Company disclosed information on such transactions in the letter of invitation to the meeting, e.g. names and relationships of related parties, nature of the transactions, the transaction pricing and valuation policy, reasons for making such transactions including opinions of the Board of Directors and the independent financial advisor on such transactions, etc., and delivered the letter of invitation to the meeting within such time as fixed, and properly and completely fulfilled all relevant obligations in accordance with requirements of the Capital Market Supervisory Board and SET in all respects.

As for other types of related transactions, the Company did them fairly with prices and conditions in accordance with the normal course of trade (fair and at arms' length).

The Company disclosed the details of related transactions of all types made during 2013 in the annual report and Report 56-1 under the heading "Connected transactions".

8. The Company strictly complied with laws and requirements of the Capital Market Supervisory Board and SET relating to transactions on acquisition or disposal of assets. Up to present the Company has never entered into any transaction on acquisition or disposal of assets by violating or failing to comply with relevant laws and requirements. In 2013, the Company made transactions on acquisition and disposal of assets which fell under the notifications of the Capital Market Supervisory Board and SET, which require the Company to send written notice to shareholders for acknowledgement on acquisition and disposal of the assets. However, to enable shareholders to participate in making the decision to enter into the transactions, the Company exceeded the established rules by presenting said matter to the EGM No. 1/2556 for consideration and approval.

In that connection, the Company disclosed details of such transactions on acquisition and disposal of assets in the annual report and Report 56-1 under the heading "Corporate and Other Significant Information".



## Section 3

### Role of Stakeholders

#### 1. Prescription of policy on treatment of stakeholders and compliance with the policy

- 1.1 The Board of Directors recognizes the importance of acknowledging the rights of all stakeholders and their ability to positively influence the Company's conduct and activities, and vice versa. Accordingly, the Company has established a "Code of Conduct" covering employees and stakeholders which includes:

##### Employees

- The right to privacy and the right to be protected from any violation of that privacy
- The right to receive fair and equal treatment
- The right to fair and equal employment such as the right to take leave and to receive fringe benefits, and the opportunity to be promoted, to transfer to other work units, and to receive performance assessments

##### Customers

- The right to receive fair and equal treatment
- The right to receive full and efficient service from the Company's employees
- The right to receive quality goods and highly efficient service
- The right to protection of confidential information

##### Suppliers and dealers (business partners)

- The right to receive fair and equal treatment
- The right to protection of confidential information
- The right to be treated honestly and reliably
- The right to information on relevant laws, regulations and policies
- The right to fair competition

##### Competitors

- The right to receive fair and accurate comparisons of products and services without defaming competitors or their products and services
- Not to engage in industrial espionage, sabotage or bribery with regard to competitors or potential competitors
- The right to receive fair and equal treatment, to not give preference to any competitor over another in terms of quality and testing as well as installing and maintaining the regulated common carrier services.

##### Creditors

- The right to be treated in accordance with terms and conditions of all agreements under relevant law and regulations
- The right to receive correct and complete financial information
- The right to receive payments owing, as well as safeguarding all guaranteed assets given as security

##### Investors

- The right to receive fair and equal treatment
- The right to be treated with the best intentions of the management to operate the business with their best knowledge, skills, and honesty
- The right to be protected from the use of insider information for pursuing private interests



#### Government agencies

- The right to regulate, monitor and punish according to laws and regulations and the government agency's standard practice.

1.2 The Company has focused on safety and occupational health at work by putting in place its "Safety, Occupational Health and Work Environment Policy" and also announced its "True Employee's Health Promotion Policy" where the Company's management of safety, occupational health and the work environment as well as promoting employee's health consists of:

- (1) Providing procedures and operational instructions relating to safety, occupational health and the work environment in the Company's Procedure Manual System (PMS). For example, the procedure for assessing the safety of the workplace and conducting fire evacuation drills, etc.
- (2) Provide safety instructions (in an e-Book format) for office workers and technicians so they can easily access, study, understand the instructions and put them into practice.
- (3) Establishing safety rules and regulations for the Company's employees and contractors.
- (4) Establishing preventive plans and evacuation plans in case of an emergency at each of the Company's offices and also providing employees with the relevant instructions videos and manuals.
- (5) Provide safety and basic life support training courses for employees and contractors.
- (6) To launch various health promotion campaigns for employees, both in Bangkok and other provinces, to promote and urge sports groups of the Company to organize activities for employees to participate in more exercises, including mental care, by allowing employees to study and have mental care for 5 days per year without treating it as a leave.
- (7) To monitor and measure, in random, air quality in offices where plenty of employees are working, i.e. the Head Office, office buildings where telephone operators are performing, main telephone exchange office buildings (parameters measured include carbon dioxide, carbon monoxide, fungus, yeast, mold, bacteria formaldehyde, dust particles, temperature, moisture etc.).

1.3 Employee remuneration in both short-term and long-term is considered in accordance with the Company's business operation results. Balanced Scorecard (BSC) is a management tool to drive the Company's strategy into action while key performance indicators (KPI) are used as a guideline to evaluate employees' performance.

Summary of employee's remuneration and benefits is disclosed in the annual report and Report 56-1 under the "Personnel" topic.

1.4 The Company has established a provident fund for employees.

1.5 The Company emphasizes on developing and improving the human resources management and development system to advance in line with technology and meet international standards to enhance and develop employees to be both good and skillful people with involvement in social development and support. As a whole, the Company encourages both internal and external educations to enable employees to develop on a continuous basis. Tele-education system is established for employees in provincial areas. The Company establishes the "Learning & Development Center" to design and develop appropriate training courses. There are about 300 training courses organized within the Company per year. In 2013, there were a total of 36,000 training mandays with total budget of Baht 135 million. The Company disclosed information on personnel training and development in the annual report and Report 56-1 under the heading "Personnel".



- 1.6 The Company recognizes the importance of combating corruption and the receiving and paying of bribes. The “Code of Conduct” states that employees are prohibited from the soliciting or paying of any incentives to themselves or others from the party that they do business with. Employees are also prohibited from making any payment or giving any assistance that could be considered to be a bribe or benefit.
- 1.7 The Company provided channels for any stakeholder to make complaints or provide information concerning fraud, wrongdoing or violations of the Company’s Code of Conduct to the Board of Directors via the Audit Committee. The information about the said channels are on the Company’s website [www.truecorp.co.th](http://www.truecorp.co.th), the details are as follows;

Stakeholders can, in confidentiality, make complaints or provide information concerning fraud, wrongdoing or violations of the Company’s Codes of Conduct to the Company’s Board of Directors via the Audit Committee through the following channels;

- Email: [auditcommittee@truecorp.co.th](mailto:auditcommittee@truecorp.co.th)
- Mail address  
Audit Committee  
True Corporation Public Company Limited  
18 True Tower, 28<sup>th</sup> floor  
Ratchadapisek Road, Huai Khwang  
Bangkok 10310

The Company Secretary, in the capacity of Secretary of the Audit Committee, will be responsible for gathering the issues and forwarding them to the Audit Committee for its consideration and further action. The Audit Committee will summarize results of any investigation and report to the Board of Directors every quarter.

Conditions for processing complaints and information:

- Anonymous letters are not accepted
- Stakeholders who submit complaints or information must provide their full names. The Company will keep their personal information confidential. Only officers or persons authorized by the Audit Committee can access the information.
- Irrelevant issues such as the following shall not be processed by the Audit Committee:
  - Job inquires
  - Surveys and other requests for information about the Company
  - Offers or advertisements of goods and services
  - Requests for donation and sponsorship

In 2013, The Audit Committee did not receive any complaint or information concerning fraud, wrongdoing or violations of the Company’s Code of conduct. But there were four complaints regarding the Company’s services which the Audit Committee had already submitted to the relevant Departments where appropriated actions were taken and all issues were already solved.

- 1.8 The Company organizes training courses to educate employees on the environment through the natural conservation photograph contest by giving employees opportunity to participate in the activity on natural photography training course and submit their photographs to the contest. Said natural photography training for employees shall create the feeling of love and care for nature and natural conservation consciousness. The Company, jointly with the



Department of National Parks, Wildlife and Plant Conservation, has been organizing the project on natural conservation photograph contest “Animals are valuable, forests are useful” regularly every year since 1995 up to present, which is the 19<sup>th</sup> year. Competent persons and experts on environmental conservation, e.g. bio-resource experts, officers from the Department of National Parks, etc., are invited to provide know-how on the environment aspect to instill in Thai citizens a feeling of joint owners and create cooperation in rehabilitating and increasing the number of wildlife, which shall help maintaining the natural balance existence.

- 1.9 The Company encourages efficient use of resources and support creation of inventions to enhance the most worthwhile use of existing resources. The Company has been organizing the “True Innovative Award for True” Project regularly on yearly basis up to present. The Project is the contest of inventions within the Company to encourage all employees at all levels to participate in creating inventions which are beneficial to the organization and the society as a whole, by encouraging employees to recognize the importance and benefits of inventions and the application thereof in work units to create continuous developments to educate participating employees on inventions on integral basis and enable them to materialize and effectuate the inventions and creativities to solve problems for customers, develop goods, services and processes beneficial to the organization, customs and the society, for example, enhanced customer satisfaction, revenue increase, process improvement, value adding, creation, etc.

Apart from organizing internal innovation contest, the Company also has a determination to help creating innovative inspiration amongst Thais by joining with Chulalongkorn University (Technopreneurship and Innovation Management Program) and CNBC Asia Pacific to host the “True Innovation Awards” contest which is held annually since the year 2010. It allows contestants to present their ideas and develop innovative works to benefit society and country as a whole as well as an opportunity to leverage Thais’ potential to meet with international standards.

## 2. Preparation of report on corporate social responsibility

The Board of Directors has approved a Corporate Social Responsibility (CSR) policy which is available on the Company’s website in English and Thai. In addition, the Company operates its business while adopting the sufficiency economy philosophy and taking into consideration environmental and social matters with a focus on promoting a knowledge-based society as a path to sustainable development for Thailand. The Company places emphasis on using modern telecommunications technology to develop educational projects which help with the development of youth and underprivileged children in Thai society.

The Company disclosed the information as well as activities in connection with corporate social responsibility in the annual report and Report 56-1 under the heading “Corporate Social Responsibilities”.

## **Section 4** **Disclosure and Transparency**

### 1. Information disclosure

- 1.1 The Company was able to submit both the quarterly and annual financial reports for 2013 within the schedule determined by the SEC and SET. The Company emphasized on preparing financial statement properly in accordance with generally accepted accounting standards, using appropriate accounting policies applied on a consistent basis. The Company was very rigorous in submitting financial statements and financial report within the schedule prescribed by law. The Company’s financial statements were certified with unqualified opinions by the auditor and have never been ordered by the SEC to make any correction thereto and have never been submitted late.



- 1.2 The Company prepared Management's Discussion and Analysis by giving analytical explanations on financial position and operation results of the Company and forwarded them to the SEC and SET together with all quarterly financial statements and publicized them on the Company's website as information supporting disclosure of all quarterly financial statements to enable investors to be aware of and comprehend the changes to the financial position and operation results of the Company in each quarter better.
- 1.3 The Company provides summaries of the Corporate Governance Policy and the Corporate Social Responsibility Policy approved by its Board and reports on both practices through various channels such as its annual report and website.
- 1.4 The Company provides a statement of the Board's responsibilities concerning the Company's financial report. This statement is presented in the Company's annual report.
- 1.5 Auditors of the Company were those approved by the SEC and appointed by AGM. The Company disclosed information on payment of remuneration to auditors for 2013 in the annual report and Report 56-1, by clearly separating the remuneration into audit fee and non-audit fee.
- 1.6 The Company discloses the roles and responsibilities of the Board of Directors and its committees, the total number of meetings and the number of meetings each member attends, the results of tasks performed as well as any ongoing training courses and occupation knowledge development programs each member attends during the year in the annual report, according to the SET and the SEC regulations.
- 1.7 The Company disclosed the backgrounds of all directors in the annual report, Report 56-1 and on the Company's website by specifying their names-surnames, ages, positions, educational backgrounds, training, working experiences, number of shares in the Company and proportion of shareholding, holding of director office in any other company, clearly separating into the heading of listed company and other companies, date appointed as director, as well as family relationships among executives.
- 1.8 Remunerations of directors of the Company reflected the obligations and responsibilities of each director. The Company paid directors their remunerations in 2013 at such rates as approved by the 2013 AGM, which were the same rates as approved by the 2012 AGM, which have remained unchanged since 2002. Details are as follows.

Remuneration of Directors is paid on a monthly basis as follows:

Chairman	Baht	300,000 per month
Honorary Chairman	Baht	200,000 per month
Vice Chairman	Baht	150,000 per month
Director	Baht	100,000 per month

Any Director being an employee of the Company shall receive the Director's remuneration in addition to his or her salary as an employee.

Independent Directors who hold a position on a Committee shall receive remuneration as follows:

Independent Directors who are also the Chairman of a Committee	Baht	300,000 per month
Independent Directors who are also member of a Committee	Baht	200,000 per month

Remuneration of Independent Directors who are not members of a Committee, and directors who are not Independent Directors shall remain the same.



In this regard, the Company disclosed the amount and type of remuneration received by each director from the Company and subsidiaries individually in the annual report and Report 56-1 and publicized them on the Company's website.

1.9 In 2013, the Company paid high-level executives their remunerations in accordance with the Company's policy to pay remuneration by reflecting the obligations and responsibilities of each high-level executive and at suitable rates by comparing with the same type of business, and disclosed the details of remuneration payment in respects of format, nature and amount of remunerations in the annual report and Report 56-1.

1.10 The Company established a policy requiring directors and senior executives to submit copy of report on holding of securities of the Company, both in case of initial report (From 59-1) and in case of changes to the holding of securities (From 59-2) to the Company within the same period when the directors and senior executives submitted it to the SEC Office for retention by the Company as evidence and report to the Board of Directors meetings on a regular basis.

Moreover, the Company disclosed changes to the holding of securities of the Company by directors and senior executives by illustrating in the annual report the number of shares held at the beginning of the year, changes during the year and the number of shares held at the end of the year.

1.11 The Company has an Investor Relations Department to communicate with outsiders on an equitable and fair basis. Investors may contact the Investor Relations Department via telephone number 0-2699-2515 or e-mail address : [ir\\_office@truecorp.co.th](mailto:ir_office@truecorp.co.th). The Company advised general investors of the contact channel via the Company's website, annual report and Report 56-1. For the year 2013, the Investor Relations Department prepared press release on the Company's financial performance as well as held analyst and investor meetings following the release of the Company's quarterly results at the Company's headquarters. For analysts and investors who cannot attend the meeting in person, a Webcast is provided. The Company also provided information related to the Company while organizing a meeting with analysts. In addition, the Company held roadshows to meet with local and international investors and provided equal opportunities for investors, both institutional and retail, to call the Company for additional information/discussion on the Company's outlook and strategies.

## 2. Information disclosed on the Company's website

The Company publicized financial and non-financial information as required by SET accurately, completely, timely and transparently, both in the Thai and the English versions, via various channels, i.e. SET's channel, annual report, Report 56-1 and on the Company's website. The Company also publicized on the Company's website significant documents and prepared other details which were anticipated to be of interest to investors and analyzers, e.g. visions and obligations, business operation nature, Company Group structure, top 10 shareholders, list and authorities of the Board of Directors and subcommittees, financial statements and financial information at least 3 years retroactively for comparison purpose, annual report, Report 56-1, letter of invitation to meeting together with documents relating to shareholder meetings, Articles of Association and Memorandum of Association, Corporate Governance Policy, etc., periodically updated. Documents and information of all types were publicized on the website both in the Thai and the English versions to enable investors and analyzers to access thereto conveniently and equitably and to download information of their interest. The Company also gave on its website telephone number, facsimile number and e-mail address for contact with the Investor Relations Department.



## **Section 5**

### **Responsibilities of the Board**

#### **1. Structure of the Board of Directors**

- 1.1 As at 31 December 2013 the Board of Directors comprised 15 qualified and knowledgeable members with wide experiences and specialties beneficial to the Company. The number of directors was appropriate and adequate to the size and type of the Company's business. The structure of the Board of Directors comprised: (1) 4 Executive Directors and (2) 11 Non-Executive Directors, of which 5 directors were independent directors or 1/3 of the total number of directors, which was in accordance with requirements of the Capital Market Supervisory Board, and 6 qualified directors not involved in routine work administration including representatives of major shareholders.

The Company disclosed the structure of the Board of Directors, authorities, nomination rules, significant information of each director, e.g. name-surname, position, date appointed to the director's office, as well as background of each director in the annual report, Report 56-1 as well as on the Company's website at [www.truecorp.co.th](http://www.truecorp.co.th).

- 1.2 The Company clearly fixed the term of office of directors by specifying in the Corporate Governance Policy and Articles of Association in accordance with law.

The same rules in respect of the term of office of directors apply to the term of office of independent directors.

- 1.3 The Company has specified the details of Independent Directors' qualifications in its annual report and Report 56-1. Mr. Joti Bhokavanij who serves as the Independent Director and Audit Committee member has an accounting and finance background. The Company revised the qualifications of Independent Directors by using a more rigorous definition than that defined by the Capital Market Supervisory Board in area of shareholding percentage i.e. an Independent Director of the Company must have no more than 0.75 percent share ownership in the Company, its parent company, subsidiary, affiliate, principal shareholder or controlling person of the Company, including the shares held by related persons of the Independent Director.

- 1.4 The Company details the background and position of each member of the Board in its Annual Report and Report 56-1. Shareholders can download this information from the SET website at [www.set.or.th](http://www.set.or.th) or from the Company website at [www.truecorp.co.th](http://www.truecorp.co.th).

- 1.5 None of the Company's directors or executives is or was an employee or partner of the external auditing company providing services to True Group for the past two years.

- 1.6 The Company established policy regarding the number of companies each director, including independent directors and the President, could hold office therein, by specifying it in the Corporate Governance Policy of the Company disclosed on the Company's website, i.e. directors could hold office in other companies, but such directorship must not be obstructive against their performance as directors of the Company. As regards the number of companies in which each director could hold office of director, the Board of Directors encouraged directors to consider limiting to not exceeding 5 listed companies. There has been no independent director holding office of director in more than 5 other listed companies.

- 1.7 The Chairman of the Board is a non-executive director and the CEO is not the same person as the Chairman. The roles and responsibilities of the Chairman are in accordance with the law. The roles and responsibilities of the CEO are determined by the Board of Directors and is disclosed in the annual report and Report 56-1 which is also posted on the Company's website.



- 1.8 The Company's Internal Audit Department reports directly to, and is accountable to, the Audit Committee.

The Company has disclosed the name and profile of the head of Internal Audit Department in the annual report and Report 56-1 which is also posted on the Company's website.

- 1.9 The function of Company Secretary is in place to serve the Board of Directors in area of providing advice on laws and regulations related to the Board, helping organize the Board's activities, and monitoring compliance with the Board's resolutions. The Company also encourages the Company Secretary's personnel to continuously attend training courses and enhance legal and accounting knowledge as well as participating in any company secretary-related training courses.

The Company has disclosed company secretary's job description, working experience and related training courses attended in the annual report and Report 56-1 which is also posted on the Company's website.

## 2. Committees

- 2.1 The Board of Directors has established the following committees to reflect good corporate governance:

### The Audit Committee

Is responsible for reviewing the Company's financial reporting process, reviewing the Company's internal control system and internal audit system, reviewing the Company's compliance with the law and regulation on securities and exchange including the laws relating to the Company's business, determining an internal audit unit's independence, considering and proposing appointment of the Company's external auditor and reviewing the transactions that may lead to conflicts of interest. Details of the Audit Committee's duty and responsibilities have been disclosed in Clause 2 "The Board's Committees".

### The Compensation and Nominating Committee

is responsible for making recommendations to the Board of Directors regarding the compensation of directors and CEO; and the nomination of directors of the Company.

### The Finance Committee

is responsible for assisting the Board of Directors to review and monitor the Company's financial management.

### The Corporate Governance Committee

is responsible for assisting the Board of Directors to establish and review the Company's corporate governance policy as well as making sure that the Company has a sound and appropriate corporate governance practice.

The Company has also specified the details of Committees which are name lists, scope of duties and numbers of meetings attendance in its annual report and Report 56-1 in Clause 2 "The Board's Committees". Shareholders and investors can download the information regarding each committee from the Company's website at [www.truecorp.co.th](http://www.truecorp.co.th).

- 2.2 In order for the committees can perform their duties transparently, independently, and at the same time effectively, their membership comprises independent directors, and non-executive directors.

## 3. Roles and Responsibilities of the Board

- 3.1 The Board of Directors considered and granted approvals on significant matters related to the Company's business operation, e.g. visions and obligations, strategies, financial targets, risks, work programs and budgets, and also supervised and monitored the Management to execute the works in accordance with the policies and scheduled programs efficiently and effectively clinging to self-sufficiency economic philosophy, i.e. moderation



(awareness of the Company's actual capabilities), reasonability and good self-immunity, based firmly on honesty and circumspection. The Company disclosed the power and duties of the Board of Directors in the annual report and Report 56-1 publicized on the Company's website.

Throughout the past up to and including 2013, the Company has never committed any act violating or breaching rules and regulations of the SEC and SET.

- 3.2 The Board sets and approves a written corporate governance policy for the Company and reviews the policy and its compliance annually.
- 3.3 The Board of Directors ensures that a written code of business conduct is in place so that all directors, executives and employees understand the Company's ethical standards for doing business where compliance with the code is closely monitored by the Board. The Company has also disclosed the details of the Code of Conduct on its website.
- 3.4 The Board of Directors considers transactions involving conflicts of interest thoroughly. It follows clear guidelines on approving such transactions so that they are conducted in the best interests of the Company and all shareholders. The person who has an interest in the transaction does not participate in the decision-making process. The Board also monitors compliance with the regulations regarding criteria, procedures and disclosure of transactions involving conflicts of interest.

During 2013, similar to every previous year, no director and executive of the Company as well as individual related to such parties were in breach of requirements pertaining to the conflict of interest in the Company's transactions.

- 3.5 The Board of Directors ensures that internal control systems are in place, including financial, compliance and policy controls, and assigns the Audit Committee to monitor and review the major system on annual basis. The Audit Committee's opinion has disclosed in the Company's annual report under "Report from the Audit Committee" topic.
- 3.6 The Company has established its "Strategy Development and Risk Management Committee" and also officially announced "Risk Management Policy and Framework", in order to integrate risk management with its business strategy and operations. The Internal Audit Department is responsible for reviewing the Company's various operational systems by using a Risk-based Audit Approach and presents its Internal Audit Report to the Audit Committee on a regular basis. The said procedure was disclosed in the Company's annual report under "Report from the Audit Committee" topic.

In addition, the Company reviews the risk assessment to be used for risk management on an annual basis, accordingly.

- 3.7 The Company was considering joining the "Private Sector Collective Action Coalition Against Corruption" (CAC), with the Thai Institute of Directors (IOD) acting as Secretary of the project. The matter was being under study to consider signing the Declaration of Intent of the Private Sector Collective Action Coalition Against Corruption.

In addition, the Board of Directors provided channel for stakeholders of all groups to make complaints or provide information concerning fraud, wrongdoing or violations of the Company's Code of Conduct to the Board of Directors via the Audit Committee. The Company disclosed details in connection therewith in Section 3 Role of Stakeholders.

- 3.8 The Board of Directors had a mechanism to supervise subsidiaries to safeguard interests in the investments of the Company. The Company disclosed such information under the Heading "Supervision of business operation of subsidiaries and associated companies".



#### 4. Board Meetings

- 4.1 The Company sets its meeting schedule and agenda in advance and notifies each director of this schedule and agenda. However, in an emergency the Company can also call for an additional Board meeting.
- 4.2 The Company has stated in its Corporate Governance policy that the Company allows non-executive directors to hold meetings amongst themselves without participation from executive directors and management, if they would like to have a discussion on the management issues or any issues they are interested in. In 2013, non-executive directors had held such meetings, in an unofficial form, after finishing the Board Meetings.
- 4.3 The Company organized 9 Board of Directors meetings during 2013, which were appropriate to the obligations and responsibilities of the Board of Directors and the Company's business operation. Participation of all directors in such meetings represented 82.22% of the total number of meetings of the year.
- 4.4 The Chairman and/or Vice Chairman of the Board and the CEO jointly set the agenda for each Board meeting. Moreover, each Board member is free to suggest agenda items.
- 4.5 Meeting documents are sent to each director at least five days prior to the meeting day. These documents are concise but contain all relevant information. Any confidential issues are discussed during the meeting.
- 4.6 The Chairman of the Board allocates enough time for the meeting to receive full presentations from management and host comprehensive discussions by directors.
- 4.7 The Board is able to access additional information, under a prearranged agreement, via the CEO or the Company Secretary or the executive designated as a contact person. If necessary, the Board and each committee can also acquire any independent opinions from external consultants or experts under the Company's expenses.
- 4.8 The Board of Directors encourages the CEO to invite the top executives to attend Board meetings in order to present details on the issues that they are directly responsible for.

#### 5. Board Self-Assessment

- 5.1 The Board of Directors make self-assessment on a yearly basis.

#### 6. Remuneration

- 6.1 Board members' remuneration is comparable of other directors in the Company's industry, and reflects the experience, obligations, range of work, accountability, responsibilities and contributions of each director. Members of the Board with greater responsibilities, such as independent directors who also hold committee memberships, are paid more.

In 2013 the Company disclosed the remuneration of each director in its annual report and Report 56-1 which also posted on the Company's website.

- 6.2 Remuneration of the CEO and top executives is set in accordance with Board policy, within the limits approved by shareholders (for the types of remuneration that require such approval). Executives' salaries, performance pay, and other long-term compensation reflect the Company's performance and that of each executive.
- 6.3 The Compensation and Nominating Committee appraises the performance of the CEO annually to set his



compensation. The basis of the appraisal is agreed upon by the CEO ahead of the evaluation. The criteria are objective, including financial performance, long-term strategic performance, career development planning, etc. The Chairman of the Board or a senior director communicates the evaluation results to the CEO.

## 7. Board and Management Training

- 7.1 The Company encourages and facilitates training for all internal parties who have a role in corporate governance, including directors, members of the Audit Committee, executives, the Company Secretary, etc. Training - either internal or external - enables them to continuously update their knowledge for performing their duties.
- 7.2 The Board encourages directors to enhance their knowledge for performing their duties by regularly attending training courses and joining seminars. In 2013 one director carried on attending training courses and seminars which are Director Briefing 1/2013 Thailand's Economic Outlook 2013, IOD Tea Talk : "Effective Regulation and Corporate Governance in Asia" and the 2<sup>nd</sup> National Director Conference 2013 "Board Leadership Evolution" hosted by IOD.
- 7.3 Every time that the Company had new directors, to be in line with the Company's policy, the Company provided new directors with material and information beneficial for fulfilling their duties. The Company also provided an introduction to the Company's various businesses and business direction for new directors.
- 7.4 The Company has established an official executive "Succession Plan" because the Company is aware that succession planning is a key component of sustainable business success. In light of this, the Company has established processes and procedures to appropriately identify and select candidates for succession at all levels of significant management position. The succession process is consisting of:
- (1) Establish the list of candidates to enter the succession process:  
where top executives and management select the candidates and conduct the evaluation of these candidates by descending order. The candidates have to undergo the followings performance evaluations:
    - Employee and its performance evaluation which are consisting of:
      - Past performance and the anticipation of their performance in the future
      - The decision-making ability, strength, what to improve or what to provide for further development and career path
      - Employee's capability assessment
    - 360 Degree Feedback Surveys in relation to the Company's corporate value
    - 9-Cell Charts evaluation which is a review of the performance and behavior of candidates in relation to the Company's corporate values
  - (2) Establish candidate slate:  
where the person who is currently in the post has to make his or her candidate slate by specifying three (which can be more or less) potential successors and listed those candidates in the order of their readiness.
  - (3) Review the candidate slate and establish the Company's Succession Plan:  
where the President, top executives and Human Resources executive have to work together in order to review the candidate slate and establish the Company's overall succession plan which will be based on the following key elements; business unit overview, organization chart, candidate slate, 9-cell charts evaluation, employee evaluation and 360 degree feedback surveys
  - (4) Establish the personal development plan for each of the candidates, execute the development plan and follow up
  - (5) Perform an evaluation and a review of the Succession Plan on an annual basis  
Candidates who have been selected to enter the succession program will have to undergo personal development activities assigned to them by the Company. The development consists of on-the-job training, being set challenging assignments and undergoing job rotation to develop leadership skills and business knowledge in all areas of the Company's operations to ensure continuity in the effective preparation of candidates for executive positions whenever a vacancy in a relevant position arises or where a new position is created to support business expansion.



# **C**orporate Social Responsibility

## **1. Ethical Business Operations**

True Group operates its businesses under the law and within the related regulatory framework along with its best practice guidelines in regard to corporate governance. The Company oversees the legal rights of its stakeholders as well as their mutual interests and benefits to ensure those stakeholders' rights and benefits are fairly exercised and protected. The Company's Board of Directors has designated the corporate governance policy as well as ethical and best practice guidelines that serve as a framework for both the management and staff to strictly follow.

This framework serves as a guideline for the Company in operating its businesses on a fair and transparent basis. The Company has a strict policy that prohibits inducement and unfair treatment of its business partners.

True Group is aware that corporate governance and transparency are crucial to its business operations, which must be fair and auditable for equal benefits of all stakeholders. The Group has implemented an electronic procurement system that enables all transactions between the Company and its vendors to be transparent and auditable in all aspects, which include budgeting, purchase authorization and documentation. The online procurement system enables procurement requesters to select goods and services from its online catalogue on a self-service basis, while vendors are selected in line with the Company's procurement guidelines.

Other corporate governance standards and auditing measures to ensure transparency and fairness also include:

- Vendor selection procedures are fair and transparent with price comparison as appropriate for each business unit of the Group.
- Budget is allocated to cover each business unit's expenditure. No procurement can be executed without sufficient funds.
- Approvals of procurement requests are authorized by managers/supervisors on a multi-level basis with different procurement value authorization.
- The procurement department is responsible for overseeing all purchasing requests.

The complete procurement process is transparent and auditable. Purchase records are kept with all necessary details and can be retrieved anytime for scrutiny.



## 2. Fraud Prevention and Anti-Corruption

- 1) The Company recognizes the importance of combating corruption and the receiving and paying of bribes. The “Code of Conduct” states that employees are prohibited from the soliciting or paying of any incentives to themselves or others from the party that they do business with. Employees are also prohibited from making any payment or giving any assistance that could be considered to be a bribe or benefit.
- 2) The Company provided channels for any stakeholder to make complaints or provide information concerning fraud, wrongdoing or violations of the Company’s Code of Conduct to the Board of Directors via the Audit Committee. The information about the said channels are on the Company’s website [www.truecorp.co.th](http://www.truecorp.co.th), the details are as follows;

Stakeholders can, in confidentiality, make complaints or provide information concerning fraud, wrongdoing or violations of the Company’s Codes of Conduct to the Company’s Board of Directors via the Audit Committee through the following channels:

- Email: [auditcommittee@truecorp.co.th](mailto:auditcommittee@truecorp.co.th)
- Mailing address:  
Audit Committee  
True Corporation Public Company Limited  
18 True Tower, 28<sup>th</sup> floor  
Ratchadapisek road, Huai Khwang  
Bangkok 10310

The Company Secretary, in the capacity of Secretary of the Audit Committee, will be responsible for gathering the issues and forwarding them to the Audit Committee for its consideration and further action. The Audit Committee will summarize results of any investigation and report to the Board of Directors every quarter.

Conditions for processing complaints and information:

- Anonymous letters are not accepted
- Stakeholders who submit complaints or information must provide their full names. The Company will keep their personal information confidential. Only officers or persons authorized by the Audit Committee can access the information.
- Irrelevant issues such as the following shall not be processed by the Audit Committee:
  - Job inquiries
  - Surveys and other requests for information about the Company
  - Offers or advertisements of goods and services
  - Requests for donation and sponsorship

In 2013, The Audit Committee did not receive any complaint or information concerning fraud, wrongdoing or violations of the Company’s Code of Conduct. But there were four complaints regarding the Company’s services which the Audit Committee had already submitted to the relevant Departments where appropriate actions were taken and all issues were already solved.

Moreover, the Company is now considering joining the Private Sector Collective Action Coalition Against Corruption (“CAC”) which has the Thai Institute of Directors (“IOD”) as a secretary of the project. Currently, the Company is in the process of studying and considering signing a Declaration of Intent in View of Establishing Thailand’s Private Sector Collective Action Coalition Against Corruption.



- 3) As part of the anti-corruption campaign, True Group supported the Office of the National Anti-Corruption Commission (NACC) with the organization of the 2013 Chor Sa-ard Awards which recognized outstanding media individuals and organizations for their work to prevent and suppress corruption. True Group helped with creating awareness of the anti-corruption campaign and encouraging the press to participate by producing and airing publicity spots as well as broadcasting the awards ceremony on more than 20 TrueVisions' TV channels. True Group also provided True Academy Fantasia artists to help out with the NACC's activities by promoting anti-corruption messages through music during May - November 2013.

### 3. Respect for Human Rights

- 1) True Group places great importance on promoting the quality of life for disabled persons so that they can have a reasonable and sustainable standard of living. Since 1994, True Group has provided employment opportunities for disabled persons according to their capabilities. To date, the Group has 21 disabled persons in its work force across various professions such as engineers, technicians, customer service agents and sales assistants. During the year, True made preparations for its project to assist disabled persons in line with Article 35 of the Promotion and Development of Quality of Life for Persons with Disabilities Act 2550. True Group's project "Development of Printing and Office Management Skills for Individuals with Autism and their Families" provides professional training for 203 individuals with autism and visual disabilities so that they can work and manage the career center for disabled persons. The training comprises 3 courses totaling 1,800 hours as follows:
  - (1) Basic computer usage training course (600 hours) for individuals with autism and learning disabilities.
  - (2) Computer usage in the workplace training course (600 hours) for individuals with autism and learning disabilities.
  - (3) Office skills training course (600 hours) for individuals with autism and learning disabilities.
- 2) As a member of society, the company operates its business in an environment that respects human rights, equality, and is free from discrimination, all within the law.
- 3) The company has clear and well-defined practices which provide employment opportunities for disabled persons, as well as to respect and promote their rights.
- 4) True Group collaborated with the Autistic Thai Foundation in the development of the potential of children with autism and their families with the launch of innovative autistic applications that were developed by True Group. Ranked among the top 10 educational applications in 25 countries, these autistic applications help to develop and cultivate skills of autistic children. The autistic applications, comprising Daily Tasks, Trace & Share, and Communications, can be downloaded free.
- 5) True Group started to provide Closed Caption or Digital Video Broadcasting (DVB) subtitles to assist the viewing experience on TrueVisions for the hearing-impaired. The trial service commenced on September 17, 2013 and covers 3 TV channels: True Explore 1, True Explore 2, and TNN24. True Group has coordinated with the National Association of the Deaf Thailand for ongoing collaborations
- 6) To assist the visually impaired with more convenient access to news and information, True Group joined with the Thailand Association of the Blind (TAB) in organizing the "From True to Tab ... Opening the World to the Blind" campaign which comprised a communications package developed specially for visually-impaired persons. The package offers voice calls and unlimited Internet usage via TrueMove H's 3G technology utilizing the Voice Over function of the iPhone 4 8GB model.



#### 4. Fair Treatment of the Labor Force

- 1) True's Plook Rak campaign organized the following activities for employees:
  - (1) Happiness Temperature (HT): A survey was conducted via the internal HR website on the level of employee happiness and the results were used to make improvements according to employees' needs
  - (2) Wellness Spa: Traditional Thai massage for employees to relieve tension
  - (3) Good Health with Plook Rak: A campaign encouraging employees to take care of their health through monitoring and preventive measures including comprehensive health check ups for staff, organized physical activities such as 5K10K weight loss program, 5K10K walk-run, walk-run to the office building's rooftop, jump rope competition, and more.
  - (4) Dharma with Plook Rak: This campaign included weekly Buddhist prayers and merit making, as well as monthly lectures on dharma. Moreover, an ordination ceremony was organized where participating management and staff were ordained as monks as a Royal Tribute. A training course was also available where staff could practice dharma for 5 days per year.

#### 5. Responsibility towards Consumers

- 1) True Group organized the following projects and activities to cultivate the importance of customers among its employees:
  - (1) The All4One contest was held to motivate departments involved with customer services to create the highest customer satisfaction. The winning team received a cash prize and an overseas trip to observe customer service practices in other businesses.
  - (2) The Caring Forwards contest was organized to improve workflow processes for supporting departments and is held every other year alternating with the All4One contest. The winning team received a cash prize and an overseas trip to observe workflow processes in other businesses.
- 2) True Group produced Tech Tips by True to help customers better understand the uses of technology and IT equipment. The objectives were to reduce the number of customer enquiries within True Group as a result of lack of information or misunderstanding, as well as to create a good image for the organization. These Tech Tips by True were disseminated to the public through various media such as print, radio and television, and were presented in the form of questions and answers providing helpful tips on technology related to True Group's services.
- 3) As part of its focus on consumers, True Group started to implement Total Quality Management (TQM) in its business operations across all departments in the organization in order to improve work processes which will subsequently result in better product and service quality for customers.

#### 6. Environmental Conservation

- 1) Cultivating Love of the Environment under True Plookpanya
  - (1) True Group and the Department of National Parks, Wildlife and Plant Conservation Group organized the 19th Annual National Nature Photography Contest 2013 to create awareness of environment conservation among youths and the general public by using photography under the theme of "Nature and Wildlife Photography" as a medium. There were cash prizes amounting to over Baht 400,000 along with privileges to visit national wildlife



sanctuaries nationwide. A total of 2,475 photos were submitted in 2013 by 425 persons from 46 establishments across 46 provinces.

- (2) The Annual National Nature Photography Contest book and calendar were produced and printed using certified green-printing methods designed to reduce carbon dioxide gas emissions. The book helped reduced carbon gas emissions by 20.68% while the calendar was able to reduce by 24.82%.
- 2) True Group implemented 3 energy-saving projects in 2013 as follows:
  - (1) Reducing power consumption by shutting down under capacity servers: Despite a decrease in data communication traffic in the past between hosts and clients, the number of servers in operation has remained the same. It was therefore decided to reduce the number of servers to be line with actual usage. Data traffic was analyzed to pinpoint servers which had no or small amounts of data traffic and these were subsequently shut down to help conserve energy.
  - (2) Switching from fluorescent to energy-saving bulbs: Lighting in the telephone exchange facility was changed from fluorescent to energy saving bulbs which not only used less power but were also easy to install, maintain and replace.
  - (3) Installation of Free Flow air system at the GPRS room: At present the air cooling system in the GPRS room comprises air conditioning units which consume a lot of power. These account for 40-50% of the telephone exchange facility's total electricity consumption. By switching to the Free Flow air system which uses fans to exhale hot air from the GPRS room and specially-designed air vents to allow natural air inflow to balance the room temperature (at approximately 28-35 degrees Celsius), usage of air conditioners was significantly reduced leading to a decrease in electricity consumption by as much as 25-30%.

## **7. Participation in the Development of Community and Society**

- 1) Broadening the Learning Experience for Schools Nationwide
  - (1) In 2013, True Group selected and added another 1,000 schools and 5 prototype schools to its True Plookpanya project. True Group also delivered additional learning equipment to schools which included a training video on how to install, use, and maintain digital media, and a USB device to capture and record educational programs broadcast on TrueVisions to be saved as digital files for knowledge archives. At the end of 2013, a total of 5,000 schools and 36 prototype schools were under the True Plookpanya project.
  - (2) In order to support and expand the potential of school management and teachers in utilizing True Plookpanya media with the utmost benefits, True Group delivered and installed an Active Board to Ban Don Sai Ngam School in Chumporn province which was selected as the best prototype school in 2013 under the True Plookpanya project.
  - (3) In order to enhance the collaboration in further developing the True Plookpanya project, True Group organized a training session on how to strengthen prototype schools. This aimed to seek ways to improve and expand the positive results of using True Plookpanya media to other schools nearby, as well as to build a learning network in order to achieve students' learning efficiency. A total of 1,355 teachers from 700 True Plookpanya schools attended the workshop.
  - (4) The 2013 teachers' work competition under the topic "True Plookpanya Media Creates Student Centric Learning" was organized to encourage teachers to produce works by using True Plookpanya digital media for teaching with a focus on students. A total of 25 teachers with the best works were selected to participate in a study trip to South Korea where they visited schools that successfully use ICT.



- (5) True Plookpanya supported the “CMA Power to Reduce Social Divide” project of the Capital Market Academy (CMA) Batch 16. Under this collaboration, four schools in the border areas under the CMA Batch 16 became part of the True Plookpanya project in 2013.
- (6) True Group organized the “True Asa True Plookpanya” project which offered opportunities to employees to participate in the True Plookpanya project. On October 31, 2013, a total of 85 staff took part in a volunteer activity to restore Ban Pong Sai School in Muak Lek district, Saraburi province, which is one of the True Plookpanya prototype schools.
- (7) In order to encourage media and technology usage in developing the potential of education, True Group organized the 3<sup>rd</sup> “Creating a Knowledge Hub with trueplookpanya.com” contest under the theme “Cultivate Knowledge with Virtues and Ethics.” Video clips could be submitted under the educational material, and creating awareness of virtue and ethics categories, to compete for HRH Princess Maha Chakri Sirindhorn Royal Trophies along with scholarships and prizes worth Baht 1 million.
- (8) Recognizing the importance of improving English proficiency among teachers and students in remote areas in preparation for the ASEAN Economic Community (AEC) era, True Group collaborated with the British Council in Thailand to organize the “English...We Can” project. For the first-round, a group of 40 English teachers from 4,000 schools under the True Plookpanya project nationwide joined an English training course conducted by the institution’s English experts. The 120-hour language and methodology development course (6 months) combined a 3-way integrated learning model comprising: 1) Face-to-face learning with British Council teachers in Bangkok; 2) Online teaching exercises using the British Council’s program; and 3) iMeeting communication solution allowing instructors and students to communicate in real time from all various locations. Following the training course, True Plookpanya and the British Council team selected 6 teachers and the “Best English Practice School” to join an overseas study trip to London, UK.
- (9) True Plookpanya in collaboration with the British Council in Thailand organized the “Once Upon a Time Award” story-telling contest. Miss Jane Blake, a world’s famous storyteller, was invited to share storytelling techniques and train English skills of students at Ban Nong Fai School, Lao Khwan District in Kanchanaburi province.
- (10) Extending Corporate Social Responsibility (CSR) activities under True Plookpanya project, True Group initiated the project to develop a village in a True Plookpanya school’s vicinity. This was aimed at expanding support for the development of the community. A local survey to explore the community’s needs was conducted in order to establish the “True Plookpanya Village” in the future. Pong Sai village in Muak Lek district, Saraburi province was chosen for the pilot project.

## 2) Cultivating Knowledge Projects under True Plookpanya

- (1) In its 18<sup>th</sup> year, the True Young Scientist Award held a national science and technology project contest under the theme “Quality of Life Improvement with Sufficiency Economy.” The contest was open to elementary school students nationwide and received a total of 445 entries from 298 schools in 70 provinces across Thailand. The winning 15 entries were exhibited at the 2013 National Science Week event during August 18-20, 2013.
- (2) The True Youth Camp was held for the 7<sup>th</sup> consecutive year under the theme “Change...with Creativity for the Community” with 4-5<sup>th</sup> year students from 84 high schools in 45 provinces nationwide participating.
- (3) The 11<sup>th</sup> Sai Fah Noi broadcast journalism training for 2013 was attended by 62 students from mass communications and communication arts programs of various higher educational institutions. Students learned how to produce radio and television news programs. The 11<sup>th</sup> Sai Fah Noi contest was also held enabling students to submit their television documentaries and news clips with sound.



- (4) The 16<sup>th</sup> Pirab Noi journalist training for 2013 was attended by over 60 journalism and mass communications students from universities all over the country. Training involved teaching professional journalism skills, newspaper & social media production as well as learning about cloud computing which is important for the online computing era.
  - (5) True Group held the TrueVisions – BBC World News Future Journalist Award 2013 contest for the 10th consecutive year where the winners had the chance to train at BBC World News Head Quarter in the UK for 3 weeks.
- 3) Cultivating Virtues under True Plookpanya
- (1) True Group organized the “Novice Monks Cultivate Dharma Wisdom Year 2” under the theme of “From What You Are to What You Will Become”. The Dharma reality TV program broadcast real stories and daily life activities of nine young boys who were ordained as novices at the Rama IX Golden Jubilee Temple for an entire month.
  - (2) The True Young Producer Award 2013 was held under the theme “What Needs to Be Changed for the Good Thai Society” to compete for HRH Princess Maha Chakri Sirindhorn Royal Trophies together with scholarships and a study trip opportunity to Japan. The competition was participated by 487 student teams from 43 educational institutions across the country.
- 4) 3G+ for Schools and Communities Project
- (1) True Group joined with the Thai Health Promotion Foundation, the Faculty of Nursing of Chiang Mai University, and Google Thailand to develop usage of the Geographic Information System (GIS) over TrueMove H’s 3G+ network in order to comprehensively enhance community health services. Under this initiative, Saraphi district in the north of Thailand was developed into a prototype “Happy District” where True provided support with 3G+ SIM cards and data packages enabling Saraphi Hospital’s doctors to give medical advice in real-time to medical staff stationed at all 12 of the hospital’s satellite sub-district health centers.
  - (2) True Group delivered 3G Aircards to Lampang Hospital, 4 district hospitals and 14 sub-district health centers to support the hospital’s emergency services. The 3G Aircards are able to connect to medical devices and transmit the patient’s EKG data to the Thai Refer program while in transit so that doctors at the destination hospital can arrange for appropriate immediate life-saving treatment upon the patient’s arrival.
  - (3) The Government Sector business unit of True Group collaborated with the province of Nakhon Nayok to develop an administrative network with the province itself as a prototype under the “Smart Province” project. TrueMove H’S 3G+ and WiFi networks were deployed improving access to community information via smart devices on a wireless connection that covers 408 villages across the province. True Group also deployed a broadband network and helped develop solutions and applications for usage.
  - (4) The Ministry of Information and Communication Technology and True Group jointly announced the “ICT Free WiFi by True” project which offers free WiFi in Chiang Mai and Nakhon Sawan provinces. This collaboration is in response to the Government’s Smart Thailand policy which aims to improve high speed Internet access to news and information in all public areas which have the ICT WiFi by True logo.
  - (5) True Group provided 20 WiFi by TrueMove H accounts to the Information Technology Press Club (ITPC) enabling wireless Internet access at over 100,000 Hotspots nationwide. Each account provides 20 hours per month of online access for 1 year.



- (6) True Group collaborated with the Thai Hotels Association (Southern Chapter) and the Phuket Guides Association to provide knowledge and information on the benefits of communications technology to professionals in the tourism and hospitality industry. This was aimed at creating competitive advantages for businesses and hotels covering both domestic and foreign tourism in preparation for the upcoming ASEAN Economic Community (AEC).
- (7) True Group signed a memorandum of understanding (MoU) with post-secondary educational institutions including King Mongkut's Institute of Technology Ladkrabang and Khon Kaen University (Khon Kaen and Nong Khai campuses) to install wireless telecommunications equipment that are able to provide WiFi by TrueMove H services to students and faculty all over the university campus. This initiative aims to create a "Digital University," and the cooperation will be extended to cover other educational institutions nationwide at all levels.

## 5) Other Social Contribution Activities

- (1) The website [www.helplink.net](http://www.helplink.net) organized and promoted the following activities:
  - (1.1) True Group collaborated with the Thai Red Cross' Organ Donation Center and Eye Center in holding the "Let Them See Love 2013" campaign for the 7th consecutive year. This year's campaign was under the concept of "Merit Number 1666" for calling to donate organs and eyes. In addition, TrueMove and TrueMove H subscribers were invited to donate via SMS to support the centers.
  - (1.2) The Earth Hour 2013 activity organized by the Bangkok Metropolitan Administration (BMA) and the World Wide Fund for Nature (WWF) Thailand invited the public to turn off lights for an hour on March 23, 2013 to save energy and reduce global warming.
  - (1.3) Joined the Ramathibodi Foundation to encourage merit making by purchasing specially produced shirts "The Word Giving Has No Limits" and the foundation's souvenirs to help raise funds for the hospital's Medical Center for its Underprivileged Patient project.
  - (1.4) Invited the public to donate necessities to women and children at the Association for the Promotion of the Status of Women (Emergency Home) which is a temporary shelter for women and children in trouble.
  - (1.5) A total of Baht 1,201,890 in SMS donations from TrueMove and TrueMove H subscribers was handed over to 3 centers: 1) Princess Sirindhorn Craniofacial Center, Chulalongkorn Hospital; 2) The Queen Sirikit National Institute of Child Health (The Children's Hospital) and 3) The Foundation for the Welfare of the Mentally Retarded of Thailand.
  - (1.6) Invited Thais to donate via Siam Commercial Bank's Thai Red Cross Branch to assist Typhoon Haiyan victims in the Philippines.
- (2) The "I Will Do for King" project-Year 7 invited Thai people to join 9 activities (3 already completed in 2012 and activities nos. 4-9 in 2013) comprising:
  - (2.1) 4<sup>th</sup> activity - January 10, donation of 900,000 CC of blood to the Thai Red Cross
  - (2.2) 5<sup>th</sup> activity - January 14, workshop on morals for children with special needs
  - (2.3) 6<sup>th</sup> activity - January 17, toy donation activity at Siam Square Shopping Center for underprivileged children
  - (2.4) 7<sup>th</sup> activity - January 21, used clothes donation for the needy in rural areas
  - (2.5) 8<sup>th</sup> activity - January 31, donating money to and joining Disabled Animal Aid Foundation's activities
  - (2.6) 9<sup>th</sup> activity - February 7, meditation camp for True employees at Satienthammasatan Monastery



(3) Public Service Announcements by TrueVisions are aimed at helping to promote useful activities from both the public and private sectors through TrueVisions' 22 TV channels. The program offers airing of 3 spots per day for 15-30 days.

(3.1) The number of supported organizations in January - March 2013: 72 (Total aired spots: 2,160)

(3.2) The number of supported organizations in April - June 2013: 53 (Total aired spots: 1,590)

(3.3) The number of supported organizations in July - September 2013: 40 (Total aired spots: 1,200)

(3.4) The number of supported organizations in October - December 2013: 47 (Total aired spots: 1,410)

(4) True Group supported the Thai Red Cross' activities comprising:

(4.1) Blood donation by True employees – a tribute to HM the Queen

(4.2) Donation of smartphones and tablets to the Corporate Communications Department of the Thai Red Cross to help with disseminating the Thai Red Cross' news

(5) True Group donated Baht 12 million of proceeds from the True Academy Fantasia Season 9 reality program to various foundations and charitable organizations in 2013.

(6) True Group helped flood victims in Northeastern Thailand through its "True and Thais for Flood Victims" project. It also donated 1,000 survival packs to people affected by floods in Prachinburi province in collaboration with the National Broadcasting and Telecommunication Commission (NBTC).

(7) True Group continued its "The Story of Mom & Me" project-Year 2 with the theme "Soothing Me with Love." The public could download "The Story of Mom & Me" free application as well as the project's theme song, lullabies and call-waiting melodies. Proceeds from song downloads went towards construction of the Children Medical Center in Honor of HM the Queen's 80th Birthday Anniversary, The Center of Child Health Care, Queen Sirikit National Institute of Child Health (The Children's Hospital).

## **8. Innovation and Sharing of Innovation from Business Operations with Responsibility for Society, the Environment, and Stakeholders.**

1) The Company encourages the efficient usage of resources and supports all innovative ideas for the purpose to enhance the most worthwhile usage of existing resources. In order to boost its employees' innovative ideas and allow them to take part in creating innovative works, the "True Innovation Award for True" project is held on a yearly basis. The project does not only encourage employees to realize the importance and benefit of innovation but also allow them to implement and apply those innovative ideas to solve customer's problem and concretely develop the better products and services to benefit its customers, corporate and society as a whole in terms of increasing customer satisfaction, increasing revenue, improving work process and adding more value and creation etc.

Apart from organizing internal innovation contest, the Company also has a determination to help creating innovative inspiration amongst Thais by joining with Chulalongkorn University (Technopreneurship and Innovation Management Program) and CNBC Asia Pacific to host the "True Innovation Awards" contest which is held annually since the year 2010. It allows contestants to present their ideas and develop innovative works to benefit society and country as a whole as well as an opportunity to leverage Thais' potential to meet with international standards.

2) True Group supports Thai innovators by allocating over Baht 250 million to launch True Incube, an incubation program for Thai entrepreneurs. Under the concept "Real Know-How, Real Actions and Real Help," True Incube's mission is to encourage and support technology innovators and entrepreneurs with creative ideas to start up their own business with confidence and help realize their aspirations by providing support and growth opportunities. True works with leading



global seed accelerators including 500 Startups and Gobi Partners to assist the program's participants in their growth and development to attain international recognition. This year, 5 teams were selected to participate in the True Incube program. Each team received initial funding of Baht 500,000 - 1,000,000 plus an opportunity to join an intensive 99-day Boot Camp as well as full support from True. In addition, 1 of the 5 True Incube teams was selected to visit 500 Startups at their Silicon Valley-based offices in the USA in order to learn more about working with a world-class incubator, and also to widen their startup business visions.

- 3) Three business units of True Group, comprising TrueLife, TrueMoney and True Incube, jointly supported the 11th True Young Webmaster Camp project at Burapha University in Chonburi province. The event was hosted by the Thai Webmaster Association and was attended by over 80 Thai students who joined the symposium "Incubating New Technology Startups" which gave information and guidance to students for their own development to become entrepreneurs in the future.

### CSR Related Awards & Recognitions

- True Group received the "ICT – Do Good Deed for the Society Award" from the Thailand Management Association (TMA) for 2 projects which create innovations that benefit society:
  - ✎ Autistic Application for helping to develop learning and emotional skills of children suffering from autism.
  - ✎ True Plookpanya Media for applying all of True Group's information and communications technology to establish the trueplookpanya.com website which serves as a multimedia knowledge hub, as well as launching Thailand's first knowledge with virtue TV channel which broadcasts educational programs focusing on morals including the Novice Monks Cultivate Dharma reality show.
- The Novice Monks Cultivate Dharma Wisdom Project of True Group was selected by the Office of Promotion and Protection of Children, Youth, the Elderly and Vulnerable Groups, Ministry of Social Development and Human Security, to receive an Honorary Plaque in recognition for the organization's contributions to youth development on the occasion of National Youth Day in 2013.
- True Group received an Honorable Plaque in recognition for its support to the mission of the Office of the National Anti-Corruption Commission (NACC). True Group helped promote the NACC's activities on the occasion of its 14th anniversary through the Group's media channels as well as sent True Academy Fantasia artists to join many of the NACC's events.
- True Group received an Honorary Plaque in recognition for its outstanding support for disabled persons in the workplace. The plaque was presented by the National Office for Empowerment of Persons with Disabilities and the Disabilities Thailand Association on International Day of Persons with Disabilities.
- True Group was the first business organization in Thailand to receive the certified COPC Customer Service Provider (CSP) Standard from Customer Operation Performance Center (COPC) Inc. for its TrueMove H and TrueOnline call centers. The US-based COPC is a global consulting, training and certification company on call center services serving more than 1,500 well-known enterprises in 60 countries.
- True Group won the "Cannes Corporate Media & TV Awards 2013" in the TV Documentaries and Reports Category (Education). True Group's award-winning "Novice Monks Cultivate Dharma Wisdom Year 2" which is broadcast on TrueVisions was the only educational TV program from Thailand and Asia to win this award, from a total of 719 entries across 40 countries. The awards presentation ceremony is held every year in Cannes, France and this is the first time that Thailand has been presented with this global award.



- For the 5<sup>th</sup> consecutive year, True Group received the HRH Princess Maha Chakri Sirindhorn award in the “Marketing Excellence” category at the Thailand Corporate Excellence Awards 2012 held by the Thailand Management in cooperation with Chulalongkorn University's Sasin Graduate Institute of Business Administration. At the same event, True Group also won the “Corporate Improvement Excellence” award which was judged by measuring an organization’s development and improvement on management in all aspects. Moreover, True Group was one of the five organizations who were nominated for three award categories: Corporate Social Responsibility Excellence, Innovation Excellence and Product/Service Excellence.



# Internal Controls and Risk Management

## **Summary of Opinion of the Board of Directors regarding the Company's Internal Controls System**

After an assessment of the Company's internal controls system with the Audit Committee in the Board of Director Meeting No. 1/2557 held on 28<sup>th</sup> February 2014 with the presence of all three members of the Audit Committee, the Board of Directors has an opinion that the Company's internal controls system are adequate and suitable. Moreover, the external auditor did not identify any findings in respect of the Company's internal controls system which would be considered to be material weaknesses that could have a material impact on the financial statements. The Board also emphasized the development of the Company's Corporate Governance in order to help improve the internal controls system within the Company on a continuing basis.

## **Opinion of the Audit Committee which are different from the Opinion of the Board of Directors**

- None -

## **The Head of Internal Audit**

The Head of Internal Audit of the Company is Mrs. Daopakay Luksanakulbutr. She was appointed as the Head of Internal Audit since 1<sup>st</sup> December 2000.

The Audit Committee approves the appointment, transfer and dismissal of the Head of Internal Audit and oversees the person who serves as the Head of Internal Audit to have adequate and suitable educational background, experiences and trainings to fill the role. Details of the Head of Internal Audit including educational background and working experiences are as appeared on the next page.



Information of the Head of Internal Audit (as of 31<sup>st</sup> December 2013)

Name	Mrs. Daopakay Luksanakulbutr												
Position	Head of Group Internal Audit												
Age (year)	57												
Education	<p>Master of Science in Taxation, Golden Gate University, USA</p> <p>Bachelor of Business Administration (Accounting), George Washington University, USA</p> <p>Certified Public Accountant (USA)</p> <p>Certified Internal Auditor</p> <p><b>Outside Training Programs</b></p> <ul style="list-style-type: none"> <li>- Brand Training</li> <li>- BS 25999 Transition to ISO 22301</li> <li>- ISO 19011-2011 Auditing Management System</li> <li>- BS 25999 : Business Continuity Management</li> <li>- Presentation Skills</li> <li>- Power Trainer</li> <li>- Tools &amp; Techniques for Enterprise Risk Management (ERM)</li> </ul> <p><b>In-House Training Programs</b></p> <ul style="list-style-type: none"> <li>- LDL (Leaders Develop Leaders Program)</li> <li>- LDL Cascade Program</li> <li>- Telecommunications Regulations</li> <li>- 3G Network-BFKT</li> <li>- True Leadership</li> <li>- Business Continuity Management (BCM)</li> </ul>												
Major Experience	<table> <tr> <td data-bbox="571 1330 719 1352">2013-Present</td><td data-bbox="762 1330 1219 1397">Head of Group Internal Audit, True Corporation Public Company Limited</td></tr> <tr> <td data-bbox="571 1408 692 1431">2006-2013</td><td data-bbox="762 1408 1219 1476">Deputy Director – Group Internal Audit, True Corporation Public Company Limited</td></tr> <tr> <td data-bbox="571 1487 692 1509">1999-2005</td><td data-bbox="762 1487 1209 1599">Head of Internal Audit, TA Orange Company Limited (Presently : True Move Company Limited)</td></tr> <tr> <td data-bbox="571 1610 692 1632">1992-1999</td><td data-bbox="762 1610 1118 1677">General Manager, CP Inter Trade Company Limited</td></tr> <tr> <td data-bbox="571 1688 692 1711">1988-1992</td><td data-bbox="762 1688 1067 1800">Certified Public Accountant RBZ Public Accounting Firm Los Angeles, CA</td></tr> <tr> <td data-bbox="571 1812 692 1834">1981-1988</td><td data-bbox="762 1812 1059 1924">Accounting Manager American Chemical Society Washington DC</td></tr> </table>	2013-Present	Head of Group Internal Audit, True Corporation Public Company Limited	2006-2013	Deputy Director – Group Internal Audit, True Corporation Public Company Limited	1999-2005	Head of Internal Audit, TA Orange Company Limited (Presently : True Move Company Limited)	1992-1999	General Manager, CP Inter Trade Company Limited	1988-1992	Certified Public Accountant RBZ Public Accounting Firm Los Angeles, CA	1981-1988	Accounting Manager American Chemical Society Washington DC
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1981-1988	Accounting Manager American Chemical Society Washington DC												



# Connected Transactions

- i) For the year ended 31 December 2013, the Group carried out the transaction with subsidiaries, associate, joint ventures and related companies as disclosed in note to financial statements for the year ended 31 December 2013 (Note 41). The significant connected transactions of the Company and subsidiaries that carried out with associate and related companies are as follows:

Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
<b>1. The Company</b>				
1.1 Charoen Pokphand Group of companies (CPG)*	CPG is a major shareholder of the Company.	Sale : - Coin distribution service and service other  Purchase : - Office rental and related services  - Management fee - Vehicle rental and related services  - Repair and maintenance Air Condition system - Other services - Purchase of computers	23,468   71,062  23,415 20,256  11,890  20,071 10,095	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business at the rate of Baht 200 – 220 per square metre per month for rental and Baht 220 – 520 per square metre per month for service. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years. - The transactions arose in ordinary course of business.  - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
1.2 NEC Corporation (Thailand) Co., Ltd. (NEC)	The Company indirectly holds 9.42% in NEC's equity interest and related through directorship, i.e. Mr. Chatchaval Jiaravanon.	Purchase : - Repair and maintenance network services.	68	- The transactions arose in ordinary course of business.
1.3 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	Prior 30 September 2013 TIDC is joint venture of the Company.	Sale : - Accessories and services related to fixed line  Purchase : - Internet server rental  - Other service	260  2,188  2,141	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business at the rate of Baht 810,536.60 per month. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
<b>2. Bangkok Inter Teletech Group of companies (BITCO) (The Company indirectly holds 99.48%)</b>				
2.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 99.48% in BITCO's equity interest.	Sale : - Sales of mobile handset and accessories - Refill Card - IT outsource  Purchase : - Office rental and related services - Commission from refill card and other service  Purchase : - Vehicle rental and related services - Advertising and other services - Handset and refill card	668,138  994,631 130,790  80,860 150,050  27,336 132,042 2,232,037	- The transactions arose in ordinary course of business that BITCO's subsidiary proposed to the third party. - The transactions arose in ordinary course of business that BITCO's subsidiary proposed to the third party. - The transactions arose in ordinary course of business.  - The transactions arose in ordinary course of business at the rate of Baht 816,988 per month. The maturity is normally 3 years and allowed to be renewed. - The transactions arose in ordinary course of business.  - The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
2.2 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company indirectly holds 99.48% in BITCO's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Sale : - Other services  Purchase : - Internet server rental	84  644	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business.
2.3 NC True Co., Ltd. (NC True)	The Company indirectly holds 99.48% in BITCO's equity interest and directly holds 40.00% in NC True's equity interest.	Purchase : - Content	373	- The transactions arose in ordinary course of business.
2.5 True GS Co., Ltd. (TGS)	The Company indirectly holds 99.40% in BITCO's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Mobile services	1,059	- The transactions arose in ordinary course of business that the Company proposed to the third party.
<b>3. True Multimedia Co., Ltd. (TM) (The Company indirectly holds 91.08%)</b>				
3.1 Charoen Pokphand Group of companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 91.08% in TM's equity interest.	Sale : - Digital Data Network services  Purchase : - Office rental and related services  - Other services	8  1,596 848	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business at the rate of Baht 200 – 220 per square metre per month for rental and Baht 220 – 520 per square metre per month for service. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
3.2 NEC Corporation (Thailand) Co., Ltd. (NEC)	The Company indirectly holds 91.08% in TM's equity interest and 9.62% in NEC's equity interest, respectively.	Purchase : - Purchase of equipment	249	- The transactions arose in ordinary course of business.
<b>4. True Internet Co., Ltd. (TI) (The Company directly holds 100.00%)</b>				
4.1 Charoen Pokphand Group of companies (CPG)*	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TI's equity interest.	Sale: - Internet services  Purchase : - Purchase of goods  - Office rental and related services  - Internet server rental - Advertising  Purchase : - Collection agent fee - Purchase of goods	18,964  27,974  40,324  33,591 49,549  26,140 10,498	- The transactions arose in ordinary course of business that TI proposed to the third party.  - The transactions arose in ordinary course of business.  - The transactions arose in ordinary course of business at the rate of Baht 200 – 220 per square metre per month for rental and Baht 220 – 520 per square metre per month for service. The maturity are normally in the year and are allowed to be renewed. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
4.2 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company directly holds 100.00% in TI's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Sale : - Internet services  Purchase : - Internet server rental	1,945  25,211	- The transactions arose in ordinary course of business that TI proposed to the third party.  - The transactions arose in ordinary course of business.
4.3 NC True Co., Ltd. (NC True)	The Company directly holds 100.00% in TI's equity interest and 40.00% in NC True's equity interest respectively.	sale : - Internet services	1,658	- The transactions arose in ordinary course of business that TI proposed to the third party.
<b>5. True Properties Co., Ltd. (TP) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
5.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TP is subsidiary of the Company.	Sale : - Office rental and related services	7,271	- The transactions arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally 3 years and allowed to be renewed.
5.2 NC True Co., Ltd. (NC True)	Prior 30 September 2013 TP is subsidiary of the Company and the Company directly holds 40.00% in NC True's equity interest.	Sale : - Office rental and related services	1,879	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
5.3 True Internet Data Center Co., Ltd. (TIDC)	Prior 30 September 2013 TP and TIDC is subsidiary and joint venture of the Company, respectively.	Sale : - Office rental and related services	5,218	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
5.4 True GS Co., Ltd. (TGS)	Prior 30 September 2013 TP is subsidiary of the Company and the Company indirectly holds 45.00% in TGS's equity interest.	Sale : - Office rental and related services	620	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
6. True Leasing Co., Ltd. (TLS) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)				
6.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TLS is subsidiary of the Company.	Sale : - Vehicle rental and related services	428,518	- The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years.
6.2 True GS Co., Ltd. (TGS)	Prior 30 September 2013 TLS is subsidiary of the Company and the Company indirectly holds 45.00% in TGS's equity interest.	Sale : - Vehicle rental and related services	851	- The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years.
7. True Life Plus Co., Ltd. (TLP) (The Company indirectly holds 100.00%)				
7.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TLP's equity interest.	Sale : - IVR server rental	2,700	- The transactions arose in ordinary course of business that TLP proposed to the third party.
		Purchase : - Collection agent fee	7,804	- The transactions arose in ordinary course of business.
		- Office rental and other services	6,605	- The transactions arose in ordinary course of business.
8. Asia Wireless Communication Co., Ltd. (AWC) (The Company indirectly holds 100.00%)				
8.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in AWC's equity interest.	Purchase : - Office rental and other services	2,193	- The transactions arose in ordinary course of business.
		- Discount tower construction	(5,293)	- The transactions arose in ordinary course of business.
8.2 True Telecommunications Growth Infrastructure Fund (TRUEGIF)	The Company indirectly holds 100.00% in AWC's equity interest and directly holds 33.29% in TRUEGIF's equity interest respectively.	Sale : - Right of net revenue	4,665,784	- The transactions arose in ordinary course of business.
9. True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)				
9.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TIDC is joint venture of the Company.	Sale : - Internet server rental and other services	6,349	- The transactions arose in ordinary course of business.
		Purchase : - Other services	430	- The transactions arose in ordinary course of business.
9.2 NC True Co., Ltd. (NC True)	Prior 30 September 2013 TIDC is joint venture of the Company and the Company directly holds 40.00% in NC True's equity interest.	Sale : - Internet server rental and other services	1,252	- The transactions arose in ordinary course of business at the rate of Baht 54,000 per unit per month. The maturity is normally one year.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
<b>10. True Lifestyle retail Co., Ltd. (TLR) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TLR is subsidiary of the Company.	Sale : - Sales of goods - Copyright  Purchase : - Sponsor support - Purchase of goods	791 244  876 18,501	- The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.  - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
<b>11. True Visions Group of companies (TVG) (The Company indirectly holds 100.00%)</b>				
11.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TVG's equity interest.	Sale : - Activities sponsorship  Purchase : - Office rental and related services  - Vehicle rental and related services  - Collection agent fee - IVR server rental - Other services	174,156  3,716  11,492  12,957  7,717 23,594	- The transactions arose in ordinary course of business that TVG proposed to the third party.  - The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed. - The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
11.2 Channel [V] Music (Thailand) Co., Ltd. (Channel V)	The Company indirectly holds 100.00% in TVG's equity interest and directly holds 25.82% in Channel V's equity interest.	Purchase : - Music production	34,845	- The transactions arose in ordinary course of business.
11.3 True GS Co., Ltd. (TGS)	The Company indirectly holds 100.00% in TVG's equity interest and indirectly holds 45.00% in TGS's equity interest. These companies are related through directorships, i.e. Mr. Ongard Prapakamol and Ms. Yupa Leewongcharoen.	Sale : - Sale of equipment  - Advertising	1,683  20,436	- The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
11.4 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company indirectly holds 100.00% in TVG's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Purchase: - Internet service	1,056	- The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
<b>12. True Touch Co., Ltd. (TT) (The Company indirectly holds 100.00%)</b>				
12.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TT's equity interest.	Sale : - Call center  Purchase : - Office rental and related services	3,799   29,936	- The transactions arose in ordinary course of business that True Visions proposed to the third party.  - The transactions arose in ordinary course of business.
12.2 True GS Co., Ltd. (TGS)	The Company indirectly holds 100.00% in TT's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Call center	25,129	- The transactions arose in ordinary course of business.
<b>13. True Money Co., Ltd. (TMN) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
13.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TMN is subsidiary of the Company.	Purchase : - Commission from cash card	441,592	- The transactions arose in ordinary course of business.
13.2 NC True Co., Ltd. (NC True)	Prior 30 September 2013 TMN is subsidiary of the Company and the Company directly holds 40.00% in NC True's equity interest.	Sale : - Collection agent fee	3,478	- The transactions arose in ordinary course of business that TMN proposed to the third party.
13.3 True Internet Data Center Co., Ltd. (TIDC)	Prior 30 September 2013 TMN and TIDC is subsidiary and joint venture of the Company, respectively.	Purchase: - Internet service	1,227	- The transactions arose in ordinary course of business.
<b>14. True International Gateway Co., Ltd. (TIG) (The Company directly holds 100.00%)</b>				
14.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company directly holds 100.00% in TIG's equity interest.	Purchase : - Office rental and other services	7,608	- The transactions arose in ordinary course of business.
14.2 True Internet Data Center Co., Ltd. (TIDC).	The Company directly holds 100.00% in TIG's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Purchase: - Internet server rental and other service	4,582	- The transactions arose in ordinary course of business.
<b>15. Real Move Co., Ltd. (RMV) (The Company indirectly holds 99.48%)</b>				
15.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 99.48% in RMV's equity interest.	Purchase : - Purchase of goods - Office rental and related services  - Content - Commission - Marketing - Other service	5,689 8,889  60,232 186,047 131,767 7,453	- The transactions arose in ordinary course of business. - The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
15.2 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 99.48% in RMV's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Purchase: - Internet server rental and other service	3,764	- The transactions arose in ordinary course of business.
15.3 (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company indirectly holds 99.48% in RMV's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Mobile services	157	- The transactions arose in ordinary course of business that RMV proposed to the third party.
<b>16. Wire and Wireless Co., Ltd. (WW) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 WW is subsidiary of the Company.	Sale : - Sale of equipment	4,194	- The transactions arose in ordinary course of business that WW proposed to the third party.
		Purchase : - Other services	310	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
<b>17. True Universal Convergence Co., Ltd. (TUC) (The Company directly and indirectly holds 100.00%)</b>				
17.1 True GS Co., Ltd. (TGS)	The Company directly holds 0.01% and indirectly holds 99.99% in TUC's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Digital Data Network services	636	- The transactions arose in ordinary course of business that RMV proposed to the third party.
17.2 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company directly holds 0.01% and indirectly holds 99.99% in TUC's equity interest.	Sale : - Digital Data Network services	151,785	- The transactions arose in ordinary course of business that the Company proposed to the third party.
		Purchase : - Office rental and related services	23,703	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
		- Vehicle rental and related services	46,868	- The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years.
		- Repair and maintenance network	23,525	- The transactions arose in ordinary course of business.
		- Other services	8,644	- The transactions arose in ordinary course of business.
		- Purchase of computers	9,946	- The transactions arose in ordinary course of business.
17.3 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company directly holds 0.01% and indirectly holds 99.99% in TUC's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Sale : - Digital Data Network services	2,358	- The transactions arose in ordinary course of business that the Company proposed to the third party.
		Purchase : - Other service	1,728	- The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
17.4 True Telecommunications Growth Infrastructure Fund (TRUEGIF)	The Company directly holds 0.01% and indirectly holds 99.99% in TUC's equity interest and directly holds 33.29% in TRUEGIF's equity interest respectively.	Sale : - Network	6,387,234	- The transactions arose in ordinary course of business.
<b>18. KSC Commercial Internet Co., Ltd. (KSC) (The Company indirectly holds 56.83%)</b>				
18.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 56.83% in KSC's equity interest.	sale : - Internet services  Purchase: - Internet services and other services	2,387  4,655	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business.
18.2 True Internet Data Center Co., Ltd. (TIDC)	The Company indirectly holds 56.83% in KSC's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	sale : - Internet services  Purchase: - Internet services and other services	194  3,889	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business.
<b>19. True Digital Content &amp; Media Co., Ltd. (TDCM) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
19.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TDCM is subsidiary of the Company.	Sale : - Sale of goods - Advertising  Purchase : - Other services	7,612 3,373  7,241	- The transactions arose in ordinary course of business that the Company proposed to the third party. - The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transactions arose in ordinary course of business.
19.2 True Internet Data Center Co., Ltd. (TIDC)	prior 30 September 2013 TDCM and TIDC is subsidiary and joint venture of the Company, respectively.	Purchase: - Internet services and other services	1,830	- The transactions arose in ordinary course of business.
<b>20. True Digital Plus Co., Ltd. (TDP) (The transactions occurred prior to 30 September 2013 which the day of disposal of this subsidiary)</b>				
20.1 True Internet Data Center Co., Ltd. (TIDC)	Prior 30 September 2013 TDP and TIDC is subsidiary and joint venture of the Company, respectively.	Purchase: - Internet services and other services	1,677	- The transactions arose in ordinary course of business.
20.2 NC True Co., Ltd. (NC True)	Prior 30 September 2013 TDP is subsidiary of the Company and the Company directly holds 40.00% in NC True's equity interest.	Purchase : - Content	296	- The transactions arose in ordinary course of business.
20.3 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. Prior 30 September 2013 TDP is subsidiary of the Company.	Purchase : - Other service	147	- The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



Company Name	Relationship	Details of transactions	2013 (Baht'000)	Rationale and necessity
<b>21. True Information Technology Co., Ltd. (TIT) (The Company indirectly holds 100.00%)</b>				
Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in TIT's equity interest.	Sale : - IT Outsource  Purchase : - Office rental and other services	9,144   6,858	- The transactions arose in ordinary course of business that the Company proposed to the third party.  - The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed.
<b>22. BFKT (Thailand) Co., Ltd. (BFKT) (The Company indirectly holds 100.00%)</b>				
22.1 Charoen Pokphand Group of Companies (CPG)*	CPG is a major shareholder of the Company. The Company indirectly holds 100.00% in BFKT's equity interest.	Purchase : - Office rental and related services  Purchase : - Vehicle rental and related services  - Internet server rental - Repair and maintenance network - Purchase of network equipment	16,075  15,743  3,970 60,732 16,240	- The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed  - The transaction arose in ordinary course of business at the rate of Baht 455 per square metre. The maturity is normally one year and allowed to be renewed- The transactions arose in ordinary course of business at the rate of Baht 15,000 per unit per month. The maturity is normally 3 years. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business. - The transactions arose in ordinary course of business.
22.2 True GS Co., Ltd. (TGS)	The Company indirectly holds 100.00% in BFKT's equity interest and indirectly holds 45.00% in TGS's equity interest.	Sale : - Office rental	3,726	- The transactions arose in ordinary course of business that the Company proposed to the third party.
22.3 True Internet Data Center Co., Ltd. (TIDC) (The transactions occurred prior to 30 September 2013 which the day of disposal of this joint venture)	The Company indirectly holds 100.00% in BFKT's equity interest and prior 30 September 2013 TIDC is joint venture of the Company.	Purchase: - Internet services and other services	4,977	- The transactions arose in ordinary course of business.
22.4 True Telecommunications Growth Infrastructure Fund (TRUEGIF)	The Company indirectly holds 100.00% in BFKT's equity interest and directly holds 33.29% in TRUEGIF's equity interest respectively.	Sale : - Right of net revenue	9,167,564	- The transactions arose in ordinary course of business.

\*Remark: Charoen Pokphand Group of companies where the Chearavanont Family is a major shareholder. Please see detail in "Shareholders" topic on page 85



- ii) Outstanding balances arising from sales of goods and services: Change in outstanding balances arising from sales of goods and services are as follows

Unit : Thousand

Joint ventures, associates and related companies	31 December 2012	Increase (Decrease)	31 December 2013
Asia Infonet Co., Ltd.	3	-	3
True Internet Data Center Co., Ltd.	6,999	(6,999)	-
BeboydCg Company Limited.	72	(72)	-
NC True Co., Ltd.	44,854	(45,065)	(211)
True GS Co., Ltd.	7,836	13,148	20,984
True Telecommunications Growth Infrastructure Fund	-	3,415	3,415
NEC Corporation (Thailand) Co., Ltd.	164	-	164
CP Group of companies	2,022,794	6,553,538	8,576,332
<b>Total</b>	<b>2,082,722</b>	<b>6,517,965</b>	<b>8,600,687</b>

- iii) Outstanding balances arising from purchases of goods and services:

Change in outstanding balances arising from purchases of goods and services are as follows:

Unit : Thousand

Joint ventures, associates and related companies	31 December 2012	Increase (Decrease)	31 December 2013
Asia Infonet Co., Ltd.	1,841	(1,841)	-
True Internet Data Center Co., Ltd.	30,417	(30,417)	-
BeboydCg Company Limited.	7	(7)	-
True Telecommunications Growth Infrastructure Fund	-	341,612	341,612
NC True Co., Ltd.	78,409	(78,089)	320
Channel [V] Music (Thailand) Co., Ltd.	8,885	(8,885)	-
CP Group of companies	189,774	8,695,628	8,885,402
NEC Corporation (Thailand) Co., Ltd.	35	(34)	1
<b>Total</b>	<b>309,368</b>	<b>8,917,967</b>	<b>9,227,335</b>

- iv) Outstanding balances arising from loans to related parties

Change in outstanding balances arising from loans to related parties are as follows:

Unit : Thousand

Joint ventures, associates and related companies	31 December 2012	Increase (Decrease)	31 December 2013
BeboydCg Company Limited.	14,251	(14,251)	-
CP Group of companies	-	147,000	147,000
<b>Total</b>	<b>14,251</b>	<b>132,749</b>	<b>147,000</b>



**The sale of investment in ordinary shares of the non-core business subsidiaries of the Company to Thana Telecom Corporation Limited who is the Company's connected person**

The Extraordinary General Meeting of the Shareholders No. 1/2556 held on 7<sup>th</sup> October 2013 passed the resolution to approve the sales of investment in ordinary shares of 8 non-core business subsidiaries, namely (1) True Leasing Company Limited, (2) Wire & Wireless Company Limited, (3) True Money Company Limited, (4) True Internet Data Center Company Limited, (5) True Lifestyle Retail Company Limited, (6) True Properties Company Limited, (7) True Digital Plus Company Limited, and (8) True Digital Content and Media Company Limited to Thana Telecom Corporation Limited, which is a connected person of the Company, for the total selling price of Baht 5,392,612,337. In this regard, the sale of investment in ordinary shares of non-core business subsidiaries of the Company is deemed as a connected transaction, an asset or service transaction, which is over Baht 20 million pursuant to the Notification of the Capital Market Supervisory Board No. TorChor. 21/2551 Re: Rules on Connected Transactions and Notification of the Board of Governors of the Stock Exchange of Thailand Re: Disclosure of Information and Others Acts of Listed Companies Concerning the Connected Transactions B.E. 2546 and the amendment.

The Company and its subsidiaries completely entered into the sales contract with Thana Telecom Corporation Limited since the 4<sup>th</sup> quarter of the year 2013. As a result, the aforesaid 8 companies are no longer be subsidiaries of the Company.

**Measures and Procedures for Approving the Entering into of Connected Transactions**

The Company has measures and procedures for approving the entering into connected transactions in compliance with legal obligations including the Rules and Regulations of the Capital Market Supervisory Board and the Stock Exchange of Thailand ("SET"). Based on, the said relevant laws and regulations the Company has clearly set up "Rules of Entering into Related Party Transactions", to be adhered and properly followed by the Board and employees. Under the Rules of Entering into Related Party Transaction, the measures and procedures for approving the entering into related party transactions are set forth as follows:

1. The following related party transactions can be approved by Management without any approval from the Company's Board of Directors and the Shareholders' Meeting under the purpose of clause 89/12 of the Securities and Exchange Act (No. 4) B.E. 2551:

**1.1 A transaction under general commercial terms**

"general commercial term" mean a commercial term that a person of ordinary prudence would agree with any unrelated counterparty under the similar circumstances, on the basis of commercial negotiation and without any dependent interest resulted from the status of the director, executive or related person, including the commercial terms with the prices and the conditions or the gross margin as follows:

- (a) prices and conditions that the Company, or its subsidiary receives from or offers to general persons.
- (b) prices and conditions that a director, an executive or related person offers to general persons.
- (c) prices and conditions that the Company, or its subsidiaries can prove that it is same as operators in similar business offer to general persons.



- (d) in case the comparison of price of goods or services cannot be made because of the distinctiveness or specifically made to order, however the Company or its subsidiaries can prove that
  - the gross margin that the Company or its subsidiaries receive from the related party transaction is similar to the gross margin they receive from transactions with other parties; or
  - the gross margin that the director, executive or related person receive from the related party transaction is similar to the gross margin they receive from transactions with other parties; and there is no difference of condition and terms between them.

1.2 A loan in accordance with the regulations on the welfare of the staff members and employees;

1.3 A transaction in which the counterparty to the Company or both parties are;

- (a) a subsidiary or subsidiaries whose shares are held by the Company in the amount not less than ninety percent of its total number of shares sold; or
- (b) a subsidiary or subsidiaries whose shares are held by a director, an executive or a related person or which such person has interest, whether directly or indirectly, not more than the amount, rate or characteristic as specified in the notification of the Capital Market Supervisory Board;

1.4 A transaction in particular category or with value not more than the amount or rate as specified in the notification of the Capital Market Supervisory Board.

2. The following related party transactions require approval from the Company's Board of Directors but do not require approval from the Shareholders' Meeting

2.1 A transaction under Clause 1 which requires an approval from the Company's Board of Directors under other internal procedures of the Company such as Procedure for Budget.

2.2 A transaction under Clause 1.3 (b) or 1.4 that may be prescribed by the Capital Market Supervisory Board to require an approval from the Board of Directors, relevant notification shall be prescribed later.

3. Any related party transactions other than those under Clause 1 and 2 require approval from the Company's Board of Directors and the Shareholders' Meeting before entering into such transactions.

#### Policy for Future Connected Transactions

With regard to future connected transactions, the Company anticipates that there will be connected transactions in the ordinary course of business of the Company with its affiliates and that the Company shall proceed with such transactions in a transparent manner pursuant to the good corporate governance policy of the Company as well as all relevant regulations.



# Significant Financial Information

## Summary of Financial Statement

### True Corporation Public Company Limited

#### Consolidated Statement of Financial Position

As at 31 December 2013, 2012, 2011 and 2010

(Unit: Thousand Baht)

	31 December 2013	Common Size (%)	31 December 2012	Common Size (%)	(Restated) 31 December 2011	Common Size (%)	(Restated) 31 December 2010	Common Size (%)
<b>Assets</b>								
<b>Current assets</b>								
Cash and cash equivalents	14,726,283	7.16	6,103,167	3.38	11,447,692	7.62	4,540,535	3.97
Restricted cash	2,346,446	1.14	964,823	0.54	997,852	0.66	1,168,321	1.02
Short-term investments	101,832	0.05	374,406	0.21	400,727	0.27	426,230	0.37
Trade and other receivables	38,537,982	18.73	21,424,871	11.88	12,899,586	8.59	10,467,137	9.16
Short-term loans to related parties	147,000	0.07	14,251	0.01	8,700	0.01	11,900	0.01
Inventories, net	6,069,542	2.95	2,761,928	1.53	1,596,738	1.06	997,332	0.87
Income tax deducted at source	2,952,598	1.43	3,018,739	1.67	2,630,683	1.75	2,448,598	2.14
Claimable value added tax	3,207,269	1.56	2,048,861	1.14	1,030,217	0.69	670,026	0.59
Other current assets	2,989,197	1.45	3,321,860	1.84	2,920,369	1.94	1,368,814	1.20
<b>Total current assets</b>	<b>71,078,149</b>	<b>34.54</b>	<b>40,032,906</b>	<b>22.20</b>	<b>33,932,564</b>	<b>22.59</b>	<b>22,098,893</b>	<b>19.33</b>
<b>Non-current assets</b>								
Restricted cash	100,043	0.05	122,231	0.07	126,198	0.08	140,412	0.12
Investments in associates, net	16,138,796	7.84	275,708	0.15	215,221	0.14	90,029	0.08
General investment	313,798	0.15	293,323	0.16	293,323	0.20	293,323	0.26
Investment property, net	5,528	0.00	54,763	0.03	55,486	0.04	53,356	0.05
Property, plant and equipment, net	72,161,580	35.05	86,679,838	48.06	73,938,685	49.26	65,377,512	57.21
Goodwill, net	11,403,094	5.54	11,403,094	6.32	11,403,094	7.60	12,428,009	10.88
Intangible assets, net	28,880,549	14.03	35,401,781	19.63	23,096,001	15.39	5,119,317	4.48
Deferred income tax assets	4,757,812	2.31	5,181,781	2.87	6,081,500	4.05	7,775,107	6.80
Other non-current assets	1,012,819	0.49	917,945	0.51	973,552	0.65	899,965	0.79
<b>Total non-current assets</b>	<b>134,774,019</b>	<b>65.46</b>	<b>140,330,464</b>	<b>77.80</b>	<b>116,183,060</b>	<b>77.41</b>	<b>92,177,030</b>	<b>80.67</b>
<b>Total assets</b>	<b>205,852,168</b>	<b>100.00</b>	<b>180,363,370</b>	<b>100.00</b>	<b>150,115,624</b>	<b>100.00</b>	<b>114,275,923</b>	<b>100.00</b>
<b>Liabilities and shareholders' equity</b>								
<b>Current liabilities</b>								
Short-term borrowings	3,742,847	1.82	5,096,095	2.83	365,952	0.24	625,925	0.55
Trade and other payables	88,392,478	42.93	44,721,775	24.80	30,217,408	20.14	18,568,995	16.25
Current portion of long-term borrowings	9,894,129	4.81	9,521,909	5.28	6,896,129	4.60	7,170,770	6.28
Income tax payable	878,854	0.43	348,115	0.19	379,434	0.25	346,045	0.30
Other current liabilities	4,439,348	2.16	3,299,293	1.83	2,902,171	1.93	3,237,423	2.83
<b>Total current liabilities</b>	<b>107,347,656</b>	<b>52.15</b>	<b>62,987,187</b>	<b>34.93</b>	<b>40,761,094</b>	<b>27.16</b>	<b>29,949,158</b>	<b>26.21</b>
<b>Non-current liabilities</b>								
Long-term borrowings	76,260,992	37.04	86,804,608	48.13	77,976,290	51.94	64,675,353	56.60
Long-term trade accounts payable	-	-	14,040	0.01	36,320	0.02	-	-
Deferred income tax liabilities	4,095,175	1.99	3,579,374	1.98	3,279,930	2.19	1,635,740	1.43
Liabilities under agreements for operation	120,139	0.06	3,079,521	1.71	3,640,166	2.43	4,123,452	3.61
Employee benefits obligations	1,137,085	0.55	914,055	0.51	865,701	0.58	-	-
Other non-current liabilities	12,158,983	5.91	8,980,207	4.98	2,086,780	1.39	2,184,834	1.91
<b>Total non-current liabilities</b>	<b>93,772,374</b>	<b>45.55</b>	<b>103,371,805</b>	<b>57.32</b>	<b>87,885,187</b>	<b>58.55</b>	<b>72,619,379</b>	<b>63.55</b>
<b>Total liabilities</b>	<b>201,120,030</b>	<b>97.70</b>	<b>166,358,992</b>	<b>92.25</b>	<b>128,646,281</b>	<b>85.71</b>	<b>102,568,537</b>	<b>89.76</b>
<b>Shareholders' equity</b>								
Share capital								
Authorised share capital								
Common shares	153,332,070		153,332,070		153,332,070		153,332,070	
Issued and fully paid-up share capital								
Common shares	145,302,153	70.61	145,031,792	80.27	145,031,792	96.57	77,757,424	68.01
Premium on share capital	11,432,046	5.56	11,432,046	6.33	11,432,046	7.61	11,432,046	10.00
Discount on share capital	(86,070,641)	(41.83)	(85,987,466)	(47.59)	(85,987,466)	(57.25)	(31,827,900)	(27.84)
Retained earnings (deficit)								
Appropriated legal reserve	34,881	0.02	34,881	0.02	34,881	0.02	34,881	0.03
Deficit	(64,850,076)	(31.52)	(55,634,566)	(30.79)	(48,206,801)	(32.10)	(44,838,626)	(39.22)
Other components of equity	(1,767,250)	(0.86)	(1,529,867)	(0.85)	(1,527,107)	(1.02)	(1,418,690)	(1.24)
<b>Equity attributable to owners of the parent</b>	<b>4,081,113</b>	<b>1.98</b>	<b>13,346,820</b>	<b>7.39</b>	<b>20,777,345</b>	<b>13.83</b>	<b>11,139,135</b>	<b>9.74</b>
Non-controlling interests	651,025	0.32	657,558	0.36	691,998	0.46	568,251	0.50
<b>Total shareholders' equity</b>	<b>4,732,138</b>	<b>2.30</b>	<b>14,004,378</b>	<b>7.75</b>	<b>21,469,343</b>	<b>14.29</b>	<b>11,707,386</b>	<b>10.24</b>
<b>Total liabilities and shareholders' equity</b>	<b>205,852,168</b>	<b>100.00</b>	<b>180,363,370</b>	<b>100.00</b>	<b>150,115,624</b>	<b>100.00</b>	<b>114,275,923</b>	<b>100.00</b>



**True Corporation Public Company Limited**  
**Consolidated Statement of Comprehensive Income**  
For the year ended 31 December 2013, 2012, 2011 and 2010

	(Unit: Thousand Baht)							
	(Restated)				(Restated)			
	31 December 2013	Common Size (%)	31 December 2012	Common Size (%)	31 December 2011	Common Size (%)	31 December 2010	Common Size (%)
<b>Revenues</b>								
Revenues from telephone and other services	79,136,772	82.25	74,298,460	83.12	65,132,462	90.54	59,062,427	94.68
Revenues from product sales	17,076,923	17.75	15,083,454	16.88	6,805,156	9.46	3,316,041	5.32
<b>Total revenues</b>	<b>96,213,695</b>	<b>100.00</b>	<b>89,381,914</b>	<b>100.00</b>	<b>71,937,618</b>	<b>100.00</b>	<b>62,378,468</b>	<b>100.00</b>
<b>Costs</b>								
Cost of providing services	61,633,821	64.06	54,892,586	61.41	46,045,350	64.01	39,976,480	64.09
Cost of sales	15,735,809	16.36	13,779,018	15.42	5,881,483	8.18	2,903,936	4.66
<b>Total costs</b>	<b>77,369,630</b>	<b>80.42</b>	<b>68,671,604</b>	<b>76.83</b>	<b>51,926,833</b>	<b>72.19</b>	<b>42,880,416</b>	<b>68.75</b>
<b>Gross profit</b>	<b>18,844,065</b>	<b>19.58</b>	<b>20,710,310</b>	<b>23.17</b>	<b>20,010,785</b>	<b>27.81</b>	<b>19,498,052</b>	<b>31.25</b>
Other income	8,662,466	9.00	847,836	0.95	12,838,087	17.85	640,153	1.03
Selling expenses	(11,420,067)	(11.87)	(8,475,378)	(9.48)	(6,247,834)	(8.69)	(4,466,128)	(7.16)
Administrative expenses	(11,217,976)	(11.66)	(10,634,727)	(11.90)	(9,689,443)	(13.47)	(7,892,997)	(12.65)
Other expenses	(2,773,954)	(2.88)	(2,183,994)	(2.44)	(1,283,684)	(1.78)	(447,849)	(0.72)
Share of results in associates	62,298	0.06	41,417	0.05	46,922	0.07	40,406	0.06
Finance costs	(8,401,652)	(8.73)	(6,154,422)	(6.89)	(14,971,146)	(20.81)	(5,693,410)	(9.13)
<b>Profit (loss) before income tax</b>	<b>(6,244,820)</b>	<b>(6.50)</b>	<b>(5,848,958)</b>	<b>(6.54)</b>	<b>703,687</b>	<b>0.98</b>	<b>1,678,227</b>	<b>2.68</b>
Income tax	(2,896,121)	(3.01)	(1,598,739)	(1.79)	(3,439,601)	(4.78)	(577,981)	(0.93)
<b>Profit (loss) for the year</b>	<b>(9,140,941)</b>	<b>(9.51)</b>	<b>(7,447,697)</b>	<b>(8.33)</b>	<b>(2,735,914)</b>	<b>(3.80)</b>	<b>1,100,246</b>	<b>1.75</b>
<b>Other comprehensive income (expense):</b>								
Exchange differences on translating financial statements	(101,858)	(0.11)	(2,760)	0.00	11,561	0.02	27	0.00
Dilution due to increase in non-controlling interests	(135,525)	(0.14)	-	0.00	-	-	-	-
Actuarial loss	(152,764)	(0.16)	-	0.00	(31,567)	(0.04)	-	-
<b>Total comprehensive income (expense) for the year</b>	<b>(9,531,088)</b>	<b>(9.92)</b>	<b>(7,450,457)</b>	<b>(8.33)</b>	<b>(2,755,920)</b>	<b>(3.82)</b>	<b>1,100,273</b>	<b>1.75</b>
<b>Profit (loss) for the year attributable to:</b>								
Owners of the parent	(9,062,747)	99.14	(7,427,765)	99.73	(2,693,688)	98.46	1,210,517	110.02
Non-controlling interests	(78,194)	0.86	(19,932)	0.27	(42,226)	1.54	(110,271)	(10.02)
<b>Profit (loss) for the year</b>	<b>(9,140,941)</b>	<b>100.00</b>	<b>(7,447,697)</b>	<b>100.00</b>	<b>(2,735,914)</b>	<b>100.00</b>	<b>1,100,246</b>	<b>100.00</b>
<b>Total comprehensive income (expense) for the year attributable to:</b>								
Owners of the parent	(9,452,894)	99.18	(7,430,525)	99.73	(2,713,633)	98.47	1,210,556	110.02
Non-controlling interests	(78,194)	0.82	(19,932)	0.27	(42,287)	1.53	(110,283)	(10.02)
<b>Total comprehensive income (expense) for the year</b>	<b>(9,531,088)</b>	<b>100.00</b>	<b>(7,450,457)</b>	<b>100.00</b>	<b>(2,755,920)</b>	<b>100.00</b>	<b>1,100,273</b>	<b>100.00</b>
<b>Basic and diluted earnings (loss) per share</b>								
<b>attributable to owner of the parent</b>								
-Basic	(0.62)		(0.51)		(0.23)		0.17	
-Diluted	(0.62)		(0.51)		(0.23)		0.17	



**True Corporation Public Company Limited**  
**Consolidated Statement of Cash Flows**  
**For the year ended 31 December 2013, 2012, 2011 and 2010**

(Unit: Thousand Baht)

	31 December 2013	31 December 2012	(Restated) 31 December 2011	(Restated) 31 December 2010
<b>Cash flows from operating activities</b>				
Profit (loss) before income tax	(6,244,819)	(5,848,958)	703,687	1,678,227
Adjustments for:				
Depreciation and amortisation	22,208,977	17,151,752	14,883,121	12,989,595
Interest income	(148,092)	(259,566)	(335,742)	(59,727)
Interest expense	7,765,546	6,551,433	9,290,503	6,100,499
(Gain) loss on disposals of property, plant and equipment	139,843	(43,026)	(62,766)	(175,767)
Doubtful accounts	1,143,824	1,415,186	1,124,722	1,235,140
Impairment charge of investment	8,719	-	-	-
Gain from disposal of infrastructure assets	(6,334,904)	-	-	-
Impairment charge of property, plant and equipment and intangible assets	2,056,089	2,123,848	73,168	49,967
Gain on reversal of right and liabilities under agreement for operation	(791,180)	-	-	-
Impairment charge of investment property	-	724	-	-
Impairment charge of goodwill	-	-	1,024,915	-
Other operating assets and liabilities written-off	110	17,093	3,866	(13,062)
Gain on sale investment in subsidiaries and joint venture	(857,569)	-	(146,135)	-
Loss from liquidation of associate	23,035	-	-	-
Gain from dissolution of investment in subsidiary	(104,480)	-	-	(873)
Increase in retirement benefits obligations	136,731	48,354	74,471	-
Gain from bargain purchase	-	-	(12,077,098)	-
Unrealised loss (gain) on foreign exchange	439,978	(864,711)	737,425	(2,520,654)
Realised (gain) loss on foreign exchange related to repayment of borrowings	(130,304)	-	3,416,411	924,783
Gain on settlement of DPN obligation	(145,283)	-	-	-
Gain on termination of finance lease agreement	(54,910)	-	-	-
Share of results in associates	(62,298)	(41,417)	(46,922)	(40,406)
Changes in operating assets and liabilities				
- Trade accounts receivables	(12,940,393)	(10,331,060)	(4,581,556)	(1,518,788)
- Short-term investment	(85,214)	50,908	20,399	(23,179)
- Inventories	(3,053,217)	(1,252,658)	(1,926,517)	(896,769)
- Other current assets	(278,922)	(734,543)	406,199	442,764
- Film and program rights	(1,441,795)	(1,935,571)	(1,819,550)	(1,465,746)
- Cars for lease	113,317	197,531	202,219	-
- Other non-current assets	(257,998)	55,607	24,869	(264,404)
- Trade and other payables	29,584,190	7,573,846	6,178,940	(735,571)
- Other current liabilities	1,539,787	397,122	(105,046)	991,240
- Other non-current liabilities	(200,721)	145,000	(122,170)	(169,450)
Cash generated from operations	32,028,047	14,416,170	16,941,413	16,527,819
Add : Interest received	140,727	313,430	333,162	52,536
Less: Interest paid	(7,201,782)	(5,786,497)	(8,829,835)	(5,539,827)
Income tax paid	(2,289,021)	(1,631,246)	(1,687,448)	(1,771,977)
Cash flows from operating activities	22,677,971	7,311,857	6,757,292	9,268,551
<b>Cash flows from investing activities</b>				
Withdrawal (deposit) in restricted cash	(1,984,739)	36,996	184,682	169,755
Withdrawal (deposit) of short-term investments	346,537	(24,587)	5,105	(317,631)
Loans made to joint venture	(3,750)	(6,320)	-	(4,400)
Acquisition of subsidiaries, net of cash acquired	-	-	(6,015,869)	-
Proceeds from sale of investment in associate	-	-	146,135	-
Proceeds from liquidation of investment in subsidiary	-	-	-	1,572
Investments in subsidiaries, associates and other company	(19,355,743)	(27,000)	(81,000)	-
Proceeds from sale of investment in subsidiaries, net of cash and cash equivalent	3,203,157	-	-	-
Investment in other company	-	-	-	(400)
Acquisition of property, plant and equipment	(24,806,601)	(19,313,715)	(12,495,892)	(7,154,361)
Acquisition of intangible assets	(816,881)	(7,812,497)	(652,239)	(328,325)
Proceeds from loans to joint venture	-	770	-	-
Acquisition investment property	-	-	(2,130)	-
Proceeds from liquidated of associate	100,000	-	-	-
Proceeds from decrease in share capital of associate	-	6,578	-	-
Proceeds from disposals of property, plant and equipment and intangible assets	40,432,859	178,686	274,343	696,880
Dividends received	55,801	1,352	2,730	-
Net cash used in investing activities	(2,829,360)	(26,959,737)	(18,634,135)	(6,936,910)
<b>Cash flows from financing activities</b>				
Issues of common shares	187,186	-	13,114,802	-
Capital contributions from holder of non-controlling interest	-	-	9,847	6,001
Dividend paid to non-controlling interest	(2,591)	(14,509)	(12,954)	-
Addition investment in subsidiary by purchasing shares from non-controlling interest	-	-	(114,822)	(35,513)
Proceeds from short-term borrowings	30,182,538	9,120,978	7,885,337	2,901,233
Proceeds from borrowings, net of cash paid for debt issuance cost	32,550,467	17,482,493	40,750,941	15,982,188
Repayments of short-term borrowings	(31,535,786)	(4,393,083)	(8,115,856)	(4,605,308)
Repayments of borrowings	(42,611,917)	(7,888,830)	(34,745,495)	(16,955,424)
Net cash (used in) received from financing activities	(11,230,103)	14,307,049	18,771,800	(2,706,823)
<b>Net increase (decrease) in cash and cash equivalents</b>	8,618,508	(5,340,831)	6,894,957	(375,182)
Opening balance	6,103,167	11,447,692	4,540,535	4,916,296
Effects of exchange rate changes	4,608	(3,694)	12,200	(579)
Closing balance	14,726,283	6,103,167	11,447,692	4,540,535



## Auditor

The auditors Who to perform the audit of the Company and consolidated financial statements during the past three years were as follows:

Financial Statement for the year ended	The Company's auditors	Auditor's Name	Certified Public Account (Thailand) ID.
31 December 2013	PricewaterhouseCoopers ABAS Limited	Mr. Kajornkiet Aroonpirodkul	3445
31 December 2012	PricewaterhouseCoopers ABAS Limited	Mr. Kajornkiet Aroonpirodkul	3445
31 December 2011	PricewaterhouseCoopers ABAS Limited	Mr. Pisit Thangtanagul	4095

According to the three (3) years' Reports of Certified Public Accountant (2011-2013), the Company's auditors had expressed his/her unqualified opinions on the financial statement.

PricewaterhouseCoopers ABAS Limited and auditors have no any relationship or interests with the Company, subsidiaries, management, major shareholders including their related persons, which would affect to the independence of their performing.



## FINANCIAL RATIOS

### True Corporation Public Company Limited and Subsidiaries

		2013	2012	2011 (restated)
<b>Liquidity Ratios</b>				
Current Ratio <sup>1/</sup>	Times	0.66	0.64	0.83
Quick Ratio-Accrual Basis <sup>1/</sup>	Times	0.48	0.42	0.59
<b>Activity Ratios</b>				
Receivable Turnover Ratio	Times	3.60	5.92	7.28
Average Collection Period	Days	100.12	60.78	49.44
Average Collection Period *	Days	22.70	20.11	20.19
* Excluding accounts receivable from TOT which represents the amount that was already paid by customers but True has not yet received its revenue sharing from TOT; accrued income which represent unbilled revenue.				
Inventory Turnover Ratio	Times	3.56	6.32	4.53
Average Inventory Turnover Period <sup>1/</sup>	Days	101.02	56.94	79.39
Payable Turnover Ratio <sup>1/</sup>	Times	2.86	3.90	4.80
Average Payment Period <sup>1/</sup>	Days	125.89	92.36	75.06
Cash Cycle <sup>1/</sup>	Days	75.24	25.36	53.77
Fixed Assets Turnover Ratio <sup>1/</sup>	Times	1.21	1.11	1.03
Total Assets Turnover Ratio <sup>1/</sup>	Times	0.50	0.54	0.54
<b>Leverage Ratios</b>				
Debt to Equity Ratio <sup>1/</sup>	Times	42.50	11.88	5.99
Interest Coverage Ratio	Times	1.90	2.43	2.41
<b>Profitability Ratios</b>				
Gross Profit Margin	%	20.05%	23.17%	27.82%
Net Profit Margin	%	-9.42%	-8.31%	-3.74%
Return on Assets <sup>1/,2/</sup>	%	-1.73%	0.97%	3.08%
Return on Equity	%	-96.74%	-41.88%	-16.24%
Dividend Ratio	%	-	-	-
<b>Per Share Analysis</b>				
Book Value per Share	Baht	0.33	0.97	1.48
Earnings (Loss) per Share (Basic)	Baht	(0.62)	(0.51)	(0.23)
Dividend per Share	Baht	-	-	-
<b>Growth Ratios</b>				
Total Assets <sup>1/</sup>	%	14.13%	20.15%	31.36%
Total Liabilities <sup>1/</sup>	%	20.90%	29.32%	25.42%
Total Revenue	%	7.64%	24.25%	15.32%
Total Operating Expenses <sup>3/</sup>	%	13.41%	29.35%	22.85%
Net Profit	%	-22.01%	-175.75%	NM

**Note :**

<sup>1/</sup> In 4Q12, True Group changed the presentations of FY2011 financial results (see "Note 3.2: Change in presentation" of the FY2012 financial statements). Some items such as "advances to contractors", which was previously put under "Accounts receivable and others", was reclassified to be part of "Property, plant and equipment".

<sup>2/</sup> Return on Assets = (Gross profit - selling and administrative expenses) / average total assets

<sup>3/</sup> Total Operating Expenses include Costs of Providing Services, Cost of Sales and Selling and Administrative Expenses



# M<sup>a</sup>anagement's Discussion and Analysis

## OVERVIEW

The progression into a more liberalized industry landscape through the NBTC's license issuances and the successful establishment of the TRUE Telecommunications Growth Infrastructure Fund ("TRUEGIF" or "TRUEIF") in December 2013 mark key milestones for True Group and the Thai Telecommunications industry. These developments facilitate growth and fair competition in the industry while enabling True Group to enhance its cost and capital structure. This, in addition to the Group's market-leading positions in the broadband, pay TV and mobile Internet segments, will propel True Group to new heights.

True Group reported a consolidated net loss to equity holders of the Company of Baht 9.1 billion in 2013, representing a change of greater than 20 percent Y-on-Y, which can be summarized as below:

In 2013, True Group's **consolidated service revenue** (which excludes interconnection and network rental revenue) grew strongly at 7.2 percent Y-on-Y to Baht 66.3 billion with continual growth in all three core business segments, mainly True Mobile Group's non-voice services and TrueOnline's broadband Internet. Meanwhile, advertising and sponsorship contributed to the revenue increase at TrueVisions.

In 4Q13, True Group sold an investment in ordinary shares of eight non-core subsidiaries to Thana Telecom Corporation Limited. Excluding performance contributions from these sold non-core subsidiaries in both 2012 and 2013 for an accurate Y-on-Y performance comparison, True Group's core businesses performed healthily, growing 8.6 percent and 1.0 percent Y-on-Y in terms of service revenue and EBITDA, respectively. Without this adjustment, however, **EBITDA** softened slightly at 2.1 percent Y-on-Y to Baht 16.4 billion.

**NIOGO excluding deferred income tax** was a loss of Baht 11.8 billion, declining from a loss of Baht 5.4 billion in 2012, due to incremental expenses related to network expansion and marketing activities, including costs associated with 2G migration as well as higher D&A expenses depreciation, amortization and interest.

**Net loss to shareholders of the parent company** was Baht 9.1 billion in 2013 after recognizing an impairment loss of TrueMove's transferred assets in the amount of Baht 2.1 billion, a gain from selling infrastructure assets and rights to receive revenue from infrastructure assets to TRUEGIF in the amount of Baht 6.3 billion as well as a gain on sales of investments from selling non-core subsidiaries in the amount of Bt 857.6 million.

**True Mobile Group's** cellular service revenue continued its strong upward trend, growing 12.9 percent Y-on-Y to reach Baht 35.2 billion in 2013; the key driver remained solid growth in the non-voice segment. Meanwhile, the rising popularity of smart devices together with True Mobile Group's competitive device-bundling promotions yielded record yearly product sales of Baht 16.1 billion.

True Mobile Group gained approximately 1.9 million net adds during the year, taking its subscriber base to 22.9 million, of which 13.8 percent being postpaid, at the end of 2013.



The acquisition of the 2.1 GHz spectrum license positioned TrueMove H as the first 4G LTE service provider in Thailand while strengthening its mobile Internet leadership through combined strengths of the 850 MHz and the 2.1 GHz spectrums. In addition, a wide selection of competitive device-bundling promotions was introduced to the market to fulfill various needs of customers while penetrating into the untapped segments.

**TrueOnline's** service revenue increased 1.9 percent Y-on-Y to Baht 28.7 billion due to healthy growth of broadband Internet in both consumer and corporate segments despite no performance contributions from the sold non-core subsidiaries in 4Q13. Excluding performance contributions from these sold subsidiaries in both 2012 and 2013 for an accurate Y-on-Y performance comparison, TrueOnline's service revenue grew strongly at 6.4 percent Y-on-Y.

The continued strong momentum of TrueOnline's competitive convergence offerings, its successful localized marketing activities as well as its superior quality of network, which already reached 4.3 million homepassess in 61 provinces, resulted in robust broadband net additions of 240,000 subscribers in 2013. This drove TrueOnline's subscriber base up to 1.8 million while ARPU remained healthy at Baht 712.

**TrueVisions'** service revenue increased 2.5 percent Y-on-Y to Baht 10.7 billion due mainly to healthy growth of sponsorship revenue given ongoing popularity of the Voice programs as well as incremental advertising revenue.

TrueVisions' customer base expanded Y-on-Y to 2.4 million (from 2.0 million in 2012), underpinned by partnership with free-to-air operators as well as strong response to the convergence packages and the redesigned knowledge package. Meanwhile, ARPU increased Y-on-Y to Baht 895 due to positive impact from the activation of the new broadcasting system (MPEG-4) in July 2012.

Given its fully-diversified platform with a diverse range of quality content, TrueVisions is well-positioned to amplify its business alongside the upcoming digital terrestrial TV arena, which subsidiaries under TrueVisions Group won the bidding for two licenses in December 2013.

**Looking forward to 2014,** the company targets a high single-digit growth for the consolidated service revenue and budgeted Baht 26.5 billion of cash capex for the Group (Baht 15.5 billion for True Mobile Group, Baht 10 billion for TrueOnline and Baht 1.0 billion for TrueVisions).



## Consolidated Results of Operations - Normalized Basis

(Unaudited) (Baht in millions unless otherwise indicated)	2013	2012	% Change
<b>Revenues</b>			
Revenues from providing services	79,137	74,298	6.5
- Interconnection revenue	4,764	6,538	(27.1)
- Network rental revenue	8,082	5,895	37.1
- Service revenue	66,291	61,865	7.2
Revenues from product sales	17,077	15,083	13.2
<b>Total revenues</b>	<b>96,214</b>	<b>89,382</b>	<b>7.6</b>
<b>Operating expenses</b>			
Total cost of providing services	61,182	54,893	11.5
Regulatory costs	5,378	6,596	(18.5)
Interconnection cost	5,973	7,720	(22.6)
Cost of providing services exclude IC	32,818	27,978	17.3
Depreciation and amortization	17,012	12,598	35.0
Cost of sales	15,736	13,779	14.2
Selling and administrative expenses	22,638	19,110	18.5
Depreciation and amortization	2,715	2,539	6.9
Cash SG&A	19,923	16,571	20.2
<b>Total operating expenses</b>	<b>99,556</b>	<b>87,782</b>	<b>13.4</b>
<b>EBITDA</b>	<b>16,385</b>	<b>16,738</b>	<b>(2.1)</b>
Depreciation and amortization	(19,728)	(15,138)	30.3
<b>Operating profit</b>	<b>(3,343)</b>	<b>1,600</b>	<b>NM</b>
Interest income	148	260	(42.9)
Interest expense	(7,766)	(6,551)	18.5
Other financial fees	(845)	(324)	160.6
Income tax (expense) revenue	(1,405)	(1,678)	(16.3)
Current tax	(167)	(400)	(58.3)
Deferred income tax	(1,238)	(1,278)	(3.1)
<b>Income (loss) from continuing operations</b>	<b>(13,209)</b>	<b>(6,693)</b>	<b>(97.3)</b>
Share of results in subsidiaries and associates	62	41	(50.4)
(Income) loss attributable to non-controlling interests	78	20	292.3
<b>Net income (loss) from continuing operations including share of results in associates (NIOGO)</b>	<b>(13,069)</b>	<b>(6,632)</b>	<b>(97.1)</b>
<b>Non recurring items</b>	<b>4,006</b>	<b>(796)</b>	<b>NM</b>
Foreign exchange gain (loss)	(340)	889	NM
Gain recognised in 2013 related to TRUEGIF	6,335	-	NM
Current tax related to TRUEGIF	(1,730)	-	NM
Deferred tax related to TRUEGIF	(607)	-	NM
Gain on sales of 7 subsidiaries and 1 joint venture	858	-	NM
Impairment of network assets	(2,056)	(1,972)	(4.3)
Depreciation of network assets	(451)	-	NM
Gain on reversal of the right and liabilities under the agreement for operation	791	-	NM
Adjustment for deferred tax due to impairment of assets / change in corporate tax rates	845	79	971.0
Impairment of goodwill/software licenses	-	(143)	100.0
Other (expense) income	361	352	2.6
<b>Net profit (loss) to equity holders of the Company</b>	<b>(9,063)</b>	<b>(7,428)</b>	<b>(22.0)</b>
Non-controlling interests	(78)	(20)	(292.3)
<b>Net profit (loss) for the year</b>	<b>(9,141)</b>	<b>(7,448)</b>	<b>(22.7)</b>
<b>NIOGO before deferred income tax</b>	<b>(11,831)</b>	<b>(5,354)</b>	<b>(121.0)</b>



## CONSOLIDATED RESULTS OF OPERATIONS

- The results of operations are discussed on a normalized basis without non-recurring items, which are disclosed in the normalized consolidated profit and loss statements.
- **True Group's consolidated service revenue** (which excludes interconnection and network rental revenue) in 2013 grew 7.2 percent Y-on-Y to Baht 66.3 billion due to rising revenue in all three core business segments, mainly True Mobile Group's non-voice services and TrueOnline's broadband Internet. Meanwhile, advertising and sponsorship contributed to incremental revenue at TrueVisions.
- In 4Q13, True Group sold an investment in ordinary shares of eight non-core subsidiaries to Thana Telecom Corporation Limited. Excluding performance contributions from these sold non-core subsidiaries in both 2012 and 2013 for an accurate Y-on-Y performance comparison, True Group's core businesses performed healthily with service revenue and EBITDA growth of 8.6 percent and 1.0 percent Y-on-Y, respectively.
- Without this adjustment, however, reported **EBITDA** softened slightly at 2.1 percent Y-on-Y to Baht 16.4 billion mainly on higher **cash opex** (+15.5 percent Y-on-Y) which was driven by expenses related to ongoing network expansion as well as incremental marketing spending to promote the Group's competitive offerings, particularly superior 4G LTE and 3G services, and to migrate TrueMove subscribers to TrueMove H following TrueMove's concession expiration in September 2013.
- **Depreciation and amortization expenses** increased 30.3 percent Y-on-Y to Baht 19.7 billion mainly as a result of the shortening depreciation period of TrueMove's transferred assets as well as the full-year recognition of the 2.1 GHz spectrum license cost, which was granted by the NBTC on December 7, 2012.
- **Interest expenses** increased 18.5 percent Y-on-Y to Baht 7.8 billion mainly on additional borrowings at True Mobile Group to support service expansion during the year before the debt repayment of over Baht 25 billion using proceeds from assets sale to TRUEGIF and selling investments in eight non-core business companies, in late December 2013. This will help reduce interest burden in 2014.
- **Income tax expenses** declined 16.3 percent Y-on-Y to Baht 1.4 billion due partly to lower corporate income tax rate in 2013.
- **Net income from ongoing operations (NIOGO) excluding deferred income tax** was a loss of Baht 11.8 billion, declining from a loss of Baht 5.4 billion in 2012, due to incremental expenses related to depreciation, amortization and interest.
- **Net loss to shareholders of the parent company** was Baht 9.1 billion in 2013 after recognizing an impairment loss of TrueMove's transferred assets in the amount of Baht 2.1 billion, a gain from selling infrastructure assets and rights to receive revenue from infrastructure assets to TRUEGIF in the amount of Baht 6.3 billion and a gain on sales of investments from selling non-core subsidiaries in the amount of Bt 857.6 million.



## Key accounting changes and other issues:

- Infrastructure fund transaction

On 7 October 2013, an Extraordinary General Meeting of Company's shareholders passed a resolution approving the sale of assets and future cash flow of the Company and certain subsidiaries to True Telecommunications Growth Infrastructure Fund ("TRUEGIF").

On 23 December 2013, the Securities and Exchange Commission of Thailand ("SEC") approved the registration of the assets pool pursuant to the Fund Scheme of TRUEGIF as an infrastructure fund with the issuance of 5.81 billion investment units for initial public offering at the price and par value of Baht 10.00 per unit totalling Baht 58.08 billion.

The assets sale transactions are summarised as follows:

	<b>Consolidated 2013 Baht Million</b>	<b>Company 2013 Baht Million</b>
Amount proceed	58,080.00	16,390.56
Less: Advance received	<u>(16,390.56)</u>	<u>(16,390.56)</u>
Cash proceed, net advance received	41,689.44	-
Less: Costs of assets sale and relevant costs	(30,570.44)	-
Less: Related expenses	<u>(1,437.17)</u>	<u>-</u>
Total gain from assets sale	9,681.83	-
Less: Unrealised gain from assets sale	<u>(3,346.93)</u>	<u>-</u>
Gain recognised in 2013	<u>6,334.90</u>	<u>-</u>

The unrealised gain is the Company's 33.29% interest in the total gain which cannot be recognised when TRUEGIF is an associate (see more details in Note 40 "Infrastructure fund transaction" of the FY2013 financial statements).



- Transaction related to impairment of network assets

The agreement for operation of a nationwide cellular network under the Build-Transfer-Operate Agreement granted by CAT Telecom Public Company Limited (“CAT”) to a subsidiary (“TMV”) expired on 15 September 2013. This resulted in the extraordinary items in 3Q13 listed below. In this report, the results from ongoing operations for 3Q13 have been normalized to exclude the following items.

Adjustments	Bt million
1. Impairment loss of network assets	(2,056)
2. Depreciation of network assets	(451)
3. Gain on reversal of the right and liabilities under the agreement for operation	791
4. Adjustment for deferred tax related to impairment of assets	845
<b>Total</b>	<b>(871)</b>

- In 4Q12, True Mobile Group booked impairment losses totaling Baht 2.1 billion, consisting mainly of Baht 2.0 billion of TrueMove’s network assets under Agreement to Operate with CAT (See details in “Note 8: Expenses by nature” and “Note 20: Property, plant and equipment, net” of the FY2012 financial statements)
- Changes in the corporate income tax rate

On December 21, 2011, a Royal Decree was published adopting a reduction in the corporate income tax rate – from 30% to 23% for the period beginning on or after January 1, 2012 and to 20% for the next 2 accounting period beginning on or after January 1, 2013. After that the rate will return to 30%.



## Results by Segment - 2013

(Unaudited) (Baht in millions unless otherwise indicated)	True Mobile Group			TrueOnline			TrueVisions			Eliminations		Consolidated		
	2013	2012	% Change	2013	2012	% Change	2013	2012	% Change	2013	2012	2013	2012	% Change
<b>Revenues</b>														
Revenues from providing services	48,057	43,617	10.2	28,658	28,126	1.9	10,728	10,463	2.5	(8,306)	(7,908)	79,137	74,298	6.5
- Interconnection revenue	4,764	6,538	(27.1)	-	-	NM	-	-	NM	-	-	4,764	6,538	(27.1)
- Network rental revenue	8,082	5,895	37.1	-	-	NM	-	-	NM	-	-	8,082	5,895	37.1
- Service Revenue	35,211	31,184	12.9	28,658	28,126	1.9	10,728	10,463	2.5	(8,306)	(7,908)	66,291	61,865	7.2
Revenues from product sales	16,059	13,720	17.1	1,006	1,782	(43.5)	131	204	(35.5)	(120)	(622)	17,077	15,083	13.2
<b>Total revenues</b>	<b>64,116</b>	<b>57,337</b>	<b>11.8</b>	<b>29,664</b>	<b>29,908</b>	<b>(0.8)</b>	<b>10,859</b>	<b>10,667</b>	<b>1.8</b>	<b>(8,427)</b>	<b>(8,530)</b>	<b>96,214</b>	<b>89,382</b>	<b>7.6</b>
<b>Operating expenses</b>														
Total cost of providing services	39,487	34,241	15.3	18,179	17,766	2.3	8,491	7,900	7.5	(4,975)	(5,015)	61,182	54,893	11.5
Regulatory costs	2,998	4,890	(38.7)	1,850	1,184	56.3	530	523	1.4	-	(1)	5,378	6,596	(18.5)
Interconnection cost	5,974	7,720	(22.6)	-	-	NM	-	-	NM	-	-	5,973	7,720	(22.6)
Cost of providing services exclude IC	20,773	15,699	32.3	10,442	10,856	(3.8)	6,393	6,201	3.1	(4,789)	(4,777)	32,818	27,978	17.3
Depreciation and amortization	9,742	5,932	64.2	5,887	5,727	2.8	1,569	1,176	33.3	(185)	(237)	17,012	12,598	35.0
Cost of sales	15,019	12,954	15.9	642	1,239	(48.2)	124	168	(25.9)	(49)	(581)	15,736	13,779	14.2
Selling and administrative expenses	16,199	12,942	25.2	7,281	7,160	1.7	2,426	1,863	30.2	(3,269)	(2,855)	22,638	19,110	18.5
Depreciation and amortization	1,756	1,720	2.1	793	619	28.3	72	54	34.0	93	147	2,715	2,539	6.9
Cash SG&A	14,443	11,222	28.7	6,488	6,541	(0.8)	2,354	1,809	30.1	(3,362)	(3,002)	19,923	16,571	20.2
<b>Total operating expenses</b>	<b>70,705</b>	<b>60,137</b>	<b>17.6</b>	<b>26,102</b>	<b>26,165</b>	<b>(0.2)</b>	<b>11,042</b>	<b>9,932</b>	<b>11.2</b>	<b>(8,293)</b>	<b>(8,451)</b>	<b>99,556</b>	<b>87,782</b>	<b>13.4</b>
<b>EBITDA</b>	<b>4,910</b>	<b>4,852</b>	<b>1.2</b>	<b>10,243</b>	<b>10,089</b>	<b>1.5</b>	<b>1,458</b>	<b>1,966</b>	<b>(25.8)</b>	<b>(226)</b>	<b>(169)</b>	<b>16,385</b>	<b>16,738</b>	<b>(2.1)</b>
Depreciation and amortization	(11,498)	(7,652)	50.3	(6,681)	(6,346)	5.3	(1,641)	(1,230)	33.4	92	90	(19,728)	(15,138)	30.3
<b>Operating profit</b>	<b>(6,589)</b>	<b>(2,800)</b>	<b>(135.3)</b>	<b>3,562</b>	<b>3,743</b>	<b>(4.8)</b>	<b>(182)</b>	<b>735</b>	<b>NM</b>	<b>(133)</b>	<b>(78)</b>	<b>(3,343)</b>	<b>1,600</b>	<b>NM</b>
Interest income	51	135	(62.4)	121	137	(11.9)	86	195	(55.7)	(110)	(207)	148	260	(42.9)
Interest expense	(4,476)	(3,628)	23.4	(2,489)	(2,300)	8.2	(911)	(793)	15.0	110	169	(7,766)	(6,551)	18.5
Other financial fees	(642)	(203)	216.2	(172)	(87)	98.7	(30)	(34)	(11.9)	-	-	(845)	(324)	160.6
Income tax (expense) revenue	(1,092)	(823)	32.7	(497)	(1,048)	(52.6)	173	(45)	NM	12	238	(1,405)	(1,678)	(16.3)
Current tax	(66)	(64)	(2.6)	(44)	(250)	(82.3)	(56)	(86)	(34.3)	-	-	(167)	(400)	(58.3)
Deferred income tax	(1,026)	(759)	35.3	(453)	(798)	(43.3)	229	41	458.6	12	238	(1,238)	(1,278)	(3.1)
<b>Income (loss) from continuing operations</b>	<b>(12,748)</b>	<b>(7,320)</b>	<b>(74.2)</b>	<b>525</b>	<b>446</b>	<b>17.6</b>	<b>(865)</b>	<b>58</b>	<b>NM</b>	<b>(121)</b>	<b>121</b>	<b>(13,209)</b>	<b>(6,693)</b>	<b>(97.3)</b>
Share of results in subsidiaries and associates	-	-	-	(3)	58	NM	(26)	(17)	51.5	91	-	62	41	50.4
(Income) loss attributable to non-controlling interests	11	11	0.0	(44)	(43)	(2.9)	38	(5)	NM	73	57	78	20	292.3
<b>Net income (loss) from continuing operations including share of results in associates (NIOGO)</b>	<b>(12,737)</b>	<b>(7,308)</b>	<b>(74.3)</b>	<b>478</b>	<b>462</b>	<b>3.5</b>	<b>(852)</b>	<b>37</b>	<b>NM</b>	<b>43</b>	<b>178</b>	<b>(13,069)</b>	<b>(6,632)</b>	<b>(97.1)</b>
<b>Non recurring items</b>	<b>(4,959)</b>	<b>(1,710)</b>	<b>190.0</b>	<b>12,515</b>	<b>1,374</b>	<b>810.9</b>	<b>(286)</b>	<b>69</b>	<b>NM</b>	<b>(3,264)</b>	<b>(528)</b>	<b>4,006</b>	<b>(796)</b>	<b>NM</b>
Foreign exchange gain (loss)	(510)	125	NM	461	654	(29.6)	(290)	109	NM	-	-	(340)	889	NM
Gain recognised in 2013 related to TRUEGIF	(4,371)	-	NM	14,031	-	NM	-	-	NM	(3,326)	-	6,335	-	NM
Current tax related to TRUEGIF	-	-	NM	(1,730)	-	NM	-	-	NM	-	-	(1,730)	-	NM
Deferred tax related to TRUEGIF	-	-	NM	(1,204)	-	NM	-	-	NM	-	-	(607)	-	NM
Gain on sales of 7 subsidiaries and 1 joint venture	597	-	NM	680	-	NM	-	-	NM	177	-	858	-	NM
Impairment of network assets	(2,056)	(1,972)	(4.3)	-	-	NM	-	-	NM	-	-	(2,056)	(1,972)	(4.3)
Depreciation of network assets	(451)	-	NM	-	-	NM	-	-	NM	-	-	(451)	-	NM
Gain on reversal of the right and liabilities under the agreement for operation	791	-	NM	-	-	NM	-	-	NM	-	-	791	-	NM
Adjustment for deferred tax due to impairment of assets / change in corporate tax rates	845	117	624.2	-	33	(100.0)	-	(40)	100.0	-	(31)	845	79	971.0
Impairment of goodwill/software licenses	-	(143)	100.0	-	-	NM	-	-	NM	-	-	-	(143)	100.0
Other (expense) income	196	164	19.6	277	687	(59.7)	4	(1)	NM	(115)	(497)	361	352	2.6
<b>Net profit (loss) to equity holders of the Company</b>	<b>(17,696)</b>	<b>(9,019)</b>	<b>(96.2)</b>	<b>12,993</b>	<b>1,836</b>	<b>607.8</b>	<b>(1,138)</b>	<b>105</b>	<b>NM</b>	<b>(3,221)</b>	<b>(350)</b>	<b>(9,063)</b>	<b>(7,428)</b>	<b>(22.0)</b>
Non-controlling interests	(11)	(11)	0.0	44	43	2.9	(38)	5	NM	(73)	(57)	(78)	(20)	292.3
<b>Net profit (loss) for the year</b>	<b>(17,707)</b>	<b>(9,030)</b>	<b>(96.1)</b>	<b>13,037</b>	<b>1,879</b>	<b>593.9</b>	<b>(1,177)</b>	<b>110</b>	<b>NM</b>	<b>(3,294)</b>	<b>(407)</b>	<b>(9,141)</b>	<b>(7,448)</b>	<b>(22.7)</b>
<b>NIOGO before deferred income tax</b>	<b>(11,711)</b>	<b>(6,550)</b>	<b>(78.8)</b>	<b>931</b>	<b>1,260</b>	<b>(26.1)</b>	<b>(1,081)</b>	<b>(4)</b>	<b>(25,255.5)</b>	<b>30</b>	<b>(60)</b>	<b>(11,831)</b>	<b>(9,354)</b>	<b>(121.0)</b>
<b>EBITDA margin (gross IC basis)</b>	<b>7.7%</b>	<b>8.5%</b>		<b>34.5%</b>	<b>33.7%</b>		<b>13.4%</b>	<b>18.4%</b>				<b>17.0%</b>	<b>18.7%</b>	
<b>EBITDA margin (on net IC and network rental)</b>	<b>9.6%</b>	<b>10.8%</b>		<b>34.5%</b>	<b>33.7%</b>		<b>13.4%</b>	<b>18.4%</b>				<b>19.7%</b>	<b>21.8%</b>	



## Normalized Revenue Profile

(Unaudited)  (Baht in millions unless otherwise indicated)	Consolidated Revenues (Before Intersegment Eliminations)				
	2013		2012		% Change
	Revenue	% of revenue after eliminations	Revenue	% of revenue after eliminations	
<b>TrueVisions</b>	<b>10,859</b>		<b>10,667</b>		<b>1.8</b>
- Service revenue	10,728		10,463		2.5
- Product sales	131		204		(35.5)
Intersegment elimination	(804)		(704)		14.3
TrueVisions after elimination	10,055	10.5%	9,963	11.1%	0.9
<b>True Mobile Group</b>	<b>64,116</b>		<b>57,337</b>		<b>11.8</b>
- Service revenue	35,211		31,184		12.9
- Network rental revenue & IC	12,846		12,433		3.3
- Product sales	16,059		13,720		17.1
Intersegment elimination	(1,043)		(1,213)		(14.0)
True Mobile Group after elimination	63,073	65.6%	56,124	62.8%	12.4
<b>TrueOnline</b>	<b>29,664</b>		<b>29,908</b>		<b>(0.8)</b>
- <b>Traditional voice</b>	<b>6,217</b>		<b>6,517</b>		<b>(4.6)</b>
- Fixed line (excl. IDD & VOIP)	6,119		6,325		(3.3)
- Public phone	68		129		(46.8)
- PCT	29		63		(53.8)
- <b>Broadband, Internet and Business Data Service</b>	<b>16,183</b>		<b>14,336</b>		<b>12.9</b>
- Broadband Internet & business data	14,377		12,258		17.3
- Other Internet & VAS	1,806		2,078		(13.1)
- <b>New revenue stream, convergence &amp; others</b>	<b>6,259</b>		<b>7,274</b>		<b>(14.0)</b>
- New revenue stream	495		344		43.9
- International call	398		224		77.6
- Others	97		120		(19.1)
- Convergence & others	5,764		6,930		(16.8)
<b>TrueOnline service revenue</b>	<b>28,658</b>		<b>28,126</b>		<b>1.9</b>
<b>TrueOnline product sales</b>	<b>1,006</b>		<b>1,782</b>		<b>(43.5)</b>
Intersegment elimination	(6,579)		(6,613)		(0.5)
TrueOnline after elimination	23,086	24.0%	23,295	26.1%	(0.9)
<b>Normalized consolidated revenues</b>	<b>104,640</b>		<b>97,912</b>		<b>6.9</b>
Total intersegment elimination	(8,427)		(8,530)		(1.2)
<b>Normalized consolidated revenues - net</b>	<b>96,214</b>	<b>100.0%</b>	<b>89,382</b>	<b>100.0%</b>	<b>7.6</b>



## SEGMENT RESULTS

### True Mobile Group

- True Mobile Group's **cellular service revenue** in 2013 continued its strong upward trend, growing 12.9 percent Y-on-Y to reach Baht 35.2 billion, due mainly to solid growth in the non-voice segment.
- **Non-voice revenue** increased strongly by 49.0 percent Y-on-Y to Baht 13.5 billion, representing 38.2 percent of True Mobile Group's cellular service revenue. The key factor for this healthy growth remained a surge in mobile Internet revenue, which was driven by rising popularity of social networking and smart devices, the success of TrueMove H competitive device-bundling promotions, and its superior network quality which already reached 95 percent of the Thai population.
- **Product sales** reached an all-time high level of Baht 16.1 billion, growing 17.1 percent Y-on-Y, in 2013 driven by rising popularity of smart devices, mainly the iPhone 5s, high-tier Samsung and True Group's house brand "True Beyond".
- **Net IC costs** increased slightly at 2.3 percent to Baht 1.2 billion in 2013 as off-net traffic increased which was partially offset by a reduction in 2G IC rate from Baht 1 per minute to Baht 0.45 per minute from July 1, 2013 onwards.
- **Cash opex** rose 29.1 percent Y-on-Y to Baht 27.1 billion in 2013 on incremental expenses related to network expansion, including net 3G wholesale cost which was fully recorded for all 13,000 sites in 4Q13 when CAT Telecom's budget was approved. Additional marketing spending incurred to promote TrueMove H's superior 4G LTE and 3G+ services as well as to facilitate TrueMove's subscriber migration to TrueMove H following the 1800 MHz concession expiration also contributed to this increase.
- **EBITDA** improved slightly at 1.2 percent Y-on-Y to Baht 4.9 billion due to solid revenue growth, lower regulatory costs and higher contribution from handset sales.
- **Depreciation and amortization expenses** increased 50.3 percent Y-on-Y to Baht 11.5 billion from the shortening depreciation period of TrueMove's 2G transferred assets as well as the first full-year recognition of the 2.1 GHz spectrum license cost.
- **Interest expenses** increased 23.4 percent Y-on-Y to Baht 4.5 billion due to additional debt incurred to support service expansion during the year before the debt repayment of over Baht 25 billion, using mainly the proceeds related to TRUEGIF establishment in late December 2013. This will help reduce interest expense in 2014.
- **Income tax expenses** increased 32.7 percent Y-on-Y to Baht 1.1 billion due partly to higher deferred income tax expenses mainly related to assets transferred under TrueMove's Agreement to Operation.
- **Net loss from ongoing operations excluding deferred income tax** declined Y-on-Y to a loss of Baht 11.7 billion in 2013 from a loss of Baht 6.6 billion in 2012 due mainly to higher depreciation and amortization expenses.
- **True Mobile Group** gained approximately 1.9 million net adds during the year, taking its subscriber base to 22.9 million at the end of 2013. True Mobile Group continued its solid performance in the postpaid segment which accounted for 13.8 percent of the total subscriber base, increasing from 12.2 percent at the end of 2012. Meanwhile, blended ARPU was quite stable at Baht 124.
- In 2014, True Mobile Group will continue to bring the best mobile experience to its customers through network and service quality enhancement, expanded distribution channels, and competitive device-bundling promotions that fulfill various needs of each customer segment. In addition, it will further strengthen its offering with a rich combination of products and services within True Group. Meanwhile, True Mobile Group will continue to focus on migrating TrueMove's existing subscribers before temporary measure ends in this September.



## TrueOnline

- TrueOnline's **service revenue** increased 1.9 percent Y-on-Y to Baht 28.7 billion in 2013 due to healthy growth of **broadband Internet revenue** which rose strongly at 17.3 percent Y-on-Y to Baht 14.4 billion as a result of continued solid growth in both consumer and corporate broadband segments.
- The strong broadband performance was driven by the success of TrueOnline's high-value convergence offerings and localized marketing activities, together with its superior quality of network, which already reached 4.3 million homepassess in 61 provinces by year end. This further drove its subscriber base up to 1.8 million at the end of 2013.
- **Cash opex** decreased 2.7 percent Y-on-Y to Baht 16.9 billion in 2013 due to cost reduction from selling an investment in ordinary shares of eight non-core subsidiaries in 4Q13 as well as improved cost management despite incremental network-related expenses.
- **Regulatory cost** increased 56.3 percent to Baht 1.9 billion in 2013 due to an impact from the NBTC's new licensing structure (effective January 2013) and partly from the new USO regulation which was applied to all types of licenses (effective May 2012).
- **EBITDA** grew by 1.5 percent Y-on-Y to Baht 10.2 billion on incremental revenue and improved cost management. Excluding performance contributions from the sold of eight non-core subsidiaries in both 2012 and 2013 for an accurate Y-on-Y performance comparison, TrueOnline's EBITDA increased strongly at 7.5 percent Y-on-Y in 2013.
- **Interest expenses** increased 8.2 percent Y-on-Y to Baht 2.5 billion mainly from additional borrowings to support the expansion of broadband network.
- **Income tax expenses** decreased 52.6 Y-on-Y to Baht 497 due partly to lower corporate income tax rate in 2013.
- **NIOGO excluding deferred income tax** declined Y-on-Y to Baht 931 million (from Baht 1.3 billion in 2012) on incremental expenses related to depreciation, amortization and interest.
- In 2014, TrueOnline will further strengthen its market-leading position in the broadband market by continuing to deliver greater value offerings to customers through more competitive convergence packages and an enhanced service and network quality. The business aims to further expand its broadband network to reach all 77 provinces of Thailand by 2014.

## TrueVisions

- TrueVisions' **service revenue** increased 2.5 percent Y-on-Y to Baht 10.7 billion due mainly to healthy growth of sponsorship revenue given ongoing popularity of the Voice programs as well as incremental advertising revenue. Meanwhile, subscription revenue for the full year was relatively flat despite impact from EPL and economy.
- **Advertising revenue** grew 7.5 percent Y-on-Y to Baht 934 million partly on an expanding audience base and incremental advertising channels despite a quite stagnant growth of the advertising industry during the year. Meanwhile, TrueVisions's better-value advertising packages, which were introduced in the second half of the year, continued to receive positive response from the market.



- **Cash opex** rose 9.2 percent Y-on-Y to Baht 8.7 billion mainly on an increase in selling and marketing expenses to promote TrueVisions' new competitive offerings as well as higher content cost following an expanded number of channels, particularly in high-definition format.
- **EBITDA** declined 25.8 percent Y-on-Y to Baht 1.5 billion as incremental cash opex outweighed incremental revenue.
- **Interest expenses** increased 15.0 percent Y-on-Y to Baht 911 million due to a low base in 2012 when TrueVisions won a court case over TOT on the utilization of TOT's transmission conduits, allowing TrueVisions to reverse all related provisional interest expenses (totaling Baht 128 million) in 4Q12.
- **Income tax revenue** was Baht 173 million in 2013 compared to income tax expenses of Baht 45 million in 2012 mainly as TrueVisions recorded deferred tax assets from an operating loss during the year.
- **NIOGO excluding deferred income tax** declined to a loss of Baht 1.1 billion due to lower EBITDA and higher depreciation and amortization expenses.
- **TrueVisions' customer base** expanded Y-on-Y to 2.4 million (from 2.0 million in 2012), underpinned by partnership with free-to-air operators (i.e., PSI) as well as strong response to the convergence packages, particularly the SukX2, and the redesigned knowledge package. Meanwhile, ARPU increased Y-on-Y to Baht 895 due to positive impact, mainly among platinum subscribers, from the activation of the new broadcasting system (MPEG-4) in July 2012.
- In 2014, TrueVisions will regain its premium momentum through a comprehensive range of top quality international and local content as well as a competitive convergence offering, which will be expanded to the premium segment. In addition, TrueVisions will further develop content that appeals to the local preferences while also improving its distribution channels to better penetrate into the untapped segment.
- Meanwhile, given its fully-diversified platform with a diverse range of content, TrueVisions is well-positioned to amplify its business alongside the upcoming digital terrestrial TV arena, which subsidiaries under TrueVisions Group won the bidding for two licenses in December 2013. This will fuel TrueVisions' advertising revenue while also expanding its marketing opportunity to broadcast its content to a wider audience.



## Consolidated Balance Sheet and Cash Flows

(Unaudited) (Baht in millions unless otherwise indicated)	31 Dec 13	31 Dec 12	% Change
<b>Balance Sheets</b>			
Cash and cash equivalents	14,726	6,103	141.3
Trade and other receivables	21,425	12,900	66.1
Other current assets	34,927	21,030	66.1
<i>Total current assets</i>	<i>71,078</i>	<i>40,033</i>	<i>77.5</i>
Property, plant and equipment, net	72,162	86,680	(16.7)
Goodwill, net	11,403	11,403	0.0
Intangible assets, net	28,881	35,402	(18.4)
Deferred income tax assets	4,758	5,182	(8.2)
Other non-current assets	17,571	1,664	NM
<i>Total non-current assets</i>	<i>134,774</i>	<i>140,330</i>	<i>(4.0)</i>
<b>Total assets</b>	<b>205,852</b>	<b>180,363</b>	<b>14.1</b>
Short-term borrowings	5,096	366	NM
Trade and other payables	44,722	30,217	48.0
Current portion of long-term borrowings	9,894	9,522	3.9
Other current liabilities	47,636	22,882	108.2
<i>Total current liabilities</i>	<i>107,348</i>	<i>62,987</i>	<i>70.4</i>
Long-term borrowings	76,261	86,805	(12.1)
Deferred income tax liabilities	4,095	3,579	14.4
Liabilities under agreements for operation	120	3,080	(96.1)
Other non-current liabilities	13,296	9,908	34.2
<i>Total non-current liabilities</i>	<i>93,772</i>	<i>103,372</i>	<i>(9.3)</i>
<b>Total liabilities</b>	<b>201,120</b>	<b>166,359</b>	<b>20.9</b>
<b>Total shareholder's equity</b>	<b>4,732</b>	<b>14,004</b>	<b>(66.2)</b>
<b>Total liabilities and shareholder's equity</b>	<b>205,852</b>	<b>180,363</b>	<b>14.1</b>

	2013	2012	% Change
<b>Cash Flows</b>			
Cash flows from operating activities	22,678	7,312	210.2
Cash flows (used in) from investing activities	(2,829)	(26,960)	(89.5)
- Capex	(25,623)	(27,126)	(5.5)
Cash flows (used in) from financing activities	(11,230)	14,307	NM
<b>Net (decrease) increase in cash and cash equivalents</b>	<b>8,619</b>	<b>(5,341)</b>	<b>NM</b>
Beginning cash balance and effects of exchange rate changes	6,108	11,444	(46.6)
<b>Ending cash balance</b>	<b>14,726</b>	<b>6,103</b>	<b>141.3</b>
<b>Free cash flows *</b>	<b>(2,946)</b>	<b>(19,814)</b>	<b>85.1</b>

Remark:

\* Free cash flows equal cash flows from operating activities minus capex.



## FINANCIAL POSITION

True Group's net debt to equity ratio was 42.5 times at the end of 2013, growing from 11.9 times at the end of 2012. This was driven by the Group's commitment to providing high service quality which was supported by ongoing network investment to expand service coverage nationwide. Majority of investment came from borrowing. This, in addition to higher depreciation expenses from ongoing network expansion and the shortening depreciation period of TrueMove's transferred assets, incremental amortization from the full-year recognition of the 2.1 GHz spectrum license cost, as well as an impairment loss of TrueMove's 2G network assets following its concession expiration, resulting in net loss during the year. These factors drove net debt to equity ratio higher. However, the successful establishment of TRUEGIF enabled True Group to significantly prepay its debt. Meanwhile, True Group is considering other alternatives as part of its recapitalization plan to further bring down the debt level.

### Assets

**True Group's assets** increased 14.1 percent Y-on-Y to Baht 205.9 billion at the end of 2013 from Baht 180.4 billion at the end of 2012 mainly from investments in associate, namely TRUE Telecommunications Growth Infrastructure Fund "TRUEGIF", as the Company subscribed for 33.29 percent of the investment units totaling Baht 19.3 billion.

**Property, plant and equipment, net** decreased 16.7 percent from 2012 to Baht 72.2 billion at the end of 2013 following the sales of infrastructure assets to TRUEGIF (see more details in Note 40 of the FY2013 financial statements).

**Trade and other receivables** rose 79.9 percent from 2012 to Baht 38.5 billion at the end of 2013 in line with True Group's business expansion, particularly the HSPA business on the 850 MHz spectrum with CAT Telecom. Average collection period at the end of 2013 was 100.1 days, increasing from 60.8 days at the end of 2012, due to higher accrued income since late 2011, mainly from CAT Telecom in accordance with equipment-lease contract between BFKT and CAT Telecom. This can be analyzed as appeared below.

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Current	7,259.02	6,535.87	1,535.40	1,528.90
Less than 3 months	5,199.73	2,218.38	1,005.72	1,199.90
3 - 6 months	2,074.41	859.40	234.83	1,077.93
6 - 12 months	4,929.51	2,953.51	400.21	1,131.08
More than 12 months	3,871.30	3,086.74	1,659.94	1,567.93
Trade accounts receivable	23,333.97	15,653.90	4,836.10	6,505.74
Accrued income	18,859.80	10,622.30	1,752.95	1,563.18
Total trade accounts receivable	42,193.77	26,276.20	6,589.05	8,068.92
<u>Less</u> Allowance for doubtful accounts	(7,632.86)	(7,322.60)	(2,671.81)	(2,977.30)
Trade accounts receivable, net	34,560.91	18,953.60	3,917.24	5,091.62



Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group has large number of customers, who are end users of telephone services, covering business and individuals. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable. Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

- **Intangible assets, net** decreased 18.4 percent from 2012 to Baht 28.9 billion at the end of 2013 following the revaluation of the service contract, the HSPA business on the 850 MHz spectrum with CAT Telecom, which resulted in a net book value disposal of Baht 2,964.38 million in connection with the costs of assets sale to TRUEGIF under the "Asset and Revenue Sale and Transfer Agreement" (see more details in Note 22 and 40 of the FY2013 financial statements).

## Liabilities

- **True Group's total liabilities** increased 20.9 percent from 2012 to Baht 201.1 billion at the end of 2013 mainly from incremental unearned income following a recognition of the advance receipt for 6,000 towers to be transferred to TRUEGIF (totaling Baht 16.4 billion).
- **Trade and other payables** increased 97.6 percent from 2012 to Baht 88.4 billion in 2013 due to incremental unearned income (as mentioned above) and the Group's business expansions, particularly the HSPA business on the 850 MHz spectrum with CAT Telecom.
- **Long-term borrowings** decreased 12.1 percent from 2012 to Baht 76.3 billion mainly from the debt prepayment of Baht 18.4 billion on 27 December 2013.
- **Shareholders' equity** decreased from Baht 14.0 billion at the end of 2012 to Baht 4.7 billion at the end of 2013, driven by operating losses during the year.

## LIQUIDITY AND CAPITAL RESOURCES

- **True Group's primary capital resources for the year 2013** were cash flows from operating activities totaled Baht 22.7 billion, consisting mainly of trade accounts payable in the amount of Baht 29.6 billion.
- **Cash flows from operating activities** in 2013 increased significantly to Baht 22.7 billion, from Baht 7.3 billion in 2012, mainly as True Group recognized the advance receipt for 6,000 towers to be transferred to TRUEGIF (totaling Baht 16.4 billion) as unearned income, presenting under "Trade and other payable" (see more details in Note 35 and 40 of the FY2013 financial statements).
- **Cash flows used in investing activities** in 2013 declined to Baht 2.8 billion, from Baht 27.0 billion in 2012, mainly due to the proceeds from disposing infrastructure assets to TRUEGIF and selling an investment in ordinary shares of eight non-core subsidiaries.



- **Cash capex** was Baht 25.6 billion including Baht 12.5 billion for True Mobile Group, Baht 11.2 billion for TrueOnline and Baht 2.1 billion for TrueVisions. This represented a Baht 1.5 billion decline from 2012.
- **Free cash flow** (cash flow from operations minus capex) was negative at Baht 2.9 billion in 2013, improving 85.1 percent from the previous year due mainly to higher cash flow from operating activities.
- **Cash flow from financing activities.** Net cash used in financing activities was Baht 11.2 billion in 2013, driven mainly by debt prepayment in late December 2013.
- **Solvency:** In 2013, True Group repaid its debt according to the schedules, some of which were repaid earlier than the schedules partly by using the proceeds from selling infrastructure assets and rights to receive revenue from infrastructure assets to TRUEGIF. Meanwhile, TrueOnline issued local bonds to partly refinance its debt. The net long-term debt (excluding financial lease) to EBITDA ratio as at the end of 2013 was 4.0 times, declining from 5.0 times at the end of 2012 driven by True Mobile Group's long-term debt prepayment of Baht 18.4 billion on 27 December 2013.



# Audit Committee

## Report of the for the Year 2013

The Audit Committee comprising of three Independent Directors, Mr. Vitthya Vejjajiva, Dr. Kosol Petchsuwan and Mr. Joti Bhokavanij, was reappointed by the Board of Directors Meeting No. 2/2555 held on 28<sup>th</sup> February 2012 to perform duties and discharge responsibilities under the Charter for the Audit Committee. During the Year 2013, the Audit Committee proceeded as follows:

1. Held seven meetings in 2013 in order to discharge its functions as assigned by the Board of Directors. The Audit Committee reported its activities to the Board of Directors on a quarterly basis;

Name		Position	Attendance of the Audit Committee Meeting In the Year 2013*
1. Mr. Vitthya	Vejjajiva	Chairman of the Audit Committee	7/7
2. Dr. Kosol	Petchsuwan	Member of the Audit Committee	7/7
3. Mr. Joti	Bhokavanij	Member of the Audit Committee	7/7

Remark \*In the Year 2013, the Audit Committee held one meeting with the external auditor without the presence of Management.

2. Reviewed the independence and performance of the external auditor including the external auditor's remuneration. The Audit Committee deemed that the external auditor performed independently and provided useful opinions and recommendations regarding financial reporting and internal controls. Therefore, the Audit Committee recommended the appointment of external auditors from PricewaterhouseCoopers ABAS Limited as the Company's Auditor and the external auditor's remuneration for the Year 2013 to the Board of Directors for approval by the Annual General Meeting of the Shareholders;
3. Discussed with the external auditor the scope of their audits before they commenced and followed up their audits;
4. Acknowledged the audit plan and external auditor's findings and provided recommendations;
5. Reviewed the annual and quarterly financial reports of the Company which included performance of its subsidiaries. The Audit Committee agreed with the external auditor that the Company's financial statements represented the Company's financial position and financial performance fairly, in all material respects, in accordance with Thai Financial Reporting Standard;
6. Reviewed the Company's and its subsidiaries' practices relating to related party transactions to ensure compliance with the Rules of Entering into Related Party Transactions of the Company which is in line with the law and regulation of the Stock Exchange of Thailand. The Audit Committee deemed that the entering into related party transactions of the Company and its subsidiaries complied with the law and the Stock Exchange of Thailand's regulation, was reasonable and most beneficial to the Company;
7. Reviewed the compliance with the Securities and Exchange laws, regulations of the Stock Exchange of Thailand, and other laws related to the Company's business. Based on the reports of external auditor, internal audit and Management, the Audit Committee deemed that the Company has complied with all related laws and regulations;



8. Reviewed the Internal Control System to evaluate the adequacy and effectiveness to reasonably ensure the Company's performance in achieving its goals based on the internal audit report for the Year 2013, which covers key business processes. The Audit Committee deemed that the Company's Internal Control System was adequate and appropriate. Moreover, with the dynamic environment of telecommunication business, the Audit Committee supported continual development of the Internal Control System to suit the changing environment within the Company;
9. Followed up risk management activities under "Risk Management Policy and Framework" of the Company which was an integral part of business strategies and operations to ensure continuous and effective risk management of the Company;

Furthermore, the Audit Committee recognized the linkage between Risk Management Function and Internal Audit Function. A representative of Strategic Development and Risk Management Committee was therefore invited to report to the Audit Committee on the risk identification, risk assessment, and risk management of the Company and the Internal Audit Department was assigned to ensure that the Internal Audit Plan be in line with such results of risk assessment;

10. Monitored results of providing a channel for any stakeholder to make complaints or provide clues concerning fraud, wrongdoing or violations of the Company's Code of Conduct to the Board of Directors via the Audit Committee;

In the Year 2013, there were no complaints or clues about fraud, wrongdoing or violations of the Company's Code of Conduct but there were complaints on the Company's service submitted to the Audit Committee. The Audit Committee passed on such service complaints to the relevant business unit for appropriate action and such business unit resolved the issue; and

11. Oversaw the Internal Audit function i.e. approving the Internal Audit Plan based on the risk management guideline (risk-based audit), acknowledging the quarterly and annual Internal Audit results, providing comments to the Internal Audit Department and submitting corrective requirements to be taken by Management including continual follow-up on the progress. In this regard, the Audit Committee reviewed the independence and performance of the Internal Audit Department and deemed that the Internal Audit System was performed independently, adequately, and effectively. Moreover, internal audit quality has been continuously improved both in terms of human resources and operation to meet international professional standards;

Furthermore, the Audit Committee recognized the importance of the status of the person working as Head of the Internal Audit Function. In the Year 2013, the Audit Committee proposed to the Company to change the title of the Head of Internal Audit Function from "Deputy Director" to "Head of Group Internal Audit" so that the status of the Head of Internal Audit Function is recognized in the organization which would further strengthen the performance of duties by the Head of Internal Audit.

The Audit Committee maintains its independence in performing the duties as assigned. In this regard, the Audit Committee has received good cooperation from Management and external auditor. In summary, the Audit Committee is of the opinion that the Board of Directors and Management of the Company have operated business with ethics and were determined to professionally perform duties to achieve the Company's goals, emphasizing on operating business with effective Internal Control and Internal Audit Systems, good corporate governance and continued development on operation systems.



(Mr. Vitthya Vejjajiva)

Chairman of the Audit Committee



# **C**ompensation and Nominating Committee

## Report of the Committee for the Year 2013

By virtue of the resolution of the Board of Directors of the Company passed at its meeting No. 8/2544 held on 16<sup>th</sup> November 2001, the Compensation and Nominating Committee (the “Committee”) was appointed to perform and discharge certain responsibilities under the Charter for the Compensation and Nominating Committee. During the Year 2013, the Committee held two meetings in order to discharge its functions as assigned by the Board of Directors which can be summarized as follows:

1. considered and proposed recommendation to the Board of Directors regarding the election of Directors to replace the Directors retiring by rotation;
2. considered and proposed recommendation to the Board of Directors regarding the Directors’ remuneration;
3. considered and approved the variable payout to the CEO/President for the Year 2012 (payout in 2013);
4. considered and approved the variable pay plan for the CEO/President for the Year 2013 (payout in 2014);
5. considered the Employee Joint Investment Program (“EJIP”) and proposed to the Board of Directors Meeting for consideration approval.



Mr. Umroong Sanphasitvong  
Representative of  
the Compensation and Nominating Committee



# **C**orporate Governance **Committee** Report of the for the Year 2013

By virtue of a resolution of the Board of Directors of the Company passed at its meeting No. 3/2549 held on 24<sup>th</sup> March 2006, the Corporate Governance Committee was appointed to perform and discharge responsibilities under the Charter for the Corporate Governance Committee. During the Year 2013, the Corporate Governance Committee proceeded as follows:

1. held 4 meetings in order to discharge its functions as assigned by the Board of Directors;
2. considered the Corporate Governance Report of the Company for disclosure in the Annual Report for the Year 2013 and proposed to the Board of Directors for approval;
3. followed up on result of providing an opportunity to shareholders to propose agenda items and nominees for election as directors of the Company in advance of the 2013 Annual General Meeting of the Shareholders;
4. reviewed the Thai Institute of Directors Association's Corporate Governance Assessment Report for the Year 2012 and proposed to the Board of Directors with recommendations for further improving the Corporate Governance of the Company;
5. reviewed the Company's Policy on Corporate Governance and proposed some revisions to the Board of Directors for approval;
6. acknowledged the Report on the practice of the Company's Code of Conduct;
7. considered the Company's activities in relation to corporate governance including corporate social responsibility to ensure that they are properly in practice and in compliance with the Company's policies; and
8. considered the results of self-assessment of the Board of Directors and proposed to the Board of Directors for acknowledgement.



Dr. Kosol Petchsuwan

Chairman of the Corporate Governance Committee



# **F**inance Committee

## Report of the for the Year 2013

By virtue of a resolution of the Board of Directors of True Corporation Public Company Limited (the “Company”) passed at its meeting No. 8/2544 held on 16<sup>th</sup> November 2001, the Finance Committee was appointed to perform and discharge certain responsibilities under the Charter for the Finance Committee. During the Year 2013, the Finance Committee has carried out the following tasks:

1. held 8 meetings in order to discharge its functions as assigned by the Board of Directors;
2. considered financial targets, provided recommendation to Management and proposed to the Board of Directors for consideration and approval;
3. considered the Annual Financial Hedging Plan together with the Policy on the Use of Derivative Securities in Financial Transactions and proposed recommendation to the Board of Directors for consideration and approval;
4. considered the quarterly and annual financial results of the Company and its subsidiaries as well as provided recommendations to Management;
5. considered the issuance and offering of Debentures for the Company and proposed to the Board of Directors for consideration to further propose to the Annual General Meeting of the Shareholders for the Year 2013 for approval;
6. considered the sale of investment in ordinary shares of non-core subsidiaries and proposed to the Board of Directors for consideration to further propose to the shareholders meeting for approval;
7. considered the entering into transactions with an Infrastructure Fund and proposed to the Board of Directors Meeting for consideration to further propose to the shareholders meeting for approval;
8. considered investment in various projects as well as provided advices to Management and proposed recommendation to the Board of Directors for consideration and approval;
9. considered authorization to the President and CEO to approve additional CAPEX in urgently necessary cases and proposed to the Board of Directors for approval;
10. considered and approved sale of assets of the subsidiaries to the Company;
11. considered capital increase in subsidiaries and proposed to the Board of Directors for consideration and approval;
12. considered revision of authorized signatories for bank accounts and proposed to the Board of Directors for consideration and approval;
13. considered buying back deferred payment notes and proposed to the Board of Directors for consideration and approval;
14. considered using cross-bank pooling service with a commercial bank and proposed to the Board of Directors for consideration and approval;
15. acknowledged the report on progress of significant projects which have been approved by the Board of Directors;
16. acknowledged the plan and progress of the issuance and offering of Debentures of the Company and proposed to the Board of Directors for acknowledgement; and
17. acknowledged the report on the use of authority of the President and CEO for the approval of the additional CAPEX in urgently necessary cases and proposed to the Board of Directors for acknowledgement.



Dr. Ajva Taulananda  
Chairman of the Finance Committee



# **B**oard of Directors' Responsibilities

## Report of the for Financial Statements for the Year 2013

The Board of Directors is responsible for the consolidated financial statements of the Company and its subsidiaries. The aforementioned financial statements have been prepared in accordance with Generally Accepted Accounting Principles, using appropriate accounting policy consistently employed by the Company as well as applying careful judgment and best estimation. Important information is adequately disclosed in the notes to financial statements.

The Board of Directors has provided and maintained an effective internal controls system to reasonably ensure that accounting records are accurate, complete and adequate to protect its assets.

To accomplish this task, the Board of Directors has appointed an Audit Committee, which consists of Independent Directors responsible for the quality of financial statements and internal controls system, whose comments on these issues are readily included in the Audit Committee Report in this Annual Report.

The Board of Directors is of the opinion that the Company's overall internal controls system is adequate and suitable and has rendered reasonably credibility to the reliability of the consolidated financial statements of the Company and its subsidiaries for the year ended 31<sup>st</sup> December 2013.



Mr. Dhanin Chearavanont  
Chairman of the Board



# Financial Statements



**TRUE CORPORATION PUBLIC COMPANY LIMITED**

**CONSOLIDATED AND COMPANY FINANCIAL STATEMENTS**

**31 DECEMBER 2013**



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## AUDITOR'S REPORT

To the Shareholders of True Corporation Public Company Limited

I have audited the accompanying consolidated and company financial statements of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited, which comprise the consolidated and company statements of financial position as at 31 December 2013, and the related consolidated and company statements of comprehensive income, changes in shareholders' equity and cash flows for the year then ended, and a summary of significant accounting policies and other notes.

### *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.

---

PricewaterhouseCoopers ABAS Ltd.

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#### *Opinion*

In my opinion, the consolidated and company financial statements referred to above present fairly, in all material respects, the consolidated and company financial position of True Corporation Public Company Limited and its subsidiaries and of True Corporation Public Company Limited as at 31 December 2013, and the consolidated and company results of operations and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

#### *Emphasis of matter paragraph*

I draw attention to Notes 37.4, 38 and 39.2 to the financial statements discussing outstanding litigations and the significant commercial agreements of which details are not finalised. The ultimate outcome of the litigations and the conclusion regarding the significant agreements cannot presently be determined and no adjustment that may result, has been made in the financial statements. My opinion is not qualified in respect of these matters.

A handwritten signature in black ink, appearing to read "Kajornkiet Aroonpirodkul".

Kajornkiet Aroonpirodkul  
Certified Public Accountant (Thailand) No. 3445  
PricewaterhouseCoopers ABAS Ltd.

Bangkok  
28 February 2014



True Corporation Public Company Limited  
Statements of Financial Position  
As at 31 December 2013

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
<b>Assets</b>					
<b>Current assets</b>					
Cash and cash equivalents	12	14,726,283,447	6,103,166,789	1,561,203,669	52,629,156
Restricted cash	13	2,346,446,120	964,822,920	2,344,577,257	187,263,760
Short-term investments	14	101,831,891	374,406,120	-	347,763,737
Trade and other receivables	15	38,537,981,407	21,424,871,205	5,238,053,159	5,203,135,741
Short-term loans to related parties	41	147,000,000	14,250,564	1,500,000,000	3,300,000,000
Inventories, net	16	6,069,541,662	2,761,928,233	40,714,213	30,316,707
Income tax deducted at source		2,952,598,202	3,018,739,126	625,729,965	569,132,265
Claimable value added tax		3,207,269,119	2,048,860,615	-	400,110
Other current assets	17	2,989,197,201	3,321,859,865	78,867,204	28,530,341
<b>Total current assets</b>		<b>71,078,149,049</b>	<b>40,032,905,437</b>	<b>11,389,145,467</b>	<b>9,719,171,817</b>
<b>Non-current assets</b>					
Restricted cash	13	100,043,476	122,230,776	-	-
Long-term loan to subsidiary	41	-	-	-	2,261,196,062
Investment in subsidiaries, net	18	-	-	63,509,329,311	37,695,548,301
Investment in associates, net	18	16,138,796,478	275,708,051	19,335,267,578	49,670,000
General investment	14	313,797,895	293,322,895	240,740,500	240,740,500
Investment property, net	19	5,528,000	54,762,750	-	-
Property, plant and equipment, net	20	72,161,579,812	86,679,838,102	8,068,613,114	9,575,309,067
Goodwill, net	21	11,403,093,656	11,403,093,656	-	-
Intangible assets, net	22	28,880,548,686	35,401,781,275	143,599,677	206,070,878
Deferred income tax assets	23	4,757,812,188	5,181,781,320	1,414,805,196	2,053,843,980
Other non-current assets	24	1,012,819,244	917,945,468	296,671,221	330,319,407
<b>Total non-current assets</b>		<b>134,774,019,435</b>	<b>140,330,464,293</b>	<b>93,009,026,597</b>	<b>52,412,698,195</b>
<b>Total assets</b>		<b>205,852,168,484</b>	<b>180,363,369,730</b>	<b>104,398,172,064</b>	<b>62,131,870,012</b>

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



True Corporation Public Company Limited  
Statements of Financial Position  
As at 31 December 2013

		Consolidated		Company	
		31 December 2013 Baht	31 December 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
Notes					
Liabilities and shareholders' equity					
Current liabilities					
Short-term borrowings	25	3,742,847,322	5,096,095,078	-	2,048,393,482
Trade and other payables	26	88,392,477,838	44,721,774,619	19,232,694,224	1,780,083,332
Current portion of long-term borrowings	25	9,894,129,256	9,521,909,006	5,016,696,373	3,872,132,480
Short-term loans from related parties	41	-	-	19,665,000,000	-
Income tax payable		878,853,770	348,115,266	-	-
Other current liabilities	27	4,439,347,960	3,299,293,186	1,444,470,570	461,276,553
Total current liabilities		107,347,656,146	62,987,187,155	45,358,861,167	8,161,885,847
Non-current liabilities					
Long-term borrowings	25	76,260,992,315	86,804,608,441	30,491,432,190	25,012,261,813
Long-term borrowings from subsidiary	41	-	-	-	2,231,375,721
Long-term trade accounts payable	28	-	14,040,049	-	14,040,049
Deferred income tax liabilities	23	4,095,175,039	3,579,373,833	-	-
Liabilities under agreements for operation	29	120,138,759	3,079,520,793	-	-
Employee benefits obligations	30	1,137,085,227	914,055,190	336,953,302	235,557,303
Other non-current liabilities	31	12,158,983,105	8,980,206,571	174,730,291	297,256,169
Total non-current liabilities		93,772,374,445	103,371,804,877	31,003,115,783	27,790,491,055
Total liabilities		201,120,030,591	166,358,992,032	76,361,976,950	35,952,376,902
Shareholders' equity					
Share capital	32				
Authorised share capital					
Common shares, 15,333,207,033 shares of par Baht 10 each		153,332,070,330	153,332,070,330	153,332,070,330	153,332,070,330
Issued and fully paid-up share capital					
Common shares, 14,530,215,266 shares of paid-up Baht 10 each (2012: 14,503,179,151 shares of paid-up Baht 10 each)		145,302,152,660	145,031,791,510	145,302,152,660	145,031,791,510
Premium on share capital					
Common shares		11,432,046,462	11,432,046,462	11,432,046,462	11,432,046,462
Discount on share capital					
Common shares		(86,070,641,087)	(85,987,465,996)	(86,070,641,087)	(85,987,465,996)
Retained earnings (deficit)					
Appropriated legal reserve	33	34,880,969	34,880,969	34,880,969	34,880,969
Deficit		(64,850,076,046)	(55,634,565,752)	(42,662,243,890)	(44,331,759,835)
Other components of equity		(1,767,249,900)	(1,529,866,918)	-	-
Equity attributable to owners of the parent		4,081,113,058	13,346,820,275	28,036,195,114	26,179,493,110
Non-controlling interests	34	651,024,835	657,557,423	-	-
Total shareholders' equity		4,732,137,893	14,004,377,698	28,036,195,114	26,179,493,110
Total liabilities and shareholders' equity		205,852,168,484	180,363,369,730	104,398,172,064	62,131,870,012

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



True Corporation Public Company Limited  
Statements of Comprehensive Income  
For the years ended 31 December 2013

	Notes	Consolidated		Company	
		31 December 2013 Baht	31 December 2012 Baht	31 December 2013 Baht	31 December 2012 Baht
<b>Revenues</b>	7				
Revenues from telephone and other services		79,136,772,335	74,298,459,791	11,704,596,574	11,390,955,243
Revenues from product sales		17,076,923,179	15,083,454,667	28,980	28,688,847
<b>Total revenues</b>		<u>96,213,695,514</u>	<u>89,381,914,458</u>	<u>11,704,625,554</u>	<u>11,419,644,090</u>
<b>Costs</b>					
Cost of providing services		61,633,821,436	54,892,586,404	5,053,323,093	5,101,924,493
Cost of sales		15,735,808,724	13,779,017,905	-	27,673,135
<b>Total costs</b>		<u>77,369,630,160</u>	<u>68,671,604,309</u>	<u>5,053,323,093</u>	<u>5,129,597,628</u>
<b>Gross profit</b>		18,844,065,354	20,710,310,149	6,651,302,461	6,290,046,462
Other income	40	8,662,465,890	847,835,643	655,111,030	334,377,310
Selling expenses		(11,420,066,949)	(8,475,378,041)	(399,428,334)	(343,417,914)
Administrative expenses		(11,217,976,029)	(10,634,726,746)	(2,425,328,493)	(2,621,419,532)
Other expenses	20	(2,773,954,151)	(2,183,993,775)	(668,069,007)	(410,256,006)
Share of results in associates	18	62,298,357	41,416,925	-	-
Finance costs	9	(8,401,651,723)	(6,154,421,662)	(1,423,353,502)	(1,180,720,339)
<b>Profit (loss) before income tax</b>		(6,244,819,251)	(5,848,957,507)	2,390,234,155	2,068,609,981
Income tax	10	(2,896,121,432)	(1,598,739,518)	(639,038,785)	(749,407,201)
<b>Profit (loss) for the year</b>		<u>(9,140,940,683)</u>	<u>(7,447,697,025)</u>	<u>1,751,195,370</u>	<u>1,319,202,780</u>
<b>Other comprehensive income (expense):</b>					
Exchange differences on translating financial statements		(101,857,894)	(2,759,649)	-	-
Dilution due to increase in non-controlling interests		(135,525,088)	-	-	-
Actuarial loss		(152,763,908)	-	(81,679,425)	-
<b>Total comprehensive income (expense) for the year</b>		<u>(9,531,087,573)</u>	<u>(7,450,456,674)</u>	<u>1,669,515,945</u>	<u>1,319,202,780</u>
<b>Profit (loss) for the year attributable to:</b>					
Owners of the parent		(9,062,746,386)	(7,427,765,237)	1,751,195,370	1,319,202,780
Non-controlling interests		(78,194,297)	(19,931,788)	-	-
<b>Profit (loss) for the year</b>		<u>(9,140,940,683)</u>	<u>(7,447,697,025)</u>	<u>1,751,195,370</u>	<u>1,319,202,780</u>
<b>Total comprehensive income (expense) for the year attributable to:</b>					
Owners of the parent		(9,452,893,276)	(7,430,524,886)	1,669,515,945	1,319,202,780
Non-controlling interests		(78,194,297)	(19,931,788)	-	-
<b>Total comprehensive income (expense) for the year</b>		<u>(9,531,087,573)</u>	<u>(7,450,456,674)</u>	<u>1,669,515,945</u>	<u>1,319,202,780</u>
<b>Basic and diluted earnings (loss) per share attributable to owner of the parent</b>	11				
- Basic		(0.62)	(0.51)	0.12	0.09
- Diluted		(0.62)	(0.51)	0.12	0.09

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



	Consolidated																				
	Attributable to shareholders of parent																				
	Other components of equity																				
	Issued and fully paid-up		Discount on shares		Legal reserve	Deficit		Share surplus	Translating financial statement		Total other components of equity		Total owners of the parent		Non-controlling interest		Total				
Common shares	Baht	Premium on shares	Baht	on shares	Baht	Legal reserve	Baht	Deficit	Baht	Share surplus	Baht	Translating financial statement	Baht	Total other components of equity	Baht	Total owners of the parent	Baht	Non-controlling interest	Baht	Total	Baht
Opening balance as at 1 January 2012	145,031,791,510	11,432,046,462			(85,987,465,996)	34,880,969		(48,206,800,515)		(1,642,914,379)	115,807,110			(1,527,107,269)	20,777,345,161	691,998,072	21,469,343,233				
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(14,508,861)	(14,508,861)				
Total comprehensive expense for the year	-	-	-	-	-	-	-	(7,427,765,237)		-	(2,759,649)			(2,759,649)	(7,430,524,886)	(19,931,788)	(7,450,456,674)				
Closing balance as at 31 December 2012	145,031,791,510	11,432,046,462			(85,987,465,996)	34,880,969		(55,634,565,752)		(1,642,914,379)	113,047,461			(1,529,866,918)	13,346,820,275	657,557,423	14,004,377,698				
Opening balance as at 1 January 2013	145,031,791,510	11,432,046,462			(85,987,465,996)	34,880,969		(55,634,565,752)		(1,642,914,379)	113,047,461			(1,529,866,918)	13,346,820,275	657,557,423	14,004,377,698				
Issue of shares (Note 32)	270,361,150	-	-	(83,175,091)	-	-	-	-	-	-	-	-	-	-	187,186,059	-	187,186,059				
Dilution due to increase in non-controlling interests	-	-	-	-	-	-	-	-	-	(135,525,088)	-	-	-	(135,525,088)	(135,525,088)	135,700,014	174,926				
Classify of investment (Note 18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(19,525,936)	(19,525,936)				
Disposals of subsidiaries and joint venture (Note 34)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(41,921,495)	(41,921,495)				
Dividend paid to non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(2,590,874)	(2,590,874)				
Total comprehensive expense for the year	-	-	-	-	-	-	-	(9,215,510,294)		-	(101,857,894)			(101,857,894)	(9,317,368,188)	(78,194,297)	(9,395,562,485)				
Closing balance as at 31 December 2013	145,302,152,660	11,432,046,462			(86,070,641,087)	34,880,969		(64,850,076,046)		(1,778,439,467)	11,189,567			(1,767,249,900)	4,081,113,058	651,024,835	4,732,137,893				

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



True Corporation Public Company Limited  
Statements of Changes in Shareholders' Equity (Cont'd)  
For the years ended 31 December 2013

	Company					
	Issued and fully paid-up Common shares Baht	Premium on shares Baht	Discount on shares Baht	Legal reserve Baht	Deficit Baht	Total Baht
Opening balance as at 1 January 2012	145,031,791,510	11,432,046,462	(85,987,465,996)	34,880,969	(45,650,962,615)	24,860,290,330
Total comprehensive income for the year	-	-	-	-	1,319,202,780	1,319,202,780
Closing balance as at 31 December 2012	145,031,791,510	11,432,046,462	(85,987,465,996)	34,880,969	(44,331,759,835)	26,179,493,110
Opening balance as at 1 January 2013	145,031,791,510	11,432,046,462	(85,987,465,996)	34,880,969	(44,331,759,835)	26,179,493,110
Issue of shares (Note 32)	270,361,150	-	(83,175,091)	-	-	187,186,059
Total comprehensive income for the year	-	-	-	-	1,669,515,945	1,669,515,945
Closing balance as at 31 December 2013	145,302,152,660	11,432,046,462	(86,070,641,087)	34,880,969	(42,662,243,890)	28,036,195,114

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



True Corporation Public Company Limited  
**Statements of Cash Flows**  
For the years ended 31 December 2013

	Notes	Consolidated		Company	
		31 December	31 December	31 December	31 December
		2013	2012	2013	2012
		Baht	Baht	Baht	Baht
Cash flows from operating activities	35	22,677,971,256	7,311,856,788	21,971,923,410	2,325,150,713
Cash flows from investing activities					
Withdrawal (deposit) in restricted cash		(1,984,739,010)	36,995,946	(2,157,313,497)	125,341
Withdrawal (deposit) in short-term investments		346,537,063	(24,586,966)	347,763,737	(13,763,737)
Loans made to subsidiaries and joint venture	41	(3,750,148)	(6,320,220)	(8,145,000,000)	(6,910,000,000)
Acquisition of property, plant and equipment		(24,806,600,532)	(19,313,714,754)	(69,257,649)	(190,994,592)
Acquisition of intangible assets		(816,881,293)	(7,812,496,754)	(3,228,086)	(6,895,407)
Proceeds from loans to subsidiaries and joint venture	41	-	770,000	12,160,000,000	1,395,000,000
Investment in subsidiaries, associates and other company	18	(19,355,742,577)	(27,000,000)	(47,235,267,578)	(167,366,000)
Proceeds from sale of investment in subsidiaries, net of cash and cash equivalent	18	3,203,156,582	-	1,802,886,755	166,731,003
Proceeds from decrease in share capital of subsidiary and associate	18	-	6,577,931	-	149,599,930
Proceeds from liquidated of associate	18	99,999,959	-	99,999,959	-
Proceeds from disposals of property, plant and equipment and intangible assets	40	40,432,859,127	178,685,950	1,513,094	2,483,142
Dividends received	41	55,800,754	1,351,986	55,800,754	150,419,793
Net cash used in investing activities		(2,829,360,075)	(26,959,736,881)	(43,142,102,511)	(5,424,660,527)
Cash flows from financing activities					
Issue of common shares	32	187,186,060	-	187,186,060	-
Dividend paid to non-controlling interest	34	(2,590,875)	(14,508,861)	-	-
Proceeds from short-term loans from subsidiaries	41	-	-	21,055,000,000	810,000,000
Proceeds from short-term borrowings		30,182,537,765	9,120,977,868	20,157,616,518	5,456,015,937
Proceeds from borrowings, net of cash paid for debt issuance cost	25	32,550,466,731	17,482,493,131	24,871,866,326	5,962,150,875
Repayments on short-term borrowings		(31,535,785,522)	(4,393,082,669)	(22,206,010,000)	(3,409,870,226)
Repayment of loan from subsidiaries	41	-	-	(3,689,125,856)	(2,010,000,000)
Repayments on borrowings	25	(42,611,916,708)	(7,888,830,054)	(17,697,779,434)	(4,006,246,875)
Net cash (used in) received from financing activities		(11,230,102,549)	14,307,049,415	22,678,753,614	2,802,049,711
Net increase (decrease) in cash and cash equivalents		8,618,508,632	(5,340,830,678)	1,508,574,513	(297,460,103)
Opening balance		6,103,166,789	11,447,692,301	52,629,156	350,089,259
Effects of exchange rate changes		4,608,026	(3,694,834)	-	-
Closing balance		14,726,283,447	6,103,166,789	1,561,203,669	52,629,156

**Non-cash transactions**

The significant non-cash transactions are as follows:

	Consolidated		Company	
	31 December	31 December	31 December	31 December
	2013	2012	2013	2012
	Baht	Baht	Baht	Baht
Acquisition of property, plant and equipment using finance leases	3,232.61	1,948.40	-	49.50
Acquisition of property, plant and equipment, not yet paid	5,683.62	7,602.62	-	-

The accompanying notes on pages 9 to 93 are an integral part of these financial statements.



**1. General information**

True Corporation Public Company Limited ("the Company") is a public limited company, incorporated and resident in Thailand. The address of its registered office is 18 True Tower, Ratchadaphisek Road, Huai Khwang, Bangkok, Thailand. The Company is listed on the Stock Exchange of Thailand.

The Company and its subsidiaries, joint ventures, and associates (together "True Group", or "the Group") are principally engaged in the telecommunications and diversified communications industries. The Group's core business is providing telecommunications services and various value-added services, which include, among others, Digital Data Network ("DDN"), Public Telephone, Personal Communication Telephone ("PCT") Service, Multimedia, Internet Service Provider ("ISP"), Mobile Phone Service, and Pay-TV Service.

The Group's activities include those carried out Joint Operation and Joint Investment Agreement, Agreements for operation and licences, as set out in Note 2.

These group consolidated financial statements were authorised for issue by the Board of Directors on 28 February 2014.

**2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences**

Telephone services

In August 1991, the Company entered into the Joint Operation and Joint Investment for Expansion of Telephone Services Agreement ("the Agreement") with the Telephone Organisation of Thailand (currently is TOT Public Company Limited) ("TOT").

The Agreement, a Build Transfer Operate ("BTO") agreement, as amended and supplemented, granted the Company the right to construct and provide fixed line telephone services for up to 2.6 million lines in the Bangkok Metropolitan Area. The Company was responsible for:

- 1) procuring and constructing the expansion of the existing TOT network.
- 2) on completion of construction of the network expansion, transferring legal ownership of certain network assets, land and buildings to TOT.
- 3) in consideration of the transferred assets receiving a right to operate, maintain the network and provide certain services for 25 years including:
  - fixed line telephone;
  - Personal Communication Telephone;
  - public telephone (Build Operate Transfer);
  - Digital Data Network;
  - acceptance of fault notification and drop wire maintenance; and
  - customer service centre.

Under the provisions of the Agreement, TOT and the Company share the gross revenues collected from operating the networks according to stipulated percentages.

On 8 December 2006, a subsidiary, True Universal Convergence Co., Ltd. ("TUC") was granted a Type III licence by The National Telecommunication Commission ("NTC") for fixed line services. TUC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 7 December 2026.

On 25 January 2007, a subsidiary, True International Communication Co., Ltd. ("TIC") was granted a Type III licence by NTC for International Direct Dialling (IDD). TIC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 24 January 2027.

On 23 February 2010, a subsidiary, Asia Wireless Communication Co., Ltd. ("AWC") was granted a Type I, renewal licence by NTC for resale (PCT). AWC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 22 February 2015.



**2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)**

Telephone services (Cont'd)

On 29 June 2009, a subsidiary, True Public Communication Co., Ltd. ("TPC") was granted a Type I, renewal licence by NTC for public phone services. TPC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 28 June 2014.

On 2 August 2009, a subsidiary, True Life Plus Co., Ltd. ("TLP") was granted a Type I licence by NTC for resale (internet). TLP is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 1 August 2014.

On 11 October 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I licence by NTC for International Calling Cards (ICC). TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 10 October 2014.

NON-POTS services

In October 1997, the Group entered into a Joint Investment in Non-Plain Old Telephone System ("NON-POTS") services through a Multimedia Network Agreement (the "Agreement") with TOT. Under the terms of the Agreement, the Group has certain commitments such as, among others, to acquire, install, manage and maintain the hardware and equipment for NON-POTS services. The Group is also committed to transfer to TOT all hardware and equipment pertaining to such system when the installations are completed. This Agreement is for a period of twenty years commencing from the Agreement date, and the Group is unable to terminate it unless certain criteria specified in the Agreement have been met. During the term of the Agreement, the Group is entitled to collect the service fees, membership fees and other service fees from customers as stipulated in the Agreement.

The Group has placed a letter of guarantee issued by a local bank in favour of TOT amount of Baht 5.00 million to guarantee the Group's compliance with the terms of the Agreement.

Internet services

On 5 February 2010, the Group's joint venture, Asia Infonet Co., Ltd. ("AI") was granted a Type I licence for internet provision by the NTC. AI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 4 February 2015.

On 19 May 2011, a subsidiary, True International Gateway Co., Ltd. ("TIG") was granted a Type II, renewal licence by NTC for international internet gateway provision. TIG is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 18 May 2016.

On 23 June 2009, a subsidiary, KSC Commercial Internet Co., Ltd. ("KSC") was granted a Type I, renewal licence by NTC for internet provision. KSC is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 22 June 2014.

On 18 August 2009, a subsidiary, True Internet Co., Ltd. ("TI") was granted a Type I, renewal licence by NTC for internet provision. TI is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licence. The licence will be expired on 17 August 2014.



**2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)**

Mobile Phone services

The Group has invested in share capital of Bangkok Inter Teletech Public Company Limited ("BITCO"), the sole shareholder of True Move Co., Ltd. ("True Move"). True Move is an operator of a nationwide cellular network under a Build Transfer Operate Agreement granted by CAT Telecom Public Company Limited ("CAT") dated 20 June 1996 which was subsequently amended on 8 September 2001.

Under the terms of the agreement, True Move has certain commitments including acquiring, installing, managing and maintaining all equipment necessary to provide nationwide cellular telephone services. The legal ownership of the system assets is transferred to CAT as installations are completed. In addition, True Move is required to pay annual fees to CAT based on the percentage of service income or a minimum fee as stipulated in the agreement whichever is higher (Note 37.3). As consideration for the transferred system assets and committed fees, CAT granted True Move a seventeen-year right to provide cellular telephone services and collect customer service fees as stipulated in the agreement (Note 37.8).

On 27 January 2011, a subsidiary, Hutchison CAT Wireless MultiMedia Limited ("HCAT") entered into an agreement with CAT to maintain subscribers under the Cellular Digital AMPS 800 Band A System. Under the terms and conditions of the agreement, both parties agreed to carry on telecommunication service under the Code Division Multiple Access ("CDMA") technology for at least 2 years before switch to High Speed Packet Access ("HSPA") technology. HCAT obliged to maintain the distribution channel of CDMA handset, CDMA telecommunication services, after sale services and promotion to induce the customers to switch to HSPA technology. As consideration of providing such services, HCAT entitles to receive a revenue as stipulated in the agreement.

On 27 January 2011, a subsidiary, BFKT (Thailand) Limited ("BFKT") entered into an agreement with CAT to lease telecommunication equipment under CDMA and HSPA technologies for the term of 2 years and 14.5 years, respectively. Under the terms and conditions of CDMA agreement, BFKT has to provide telecommunication equipment for mobile services using CDMA technology for 2 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing, and maintaining all equipment necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement and amended agreement executed on 3 December 2013 for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive a revenue as stipulated in the agreement.

On 16 December 2010 and 24 June 2011, a subsidiary, Real Move Co., Ltd. ("RMV") was granted Type I licences by the National Broadcasting and Telecommunications Commission ("NBTC") for resale mobile and internet, respectively. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will be expired on 15 December 2015. Subsequently, on 27 January 2011, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV provides mobile phone services using HSPA technology wholesale from CAT for the period of 14.5 years.

These subsidiaries have placed letters of guarantee issued by certain local banks in favour of CAT totalling Baht 2,199.92 million to guarantee the Group's compliance with the terms of the agreements.

On 7 December 2012, Real Future Co., Ltd. ("RF") a subsidiary under the Group was granted the 2.1 IMT GHz Bandwidth licence by the National Broadcasting and Telecommunication Commission ("NBTC"). The licence awarded cover with three spectrum bandwidth licence and authorised RF to provide mobile service under those spectrum bandwidth over the period of 15 years. RF must comply with the terms and conditions and pay the licence fee as stipulated in the licence. RF has placed letter of guarantee issued by local banks in favour of NBTC totaling Baht 7,222.50 million for the unpaid licence fee.



**2. Joint Operation and Joint Investment Agreement, Agreements for operation and licences (Cont'd)**

Pay-TV services

The Group has invested in True Visions Public Company Limited ("True Visions") and True Visions Cable Public Company Limited ("True Cable"). True Visions and True Cable are engaged in the operation of pay television networks (Digital Satellite Television and Cable Television) under the agreements granted by Mass Communication Organization of Thailand (currently is MCOT Public Company Limited) ("MCOT") dated 17 April 1989 and 6 June 1994 and amendments thereto dated 19 May 1994 and 9 November 1994 which will be expired on 30 September 2014 and 31 December 2019. Under the aforementioned agreements, True Visions and True Cable are required to pay annual fees to MCOT based on a fixed percentage of revenue from subscription and installation or at the minimum fee as specified in each of those agreements, whichever is higher (Note 37.3). In addition, True Visions and True Cable must transfer the ownership of certain equipment procured for the operations of television networks to MCOT within the periods specified in each of those agreements.

True Visions and True Cable have placed letters of guarantee issued by certain local banks in favour of MCOT totalling Baht 72.00 million to guarantee the Group's compliance with the terms of the agreements.

**3. Accounting policies**

The principal accounting policies adopted in the preparation of these consolidated and company financial statements are set out below.

**3.1 Basis of preparation**

The consolidated and company financial statements have been prepared in accordance with Thai generally accepted accounting principles under the Accounting Act B.E. 2543, being those Thai Financial Reporting Standards issued under the Accounting Profession Act B.E. 2547, and the financial reporting requirements of the Securities and Exchange Commission under the Securities and Exchange Act B.E. 2535. The Group has early adopted, prior to its effective date, Thai Accounting Standard, TAS No. 12, "Income Taxes".

The consolidated and company financial statements have been prepared under the historical cost convention as modified by the revaluation of trading and available-for-sale securities at fair value through profit or loss.

The preparation of financial statements in conformity with Thai generally accepted accounting principles requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

An English version of the consolidated and company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.



### 3. Accounting policies (Cont'd)

#### 3.2 New/revised accounting standards, revised financial reporting standards, and related interpretations

New/revised accounting standards which are effective on 1 January 2013 and are relevant and have an impact to the Group are:

TAS 12	Income Taxes
TAS 21 (Revised 2009)	The Effects of Changes in Foreign Exchange Rates
TFRS 8	Operating Segments

TAS 12 requires tax expenses to be recognised for current and deferred tax. The Group has early adopted the standard. As a consequence, the standard has no impact to the Group. The accounting policy is described in Note 3.16.

TAS21 (Revised 2009) requires the Group to determine the functional currency which is the currency of the primary economic environment in which the entity operates. The Group assessed and concluded that Thai Baht is the Group's functional currency. As a consequence, applying TAS 21 (Revised 2009) has no impact to assets, liabilities and retained earnings. New accounting policy is described in Note 3.4.

TFRS 8 requires the operating segment to be described in the same manner as internal reporting used by the chief operating decision-maker. New accounting policy is described in Note 3.22 The impact to the Group in applying TFRS 8 is only on a disclosure.

Revised accounting standards, revised financial reporting standards, new interpretations and new standard interpretations committee which are effective for the periods begin on or after 1 January 2014 that are relevant by the Group are:

TAS 1 (Revised 2012)	Presentation of financial statements
TAS 7 (Revised 2012)	Statement of cash flows
TAS 12 (Revised 2012)	Income taxes
TAS 17 (Revised 2012)	Leases
TAS 18 (Revised 2012)	Revenue
TAS 21 (Revised 2012)	The effects of changes in foreign exchange rates
TAS 28 (Revised 2012)	Investments in associates
TAS 31 (Revised 2012)	Interest in joint ventures
TAS 34 (Revised 2012)	Interim financial reporting
TAS 36 (Revised 2012)	Impairment of assets
TAS 38 (Revised 2012)	Intangible assets
TFRS 5 (Revised 2012)	Non-current assets held for sale and discontinued operations
TFRS 8 (Revised 2012)	Operating segments
TFRIC 1	Changes in existing decommissioning, restoration and similar liabilities
TFRIC 4	Determining whether an arrangement contains a lease
TFRIC 10	Interim financial reporting and impairment
TFRIC 12	Service concession arrangements
TFRIC 13	Customer loyalty programmes
TSIC 15	Operating leases - incentives
TSIC 27	Evaluating the substance of transactions in the legal form of a lease
TSIC 29	Service concession arrangements: Disclosure
TSIC 32	Intangible assets - Web site costs

TAS 1 (revised 2012) clarifies that conversion features that are at the holder's discretion do not impact the classification of the liability component of the convertible instrument. TAS 1 also explains that, for each component of equity, an entity may present the breakdown of other comprehensive income either in the statement of changes in equity or in the notes to the financial statements. This standard has no impact to the Group.



3. Accounting policies (Cont'd)

3.2 New/revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

Revised accounting standards, revised financial reporting standards, new interpretations and new standard interpretations committee which are effective for the periods begin on or after 1 January 2014 that are relevant by the Group are: (Cont'd)

TAS 7 (revised 2012) clarifies that only expenditures that result in a recognised asset in the statement of financial position are eligible for classification as investing activities. This standard has no impact to the Group.

TAS 12 (revised 2012) amends an exception to the existing principle for the measurement of deferred tax assets or liabilities on investment property measured at fair value. TAS 12 currently requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. This amendment therefore adds the rebuttable presumption that the carrying amount of an investment property measured at fair value is entirely recovered through sale. As the result of the amendment, TSIC 21 - Income tax - recovery of revalued non-depreciable assets is incorporated in to TAS 12 (revised 2012). This standard has no impact to the Group.

TAS 17 (revised 2012) deletes the guidance for a lease of land with an indefinite useful life to be classified as an operating lease. The standard has been amended to clarify that when a lease includes both land and buildings, classification as a finance or operating lease is performed separately in accordance with TAS 17's general principles. This standard has no impact to the Group.

TAS 18 (revised 2012) removes the appendix to TAS 18. This standard has no impact to the Group.

TAS 21 (revised 2012) clarifies the method of recording cumulative amount of the exchange different relating to disposal or partial disposal of a foreign operation. This matter should be adjusted prospectively effective for the period begins on or after 1 January 2011. This standard has no impact to the Group.

TAS 28 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses significant influence, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 31 (revised 2012) clarifies that when an entity moves from an equity accounting to cost accounting in the separate financial statements, the standard requires this to be adjusted retrospectively. An entity losses of joint control in its interest in joint control, the remaining interest of investment should be valued at fair value. This matter should be adjusted prospectively effectively for the period begins on or after 1 Jan 2011. This standard has no impact to the Group.

TAS 34 (revised 2012) emphasises the existing disclosure principles for significant event and transactions. Additional requirements cover disclosure of changes in fair value measurements (if significant), and the need to update relevant information from the most recent annual report. This standard has no impact to the Group.

TAS 36 (revised 2012) clarifies that goodwill being allocated to cash-generating units shall not be larger than an operating segment before aggregation as defined under TFRS 8 - Operating Segments. This standard has no impact to the Group.

TAS 38 (revised 2012) clarifies that an intangible asset acquired in a business combination might be separable, but only together with a related contract, identifiable asset or liability. In such cases, intangible asset is recognised separately from goodwill, but together with related item. Intangible assets are recognised as a single asset provided the individual assets have similar useful lives. This standard has no impact to the Group.



3. Accounting policies (Cont'd)

3.2 New/revised accounting standards, revised financial reporting standards, and related interpretations (Cont'd)

Revised accounting standards, revised financial reporting standards, new interpretations and new standard interpretations committee which are effective for the periods begin on or after 1 January 2014 that are relevant by the Group are: (Cont'd)

TFRS 5 (revised 2012) specifies the disclosures required for assets held for sale and discontinued operations. Disclosures in other standards do not apply, unless those TFRS requires. This standard has no impact to the Group.

TFRS 8 (revised 2013) clarifies that an entity is required to disclose a measure of segment assets only if the measure is regularly reported to the chief operating decision-maker. This standard has no impact to the Group.

TFRIC 1 provides guidance on accounting for changes in the measurement of an existing decommissioning, restoration and similar liability that results from changes in estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate. This interpretation has been applied by the Group.

TFRIC 4 requires the determination of whether an arrangement is or contains a lease to be based on the substance of the arrangement. It requires an assessment of whether: (a) fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and (b) the arrangement conveys a right to use the asset. The management is currently assessing the impact of TRIC 4.

TFRIC 10 prohibits reversal of an impairment losses recognised in a previous interim period in respect of goodwill. This interpretation has no impact to the Group.

TFRIC 12 deals with public-to-private service concession arrangements for the delivery of public services. It applies only to concession agreements where the use of the infrastructure is controlled by the grantor. This interpretation requires two different accounting treatments, depending on the specific terms of the concession agreement. When the operator builds infrastructure and has an unconditional contractual right to receive cash or another financial asset from the grantor, that right is treated as a financial asset. When the operator builds infrastructure and receives a right (a licence) to charge users of the public service, that right is treated as an intangible asset. The management is currently assessing the impact of applying this interpretation.

TFRIC 13 clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement, and the consideration received or receivable from the customer is allocated between the components of the arrangement using fair values. This interpretation has been applied by the Group.

TSIC15 sets out the accounting for the recognition of incentive that a lessor provides to a lessee in an operating lease. This interpretation has no impact to the Group.

TSIC27 provides guidance on evaluating the substance of transactions in the legal form of a lease between the entity and the investor whether a series of transactions is linked and should be accounted for as one transaction and whether the arrangement meets the definition of a lease under TAS17 "Leases". The accounting shall reflect the substance of the arrangement. This interpretation has no impact to the Group.

TSIC 29 contains disclosure requirements in respect of public-to-private service arrangements. This interpretation has no impact to the Group.

TSIC 32 provides guidance on the internal expenditure on the development and operation of the entity web site for internal or external access. The entity shall comply with the requirements described in TAS38 "Intangible Assets". This interpretation has no impact to the Group.



**3. Accounting policies (Cont'd)**

**3.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures**

**a) Subsidiaries**

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible including potential voting rights held by another entity, are considered when assessing whether the Group controls another entities. Subsidiaries are consolidated from the date on which control is transferred to the Group and are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Investment in subsidiaries are accounted for at cost less impairment. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments. Cost also includes direct attributable costs of investment.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group of companies are eliminated. Unrealised losses are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

A list of the Group's principal subsidiaries are set out in Note 18.

**b) Transactions and non-controlling interests**

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of the entity are accounted for as if the Group had directly disposed of the related assets or liabilities.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.



3. Accounting policies (Cont'd)

3.3 Group accounting - Investments in subsidiaries and associates and interests in joint ventures (Cont'd)

c) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. In the consolidated financial statements, the Group's investment in associates include goodwill identified on acquisition, net of any accumulated impairment loss.

The Group's share of its associates' post-acquisition profits or losses is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in the profit or loss.

In the Company's separate financial statements, investment in associates are accounted for using the cost method.

A list of the Group's principal associates are set out in Note 18.

d) Joint ventures

The Group's interest in jointly controlled entities are accounted for by proportionate consolidation in the consolidated financial statements. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that it is attributable to the other ventures. The Group does not recognise its share of profits or losses from the joint venture that result from the purchase of assets by the Group from the joint venture until it resells the assets to an independent party. However, if a loss on the transaction provides evidence of a reduction in the net realisable value of current assets or an impairment loss, the loss is recognised immediately.

In the Company's separate financial statements, interest in joint ventures are accounted for using the cost method.

The details of the Group's principal joint ventures are set out in Note 18.



### 3. Accounting policies (Cont'd)

#### 3.4 Foreign currency translation

##### (a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Thai Baht, which is the company's functional and the group's presentation currency.

##### (b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. Conversely, when a gain or loss on a non-monetary item is recognised in profit and loss, any exchange component of that gain or loss is recognised in profit and loss.

##### (c) Group companies

The results and financial position of all the group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income or income statement are translated at average exchange rates; and
- All resulting exchange differences are recognised as a separate component of equity.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

#### 3.5 Cash and cash equivalents

In the consolidated and company statements of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. In the consolidated and company statements of financial position, bank overdrafts are shown within borrowings in current liabilities.



**3. Accounting policies (Cont'd)**

**3.6 Investments**

Investments other than investments in subsidiaries, associates and interests in joint ventures are classified into the following four categories: (1) trading investments; (2) held-to-maturity investments; (3) available-for-sale investments; and (4) general investments. The classification is dependent on the purpose for which the investments were acquired. Management determines the appropriate classification of its investments at the time of the purchase and re-evaluates such designation on a regular basis.

1. Investments that are acquired principally for the purpose of generating a profit from short-term fluctuations in price are classified as trading investments and included in current assets.
2. Investments with fixed maturity that the management has the intent and ability to hold to maturity are classified as held-to-maturity and are included in non-current assets, except for maturities within 12 months from the statement of financial position date which are classified as current assets.
3. Investments intended to be held for an indefinite period of time, which may be sold in response to liquidity needs or changes in interest rates, are classified as available-for-sale; and are included in non-current assets unless management has expressed the intention of holding the investment for less than 12 months from the statement of financial position date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.
4. Investments in non-marketable equity securities are classified as general investments.

All categories of investment are initially recognised at cost, which is equal to the fair value of consideration paid plus transaction cost.

Trading investments and available-for-sale investments are subsequently measured at fair value. The fair value of investments is based on quoted bid price at the close of business on the statement of financial position date by reference to the Stock Exchange of Thailand. The unrealised gains and losses of trading investments are recognised in profit or loss. The unrealised gains and losses of available-for-sale investments are recognised in equity.

Held-to-maturity investments are carried at amortised cost using the effective yield method less impairment loss.

General investments are carried at cost less impairment loss.

A test for impairment is carried out when there is a factor indicating that an investment might be impaired. If the carrying value of the investment is higher than its recoverable amount, impairment loss is charged to profit or loss.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the profit or loss. When disposing of part of the Company's holding of a particular investment in debt or equity securities, the carrying amount of the disposed part is determined by the weighted average carrying amount of the total holding of the investment.

**3.7 Trade accounts receivables**

Trade accounts receivable are carried at the original invoice amount and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year-end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in profit or loss under administrative expenses.



### 3. Accounting policies (Cont'd)

#### 3.8 Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the moving average cost method. The cost of purchase comprises both the purchase price and costs directly attributable to the acquisition of the inventory, such as import duties and transportation charges, less all attributable discounts, allowances or rebates. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimation of the selling price in the ordinary course of business, less applicable variable selling expenses. Allowance is made, where necessary, for obsolete, slow-moving and defective inventories.

#### 3.9 Investment property

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the companies in the consolidated Group, is classified as investment property. Investment property also includes property that is being constructed or developed for future use as investment property.

Land held under operating leases is classified and accounted for by the Group as investment property when the rest of the definition of investment property is met. The operating lease is accounted for as if it were a finance lease.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs are incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the asset is substantially complete, or suspended if the development of the asset is suspended.

After initial recognition, investment property is carried at cost less any accumulated depreciation and impairment losses.

#### 3.10 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation. The original cost includes directly attributable costs relating to acquisition of each asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Included in property, plant and equipment in network equipment is property, plant and equipment held under the agreements as described in Note 2. These property, plant and equipment are depreciated over the shorter of their useful lives or the remaining agreements periods.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:



### 3. Accounting policies (Cont'd)

#### 3.10 Property, plant and equipment (Cont'd)

Details of useful lives are as follows:

	Years
Land improvement	20
Buildings and improvements	15 - 40
Telephone network equipment	
- Switching equipment	15
- Transmission	15 - 35
- Outside plant	15 - 35
- Mobile phone network equipment	12 - 25
PCT network equipment	
- Outside plant and buildings	25 - 35
- Cable and drop wire	5 - 25
- Inside plant	5 - 15
Public phone	8 - 15
Power supply and computer	5 - 15
Network management systems	15
Multimedia network equipment	8 - 35
Vehicle	5 - 7
Leasehold building improvements	Lease period
Furniture, fixtures, tools and office equipment	5 - 8

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The asset's carrying amount is written-down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains or losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

#### 3.11 Leases - where a Group Company is the lessee

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Leases of property, plant or equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance cost is charged to profit or loss over the lease period so as to achieve a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant or equipment acquired under finance leases is depreciated over the shorter period of the useful life of the asset and the lease term.

#### Leases - where a Group Company is the lessor

##### Operating leases

Assets leased out under operating leases are included in property, plant and equipment in the statement of financial position. They are depreciated over their expected useful lives on a basis consistent with other similar property, plant and equipment owned by the Group. Rental income (net of any incentives given to lessees) is recognised on a straight-line basis over the lease term.



### 3. Accounting policies (Cont'd)

#### 3.12 Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary undertaking at the date of acquisition. Goodwill on acquisitions of subsidiaries is separately reported in the consolidated statement of financial position.

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segment.

#### 3.13 Intangible assets

##### (a) Computer software development costs

Costs associated with maintaining computer software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;
- management intends to complete the software product and use or sell it;
- there is an ability to use or sell the software product;
- it can be demonstrated how the software product will generate probable future economic benefits;
- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and
- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Computer software development costs recognised as assets are amortised over their estimated useful lives, which does not exceed ten years.

##### (b) Copyright

Copyright arisen from contractual right agreement between a subsidiary and its related party to grant that related party the right to provide song and/or video clip downloading through the subsidiary's website. Copyright is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the contractual right not exceeding a period of four years.



### 3. Accounting policies (Cont'd)

#### 3.13 Intangible assets (Cont'd)

##### (c) Film rights and program rights

Film rights and program rights are stated at acquisition cost less accumulated amortisation. Film rights and program rights are recorded as assets and liabilities for rights acquired and obligations incurred under licence agreements when the licence period begins, the cost of each program is known or reasonably determinable, the program material is accepted and it is available for the first showing. Sports rights are written off upon showing the event and general entertainment and films are amortised on a straight-line basis over the shorter of the period of the licence and two years or based on showings where the number of showings is limited or amortised after the first broadcast to be based on the ratio relating to the expected revenue earned from each of the revenue-generated program over the lifetime of planned broadcast but not exceeding five years. Amortisation of film and program rights is included in "Cost of providing services".

##### (d) Game licence

Licence is stated at acquisition cost less accumulated amortisation. Licence is recorded as asset and liability for rights acquired and obligations incurred under a licence agreement when the licence period begins the cost of each game is known or reasonably determinable and it is available for playing. The licence is amortised using the straight-line method over three years. Amortisation of licence is included in "Cost of providing services".

##### (e) Rights to operate

Under the subsidiaries' agreements for operation, the subsidiaries must pay annual fees to the grantors based on either fixed percentages of relevant revenues or at the minimum fee amounts stipulated in the agreements whichever is higher. The rights to operate represent the present value of the minimum fees payable over the agreement periods. The rights to operate are presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the agreement periods. Amortisation of rights to operate are included in "Cost of providing services". The rights to operate are not re-valued subsequent to initial recognition but are reviewed annually for impairment.

##### (f) Service contract

Under the subsidiary's service contract, the service contract represented the present value of the service revenue receivable over the agreement period. The service contract is presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the agreement period. The amortisation of service contract is included in "Cost of providing services". The service contract is not re-valued subsequent to initial recognition but are reviewed annually for impairment.

##### (g) IMT 2.1 GHz Bandwidth Licence

The IMT 2.1 GHz Bandwidth Licence ("the Licence") was granted by the National Broadcasting and Telecommunication Commission ("NBTC") to a subsidiary. The Licence awarded cover with three spectrum bandwidth licence. The Licence represented the fair value of the amount paid to NBTC. The Licence is presented in the consolidated statement of financial position as an intangible asset and are amortised using the straight-line method over the licence period of fifteen years. The amortisation of the Licence is included in "Cost of providing services". The Licence is not re-valued subsequent to initial recognition but are reviewed annually for impairment.

##### (h) Right to use transponder

Right to use transponder is under long-term lease agreement and will be amortised over the lease agreement of twelve years which is shorter than its estimated economic useful life.

##### (i) Other intangible assets

Other intangible assets represent the fair value of subsidiaries' shares issued in exchange for rights to operate NON-POTS services and to hang dropwire. These intangible assets are amortised using the straight-line method over their estimated useful lives, ranging from twenty to twenty five years.



### 3. Accounting policies (Cont'd)

#### 3.14 Impairment of assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subjected to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the assets exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest level for which there are separately identifiable cash flows. Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

#### 3.15 Subscriber acquisition cost

Subscriber acquisition cost is the cost of modems and handset distributed to subscribers free of charge under usage contract campaigns. Subscriber acquisition cost is amortised over the contract period. Subscriber acquisition cost is reviewed annually for impairment. Subscriber acquisition cost is included in other current assets.

#### 3.16 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the company's subsidiaries and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising from differences between the tax base of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred income tax is provided on temporary differences arising from investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.



### 3. Accounting policies (Cont'd)

#### 3.17 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective yield method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of reporting date.

#### 3.18 Provisions

Provisions for environmental restoration, restructuring costs and legal claims are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

#### 3.19 Employee benefits

##### Provident fund

The Group operates a provident fund, being a defined contribution plan. The assets of which are held in a separate trustee-administered fund. The provident fund is funded by payments from employees and by the relevant Group of companies. The Group's contributions to provident fund are charged to the statement of income in the period to which the contributions relate.

##### Legal severance pay

The liability recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets, together with adjustments for unrecognised past-service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using market yield of government bonds that are denominated in the currency in which the benefits will be paid.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.



3. Accounting policies (Cont'd)

3.20 Share capital

- (a) Ordinary shares is classified as equity.
- (b) External costs directly attributable to the issue of new shares, other than on a business combination, are shown as a deduction, net of tax, in equity from the proceeds. Share issue costs incurred directly in connection with a business combination are included in the cost of acquisition.
- (c) Dividends on ordinary shares are recognised in equity in the period in which they are declared.
- (d) The directors and executive management are entitled to participate in the Stock Option Plan under which non-transferable warrants are issued to the directors and executive management. If the warrants are granted at a discount on the market price no compensation cost is recognised in the statement of income based on that discount. When options are exercised, the proceeds received net of any transaction costs are credited to share capital (par value) and share premium or discount.

3.21 Revenue recognition

Wireline business

Telephone usage revenues for local and domestic long distance calls are recognised based on completed call time at the tariffs set by TOT. Where a billing period does not coincide with a calendar month the Company estimates the local call usage based on historical usage. Telephone usage revenue earned but not billed is included in the statement of financial position in accounts receivable.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Revenue from DDN service is recognised rateably over the service period. Annual revenues from DDN service billed but unearned income are included in the statement of financial position in unearned income.

Revenue derived from the installation of fixed lines and the activation of PCT services is recognised on completion of installation services and activation of services. Unearned advance receipts are included in the statement of financial position in unearned income.

Revenues from public telephone services are recognised according to metered usage and cash received.

Revenues from internet services are recognised according to actual time used by the customers.

Sales of telephone equipment and PCT handsets are recognised on delivery of equipment and handsets or customer acceptance.

Revenues from radio program are recognised when the program is broadcasted.

Advance cash received from selling of tower is recognised as unearned income. Revenue from sell of tower will be recognised as income upon the significant risk and rewards of towers are transferred to the buyer.



3. Accounting policies (Cont'd)

3.21 Revenue recognition (Cont'd)

Wireless business (Cont'd)

Revenues from mobile phone services are recognised based on completed call time. Cash received from selling of scratch cards is recognised as unearned income until such time that the customers make calls.

Inbound and outbound international long distance calls are connected through the CAT network. CAT bills the Company's customers directly for international calls. CAT pays each carrier at the agreed rate per minute for international traffic. The Company recognises international long distance call revenue based on customer usage reported to the Company by CAT.

Sales of mobile phone are recognised upon delivery of equipment, handsets or customer acceptance.

Pay-TV business

Revenues from monthly subscription fees are recognised in the month in which the service is provided, commencing from completion of installation. Monthly subscription fees include a rental charge to subscribers who rent rather than purchase set-top boxes.

Revenues from sponsorship agreements and commissions on media are recognised upon the showing of the program for which the sponsorship payments are made.

Revenue from equipment installation and connection fees are recorded as unearned income when the installation is accomplished and recognised over estimated subscription period.

Revenue from maintenance services is recognised when the maintenance service is completed.

Revenue from the sale of music albums is the invoiced value of goods supplied net of output tax, goods returned and discounts.

Revenues from production of concerts represent the income from production of concerts and shows, which are recognised as income when the concerts and shows have taken place.

Subscription fees received in advance is recorded as deferred revenue and recognised as income when services are rendered according to the terms of subscribers' agreements.

Sales of set-top boxes are recognised on delivery of set-top boxes or customer acceptance.

Group

In accordance with the agreements described in Note 2, TOT, CAT and MCOT are entitled to receive a share of certain revenues generated by the Group. The revenues sharing are calculated according to the percentage and methodology as stipulated in the agreements. The revenue sharing is included in cost of providing services.

Revenue from rendering services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed.

All revenues have been presented net of cash discounts and related cash-based promotions.

Other revenues earned by the Group are recognised on the following bases:

royalty and rental income - on an accrual basis;  
interest income - on an effective yield basis; and  
dividend income - when the Group's right to receive payment is established.



**3. Accounting policies (Cont'd)**

**3.22 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as group management that makes strategic decisions.

**3.23 Non-current assets (or disposal groups) held-for-sale**

Non-current assets (or disposal groups) are classified as assets held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sales is considered highly probable. They are stated at the lower of the carrying amount and fair value less cost to sell if their carrying amount is to be recovered principally through a sale transaction rather than through continuing use.

**4. Financial risk management**

**4.1 Financial risk factors**

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. The Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment excess liquidity.

**(a) Foreign exchange rate risk**

Purchases of network equipment are mainly made in foreign currencies, primarily in US Dollars. In order to manage the risk arising from fluctuations in currency exchange rates, the Group makes use of forward foreign exchange contracts. Trading of the forward foreign exchange contracts for speculative purpose is prohibited by the Group's policy

External foreign exchange contracts are designated at Group level as hedges of foreign exchange rate risk on specific assets, liabilities and future transactions.

**(b) Interest rate risk**

The Group has no significant interest-bearing assets. The Group maintains its borrowings in fixed rate instruments. The Group borrows at variable rates and uses interest rate swap as interest payments, which have the economic effect of converting borrowings from floating rates to fixed rates. The interest rate swaps allow the subsidiaries to raise long-term borrowings at floating rates and swap them into fixed rates that are lower than those available if the subsidiaries borrowed at fixed rates directly. Under the interest rate swaps, the Group agrees with the other parties to exchange, at specified intervals (mainly quarterly), the difference between fixed contract rates and floating rate interest amounts are calculated by reference to the agreed notional principal amounts.



**4. Financial risk management (Cont'd)**

**4.1 Financial risk factors (Cont'd)**

**(c) Credit risk**

The Group has no significant concentrations of credit risks. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. Derivative counterparties and cash transactions are limited to high credit quality financial institutions.

**(d) Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying business, the Group aims at maintaining flexibility in funding by keeping committed credit lines available.

**4.2 Accounting for derivative financial instruments and hedging activities**

The Group is party to derivative financial instruments, which mainly comprise of foreign currency forward contracts and interest rate swap agreements. Such instruments are not recognised in the financial statements on inception.

Foreign currency forward contracts protect the Group from movements in exchange rates by establishing the rate at which a foreign currency asset will be realised or a foreign currency liability settled. Any increase or decrease in the amount required to realise the asset or settle the liability is offset by a corresponding movement in the value of the forward exchange contract. The gains and losses on the derivative instruments and the underlying financial asset or liability are therefore offset for financial reporting purposes and are not recognised in the financial statements. The fee incurred in establishing each agreement is amortised over the contract period, if any.

Interest rate swap agreements protect the Group from movements in interest rates. Any differential to be paid or received on an interest rate swap agreement is recognised as a component of interest revenue or expense over the period of the agreement. Gains and losses on early termination of interest rate swaps or on repayment of the borrowing are taken to profit or loss.

**4.3 Fair value estimation**

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quoted for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of each reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

Information on the fair value of borrowings is included in Note 25.



## **5. Critical accounting estimates and judgements**

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### **5.1 Estimated impairment of goodwill, property, plant and equipment and intangible assets**

The Group tests annually whether goodwill has suffered any impairment, in accordance with accounting policy stated in Note 3.14. The Group also considers impairment indicator for property, plant and equipment and intangible assets. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates. The change in the assumption used would impact the recoverable amount.

### **5.2 Allowance for doubtful accounts**

Allowances for doubtful accounts are intended to adjust the value of receivables for probable credit losses. The management uses judgment to establish reserves for estimated losses for each outstanding debtor. The allowances for doubtful accounts are determined through a combination of percentage of revenues, analysis of debt aging, collection experience, and taking into account of change in the current economic environment. However, the use of different estimates and assumptions could affect the amounts of allowances for receivable losses and adjustments to the allowances may therefore be required in the future.

### **5.3 Useful lives for property, plant and equipment and intangible assets**

The Group's property, plant and equipment are deal with telecommunication network and computer system network. The annual depreciation charge is sensitive to the estimated useful lives and residual values allocated to each type of asset. Useful lives and residual values are assessed annually and change when necessary to reflect current situation on their remaining useful lives in light of technological change, prospective economic utilisation and physical condition of the assets concerned.

### **5.4 Deferred tax**

Deferred tax assets and liabilities are recognised for temporary difference arising between tax bases of assets and liabilities and their carrying amount for accounting purposes as at the end of reporting date. Significant management judgment is used in considering whether it is highly probable that the Group will generate sufficient taxable profits from its future operations to minimise these deferred tax assets. The Group's assumptions regarding the future taxable profits and the anticipated timing of minimise of deductible temporary differences and significant changes in these assumptions from period to period may have a material impact on financial position and results of operations.

### **5.5 Borrowings**

The fair values are based on discounted cash flows using a discount rate based upon the borrowing rate which the directors expect would be available to the Group at the end of reporting date. The change in the discount rate would impact the fair value of the borrowings.



**5. Critical accounting estimates and judgements (Cont'd)**

**5.6 Employee benefit**

The present value of the employee benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for employee benefit include the discount rate. Any changes in these assumptions will have an impact on the carrying amount of employee benefit obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the employee benefit obligations. In determining the appropriate discount rate, the Group considers the market yield of high-quality government bonds that are denominated in the currency in which the benefits will be paid.

**5.7 Service contract**

The present value of the service contract is calculated from the discounted cash flow of estimated revenue from service agreement using a discount rate based upon the Group's Weighted Average Cost of Capital ("WACC"). Any change in these assumptions will have an impact on the carrying amount of service contract.

If the estimated WACC used in determining the discount rate applied to the discounted cash flows varied by 1%, the value of service contract would be varied by 15%.

**6. Capital risk management**

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may issue new shares or issue new debentures to finance debts or sell assets to reduce debts.

**7. Consolidated segment information**

The Group Management is the Group's chief operating decision-maker. The Group Management has determined the operating segments based on the information reviewed by the Group Management for the purposes of allocating resources and assessing performance.

The Group operates only in Thailand. Therefore, no geographical segment is considered. The Group Management considers the business from three services categories, Online, Wireless and Pay-TV of which are consisted of the following:

- **Online** to install and provide services of 2.6 million fixed lines including public telephone and related value added service, data service, multimedia services, NON-POTS and broadband service, PCT, internet service, vehicle and building rental service, electronic card service, and other services;
- **Wireless** to provide cellular telephone services, resell of 3G services using HSPA technology, network equipment rental services, to provide mobile service under the 2.1 IMT GHz Bandwidth licence and sales of handsets and accessories and other supporting services in the Group; and
- **Pay-TV** to provide pay television services both via cable and satellite platform, rental and trading of related equipment and other related services to the pay television business, advertising sale and agency.

The Group Management assesses the performance of the operating segments based on a measure of adjusted EBITDA and net income on ongoing operation. This measurement basis excludes discontinued operations and the effects of non-recurring expenditure from the operating segments.



7. Consolidated segment information (Cont'd)

Revenue

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Group Management is measured in a manner consistent with that in the statements of comprehensive income.

	Baht : Million					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Total segment revenue	Inter-segment revenue	Revenue from external customer	Total segment revenue	Inter-segment revenue	Revenue from external customer
Online	29,664.41	(6,578.78)	23,085.63	29,907.87	(6,613.19)	23,294.68
Wireless	64,116.40	(1,043.29)	63,073.11	57,336.78	(1,212.91)	56,123.87
Pay-TV	10,859.45	(804.49)	10,054.96	10,667.12	(703.76)	9,963.36
Total	104,640.26	(8,426.56)	96,213.70	97,911.77	(8,529.86)	89,381.91

EBITDA

	Baht : Million					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Included inter segment	Inter segment	Excluded inter segment	Included inter segment	Inter segment	Excluded inter segment
Online	10,242.59	(5,172.54)	5,070.05	10,088.75	(4,160.83)	5,927.92
Wireless	4,909.61	5,011.50	9,921.11	4,852.30	3,875.88	8,728.18
Pay-TV	1,458.46	(64.64)	1,393.82	1,965.76	116.30	2,082.06
Total	16,610.66	(225.68)	16,384.98	16,906.81	(168.65)	16,738.16
Depreciation and amortisation	(20,271.19)	92.22	(20,178.97)	(15,228.25)	90.30	(15,137.95)
Interest income	257.82	(109.73)	148.09	466.00	(206.44)	259.56
Interest expenses	(7,875.28)	109.73	(7,765.55)	(6,719.96)	168.53	(6,551.43)
Other finance costs	(844.65)	-	(844.65)	(324.15)	-	(324.15)
Income tax expenses:						
Current tax	(1,896.59)	-	(1,896.59)	(399.59)	-	(399.59)
Deferred income tax	(1,011.91)	12.38	(999.53)	(1,406.11)	206.96	(1,199.15)
Gain on sale of subsidiaries joint venture	680.22	177.35	857.57	-	-	-
Share of results in associates	(28.76)	91.06	62.30	41.42	-	41.42
Non-controlling interest	5.37	72.83	78.20	(36.66)	56.59	19.93
Net loss on going operation	(14,374.31)	220.16	(14,154.15)	(6,700.49)	147.29	(6,553.20)
Net loss on going operation before deferred income tax	(13,362.40)	207.78	(13,154.62)	(5,294.38)	(59.67)	(5,354.05)
Foreign exchange gain (loss)	(339.79)	-	(339.79)	888.68	-	888.68
Other income/(expenses)	5,525.22	(94.03)	5,431.19	(1,265.93)	(497.32)	(1,763.25)
Net loss for the year	(9,188.88)	126.13	(9,062.75)	(7,077.74)	(350.03)	(7,427.77)



7. Consolidated segment information (Cont'd)

Other profit and loss disclosures

	Baht : Million					
	For the year ended 31 December 2013			For the year ended 31 December 2012		
	Depreciation and amortisation	Income tax expense	Share of results in associates	Depreciation and amortisation	Income tax expense	Share of results in associates
Online	(6,642.01)	(3,446.21)	88.04	(6,298.86)	(811.34)	58.41
Wireless	(11,929.67)	350.06	-	(7,620.19)	(706.37)	-
Pay-TV	(1,607.29)	200.03	(25.74)	(1,218.90)	(81.03)	(16.99)
	<u>(20,178.97)</u>	<u>(2,896.12)</u>	<u>62.30</u>	<u>(15,137.95)</u>	<u>(1,598.74)</u>	<u>41.42</u>

Assets

	Baht : Million					
	At 31 December 2013			At 31 December 2012		
	Total assets	Investment in associates, other companies and Investment property	Additions to non-current assets	Total assets	Investment in associates, other companies and Investment property	Additions to non-current assets
Online	67,655.16	16,398.34	13,539.76	58,926.85	529.54	14,122.88
Wireless	113,867.30	0.40	15,810.50	99,873.16	0.40	25,924.74
Pay-TV	24,329.71	59.39	4,678.31	21,563.36	93.85	4,156.40
	<u>205,852.17</u>	<u>16,458.13</u>	<u>34,028.57</u>	<u>180,363.37</u>	<u>623.79</u>	<u>44,204.02</u>

Liabilities

	Baht : Million	
	At 31 December 2013	At 31 December 2012
Online	81,155.66	58,067.73
Wireless	99,010.30	87,375.46
Pay-TV	20,954.07	20,915.80
	<u>201,120.03</u>	<u>166,358.99</u>



8. Expenses by nature

The following items have been included in arriving at operating results:

For the years ended 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Regulatory cost and network expenses	17,735.26	20,671.16	2,329.44	2,351.05
Staff costs	11,139.09	10,089.99	2,212.12	1,962.60
Selling, advertising and publicity	7,163.01	4,981.25	322.68	250.51
Doubtful accounts (reversal)	1,143.82	1,415.19	(117.60)	268.50
Depreciation				
- owned assets	15,373.78	11,186.04	1,567.68	1,541.20
- owned assets (vehicles)				
leased out under operating leases	213.47	294.19	-	-
- leased assets under finance leases	971.85	1,093.82	9.90	4.98
Amortisation				
- Intangible assets (Note 22)	4,795.10	4,031.14	65.70	113.28
- Others	346.94	284.98	-	-
Impairment (reversal)				
- Property, plant and equipment (Note 20)	2,056.09	1,979.87	-	-
- Intangible assets	-	143.25	-	-
- Investment property	-	0.73	-	-
- Investment in subsidiaries and associates (Note 18)	8.72	-	35.97	(69.44)

9. Finance costs

For the years ended 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Interest expense	7,765.55	6,551.43	1,743.03	1,718.97
Foreign exchange gain	(208.55)	(721.16)	(482.17)	(617.88)
Other financial fees	844.65	324.15	162.49	79.63
Total finance costs	8,401.65	6,154.42	1,423.35	1,180.72

10. Income tax

For the years ended 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Current tax	1,896.59	399.59	-	-
Deferred income tax:				
Origination and reversal of temporary differences	999.53	1,278.06	639.03	794.38
Impact of change in tax rate	-	(78.91)	-	(44.97)
Income tax	2,896.12	1,598.74	639.03	749.41



10. Income tax (Cont'd)

The tax on the Group's profit before tax differs from the tax for filing purposes amount as follows:

For the years ended 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Profit (loss) before income tax	(6,244.82)	(5,848.96)	2,390.23	2,068.61
Tax calculated at the tax rate of 20% (2012: 23%)	(1,248.96)	(1,345.26)	478.05	475.79
Income not subject to tax	-	-	(11.17)	(34.60)
Expenses not deductible for tax purposes	512.17	133.81	80.60	(13.39)
Current year tax losses for which no deferred tax asset was recognised	3,724.15	3,057.93	91.55	366.58
Utilisation of previously unrecognised deferred tax asset from tax losses	(78.78)	(160.60)	-	-
Associates results reported net of tax	(12.46)	(8.23)	-	-
Impact of change in tax rate	-	(78.91)	-	(44.97)
Income tax	2,896.12	1,598.74	639.03	749.41

The Royal Decree No. 530, B.E. 2554 dated 21 December 2011 promulgated that the tax rate for 2012 will be 23% and 2013 - 2014 will be 20%. In January 2012, the Thai Federation of Accounting Profession ("FAP") has issued a clarification about the change in corporate income tax rate. FAP believed that it is highly probable that the Thai government will amend the tax rate for 2015 onwards to the rate not more than 20%. According to this clarification from FAP, the deferred income tax that expected to be reversed in 2012 and 2013 onwards are re-measured using the tax rate of 23% and 20%, respectively. The reduction of the tax rate resulted in the decrease in deferred tax assets and deferred tax liabilities of the Group and the Company as at 31 December 2012 of Baht 78.91 million and Baht 44.97 million, respectively, of which were recognised as income tax expense in the year 2012.

Further information about deferred income tax is presented in Note 23.



11. Basic and diluted earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit (loss) attributable to common shareholders by the weighted average number of common shares outstanding during the year (2013: 14,520.97 million shares and 2012: 14,503.18 million shares).

	Consolidated		Company	
	2013	2012	2013	2012
Profit (loss) attributable to shareholders (Baht Million)	(9,062.75)	(7,427.77)	1,751.20	1,319.20
Weighted average number of common shares in issue (million shares)	14,520.97	14,503.18	14,520.97	14,503.18
Basic earnings (loss) per share (Baht)	(0.62)	(0.51)	0.12	0.09

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of common shares outstanding to assume conversion of all dilutive potential common shares. The dilutive potential common shares are consisted of 12.95 million units of stock options (2012: 40.09 million units) on an as-if-converted method.

	Consolidated		Company	
	2013	2012	2013	2012
Profit (loss) used to determine diluted earnings per share (Baht Million)	(9,062.75)	(7,427.77)	1,751.20	1,319.20
Weighted average number of common shares for diluted earnings per share (million shares)	14,533.91	14,543.27	14,533.91	14,543.27
Diluted earnings (loss) per share (Baht)	(0.62)	(0.51)	0.12	0.09

12. Cash and cash equivalents

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Cash on hand	481.05	850.24	5.08	6.36
Deposits held at call with banks	11,966.25	5,252.93	1,256.16	46.27
Short-term investments				
- Debt securities	2,278.98	-	299.96	-
	14,726.28	6,103.17	1,561.20	52.63



13. Restricted cash

Restricted cash consist of:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Current	2,346.45	964.82	2,344.58	187.26
Non-current	100.04	122.23	-	-
	2,446.49	1,087.05	2,344.58	187.26

Current:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Saving deposits	2,346.38	536.18	2,344.58	186.90
Time deposits	0.07	428.64	-	0.36
	2,346.45	964.82	2,344.58	187.26

Under the terms of asset sale and transfer agreement, the Company has deposited in the construction reserve account of Baht 2,000.00 million as collateral for the contracted party.

The consolidated restricted cash as at 31 December 2012, included a subsidiary's cash advanced from customers amounting to Baht 328.78 million represents cash received from selling of electronic cash cards, being deposited at banks. To comply with the Notification of the Bank of Thailand applicable to electronic card businesses, the balance of the deposit has to be maintained at the outstanding value of the cash cards on hands and electronics wallet of the customers as the minimum.

Non-current:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Saving deposits	75.83	75.85	-	-
Time deposits	24.21	46.38	-	-
	100.04	122.23	-	-

Under the terms of loan, financing and supplier agreements, the Company and certain subsidiaries have deposited in the security accounts as collateral for the contracted parties.

Effective interest rate for saving and time deposits are 1.52% and 1.58% per annum, respectively.



#### 14. Investments

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Current	101.83	374.41	-	347.76
Non-current	313.80	293.32	240.74	240.74
Total	415.63	667.73	240.74	588.50
<b>Current:</b>				
Time deposits	1.41	11.44	-	-
Held-to-maturity - debt securities	-	347.76	-	347.76
Trading securities - equity securities	100.42	15.21	-	-
Total current investments	101.83	374.41	-	347.76

Movement of current investment

For the year ended 31 December 2013	Consolidated Baht Million	Company Baht Million
Opening net book value	374.41	347.76
Additions	100.89	-
Disposals	(365.18)	(350.00)
Disposal of subsidiaries and joint venture (Note 18)	(11.25)	-
Interest received	2.57	2.24
Fair value adjustment	0.39	-
Closing net book value	101.83	-

Held-to-maturity - debt securities mainly are Treasury Bill which have effective interest rate at 1.81% per annum.

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
<b>Non-current:</b>				
General investments				
- Non-marketable equity securities	313.80	293.32	240.74	240.74
Total	313.80	293.32	240.74	240.74

Movement of general investments

For the year ended 31 December 2013	Consolidated Baht Million	Company Baht Million
Opening net book value	293.32	240.74
Additions	20.48	-
Closing net book value	313.80	240.74



15. Trade and other receivables

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Receivable from TOT	612.50	603.93	612.50	603.93
Billed customers	14,120.78	12,967.25	2,340.73	2,602.68
Receivables and accrued income from related parties (Note 41)	8,600.69	2,082.72	1,882.87	3,299.13
Trade accounts receivable	23,333.97	15,653.90	4,836.10	6,505.74
Accrued income	18,859.80	10,622.30	1,752.95	1,563.18
Total trade accounts receivable	42,193.77	26,276.20	6,589.05	8,068.92
<u>Less</u> Allowance for doubtful accounts	(7,632.86)	(7,322.60)	(2,671.81)	(2,977.30)
Trade accounts receivable, net	34,560.91	18,953.60	3,917.24	5,091.62
Prepaid expenses	1,119.87	864.97	65.54	42.45
Other receivable	2,832.69	1,602.33	1,214.95	68.96
Interest receivable	24.51	3.97	40.32	0.10
Trade account and other receivables	38,537.98	21,424.87	5,238.05	5,203.13

Outstanding trade accounts receivable as at 31 December can be analysed as follows:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Current	7,259.02	6,535.87	1,535.40	1,528.90
Less than 3 months	5,199.73	2,218.38	1,005.72	1,199.90
3 - 6 months	2,074.41	859.40	234.83	1,077.93
6 - 12 months	4,929.51	2,953.51	400.21	1,131.08
More than 12 months	3,871.30	3,086.74	1,659.94	1,567.93
Trade accounts receivable	23,333.97	15,653.90	4,836.10	6,505.74
Accrued income	18,859.80	10,622.30	1,752.95	1,563.18
Total trade accounts receivable	42,193.77	26,276.20	6,589.05	8,068.92
<u>Less</u> Allowance for doubtful accounts	(7,632.86)	(7,322.60)	(2,671.81)	(2,977.30)
Trade accounts receivable, net	34,560.91	18,953.60	3,917.24	5,091.62

Concentrations of credit risk with respect to trade accounts receivable are limited due to the Group has large number of customers, who are end users of telephone services, covering business and individuals. The Group's experience in the collection of accounts indicates that the allowance provided will be sufficient. Due to these factors, management believes that no additional credit risk beyond amounts provided for collection losses is inherent in the Group's trade accounts receivable.

As at 31 December 2013, trade accounts receivable, in the consolidated and company statements of financial position included accrued income from TOT amount of Baht 235.97 million (2012: Baht 232.04 million) in respect of interconnection fee for TOT service because TOT has not provided sufficient and clarified information to enable the Company to agree with its fee calculation method. The Company has accounted for interconnection fee based on existing usage information that the Company recorded the minutes of international call usage for calculation interconnection fee. This matter is under negotiation with TOT. The Company's management believes that the amount is recoverable.



15. Trade and other receivables (Cont'd)

As at 31 December 2013, trade accounts receivable in the consolidated and company statements of financial position included accrued income from TOT from 1 January 2006 to 31 December 2007, amount of Baht 287.34 million. The receivables are derived from international call revenue sharing that the Company's customers made calls through CAT's network, which the Company receives the revenue sharing from CAT through TOT. The Company has accounted for the international call revenue sharing from TOT based on the contractual terms as stipulated in the Agreement. During 2004, CAT announced to reduce the rate of revenue sharing that CAT paid to TOT, therefore, TOT has remitted the sharing to the Company based on the reduced rates as determined by CAT. The Company sent TOT a letter of dissension in respect of the reduced rates as proposed by CAT. The Company's external legal counsel is of the opinion that the Company entitles to receive the service rates in accordance with the Agreement. The Company's management believes that the amount is recoverable.

16. Inventories, net

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Spareparts for networks (at cost)	1,398.95	1,175.45	178.88	192.78
Less Allowance for decline in value	(252.66)	(282.34)	(140.22)	(164.56)
Spareparts for networks, net	1,146.29	893.11	38.66	28.22
Merchandise (at cost)	5,253.33	2,053.12	3.25	3.44
Less Allowance for decline in value	(333.75)	(189.06)	(1.20)	(1.34)
Merchandise, net	4,919.58	1,864.06	2.05	2.10
Work in process (at cost)	0.63	1.72	-	-
Goods in transit (at cost)	3.04	3.04	-	-
Inventories, net	6,069.54	2,761.93	40.71	30.32

During 2013, the damage and obsolete inventories were charged and reversed to the consolidated profit or loss of Baht 143.27 million and the Company profit or loss of Baht 24.48 million, respectively, (2012: The reversal of Baht 8.08 million and Baht 9.52 million).

17. Other current assets

As at 31 December	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Value added tax pending receipt of tax invoices	2,284.47	1,995.58	78.86	28.52
Film and program right (Note 22)	544.02	816.39	-	-
Subscriber acquisition cost, net	160.63	293.80	-	-
Deferred regulatory cost	-	215.85	-	-
Others	0.08	0.24	0.01	0.01
	2,989.20	3,321.86	78.87	28.53

Subscriber acquisition cost is mainly modems and handset distributed to subscribers free of charge under a one-year usage contract campaign. Subscriber acquisition cost is amortised over the contract period. The amortisation for the year charged in the consolidated financial statements was Baht 346.94 million (2012: Baht 284.98 million).



18. Investments in subsidiaries, associates and joint ventures, net

Movements of investments are as follows:

For the years ended 31 December	Consolidated		Company	
	2013 Million Baht	2012 Million Baht	2013 Million Baht	2012 Million Baht
Opening net book value	275.71	215.22	37,745.22	38,217.51
Additional investments	19,335.27	27.00	47,235.27	167.37
Unrealised gain from assets sale (Note 40)	(3,346.92)	-	-	-
Disposal (net of impairment loss)	-	-	(2,050.25)	(559.50)
Share reduction in subsidiary and associate	-	(6.58)	-	(149.60)
Dividends income (Note 41)	(55.80)	(1.35)	-	-
Share of results	62.30	41.42	-	-
Gain (loss) on liquidated associate	(23.04)	-	50.33	-
Proceed from liquidated of associate	(100.00)	-	(100.00)	-
Reversal (impairment) of investments	(8.72)	-	(35.97)	69.44
Closing net book value	16,138.80	275.71	82,844.60	37,745.22



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**18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)**

At 31 December 2013

At 31 December 2013

	Company						
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment		
					- at cost method Baht Million		
Subsidiaries						Allowance for impairment Baht Million	Net investment Baht Million
Telecom Holding Co., Ltd.	Holding company	Shareholder	25,733.82	100.00	25,733.82	9,598.64	16,135.18
Real Future Co., Ltd.	Invested in telecommunication business	Shareholder	46,244.39	100.00	46,243.77	-	46,243.77
True Internet Co., Ltd.	Internet solution provider	Shareholder	752.80	100.00	689.88	-	689.88
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	436.00	100.00	436.00	-	436.00
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	192.70	93.62	180.40	180.40	-
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	86.00	100.00	86.00	86.00	-
True Vistas Co., Ltd. (formerly "True Magic Co., Ltd.")	Production and distribution of movie films	Shareholder	3.50	100.00	3.50	-	3.50
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	7,000.00	0.01	1.00	-	1.00
Total investment in subsidiaries					73,374.37	9,865.04	63,509.33
Associate							
TRUE Telecommunications Growth Infrastructure Fund	Invested in telecommunication infrastructure	Shareholder	58,080.00	33.29	19,335.27	-	19,335.27
Total investment in associate					19,335.27	-	19,335.27
Total investments in subsidiaries and associate					92,709.64	9,865.04	82,844.60



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18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

	Company						
	Business	Relationship	Paid-up capital Baht Million	% Ownership interest	Investment - at cost method Baht Million	Allowance for impairment Baht Million	Net investment Baht Million
<b>Subsidiaries</b>							
Telecom Holding Co., Ltd.	Holding company	Shareholder	21,233.82	100.00	21,233.82	9,598.64	11,635.18
Real Future Co., Ltd.	Invested in telecommunication business	Shareholder	22,844.39	100.00	22,843.77	-	22,843.77
True Leasing Co., Ltd.	Rental services	Shareholder	1,285.00	100.00	1,660.00	-	1,660.00
True Internet Co., Ltd.	Internet solution provider	Shareholder	752.80	100.00	689.88	-	689.88
True International Gateway Co., Ltd.	Telecommunication and internet services	Shareholder	436.00	100.00	436.00	-	436.00
K.I.N. (Thailand) Co., Ltd.	Holding company	Shareholder	192.70	93.62	180.40	180.40	-
Wire & Wireless Co., Ltd.	Construction	Shareholder	100.00	87.50	292.25	-	292.25
True Money Co., Ltd.	Payment service center and electronic card services	Shareholder	200.00	49.00	98.00	-	98.00
True Public Communication Co., Ltd.	Telecommunication services	Shareholder	86.00	100.00	86.00	50.03	35.97
True Vistas Co., Ltd. (formerly "True Magic Co., Ltd.")	Production and distribution of movie films	Shareholder	3.50	100.00	3.50	-	3.50
True Universal Convergence Co., Ltd.	Telecommunication services	Shareholder	4,000.00	0.03	1.00	-	1.00
Total investment in subsidiaries					47,524.62	9,829.07	37,695.55
<b>Associate</b>							
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.21	73.54	49.67
Total investment in associate					123.21	73.54	49.67
Total investments in subsidiaries and associate					47,647.83	9,902.61	37,745.22



18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Subsidiary undertakings

Name of subsidiaries	Business	Country of incorporation
Asia DBS Public Company Limited (90.00%)*	DBS system operator	Thailand
Asia Wireless Communication Co., Ltd. (100.00%)*	PCT operator	Thailand
Bangkok Inter Teletech Public Company Limited (99.48%)*	Holding company	Thailand
BeboydCG Company Limited ("Bboyd") (70.00%)*	Production of animation	Thailand
BFKT (Thailand) Limited (100.00%)*	Mobile equipment Lessor	Thailand
Cineplex Co., Ltd. (100.00%)*	Program production	Thailand
Click TV Co., Ltd. (99.31%)*	Interactive TV business	Thailand
Hutchison CAT Wireless MultiMedia Limited (68.02%)*	Reseller of Cellular Digital AMPS 800 Band A	Thailand
Hutchison MultiMedia Services (Thailand) Limited (100.00%)*	Dormant	Thailand
Hutchison Telecommunications (Thailand) Company Limited (100.00%)*	Dormant	Thailand
Hutchison Wireless MultiMedia Holdings Limited (92.02%)*	Holding company	Thailand
Internet Knowledge Service Center Co., Ltd. (56.93%)*	Non-government telecommunication	Thailand
K.I.N. (Thailand) Co., Ltd. (100.00%)	Holding company	Thailand
KOA Co., Ltd. (100.00%)**	Assets management	Thailand
KSC Commercial Internet Co., Ltd. (56.83%)*	Internet services provider	Thailand
MKSC World Dot Com Co., Ltd. (91.08%)*	Internet services and distributor	Thailand
Panther Entertainment Co., Ltd. (99.77%)*	Artist management and related business	Thailand
Real Future Co., Ltd. (100.00%)	Wireless Telecommunication services	Thailand
Real Move Co., Ltd. (99.48%)*	Reseller of mobile phone service	Thailand
Samut Pakan Media Corporation Co., Ltd. (99.42%)*	Telecommunication services	Thailand
Satellite Service Co., Ltd. (99.31%)*	Sales and rental of equipment related to Pay Television	Thailand
SM True Co., Ltd. (51.00%)*	Artist management and related business	Thailand
Song Dao Co., Ltd. (99.41%)*	Collection agent	Thailand
Tele Engineering and Services Co., Ltd. (100.00%)*	Content provider	Thailand
Telecom Asset Management Co., Ltd. (100.00%)**	Marketing management	Thailand
Telecom Holding Co., Ltd. (100.00%)	Holding company	Thailand
Telecom International Co., Ltd. (100.00%)*	Holding company	Thailand
Telecom KSC Co., Ltd. (34.39%)*	Non-government telecommunication	Thailand
Thai News Network (TNN) Co., Ltd. (100.00%)*	News Channel	Thailand
True Digital Media Co., Ltd. (100.00%)*	Advertising sale and agency	Thailand
True Distribution and Sales Co., Ltd. (99.43%)*	Distribution Center Services	Thailand
True DTT Co., Ltd. (100.00%)**	Television and related business	Thailand
True Information Technology Co., Ltd. (100.00%)*	IT services and training	Thailand
True International Communication Co., Ltd. (99.43%)*	Telecommunication services	Thailand
True International Gateway Co., Ltd. (100.00%)	Telecommunication and internet service	Thailand
True Internet Co., Ltd. (100.00%)	Internet solution provider	Thailand
True Life Plus Co., Ltd. (100.00%)*	Telecommunication services reseller	Thailand
True Move Co., Ltd. (99.43%)*	Cellular operator	Thailand
True Multimedia Co., Ltd. (91.08%)*	NON-POTS and multimedia services	Thailand
True Music Co., Ltd. (99.40%)*	Content provider	Thailand
True Music Radio Co., Ltd. (69.94%)*	Trading and production of advertising media	Thailand
True Public Communication Co., Ltd. (100.00%)	Telecommunication services	Thailand
True Touch Co., Ltd. (100.00%)*	Call centre services	Thailand
True United Football Club Co., Ltd. (70.00%)*	Football Club and related activities management	Thailand
True Universal Convergence Co., Ltd. (100.00%)*	Telecommunication services	Thailand
True Visions Public Company Limited (99.31%)*	Pay Television	Thailand
True Visions Cable Public Company Limited (98.99%)*	Pay television via cable system	Thailand



18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Subsidiary undertakings (Cont'd)

Name of subsidiaries	Business	Country of incorporation
True Visions Group Co., Ltd. (100.00%)*	Holding company	Thailand
True Vistas Co., Ltd. (formerly "True Magic Co., Ltd.") (100.00%)*	Production and distribution of movie films	Thailand
K.I.N. (Thailand) Co., Ltd. (100.00%)*	Holding company	British Virgin Island
Gold Palace Logistics Limited (100.00%)*	Holding company	British Virgin Island
Dragon Delight Investments Limited (100.00%)*	Holding company	British Virgin Island
Gold Palace Investments Limited (100.00%)*	Holding company	British Virgin Island
Golden Light Co., Ltd. (100.00%)*	Holding company	Republic of Mauritius
Golsky Co., Ltd. (100.00%)*	Holding company	Republic of Mauritius
Golden Pearl Global Limited (100.00%)**	Holding company	British Virgin Island
Rosy Legend Limited (99.48%)*	Holding company	British Virgin Island
Prospect Gain Limited (100.00%)*	Holding company	British Virgin Island
True Internet Technology (Shanghai) Company Limited (100.00%)*	Developing, designing, producing and sale of software products	China
GP Logistics Company Limited (100.00%)*	Holding company	British Virgin Island

\* indirectly owned by the Company

\*\* indirectly owned by the Company and newly established

Investments in subsidiaries at a carrying value of Baht 15,364.45 million are used as collateral for a subsidiary's borrowings (Note 25 and Note 37).

Transactions occurred during 2012

On 18 June 2012, the Company re-structured its holding by selling the Company's 21.73% equity interest in True Life Plus Co., Ltd. ("TLP") to Telecom Holding Co., Ltd. ("TH"), its wholly owned subsidiary at the considerations of Baht 166.73 million. The loss from disposal of investment amounting to Baht 392.77 million was recognised under "Other expenses" in the profit or loss for the year ended 31 December 2012. The Company used the proceed to pay for additional investment in TH amounting to Baht 167.37 million, and TH used the proceed to invest in TLP.

On 10 September 2012, K.I.N (Thailand) Co., Ltd. a 93.62% owned subsidiary reduced its share's par value by Baht 13.60 per share. The Company received Baht 149.60 million from the capital reduction and reverse relevant impairment provision amounting to Baht 119.47 million and recognised under "Other income" in the Company profit or loss for the year ended 31 December 2012.

On 17 September 2012, a subsidiary invested in GP Logistics Company Limited ("GPL"), a newly established company registered and located in British Virgin Islands. The authorised share capital is US\$ 50,000 and the paid-in capital is US\$ 1. GPL is a holding company.

The Company assessed the impairment of investment in True Public Communication Co. Ltd., the wholly owned subsidiary. An impairment loss amount of Baht 50.03 million was recognised under "Other expenses" in the Company profit or loss for the year ended 31 December 2012.



18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Transactions occurred during 2013

During June 2013, International Broadcasting Corporation (Cambodia) Co., Ltd. The subsidiary under True Visions Group which operated in Cambodia ceased its operations. The management viewed that there is no material impact to the Group.

On 8 August 2013, the Company and subsidiaries entered into shares sale and purchase agreement with Thana Telecom Co., Ltd. to sell 8 non-core business companies under the Group. The net proceed from disposal of investments is amounting to Baht 3,203.16 million, net against cash and cash equivalent of subsidiaries and joint venture of Baht 1,406.45 million. The Group recognised gain from sale of investments of Baht 857.57 million under "Other income" in the consolidated statement of comprehensive income. In the Company financial statements, net book value of investments amounting to Baht 2,050.25 million was derecognised and loss from disposal of Baht 247.36 million was recognised under "Other expenses". The Group has ceased consolidation those companies since 30 September 2013. The information of 8 non-core companies are as follows:

Name of subsidiaries	Business	Country of incorporation
True Leasing Co., Ltd. (100.00%)	Rental services	Thailand
True Properties Co., Ltd. (100.00%)	Rental services	Thailand
True Lifestyle Retail Co., Ltd. (100.00%)	Internet café and related services	Thailand
True Money Co., Ltd. (100.00%)	Payment service centre and electronic card services	Thailand
True Digital Plus Co., Ltd. (100.00%)	Online game	Thailand
True Digital Content & Media Co., Ltd. (98.52%)	Digital content and marketing media	Thailand
Wire & Wireless Co., Ltd. (87.50%)	Construction	Thailand
Name of joint venture	Business	Country of incorporation
True Internet Data Center Co., Ltd. (70.00%)	Internet Data Center	Thailand
		Consolidated
		2013
		Baht Million
<b>Net assets in the disposed entities :</b>		
Cash and cash equivalents		1,406.45
Restricted cash		625.30
Short-term investments		11.25
Trade and other receivable		1,918.72
Inventories, net		60.52
Income tax deducted at source		131.00
Claimable value added tax		82.05
Other current assets		66.17
Investment property, net		49.23
Property, plant and equipment, net		6,239.44
Intangible assets, net		337.54
Deferred tax assets		22.66
Other non-current assets		73.61
Trade and other payables		(3,060.22)
Current portion of long-term borrowings		(1,151.20)
Income tax payable		(18.48)
Other current liabilities		(412.23)
Long-term borrowings		(2,457.96)
Deferred tax liabilities		(74.05)
Employee benefits obligations		(78.65)
Other non-current liabilities		(20.66)
Net assets disposed		<u>3,750.49</u>



18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Operating results of the disposed entities

	Baht Million
Revenues and product sale	2,738.76
Net loss	(1,569.02)

TA Orient Telecom Investment Co., Ltd, the Group's subsidiaries, was dissolved on 24 October 2013. Gain from translating financial statements, which was previously recorded in "Other component of equity", of Baht 104.48 was recycled and recognised under "Other income" in the consolidated profit or loss for the year ended 31 December 2013.

During the 4<sup>th</sup> quarter, the Company invested in subsidiaries, Telecom Holding Co., Ltd. and Real Future Co., Ltd. the sole holding companies amount of Baht 4.50 billion and 23.40 billion, respectively.

The Company assessed the impairment of investment in True Public Communication Co., Ltd., the wholly owned subsidiary. An impairment loss amount of Baht 35.97 million was recognised under "Other expenses" in the Company profit or loss for the year ended 31 December 2013.

The Group has reclassified investment in BeboydCG Company Limited, which the Group has 70% interest from joint venture to be subsidiary since the Group assumed control. As a result, the Group has applied full consolidation of this entity instead of taking proportionate consolidation commencing 1 December 2013.

Associates

Name of associates	Business	Country of incorporation
Channel [V] Music (Thailand) Co., Ltd. ("Channel V") (25.82%)*	Music and sound	Thailand
TRUE Telecommunications Growth Infrastructure Fund ("TRUEGIF") (33.29%)**	Leasing of telecommunication infrastructure	Thailand
True GS Co., Ltd. ("TGS") (45.00%)*	Home shopping	Thailand

\* indirectly owned by the Company

\*\* directly owned by the Company and newly established

Transaction accrued during 2012

During 2012, an associate reduced its share capital and the Group received the proceeds from share reduction of Baht 6.58 million.

Transaction occurred during 2013

On 3 July 2013, NC True Co., Ltd., the Company's associate, filed for liquidation with the Ministry of Commerce. Currently, it is under the liquidation process. The Company received the capital return of Baht 100.00 million and wrote off the net book value of the investment amounting to Baht 49.67 million. As such, the Company recognised gain from liquidation of Baht 50.33 million under "Other income" in the company's profit or loss. The Group recognised loss from liquidation of Baht 23.04 million under "Other expenses" in the consolidated profit or loss for the year ended 31 December 2013.

On 9 September 2013, Channel [V] Music (Thailand) Co., Ltd. the Group's associate filed for liquidation with the Ministry of Commerce. Currently, it is under the liquidation process. Loss from the liquidation was Baht 8.72 million.

As at 31 December 2013, the Company invested in 19.33 billion investment units of TRUE Telecommunications Growth Infrastructure Fund ("TRUEGIF") representing 33.29% of its equity interest. Details of TRUEGIF are described in Note 40.



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**18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)**

Details of associates are as follows:

At 31 December 2013		Consolidated				
			Paid-up capital Baht Million	% Ownership interest	Investment - at cost method Baht Million	Investment - at equity method Baht Million
Business	Relationship					
<b>Associates</b>						
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	84.70	25.82	22.02	13.77
TRUE Telecommunications Growth Infrastructure Fund	Invested in telecommunication infrastructure	Shareholder	58,080.00	33.29	19,335.27	16,079.41
True GS Co., Ltd.	Home shopping	Shareholder	240.00	45.00	108.00	45.62
<b>Total investment in associates</b>					<b>19,465.29</b>	<b>16,138.80</b>

At 31 December 2012		Consolidated				
			Paid-up capital Baht Million	% Ownership interest	Investment - at cost method Baht Million	Investment - at equity method Baht Million
Business	Relationship					
<b>Associates</b>						
NC True Co., Ltd.	Developer and service provider of games online	Shareholder	241.58	40.00	123.20	181.86
Channel [V] Music (Thailand) Co., Ltd.	Music and sound	Shareholder	84.70	25.82	22.02	22.94
True GS Co., Ltd.	Home shopping	Shareholder	240.00	45.00	108.00	70.91
<b>Total investment in associates</b>					<b>253.22</b>	<b>275.71</b>

The Group's share of results of associates and share of the assets, liabilities and revenue are as follows:

At 31 December 2013		% Ownership interest	Assets Baht Million	Liabilities Baht Million	Revenues Baht Million	Net profit/(loss) Baht Million
<b>Associates</b>						
NC True Co., Ltd.		40.00	-	-	9.83	(3.02)
Channel [V] Music (Thailand) Co., Ltd.		25.82	15.74	2.44	13.36	(0.45)
TRUE Telecommunications Growth Infrastructure Fund		33.29	20,171.03	745.14	92.86	91.06
True GS Co., Ltd.		45.00	119.59	52.23	282.12	(25.29)
			<b>20,306.36</b>	<b>799.81</b>	<b>398.17</b>	<b>62.30</b>

At 31 December 2012		% Ownership interest	Assets Baht Million	Liabilities Baht Million	Revenues Baht Million	Net profit/(loss) Baht Million
<b>Associates</b>						
NC True Co., Ltd.		40.00	226.05	44.20	196.44	58.41
Channel [V] Music (Thailand) Co., Ltd.		25.82	26.03	2.69	24.70	1.47
True GS Co., Ltd.		45.00	122.13	51.22	225.90	(18.46)
			<b>374.21</b>	<b>98.11</b>	<b>447.04</b>	<b>41.42</b>



18. Investments in subsidiaries, associates and joint ventures, net (Cont'd)

Joint ventures

Name of joint ventures	Business	Country of incorporation
Asia Infonet Co., Ltd. ("AI") (65.00%)*	Internet services provider	Thailand
BEC-TERO True Visions Co., Ltd. ("BEC") (50.00%)**	Sport and Entertainment	Thailand

\* indirectly owned by the Company

\*\* indirectly owned by the Company and newly established

The following amounts represent the Group's share of the assets, liabilities, revenues and expenses of the joint ventures included in the consolidated statement of financial position and profit or loss:

	2013			2012		
	AI	TIDC	BEC	AI	TIDC	Bboyd
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
Cash and restricted cash	12.63	-	25.00	11.33	9.84	1.94
Current assets	5.09	-	0.01	14.39	30.67	5.03
Non-current assets	0.01	-	-	0.02	2.07	0.19
Property, plant and equipment, net	-	-	-	0.01	243.19	0.57
Intangible assets, net	0.12	-	-	0.17	3.82	0.49
Total assets	17.85	-	25.01	25.92	289.59	8.22
Current liabilities	(0.03)	-	(0.22)	(3.27)	(53.64)	(9.16)
Non-current liabilities	-	-	-	-	(19.42)	(2.91)
Total liabilities	(0.03)	-	(0.22)	(3.27)	(73.06)	(12.07)
Net assets (liabilities)	17.82	-	24.79	22.65	216.53	(3.85)
Revenues	-	61.94	-	(0.23)	88.11	2.60
Operating results	0.31	(61.52)	(0.21)	(2.37)	(63.50)	(13.99)
Finance income (expense)	0.20	0.17	-	0.10	(0.48)	0.01
Income tax	(0.11)	(8.84)	-	-	(11.65)	-
Net profit (loss)	0.40	(70.19)	(0.21)	(2.27)	(75.63)	(13.98)
Depreciation and amortisation	0.06	28.31	-	0.07	37.21	0.31
Proportionate interest in joint venture capital commitments	nil	nil	nil	nil	8.84	nil

There are no contingent liabilities in these joint ventures.



19. Investment property, net

For the years ended 31 December	Consolidated	
	2013 Baht Million	2012 Baht Million
Opening net book value	54.76	55.49
Disposal of subsidiaries and joint venture (Note 18)	(49.23)	-
Impairment charge	-	(0.73)
Closing net book value	5.53	54.76
As at 31 December	2013 Baht Million	2012 Baht Million
Cost	15.02	121.05
Less Allowance for decline in value	(9.49)	(66.29)
Net book value	5.53	54.76

The fair value of investment property as at 31 December 2013 is Baht 7.30 million.

20. Property, plant and equipment, net

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
<b>Network equipment</b>				
Opening net book value	77,446.50	66,146.22	9,389.46	10,711.71
Additions	27,754.61	23,527.77	0.16	151.47
Disposals, net	(20,927.40)	(112.35)	(0.18)	(0.41)
Disposals of subsidiaries and joint venture (Note 18)	198.06	-	-	-
Adjustments/reclassifications	167.76	465.32	2.65	4.06
Depreciation charge	(14,800.78)	(10,613.65)	(1,504.24)	(1,477.37)
Impairment charge	(2,056.09)	(1,966.81)	-	-
Closing net book value	67,782.66	77,446.50	7,887.85	9,389.46
<b>Non-network equipment</b>				
Opening net book value	9,233.34	7,792.46	185.85	167.32
Additions	3,650.36	4,178.18	69.10	89.03
Disposals, net	(165.02)	(221.29)	(0.84)	(1.54)
Disposals of subsidiaries and joint venture (Note 18)	(6,437.50)	-	-	-
Classification of investment (Note 18)	0.18	-	-	-
Adjustments/reclassifications	(144.10)	(542.55)	(0.01)	(0.13)
Depreciation charge	(1,758.34)	(1,960.40)	(73.34)	(68.83)
Impairment charge	-	(13.06)	-	-
Closing net book value	4,378.92	9,233.34	180.76	185.85
Total	72,161.58	86,679.84	8,068.61	9,575.31

Borrowing costs of Baht 80.10 million (2012: Baht 93.99 million) were capitalised as cost of assets during the year included in "Additions".

**Transfer assets to CAT**

According to the Agreement for Operation granted by CAT, the subsidiary transferred network assets with net book amount of Baht 3,615.83 million to CAT during the year ended 31 December 2013. The subsidiary retains right to operate the mobile phone service over the transferred assets.



20. Property, plant and equipment, net (Cont'd)

Transfer assets to CAT (Cont'd)

The Agreement for Operation of a nationwide cellular network under the Build-Transfer-Operate Agreement granted by CAT Telecom Public Company Limited ("CAT") to a subsidiary ("TMV") expired on 15 September 2013. On 16 August 2013, the National Broadcasting and Telecommunications Commission ("NBTC") endorsed and officially announced the regulation in respect of protection of mobile customers using mobile service on networks whose concessions expire. The regulation allows TMV to continue providing mobile service on the 1800 MHz spectrum for a one-year period after the expiry of the concession. TMV reviewed the recoverable amount of the related network assets and recognised an impairment loss of Baht 2,056.00 million (2012: 1,972.05 million) under "Other expenses" in consolidated statement of comprehensive income. In addition, the useful life of these network assets was shortened to one year and will end on 15 September 2014.

Network equipment

Network equipment in the consolidated and company financial statements at net book value of Baht 11,424.10 million and Baht 5,457.66 million (2012: Baht 15,358.88 million and Baht 6,644.62 million), respectively, were transferred to the contracted parties under the Build - Transfer - Operate agreements (Note 2). According to the agreements, the Group has the rights to operate and maintain these assets over the agreement periods.

Included in "Disposals" a net book value of Baht 20.22 billion is the costs of assets sale under the "Asset and Revenue Sale and Transfer Agreement" (Note 40).

Additions included Baht 2,052.06 million (2012: Baht 109.38 million) of assets leased under finance leases (where the Group is the lessee).

Borrowings in Thai Baht are secured by the rights to operate network equipment of the Group amount of Baht 11,195.12 million (2012: Baht 14,982.80 million) (Note 25).

Non-network equipment

Additions included Baht 1,180.55 million (2012: Baht 1,839.02 million) of assets leased under finance leases (where the Group is the lessee).

Leased assets are finance leases of vehicles, computers and equipments, details are as follows:

	Consolidated	
	2013 Baht Million	2012 Baht Million
Cost - capitalised finance leases	101.13	5,745.23
<u>Less</u> Accumulated depreciation	<u>(27.57)</u>	<u>(2,461.91)</u>
Net book value	<u>73.56</u>	<u>3,283.32</u>

In 2012, borrowings are secured by buildings included in non-network equipment at a net book value of Baht 843.88 million (2013: nil) (Note 25 and Note 37).



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**20. Property, plant and equipment, net (Cont'd)**

Network equipment	Consolidated										Total Baht Million
	Land and land improvement Baht Million	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Multimedia network equipment Baht Million	Power supply and computers Baht Million	Pay - TV Baht Million	Work in progress Baht Million		
At 1 January 2012											
Cost	1,849.15	1,874.07	69,315.68	84,204.71	2,228.00	14,584.21	4,082.97	11,511.87	10,480.81	200,131.47	
Less Accumulated depreciation	-	(1,353.32)	(61,496.95)	(46,643.96)	(2,088.72)	(7,151.43)	(3,613.45)	(6,759.87)	-	(129,107.70)	
Allowance for impairment	-	(0.18)	(92.27)	(3,974.21)	(40.66)	(154.70)	(315.24)	(300.29)	-	(4,877.55)	
Net book value	1,849.15	520.57	7,726.46	33,586.54	98.62	7,278.08	154.28	4,451.71	10,480.81	66,146.22	
Year ended 31 December 2012											
Opening net book value	1,849.15	520.57	7,726.46	33,586.54	98.62	7,278.08	154.28	4,451.71	10,480.81	66,146.22	
Additions	-	4.24	148.86	2,675.14	-	524.45	-	2,069.21	18,105.87	23,527.77	
Disposals, net	-	-	-	(28.59)	(0.41)	(24.99)	-	(51.89)	(6.47)	(112.35)	
Adjustments/reclassifications	-	7.50	7.62	12,998.92	(0.09)	4,337.53	0.02	82.39	(16,968.57)	465.32	
Depreciation charge	-	(83.65)	(1,227.51)	(6,282.96)	(49.26)	(1,570.97)	(28.47)	(1,370.83)	-	(10,613.65)	
Impairment charge	-	-	-	(1,972.05)	-	-	-	5.24	-	(1,966.81)	
Closing net book value	1,849.15	448.66	6,655.43	40,977.00	48.86	10,544.10	125.83	5,185.83	11,611.64	77,446.50	
At 31 December 2012											
Cost	1,849.15	1,885.81	69,460.99	99,866.75	2,214.85	20,179.51	4,083.00	12,628.69	11,611.64	223,780.39	
Less Accumulated depreciation	-	(1,436.97)	(62,713.46)	(52,964.09)	(2,125.24)	(9,480.71)	(3,641.93)	(7,149.88)	-	(139,512.28)	
Allowance for impairment	-	(0.18)	(92.10)	(5,925.66)	(40.75)	(154.70)	(315.24)	(292.98)	-	(6,821.61)	
Net book value	1,849.15	448.66	6,655.43	40,977.00	48.86	10,544.10	125.83	5,185.83	11,611.64	77,446.50	
Year ended 31 December 2013											
Opening net book value	1,849.15	448.66	6,655.43	40,977.00	48.86	10,544.10	125.83	5,185.83	11,611.64	77,446.50	
Additions	-	-	-	2,637.17	-	1,288.49	-	1,956.39	21,872.56	27,754.61	
Disposals, net	-	(50.20)	(0.10)	(13,999.99)	(0.08)	(6,573.02)	-	(304.01)	-	(20,927.40)	
Disposals of subsidiaries and joint venture (Note 18)	-	-	-	266.13	-	(63.05)	-	-	(5.02)	198.06	
Adjustments/reclassifications	-	78.02	2.59	14,377.18	0.08	6,319.69	-	94.12	(20,703.92)	167.76	
Depreciation charge	(114.15)	(87.77)	(1,162.95)	(9,913.24)	(28.51)	(2,033.82)	(25.65)	(1,434.69)	-	(14,800.78)	
Impairment charge	-	-	-	(2,056.00)	-	-	-	(0.09)	-	(2,056.09)	
Closing net book value	1,735.00	388.71	5,494.97	32,288.25	20.35	9,482.39	100.18	5,497.55	12,775.26	67,782.66	
At 31 December 2013											
Cost	1,849.15	1,911.08	69,231.69	103,029.82	2,116.48	20,323.98	4,083.00	13,594.01	12,775.26	228,914.47	
Less Accumulated depreciation	(114.15)	(1,522.19)	(63,644.63)	(62,689.66)	(2,060.29)	(10,686.89)	(3,667.58)	(7,803.39)	-	(152,188.78)	
Allowance for impairment	-	(0.18)	(92.09)	(8,051.91)	(35.84)	(154.70)	(315.24)	(293.07)	-	(8,943.03)	
Net book value	1,735.00	388.71	5,494.97	32,288.25	20.35	9,482.39	100.18	5,497.55	12,775.26	67,782.66	



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## 20. Property, plant and equipment, net (Cont'd)

Non - network equipment	Consolidated					
	Land and land improvement	Building and improvement	Furniture, fixtures and equipment	Power supply and computers	Vehicles	Work in progress
	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million	Baht Million
						Total Baht Million
<b>At 1 January 2012</b>						
Cost	563.55	3,400.32	5,141.44	7,707.46	6,106.84	23,463.09
Less Accumulated depreciation	(3.80)	(2,205.46)	(3,698.70)	(6,489.91)	(2,793.87)	(15,191.74)
Allowance for impairment	(14.34)	(62.50)	(126.46)	(274.27)	(1.32)	(478.89)
<b>Net book value</b>	<b>545.41</b>	<b>1,132.36</b>	<b>1,316.28</b>	<b>943.28</b>	<b>3,311.65</b>	<b>7,792.46</b>
<b>Year ended 31 December 2012</b>						
Opening net book value	545.41	1,132.36	1,316.28	943.28	3,311.65	7,792.46
Additions	35.44	63.44	830.88	290.26	1,399.69	4,178.18
Disposals, net	-	(1.14)	(5.19)	(1.74)	(213.22)	(221.29)
Adjustments/reclassifications	(0.01)	91.27	(343.62)	521.59	0.92	(542.55)
Depreciation charge	-	(128.17)	(270.27)	(358.21)	(1,203.75)	(1,960.40)
Impairment charge	-	-	(1.55)	(3.24)	-	(13.06)
<b>Closing net book value</b>	<b>580.84</b>	<b>1,157.76</b>	<b>1,526.53</b>	<b>1,391.94</b>	<b>3,295.29</b>	<b>9,233.34</b>
<b>At 31 December 2012</b>						
Cost	598.99	3,521.83	4,775.02	7,338.59	6,392.44	23,916.12
Less Accumulated depreciation	(3.81)	(2,301.57)	(3,129.34)	(5,669.70)	(3,095.83)	(14,200.25)
Allowance for impairment	(14.34)	(62.50)	(119.15)	(276.95)	(1.32)	(482.53)
<b>Net book value</b>	<b>580.84</b>	<b>1,157.76</b>	<b>1,526.53</b>	<b>1,391.94</b>	<b>3,295.29</b>	<b>9,233.34</b>
<b>Year ended 31 December 2013</b>						
Opening net book value	580.84	1,157.76	1,526.53	1,391.94	3,295.29	9,233.34
Additions	0.23	41.92	445.67	279.58	1,272.71	3,650.36
Disposals, net	-	(12.01)	(13.34)	(6.18)	(129.80)	(165.02)
Disposals of subsidiaries and joint venture (Note 18)	(432.21)	(777.29)	(500.44)	(478.74)	(3,489.77)	(6,437.50)
Classification of investment (Note 18)	-	0.01	0.03	0.14	-	0.18
Adjustments/reclassifications	-	241.31	62.72	583.80	-	(144.10)
Depreciation charge	-	(149.06)	(275.42)	(401.76)	(932.10)	(1,758.34)
<b>Closing net book value</b>	<b>148.86</b>	<b>502.64</b>	<b>1,245.75</b>	<b>1,368.78</b>	<b>16.33</b>	<b>4,378.92</b>
<b>At 31 December 2013</b>						
Cost	148.86	1,688.27	3,671.61	6,627.23	43.02	13,275.55
Less Accumulated depreciation	-	(1,123.13)	(2,309.56)	(4,994.38)	(25.37)	(8,452.44)
Allowance for impairment	-	(62.50)	(116.30)	(264.07)	(1.32)	(444.19)
<b>Net book value</b>	<b>148.86</b>	<b>502.64</b>	<b>1,245.75</b>	<b>1,368.78</b>	<b>16.33</b>	<b>4,378.92</b>



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20.	Property, plant and equipment, net (Cont'd)	Company							
		Land and land improvement Baht Million	Building and improvement Baht Million	Telephone network equipment Baht Million	Wireless network equipment Baht Million	Public phones Baht Million	Power supply and computers Baht Million	Work in progress Baht Million	Total Baht Million
	Network equipment								
	At 1 January 2012								
	Cost	1,849.15	1,824.74	69,313.79	5,381.00	2,212.10	3,922.64	15.68	84,519.10
	Less Accumulated depreciation	-	(1,347.03)	(61,491.78)	(2,994.61)	(2,077.65)	(3,493.46)	-	(71,404.53)
	Allowance for impairment	-	(0.18)	(92.27)	(1,959.34)	(35.83)	(315.24)	-	(2,402.86)
	Net book value	1,849.15	477.53	7,729.74	427.05	98.62	113.94	15.68	10,711.71
	Year ended 31 December 2012								
	Opening net book value	1,849.15	477.53	7,729.74	427.05	98.62	113.94	15.68	10,711.71
	Additions	-	-	148.86	-	-	-	2.61	151.47
	Disposals, net	-	-	-	-	(0.41)	-	-	(0.41)
	Adjustments/reclassifications	-	-	7.62	(0.56)	(0.09)	-	(2.91)	4.06
	Depreciation charge	-	(79.85)	(1,228.78)	(105.71)	(49.25)	(13.78)	-	(1,477.37)
	Closing net book value	1,849.15	397.68	6,657.44	320.78	48.87	100.16	15.38	9,389.46
	At 31 December 2012								
	Cost	1,849.15	1,824.74	69,469.71	5,380.92	2,198.95	3,922.64	15.38	84,661.49
	Less Accumulated depreciation	-	(1,426.88)	(62,720.17)	(3,100.63)	(2,114.16)	(3,507.24)	-	(72,869.08)
	Allowance for impairment	-	(0.18)	(92.10)	(1,959.51)	(35.92)	(315.24)	-	(2,402.95)
	Net book value	1,849.15	397.68	6,657.44	320.78	48.87	100.16	15.38	9,389.46
	Year ended 31 December 2013								
	Opening net book value	1,849.15	397.68	6,657.44	320.78	48.87	100.16	15.38	9,389.46
	Additions	-	-	-	-	-	-	0.16	0.16
	Disposals, net	-	-	(0.10)	-	(0.08)	-	-	(0.18)
	Adjustments/reclassifications	-	-	2.58	-	0.07	-	-	2.65
	Depreciation charge	(114.15)	(79.84)	(1,164.98)	(103.00)	(28.51)	(13.76)	-	(1,504.24)
	Closing net book value	1,735.00	317.84	5,494.94	217.78	20.35	86.40	15.54	7,887.85
	At 31 December 2013								
	Cost	1,849.15	1,824.74	69,240.41	5,380.92	2,116.48	3,922.64	15.54	84,349.88
	Less Accumulated depreciation	(114.15)	(1,506.72)	(63,653.38)	(3,203.63)	(2,060.28)	(3,521.00)	-	(74,059.16)
	Allowance for impairment	-	(0.18)	(92.09)	(1,959.51)	(35.85)	(315.24)	-	(2,402.87)
	Net book value	1,735.00	317.84	5,494.94	217.78	20.35	86.40	15.54	7,887.85



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20. Property, plant and equipment, net (Cont'd)

	Company					
	Leasehold and improvement Baht Million	Furniture, fixtures and equipment Baht Million	Power supply and computers Baht Million	Vehicles Baht Million	Work in progress Baht Million	Total Baht Million
Non - network equipment						
At 1 January 2012						
Cost	313.92	574.62	1,200.42	3.23	-	2,092.19
Less Accumulated depreciation	(295.32)	(483.66)	(1,144.70)	(1.19)	-	(1,924.87)
Net book value	18.60	90.96	55.72	2.04	-	167.32
Year ended 31 December 2012						
Opening net book value	18.60	90.96	55.72	2.04	-	167.32
Additions	0.20	14.44	20.46	-	53.93	89.03
Disposals, net	-	(0.39)	(1.15)	-	-	(1.54)
Adjustments/reclassifications	27.67	2.60	1.05	-	(31.45)	(0.13)
Depreciation charge	(21.31)	(26.22)	(21.00)	(0.30)	-	(68.83)
Closing net book value	25.16	81.39	55.08	1.74	22.48	185.85
At 31 December 2012						
Cost	332.76	576.98	1,150.87	3.23	22.48	2,086.32
Less Accumulated depreciation	(307.60)	(495.59)	(1,095.79)	(1.49)	-	(1,900.47)
Net book value	25.16	81.39	55.08	1.74	22.48	185.85
Year ended 31 December 2013						
Opening net book value	25.16	81.39	55.08	1.74	22.48	185.85
Additions	1.88	14.55	20.33	-	32.34	69.10
Disposals, net	-	(0.58)	(0.26)	-	-	(0.84)
Adjustments/reclassifications	39.63	1.11	1.01	-	(41.76)	(0.01)
Depreciation charge	(30.55)	(23.04)	(19.45)	(0.30)	-	(73.34)
Closing net book value	36.12	73.43	56.71	1.44	13.06	180.76
At 31 December 2013						
Cost	348.70	568.11	1,158.86	3.23	13.06	2,091.96
Less Accumulated depreciation	(312.58)	(494.68)	(1,102.15)	(1.79)	-	(1,911.20)
Net book value	36.12	73.43	56.71	1.44	13.06	180.76



21. Goodwill, net

	<u>Consolidated</u> <u>Baht Million</u>
Details of goodwill are as follows:	
Cost	21,201.79
<u>Less</u> Accumulated amortisation	(8,773.78)
Allowance for impairment	(1,024.92)
Net book value	<u>11,403.09</u>

There is no movement in goodwill during 2012 and 2013.

22. Intangible assets, net

At 31 December	<u>Consolidated</u>		<u>Company</u>	
	<u>2013</u> <u>Baht Million</u>	<u>2012</u> <u>Baht Million</u>	<u>2013</u> <u>Baht Million</u>	<u>2012</u> <u>Baht Million</u>
Current (included in "Other current assets" (Note 17))	544.02	816.39	-	-
Non-current	28,880.55	35,401.78	143.60	206.07
Total	<u>29,424.57</u>	<u>36,218.17</u>	<u>143.60</u>	<u>206.07</u>



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22. Intangible assets, net (Cont'd)

	Consolidated								
	Trademark, Copyright and licence Baht Million	Computer software Baht Million	Rights to operate Baht Million	Film and Program right Baht Million	Service contract Baht Million	Leased transponder equipment Baht Million	Customer list Baht Million	Work in progress Baht Million	Total Baht Million
<b>At 1 January 2012</b>									
Cost	2,403.56	10,923.50	5,903.11	1,720.50	14,468.00	4,994.63	400.14	250.37	41,063.81
Less Accumulated amortisation	(1,103.72)	(8,075.40)	(1,927.69)	(946.67)	(922.33)	(2,132.11)	(400.14)	-	(15,508.06)
Allowance for impairment	(1,213.38)	(581.03)	-	-	-	-	-	(8.68)	(1,803.09)
Net book value	86.46	2,267.07	3,975.42	773.83	13,545.67	2,862.52	-	241.69	23,752.66
<b>Year ended 31 December 2012</b>									
Opening net book value	86.46	2,267.07	3,975.42	773.83	13,545.67	2,862.52	-	241.69	23,752.66
Additions	13,538.02	554.54	-	1,935.57	-	-	-	469.94	16,498.07
Disposals, net	(0.51)	(0.40)	-	-	-	-	-	-	(0.91)
Adjustments/reclassifications	8.81	518.11	-	-	-	-	-	(384.18)	142.74
Amortisation charge	(78.70)	(570.00)	(220.10)	(1,752.22)	(996.00)	(414.12)	-	-	(4,031.14)
Impairment charge	-	(111.25)	-	-	-	-	-	(32.00)	(143.25)
Closing net book value	13,554.08	2,658.07	3,755.32	957.18	12,549.67	2,448.40	-	295.45	36,218.17
<b>At 31 December 2012</b>									
Cost	15,889.50	11,973.34	5,903.12	2,200.59	14,468.00	4,994.63	400.14	336.13	56,165.45
Less Accumulated amortisation	(1,122.04)	(8,621.12)	(2,147.80)	(1,243.41)	(1,918.33)	(2,546.23)	(400.14)	-	(17,999.07)
Allowance for impairment	(1,213.38)	(694.15)	-	-	-	-	-	(40.68)	(1,948.21)
Net book value	13,554.08	2,658.07	3,755.32	957.18	12,549.67	2,448.40	-	295.45	36,218.17
<b>Year ended 31 December 2013</b>									
Opening net book value	13,554.08	2,658.07	3,755.32	957.18	12,549.67	2,448.40	-	295.45	36,218.17
Additions	45.01	518.61	-	1,441.80	-	1,064.97	-	433.26	3,503.65
Disposals, net	(1.37)	(0.21)	(2,269.02)	-	(2,964.38)	-	-	-	(5,234.98)
Disposals of subsidiaries and joint venture (Note 18)	(86.92)	(97.27)	-	-	-	-	-	(153.35)	(337.54)
Classification of investment (Note 18)	-	0.20	-	-	-	-	-	-	0.20
Adjustments/reclassifications	12.58	393.13	-	-	-	-	-	(335.54)	70.17
Amortisation charge	(929.35)	(525.20)	(198.74)	(1,709.00)	(998.73)	(434.08)	-	-	(4,795.10)
Closing net book value	12,594.03	2,947.33	1,287.56	689.98	8,586.56	3,079.29	-	239.82	29,424.57
<b>At 31 December 2013</b>									
Cost	13,584.28	12,692.58	2,245.78	1,931.01	10,755.00	3,237.67	-	280.50	44,726.82
Less Accumulated amortisation	(990.25)	(9,051.10)	(958.22)	(1,241.03)	(2,168.44)	(158.38)	-	-	(14,567.42)
Allowance for impairment	-	(694.15)	-	-	-	-	-	(40.68)	(734.83)
Net book value	12,594.03	2,947.33	1,287.56	689.98	8,586.56	3,079.29	-	239.82	29,424.57



**22. Intangible assets, net (Cont'd)**

**Trademark, copyright and Licence**

Included in "Trademark, Copyright and Licence" amount of Baht 12,564.73 million (net of amortisation Baht 963.67 million) is right to operate IMT 2.1 GHz Bandwidth licence awarded by NBTC over the next 15 years. On 22 October 2012, the Group paid 50% cost of the licence equivalent to Baht 7,222.50 million including VAT. The remaining 50% will be paid in two installations on 7 December 2014 and 7 December 2015. The unpaid amount of Baht 3,375.00 million (excluding VAT) were recognised under "Trade and other payable" and under "Other non-current liabilities", respectively in the consolidated financial statement (Note 31).

**Right to operate**

Consists the following:

1. The right to operate NON-POTS services represents the fair value of TOT's interest in the nationwide NON-POTS agreement for which a subsidiary, True Multimedia Co., Ltd. ("TM") issued 18.50 million ordinary shares in exchange for the agreement.
2. The right to hang dropwire represents the fair value of TOT's interest in the multimedia network which TM issued 40.00 million ordinary shares in exchange for this privilege.
3. The rights to operate represent the discounted cash flow of minimum fees payable to CAT and MCOT as described in Note 29 and Note 37.3.

Right to operate with a net book value of Baht 2,269.02 million is written-off simultaneously with the reversal of the liability under the agreement for operation amounting to Baht 3,060.20 million (Note 29) as a result of non-extension of the period to provide mobile service in the 1800 MHz spectrum. Gain on reversal of the right and liabilities under agreement for operation of Baht 791.18 million was recognised as "Other income" in the consolidated statement of comprehensive income for the year ended 31 December 2013.

**Service contract**

Service contract represents the fair value of identifiable intangible asset derived from a business acquisition.

Service contract with a net book value of Baht 2,964.38 million is disposed in connection with the costs of assets sale under the "Asset and Revenue Sale and Transfer Agreement" (Note 40).



22. Intangible assets, net (Cont'd)

Movement of the Company's intangible assets are as follows:

	Company		
	Computer software Baht Million	Work in progress Baht Million	Total Baht Million
<b>At 1 January 2012</b>			
Cost	2,321.27	0.24	2,321.51
<u>Less</u> Accumulated amortisation	(2,007.96)	-	(2,007.96)
Net book value	313.31	0.24	313.55
<b>Year ended 31 December 2012</b>			
Opening net book value	313.31	0.24	313.55
Additions	6.90	-	6.90
Disposals, net	(0.40)	-	(0.40)
Adjustments/reclassifications	(0.46)	(0.24)	(0.70)
Amortisation charge	(113.28)	-	(113.28)
Closing net book value	206.07	-	206.07
<b>At 31 December 2012</b>			
Cost	2,326.94	-	2,326.94
<u>Less</u> Accumulated amortisation	(2,120.87)	-	(2,120.87)
Net book value	206.07	-	206.07
<b>Year ended 31 December 2013</b>			
Opening net book value	206.07	-	206.07
Additions	3.23	-	3.23
Amortisation charge	(65.70)	-	(65.70)
Closing net book value	143.60	-	143.60
<b>At 31 December 2013</b>			
Cost	2,330.17	-	2,330.17
<u>Less</u> Accumulated amortisation	(2,186.57)	-	(2,186.57)
Net book value	143.60	-	143.60



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23. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences, using the liability method and applying a principal tax rate of 20% for 2013 onwards (2012: 23%). The deferred taxation related to the temporary differences between the carrying amounts and the tax bases of assets and liabilities of the Group are summarised below:

As at 31 December	Consolidated				2013 Baht Million
	2012 Baht Million	Disposal of subsidiaries and joint venture Baht Million	Credit (debit) to profit or loss Baht Million	Other Comprehensive Income Baht Million	
<b>Deferred income tax assets</b>					
Depreciation	2,512.52	(26.54)	(516.34)	-	1,969.64
Allowances	2,288.61	(1.01)	(22.61)	-	2,264.99
Borrowings	231.67	-	(69.31)	-	162.36
Other current assets	0.96	-	(0.96)	-	-
Unearned income	29.56	-	(18.99)	-	10.57
Accrued expenses	19.42	-	1.98	-	21.40
Other current liabilities	0.10	-	(0.02)	-	0.08
Tax loss carry forwards	1,197.98	-	317.31	-	1,515.29
Minimum payment fees	28.52	-	(5.45)	-	23.07
Film and program right	31.51	-	(0.50)	-	31.01
Employee benefits obligations	34.57	(11.35)	25.22	8.36	56.80
Provisions	-	-	1,352.26	-	1,352.26
	6,375.42	(38.90)	1,062.59	8.36	7,407.47
<b>Deferred income tax liabilities</b>					
Accounts receivable - billed customers	(191.33)	-	(97.68)	-	(289.01)
Debt issuance cost	(183.66)	0.47	16.70	-	(166.49)
Leased assets	(88.53)	11.96	40.38	-	(36.19)
Depreciation and amortisation	(3,648.85)	77.86	1,255.88	-	(2,315.11)
Difference on network assets	(617.47)	-	(529.11)	-	(1,146.58)
Accrued regulatory cost	(43.17)	-	43.17	-	-
Borrowings	-	-	(2,783.09)	-	(2,783.09)
Other current liabilities	-	-	(8.37)	-	(8.37)
	(4,773.01)	90.29	(2,062.12)	-	(6,744.84)
<b>Deferred income tax, net</b>	1,602.41	51.39	(999.53)	8.36	662.63

As at 31 December	Company		
	2012 Baht Million	Credit (debit) to profit or loss Baht Million	2013 Baht Million
<b>Deferred income tax assets</b>			
Depreciation	2,031.07	(475.32)	1,555.75
Allowances	33.19	(4.91)	28.28
Borrowings	231.66	(69.30)	162.36
	2,295.92	(549.53)	1,746.39
<b>Deferred income tax liabilities</b>			
Accounts receivable - billed customers	(191.33)	(97.67)	(289.00)
Depreciation	(19.57)	7.38	(12.19)
Debt issuance cost	(15.83)	(13.85)	(29.68)
Deferred interest expenses	(15.12)	15.12	-
Leased assets	(0.23)	(0.48)	(0.71)
	(242.08)	(89.50)	(331.58)
<b>Deferred income tax, net</b>	2,053.84	(639.03)	1,414.81



23. Deferred income taxes (Cont'd)

Presentation in the statements of financial position are as follows:

	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Deferred income tax assets	4,757.81	5,181.78	1,414.81	2,053.84
Deferred income tax liabilities	(4,095.18)	(3,579.37)	-	-
Deferred income tax, net	662.63	1,602.41	1,414.81	2,053.84

Deferred income tax assets and liabilities are offset when the income taxes related to the same fiscal authority. Deferred tax assets and deferred tax liabilities in the consolidated financial positions are presented at net amount of assets and liabilities incurred in each entity.

The movement on deferred income taxes during the year is as follows:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Opening net book value	1,602.41	2,801.56	2,053.84	2,803.25
Charge to profit or loss (Note 10)	(999.53)	(1,199.15)	(639.03)	(749.41)
Disposal of subsidiaries and joint venture (Note 18)	51.39	-	-	-
Other comprehensive income	8.36	-	-	-
Closing net book value	662.63	1,602.41	1,414.81	2,053.84

Deferred income tax assets are recognised for tax loss carry forwards only to the extent that realisation of the related tax benefit through the future taxable profits is probable.

The Group did not recognise deferred income tax assets of Baht 13,353.32 million in respect of tax losses carried forward approximately Baht 66,766.62 million. A summary of the tax losses carried forward and the expiry dates are set out below:

Expiry year	Consolidated Baht Million	Company Baht Million
2014	4,470.07	1,021.70
2015	7,599.22	617.69
2016	27,907.45	13,157.05
2017	14,414.82	1,652.96
2018	19,951.51	457.76
	74,343.07	16,907.16



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24. Other non-current assets

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Value added tax pending receipt of tax invoices related to debt restructuring	122.31	199.27	122.31	199.27
Deposits	815.26	516.17	111.07	111.77
Accounts receivable	-	195.56	-	-
Others	75.25	6.95	63.29	19.28
Total	1,012.82	917.95	296.67	330.32

25. Borrowings

Short-term borrowings

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Loans from banks	3,742.85	5,096.10	-	2,048.39
Total	3,742.85	5,096.10	-	2,048.39

Short-term borrowings are unsecured loans from banks and financial institutions. The loans from banks and financial institutions are bearing interest rate at MLR and will be due during the next six months.

Long-term borrowings

Borrowings are denominated in Thai Baht, United States Dollars and Japanese Yen.

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
<b>Current</b>				
- Banks and financial institutions	3,771.21	6,470.31	-	2,759.64
- Finance leases	766.53	1,801.39	12.50	12.49
- Debentures	4,652.19	1,250.21	4,300.00	1,100.00
- Suppliers credit	704.20	-	704.20	-
Total Current	9,894.13	9,521.91	5,016.70	3,872.13
<b>Non-current</b>				
- Banks and financial institutions	42,335.25	57,185.84	-	-
- Finance leases	3,452.87	4,310.15	18.56	30.86
- Debentures	28,364.62	21,243.23	28,364.62	20,916.01
- Suppliers credit	2,108.25	4,065.39	2,108.25	4,065.39
Total Non-current	76,260.99	86,804.61	30,491.43	25,012.26
Total	86,155.12	96,326.52	35,508.13	28,884.39



25. Borrowings (Cont'd)

Movement of borrowings can be analysed as follows:

For the year ended 31 December 2013

	Consolidated Baht Million	Company Baht Million
Opening net book value	96,326.52	28,884.39
Additional borrowings:		
- principal (net of debt issuance cost)	32,550.47	24,871.87
- non-cash finance leases	3,232.61	-
- interest	362.13	5.24
Repayment of borrowings		
- cash item	(42,611.92)	(17,697.78)
- realised gain on foreign exchange	(107.70)	(107.70)
Amortisation of debt issuance costs	322.74	71.86
Currencies translations	(110.38)	(374.47)
Disposal of subsidiaries and joint venture (Note 18)	(3,609.16)	-
Gain on settlement of DPN obligation	(145.28)	(145.28)
Gain on termination of finance lease agreement	(54.91)	-
Closing net book value	86,155.12	35,508.13

Borrowings are net of unamortised debt issuance costs of Baht 1,224.34 million for consolidation (2012: Baht 1,182.44 million) and Baht 148.38 million for the Company (2012: Baht 79.10 million).

Maturity of non-current borrowings (excluding finance lease liabilities and unamortised debt issuance cost):

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Between 1 and 2 years	12,290.61	13,276.17	4,202.75	9,011.19
Between 2 and 5 years	54,457.31	44,517.21	26,418.50	16,037.20
Over 5 years	7,280.73	25,870.60	-	-
	74,028.65	83,663.98	30,621.25	25,048.39

The carrying amounts and fair values of certain non-current borrowings (excluding finance lease liabilities) of the Group are as follows:

	Carrying amounts		Fair values	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Bank and financial institutions	42,335.25	57,185.84	43,260.75	57,772.56
Debentures	28,364.62	21,243.23	29,059.99	21,395.20
Suppliers credit	2,108.25	4,065.39	1,585.97	3,984.21

The fair value of current borrowings and lease obligation are equals their carrying amount, as the impact of discounting is not significant. The fair values are based on discounted cash flows using a discount rate based on the borrowing rate of 6.45% (2012: 6.15%).



## 25. Borrowings (Cont'd)

The carrying amounts and fair values of the Group's non-current borrowings (excluding finance lease liabilities) are denominated in the following currencies:

	Carrying amounts		Fair values	
	2013 Equivalent to Baht Million	2012 Equivalent to Baht Million	2013 Equivalent to Baht Million	2012 Equivalent to Baht Million
Thai Baht	70,699.87	78,101.85	72,320.74	78,819.60
US dollar	-	327.22	-	348.25
Japanese Yen	2,108.25	4,065.39	1,585.97	3,984.21

The interest rate exposure of the borrowings of the Group and the Company are as follows:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Total borrowings (excluding the unamortised debt issuance cost)				
- at fixed rates	40,198.07	32,740.88	35,656.51	26,191.74
- at floating rates	47,181.39	64,768.08	-	2,771.75
	<u>87,379.46</u>	<u>97,508.96</u>	<u>35,656.51</u>	<u>28,963.49</u>

The Group has the following weighted average effective interest rates:

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
Weighted average effective interest rates				
- banks and financial institutions	7.64%	7.16%	-	-
- finance lease	7.32%	11.10%	0.59%	0.86%
- debentures	5.27%	6.07%	5.27%	6.38%

The Group has the following undrawn committed borrowing facilities:

	Consolidated	
	2013 Baht Million	2012 Baht Million
Floating rate		
- expiring within one year	<u>5,779.65</u>	<u>4,362.12</u>



25. Borrowings (Cont'd)

**Finance lease liabilities**

Lease liabilities are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liabilities - minimum lease payment:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Not later than 1 year	1,029.74	2,092.24	12.50	12.49
Later than 1 year and not later than 5 years	3,150.99	4,350.58	18.74	31.24
Later than 5 years	944.00	431.92	-	-
	5,124.73	6,874.74	31.24	43.73
Future finance charges on finance leases	(905.33)	(763.20)	(0.18)	(0.38)
Present value of finance lease liabilities	4,219.40	6,111.54	31.06	43.35

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Representing lease liabilities:				
- current	766.53	1,801.39	12.50	12.49
- non-current	3,452.87	4,310.15	18.56	30.86
	4,219.40	6,111.54	31.06	43.35

The present value of finance lease liabilities is as follows:

At 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Not later than 1 year	802.11	1,801.39	12.50	12.49
Later than 1 year and not later than 5 years	2,571.33	3,890.49	18.56	30.86
Later than 5 years	845.96	419.66	-	-
	4,219.40	6,111.54	31.06	43.35

As at 31 December 2013, detail of borrowings can be summarized as follows:

**Bank borrowings**

Bank borrowings are mature in 2021 and bear average interest of 7.28% per annum (2012: 7.97% per annum).

Borrowings include secured liabilities being loans under leases, and loans from banks and financial institutions of Baht 50.33 billion (2012: Baht 82.95 billion) and Baht 0.03 billion (2012: Baht 15.99 billion) in the consolidated and Company financial statements, respectively. The bank borrowings are secured with shares of subsidiaries, network equipment, and land and building of the Group and guaranteed by a subsidiary of the Group (Note 37). Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.



25. Borrowings (Cont'd)

Bank borrowings (Cont'd)

New Facilities

On 18 February 2013, the group of subsidiaries under Mobile Business ("Group Borrowers") entered into Amendment and Restatement Agreement relating to Credit Facilities Agreement ("Agreement") with local banks to obtain additional loan. The loan is dominated in Thai Baht with total additional facility of Baht 21.00 billion (including Baht 7.00 billion short-term loan) which will be used for payment of IMT 2.1 GHz licence, rolling out its IMT 2.1 GHz network and for the purpose of its working capital. The loan carries interest at lenders' MLR plus an applicable margin as stipulated in the Agreement. The loan is secured by conditional assignment of key operating accounts, conditional assignment of material agreements, pledges of shares of the subsidiary within the Group Borrowers and guaranteed by the Group Borrowers. The loan is repayable on a quarterly basis commencing the 39th month after the first utilisation date. The final maturity date will be 10 years after the first utilisation date. Under the terms and conditions of the Agreement, the Group Borrowers must comply with certain conditions including maintaining financial ratio as stipulated in the Agreement. In addition, the majority lenders' consent must be obtained if the Group Borrowers would incur certain types of financial indebtedness. As at 31 December 2013, The Group Borrowers drew down Baht 7,250 million with repayment during the year 2013 of Baht 2,350 million for short-term loan portion, and drew down Baht 2,303 million with repayment during the year 2013 of Baht 1,320 million for long-term portion from the available line of credit.

On 16 September 2013, a subsidiary entered into a loan agreement with a Thai bank. The loan is denominated in Thai Baht amounting to Baht 5.10 billion. The loan carries interest at lender's MLR minus agreed rate for the first year and at the lender's MLR afterward. The loan is secured by conditional transferred of the subsidiary's right in revenue account. The loan is repayable on a quarterly basis starting from the 27th month from the first drawdown date and final payment will be on 30 September 2021. As at 31 December 2013, the subsidiary has drawdown Baht 1.62 billion. The proceeds will be used for expansion of network. Under terms and conditions of the loan agreement, the subsidiary must comply with certain condition including maintaining financial ratio. In addition, lender's consent must be obtained if the subsidiary would incur certain type of indebtedness.

Refinancing

On 20 June 2011, a subsidiary entered into a loan agreement with a Thai bank. The loan is dominated in Thai Baht amounting to Baht 8.79 billion. The loan carries interest at lender's MLR minus agreed rate for the first year and at the lender's MLR afterward. The loan is secured by conditional transferred of the subsidiary's right in revenue account. The loan is payable on a quarterly basis starting from the 27th month from signing date and final payment will be on 30 June 2019. The subsidiary fully drew down this loan within the year 2013. The proceeds have been used for repayment of the subsidiary's existing debt and expansion of its network. Under terms and conditions of the loan agreement, the subsidiary must comply with certain condition including maintaining financial ratio. In addition, lender's consent must be obtained if the subsidiary would incur certain type of indebtedness.

On 6 September 2011, the group of subsidiaries under Mobile Business ("Group Borrowers") entered into a loan agreement with four local banks. The loan is dominated in Thai Baht with total facility of Baht 48.94 billion which will be used for the expansion of its HSPA network, for the repayment of its existing debt and for the purpose of its working capital. The loan carries interest at lenders' MLR plus an applicable margin as stipulated in the agreement. The loan is secured by conditional assignment of key operating accounts, conditional assignment of material agreements, pledges of shares of the subsidiary within the Group Borrowers and guarantee by the Group Borrowers. The loan is payable on a quarterly basis commencing on the 39th month after the first utilisation date. The final maturity date will be in September 2021. Under the terms and conditions of the loan agreement, the subsidiaries must comply with certain conditions including maintaining financial ratio as stipulated in the agreement. In addition, the majority lenders' consent must be obtained if the Group Borrowers would incur certain types of financial indebtedness. As at 31 December 2013, the Group Borrowers drew down of Baht 48.12 billion from the available line of credit. And certain subsidiary made a prepayment of Baht 18,360.31 million on 27 December 2013.



**25. Borrowings (Cont'd)**

**Debentures and US Dollars Notes**

Company's debentures are unsecured debentures and will be mature between 2014 and 2017. The debentures are denominated in Thai Baht and bear average interest of 5.08% per annum.

On 31 March 2011, the Company issued 1.80 million units of unsecured debentures at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 6.30% per annum and are repayable on a quarterly basis starting from 7 July 2011. The maturity date will be on 7 April 2014. The Company used Baht 1.79 billion of net proceed to repay its existing borrowing.

On 5 October 2012, the Company issued 6.00 million units of unsecured debentures at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 6.00% per annum and are payable on a quarterly basis starting from 5 January 2012. The maturity date will be on 5 October 2016. The proceeds of Baht 5,962.15 million, net of debt issuance cost and related expenses, will be used for the Company's ongoing operation.

On 5 April 2013, the Company issued 7.80 million units of unsecured debentures at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 5.80% per annum and are repayable on a quarterly basis starting from 5 July 2013. The maturity date will be on 5 April 2017. The Company used Baht 7.75 billion of net proceed to prepay its existing borrowing.

On 5 July 2013, the Company issued 11.21 million units of unsecured debenture at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 5.55% per annum and are repayable on the quarterly basis starting from 5 October 2013. The maturity date will be on 5 July 2017. The Company used Baht 11.15 billion of net proceed to prepay its existing borrowing.

On 15 November 2013, the Company issued 2.50 million units and 3.50 million units of unsecured debenture at par value of Baht 1,000 per unit. The debentures carry interest at the rate of 4.70% per annum and 4.95% per annum, respectively and are repayable on a quarterly basis starting from 15 February 2014. The maturity date will be on 15 November 2014 and 15 November 2015, respectively. The Company used Baht 4.87 billion of net proceed to repay its existing borrowing.

The US Dollars Notes are the notes issued by a subsidiary in 2006 and 2007 outstanding amount of US Dollars 10.72 million and mature until 2014. The notes bear average interest of 10.49% per annum. The notes are guaranteed by the parent company of the subsidiary. Subsequently, on 16 December 2013, the subsidiary redeemed the US Dollars Notes amount of US Dollars 4.91 million equivalent to Baht 151.03 million.

**Suppliers credit**

Suppliers credit are the Company's Deferred Payment Note ("DPN") issued to certain unsecured creditors since 2002. The DPN are denominated in Japanese Yen, mature in 2017 and bear interest of 2.00% per annum.

The Company and certain unsecured creditors agreed to settle obligation under the Deferred Payment Notes Agreement and the Unsecured Creditors Restructuring Agreement dated 22 December 1999 ("DPN Agreement"). The Company agreed to pay the settlement price of Baht 630.53 million and the unsecured creditors agreed to return the Deferred Payment Notes book value of Baht 775.81 million to the Company and release all outstanding obligation. During 2013, the Company recognised gain on early settlement of DPN obligation of Baht 145.28 million under "Other income" in the Company's and consolidated comprehensive income for the year ended 31 December 2013.

Under the terms and conditions of certain financing agreement, the Company and certain subsidiaries must comply with certain conditions including maintaining financial ratios. In addition, creditors' consent must be obtained if the Company or certain subsidiaries would incur certain type of indebtedness.



26. Trade and other payables

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Trade accounts payable	33,217.06	20,580.81	656.07	573.53
Other payables	1,829.24	767.70	110.11	46.47
Unearned income	18,640.52	3,535.96	16,487.85	51.80
Accrued expenses	34,705.66	19,837.30	1,978.66	1,108.28
Trade and other payables	88,392.48	44,721.77	19,232.69	1,780.08

Unearned income included the advance received of Baht 16,390.55 million in relation to assets sale under the "Asset Sale and Transfer Agreement" (Note 40).

Accrued expenses can be analysed as follows:

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Regulatory cost	20,061.20	10,806.35	343.70	120.91
Accrued licence fee	4,614.10	1,120.53	-	-
Current portion of liabilities under agreements for operation (Note 29)	27.48	731.71	-	-
Network facility expenses	359.96	603.12	123.67	97.39
Performance pay	858.77	735.27	196.11	146.19
Interest expenses	453.54	377.76	414.91	316.95
Others	8,330.61	5,462.56	900.27	426.84
Total accrued expenses	34,705.66	19,837.30	1,978.66	1,108.28

27. Other current liabilities

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Output VAT pending tax invoice	2,247.75	2,652.28	160.29	368.66
Others	2,191.60	647.01	1,284.18	92.62
Total	4,439.35	3,299.29	1,444.47	461.28

28. Long-term trade accounts payable

Movement of long-term trade accounts payable can be analysed as follows:

For the year ended 31 December	Consolidated and Company	
	2013	2012
	Baht Million	Baht Million
Opening net book value	14.04	36.32
Reclassification	(14.04)	(22.28)
Closing net book value	-	14.04



29. Liabilities under agreements for operation

Detail of liabilities under agreements for operation can be summarised as follows:

At 31 December	Consolidated	
	2013 Baht Million	2012 Baht Million
Current (included in "Accrued expenses") (Note 26)	27.48	731.71
Non-current	120.14	3,079.52
	<u>147.62</u>	<u>3,811.23</u>

Movement of liabilities under agreements for operation can be analysed as follow:

	Consolidated Baht Million
<b>For the year ended 31 December 2013</b>	
Opening net book value	3,811.23
Repayments	(790.00)
Reversal of liabilities under agreement for operation (Note 22)	(3,060.20)
Interest expense charge	186.59
Closing net book value	<u>147.62</u>

30. Employee benefits obligations

Retirement benefit obligations

The Group operates an unfunded defined benefit plan for eligible employees in Thailand. Under the Plan, the employees are entitled to Legal Severance Payment benefits ranging from 30 days to 300 days of final salary upon retirement. The present value of defined benefits obligations are as follows:

	Consolidated		Company	
	31 December 2013 Baht Million	31 December 2012 Baht Million	31 December 2013 Baht Million	31 December 2012 Baht Million
Present value of obligations	1,137.08	914.05	336.95	235.56

The movement in the defined benefit obligations over the year is as follows:

For the year ended 31 December 2013	Consolidated Baht Million	Company Baht Million
Opening net book value	914.05	235.56
Current service cost	138.45	19.68
Interest cost	37.95	9.71
Actuarial losses	164.45	81.68
Transfer in/(out)	(1.18)	3.22
Disposal of subsidiaries and joint venture (Note 18)	(78.65)	-
Classification of investment (Note 18)	0.49	-
Benefit paid	<u>(38.48)</u>	<u>(12.90)</u>
Closing net book value	<u>1,137.08</u>	<u>336.95</u>



30. Employee benefits obligations (Cont'd)

Retirement benefit obligations (Cont'd)

The amounts recognised in the profit or loss are as follows:

For the years ended 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Current service cost	138.45	80.83	19.68	20.95
Interest cost	37.95	33.22	9.71	10.12
Transfer in/(out)	(1.18)	-	3.22	(38.40)
Total (included in staff costs)	175.22	114.05	32.61	(7.33)
Classified as:				
Cost of providing services	24.31	69.35	7.38	(2.09)
Selling expenses	20.86	26.65	0.44	(0.09)
Administrative expenses	130.05	18.05	24.79	(5.15)
	175.22	114.05	32.61	(7.33)

The principal actuarial assumptions used were as follows:

	Consolidated	
	December 2013	December 2012
	%	%
Discount rate	4.40	4.10
Inflation rate	3.00	3.50
Future salary increases	6.00	5.63

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics in Thailand. The Thailand TMO08 tables contain the results of the most recent mortality investigation on policy holders of life insurance companies in Thailand. It is reasonable to assume that these rates are reflective of the mortality experience of the working population in Thailand.

31. Other non-current liabilities

At 31 December	Consolidated		Company	
	2013	2012	2013	2012
	Baht Million	Baht Million	Baht Million	Baht Million
Deposit received from customers	1,767.81	1,840.06	-	-
Valued added tax pending receipt of tax invoice related to debt restructuring	122.31	199.27	122.31	199.27
Withholding tax related to debt restructuring	52.42	97.99	52.42	97.99
Accrued licence fee (Note 22)	3,375.00	6,750.00	-	-
Others (Note 40)	6,841.44	92.89	-	-
Total	12,158.98	8,980.21	174.73	297.26



### 32. Share capital, premium and discount on share capital

The total authorised number of shares is 15,333.21 million shares (2012: 15,333.21 million shares) with a par value of Baht 10 per share (2012: Baht 10 per share).

Details of issued and fully paid share capital are as follows:

	Number of shares Million	Common shares Baht Million	Share premium (discount) Baht Million	Total Baht Million
<b>At 1 January 2012</b>	14,503.18	145,031.79	(74,555.41)	70,476.38
- Issue of common shares	-	-	-	-
<b>At 31 December 2012</b>	14,503.18	145,031.79	(74,555.41)	70,476.38
- Issue of common shares	27.04	270.36	(83.18)	187.18
<b>At 31 December 2013</b>	14,530.22	145,302.15	(74,638.59)	70,663.56

#### Equity warrants

Movements in the number of outstanding warrants are as follows:

For the years ended 31 December

	2013 Million Units	2012 Million Units
At beginning of year	37.31	71.20
Exercised	(27.04)	-
Lapsed	(10.27)	(33.89)
At end of year	-	37.31

Compensation cost is not recognised in these financial statements for the fair value or the intrinsic value of share options warrants granted.

Warrants outstanding at the year ended have the following terms:

Expiry date	Exercise price Baht per share	31 December 2013 Million Unit	31 December 2012 Million Unit
14 May 2013	7.00	-	37.31
		-	37.31

### 33. Legal reserve

The legal reserve of the Company was established in accordance with the provisions of the Public Company Limited Act B.E. 2535, which requires the appropriation as legal reserve of at least 5% of net profit for the year after deduction of accumulated deficit brought forward (if any) until the reserve is not less than 10% of the authorised share capital. This reserve is not available for dividend distribution.

### 34. Non-controlling interest

	Consolidated	
At 31 December	2013 Baht Million	2012 Baht Million
Opening net book value	657.56	692.00
Classification of investment (Note 18)	(19.53)	-
Disposal of subsidiaries and joint venture (Note 18)	(41.92)	-
Dilution due to increase in non-controlling interests	135.70	-
Dividend income (Note 18)	(2.59)	(14.51)
Share of results of subsidiaries	(78.20)	(19.93)
Closing net book value	651.02	657.56



**True Corporation Public Company Limited**  
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**For the year ended 31 December 2013**

**35. Cash flows from operating activities**

Reconciliation of profit to cash flows from operating activities:

For the years ended 31 December	Notes	Consolidated		Company	
		2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Profit (loss) before income tax		(6,244.82)	(5,848.96)	2,390.23	2,068.61
Adjustments for:					
Depreciation and amortisation		22,208.98	17,151.76	1,715.14	1,731.20
Interest income		(148.09)	(259.57)	(313.81)	(91.48)
Interest expense	9	7,765.55	6,551.43	1,743.03	1,718.97
Dividends income	41	-	-	(55.80)	(150.42)
(Gain) loss on disposals of property, plant and equipment		139.84	(43.03)	(0.49)	(0.14)
Gain on reversal of right and liabilities under agreement for operation	22	(791.18)	-	-	-
Gain from dissolution of investment in subsidiary	18	(104.48)	-	-	-
(Gain) loss from liquidation of associate	18	23.04	-	(50.33)	-
Doubtful accounts (reversal)	8	1,143.82	1,415.19	(117.60)	268.50
Impairment charge of property, plant and equipment and intangible assets	8	2,056.09	2,123.12	-	-
Impairment charge of investment property	19	-	0.73	-	-
Impairment charge of investment (reversal)	18	8.72	-	35.97	(69.44)
Gain from disposal of infrastructure assets	40	(6,334.90)	-	-	-
Other operating assets and liabilities written-off		0.11	17.09	-	-
Increase in retirement benefits obligations		136.73	48.35	19.72	(29.37)
Unrealised loss (gain) on foreign exchange		439.98	(864.71)	(374.29)	(617.88)
(Gain) loss on sale of investment in Subsidiaries and joint venture	18	(857.57)	-	247.36	392.77
Realised gain on foreign exchange Related to repayment of borrowings	25	(130.30)	-	(107.70)	-
Gain on settlement of DPN obligation	25	(145.28)	-	(145.28)	-
Gain on termination of finance lease agreement	25	(54.91)	-	-	-
Share of results in associates	18	(62.30)	(41.42)	-	-
Changes in operating assets and liabilities and joint venture					
- Trade and other receivables		(12,940.39)	(10,331.06)	121.08	(1,081.99)
- Short-term investments		(85.21)	50.91	-	-
- Inventories		(3,053.22)	(1,252.66)	(12.97)	(1.39)
- Other current assets		(278.93)	(734.55)	255.94	334.09
- Film and program rights		(1,441.79)	(1,935.57)	-	-
- Cars for lease		113.32	197.53	-	-
- Other non-current assets		(258.00)	55.61	33.65	19.01
- Trade and other payables		29,584.16	7,573.85	17,339.59	(638.46)
- Other current liabilities		1,539.79	397.12	983.19	114.21
- Other non-current liabilities		(200.72)	145.02	(122.53)	-
Cash generated from operations		32,028.04	14,416.18	23,584.10	3,966.79
Add Interest received		140.73	313.43	319.78	29.87
Less Interest paid		(7,201.78)	(5,786.50)	(1,569.34)	(1,408.38)
Income tax paid		(2,289.02)	(1,631.25)	(362.62)	(263.13)
Net cash from operating activities		22,677.97	7,311.86	21,971.92	2,325.15



### 36. Financial instruments

#### Objective and significant terms and conditions

In order to manage the risks arising from fluctuations in currency exchange rates, the Group adopts the following foreign currency risk management practices:

- entering into forward foreign exchange contracts;
- negotiating payment terms for foreign currency settlements on an individual transaction basis; and
- negotiating with foreign suppliers to share foreign exchange exposure.

Transaction risk is calculated in each foreign currency transaction and is projected six months forward. Exchange rates are monitored and forecasted information supplied by recognised research and financial analysis is used to estimate future exchange rates. These are compared against premiums on forward exchange contracts, and after making adjustments for the related risk, a decision is taken on whether to cover foreign currency transactions.

Transactions, if hedged with forward exchange contracts, are not hedged on a net basis, but rather on a transaction by transaction basis.

As at 31 December 2013 and 2012, the Group had outstanding foreign currency assets and liabilities as follows:

	Consolidated		Company	
	2013 Currency Million	2012 Currency Million	2013 Currency Million	2012 Currency Million
<b>Assets</b>				
US Dollar	4.55	22.58	-	-
Euro	-	(0.02)	-	-
Japanese Yen	0.10	0.10	-	-
<b>Liabilities</b>				
US Dollar	366.93	384.14	0.36	0.20
Japanese Yen	8,903.86	11,357.11	8,903.86	11,357.11
Great British Pound Sterling	0.02	0.09	-	-
Euro	0.35	0.83	0.02	-
SGD	0.01	0.07	-	0.07

Foreign currency assets represent cash and accounts receivable whilst the above foreign currency liabilities represent trade accounts payable, borrowings and other payables.



### 37. Contracts and commitments

37.1 The Company entered into the agreement for Joint-Operation and Investments for Expansion of 2.6 million lines Telephone Services with TOT and other supplements to the Agreement for the following services:

- Wireline Services
- Value Added Services
- Personal Communication Telephone Services
- Public Telephone Services
- Receiving telephone service orders, and receiving payment for installation charges, deposits and monthly usage
- Fault notification and dropwire maintenance
- Personal Communication Telephone Service for TOT subscribers

Under the provisions of the "Agreement", the "Amendment" and the Supplementary Agreements, TOT and the Company will share the gross revenues collected from operating the telephone network in accordance with the percentages as stipulated in the agreements. Among the Company's responsibilities are the acquisition, installation, project management, operation and maintenance of the system as set out in the agreements. In addition, the Company is required to transfer to TOT certain equipment pertaining to such system together with the land and buildings acquired by the Company related to the project.

#### 37.2 Agreement for PCT operation

According to the Joint Operation and Joint Investment Agreement and the PCT Supplemental Agreement ("the Agreement") between the Company and TOT to jointly operate and invest in the expansion of basic telephone services, including a personal communication telephone system in the telephone areas of Bangkok using the same long-distance telephone area code (the "Territory"), the Company is obliged to operate and comply with the Agreement. Asia Wireless Communication Co., Ltd. ("AWC"), a subsidiary of the Company will operate and share revenues with the Company in accordance with the PCT Contract (the "Contract"). In July 2001, the Company entered into the Contract with AWC, which became effective on 25 July 2001. The principal terms and conditions include the following.

- a. AWC is responsible, at its own cost and expense, to procure, purchase, install, operate and maintain a personal communication telephone system in the Territory, all of which are to be performed in accordance with the requirements of the Agreement; and
- b. In consideration of the foregoing, AWC is entitled to receive a portion of the revenue generated by the PCT services in accordance with the calculation methodology set out in the Contract.

On 1 July 2006, the Company and AWC entered into the Addendum to the PCT contract. The Company increased the additional revenue sharing from the PCT services since 1 July 2006 onwards. The said Addendum was ceased on 31 December 2007. The principal terms and conditions are still effective and unchanged.

37.3 The certain subsidiaries have agreements with state enterprises, including CAT, TOT and MCOT to provide nationwide cellular telephone service, the lease of long distance circuits and Pay TV service, respectively.

Under the terms of the agreements, the subsidiaries have certain commitments to acquire, install, manage and maintain all equipment. The subsidiaries are also committed to transfer to CAT, TOT and MCOT all equipment pertaining to such systems as the installations are completed. During the term of the agreements, the subsidiaries are entitled to collect deposits, membership fees and other service fees from customers as stipulated in the agreements.

In addition, the subsidiaries are contingently liable to certain foreign and local banks for letters of guarantee totalling Baht 1,440.43 million issued by the said banks in favour of CAT, TOT and MCOT. The letters of guarantee cover the guarantee for the subsidiaries in compliance with the provisions of the agreements referred to above.



37. Contracts and commitments (Cont'd)

37.3 Under the term of the agreements, certain subsidiaries are obliged to pay minimum fee as follows:

Period due	Minimum fee Baht Million
Within 1 year	45.00
Between 1 - 2 years	30.00
Between 2 - 5 years	100.00
Over 5 years	35.00

37.4 On 27 January 2011, a subsidiary, Hutchison CAT Wireless MultiMedia Limited. ("HCAT") entered into an agreement with CAT to maintain subscribers under the Cellular Digital AMPS 800 Band A System. Under the terms and conditions of the agreement, both parties agreed to carry on telecommunication service under the Code Division Multiple Access ("CDMA") technology for at least 2 years before switch to High Speed Packet Access ("HSPA") technology. HCAT obliged to maintain the distribution channel of CDMA handset, CDMA telecommunication services, after sale services and promotion to induce the customers to switch to HSPA technology. As consideration of providing such services, HCAT entitles to receive revenues as stipulated in the agreement. The agreement expires on 24 months anniversary or on the date of central user become zero whichever come earlier.

On 27 January 2011, a subsidiary, BFKT (Thailand) Limited ("BFKT") entered into an agreement with CAT to lease telecommunication equipment under CDMA and HSPA technologies for the periods of 2 years and 14.5 years, respectively. Under the terms and conditions of CDMA agreement, BFKT has to provide telecommunication equipment for mobile services using CDMA technology for 2 years. Under the terms and conditions of HSPA agreement, BFKT has certain commitments including acquiring, installing, managing, and maintaining all equipment necessary to provide mobile phone service using HSPA technology according to the capacity stipulated in the agreement and amended agreement executed on 3 December 2013 for the period of 14.5 years. As consideration of providing such services, BFKT entitles to receive revenue as stipulated in the agreement.

On 16 December 2010 and 24 June 2011, a subsidiary, Real Move Co., Ltd. ("RMV") was granted Type I licences by NTC for re-sales of mobile and internet, respectively. RMV is entitled to maintain rights and obligations according to The Telecommunication Act B.E. 2544 under the terms and conditions as stipulated in the licences. The licences will expire on 15 December 2015. Subsequently, on 27 January 2011, RMV entered into a re-sales and wholesales agreement with CAT ("the Agreement"). Under the terms and conditions of the Agreement, RMV will perform in providing mobile phone services using HSPA technology wholesale from CAT for a period of 14.5 years.

Subsequently, certain government agencies have investigated into various aspects of the agreements as to whether those agreements were in compliance with the Act on Organisation to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553. On 28 June 2012, the National Broadcasting and Telecommunications Commission ("NBTC") has issued a letter to CAT, summarising the resolution of the National Telecommunication Commission of NBTC ("NTC of NBTC") that the aforementioned agreements were unclear in six aspects. RMV, BFKT and CAT have performed in many aspects according to the recommendations of NTC of NBTC. Finally, RMV, BFKT and CAT have reached the solution to amend all terms of the agreement relating to six aspects with the signed Memorandum of Understanding ("MOU") and submitted to NTC of NBTC on 16 July 2013. The NTC of NBTC has endorsed the draft amendment on 16 October 2013. The parties concerned have completed signing amended agreement on these respects and executed it on 3 December 2013.

In addition, the Council of State, a government's legal advisor, has given its legal opinion that the HSPA agreements between CAT and BFKT, and between CAT and RMV, do not fall under the Public-Private Partnership Act, B.E. 2535.

During the first quarter 2013, a final determination has been reached by all concerned regulators that BFKT does not violate The Telecommunications Business Act, B.E. 2544 and The Act on Organisation to Assign Radio Frequency and to Regulate the Broadcasting and Telecommunications Services B.E. 2553 and be able to continue providing lease of telecommunication equipment to CAT.



37. Contracts and commitments (Cont'd)

- 37.4 As a result, the recognitions of tower rental revenue in BFKT and accrued 3G operating costs in RMV are made in accordance with the conditions pertaining in the original agreements. Currently, all parties are discussing the details to finalise the settlement. The management has strong view that there will be no material impact to the Group's operation as a result.

To comply with the abovementioned agreements, the Group has place letters of guarantee issued by certain local banks in favour of CAT totaling Baht 836.49 million.

- 37.5 The Company and subsidiaries are contingently liable to certain foreign and local banks for letters of guarantee in favour of certain government agencies, certain state enterprises and companies amount of Baht 236.50 million and Baht 628.60 million, respectively.

- 37.6 Under the terms of various agreements, the Company's and certain subsidiaries' assets have been pledged and/or mortgaged as collateral with the contracted parties, details of which are as follows:

	Carrying Value at 31 December					
	Consolidated				Company	
			Mortgaged Value			
	2013	2012	2013	2012	2013	2012
	Baht	Baht	Baht	Baht	Baht	Baht
	Million	Million	Million	Million	Million	Million
Fixed and saving deposits	2,446.49	1,087.05	-	-	2,344.58	187.26
Investments in shares of subsidiaries	15,364.45	8,173.89	-	-	-	-
Land and building	115.17	959.12	23,604.15	24,870.63	-	-

In addition, the Group and the Company's rights to operate network assets are secured against borrowings (Note 25).

- 37.7 The Company and subsidiaries have entered into contracts with various contractors to supply and install additional network and expansion of network equipment capability and various agreements related to capital expenditure. The Group's and the Company's commitments as at 31 December 2013 were Baht 17,484.84 million and Baht 38.35 million, respectively (2012: Baht 20,136.10 million and Baht 16.28 million, respectively).

- 37.8 The agreement to operate cellular telephone services, Digital PCN 1800 granted to True Move Co., Ltd ("TMV") expired on 15 September 2013.

On 16 August 2013, the NBTC officially announced the regulation in respect of the protection of mobile customers using mobile service on networks whose concession expires. The regulation allows TMV to continue, providing mobile service in the 1800 MHz spectrum for a one-year period after the expiry of the agreement and requires operators to submit any remaining amount of income after deduction of costs incurred in providing mobile service during the one-year transition period to the office of NBTC for verification prior to submitting the remaining amount as governmental revenue. Such costs include network operating costs, numbering fee and other administrative expenses and relevant costs for providing services. Giving that the definition of 'deductible costs' is unclear as to which expenses are deductible, TMV is seeking clarification from NBTC on this matter. According to the financial information, TMV had negative result from operations during this period, and there was no remaining amount to be submitted. Accordingly, there was no liability relating to this matter recorded in the consolidated financial statement for the year ended 31 December 2013.



**37. Contracts and commitments (Cont'd)**

37.9 The Group leases various telecommunication infrastructures under non-cancellable operating lease agreements and the lease term is ranged between 5 years and 15 years.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	Consolidated	
	2013 Baht Million	2012 Baht Million
Not later than 1 year	2,510.76	-
Later than 1 year but not later than 5 years	9,864.81	-
Later than 5 years	18,257.53	-
	<u>30,633.10</u>	<u>-</u>

**38. Litigations and Arbitration disputes and contingent liabilities**

**38.1 Litigations outstanding at the Administrative Court**

38.1.1 Dispute in relation to the use of True's logo on public payphone booths. On 23 July 2004, TOT filed an arbitration claim against the Company alleging that the Company failed to comply with TOT's requirements for the public payphone booths. TOT claimed damages for the use of the Company's logo on the public payphone booths amount of Baht 433.85 million. On 30 November 2005, the Company submitted the statement of objection. On 12 July 2006, the Arbitration Panel awarded in TOT's favour. On 6 November 2006, the Company filed a lawsuit in order to withdraw the arbitral award at the Central Administrative Court. On 27 February 2008, TOT filed a motion to the Central Administrative Court to enforcing according to the Arbitration's award and claim for payment of Baht 150.00 million and Baht 90.00 per month per payphone booth from the day of filing until the Company cease using True's logo on public phone boots of TOT. The Central Administrative court ordered to combine the case which the Company requested to repeal the execution of Arbitration's ruling. The Central Administrative Court has fixed the date of 26 December 2008 as final pursuance of fact-finding. On 24 February 2009, the Court ruled in favour of TOT and enforced the arbitral award for the black case number 61/2547 and red case number 77/2549, dated 12 July 2006. The Court ordered the Company to pay Baht 150.00 million within 60 days from the final date of the case and repay court fees for the total amount of Baht 80,000 to TOT. The Company appealed to the Court on 25 March 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.

38.1.2 On 4 February 2011, Total Access Communication Public Company Limited filed with the Central Administrative Court against the Company and TOT Public Company Limited to jointly pay for interconnection charges (IC) amount of Baht 3.28 billion. Currently, the case is under the judicial process of the Central Administrative Court.

38.1.3 On 11 May 2012, TOT filed a complaint against the Company to the Central Administrative Court requiring for a payment of the telecommunication numbering fee amount of Baht 407.60 million. The Central Administrative Court has ruled to dispose of the case and advised to bring the case to the Arbitration process. (Refer to Note 38.2.2)



**38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)**

**38.1 Litigations outstanding at the Administrative Court (Cont'd)**

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of provision for possible liabilities have been made in the financial statements unless otherwise stated.

**38.2 Arbitration disputes outstanding at the Thai Arbitration Institute**

**38.2.1 Arbitration cases filed by the Company against TOT**

Dispute in relation to revenue sharing collected from international call services. On 28 January 2005, the Company filed an arbitration claim against TOT regarding the calculation of revenue sharing from international calls under the Joint Operation and Joint Investment Agreement. The Company claimed damages in the amount of Baht 5,000.00 million for failure to obtain the actual number of international incoming calls, and damages of Baht 3,407.68 million for the incorrect calculation. Both amounts are entitled to bear interest. The case is currently within the arbitration process.

Dispute in relation to the Agreement Article 38. On 15 May 2006, the Company filed an arbitration claim against TOT asking TOT to discontinue using its authority over the Agreement as well as to discontinue using its authority over the contract from the date its status changed. The authority to regulate shall be transferred to the Ministry of Transport or the Ministry of Information and Communication Technology. This case has no monetary claim amount. TOT submitted the objection statement on 17 June 2006. On 8 November 2006, the Company filed an arbitration claim against the authorisation limits of TOT on the Agreement Article 38 as a separate case. The case is currently within the arbitration process.

Dispute in relation to revenue sharing collected from international call. On 25 December 2007, the Company filed an arbitration claim against TOT of Baht 1,968.70 million in respect of revenue sharing collected from international calls whereby TOT failed to deliver to the Company on a tariff stipulated in the agreement. The following are requested of the arbitrator to adjudicate on:

1. Requesting TOT to comply with the Agreement in respect of revenue sharing collected from international call and make payment according to the conditions stipulated in the Agreement.
2. Requesting TOT to pay damages amount of Baht 1,968.70 million.
3. Requesting TOT to apply the rate in calculation of revenue sharing both in-coming and out-going call base on the rate of Baht 6 per minute as stipulated in the Agreement as from September 2007 and onwards.
4. Requesting TOT to pay related interest at the rate stipulated in the Agreement Article 21 (MLR+1) or 7.86% per annum calculated from the amount unpaid from the date of submitting the arbitration claim until full payment has been made.

On 29 April 2008, TOT submitted a statement of objection. However, on 11 July 2013, TOT made a payment of revenue sharing collected from international call for the period of 1 January 2004 to 30 June 2004 amount of Baht 133.11 million. The Company acknowledged receipt the payment and agreed not to claim against the period received. Anyway, the Company retain the right to defend or to restrain the dispute.



38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

38.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)

38.2.2 Arbitration cases filed by TOT against the Company

Dispute in relation to the use of True's name and logo on invoices, tax invoices and receipts. On 13 December 2004 and 11 March 2005, TOT filed an arbitration claim against the Company, claiming for advertising compensation for the unauthorised publication of True's name and logo on TOT's invoices, changing of the invoice pattern, related mailing expense and damages on marketing and image totalling amount of Baht 1,848.95 million. On 20 September 2013, the Arbitration ruled in favour for TOT force the Company to pay Baht 98.59 million. On 27 December 2013, the Company filed a protest with the Arbitration. The case is under the arbitration process.

Dispute in relation to the lease of telephone conduits. On 31 May 2005, TOT filed an arbitration claim against the Company seeking an order to pay rent for the lease of telephone conduits from May 2004 to April 2005 in the amount of Baht 6.72 million plus interest and onwards. The Company submitted a statement of objection on 19 September 2005. The case is currently within the arbitration process.

Dispute in relation to TA1234 campaign. On 30 June 2005, TOT filed an arbitration claim alleging that it suffered damage from the loss of revenue sharing from 16 November 2000 to March 2005 of Baht 15,804.18 million plus interest as a result of the Company's invoices for domestic long distance call services at reduced tariff rates under the Company's "TA 1234" campaign. TOT also sought an order compelling the Company to collect domestic long distance call tariffs at the rates agreed in the Joint Operation and Joint Investment Agreement. On 12 March 2013, TOT made additional claim from April 2005 to 30 June 2005 for additional amount of Baht 1,060.91 million, becoming total claim amount of Baht 16,865.09 million. The case is currently within the arbitration process.

Dispute in relation to high speed internet (ADSL) service. On 28 October 2005, TOT filed an arbitration claim against the Company, claiming that the Company was in breach of the wireline agreement by allowing other parties to provide high speed internet service (ADSL). TOT claimed the compensation amount of Baht 2,010.21 million plus interest. In addition, TOT has claimed continuous damages from July 2005 at the rate of Baht 180.00 million per month, plus interest. TOT also requested an order prohibiting the Company from providing ADSL service or allowing any other parties to provide ADSL service. The case is currently within the arbitration process.

Dispute in relation to revenue sharing under the Agreement. On 22 January 2008, TOT filed arbitration against the Company claimed for un-eligible revenue sharing paid to the Company amount of Baht 1,479.62 million plus interest. The Company filed a protest on 18 April 2008. The case is currently within the arbitration process.

All the above pending cases at Thai Arbitration Institute were proposed to be conciliated by the Arbitrator Office. However, on 24 September 2007, both parties agreed to cease the reconciliation and bring such cases into the arbitration process.

Dispute in relation to remuneration of the Gateway for international long distance telephone service. On 1 August 2011, TOT filed arbitration against the Company claimed for Baht 91.88 million including VAT and interest regarding to the remuneration of the Gateway for international long distance telephone services through code 007 for the period of July 2004 to May 2011. And claim for occurring interest until payment has been made. Moreover, claiming for outstanding invoice for the month of June 2011, plus interest and VAT. As of 31 December 2012, the Company has accrued expenses amount of Baht 76.57 million. This dispute is in the process of arbitration.



**38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)**

**38.2 Arbitration disputes outstanding at the Thai Arbitration Institute (Cont'd)**

**38.2.2 Arbitration cases filed by TOT against the Company (Cont'd)**

Dispute in relation to the numbering fees. On 21 June 2013, TOT filed arbitration against the Company, claiming for a numbering fee of specific period of time. Totaling claim is Baht 539.02 million. On 11 December 2013, the Company file the protest to the arbitration. The dispute is currently in the process of arbitration.

The ultimate outcomes of the aforementioned arbitration are presently unable to be determined, and accordingly, no recognition of revenue or provision for possible liabilities have been made in the financial statements unless otherwise stated.

**38.3 Assessment by the Excise Department**

On 21 July 2006, the Company was informed by the Excise Department regarding claims for penalties and surcharge on delay of payments for excise tax from January 2005 to March 2005 amount of Baht 185.87 million. On 21 August 2006, the Company filed for alleviation of this administrative order. Subsequently, on 1 September 2006, the Company filed an objection against this administrative order. On 30 April 2007, the Director General of Excise Department ruled to reject the Company's objection. On 2 May 2007, the Company filed an appeal with the Excise Tax Appeal Committee requesting repeal of the ruling of the Director General of the Excise Department. On 19 September 2008, the Excise Tax Appeal Committee dismissed the Company's appeal and ordered the Company to pay the excise tax according to the decision of excise tax assessment for the amount of Baht 185.87 million. On 22 January 2009, the Company filed against ruling of the Excise Tax Appeal Committee with the Central Tax Court. On 29 September 2009, the Central Tax Court pronounced a judgment withdrawing all the penalties and surcharge. However, on 2 March 2010, the Company appealed other points which are the results of the judgment. The case is currently in the appealing process.

On 8 May 2008, the Company filed against the Excise Department with the Central Tax Court claiming for excise tax which had been submitted with no statutory duty from the tax month of January 2005 to the tax month of December 2005 totalling of Baht 372.02 million and the Excise Department denied to refund. On 29 October 2008, the Central Tax Court ruled that the Excise Department, the defendant, does not deem to refund the claimed excise tax including interest and dismissed the case. The case is currently in the appealing process.

On 13 February 2009, the Company filed a request to the Director General of the Excise Department to make a claim for an excise tax refund for the period between January 2006 to 26 February 2007 in the total amount of Baht 348.87 million on the grounds that the Company is not obligated to pay excise tax. On 24 February 2012, the Excise Department dismissed the Company's appealing process. The Company is entitled to bring the case to the Central Tax Court within 10 years.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of provision for possible liability has been made in the financial statements.

**38.4 Litigations and arbitration disputes of subsidiaries**

**38.4.1** In March 2005, a distribution agency appointed by several subsidiaries whose contract had been terminated, filed a civil lawsuit claiming damages up to maximum of Baht 300.00 million from the said subsidiaries, based on alleged breach of the Commercial Dwelling Unit ("CMDU") subscription agreements. Subsequently, on 26 May 2008, the Civil Court ruled in favour of subsidiary and ordered the plaintiff to pay Baht 1.66 million plus interest at 7.5% per annum from the date of counterclaim until completion of payment. The case is currently in the appealing process.



**38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)**

**38.4 Litigations and arbitration disputes of subsidiaries (Cont'd)**

- 38.4.2 On 23 August 2006, CAT filed a lawsuit against a subsidiary at the Central Administrative Court to claim for space and antenna rental amount of Baht 12.48 million. On 21 January 2009, the Court dismissed the case and ruled that the subsidiary does not deem to pay such claim to CAT. However, CAT filed an appeal on 19 February 2009 and the subsidiary filed a reply of an appeal on 26 April 2009. The lawsuit is currently in the judicial process of the Supreme Administrative Court.
- 38.4.3 On 13 October 2006, CAT filed an arbitration claim against a subsidiary to claim for a numbering fee amount of Baht 113.58 million. Subsequently, on 15 August 2008, the Arbitration ruled in favour of CAT by ordering the subsidiary to pay of Baht 99.60 million (excluded interest at 7.5% per annum). The subsidiary acknowledged on 24 August 2008. The subsidiary filed the protest with the Central Administrative Court. On 23 February 2011, the Central Administrative Court has judged that the Arbitrator's ruling is illegal. Thus, the Court ordered to repeal that ruling. On 22 March 2011, CAT appealed to the Supreme Administrative Court. Subsequently, on 16 June 2011, CAT filed a petition to the Central Administrative Court to enforce the award of the arbitral tribunal and asked for resolving compliant from the subsidiary. The subsidiary will oppose the claim since the award of the arbitral tribunal has been revoked by the Court and being under consideration of the Supreme Administrative Court. CAT is not entitled to file such petition. The case is currently under the judicial process of the Court.
- 38.4.4 On 1 December 2006, a subsidiary was filed a civil case by a group of person claiming damages amount of Baht 44.37 million. However, on 9 September 2007, most of the cases were withdrawn. There is only one case outstanding, and the amount of damages claimed is Baht 7.00 million. The court ruled on 29 September 2011 and the subsidiary paid the amount of Baht 1.06 million (excluding default interest). On 22 January 2013, the Court ruled to reverse the judgement of the Court of the First Instance by favour the subsidiary. The plaintiff filed petition on 22 April 2013 and the subsidiary filed an objection on 11 July 2013. Currently, the case is in consideration of the Supreme Court.
- 38.4.5 On 9 August 2007, CAT notified four banks which issued the letters of guarantee to a subsidiary claiming that the subsidiary was not performed according to the agreement and requested of Baht 370.00 million from the banks. These cases are related to the cases that CAT bought to the Arbitration Institute and the cases are still pending at the arbitration panel. On 29 August 2007, the subsidiary filed the motions to the Civil Court and the Central Administrative Court requested for injunctive relief to prevent CAT from claiming bank guarantees and to prohibit the four banks to pay for until the arbitration award are issued. The Courts ruled in favour of the subsidiary. On 27 September 2007, the subsidiary submitted a claim against CAT through the Thai Arbitration Institute and the case is currently under consideration of the Arbitration Office.
- 38.4.6 On 9 January 2008, CAT filed for arbitration against the subsidiary claiming for shortcomings revenue sharing from the subsidiary including penalties and interest at the total amount of Baht 8,969.08 million. On 16 September 2011, the arbitrator decided to withdraw the claim. Consequently, the subsidiary is not required to pay the claim. On 25 November 2011, CAT has filed a petition to revoke the arbitration award with the Central Administrative Court. The case is currently under the court process.
- 38.4.7 On 19 February 2008, CAT filed an arbitral dispute against a subsidiary claiming for additional revenue sharing amount of Baht 45.95 million. On 6 March 2012, the Arbitrator awarded in favour of CAT by ordering the subsidiary to pay CAT amount of Baht 7.00 million (excluded interest). On 29 June 2012, the subsidiary brought the case to Central Administrative Court. The case is currently under the process of Court.



### 38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)

#### 38.4 Litigations and arbitration disputes of subsidiaries (Cont'd)

- 38.4.8 On 6 August 2008, CAT filed an arbitration against the subsidiary claiming for an access charges which the subsidiary deducted from revenue sharing for the concession period 7th - 11th year (discount for access charges Baht 22 per number) amount of Baht 689.84 million. On 19 March 2010, CAT has filed amendment claim from Baht 689.84 million to Baht 1,379.68 million. On 16 July 2010, the arbitrators have unanimous made an award to dismiss CAT's claiming. On 27 October 2010, CAT brought the case to the Central Administrative Court asked to revoke the arbitration's award. The case is under consideration of the Central Administrative Court.
- 38.4.9 On 29 January 2009, CAT filed an arbitral dispute against the subsidiary claiming for transfer and conveyance of 4,546 units of masts and towers together with their accessories to CAT. If, in any event, the transfer and conveyance of the subsidiary are impracticable, the subsidiary shall pay to CAT for the amount of Baht 2,766.16 million. The subsidiary filed a statement of objection to the Arbitration Office on 3 September 2009. On 2 August 2013, the arbitration rule to withdraw the case due to CAT's claimant are not in accordance with the agreement for operation signed with the subsidiary. Then, on 12 September 2013, CAT filed a petition to the Central Administrative Court to overrule the arbitral award. The case is currently under the consideration of the Central Administrative Court.
- 38.4.10 Regarding the dispute between CAT and a subsidiary, where CAT claims for shortage of revenue sharing under the Marketing Service Agreement for Cellular Digital AMPS 800 Band A system amounting to Baht 1,445.00 million and the case has been temporarily suspended. Subsequently, on 13 February 2012, CAT has requested the Arbitrator to further reconsider the case. Currently, the case is under the process of arbitration.
- 38.4.11 On 15 May 2009, CAT filed an arbitral dispute against the subsidiary claiming for reimbursement of numbering fee for four-digit special number "1331", which CAT paid to NTC, for the amount of Baht 3.96 million plus 7.5% per annum interest, value added tax 1.25% per month stipulated penalty and fees and costs resulting from arbitral process. The claimed penalty would be in effect from the date that CAT had paid the numbering fee to NTC to the date that the subsidiary fully reimbursed to CAT. The subsidiary made a statement of objection on 11 December 2009. The case is currently under the process of Arbitration.
- 38.4.12 On 11 June 2010, Advance Info Service Public Company Limited ("AIS") filed with arbitration against the subsidiary claiming for interconnection charges payment amount of Baht 88.60 million. The case is currently under the process of Arbitration.
- 38.4.13 On 16 June 2010, a person who represent the foreign PayTV company filed against a subsidiary jointly with a group of person with the Civil Court claimed for damage of Baht 660.00 million. Subsequently, the Court of First Instance and the Court of Appeal ruled to dismiss the case due to the expiration of the case. The plaintiff filed petition on 7 February 2013. Currently, the case is in the petition process.
- 38.4.14 On 25 February 2011, CAT has filed an arbitration against a subsidiary claiming for the minimum bank guarantee amount of Baht 646.00 million and Baht 679.00 million, totalling of Baht 1,325.00 million for the 14<sup>th</sup> - 15<sup>th</sup> year of operation. On 7 October 2011, the subsidiary has made a counterclaim against CAT request for returning a minimum bank guarantee for 11<sup>th</sup> to 13<sup>th</sup> year and claim the amount of Baht 56.19 million. On 30 August 2013, CAT filed an arbitration request for bank guarantee for 16<sup>th</sup> - 17<sup>th</sup> year of operation. The dispute is currently under consideration by the tribunal.
- 38.4.15 On 8 September 2011, CAT filed an arbitration claim against the subsidiary regarding to revenue sharing amount of Baht 11,946.15 million. The case is currently in the arbitration process.



**38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)**

**38.4 Litigations and arbitration disputes of subsidiaries (Cont'd)**

- 38.4.16 On 23 July 2001, a subsidiary, as a jointly defendant was filed by a common person with the Civil Court claiming for breach of brokerage agreement requested amount of Baht 438.58 million. The case is currently under the judicial process of the Supreme Administrative Court.
- 38.4.17 On 14 September 2011, the dispute between a subsidiary and NBTC as its regulator, regarding the collection of information and detail of pre-paid mobile telephone customer. And charge for administrative fine at Baht 80,000 per day within 30 day from the receiving of notification date. The subsidiary brought the case to the Central Administrative Court and Supreme Administrative Court charging for various cases, included among other are to request for temporary relief of fine Baht 80,000 per day and the collection of information of customer. For the first case, the Court in favour of the subsidiary not to pay any amount until the case is final. For the second case the Court dismissed the charge which may cause the subsidiary must comply in collecting the information of customer. Currently, the case is being under the process of Supreme Administrative Court to determined in other aspect.
- 38.4.18 On 8 May 2012, a subsidiary has requested The National Broadcasting and Telecommunications Commission ("NBTC") and the Secretary of the NBTC to revoke the order and the resolution of the NBTC that prohibit any prepaid mobile phone operators to offer promotion in any manner which forces the customers to use the service within the specified period (Validity) and seeked for court order to determine measures and procedures for the temporary relief before the final judgment is delivered. However, for the time being, the court does not issue any order as requested. This case is currently pending in the Central Administrative Court. On 8 May 2012, the Secretary of NBTC issued a letter requesting the subsidiary to revise conditions of service of prepaid mobile phone so that there is no provision in any manner which forces the customer to use the services within a specified period and shall not include conditions that force users to use the service within the period. On 31 May 2012, the Secretary of NBTC issued another letter to the subsidiary order a penalty for an administrative fine at the rate of Baht 100,000 per day. The subsidiary has filed a petition with the court for suspension of enforcement of NBTC's orders as well as the administrative fines and seeked for such measures and procedures for the temporary relief before the final judgement. The Court dismissed the motion. However, subsidiary submitted appealing to the Secretary of NBTC to retain from the administrative fine. The result was that the subsidiary still have to pay the penalty. The amount of penalty during 30 May 2012 to 18 January 2013 totaling Bath 23.30 million. On 10 January 2013, the subsidiary filed a lawsuit against Secretary NBTC with Central Administrative Court to revoke the order of administrative fine and requested for the temporary relief before the judgement. Subsequently, NBTC agreed upon the term of providing mobile service to the prepaid customer proposed by the subsidiary and cease an administrative fine commencing 18 January 2013. Current, the case is under consideration of the Central Administrative Court.
- 38.4.19 On 28 February 2013, CAT filed for arbitration against the subsidiary claiming for additional revenue sharing for the 15<sup>th</sup> year of operation for the amount of Baht 1,571.60 million due to the inappropriate calculation. On 18 June 2013, the subsidiary file the petition. Currently, the case is under the arbitration process.
- 38.4.20 On 22 April 2013, CAT filed for arbitration against the subsidiary requested for transferring the passive type of telecommunication infrastructure or a compensation amounting to Baht 821.14 million in case of failure to transfer. The subsidiary filed protest on 28 August 2013. Currently, the case is under the arbitration process.
- 38.4.21 On 30 August 2013, CAT filed for arbitration against the subsidiary claiming for additional revenue sharing for the 16<sup>th</sup> year of operation for the amount of Baht 2,441.69 million due to the inappropriate calculation. Currently, the case is under the arbitration process.



**38. Litigations and Arbitration disputes and contingent liabilities (Cont'd)**

**38.4 Litigations and arbitration disputes of subsidiaries (Cont'd)**

38.4.22 On 22 November 2013, CAT file for arbitration against the subsidiary requested for transferring of 59 Generator stations or compensation amount to Baht 39.57 million in case of failure to transfer. Currently, the case is under the arbitration process.

The ultimate outcome of the aforementioned cases cannot presently be determined, and accordingly, no provision for possible liability has been made in the financial statements.

**39. Access charges**

**39.1 The Company**

On 21 August 2002, the Company filed an arbitration claim regarding a dispute arising from the wireline Agreement between the Company and TOT. The terms of the wireline Agreement provided that the Company is entitled to additional considerations from TOT if TOT provides or allows any third parties to provide "special services" over the network. TOT allowed CAT and other mobile telecommunications service providers to use this network for mobile telecommunications services and obtained access charges from CAT and the other mobile telecommunications service providers. However, TOT disagreed that the use of the Company's wireline network for mobile telecommunications services was a "special service" and therefore refused to provide the Company with the additional considerations. The Company claimed for its portion of revenue sharing regarding access charges received by TOT starting from October 1992 to June 2003 amount of Baht 25,419.40 million. On 21 February 2006, the Arbitration delivered to the Company rulings of the arbitration dated 17 January 2006. The arbitral rulings are as follows:

1. The Company is entitled to benefits derived from TOT's provisions of special services on the Company's network or from TOT's permission for other parties to provide special services on the Company's network.
2. With respect to benefits from the beginning until 22 August 2002, TOT must pay the Company the sum of Baht 9,175.82 million plus interest at the rate of 7.5% per annum from 22 August 2002. The payment must be made within 60 days from the receipt of the arbitral award. TOT has not paid any amount. The amount included interest as at 31 December 2011 was Baht 15,620.26 million.
3. As from 23 August 2002, TOT must pay to the Company 50% of the benefit derived by TOT from the portion accessing to the Company's network.

On 20 April 2006, TOT filed a motion with the Central Administrative Court requesting an order to withdraw the arbitral award. Subsequently, on 19 September 2006, the Company submitted a statement of objection to the Central Administrative Court, and the court accepted the Company's statement of objection for consideration on 28 September 2006. On 8 May 2008, the Company as the petitioner requested the Central Administrative Court for the execution of the Arbitration's ruling. The court ordered to combine the case which TOT requested to repeal the execution for Arbitration's ruling. The case is currently in the judicial process of the Central Administrative Court.

On 19 September 2012, the Central Administrative Court has ruled in favour of TOT, by revoking the ruling of the arbitration dated 17 January 2006. On 18 October 2012, the Company appealed against the ruling of the Central Administrative Court with the Supreme Administrative Court. The case is under the Supreme Administrative Court process.



### 39. Access charges (Cont'd)

#### 39.2 A subsidiary

On 5 October 2006, a subsidiary issued a letter to TOT requesting it to enter into negotiation regarding the interconnection agreement ("IC") between its network and TOT's network. On 17 November 2006, the subsidiary issued a written notification informing TOT and CAT that it will cease payment of access charge under the Access Charge Agreement on the basis that the rate and the collection of access charge under the Access Charge Agreement were contrary to the law in a number of respects. The subsidiary also requested TOT to enter into the interconnection charge agreement to be in compliance with the law or temporarily apply the provisional rate announced by the NTC while the negotiations on the interconnection agreement with TOT has not been concluded.

However, on 23 November 2006, TOT issued a letter informing the subsidiary that the subsidiary was not entitled to interconnect its network with the TOT network because the subsidiary was not a telecommunications licensee, as granted by the NTC, and did not have its own telecommunications network. TOT also disputed that the Access Charge Agreement did not violate any law and that the rate and the collection of access charge under the Access Charge Agreement continuously prevail.

Pertaining to the NTC's announcement regarding the dispute resolution in respect of uses and interconnection of telecommunication network (IC), the subsidiary has brought the dispute to the Dispute Resolution Committee ("DRC") on 29 June 2007, requesting TOT to enter into the contract in relation to interconnection (IC). The DRC considered this and NTC deemed that the subsidiary is entitled to negotiate with TOT regarding the interconnection contract (IC) on 21 November 2007 and 28 November 2007, respectively. Subsequently, TOT agreed to enter into the interconnection charge agreement (IC) with the subsidiary on the condition that specific only the new numbers allocated by NTC. On 23 June 2008, the subsidiary notified to agree with TOT's offering. For the old numbers, the subsidiary will carry on the case and depend on judgment of the Civil Court.

On 16 November 2007, TOT filed a lawsuit against the subsidiary with the Civil Court, claiming violation of the access charges contract (agreement) and requested for access charges payment amount of Baht 4,508.10 million with related interest and value added tax. On 16 September 2009, the Civil Court and the Central Administrative Court agreed that the case was within the Central Administrative Court's jurisdiction and thus, struck the case out of the case-list.

On 9 May 2011, TOT filed a lawsuit with Central Administrative Court against CAT jointly with a subsidiary claiming for an access charge amounting of Baht 41,540.27 million. The case is currently in the judicial of the Central Administrative Court.

If the subsidiary has to pay such access charges, the subsidiary would record additional expense and be liable to accrue additional access charges for the period from 18 November 2006 to 15 September 2013 are as follows:

	Accrued access charges Million Baht	Net effect to the consolidated profit or loss, net of revenue sharing to CAT Million Baht
For the period from 18 November 2006 to 31 December 2012	30,323.17	22,305.15
For the period ended 15 September 2013	2,021.39	1,457.40
Total	32,344.56	23,762.55

The management and its external lawyer have opined that the subsidiary would not be liable to pay the said access charges.

The ultimate outcomes of the aforementioned cases are presently unable to be determined, and accordingly, no recognition of revenue and provision for possible liability has been made in the financial statements.



#### 40. Infrastructure fund transaction

On 7 October 2013, an Extraordinary General Meeting of Company's shareholders passed a resolution approving the sale of assets and future cash flow of the Company and certain subsidiaries to True Telecommunications Growth Infrastructure Fund ("TRUEGIF").

On 23 December 2013, the Securities and Exchange Commission of Thailand ("SEC") approved the registration of the assets pool pursuant to the Fund Scheme of TRUEGIF as an infrastructure fund with the issuance of 5.81 billion investment units for initial public offering at the price and par value of Baht 10.00 per unit totalling Baht 58.08 billion.

The offering and the Group's execution of the infrastructure fund are completed on 25 December 2013. The followings are the conclusion and details of the transactions:

1. **The Assets and Revenue Sale Transaction:** On 24 December 2013, the Company and subsidiaries, True Universal Convergence Co., Ltd. ("TUC"), BFKT (Thailand) Co., Ltd. ("BFKT") and Asia Wireless Communication Co., Ltd. ("AWC") have entered into separate Assets and Revenue Sale and Transfer Agreements with TRUEGIF to sell assets and transfer the right of certain future revenue. The details are as follows:

- 1.1 The Company: to transfer the ownership of 6,000 telecommunications towers and other related passive telecommunication infrastructure for mobile services of which the Company will deliver, or procure the delivery of 3,000 towers by 31 December 2014 and the remaining 3,000 towers by 31 December 2015;
- 1.2 TUC: to transfer the ownership of a core fiber optic cable grid (the "core FOC grid") related transmission equipment and an upcountry broadband system; and
- 1.3 BFKT and AWC: to transfer the right of net revenues (including all claim, awards, judgment, suits and any other right of BFKT and AWC arising out of or in connection with such revenues and any agreement under which such revenues would be derived (except for BFKT's and AWC's rights and claims with respect to such revenues or arising out of or in connection with such agreements which BFKT or AWC is or has been entitled to prior to the Commencement Date regardless of whether BFKT or AWC makes or has made a claim or receives payment from such rights and claims before or after Commencement Date)) to be generated on and from the Commencement Date until the Expiry Date from the rental of:
  - 1.3.1 certain telecommunication towers and other related passive telecommunication infrastructure comprising the BFKT Towers and AWC Towers; and
  - 1.3.2 a fiber optic cable transmission grid comprising the BFKT FOC Transmission Grid,

including right to ownership of certain assets of BFKT and AWC following the expiry date of HSPA Network Equipment Leasing Agreement dated 27 January 2011 between BFKT and CAT Telecom Public Company Limited. The date of expiration of HSPA agreement will be on 3 August 2025.



**40. Infrastructure fund transaction (Cont'd)**

**Key obligations of the Company**

1. The Company is obliged to procure and deliver telecommunication towers and other related passive telecommunication infrastructure for mobile services on units and time line specified in the agreement.
2. The Company, at its own cost to ensure that TRUEGIF or its designated person has the right to access any premise of relevant assets. In any un-transferable contract relation to assets sale, the Company procure that the TRUEGIF can entitle to the rights and benefits under such contracts.
3. Within nine month following each delivery, to provide an information and assistance as it may reasonably require related to relevant assets which have been delivered and transferred. The Company, will reasonably endeavor at its own cost to provide assistance to enable the sold assets to be used in all material respects.
4. If, after any delivery, the site located of assets sale happen to be seized, taken into custody or any incident causes TRUEGIF or its representative unable to access, operate and/or use the relevant assets, the Company, at its own cost and expenses will procure or obtain a new equivalent assets. However, the Company's obligation in relation to the relocation and repurchase of the affected assets on the site (or part of a site) which has been assigned or novated to TRUEGIF, in relation to any transferred assets being seized, taken into custody or otherwise rendered unusable by any tenant due to any illegality to access or to use such site or any part thereof shall be limited to five years after the date of the assignment or novation of such site to TRUEGIF.

**Key obligations of subsidiaries**

1. BFKT and AWC are obliged to procure or deliver net cash generated from assets sale according to the schedule stipulated in the agreements.
  2. BFKT and AWC to transfer the ownership of assets sale at specific date as stipulated in the agreements.
  3. Within nine month following to the closing date, to provide an information and assistance as it may reasonably require related to relevant assets which have been delivered and transferred. the subsidiaries, will reasonably endeavor at their own costs to provide assistance to enable the sold assets to be used in all material respects.
  4. If, after any delivery, the site located of assets sale happen to be seized, taken into custody or any incident cause TRUEGIF or its representative unable to access, operate and/or use the relevant assets, the subsidiaries, at their own costs and expenses will procure or obtain a new equivalent assets. However, BFKT and/or AWC shall be liable in respect of any claim in relation to the BFKT and/or AWC Transferred Specified Assets if a notice of such claim is given by TRUEGIF within two years from the relevant BFKT and/or AWC Asset Closing Date, except for claims arising out of certain material matters as set out in the BFKT and/or AWC Asset and Revenue Sale and Transfer Agreement for which there shall be no time limitation for giving notice of claims (other than pursuant to applicable law). Such matters include, among others, BFKT and/or AWC's warranties on its authority and capacity, ownership of the BFKT and/or AWC Transferred Specified Assets and breach of material undertakings.
- 2. The Lease Operation and Management Transaction:** on 24 December 2013, TUC and Real Future Co., Ltd. ("RF") the Company's subsidiaries have entered into separate Master Lease , Operation, Maintenance and Management Agreements with TRUEGIF to lease, operate, perform maintenance of and manage the following assets:
- 2.1 the property that RF leases, operates, performs maintenance of and manages consists of:
    - 2.1.1 slots on telecommunications towers; and
    - 2.1.2 passive facilities in relation to certain towers; and
  - 2.2 the property that TUC leases, operates, performs maintenance of and manages consists of:
    - 2.2.1 approximately 5,112 km of core FOC grid;
    - 2.2.2 transmission equipment related to the core FOC grid;
    - 2.2.3 upcountry broadband system which comprises passive telecommunications equipment;
    - 2.2.4 upcountry broadband system which comprises active telecommunications equipment



40. Infrastructure fund transaction (Cont'd)

3. **The Investment Unit Subscription Transaction:** The Company has subscribed for and is a unitholder of 1.93 billion units with the subscription price of Baht 10.00 per units totaling Baht 19.33 billion equivalent to 33.29% of the investment units being offered in the initial offering. TRUEGIF is classified as an associate. The first five years commencing from the Fund registration date, the Company must hold and maintain at all time, at least 18.00% of the total investment units issued by TRUEGIF.

In addition, the Company's subsidiary, Telecom Asset Management Co., Ltd. ("TAM") entered into the Services Agreement with TRUEGIF to provide Administrative and Marketing Services. Under the provision of the agreement, TAM will charge TRUEGIF at the rates stipulated in the agreement upon delivery of services.

The Group prudently and thoroughly reviewed the accounting treatments for the transactions by considering the substance of the transactions and concluded as follows:

- The Company: to deliver 3,000 towers by 31 December 2014 and the remaining 3,000 towers by 31 December 2015 to TRUEGIF. The Company will recognise the revenue from sale of towers upon the delivery of the towers. As such, the Company did not recognise revenue from this transaction in 2013 and recorded the net proceed as unearned income in the company and consolidated financial statement.
- BFKT and AWC: transfer their right of net revenues under HSPA lease agreement over the lease period to TRUEGIF and will transfer the legal ownership of assets sale upon the expiration date of lease agreement on 3 August 2025. Even though the sales of net revenue do not involve the legal ownership transfer on the asset sale prior to the expiration of lease agreement, the significant risks and rewards of the assets sale have been transferred to TRUEGIF and the Group neither has continuing managerial involvement to the degree usually associated with ownership nor has effective control over the assets sale. Therefore, the transaction is considered as a sale of assets to TRUEGIF on the initial date.
- TUC: sell and transfer its assets to TRUEGIF on the transaction date. The lease back transaction has been tested with criterion set out in TAS 17 "Lease" and is considered operating lease.
- In addition, the following facts are taking into consideration that risks and rewards pertaining in the assets sale have been transferred.
  - TRUEGIF is an entity to bear risk of loss on the physical damage on the assets sale and exposed to the risk relating to fluctuations in future revenues.
  - The Group does not share any future new revenues to be generated by TRUEGIF.
  - After transaction date, BFKT and AWC have only duty to pass the net revenue to TRUEGIF, acting as a middleman.
  - Unit holders of TRUEGIF exercise decision-making authority as the owner of the assets sale.

In summary, the Group recognised gain on assets sale of BFKT, AWC and TUC of Baht 6,334.90 million under "Other income" in the consolidated statement of comprehensive income for the year ended 31 December 2013 and recognised the advance received for 6,000 towers amounting to Baht 16,390.56 million as unearned income, presented under "Trade and other payable" (Note 26) in the company and consolidated financial statements. The Group derecognised net book value of the infrastructure assets and service contract, as the cost of the assets sale, amounting to Baht 20.22 billion (Note 20) and Baht 2,964.38 million (Note 22), respectively. The Group also recorded an estimate for the liabilities relating to these transactions of Baht 6,831.00 million, presented under "Other non-current liabilities" (Note 31), which including Baht 5,881.00 million as the provision for CAT's call option. The provision is provided for the purposes of prudent and conservative as the transactions involve public interests and contract with state enterprise.



**40. Infrastructure fund transaction (Cont'd)**

The assets sale transactions are summarised as follows:

	<b>Consolidated</b>	<b>Company</b>
	<b>2013</b>	<b>2013</b>
	<b>Baht Million</b>	<b>Baht Million</b>
Amount proceed	58,080.00	16,390.56
Less: Advance received (Note 26)	(16,390.56)	(16,390.56)
Cash proceed, net advance received	41,689.44	-
Less: Costs of assets sale and relevant costs	(30,570.44)	-
Less: Related expenses	(1,437.17)	-
Total gain from assets sale	9,681.83	-
Less: Unrealised gain from assets sale	(3,346.93)	-
Gain recognised in 2013	<u>6,334.90</u>	<u>-</u>

The unrealised gain is the Company's 33.29% interest in the total gain which cannot be recognised when TRUEGIF is an associate.

**41. Related party transactions**

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

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

The following transactions were carried out with related parties:

**i) Sales of goods and services**

	<b>Consolidated</b>		<b>Company</b>	
<b>For the years ended 31 December</b>	<b>2013</b>	<b>2012</b>	<b>2013</b>	<b>2012</b>
	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>	<b>Baht</b>
	<b>Million</b>	<b>Million</b>	<b>Million</b>	<b>Million</b>
<b>Sales of goods:</b>				
Subsidiaries	-	-	0.79	1.51
Joint ventures	0.01	0.02	-	0.01
Associate	20,346.48	1.68	-	-
Related company				
CP Group of companies	1,671.17	358.89	-	0.05
	<u>22,017.66</u>	<u>360.59</u>	<u>0.79</u>	<u>1.57</u>
<b>Sales of services:</b>				
Subsidiaries	-	-	5,330.57	4,792.75
Joint ventures	10.45	16.82	0.87	1.16
Associate	84.27	136.28	-	0.08
Related companies				
CP Group of companies	967.15	2,622.94	23.47	1.23
	<u>1,061.87</u>	<u>2,776.04</u>	<u>5,354.91</u>	<u>4,795.22</u>

CP Group of companies is the major shareholder of the Company.

As at 31 December, 2013 the Group holds a 9.42% (2012: 9.62%) equity interest in NEC Corporation (Thailand) Co., Ltd.



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41. Related party transactions (Cont'd)

ii) Purchases of goods and services

For the years ended 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
<b>Purchases of goods:</b>				
Subsidiaries	-	-	1.96	1.43
Joint ventures	0.03	0.01	-	-
Associate	-	0.57	-	-
Related companies				
CP Group of companies	2,315.62	442.00	10.10	4.49
NEC Corporation (Thailand) Co., Ltd.	-	-	-	-
	<u>2,315.65</u>	<u>442.58</u>	<u>12.06</u>	<u>5.92</u>
<b>Purchases of services:</b>				
Subsidiaries	-	-	799.02	863.72
Joint ventures	79.59	59.76	14.43	18.80
Associates	35.51	59.99	-	-
Related companies				
CP Group of companies	1,879.37	990.75	146.69	58.47
NEC Corporation (Thailand) Co., Ltd.	0.41	0.81	0.07	0.06
	<u>1,994.88</u>	<u>1,111.31</u>	<u>960.21</u>	<u>941.05</u>

iii) Outstanding balances arising from sales and purchases of goods and services

As at 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
<b>Receivables from related parties:</b> (included in "Trade accounts receivable" (Note 15))				
Subsidiaries	-	-	1,789.51	3,297.60
Joint ventures	-	7.07	0.03	1.12
Associate	24.18	52.70	(0.03)	0.10
Related companies				
CP Group of companies	8,576.35	2,022.79	93.20	0.15
NEC Corporation (Thailand) Co., Ltd.	0.16	0.16	0.16	0.16
	<u>8,600.69</u>	<u>2,082.72</u>	<u>1,882.87</u>	<u>3,299.13</u>
<b>Receivables from related parties:</b> (included in "Other receivable")				
<b>Related companies:</b>				
Joint ventures	-	0.11	-	-
Associate	2,224.22	0.10	1,147.34	-
Related companies				
CP Group of companies	25.04	0.06	-	-
NEC Corporation (Thailand) Co., Ltd.	2.31	2.31	2.31	2.31
	<u>2,251.57</u>	<u>2.58</u>	<u>1,149.65</u>	<u>2.31</u>



41. Related party transactions (Cont'd)

iii) Outstanding balances arising from sales and purchases of goods and services (Cont'd)

As at 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Payables to related parties: (included in "Trade and other payables")				
Subsidiaries	-	-	296.12	266.28
Joint ventures	-	32.27	0.05	10.30
Associates	341.93	87.30	-	-
Related companies				
CP Group of companies	8,885.40	189.77	115.00	20.79
NEC Corporation (Thailand) Co., Ltd.	-	0.03	-	-
	<u>9,227.33</u>	<u>309.37</u>	<u>411.17</u>	<u>297.37</u>

iv) Loans to related parties

As at 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Loans to related parties				
Current	147.00	14.25	1,500.00	3,300.00
Non-current	-	-	-	2,261.20
Total	<u>147.00</u>	<u>14.25</u>	<u>1,500.00</u>	<u>5,561.20</u>

Movement of loans to related parties can be analysed as follows:

	Consolidated Baht Million	Company Baht Million
For the year ended 31 December 2013		
Opening net book value	14.25	5,561.20
Additions		
- Principal	3.75	8,145.00
- Non-cash	147.00	-
Classification of investment (Note 18)	(18.00)	-
Payment received		
- Principal	-	(12,160.00)
- Interest	-	(46.20)
Closing net book value	<u>147.00</u>	<u>1,500.00</u>

The outstanding loan to related party in the consolidate financial statements as at 31 December 2013 is loan to CP Group of companies for Baht 147.00 million, which were call promissory notes bearing interest at MLR per annum.

The consolidated related interest income for the year ended 31 December 2013 Baht 2.88 million (2012: Baht 0.79 million).



41. Related party transactions (Cont'd)

v) Loans from a related party

As at 31 December	Company	
	2013 Baht Million	2012 Baht Million
Current	19,665.00	-
Non-current	-	2,231.38
Total	19,665.00	2,231.38

Movement of loans from a related party can be analysed as follows:

For the year ended 31 December 2013	Company Baht Million
Opening net book value	2,231.38
Additional borrowings	21,055.00
Non-cash transaction - interest	67.75
Repayment	(3,689.13)
Closing net book value	19,665.00

On 25 June 2013, the Company made a prepayment of the unsecured promissory note at the amount of Baht 2,299.13 million. The outstanding Baht 19.67 billion is the short-term loan from subsidiary at interest rate 5.24% per annum.

Maturity of non-current loans from related party:

As at 31 December 2013	Company Baht Million
Due within 1 year	19,665.00
	19,665.00

vi) Interest receivable arising from loans to related parties

As at 31 December	Consolidated		Company	
	2013 Baht Million	2012 Baht Million	2013 Baht Million	2012 Baht Million
Interest receivable: (included in "Trade and other receivables")				
Related companies	20.65	0.90	-	-
	20.65	0.90	-	-

vii) Directors and key management's remuneration

The total remuneration of the directors and the key management of the Company and the Group in 2013 were Baht 224.49 million and Baht 288.83 million, respectively (2012: Baht 190.88 million and Baht 261.21 million, respectively).

The post retirement benefit for directors and senior executive for 2013 is Baht 6.11 million (2012: Baht 5.67 million).



**41. Related party transactions (Cont'd)**

**viii) Equity warrants granted to directors and senior executives**

There are no warrants granted to directors and senior executives during 2013 and 2012. The outstanding number of stock options granted to directors and senior executives of the Company as at 31 December 2013 was nil (2012: 37.31 million units) (Note 32).

**ix) Dividends received**

During 2013, the Company received dividends from subsidiaries and associate of Baht 55.80 million (2012: Baht 150.42 million). Dividends were recognised as "Dividends income" under "Other income" in the Company profit or loss. A subsidiary received dividends from its associate company amounting to Baht 1.35 million during 2012.

**42. Event after the reporting date**

On 6 January 2014, the National Broadcasting and Telecommunication Commission ("NBTC") passed a resolution to certify the auction results of the spectrum to television broadcasting service via digital system for True DTT Co., Ltd. ("True DTT") and Thai News Network (TNN) Co., Ltd. ("TNN"), subsidiaries under the Group. The license would be granting the right to utilise spectrum bandwidth to operate SD Variety channel for True DTT and to operate News channel for TNN over the period of 15 years. The subsidiaries had an obligation to make the first licence payment in February 2014 amounting to Baht 603.10 million. To comply with the terms and conditions of the licences, the subsidiaries have placed a letter of guarantee for the unpaid licences fee. The licences fee totalling Baht 3,631.00 million will be paid within 2019 according to the schedule as stipulated in the terms and conditions of the licences.



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